

## NOTES TO ACCOUNTS

### 1. Company Overview

REC Limited ("REC" or the "Company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The books of accounts and financial statements are maintained at Plot no. I-4, Sector-29, Gurugram, Haryana, in addition to the registered office of the Company. The Company has offices spread across the country, mainly in the State Capitals and one training center at Hyderabad.

The Company is a Government Company engaged in extending financial assistance across the power sector value chain and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI).

REC is a leading public Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. Further, various debt securities of the Company are also listed on the Stock Exchanges.

### 2. Statement of Compliance and Basis of Preparation

These Standalone Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The financial statements for the period ended 31st March 2021 were authorized and approved for issue by the Board of Directors on 28th May 2021.

These standalone financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/ guidelines.

### 3. Significant Accounting Policies

The significant accounting policies applied in preparation of the financial statements are as given below:

#### 3.1 Basis of Preparation and Measurement

The financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the financial statements.

##### *Functional and presentation currency*

The financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company.

#### 3.2 Income recognition

##### *Interest income*

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Unless otherwise specified, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) delayed and penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal; the oldest being adjusted first, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recovery under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings is appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

## NOTES TO ACCOUNTS

Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract and is disclosed separately under the head interest income.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

### *Income from Government schemes*

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

### *Dividend income*

Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, the right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in the Annual General Meeting.

Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.

### *Other services*

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Company in the year of receipt.

### 3.3 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

### 3.4 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 3.5 Foreign Currency Translation

#### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statement of Profit or Loss. However, for the long-term monetary items recognized in the financial statements before 1 April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

### 3.6 Intangible assets

#### *Recognition and initial measurement*

Intangible assets mainly comprise of computer software which is initially measured at cost. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the company.

## NOTES TO ACCOUNTS

### *Subsequent measurement (amortization method, useful lives and residual value)*

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives, and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates the useful life of intangible assets to be five years.

### *Intangible Assets under Development*

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use. Advances paid for the acquisition/ development of intangible assets which are outstanding at the balance sheet date are classified under 'Capital Advances'.

### *Derecognition of Intangible Assets*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

## 3.7 Property, Plant and Equipment (PPE)

### *Recognition and initial measurement*

#### **Land**

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

Land also includes land treated as a Right of Use asset under lease agreement earlier classified as finance lease and is amortised over the lease term.

#### **Other Tangible assets**

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

### *Subsequent measurement (depreciation method, useful lives, residual value, and impairment)*

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation on assets purchased/sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### *De-recognition*

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

### *Capital Work-in-Progress*

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

## NOTES TO ACCOUNTS

### 3.8 Investment property

Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

*Subsequent measurement (depreciation and useful lives)*

The Company only has land as an investment property, which is not depreciated.

*De-recognition*

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

### 3.9 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Initial recognition and measurement*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

*Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investments in equity shares of subsidiaries and joint ventures (carried at cost in accordance with Ind AS 27)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

*Amortized cost*

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A loss allowance for expected credit losses is recognized on financial assets carried at amortized cost.

*Modification of cash flows*

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

## NOTES TO ACCOUNTS

### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### *Embedded derivatives*

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts or if the embedded derivative feature leverages the exposure and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### *Financial assets at FVOCI*

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Company may transfer the same within equity.

### *De-recognition of financial assets*

#### **De-recognition of financial assets due to a substantial modification of terms and conditions**

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

#### **De-recognition of financial assets other than due to substantial modification**

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

### *Classification and subsequent measurement of financial liabilities*

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All host contracts which are in nature of a financial liability and separated from embedded derivative are measured at amortised cost using the effective interest method.

### *Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### *Hedge accounting*

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

## NOTES TO ACCOUNTS

All derivative financial instruments designated under hedge accounting are recognised initially at fair value and reported subsequently at fair value at each reporting date. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

At the inception of each hedging relationship, the Company formally designates and documents the hedge relationship, in accordance with the Company's risk management objective and strategies. The documentation includes identification of the hedged item, hedging instrument, the nature of risk(s) being hedged, the hedge ratio and how the hedging relationship meets the hedging effectiveness requirements.

### 3.10 Impairment of financial assets

#### *Loan assets*

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**Probability of Default (PD)** - The PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

**Loss Given Default (LGD)** – LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

**Exposure at Default (EAD)** – EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

#### *Financial assets other than Loans*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### *Write-offs*

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

### 3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## NOTES TO ACCOUNTS

### 3.12 Dividend and Other Payments to holders of Instruments classified as Equity

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders and the Board of Directors respectively. Liability for the payments to the holders of instruments classified as equity are recognized in the period when such payments are authorized for payment by the Company.

### 3.13 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

### 3.14 Prepaid Expenses

A prepaid expense up to Rs. ₹ 1,00,000/- is recognized as expense upon initial recognition.

### 3.15 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

### 3.16 Employee benefits

#### Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

**Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:**

#### *Defined contribution plan*

A defined contribution plan is a plan under which the Company pays fixed contributions in respect of the employees into a separate fund. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions made by the Company towards defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

#### *Defined benefit plan*

The Company has an obligation towards gratuity, Post Retirement Medical Facility (PRMF) and Other Defined Retirement Benefit (ODRB) which are being considered as defined benefit plans covering eligible employees. Under the defined benefit

## NOTES TO ACCOUNTS

plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary, and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries.

Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

### Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

### Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

### 3.17 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

### 3.18 Fair value measurement

The Company measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by



## NOTES TO ACCOUNTS

using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 3.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 3.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. A sale is considered as highly probable when such assets have been decided to be sold by the Company; are available for immediate sale in their present condition; are being actively marketed for sale at a price and the sale has been agreed or is expected to be concluded within one year of the date of classification. Such non-current assets are measured at lower of carrying amount or fair value less selling costs.

Non-current assets held for sale are presented separately from other assets in the Balance Sheet and are not depreciated or amortised while they are classified as held for sale.

## 4. Implementation of New/ Modified Standards

During the year, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS. The Company has analysed the impact of these amendments which is not material to the Company, except for the amendment to **Ind AS 107 and Ind AS 109 with respect to Interest rate benchmark reform**. It aims to modify some specific hedge accounting requirements to provide relief from the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform. Further details on Interest Rate Benchmark Reform and its impact on the Company are available in the financial statements.

## 5. Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

### Significant management judgments

**Recognition of deferred tax assets/ liability** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. Further, the Company Management has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income tax Act, 1961 and thus, the special reserve created and maintained is not capable of being reversed. Hence, the company does not create any deferred tax liability on the said reserve.

## NOTES TO ACCOUNTS

**Evaluation of indicators for impairment of assets** – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Non recognition of Interest Income on Credit Impaired Loans** - Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Significant estimates

**Impact of Covid-19 Outbreak** - The Company has considered the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on effectiveness of its hedges. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19. The extent to which the Covid-19 pandemic will impact the Company will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Govt. or the Company to contain its spread or mitigate its impact.

**Useful lives of depreciable/amortizable assets** – Management reviews its estimate of the useful lives of depreciable/ amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**Defined benefit obligation (DBO)** – Management’s estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

**Income Taxes** – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

**Expected Credit Loss ('ECL')** – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Company makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

## NOTES TO ACCOUNTS

## 6 Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
- Cash in Hand (including postage & imprest)	0.12	0.06
<b>- Balances with Banks</b>		
- in current accounts	237.93	1,173.41
- deposits with original maturity less than 3 months*	902.44	504.56
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>1,140.49</b>	<b>1,678.03</b>

\* includes High Quality Liquid Assets (HQLAs) of ₹ 262.00 crores (previous year Nil) maintained as per RBI Circular dated November 4<sup>th</sup>, 2019. (Refer Note 47.2.4)

## 7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>- Earmarked Balances with Banks</b>		
- For unpaid dividends		
- For Govt. funds for onward disbursement as grant	5.79	4.75
	1,065.84	1,616.49
<b>- Earmarked Term Deposits</b>		
- Deposits in Compliance of Court Order		
- Term Deposit held as Margin Money against Bank Guarantee	0.56	0.53
	0.25	-
<b>- Balances with banks not available for use pending allotment of securities</b>	<b>856.62</b>	<b>400.19</b>
<b>Total (Other Bank Balances)</b>	<b>1,929.06</b>	<b>2,021.96</b>
- Term Deposits held as margin money against Bank Guarantee for more than 12 months	<b>0.25</b>	-

7.1 There are no repatriation restrictions with respect to Cash & Cash Equivalents and Bank balances (other than Cash & Cash Equivalents) as at 31<sup>st</sup> March 2021 (Previous year Nil).

## NOTES TO ACCOUNTS

### 8 Derivative Financial Instruments

The Company enters into derivatives for hedging foreign exchange risks and interest rate risks. Derivatives held for risk management purposes include hedges that are either designated as effective hedges under the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Refer Note 47 for Risk Management Disclosures in respect of the derivatives.

#### Part I

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Currency Derivatives</b>						
- Spot and forwards	-	-	-	565.39	27.62	-
- Currency swaps	2,854.54	43.07	121.08	3,094.32	432.94	-
- Others						
- Call Spread	4,263.27	271.36	-	6,068.56	504.12	-
- Seagull Options	20,482.08	1,657.19	43.25	22,321.22	2,212.46	-
<b>Sub-total (i)</b>	<b>27,599.89</b>	<b>1,971.62</b>	<b>164.33</b>	<b>32,049.49</b>	<b>3,177.14</b>	<b>-</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	25,035.68	339.60	403.65	29,056.52	141.71	586.06
<b>Sub-total (ii)</b>	<b>25,035.68</b>	<b>339.60</b>	<b>403.65</b>	<b>29,056.52</b>	<b>141.71</b>	<b>586.06</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,547.00	-	278.33	4,347.00	-	739.67
<b>Total - Derivative Financial Instruments (i + ii + iii)</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>

#### Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

Particulars	As at 31-03-21			As at 31-03-20		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Cash Flow Hedging</b>						
<b>- Currency Derivatives</b>						
- Currency Swaps	2,756.43	23.86	121.08	8,638.68	2.32	303.14
- Others						
- Call Spread	1,837.62	77.74	-	1,884.65	97.16	-
- Seagull Options	20,482.08	1,657.19	43.25	11,348.70	1,662.20	-
<b>- Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	13,055.84	-	318.18	9,498.62	5.24	134.45
<b>Sub-total (i)</b>	<b>38,131.97</b>	<b>1,758.79</b>	<b>482.51</b>	<b>31,370.65</b>	<b>1,766.92</b>	<b>437.59</b>
<b>(ii) Undesignated Derivatives</b>						
<b>Total - Derivative Financial Instruments (i+ii)</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>

Derivative financial instruments are measured at fair value at each reporting date. The changes in the fair value of derivatives designated as hedging instruments in effective cash flow hedges are recognised in OCI. For undesignated derivatives, the changes in the fair value are recognised in the Statement of Profit & Loss.

**NOTES TO ACCOUNTS**

**9 Loans**

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Loans</b>				
(i) Term Loans	377,041.98	378,090.36	321,526.76	323,177.53
(ii) Working Capital Loans	376.17	377.24	897.92	902.01
<b>Total (A) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (A) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(B) Security Details</b>				
(i) Secured by tangible assets	256,744.52	257,329.46	244,034.67	245,113.22
(ii) Secured by intangible assets	-	-	-	-
(iii) Covered by Bank/ Govt. Guarantees	101,071.53	101,456.48	58,166.76	58,684.29
(iv) Unsecured	19,602.10	19,681.67	20,223.25	20,282.03
<b>Total (B) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (B) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(C)(I) Loans in India</b>				
(i) Public Sector	338,810.31	339,877.44	284,644.05	286,210.40
(ii) Private Sector	<b>38,607.84</b>	<b>38,590.16</b>	<b>37,780.63</b>	<b>37,869.14</b>
<b>Total (C)(I) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (C)(I) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(C)(II) Loans outside India</b>	-	-	-	-
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	-	-	-	-
<b>Total (C)(I) and (C)(II)</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>

**9.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:**

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Net Loans</b>	<b>365,261.49</b>	<b>312,083.50</b>
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(504.10)	(1,351.75)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(635.00)	(382.63)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	13,206.11	11,996.04
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	89.65	79.52
<b>Gross Loans</b>	<b>377,418.15</b>	<b>322,424.68</b>

## NOTES TO ACCOUNTS

### 9.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Opening Balance</b>	<b>11,996.04</b>	<b>11,497.93</b>
Add: Impairment loss allowance provided during the year (Refer Note 35)	2,362.62	876.52
Less: Allowance utilised towards write-off of loans	(1,152.55)	(378.41)
<b>Closing Balance</b>	<b>13,206.11</b>	<b>11,996.04</b>

9.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has written off loans amounting to ₹ 1,152.55 crores (Previous year ₹ 378.41 crores). The details of write-offs for the current year are as below:

(i) During the current year

- Pursuant to the restructuring executed on 4<sup>th</sup> June, 2020, in respect of Essar Power Transmission Corporation Ltd, the Company has written off an amount of ₹ 65.25 crores after appropriating the recoveries of ₹ 979.56 crores (Term Loan of ₹ 830.00 crores and Optionally convertible debentures of ₹ 149.56 crores).
- Pursuant to the Resolution Plan approved under IBC proceedings executed on 21st September, 2020 in respect of Facor Power Ltd, the Company has written-off an amount of ₹181.86 crores after appropriating the recoveries of ₹ 329.12 crores (Cash ₹ 102.27 crores, Non-convertible debentures of ₹ 199.72 crores and amount recoverable of ₹ 27.13 crores).
- Pursuant to the restructuring executed on 4<sup>th</sup> December, 2020 in respect of R.K.M PowerGen Private Ltd, the Company has written-off an amount of ₹905.44 crores after appropriating the recoveries of ₹ 1,396.55 crores (Term Loan of ₹ 1,396.55 crores and Optionally convertible debentures Nil).

The instruments received upon restructuring/ settlement have been classified under the head 'Investments' (Refer Note No. 10).

(ii) During the previous year

- Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26th July, 2019 in respect of Lanco Teesta Hydro Power Ltd, the Company has written off the loan amount of ₹112.67 crore (net of recoveries of ₹124.12 crore) and equity investment of ₹102 crore (10.20 crore equity shares of ₹10 each) upon extinguishment of such equity shares as per the Order.
- Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> December 2019 in respect of Rattan India Power Ltd, the Company has written-off an amount of ₹265.74 crores after appropriating the recoveries of ₹ 478.09 crores (Cash ₹ 405.90 crore, Equity Shares ₹ 17.59 crore, Redeemable Preference Shares ₹22.18 crore and Optionally convertible cumulative Redeemable Preference Shares ₹32.42 crore).

The instruments received upon restructuring/ settlement have been classified under the head 'Investments' (Refer Note No. 10).

9.4 The Company obtains balance confirmation from the borrowers for the balances standing as on the Balance Sheet date. The summary of the balance confirmations received from the borrowers is as under:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	%	Amount	%	Amount
Gross Loan Book		377,418.15		322,424.68
Loan Assets for which balance confirmations have been received from borrowers	92%	348,293.80	88%	285,183.96
Loan Assets for which balance confirmations are yet to be received from borrowers	8%	29,124.35	12%	37,240.72
of which,				
<i>Loans secured by tangible assets</i>	71%	20,597.00	67%	25,015.01
<i>Loans covered by Government Guarantee/ Loans to Government</i>	10%	2,848.13	21%	7,685.39
<i>Unsecured loans</i>	19%	5,679.22	12%	4,540.32

**NOTES TO ACCOUNTS**

**10. Investments**

(₹ in Crores)

Particulars	Amortised Cost	At fair value			Sub-total (5= 1+2+3+4)	Others (At Cost)	Total (7)
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
		(2)	(3)	(4)			
(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7)	
As at 31 <sup>st</sup> March, 2021							
Govt. Securities	649.08	-	-	-	649.08	-	649.08
Debt Securities	376.62	-	143.06	-	519.68	-	519.68
Equity Instruments	-	430.13	23.60	-	453.73	218.20	671.93
Preference Shares	26.09	-	42.99	-	69.08	-	69.08
Others	-	-	-	-	-	-	-
<b>Total - Gross (A)</b>	<b>1,051.79</b>	<b>430.13</b>	<b>209.65</b>	<b>-</b>	<b>1,691.57</b>	<b>218.20</b>	<b>1,909.77</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
<b>Total - Gross (B)</b>	<b>1,051.79</b>	<b>430.13</b>	<b>209.65</b>	<b>-</b>	<b>1,691.57</b>	<b>218.20</b>	<b>1,909.77</b>
Total Investments	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
<b>Total - Net (D=A-C)</b>	<b>1,051.79</b>	<b>430.13</b>	<b>209.65</b>	<b>-</b>	<b>1,691.57</b>	<b>218.20</b>	<b>1,909.77</b>
As at 31 <sup>st</sup> March, 2020							
Govt. Securities	-	-	-	-	-	-	-
Debt Securities	-	-	1,500.62	-	1,500.62	-	1,500.62
Equity Instruments	-	507.43	12.50	-	519.93	218.20	738.13
Preference Shares	22.93	-	45.41	-	68.34	-	68.34
Others	-	6.12	-	-	6.12	-	6.12
<b>Total - Gross (A)</b>	<b>22.93</b>	<b>513.55</b>	<b>1,558.53</b>	<b>-</b>	<b>2,095.01</b>	<b>218.20</b>	<b>2,313.21</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21
<b>Total - Gross (B)</b>	<b>22.93</b>	<b>513.55</b>	<b>1,558.53</b>	<b>-</b>	<b>2,095.01</b>	<b>218.20</b>	<b>2,313.21</b>
Total Investments	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
<b>Total - Net (D=A-C)</b>	<b>22.93</b>	<b>513.55</b>	<b>1,558.53</b>	<b>-</b>	<b>2,095.01</b>	<b>218.20</b>	<b>2,313.21</b>

**10.1 Details of investments**

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
Government Securities					
- 5.77% GSEC 2030	Amortised Cost	5,000,000	49.95	-	-
- 7.17% GSEC 2028	Amortised Cost	5,000,000	54.64	-	-
- 7.27% GSEC 2026	Amortised Cost	5,000,000	55.98	-	-
- 5.22% GSEC 2025	Amortised Cost	5,000,000	50.99	-	-
- 7.29% Karnataka SDL 2039	Amortised Cost	10,000,000	100.97	-	-
- 7.24% Karnataka SDL 2037	Amortised Cost	5,000,000	50.30	-	-
- 6.95% Tamil Nadu SDL 2031	Amortised Cost	2,500,000	25.02	-	-

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
- 6.48% Karnataka SDL 2031	Amortised Cost	4,000,000	41.26	-	-
- 6.85% Rajasthan SDL 2031	Amortised Cost	3,000,000	29.95	-	-
- 6.60% Himachal Pradesh SDL 2030	Amortised Cost	5,000,000	51.28	-	-
- 6.60% Uttar Pradesh SDL 2030	Amortised Cost	2,000,000	19.74	-	-
- 8.44% Jharkhand SDL 2029	Amortised Cost	3,000,000	32.53	-	-
- 8.35% Kerala SDL 2029	Amortised Cost	1,000,000	10.86	-	-
- 8.60% Gujarat SDL 2028	Amortised Cost	2,000,000	22.70	-	-
- 8.57% Rajasthan SDL 2028	Amortised Cost	1,000,000	11.02	-	-
- 6.20% Rajasthan SDL 2027	Amortised Cost	2,000,000	20.36	-	-
- 7.20% Maharashtra SDL 2027	Amortised Cost	2,000,000	21.53	-	-
<b>Sub-total - Government Securities</b>			<b>649.08</b>		
<b>Debt Securities</b>					
- 7.05% Bonds of Mahanagar Telephone Nigam Limited	Amortised Cost	850	88.18	-	-
- 6.65% Bonds of Food Corporation of India	Amortised Cost	200	20.62	-	-
- 7.19% Bonds of THDC India Limited	Amortised Cost	250	26.33	-	-
- 8.69% Bonds of Damodar Valley Corporation	Amortised Cost	200	21.88	-	-
- 7.30% Bonds of Power Grid Corporation of India Limited	Amortised Cost	200	22.65	-	-
- 5.78% Bonds of Chennai Petroleum Corporation Limited	Amortised Cost	150	15.63	-	-
- 6.11% Bonds of Bharat Petroleum Corporation Limited	Amortised Cost	100	10.52	-	-
- 7.30% Bonds of NMDC Limited	Amortised Cost	200	21.71	-	-
- 11.15% Perpetual Bonds of Indian Bank	Fair value through profit or loss	-	-	5,000	500.31
- 11.25% Perpetual Bonds of Bank of Baroda	Fair value through profit or loss	-	-	5,000	500.00
- 11.25% Perpetual Bonds of Syndicate Bank	Fair value through profit or loss	-	-	5,000	500.31
- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	228,525,079	99.33	-	-
- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	100,612,911	43.73	-	-
- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	18,635,162	-	-	-
- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	25,291,783	149.10	-	-
- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	213,803,170	-	-	-
- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	6,303,032	-	-	-
- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	10,474,150	-	-	-
<b>Sub-total - Debt Securities</b>			<b>519.68</b>		<b>1,500.62</b>



**NOTES TO ACCOUNTS**

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
<b>Equity Instruments</b>					
- NHPC Ltd.	Fair value through other comprehensive income	175,302,206	428.61	175,302,206	349.73
- Indian Energy Exchange Ltd.	Fair value through other comprehensive income	-	-	12,271,211	157.01
- HUDCO Ltd.	Fair value through other comprehensive income	347,429	1.52	347,429	0.69
- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	16,000,000	-	16,000,000	-
- Rattan India Power Ltd.	Fair value through profit or loss	92,568,105	23.60	92,568,105	12.50
- R.K.M PowerGen Private Ltd.	Fair value through profit or loss	181,790,667	-	-	-
<b>Sub-total - Equity Instruments</b>			<b>453.73</b>		<b>519.93</b>
<b>Subsidiaries (Refer note 10.2)</b>					
- REC Power Distribution Company Ltd.	Others (At Cost)	85,500	0.10	50,000	0.05
- REC Transmission Projects Company Ltd.	Others (At Cost)	-	-	50,000	0.05
<b>Sub-total - Subsidiaries</b>			<b>0.10</b>		<b>0.10</b>
<b>Joint Ventures</b>					
- Energy Efficiency Services Ltd.	Others (At Cost)	218,100,000	218.10	218,100,000	218.10
<b>Sub-total - Joint Ventures</b>			<b>218.10</b>		<b>218.10</b>
<b>Preference Shares (PS)</b>					
- Redeemable PS of Rattan India Power Ltd.	Amortised cost	28,720,978	26.09	28,720,978	22.93
- Optionally Convertible PS of Rattan India Power Ltd.	Fair value through profit or loss	43,303,616	42.99	43,303,616	45.41
<b>Sub-total - Preference Shares</b>			<b>69.08</b>		<b>68.34</b>
<b>Others</b>					
- Units of 'Small is Beautiful' Venture Capital Fund	Fair value through other comprehensive income	6,152,200	-	6,152,200	6.12
<b>Sub-total - Others</b>		<b>6,152,200</b>	<b>-</b>		<b>6.12</b>
<b>Total Investments</b>			<b>1,909.77</b>		<b>2,313.21</b>

Refer note 51.1 for valuation technique of the investments shown at fair value

**10.2** Details of Investment in Subsidiaries and Joint Ventures:

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at	
		31-03-2021	31-03-2020
<b>Subsidiaries :</b>			
REC Power Distribution Company Ltd.	India	100.00%	100.00%
REC Transmission Projects Company Ltd.	India	-	100.00%
<b>Joint Ventures :</b>			
Energy Efficiency Services Ltd.	India	22.18%	22.18%

The investments in subsidiaries and joint ventures are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

## NOTES TO ACCOUNTS

During the year, the Ministry of Corporate Affairs vide its order dated February 5, 2021 has accorded its approval to the scheme of amalgamation of REC Transmission Projects Company Limited (RECTPCL) ("Transferor Company") with REC Power Distribution Company Limited (RECPDCL) ("Transferee Company") with appointed date as April 1, 2020. Pursuant to such scheme, RECPDCL has allotted 35,500 fully paid-up equity shares of Rs. 10 each to the Company against 50,000 fully paid equity shares of Rs. 10 each of RECTPCL.

**10.3** In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has received the following Investments:

(i) During the current year:

- (a) Pursuant to the restructuring in respect of Essar Power Transmission Corporation Ltd, the company has been allotted 22,85,25,079 no. of optionally convertible debentures (3%) Series- A, 10,06,12,911 no. of optionally convertible debentures (3%) Series- B and 1,86,35,162 no. of optionally convertible debentures (0%) Series- C.
- (b) Pursuant to the One Time Settlement arrangement executed on 21st September 2020 in respect of Facor Power Ltd, the Company has been allotted 2,52,91,783 no. of zero coupon non-convertible debentures of Ferro Alloys Corporation Limited.
- (c) Pursuant to the restructuring in respect of R.K.M PowerGen Private Ltd, the company has been allotted 21,38,03,170 no. of optionally convertible debentures (0.01%) Series- A, 63,03,032 no. of optionally convertible debentures (0.01%) Series- B and 1,04,74,150 no. of optionally convertible debentures (0.01%) Series- Ai.

Refer note 9.3 for further details.

(ii) During the previous year:

- (a) Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> December 2019 in respect of RattanIndia Power Ltd, the Company has been allotted 9,25,68,105 no. of equity shares, 2,87,20,978 no. of redeemable preference shares and 4,33,03,616 no. of optionally convertible cumulative redeemable preference shares. Refer note 9.3 for further details.

**10.4** The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's main operation is to provide financial assistance to power sector. Thus, in order to isolate Standalone Statement of Profit & Loss from price fluctuations of these instruments, management believes that this provides a more meaningful presentation, rather than classifying them at FVTPL (Fair Value through Profit & Loss).

### Details of FVOCI investments derecognised during the year

(₹ in Crores)

Name of the company	FY 2020-21			FY 2019-20		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition
Indian Energy Exchange Limited	12,271,211	249.92	248.69	228,789	4.23	4.21
Lanco Teesta Hydro Power Limited	-	-	-	102,000,000	-	(102.00)

During the year, the Company has sold 1,22,71,211 equity shares of Indian Energy Exchange Limited considering the market scenario for a consideration of ₹ 249.92 crores through stock exchange. The shares have thus been derecognised and the cumulative gain (net of tax) on such sale has been transferred from other comprehensive income to retained earnings.

### 11. Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Loans to Employees (Refer Note No. 11.1)	39.94	34.61
(B) Advances to Employees	0.41	0.30
(C) Loans & Advances to Subsidiaries	4.16	3.99
(D) Security Deposits	1.23	1.29

**NOTES TO ACCOUNTS**

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(E) Recoverable from Govt. of India</b>		
- Towards GoI Fully Serviced Bonds (Refer Note No. 20.5)	24,314.48	21,931.30
<b>(F) Other amounts recoverable</b>	127.03	140.95
Less: Impairment Loss allowance (Refer Note No. 11.2)	(88.04)	(30.85)
<b>Other Amounts Recoverable (Net)</b>	<b>38.99</b>	<b>110.10</b>
<b>Total (A to F)</b>	<b>24,399.21</b>	<b>22,081.59</b>

**11.1 Details of Loans to Employees**

The Company has categorised all loans to employees at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(A) Secured Loans</b>		
- To employees Other than Key Managerial Personnel	7.39	7.29
<b>Sub-total (A)</b>	<b>7.39</b>	<b>7.29</b>
<b>(B) Unsecured Loans</b>		
- To Key Managerial Personnel	0.28	0.33
- To Others	32.27	26.99
<b>Sub-total (B)</b>	<b>32.55</b>	<b>27.32</b>
<b>Total (A+B)</b>	<b>39.94</b>	<b>34.61</b>

The figures above include interest accrued on such loans amounting to ₹ 8.16 crores (Previous year ₹ 6.59 crores).

**11.2 Movement of impairment loss allowance on other amounts recoverable**

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening balance	30.85	26.69
Add: Created during the year	59.29	5.78
Less: Reversed/ Adjusted during the year	(2.10)	(1.62)
<b>Closing balance</b>	<b>88.04</b>	<b>30.85</b>

**12 Current tax assets (net)**

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Advance Income-tax & TDS	227.47	1,811.17
Provision for Income Tax	(72.35)	(1,552.27)
<b>Sub-Total</b>	<b>155.12</b>	<b>258.90</b>
Tax Deposited on income tax demands under contest	5.20	201.05
Provision for income tax for demand under contest	(0.25)	(67.29)
<b>Sub-Total</b>	<b>4.95</b>	<b>133.76</b>
<b>Current tax assets (Net)</b>	<b>160.07</b>	<b>392.66</b>

**13. Deferred tax assets (net)**

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Deferred Tax Assets (Net)</b>	<b>2,437.71</b>	<b>2,034.32</b>

## NOTES TO ACCOUNTS

### 13.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
Expected Credit Loss	2,275.92	467.33			2,743.25
Provision for Earned Leave	4.01	0.52			4.53
Provision for Medical Leave	5.51	(0.25)			5.26
Fair Valuation of Investments	10.00	(0.42)	(6.01)		3.57
Fair Valuation of Derivatives	439.65	(308.70)	(103.14)		27.81
<b>Total Deferred Tax Assets</b>	<b>2,735.09</b>	<b>158.48</b>	<b>(109.15)</b>	<b>-</b>	<b>2,784.42</b>
<b>Deferred Tax Liabilities</b>					
Due to different tax base of Property, Plant & Equipment	1.80	0.32			2.12
Unamortised Foreign Currency Exchange Fluctuations	448.95	(295.69)			153.26
Financial assets and liabilities measured at amortised cost	237.45	(46.13)			191.33
Others	12.57	(12.57)			-
<b>Total Deferred Tax Liabilities</b>	<b>700.77</b>	<b>(354.07)</b>	<b>-</b>	<b>-</b>	<b>346.71</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,034.32</b>	<b>512.55</b>	<b>(109.15)</b>	<b>-</b>	<b>2,437.71</b>

### Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
Expected Credit Loss	2,966.72	(690.80)			2,275.92
Provision for Earned Leave	4.02	(0.01)			4.01
Provision for Medical Leave	7.57	-2.06			5.51
FVOCI Investments	(0.78)	(1.61)	12.39		10.00
Fair Valuation of Derivatives	(12.04)	306.79	144.90		439.65
<b>Total Deferred Tax Assets</b>	<b>2,965.49</b>	<b>(387.69)</b>	<b>157.29</b>	<b>-</b>	<b>2,735.09</b>
<b>Deferred Tax Liabilities</b>					
Due to different tax base of Property, Plant & Equipment	3.05	(1.25)			1.80
Unamortised Foreign Currency Exchange Fluctuations	267.26	181.69			448.95
Financial assets and liabilities measured at amortised cost	336.89	(99.44)			237.45
Others	-	12.57			12.57
<b>Total Deferred Tax Liabilities</b>	<b>607.20</b>	<b>93.57</b>	<b>-</b>	<b>-</b>	<b>700.77</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,358.29</b>	<b>(481.26)</b>	<b>157.29</b>	<b>-</b>	<b>2,034.32</b>

## 14 Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
<b>As at 31<sup>st</sup> March 2021</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>As at 31<sup>st</sup> March 2020</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>

## NOTES TO ACCOUNTS

14.1 The company has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

14.2 Fair value of investment property:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Carrying Value	0.01	0.01
Fair Value	0.90	0.61

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

## 15 Property, Plant & Equipment and Intangible Assets

(₹ in Crores)

Particulars	Property, Plant & Equipment								Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
	Freehold Land	Right-of-Use Land	Buildings	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
Gross carrying value											
As at 31.03.2019	110.39	1.59	31.74	10.65	19.92	18.50	0.40	193.19	196.94	1.59	17.25
Additions	-	-	-	1.80	2.53	3.21	-	7.54	74.89	-	3.57
Borrowings Cost Capitalised									15.79		
Disposals	-	-	-	0.83	2.20	1.74	-	4.77	-	0.82	7.20
As at 31.03.2020	110.39	1.59	31.74	11.62	20.25	19.97	0.40	195.96	287.62	0.77	13.62
Additions	-	-	98.66	9.65	4.71	5.10	-	118.12	131.70	-	0.02
Borrowings Cost Capitalised								-	22.04		
Disposals/ Adjustments	-	-	-	0.72	3.28	7.97	-	11.97	105.69	-	-
As at 31.03.2021	110.39	1.59	130.40	20.55	21.68	17.10	0.40	302.11	335.67	0.77	13.64
Accumulated depreciation/ amortisation											
As at 31.03.2019	-	0.31	8.58	6.32	13.37	10.33	0.30	39.21	-	-	8.74
Charge for the year	-	0.01	0.48	0.68	2.90	2.63	0.02	6.72	-	-	3.28
Adjustment for disposals	-	-	-	0.34	1.89	0.74	-	2.97	-	-	7.20
As at 31.03.2020	-	0.32	9.06	6.66	14.38	12.22	0.32	42.96	-	-	4.82
Charge for the year	-	0.03	0.75	0.94	2.69	2.38	0.02	6.81	-	-	2.72
Adjustment for disposals	-	-	-	0.20	2.60	4.98	-	7.78	-	-	-
As at 31.03.2021	-	0.35	9.81	7.40	14.47	9.62	0.34	41.99	-	-	7.54
Net block as at 31.03.2020	110.39	1.27	22.68	4.96	5.87	7.75	0.08	153.00	287.62	0.77	8.80
Net block as at 31.03.2021	110.39	1.24	120.59	13.15	7.21	7.48	0.06	260.12	335.67	0.77	6.10

15.1 As on 31<sup>st</sup> March 2021, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company are yet to be executed. The details are as below:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Land	Building	Land	Building
Gross Carrying Value	-	4.59	68.31	4.59
Net Carrying Value	-	2.07	68.31	2.14

## NOTES TO ACCOUNTS

15.2 As on 31<sup>st</sup> March 2021, certain Property, Plant & Equipment has been pledged as security against secured borrowings of the Company as per the details below:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Gross Carrying Value	3.30	3.45
Net Carrying Value	2.31	2.41

15.3 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment has been made.

15.4 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings of 8% (previous year 8.04%) for the Company in terms of Ind AS 23 'Borrowing Costs'. In line with the applicable accounting guidance, the Company has not capitalised the borrowings costs for the period during which the construction work has been suspended owing to Covid-19 disruptions.

### 15.5 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "Intangible Assets"

Amortisation Rate 20% (100% in case the total cost of the asset is ₹ 5,000 or less)

15.6 With a view to monetise its idle assets, the Company has decided to sell certain residential building units with carrying value Rs. 0.10 crores included under Property, Plant and Equipment, for which further actions have been taken to dispose off, subsequent to 31<sup>st</sup> March 2021. Accordingly, the assets will be classified as "Non-Current Assets Held for Sale" post the date of initiation of such actions as required under Ind-AS 105. The process is expected to be completed during the year 2021-22 through e-auction process.

## 16. Other non-financial assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Unsecured, considered good</b>		
(A) Capital Advances	8.84	50.38
(B) Other Advances	3.34	5.12
(C) Balances with Govt. Authorities	47.47	44.37
(D) Pre-Spent Corporate Social Responsibility (CSR) Expenses	3.45	-
(E) Prepaid Expenses	4.29	0.17
(F) Deferred Employee Cost	14.09	13.21
(G) Other Assets	0.02	0.02
<b>Total (A to G)</b>	<b>81.50</b>	<b>113.27</b>

## 17 Debt Securities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(A) Secured Long-Term Debt Securities</b>				
(i) Institutional Bonds	3,470.00	3,679.52	3,470.00	3,679.51
(ii) 54EC Capital Gain Tax Exemption Bonds	17,264.97	17,901.65	21,976.14	22,781.73
(iii) Tax Free Bonds	12,648.41	13,090.89	12,648.41	13,088.03
(iv) Bond Application Money	856.62	854.71	400.19	399.41
<b>Sub-total (A)</b>	<b>34,240.00</b>	<b>35,526.77</b>	<b>38,494.74</b>	<b>39,948.68</b>

**NOTES TO ACCOUNTS**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(B) Unsecured Long-Term Debt Securities</b>				
(i) Institutional Bonds	169,868.60	175,719.53	148,662.20	153,685.20
(ii) Infrastructure Bonds	11.07	21.36	16.46	25.19
(iii) Zero Coupon Bonds	-	-	1,364.85	1,363.91
(iv) Foreign Currency Bonds	26,461.71	26,060.40	22,615.78	22,064.56
<b>Sub-total (B)</b>	<b>196,341.38</b>	<b>201,801.29</b>	<b>172,659.29</b>	<b>177,138.86</b>
<b>(C) Unsecured Short-Term Debt Securities</b>				
(i) Commercial Paper	-	-	2,925.00	2,889.68
<b>Sub-total (C)</b>	<b>-</b>	<b>-</b>	<b>2,925.00</b>	<b>2,889.68</b>
<b>Total - Debt Securities (A+B+C)</b>	<b>230,581.38</b>	<b>237,328.06</b>	<b>214,079.03</b>	<b>219,977.22</b>
<b>Debt Securities issued in/ outside India</b>				
(i) Debt Securities in India	204,119.67	211,267.66	191,463.25	197,912.66
(ii) Debt Securities outside India	26,461.71	26,060.40	22,615.78	22,064.56
<b>Total - Debt Securities</b>	<b>230,581.38</b>	<b>237,328.06</b>	<b>214,079.03</b>	<b>219,977.22</b>

Refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

**17.1 Details of Secured Long-Term Debt Securities - Refer Note 18.5 for details of the security**

**(i) Institutional Bonds**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>123-III B Series - 9.34% Redeemable at par on 23.08.2024</b>	1,955.00	2,063.91	1,955.00	2,063.95
<b>123-I Series - 9.40% Redeemable at par on 17.07.2021</b>	1,515.00	1,615.61	1,515.00	1,615.56
<b>Total - Institutional Bonds</b>	<b>3,470.00</b>	<b>3,679.52</b>	<b>3,470.00</b>	<b>3,679.51</b>

**(ii) 54EC Capital Gain Tax Exemption Bonds**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26</b>	4,455.48	4,550.70	-	-
<b>Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25</b>	6,157.72	6,415.55	5,759.14	5,907.48
<b>Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24</b>	6,651.77	6,935.40	6,651.77	6,934.10
<b>Series XI (2017-18) - 5.25% Redeemed at par during financial year 2020-21</b>	-	-	9,565.23	9,940.15
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>17,264.97</b>	<b>17,901.65</b>	<b>21,976.14</b>	<b>22,781.73</b>

**(iii) Tax Free Bonds**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2015-16 Tranche 1</b>	700.00	703.19	700.00	713.90
Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually				
<b>Series 2015-16 Series 5A</b>	300.00	317.75	300.00	306.98

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
7.17% Redeemable at par on 23.07.2025				
<b>Series 2013-14 Tranche 2</b>	1,059.40	1,131.05	1,059.40	1,085.44
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
<b>Series 2013-14 Series 4A &amp; 4B</b>	150.00	161.92	150.00	155.69
Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
<b>Series 2013-14 Tranche 1</b>	3,440.60	3,530.70	3,440.60	3,524.85
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
<b>Series 2013-14 Series 3A &amp; 3B</b>	1,350.00	1,358.55	1,350.00	1,415.07
Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				
<b>Series 2012-13 Tranche 2</b>	131.06	138.66	131.06	133.92
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually				
<b>Series 2012-13 Tranche 1</b>	2,017.35	2,041.10	2,017.35	2,063.35
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually				
<b>Series 2012-13 Series 2A &amp; 2B</b>	500.00	531.26	500.00	513.01
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually				
<b>Series 2011-12</b>	3,000.00	3,176.71	3,000.00	3,175.82
Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually				
<b>Total - Tax Free Bonds</b>	<b>12,648.41</b>	<b>13,090.89</b>	<b>12,648.41</b>	<b>13,088.03</b>

(iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	856.62	854.71	400.19	399.41
5% Redeemable at par after 5 years from the deemed date of allotment				
<b>Total - Bond Application Money</b>	<b>856.62</b>	<b>854.71</b>	<b>400.19</b>	<b>399.41</b>



NOTES TO ACCOUNTS

17.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
208 Series - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,627.67	-	-
207 Series - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,644.40	-	-
183 <sup>rd</sup> Series - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.23	3,028.00	3,163.54
182 <sup>nd</sup> Series - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.66	5,063.00	5,315.09
201B Series - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,360.02	-	-
204A Series - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.31	-	-
203A Series - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,142.50	-	-
202A Series - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,649.96	-	-
198B Series - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.70	-	-
197 <sup>th</sup> Series - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.76	-	-
189 <sup>th</sup> Series - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.85	3,054.90	3,054.80
188B Series - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.08	1,100.00	1,100.07
192 <sup>nd</sup> Series - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,395.75	2,382.00	2,393.16
184-A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	580.40	604.76	290.20	302.31
180-B Series - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,166.39	2,070.90	2,163.58
178 <sup>th</sup> Series - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,168.79	1,097.00	1,167.75
176 <sup>th</sup> Series - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.65	1,600.70	1,735.59
169 <sup>th</sup> Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.52	2,554.00	2,621.29
168 <sup>th</sup> Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.45	2,552.40	2,626.01
163 <sup>rd</sup> Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.99	2,500.00	2,628.20
162 <sup>nd</sup> Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.36	2,500.00	2,637.55
156 <sup>th</sup> Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,612.72	3,533.00	3,614.64
147 <sup>th</sup> Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.44	2,745.00	2,745.34
142 <sup>nd</sup> Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.87	3,000.00	3,056.26
140 <sup>th</sup> Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.65	2,100.00	2,152.27
205-B Series - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,024.68	-	-
204B Series - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,116.78	-	-
203B Series - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,844.16	-	-
136 <sup>th</sup> Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.10	2,585.00	2,671.22
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.61
94 <sup>th</sup> Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.05
133 <sup>rd</sup> Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.28	2,396.00	2,452.91
201A Series - 5.90% Redeemable at par on 31.03.2025	900.00	935.50	-	-
190A Series - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,513.83	2,500.00	2,523.03
131 <sup>st</sup> Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.22	2,285.00	2,304.14
130 <sup>th</sup> Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.14	2,325.00	2,493.00
129 <sup>th</sup> Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.52	1,925.00	2,063.40
128 <sup>th</sup> Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.67	2,250.00	2,418.53
186B Series - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.78	1,500.00	1,537.86
191B Series - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.18	1,100.00	1,107.13
180-A Series - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,072.68	1,018.00	1,070.52
209 Series - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.62	-	-
205-A Series - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,157.04	-	-

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
202B Series - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,556.56	-	-
184-B Series STRPP-D - 7.55% Redeemable at par on 26.09.2023**	300.00	311.54	300.00	311.55
200 Series PP-MLD - 5.36% Redeemable at par on 30.06.2023*	500.00	518.94	-	-
191A Series - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.06	1,100.00	1,106.95
195 <sup>th</sup> Series - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.21	-	-
114 <sup>th</sup> Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.94	4,300.00	4,666.58
188A Series - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.17	1,400.00	1,400.13
159 <sup>th</sup> Series - 7.99% Redeemable at par on 23.02.2023	950.00	957.57	950.00	957.40
187 <sup>th</sup> Series - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.24	2,090.00	2,129.37
185 <sup>th</sup> Series - 7.09% Redeemable at par on 13.12.2022	2,769.00	2,826.46	2,769.00	2,827.04
155 <sup>th</sup> Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.74	1,912.00	1,959.12
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.50	2,211.20	2,283.64
152 <sup>nd</sup> Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.18	1,225.00	1,264.12
184-B Series STRPP-C - 7.55% Redeemable at par on 26.09.2022**	300.00	311.56	300.00	311.56
150 <sup>th</sup> Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.38	2,670.00	2,775.25
186A Series - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.63	2,500.00	2,559.27
107 <sup>th</sup> Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.56	2,378.20	2,554.46
179 <sup>th</sup> Series - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.70	1,000.00	1,065.61
167 <sup>th</sup> Series - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.65	2,571.80	2,577.54
198A Series - 6.60% Redeemable at par on 21.03.2022	2,596.00	2,600.39	-	-
173 <sup>th</sup> Series - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	2,500.00	2,510.23
132 <sup>nd</sup> Series - 8.27% Redeemable at par on 09.03.2022	700.00	750.81	700.00	750.72
145 <sup>th</sup> Series - 7.46% Redeemable at par on 28.02.2022	625.00	628.85	625.00	628.97
165 <sup>th</sup> Series - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.16	2,171.00	2,207.50
193 <sup>th</sup> Series - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,121.46	1,115.00	1,118.70
190B Series - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,502.64	2,489.40	2,511.05
177 <sup>th</sup> Series - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.16	1,245.00	1,274.50
141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.03	1,020.00	1,038.00
127 <sup>th</sup> Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.92	1,550.00	1,664.78
105 <sup>th</sup> Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.73	3,922.20	4,070.07
139 <sup>th</sup> Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.17	2,500.00	2,575.10
184-B Series STRPP-B - 7.55% Redeemable at par on 26.09.2021**	300.00	311.58	300.00	311.57
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.42	3,171.80	3,364.34
100 <sup>th</sup> Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,603.01
174 <sup>th</sup> Series - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.23	2,720.00	2,894.03
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	849.11	800.00	849.01
154 <sup>th</sup> Series - 7.18% Redeemable at par on 21.05.2021	600.00	637.16	600.00	637.04
157 <sup>th</sup> Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.66	1,055.00	1,131.47
158 <sup>th</sup> Series - 7.70% Redeemed at par on 15.03.2021	-	-	2,465.00	2,473.46
98 <sup>th</sup> Series - 9.18% Redeemed at par on 15.03.2021	-	-	3,000.00	3,012.79
153 <sup>rd</sup> Series - 6.99% Redeemed at par on 31.12.2020	-	-	2,850.00	2,899.77
97 <sup>th</sup> Series - 8.80% Redeemed at par on 30.11.2020	-	-	2,120.50	2,183.61
96 <sup>th</sup> Series - 8.80% Redeemed at par on 26.10.2020	-	-	1,150.00	1,193.96

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
184-B Series STRPP-A - 7.55% Redeemed at par on 26.09.2020**	-	-	300.00	311.63
149 <sup>th</sup> Series - 6.87% Redeemed at par on 24.09.2020	-	-	2,485.00	2,573.44
135 <sup>th</sup> Series - 8.36% Redeemed at par on 22.09.2020	-	-	2,750.00	2,817.12
144 <sup>th</sup> Series - 7.13% Redeemed at par on 21.09.2020	-	-	835.00	840.30
172 <sup>nd</sup> Series - 8.57% Redeemed at par on 20.08.2020	-	-	1,790.00	1,884.21
134 <sup>th</sup> Series - 8.37% Redeemed at par on 14.08.2020	-	-	2,675.00	2,740.31
143 <sup>rd</sup> Series - 6.83% Redeemed at par on 29.06.2020	-	-	1,275.00	1,289.46
148 <sup>th</sup> Series - 7.42% Redeemed at par on 17.06.2020	-	-	1,200.00	1,203.61
<b>Total - Institutional Bonds</b>	<b>169,868.60</b>	<b>175,719.53</b>	<b>148,662.20</b>	<b>153,685.20</b>

\* PP-MLD- Principal Protected Market Linked Debentures

\*\* STRPP- Separately Transferable Redeemable Principal Parts

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	11.07	21.36	11.07	19.80
Series-I (2010-11) - Redeemed at par	-	-	5.39	5.39
<b>Total - Infrastructure Bonds</b>	<b>11.07</b>	<b>21.36</b>	<b>16.46</b>	<b>25.19</b>

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2021	As at 31.03.2020	Redemption Details
8.95% Cumulative	5.73	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	1.38	
9.15% Cumulative	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	
<b>Total</b>	<b>11.07</b>	<b>11.07</b>	

Amounts have been shown at face value

(iii) Zero Coupon Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value *	Amortised Cost	Face Value *	Amortised Cost
<b>ZCB - Series II</b> (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemed at par on 03.02.2021)	-	-	250.29	250.14
<b>ZCB - Series I</b> (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemed at par on 15.12.2020)	-	-	1,114.56	1,113.77
<b>Total - Zero Coupon Bonds</b>	<b>-</b>	<b>-</b>	<b>1,364.85</b>	<b>1,363.91</b>

\* represents the face value net of unamortised discount on issue of Zero Coupon Bonds

## NOTES TO ACCOUNTS

### (iv) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
4.625% US \$300 Mn Bonds - Redeemable at par on 22.03.2028	2,205.14	2,007.20	2,261.58	2,035.23
3.875% US \$450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,307.71	2,956.72	3,392.37	2,982.46
2.25% US \$500 Mn Bonds - Redeemable at par on 01.09.2026	3,675.24	3,672.19	-	-
3.50% US \$500 Mn Bonds - Redeemable at par on 12.12.2024	3,675.24	3,703.43	3,769.30	3,795.87
3.375% US \$650 Mn Bonds - Redeemable at par on 25.07.2024	4,777.81	4,784.36	4,900.08	4,900.27
5.250% US \$700 Mn Bonds - Redeemable at par on 13.11.2023	5,145.33	5,209.90	5,277.01	5,329.61
4.75% US \$500 Mn Bonds - Redeemable at par on 19.05.2023	3,675.24	3,726.60	-	-
3.068% US \$400 Mn Bonds - Redeemed at par on 18.12.2020	-	-	3,015.44	3,021.12
<b>Total - Foreign Currency Bonds</b>	<b>26,461.71</b>	<b>26,060.40</b>	<b>22,615.78</b>	<b>22,064.56</b>

### Global Medium Term Note (GMTN) Programme

The Company has a Global Medium Term Note (GMTN) Programme of USD 7 Billion which is listed on SGX-ST (Singapore Stock Exchange - Securities Trading), LSE-ISM (London Stock Exchange – International Securities Market), Global Securities Market (GSM) of the India INX (India International Exchange) and NSE IFSC (NSE International Exchange). The summary of funds raised under the GMTN Programme is as below:

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
Funds raised during the year under GMTN Programme	USD 1 Billion	USD 1 Billion
Cumulative amount raised under GMTN Programme	USD 4 Billion	USD 3 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 3.6 Billion	USD 3 Billion

### 17.3 Details of Unsecured Short-Term Debt Securities

#### (i) Commercial Paper

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	-	-	2,925.00	2,889.68

#### Details of Commercial Paper outstanding:

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
63 <sup>rd</sup> Series - 7.90% Repaid on 19.06.2020	-	-	675.00	664.69
64 <sup>th</sup> Series - 5.48% Repaid on 15.06.2020	-	-	2,250.00	2,224.99
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,925.00</b>	<b>2,889.68</b>

**NOTES TO ACCOUNTS**

**18 Borrowings (Other than Debt Securities)**

The Company has categorised all borrowings (other than debt securities) at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Unsecured Long-Term Borrowings</b>				
(i) Term Loans from Banks	29,938.58	29,953.76	18,899.78	18,900.72
(ii) Term Loans from Financial Institutions	5,800.00	5,800.00	1,000.00	1,000.00
(iii) Foreign Currency Borrowings	21,024.72	20,890.94	21,762.71	21,579.29
(iv) FCNR (B) Loans	-	-	1,017.71	1,020.89
(v) Term Loans from Govt. of India	10,000.00	10,325.12	10,000.00	10,326.81
(vi) Lease Liability	0.05	0.05	0.07	0.07
<b>Sub-total (A)</b>	<b>66,763.35</b>	<b>66,969.87</b>	<b>52,680.27</b>	<b>52,827.78</b>
<b>(B) Unsecured Short-Term Borrowings</b>				
(i) FCNR (B) Loans	5,329.10	5,335.01	5,955.49	5,964.91
(ii) Short Term Loans/ Loans repayable on demand from Banks	10,186.52	10,201.99	2,749.86	2,750.92
(iii) Loans repayable on demand from Holding Company	3,000.00	3,000.49	-	-
<b>Sub-total (B)</b>	<b>18,515.62</b>	<b>18,537.49</b>	<b>8,705.35</b>	<b>8,715.83</b>
<b>Total - Borrowings (other than Debt Securities) (A to B)</b>	<b>85,278.97</b>	<b>85,507.36</b>	<b>61,385.62</b>	<b>61,543.61</b>
<b>Borrowings (other than Debt Securities) in/ outside India</b>				
(i) Borrowings in India	64,254.25	64,616.42	39,622.91	39,964.32
(ii) Borrowings outside India	21,024.72	20,890.94	21,762.71	21,579.29
<b>Total - Borrowings (other than Debt Securities)</b>	<b>85,278.97</b>	<b>85,507.36</b>	<b>61,385.62</b>	<b>61,543.61</b>

Please refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

**18.1 Details of Unsecured Long-term Borrowings**

**(i) Term Loans from Banks**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Bank of Baroda	2,000.00	2,000.36	2,500.00	2,500.52
₹ 958.50 Crores repayable on 12.12.2021 and ₹ 1041.50 Crores repayable on 12.12.2022.				
- HDFC Bank	4,650.00	4,664.47	2,000.00	2,000.42
₹ 1000 Crores repayable on 24.02.2022 and ₹ 650 Crores repayable on 30.09.2022, ₹ 1500 Crores repayable on 19.06.2023, ₹ 300 Crores repayable on 29.09.2023, ₹ 350 Crores repayable on 11.10.2023, ₹ 350 Crores repayable on 05.11.2023 and ₹ 500 Crores repayable on 15.01.2024.				
- Punjab National Bank	4,396.84	4,396.84	2,399.87	2,399.87
₹ 1,999.98 Crores repayable in 3 annual instalments, first instalment due on 15.09.2021, ₹ 399.87 Crores repayable in 8 semi-annual instalments, first instalment due on 01.10.2021 and ₹ 1,996.99 Crores repayable in 3 annual instalments, first instalment due on 27.08.2023.				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- State Bank of India	10,839.90	10,839.90	7,299.92	7,299.92
₹ 1,839.97 Crores repayable in 4 annual instalments, first instalment due on 05.09.2021, ₹ 3,999.93 Crores repayable in 2 annual instalments, first instalment due on 15.10.2021 and ₹ 5,000 Crores repayable in 7 semi-annual instalments, first instalment due on 14.07.2022.				
- Union Bank of India	3,399.34	3,399.34	2,199.99	2,199.99
₹ 1,499.70 Crores repayable in 6 semi-annual instalments, first instalment due on 25.06.2022 and ₹ 1,899.64 Crores repayable in 6 semi-annual instalments, first instalment due on 20.02.2023.				
- Canara Bank	1,000.00	1,000.00	2,500.00	2,500.00
₹ 150 Crores repayable on 28.02.2023, ₹ 425 Crores repayable on 29.02.2024 and ₹ 425 Crores repayable on 28.02.2025				
- HSBC Bank	1,652.50	1,652.77	-	-
₹ 565 Crores repayable on 19.05.2025, ₹ 187.5 Crores repayable on 18.12.2025 and ₹ 900 Crores repayable on 25.03.2026.				
- Deutsche Bank	500.00	500.08	-	-
₹ 500 Crores repayable on 18.12.2023				
- JP Morgan Chase Bank	1,500.00	1,500.00	-	-
₹ 1,500 Crores repayable on 26.03.2024				
<b>Total - Unsecured Term Loans from Banks</b>	<b>29,938.58</b>	<b>29,953.76</b>	<b>18,899.78</b>	<b>18,900.72</b>

(ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	5,800.00	5,800.00	1,000.00	1,000.00
₹ 1,000 Crores repayable on 04.06.2022 and ₹ 800 Crores repayable on 25.06.2023, ₹ 1500 Crores repayable on 23.02.2024, ₹ 500 Crores repayable on 15.03.2024, ₹ 1000 Crores repayable on 26.03.2026 and ₹ 1000 Crores repayable on 30.03.2026				
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>5,800.00</b>	<b>5,800.00</b>	<b>1,000.00</b>	<b>1,000.00</b>

(iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
<b>JICA Loan</b> - 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2021	50.06	50.07	99.46	99.48
<b>2.89% KfW-II Loan</b> - Repaid on 30.12.2020	-	-	64.60	65.03
<b>1.86% KfW-III Loan</b> - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2021	317.22	317.87	393.41	393.52
<b>Sub-Total (1)</b>	<b>367.28</b>	<b>367.94</b>	<b>557.47</b>	<b>558.03</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
<b>6M USD Libor + 0.13% KfW-IV Loan</b> - Repayable in equal half-yearly instalments of €12.00 Mn till 15.11.2030, first instalment falling due on 15.11.2021	1,241.16	1,243.23	1,220.98	1,227.88
<b>Sub-Total (2)</b>	<b>1,241.16</b>	<b>1,243.23</b>	<b>1,220.98</b>	<b>1,227.88</b>

**NOTES TO ACCOUNTS**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(3) Bilateral/ Syndicated Loans</b>				
US \$300 Mn - Repayable on 02.06.2030	2,205.14	2,216.83	-	-
US \$425 Mn - Repayable on 16.03.2026	3,123.95	3,095.46	-	-
₹ 10,519 Mn - Repayable on 25.09.2025	698.04	686.00	-	-
US \$170 Mn - \$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025	1,249.58	1,249.55	-	-
US \$75 Mn - Repayable on 30.03.2025	551.29	542.57	565.39	554.38
SG \$72.07 Mn - Repayable on on 30.03.2025	391.79	383.78	380.80	367.22
US \$100 Mn - Repayable on 01.07.2024	735.05	729.68	753.86	749.10
US \$150 Mn - Repayable on 29.03.2024	1,102.57	1,085.82	1,130.79	1,104.53
US \$250 Mn - Repayable on 27.03.2024	1,837.62	1,815.96	1,884.65	1,855.66
₹ 10,327.12 Mn - Repayable on 08.08.2023	685.31	673.06	719.28	700.98
US \$250 Mn - Repayable on 29.08.2023	1,837.62	1,831.68	1,884.65	1,877.67
US \$150 Mn - Repayable on 11.09.2022	1,102.57	1,097.49	1,130.79	1,121.92
US \$200 Mn - Repayable on 28.07.2022	1,470.09	1,461.67	1,507.72	1,494.21
US \$230 Mn - Repayable on 19.01.2022	1,690.61	1,676.86	1,733.88	1,702.97
US \$100 Mn - Repayable on 05.10.2021	735.05	733.36	753.86	745.81
US \$240 Mn - Repaid on 26.03.2021	-	-	1,809.26	1,793.23
US \$160 Mn - Repaid on 26.03.2021	-	-	1,206.17	1,195.78
US \$300 Mn - Repaid on 01.12.2020	-	-	2,261.58	2,260.75
US \$300 Mn - Repaid on 29.07.2020	-	-	2,261.58	2,269.17
<b>Sub-Total (3)</b>	<b>19,416.28</b>	<b>19,279.77</b>	<b>19,984.26</b>	<b>19,793.38</b>
<b>Total - Foreign Currency Borrowings (1+2+3)</b>	<b>21,024.72</b>	<b>20,890.94</b>	<b>21,762.71</b>	<b>21,579.29</b>

**(iv) FCNR (B) Loans**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US \$135 Mn - \$75 Mn repaid on 13.10.2020 and \$60 Mn repaid on 17.02.2021	-	-	1,017.71	1,020.89
<b>Total - FCNR (B) Loans</b>	<b>-</b>	<b>-</b>	<b>1,017.71</b>	<b>1,020.89</b>

**(v) Term Loans from Govt. of India**

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF)	10,000.00	10,325.12	10,000.00	10,326.81
₹ 5000 Crores repayable on 13.12.2028 and ₹ 5000 Crores repayable on 04.10.2029				
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,325.12</b>	<b>10,000.00</b>	<b>10,326.81</b>

NOTES TO ACCOUNTS

18.2 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$200 Mn - Repayable on 20.12.2021	1,470.09	1,470.15	-	-
US\$100 Mn - Repayable on 30.12.2021	735.05	735.06	-	-
US\$75 Mn - Repayable on 15.11.2021	551.29	551.29	-	-
US\$200 Mn - Repayable on 30.12.2021	1,470.09	1,472.31	-	-
US\$75 Mn - Repayable on 20.05.2021	551.29	553.11	-	-
US\$75 Mn - Repayable on 22.04.2021	551.29	553.09	-	-
US\$140 Mn - Repaid on 13.01.2021	-	-	1,055.40	1,055.51
US\$100 Mn - Repaid on 21.12.2020	-	-	753.86	753.92
US\$100 Mn - Repaid on 03.12.2020	-	-	753.86	753.93
US\$100 Mn - Repaid on 02.09.2020 and 30.09.2020	-	-	753.86	753.86
US\$200 Mn - Repaid on 21.09.2020	-	-	1,507.72	1,512.87
US\$150 Mn - Repaid on 20.05.2020 and 25.06.2020	-	-	1,130.79	1,134.82
<b>Total - FCNR (B) Loans</b>	<b>5,329.10</b>	<b>5,335.01</b>	<b>5,955.49</b>	<b>5,964.91</b>

18.3 Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 18.1 (i), (ii) and (v) have been raised at interest rates ranging from 5.15% to 8.29% payable on monthly/quarterly/semi annual rests.

18.4 Foreign Currency Borrowings in Note No. 18.1(iii)(3) have been raised at interest rates ranging from a spread of 20 bps to 210 bps over external benchmarks including 1/3/6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate), 6 Months' SOR (Swap Offer Rate).

18.5 Security Details of Secured Debt Securities and Borrowings

For all the secured bonds issued by the Company and outstanding as at balance sheet date, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.

The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series XI, XII and XIII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The Bond Series XIV of 54EC Capital Gain Tax Exemption Bonds are secured by first pari passu charge on hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

Refer Note No. 9 and 15.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.



## NOTES TO ACCOUNTS

### 19 Subordinated Liabilities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) <b>199th Series - Subordinate Tier-II Bonds - 7.96% Redeemable at par on 15.06.2030</b>	1,999.50	2,127.54	-	-
(ii) <b>175th Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029</b>	2,151.20	2,151.45	2,151.20	2,151.86
(iii) <b>115th Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023</b>	2,500.00	2,667.90	2,500.00	2,667.79
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,946.89</b>	<b>4,651.20</b>	<b>4,819.65</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	6,650.70	6,946.89	4,651.20	4,819.65
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,946.89</b>	<b>4,651.20</b>	<b>4,819.65</b>

Refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

#### 19.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	Rating
Domestic Long-term Borrowings	CRISIL AAA, ICRA AAA, CARE AAA, IND AAA
Domestic Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAA, ICRA PP-MLD AAA
Domestic Perpetual Bonds	CRISIL AAA, CARE AA+
Domestic Short term Borrowings	CRISIL A1+, ICRA A1+, CARE A1+, IND A1+
International Long-term Issuer Rating	BBB- (Fitch), Baa3 (Moody's)

There has been no migration of ratings during the year.

#### 19.2 Reconciliation between carrying values and the contractual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
<b>As at 31<sup>st</sup> March 2021</b>				
<b>Total Amount as per Ind-AS</b>	<b>237,328.06</b>	<b>85,507.36</b>	<b>6,946.89</b>	<b>329,782.31</b>
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(7,571.09)	(397.62)	(299.48)	(8,268.19)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	824.41	169.23	3.29	996.93
<b>Total Borrowings Outstanding</b>	<b>230,581.38</b>	<b>85,278.97</b>	<b>6,650.70</b>	<b>322,511.05</b>
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Total Amount as per Ind-AS</b>	<b>219,977.22</b>	<b>61,543.61</b>	<b>4,819.65</b>	<b>286,340.48</b>
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,874.20)	(392.52)	(170.57)	(7,437.29)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	976.01	234.53	2.12	1,212.66
<b>Total Borrowings Outstanding</b>	<b>214,079.03</b>	<b>61,385.62</b>	<b>4,651.20</b>	<b>280,115.85</b>

## NOTES TO ACCOUNTS

**19.3** The Company raises funds in different currencies through a mix of term loans from banks/ financial institutions/ Govt. agencies and bonds of different tenors through private placement of debt securities. The amounts raised during the year have been utilized for the stated objects in the offer document/ information memorandum. Further, there has been no default as on the Balance Sheet date in the repayment of debt securities, borrowings and subordinated liabilities and the Company has met all its debt servicing obligations, whether principal or interest, during the year.

**19.4** The Company is a 'Large Corporate' in terms of the 'Framework for Fund raising by issuance of Debt Securities by Large Entities' laid under the SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018. Disclosure required under the said circular regarding details of incremental borrowings during the year is as below:

Particulars	Details
(i) Name of the company	REC Limited
(ii) CIN	L40101DL1969GOI005095
(iii) Outstanding borrowing of company as on 31 <sup>st</sup> March 2021 (₹ in Crores) *	258,117.38
(iv) Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	"ICRA AAA., CRISIL AAA, CARE AAA, IRRPL AAA"
(v) Securities listed	Yes
(vi) Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange
(vii) Report filed for Financial Year	2020-21
(viii) Details of the borrowings	
Particulars	Amount (₹ in Crores)
(a) Incremental borrowing done in the financial year	74,517.66
(b) Mandatory borrowing to be done through issuance of debt securities (25% of a)	18,629.41
(c) Actual borrowings done through debt securities in FY	53,413.50
(d) Shortfall in the mandatory borrowing through debt securities, if any (b-c)	-
(e) Reasons for shortfall, if any, in mandatory borrowings through debt securities	N.A

\* Borrowings as mentioned in (iii) above include all outstanding borrowings with original maturity of more than 1 year, but do not include external commercial borrowings as per the SEBI Circular.

## 20 Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(A) Unpaid Dividends</b>	5.79	4.75
<b>(B) Bond Application Money refundable and interest accrued thereon</b>	0.01	-
<b>(C) Unpaid Principal &amp; Interest on Bonds</b>		
- Matured Bonds & Interest Accrued thereon	49.77	39.13
- Interest on Bonds	18.95	17.97
<b>Sub-total (C)</b>	<b>68.72</b>	<b>57.10</b>
<b>(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)</b>	89,640.91	85,006.38
Add: Interest on such funds (net of refund)	2.63	7.75
Less: Disbursed to Beneficiaries (cumulative)	(88,575.58)	(83,395.51)
Undisbursed Funds to be disbursed as Subsidy/ Grant	<b>1,067.96</b>	<b>1,618.62</b>
<b>(E) Payables towards Bonds Fully serviced by Govt. of India</b>	24,314.43	21,792.32
(F) Payable towards funded staff benefits	9.00	0.38
(G) Other Liabilities	477.20	89.53
<b>Total (A to G)</b>	<b>25,943.11</b>	<b>23,562.70</b>

## NOTES TO ACCOUNTS

**20.1** Unpaid dividends, unpaid principal and interest on bonds include the amounts which have either not been claimed by the investors or are on hold pending formalities pursuant to investors' claims etc. The amount due to be transferred to Investor Education and Protection Fund (IEPF) as at 31<sup>st</sup> March, 2021 is ₹ 0.62 crores (₹ 0.47 crores as at 31<sup>st</sup> March, 2020) which has been transferred within the prescribed time limit.

### 20.2 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.71 Crores as at 31<sup>st</sup> March 2021 (₹ 0.69 Crores as at 31<sup>st</sup> March, 2020) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance of Interest Subsidy Fund	0.69	0.63
Add: Interest earned during the year	0.02	0.06
Less: Interest subsidy passed on to the borrower	-	-
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.71</b>	<b>0.69</b>

**20.3** Government of India has appointed the company as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Financial Liabilities".

**20.4** The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	7.75	17.23
Add: Interest earned during the year	26.38	30.64
Less: Amount refunded to Govt. during the year	31.50	40.12
<b>Closing Balance</b>	<b>2.63</b>	<b>7.75</b>

**20.5** For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ 2,500 crores (Previous year ₹ 3,782.30 crores) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Finance (MoF) letter dated 2<sup>nd</sup> December, 2020 and 3<sup>rd</sup> March, 2021, the repayment of principal and interest of the above bonds shall be made by Gol by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India (Note 11).

**Details of the Gol Fully Serviced Bonds raised are as follows:**

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31-03-2021	As at 31-03-2020
<b>Gol-I Series</b>	8.09%	Semi-annual	21/3/2028	1,837.00	1,837.00
<b>Gol-II Series</b>	8.01%	Semi-annual	24/3/2028	1,410.00	1,410.00
<b>Gol-III Series</b>	8.06%	Semi-annual	27/3/2028	753.00	753.00
<b>Gol-IV Series</b>	8.70%	Semi-annual	28/9/2028	3,000.00	3,000.00
<b>Gol-V Series</b>	8.54%	Semi-annual	15/11/2028	3,600.00	3,600.00

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31-03-2021	As at 31-03-2020
Gol-VI Series	8.80%	Semi-annual	22/1/2029	2,027.00	2,027.00
Gol-VII Series	8.60%	Semi-annual	8/3/2029	1,200.00	1,200.00
Gol-VIII Series	8.30%	Semi-annual	25/3/2029	4,000.00	4,000.00
Gol- IX Series	7.14%	Semi-annual	2/3/2030	1,500.00	1,500.00
Gol- X Series	8.25%	Semi-annual	26/3/2030	532.30	532.30
Gol- XI Series	7.20%	Semi-annual	31/3/2030	1,750.00	1,750.00
Gol- XII Series	6.45%	Semi-annual	7/1/2031	1,000.00	-
Gol- XIII Series	6.63%	Semi-annual	28/1/2031	1,000.00	-
Gol- XIV Series	6.50%	Semi-annual	26/3/2031	500.00	-
<b>Total</b>				<b>24,109.30</b>	<b>21,609.30</b>

21 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Provision for Income Tax	2,702.52	-
Less: Advance Income-tax & TDS	(2,691.90)	-
<b>Current tax liabilities (Net)</b>	<b>10.62</b>	<b>-</b>

22 Provisions

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Provisions for</b>		
<b>(A) Employee Benefits</b>		
Earned Leave Liability	18.00	15.95
Medical Leave Liability	20.91	21.87
Settlement Allowance	1.89	1.60
Economic Rehabilitation Scheme	4.13	4.25
Long Service Award	2.02	1.89
Incentive	47.92	52.57
<b>Sub-total (A)</b>	<b>94.87</b>	<b>98.13</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort	9.09	8.38
<b>Sub-total (B)</b>	<b>9.09</b>	<b>8.38</b>
<b>Total (A+B)</b>	<b>103.96</b>	<b>106.51</b>

22.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Opening balance</b>	<b>8.38</b>	<b>-</b>
Add: Created during the year	0.75	8.38
Less: Reversed/ Adjusted during the year	(0.04)	-
<b>Closing balance</b>	<b>9.09</b>	<b>8.38</b>

22.2 The Company has maximum credit risk exposure of ₹ 2,608.85 crores (previous year ₹ 951.29 crores) related to Letters of Comfort issued to the banks, as a financial guarantee on behalf of the borrowers.

## NOTES TO ACCOUNTS

### 23 Other Non-financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Sundry Liabilities Account (Interest Capitalisation)	5.07	6.57
(B) Unbilled Liability towards Capital Account	28.53	-
(C) Unamortised Fee on Undisbursed Loans	68.64	46.15
(D) Advance received from Govt. towards Govt. Schemes	0.75	3.90
(E) Statutory Dues	17.52	18.99
<b>Total (A to E)</b>	<b>120.51</b>	<b>75.61</b>

### 24. Other Equity

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,974,918,000	1,974.92	1,974,918,000	1,974.92
<b>Total</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

#### 24.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	For the year ended 31-03-2021		For the year ended 31-03-2020	
	No. of Shares	Amount (₹ in crores)	No. of Shares	Amount (₹ in crores)
Share Capital at the beginning of the year	1,974,918,000	1,974.92	1,974,918,000	1,974.92
Add: Shares issued & allotted during the year	-	-	-	-
<b>Share Capital at the end of the year</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

#### 24.2 Allotment of Bonus Shares during the year and during preceding five years

During the current year and preceding five years, no bonus shares were issued by the Company except in the FY 2016-17, when the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares.

**24.3** The Company has neither issued any equity shares pursuant to contract without payment being received in cash nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

#### 24.4 Rights, Preferences and Restrictions attached to Equity shares

The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

#### 24.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

(₹ in Crores)

Name of the Shareholder	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	167,255,577	8.47%	139,425,284	7.06%

## NOTES TO ACCOUNTS

### 24.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%

### 25 Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	-	-
<b>Total</b>	<b>5,584</b>	<b>558.40</b>	-	-

### 25.1 Reconciliation of the number of perpetual securities outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31-03-2021		For the year ended 31-03-2020	
	Number	Amount	Number	Amount
Balance at the beginning of the year	-	-	-	-
Increase/ (Decrease) during the year	5,584	558.40	-	-
<b>Balance at the end of the year</b>	<b>5,584</b>	<b>558.40</b>	-	-

### 25.2 Instrument holders holding more than 5% of Perpetual Debt Instruments entirely equity in nature as at Balance Sheet date:

(₹ in Crores)

Name of the Shareholder	As at 31.03.2021		As at 31.03.2020	
	Number	Percentage	Number	Percentage
HVPLN Employees Pension Fund Trust	665	11.91%	-	-
HPGCL Employees Pension Fund Trust	500	8.95%	-	-

25.3 During the year, Company has issued Perpetual Debt Instruments of face value of ₹ 10 lakhs each, with no maturity and callable only at the option of the Company after 10 years. The claims of the holders of the securities shall be (a) Superior to the claims of the holders of the equity shares issued by the Issuer; and (b) Subordinated to the claims of all other creditors of the Issuer. The instruments carry a step up provision if not called after 10 years. The payment of Coupons may be cancelled or suspended at the discretion of the Company. The coupon of the securities is not cumulative except where the Issuer shall not be liable to pay coupon and may defer the payment of coupon, if (i) The capital to risk assets ratio ("CRAR") of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI.

As these securities are perpetual in nature and the Company does not have any redemption obligation and discretion on payment of coupon, these have been classified as equity.

Details of the Perpetual Debt Instruments issued are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Number of Bonds	Date of allotment	Year ended 31-03-2021	Year ended 31-03-2020
Series 206	7.97%	5584	22-Jan-21	558.40	-

NOTES TO ACCOUNTS

26 Other Equity

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>(A) Other Reserves</b>		
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	19,222.23	16,659.10
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961	2,128.41	2,992.83
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	3,804.00	2,131.00
(iv) Securities Premium	2,236.54	2,236.54
(v) Foreign Currency Monetary Item Translation Difference Account	(573.16)	(1,719.38)
(vi) General Reserve	9,850.03	6,923.09
(vii) Impairment Reserve	-	793.29
<b>(B) Retained Earnings</b>	4,325.09	3,409.74
<b>(C) Other Comprehensive Income (OCI)</b>		
- Equity Instruments through Other Comprehensive Income	24.07	106.26
- Effective Portion of Cash Flow Hedges	(165.61)	(226.08)
- Cost of Hedging reserve	41.45	(204.75)
<b>Total - Other Equity</b>	<b>40,893.05</b>	<b>33,101.64</b>

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

**26.1** Pursuant to regulatory guidelines and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve:

(i) During the financial year 2020-21

- (a) ₹ 1,152.55 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viiia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets
- (b) ₹ 793.29 crores from Impairment Reserves has been transferred to the General Reserves in pursuance of RBI Guidelines

(ii) During the financial year 2019-20

- (a) ₹ 378.41 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viiia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets
- (b) ₹ 1,367.27 crores from Debenture Redemption Reserve (DRR) pursuant to the Notification No. G.S.R. 574(E) dated 16th August 2019 issued by the Ministry of Corporate Affairs (MCA)

**26.2 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961**

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

**Detail of Movement during the year:**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>16,659.10</b>	<b>15,136.78</b>
Add: Transferred from Retained Earnings	2,563.13	1,522.32
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>19,222.23</b>	<b>16,659.10</b>

## NOTES TO ACCOUNTS

### 26.3 Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viiia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five per cent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Balance as at the beginning of the year	2,992.83	3,034.72
Add: Transferred from Retained Earnings	288.13	336.52
Less: Transferred to General Reserve	(1,152.55)	(378.41)
<b>Balance as at the end of the year</b>	<b>2,128.41</b>	<b>2,992.83</b>

### 26.4 Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934

The Company is creating the Reserve Fund as required u/s 45IC of Reserve Bank of India Act, 1934, wherein at least 20% of net profit is required to be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India from time to time and further, any such appropriation is also required to be reported to the Reserve Bank of India within 21 days from the date of such withdrawal.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Balance as at the beginning of the year	2,131.00	1,153.00
Add: Transferred from Retained Earnings	1,673.00	978.00
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>3,804.00</b>	<b>2,131.00</b>

### 26.5 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Balance as at the beginning of the year	2,236.54	2,236.54
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>2,236.54</b>	<b>2,236.54</b>

### 26.6 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The Company opted to continue the policy of such amortisation as per the previous GAAP in respect of the exchange differences arising from translation of long-term foreign currency monetary items as on 31<sup>st</sup> March 2018 in line with the provisions of Ind-AS. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.



## NOTES TO ACCOUNTS

### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>(1,719.38)</b>	<b>(764.82)</b>
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	437.65	(1,630.51)
Less: Amortisation during the year	708.57	675.95
<b>Balance as at the end of the year</b>	<b>(573.16)</b>	<b>(1,719.38)</b>

### 26.7 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves.

### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>6,923.09</b>	<b>5,177.40</b>
Add: Transferred from Retained Earnings	981.10	-
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (viiia) of the Income Tax Act, 1961	1,152.55	378.41
Add: Transferred from Debenture Redemption Reserve	-	1,367.28
Add: Transferred from Impairment Reserve	793.29	-
<b>Balance as at the end of the year</b>	<b>9,850.03</b>	<b>6,923.09</b>

### 26.8 Impairment Reserve

As per the Reserve Bank of India (RBI) Guidelines, the Company is required to appropriate the difference from their net profit after tax to "Impairment Reserve" where the impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI. The Company reviews the requirement at each reporting date. In pursuance of the guidelines, an amount of ₹ 793.29 crores lying under Impairment reserve as on 31<sup>st</sup> March 2020 has been transferred to General Reserve during the current year.

### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>793.29</b>	<b>-</b>
Add: Transferred from Retained Earnings	-	793.29
Less: Transferred to General Reserve	(793.29)	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>793.29</b>

### 26.9 Equity Instruments through Other Comprehensive Income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

## NOTES TO ACCOUNTS

### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>106.26</b>	<b>136.88</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	160.52	(116.81)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(242.71)	86.19
<b>Balance as at the end of the year</b>	<b>24.07</b>	<b>106.26</b>

### 26.10 Effective Portion of Cash Flow Hedges

The Company uses derivative instruments in pursuance of managing its foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent the derivative contracts designated under the hedge accounting are effective hedges, the change in fair value of the hedging instrument is recognised in 'Effective Portion of Cash Flow Hedges'. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>(226.08)</b>	<b>-</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	60.47	(226.08)
<b>Balance as at the end of the year</b>	<b>(165.61)</b>	<b>(226.08)</b>

### 26.11 Cost of Hedging Reserve

The Company designates the intrinsic value of foreign currency option contracts as hedging instruments in 'Cash Flow Hedge' relationships. The changes in fair value of the time value of an option are recognised in OCI and amortised to the Statement of Profit and Loss on a rational basis.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>(204.75)</b>	<b>-</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	246.20	(204.75)
<b>Balance as at the end of the year</b>	<b>41.45</b>	<b>(204.75)</b>

### 26.12 Detail of Movement in Debenture Redemption Reserve during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>-</b>	<b>1,318.13</b>
Add: Transferred from Retained Earnings	-	49.15
Less: Transferred to General Reserve	-	(1,367.28)
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>

**NOTES TO ACCOUNTS**

**26.13 Detail of Movement in Retained Earnings during the year:**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>3,409.74</b>	<b>4,899.39</b>
Add: Profit for the year	8,361.78	4,886.16
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(10.67)	(2.15)
Less: Transferred to General Reserve	(981.10)	-
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(2,563.13)	(1,522.32)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(vii) of the Income Tax Act, 1961	(288.13)	(336.52)
Less: Transferred to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(1,673.00)	(978.00)
Less: Transferred to Debenture Redemption Reserve	-	(49.15)
Less: Transferred to Impairment Reserve	-	(793.29)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	242.71	(86.19)
Less: Issue expenses on Perpetual Debt Instruments (net of taxes)	(0.70)	-
Less: Dividend paid during the year	(2,172.41)	(2,172.41)
Less: Dividend Distribution Tax	-	(435.78)
<b>Balance as at the end of the year</b>	<b>4,325.09</b>	<b>3,409.74</b>

**26.14 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2021		For the year ended 31 <sup>st</sup> March, 2020	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
Interim Dividend	11.00	2,172.41	11.00	2,172.41
<b>Total Dividend</b>	<b>11.00</b>	<b>2,172.41</b>	<b>11.00</b>	<b>2,172.41</b>

**27 Interest Income**

(₹ in Crores)

Particulars	Year ended 31-03-2021			Year ended 31-03-2020		
	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
<b>(A) Interest on Loan Assets</b>						
(i) Long term financing	-	34,232.84	-	-	29,245.18	-
Less: Rebate for timely payments/completion etc	-	(0.06)	-	-	(0.08)	-
Long term financing (net)	-	34,232.78	-	-	29,245.10	-
(ii) Short term financing	-	69.98	-	-	177.23	-
<b>Sub-total (A)</b>	<b>-</b>	<b>34,302.76</b>	<b>-</b>	<b>-</b>	<b>29,422.33</b>	<b>-</b>
<b>(B) Interest Income from Investments</b>						
(i) Interest from CP/ ICD	-	-	-	-	0.21	-

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Year ended 31-03-2021			Year ended 31-03-2020		
	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(ii) Interest from Govt. Securities	-	7.16	-	-	1.89	-
(iii) Interest from Long Term Investments	-	15.98	195.30	-	0.76	169.75
(iv) Interest from Short Term Investments	-	3.90	-	-	-	-
<b>Sub-total (B)</b>	<b>-</b>	<b>27.04</b>	<b>195.30</b>	<b>-</b>	<b>2.86</b>	<b>169.75</b>
<b>(C) Interest on Deposits with Banks</b>						
(i) Interest from Deposits	-	154.41	-	-	61.23	-
<b>Sub-total (C)</b>	<b>-</b>	<b>154.41</b>	<b>-</b>	<b>-</b>	<b>61.23</b>	<b>-</b>
<b>(D) Other Interest Income</b>						
(i) Interest from Staff Advances	-	3.70	-	-	4.45	-
(ii) Interest from Subsidiary Companies	-	-	-	-	0.04	-
(iii) Interest on Mobilisation Advance	-	0.56	-	-	2.39	-
(iv) Unwinding of Discount of Security Deposits	-	0.01	-	-	0.02	-
<b>Sub-total (D)</b>	<b>-</b>	<b>4.27</b>	<b>-</b>	<b>-</b>	<b>6.90</b>	<b>-</b>
<b>Total - Interest Income (A to D)</b>	<b>-</b>	<b>34,488.48</b>	<b>195.30</b>	<b>-</b>	<b>29,493.32</b>	<b>169.75</b>

28 Dividend Income

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Dividend from Subsidiary Companies	8.43	50.00
- Dividend from Other Investments	27.97	39.04
<b>Total - Dividend Income</b>	<b>36.40</b>	<b>89.04</b>

28.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Dividend from Joint Ventures accounted at cost</b>		
- Investments held at the end of the year	-	2.10
<b>Dividend on FVOCI Equity Investments</b>		
- Investments held at the end of the year	27.63	36.94
- Investments derecognized during the year	0.34	-
<b>Total</b>	<b>27.97</b>	<b>39.04</b>

29 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Fees based Income	26.57	6.68
Prepayment Premium	35.14	12.75
Fee for Implementation of Govt. Schemes	33.67	19.52
<b>Total - Fees and Commission Income</b>	<b>95.38</b>	<b>38.95</b>

## NOTES TO ACCOUNTS

### 30 Other Income

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Fees from Training Courses	2.77	6.38
Interest from Income Tax Refund	0.94	1.68
Miscellaneous Income	18.84	55.86
<b>Total - Other Income</b>	<b>22.55</b>	<b>63.92</b>

### 31 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>(i) Interest on Borrowings</b>		
- Loans from Govt. of India	820.81	612.97
- Loans from Banks/ Financial Institutions	2,090.94	1,725.04
- External Commercial Borrowings	643.83	917.26
- Lease Liability	0.01	0.01
<b>Sub-Total (i)</b>	<b>3,555.59</b>	<b>3,255.28</b>
<b>(ii) Interest on Debt Securities</b>		
- Domestic Debt Securities	15,423.20	13,930.38
- Foreign Currency Debt Securities	1,183.12	854.73
- Commercial Paper	35.32	463.66
<b>Sub-Total (ii)</b>	<b>16,641.64</b>	<b>15,248.77</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	394.15	395.36
<b>Sub-Total (iii)</b>	<b>394.15</b>	<b>395.36</b>
<b>(iv) Other Interest Expense</b>		
- Swap Premium	894.62	108.83
- Interest on Advance Income Tax	22.71	-
- Interest on liability towards employee benefits	2.32	4.60
- Modification gain/ loss on borrowings	0.09	-
<b>Sub-Total (iv)</b>	<b>919.74</b>	<b>113.43</b>
<b>Total - Finance Costs</b>	<b>21,511.12</b>	<b>19,012.84</b>
Less: Finance Costs Capitalised	(22.04)	(15.79)
<b>Total - Finance Costs (Net)</b>	<b>21,489.08</b>	<b>18,997.05</b>

### 32 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Net translation/ transaction exchange loss/ (gain)	330.26	2,357.90
<b>Total</b>	<b>330.26</b>	<b>2,357.90</b>

The figures above include amortisation of net translation/ transaction exchange loss/ (gain) on Long Term Foreign Currency Monetary Items recognised in the financial statements before 1st April 2018 amounting to ₹ 708.57 crores (Previous year ₹ 675.95 crores).

## NOTES TO ACCOUNTS

**32.1** The foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

(₹ in Crores)

Exchange Rates	USD/INR	JPY/INR	Euro/INR	SGD/INR
As at 31 <sup>st</sup> March 2021	73.5047	0.6636	86.0990	54.3581
As at 31 <sup>st</sup> March 2020	75.3859	0.6965	83.0496	52.8342

### 33 Fees and commission expense

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Guarantee Fee	-	13.29
(ii) Listing and Trusteeship Fee	0.78	1.51
(iii) Agency Fees	3.01	1.66
(iv) Credit Rating Expenses	3.33	3.05
(v) Other Finance Charges	2.83	5.93
<b>Total (i to v)</b>	<b>9.95</b>	<b>25.44</b>

### 34 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
(i) On trading Portfolio	-	-
(ii) Others		
- Changes in fair value of Derivatives	545.92	(47.72)
- Changes in fair value of Long Term Investments	2.43	6.40
- Changes in fair value of Short-term MF investments	23.98	15.47
<b>Sub-total (ii)</b>	<b>572.33</b>	<b>(25.85)</b>
<b>Total (A)</b>	<b>572.33</b>	<b>(25.85)</b>
<b>Breakup of Fair Value Changes</b>		
- Realised	1,077.91	(60.07)
- Unrealised	(505.58)	34.22
<b>Total Net Gain/ (loss) on Fair Value Changes</b>	<b>572.33</b>	<b>(25.85)</b>

Fair value changes in this schedule are other than those arising on account of accrued interest income/ expense and represents changes in fair value of derivatives designated as economic hedges not designated under hedge accounting and ineffective hedge

### 35 Impairment on financial instruments

(₹ in Crores)

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost
(i) - Loans *	-	2,363.33	-	884.91
(ii) - Others	-	56.29	-	4.65
<b>Total (i+ii)</b>	<b>-</b>	<b>2,419.62</b>	<b>-</b>	<b>889.56</b>

\* includes ₹ 0.71 crores (Previous year ₹ 8.38 crores) towards impairment allowance on Letters of Comfort.

## NOTES TO ACCOUNTS

## 36 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Salaries and Allowances	101.66	129.00
- Contribution to Provident Fund and Other Funds	13.61	15.19
- Expenses towards Post Employment Benefits	4.87	5.07
- Rent towards Residential Accommodation for Employees	2.19	1.58
- Staff Welfare Expenses	22.51	24.95
<b>Total</b>	<b>144.84</b>	<b>175.79</b>

## 37 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Depreciation on Property, Plant & Equipment	6.81	6.72
- Amortization on Intangible Assets	2.72	3.28
<b>Total</b>	<b>9.53</b>	<b>10.00</b>

## 38 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Direct Expenditure	139.78	253.64
- Overheads	4.54	4.76
<b>Total</b>	<b>144.32</b>	<b>258.40</b>

**38.1** Ministry of Corporate Affairs (MCA) has notified the Companies (Amendment) Act 2019 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 which require that any unspent CSR amount, other than for any ongoing project, must be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. In case such unspent amount pertains to any ongoing project, it must be transferred to unspent CSR Account by 30th April of the next year. However, if such amount is not utilised within three financial years, it is required to be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. The Company also carries the right to set-off any amount spent in excess of the requirement under the Act within three succeeding financial years against the amount to be spent.

During the year, Company has approved ₹ 144.32 crore as budget for CSR as per Section 135(5) of the Companies Act, against which has spent ₹ 147.78 crore towards CSR activities during the year. The excess amount of ₹ 3.46 crore spent during the year shall be carried forward and set off for next three succeeding financial years.

**38.2 Details of Gross Amount required to be spent by the company:**

- Gross amount required to be spent by the company during the year is ₹ 144.32 crores
- Amount approved by the Board to be spent during the year is ₹ 144.32 crores
- Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars	Year ended 31-03-2021
Opening Balance	-
Amount required to be spent during the year	144.32
Amount spent during the year	147.78
<b>Closing Balance*</b>	<b>(3.46)</b>

\* eligible to be set-off in the next three succeeding financial years

Since the provisions of the Companies (Amendment) Act 2019 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 requiring specific treatment of unspent funds has been made applicable from the current year, the comparatives figures have not been provided.

**NOTES TO ACCOUNTS**

**38.3 Amount spent during the year (₹ in Crores) :**

(₹ in Crores)

Particulars	Year ended 31-03-2021			Year ended 31-03-2020		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i) Construction/ acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above						
Health/Sanitation / Waste Management / Drinking water	27.59	-	27.59	54.67	-	54.67
Education/ Vocational/ Skill Development	17.68	-	17.68	41.57	-	41.57
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	17.63	-	17.63	32.21	-	32.21
Sports	-	-	-	-	-	-
Contribution to PM CARES Fund	50.00	-	50.00	100.00	-	100.00
Provision of food/ration to migrant workers due to COVID-19 and Providing Cold Chain equipment for COVID-19 vaccination	7.65	-	7.65	1.59	-	1.59
Others	22.69	-	22.69	23.60	-	23.60
Administrative overheads including training, impact assessment etc.	4.54	-	4.54	4.76	-	4.76
<b>Total (ii)</b>	<b>147.78</b>	<b>-</b>	<b>147.78</b>	<b>258.40</b>	<b>-</b>	<b>258.40</b>

In support of the fight against the Covid-19 pandemic, the Company committed a total contribution of ₹ 150 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), of which ₹ 100 crores was contributed during the year 2019-20 and ₹ 50 crores contributed during the year 2020-21. Further, during the year, the company has spent ₹ 6.93 crores for providing food, ration, sanitizers, masks, PPE kits etc. to migrant workers, poor people and health workers and ₹ 0.72 crores for providing Cold Chain Equipment to store COVID-19 vaccine in West Bengal, Nagaland and Dadra & Nagar Haveli. To express the solidarity with the Nation's fight against the pandemic outbreak, the employees of the Company also contributed a day's salary to PM CARES Fund in April 2020.

**39 Other Expenses**

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Travelling and Conveyance	8.00	13.69
- Publicity & Promotion Expenses	4.90	5.73
- Repairs and Maintenance	11.50	11.42
- Rent, taxes and energy costs	13.15	12.97
- Insurance Charges	0.10	0.13
- Communication costs	2.23	3.24
- Printing & stationery	0.86	2.70
- Director's sitting fees	0.10	0.19
- Auditors' fees and expenses	1.43	1.52
- Legal & Professional Charges	9.86	11.81
- Net Loss on Disposal of Property, Plant & Equipment	4.03	1.69
- Govt. Scheme Monitoring Expenses	25.18	22.17
- Miscellaneous Expenses	25.37	44.44
<b>Total</b>	<b>106.71</b>	<b>131.70</b>



## NOTES TO ACCOUNTS

### 39.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Fees paid to statutory auditors :</b>		
- as auditor	0.66	0.44
- for taxation matters*	0.25	0.11
- for company law matters (includes limited review fees)	0.26	0.35
- for other services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.10	0.40
(i) For Certifications	0.04	0.04
- for reimbursement of expenses	-	0.04
<b>Sub-total</b>	<b>1.31</b>	<b>1.38</b>
<b>Non-recoverable tax credit in respect of fees paid to auditors</b>	0.12	0.14
<b>Total - Auditor's fees and expenses</b>	<b>1.43</b>	<b>1.52</b>

\* includes ₹ 0.12 crores (Previous year Nil) of fees for taxation matters pertaining to earlier years.

### 40 Tax Expense

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Current tax expense	2,683.62	1,552.99
- Current tax expense/ (benefit) pertaining to earlier years	223.28	62.88
<b>Sub-total - Current Tax</b>	<b>2,906.90</b>	<b>1,615.87</b>
- Deferred tax expense/ (credit)	(512.55)	481.26
<b>Total</b>	<b>2,394.35</b>	<b>2,097.13</b>

**40.1** During the year, the company has opted for settlement of eligible Income Tax disputes pertaining to the period from AY 1997-98 to AY 2017-18 as per the scheme introduced by Government of India vide The Direct Tax Vivad Se Vishwas Act 2020. Accordingly, an amount of ₹ 208.30 crores has been paid and accounted for as current tax expenses for the FY 2020-21.

### 40.2 Reconciliation of Effective Tax Rate

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Profit before Tax</b>	<b>10,756.13</b>	<b>6,983.29</b>
<b>Statutory income tax rate</b>	<b>25.168%</b>	<b>25.168%</b>
<b>Expected income tax expense</b>	<b>2,707.10</b>	<b>1,757.55</b>
<b>Tax effect of income tax adjustments:</b>		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(645.09)	(383.14)
Non-allowability of CSR expenses & other adjustments	112.70	20.68
Other non-deductible tax expenses	5.52	1.59
Non Taxable Income	(9.16)	(22.41)
Tax Expense Earlier Years	223.28	62.88
Impact of change in tax rate	-	659.98
<b>Tax expense</b>	<b>2,394.35</b>	<b>2,097.13</b>

## NOTES TO ACCOUNTS

### 41 Earnings per Share

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Numerator</b>		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)	8,361.78	4,886.16
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	8,361.78	4,886.16
<b>Denominator</b>		
Weighted average Number of equity shares	1,974,918,000	1,974,918,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	42.34	24.74
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	42.34	24.74

### 42 Contingent Liabilities and Commitments :

#### 42.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>(A) Particulars</b>	0.24	0.22
<b>(B) Claims against the Company not acknowledged as debts</b>		
<b>Taxation Demands</b>	10.49	113.69
- Demands raised by the Income Tax Department	0.30	38.30
- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company		

The amount referred to in 'A' above are in respect of cases pending in various courts and is dependent upon the verdict of the court.

The amount referred to in 'B' above are against various demands raised by the Income Tax Department/ GST Department including the cases pending in Delhi High Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

#### 42.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>- Contracts remaining to be executed on capital account</b>		
- Towards Property, Plant & Equipment	225.95	315.07
- Towards Intangible Assets	0.16	-
<b>- Other Commitments</b>		
- CSR Commitments	259.26	288.14

### 43 Details of Registration/ License/ authorisation obtained from financial sector regulators:

Particulars	Regulator Name	Registration Details
(i) Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii) Registration Number	Reserve Bank of India	14.000011
(iii) Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374

## NOTES TO ACCOUNTS

### 44 Implementation of Govt. Schemes

#### 44.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme is ₹ 16,320 Crore including Gross Budgetary Support of ₹ 12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme.

#### 44.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

- (i) Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;
- (ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- (iii) Micro-grid and Off-grid distribution network;
- (iv) Rural Electrification component under the RGGVY 12<sup>th</sup> and 13<sup>th</sup> plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 Crore including budgetary support of ₹ 33,453 Crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12<sup>th</sup> and 13<sup>th</sup> plan have been subsumed in this scheme as a separate Rural Electrification (RE) component.

#### 44.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

### 45 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of the equity and the long-term borrowings made by the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Company is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Company has complied with all externally imposed capital requirements.

The debt-equity ratio of the Company is as below:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Net debt	321,370.56	278,437.82
Net Worth	43,426.37	35,076.56
<b>Debt-equity ratio</b>	<b>7.40</b>	<b>7.94</b>

Net debt represents principal outstanding less cash and cash equivalents available.

## NOTES TO ACCOUNTS

### Dividend Distribution Policy

BoD monitors the dividend pay-out to the shareholders of the Company. Dividend distribution policy of the Company focuses on various factors including but not limited to the present & future capital requirements, profits earned during the financial year, Capital to Risk-weighted Assets Ratio (CRAR), cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time, cash flow position and net worth of the Company, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by DIPAM, Govt. of India, Company is required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Though the Company endeavors to declare the dividend as per these guidelines, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth.

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

### 46 Capital to Risk-weighted Assets Ratio

The Company is complying with the Capital Adequacy requirements as prescribed by the Reserve Bank of India. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

Particulars	As at 31.03.2021	As at 31.03.2020
(i) CRAR	19.72%	16.06%
(ii) CRAR - Tier I Capital	16.31%	13.17%
(iii) CRAR - Tier II Capital	3.41%	2.89%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.44% (previous year nil)

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Amount of subordinated debt raised as Tier-II capital	1,999.50	-
Amount raised by issue of Perpetual Debt Instruments	558.40	-

### 47 Financial Risk Management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Company's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. A Risk Management Committee (RMC) has also been constituted under the chairmanship of an Independent Director, whose main function is to identify and monitor various risks of the organization and to suggest actions for mitigation of the same.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, financial assets measured at amortised cost, investment in G-Sec, State development loans and debt securities	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts
Market risk - interest rate risk	Borrowings, debt securities and subordinated liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in quoted equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

## NOTES TO ACCOUNTS

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO./099/03.10.001/2018-19, to augment risk management practices in the Company, the Board has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. Company's objectives, policies and processes for measuring and managing each of above risk is set out in the subsequent paragraphs.

### 47.1 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### 47.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(i) Low credit risk on financial reporting date</b>		
Cash and cash equivalents	1,140.49	1,678.03
Bank balances other than cash and cash equivalents	1,929.06	2,021.96
Loans *	358,891.11	299,697.53
Investments **	1,237.84	1,568.96
Other financial assets	24,399.21	22,081.59
<b>(ii) Moderate credit risk</b>		
Loans *	2,888.05	2,431.27
<b>(iii) High credit risk</b>		
Loans *	18,256.93	21,255.55
Other financial assets	88.04	30.85

\* Represents the principal outstanding (along with undisbursed amount towards Letters of Comfort) without deduction for expected credit losses

\*\* This does not include investments in equity instruments and venture capital funds carried at FVOCI/ FVTPL and investments in subsidiaries and joint ventures as they are carried at cost in line with the exemption given under Ind AS 27.

#### Cash and Cash Equivalents and Bank Deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by parking funds in investment grade rated instruments and highly rated banks and also diversifying the deposit base by investing in different instruments/ banks across the country.

#### Loans

Credit risk related to borrowers are mitigated through adequate security arrangements for the loans by way of hypothecation of future project loan assets, receivables, inventories or any other assets, Govt. Guarantees, Corporate guarantees etc. and additionally Collaterals wherever required. The Company closely monitors the credit-worthiness of the promoters through well-defined entity appraisal guidelines that are configured from systematic institutional and project appraisal process analysis to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures in form of pre-disbursement conditions.

#### Other Financial Assets measured at Amortized Cost

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiaries, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

#### Investment in G-Sec, State Development loans and Debt Securities

Credit risk related to investment is managed by investment in Govt. Securities, State Development Loans and investment in

## NOTES TO ACCOUNTS

PSU Bonds with sound financial health and also diversifying the investment portfolio in different maturity/sector and monitoring the financial health on regular basis.

### 47.1.2 Expected Credit Losses (ECL) for financial assets other than loans

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- **For cash and cash equivalents and bank balances (other than cash and cash equivalents)** - Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- **For investments** - Considering that the investments are in debt securities including Government Securities/ minimum investment grade rated Government Companies, credit risk is considered low.
- **For other financial assets** - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than loans is disclosed as follows:

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	1,140.49	-	1,140.49	1,678.03	-	1,678.03
Bank balances (other than cash and cash equivalents)	1,929.06	-	1,929.06	2,021.96	-	2,021.96
Investments	1,237.84	-	1,237.84	1,568.96	-	1,568.96
Other financial assets *	24,487.25	88.04	24,399.21	22,112.44	30.85	22,081.59

\* The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.

### 47.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

**Credit default risk:** The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

**Concentration risk:** The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

#### (A) Credit Risk Management

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorized as High/Moderate/Low based on different risk parameters and exposure of the project as per Project Risk Categorization Frameworks. The process for Credit Risk Management are as under:

- (i) The Company has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk
- (ii) For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. LFA submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

## NOTES TO ACCOUNTS

The Company also endeavors to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE /Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilization and insurance for the project. PMA also verifies the bills of original equipment manufacturer/ supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialized monitoring/Cash Flow monitoring agencies are being appointed by REC/ Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

- (iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/ Board of Directors based on the recommendation of Screening Committee, as appropriate.
- (iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.
- (v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.
- (vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.
- (vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.
- (viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc., monitoring of the TRA account, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms including invocation of guarantees/ securities to recover the dues.

### (B) Credit risk Measurement

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board-approved policy, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. Management overlays to the model output, if any, are duly documented and approved by the Audit Committee. The evaluation of Expected Credit Loss (ECL) is undertaken by an independent agency, ICRA Analytics Limited (formerly ICRA Online Limited).

The Company has an internal system of grading for State Governments, Public Sector Undertakings and State Power Utilities. However, for Distribution Companies (DISCOMs), the Company adopts the ratings by the Ministry of Power as and when they are updated. These ratings are mapped with external rating grades published by various credit rating agencies as part of rating transition matrix. For private borrowers, the Company uses the external rating as published by various credit rating agencies, or proxy risk score in case such rating is not available. The proxy risk score model considers following parameters :

#### Quantitative factors

Debt/ EBITDA (30% weightage)

Return on Capital Employed (15% weightage)

Interest Coverage (25% weightage)

Gearing (Debt/Equity) (30% weightage)

#### Qualitative Factors

Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF

Actual Default dates

Status of the Project

## NOTES TO ACCOUNTS

### (C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a “three stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as “Stage 1”.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to “Stage 3”.
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

### (D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments.

### (E) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or or any such period allowed by the company in line with circular issued by the Reserve Bank of India.

### (F) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.
- LGD represents the Company’s expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

#### Determination of Probability of Default (PD)

The Company has analysed the available average annual rating transition matrices published by Credit Rating Agencies to arrive at annual transition matrix based PD. This annual transition matrix PD was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

#### Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research the company has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector borrowers, the realizable value of the assets were arrived at using suitable assumptions, including valuation on outcome of the resolution process etc., to arrive at LGD. For State Government and Public sector projects, the Company has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

### (G) Alignment of LGD in case of Stage 3 Assets

Stage-3 assets where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

- (a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted.
- (b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

### (H) Key assumptions used in measurement of ECL

- (i) The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
- (ii) EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.



**NOTES TO ACCOUNTS**

**(I) Credit Risk Exposure**

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

External/Mapped credit rating	As at 31.03.2021				As at 31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	27,188.09	-	-	27,188.09	37,832.86	-	-	37,832.86
AA	95,722.23	-	-	95,722.23	82,131.73	-	-	82,131.73
A	92,972.07	1,421.82	-	94,393.89	71,840.30	-	-	71,840.30
BBB	29,817.62	-	-	29,817.62	28,629.56	-	-	28,629.56
BB	61,131.32	-	-	61,131.32	60,555.15	36.22	-	60,591.37
B	17,049.99	69.68	-	17,119.67	9,876.29	23.37	-	9,899.66
C	28,532.47	-	-	28,532.47	2,215.02	29.68	-	2,244.70
D	1,874.55	1,396.55	18,256.93	21,528.03	-	2,342.00	21,255.55	23,597.55
Government Loan	4,602.77	-	-	4,602.77	6,616.62	-	-	6,616.62
<b>Gross Exposure</b>	<b>358,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>380,036.09</b>	<b>299,697.53</b>	<b>2,431.27</b>	<b>21,255.55</b>	<b>323,384.35</b>
Loss allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
<b>Net Exposure</b>	<b>357,608.65</b>	<b>2,746.62</b>	<b>6,465.62</b>	<b>366,820.89</b>	<b>299,209.07</b>	<b>1,467.44</b>	<b>10,703.42</b>	<b>311,379.93</b>

**(J) Collateral and other credit enhancements**

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

**(K) Loss allowance**

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

NOTES TO ACCOUNTS

The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

	For the Year ended 31 <sup>st</sup> March 2021										Total	
	Stage 1		Stage 2		Stage 3		Stage 3		Gross Amount		ECL	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42	-	-	-	-
Transfer to 12 months ECL	2,509.24	353.78	(53.05)	(1.82)	(2,456.18)	(351.96)	0.01	-	-	-	-	-
Transfer to life time ECL not credit impaired	(1,609.07)	(1.90)	1,609.07	1.90	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	(36.22)	(0.38)	36.22	0.38	-	-	-	-	-	-
Additional provision due to changes in PD/ LGD	-	123.92	-	178.15	-	2,037.68	-	2,339.75	-	-	-	-
New Financial assets originated or purchased (including further disbursements in existing assets)	94,564.60	414.89	264.00	0.47	2.00	0.20	94,830.60	415.56	-	-	-	-
Financial Assets that have been derecognised (including recoveries in existing assets)	(36,271.19)	(96.69)	(421.58)	(95.28)	(333.56)	(200.02)	(37,026.33)	(391.99)	-	-	-	-
Write offs	-	-	(905.44)	(905.44)	(247.10)	(247.10)	(1,152.54)	(1,152.54)	-	-	-	-
Closing Balance	358,891.11	1,282.46	2,888.05	141.43	18,256.93	11,791.31	380,036.09	13,215.20	-	-	-	-

	For the Year ended 31 <sup>st</sup> March 2020										Total	
	Stage 1		Stage 2		Stage 3		Stage 3		Gross Amount		ECL	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	256,448.63	525.25	4,412.61	1,273.73	20,348.44	9,698.95	281,209.68	11,497.93	-	-	-	-
Transfer to 12 months ECL	1,557.46	107.88	(1,549.63)	(105.92)	(7.83)	(1.96)	(0.00)	(0.00)	-	-	-	-
Transfer to life time ECL not credit impaired	(25.11)	(1.64)	92.99	18.61	(67.89)	(16.97)	(0.01)	-	-	-	-	-
Transfer to Lifetime ECL credit impaired	(1,476.62)	(12.99)	(560.99)	(225.13)	2,037.61	238.12	-	-	-	-	-	-
Additional provision due to changes in PD/ LGD	-	(238.36)	-	(13.90)	-	1,108.09	-	855.83	-	-	-	-
New Financial assets originated or purchased (including further disbursements in existing assets)	76,579.12	142.28	47.51	16.66	-	-	76,626.63	158.94	-	-	-	-
Financial Assets that have been derecognised (including recoveries in existing assets)	(33,385.95)	(33.96)	(11.22)	(0.22)	(676.37)	(95.69)	(34,073.54)	(129.87)	-	-	-	-
Write offs	-	-	-	-	(378.41)	(378.41)	(378.41)	(378.41)	-	-	-	-
Closing Balance	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42	-	-	-	-

(L) Details of Stage wise Exposure and Impairment Loss Allowance:

Particulars	As at 31-03-2021					As at 31-03-2020				
	Stage I	Stage II	Stage III	Total	Total	Stage I	Stage II	Stage III	Total	
	358,891.11	2,888.05	18,256.93	380,036.09	380,036.09	299,697.53	2,431.27	21,255.55	323,384.35	
Total Exposure	1,282.46	141.43	11,791.31	13,215.20	13,215.20	488.46	963.83	10,552.13	12,004.42	
Impairment Allowance	0.36%	4.90%	64.59%	3.48%	3.48%	0.16%	39.64%	49.64%	3.71%	
ECL %										

**NOTES TO ACCOUNTS**

**(M) Concentration of credit risk**

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Gross Amount	ECL	Gross Amount	ECL
<b>Concentration by industry</b>				
Generation	156,901.95	12,035.54	147,021.68	11,122.97
Renewables	17,388.24	117.88	9,163.65	161.31
Transcos	61,309.37	502.51	49,658.96	503.89
Discoms	139,833.76	557.90	110,923.44	214.26
Government Loans	4,602.77	1.37	6,616.62	1.99
<b>Total</b>	<b>380,036.09</b>	<b>13,215.20</b>	<b>323,384.35</b>	<b>12,004.42</b>
<b>Concentration by ownership</b>				
State	338,973.84	938.40	284,778.15	297.60
Private	41,062.25	12,276.80	38,606.20	11,706.82
<b>Total</b>	<b>380,036.09</b>	<b>13,215.20</b>	<b>323,384.35</b>	<b>12,004.42</b>

**(N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector**

Particulars	As at 31-03-2021	As at 31-03-2020
Power Sector	4.84%	6.59%

**(O) Movement of Credit-impaired Assets**

(₹ in Crores)

Particulars	FY 2020-21	FY 2019-20
<b>(i) Gross Credit-impaired Assets to Gross Advances (%)</b>	4.84%	6.59%
<b>(ii) Net Credit-impaired Assets to Gross Advances (%)</b>	1.71%	3.32%
<b>(iii) Net Credit-impaired Assets to Net Advances (%)</b>	1.78%	3.45%
<b>(iv) Movement of Credit-impaired Assets (Gross)</b>		
(a) Opening balance	21,255.55	20,348.44
(b) Additions during the year	38.22	2,037.61
(c) Reductions during the year	(2,789.74)	(752.09)
(d) Write-off during the year	(247.10)	(378.41)
(e) Closing balance	18,256.93	21,255.55
<b>(iv) Movement of Credit-impaired Assets (Net)</b>		
(a) Opening balance	10,703.42	10,649.49
(b) Additions during the year	34.59	691.40
(c) Reductions during the year	(4272.39)	(637.47)
(d) Write-off during the year	-	-
(e) Closing balance	6,465.62	10,703.42
<b>(v) Movement of provisions for Credit-impaired Assets</b>		
(a) Opening balance	10,552.13	9,698.95
(b) Provisions made during the year	2,038.26	1,346.21
(c) Write-back of excess provisions	(551.98)	(114.62)
(d) Provision on assets written off during the year	(247.10)	(378.41)
<b>(e) Closing balance</b>	<b>11,791.31</b>	<b>10,552.13</b>

## NOTES TO ACCOUNTS

(P) In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, had the loans otherwise required to be classified as NPA as per IRACP norms been considered, Gross NPA to Gross Loans ratio would have been 5.04% (previous year 6.60%) and Net NPA to Net Loans would have been 1.99% (previous year 3.46%) as at 31<sup>st</sup> March 2021.

**(Q) Write off policy**

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

**(R) Business Model Policy**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realize the cash flows by collecting contractual payments (including principal and interest) over the tenure of the loan. Further, investments in the nature of debt investments and other financial assets may also be held by the Company to collect the contractual payments as per the agreed terms.

The Company's business model therefore is "hold to collect" for Loans, certain Financial Investments and Other Financial Assets. Such financial assets are measured at amortised cost if the contractual terms gives rise to cash flows that are solely payments of principal and interest on the amount outstanding.

**(S) Policy for sales out of amortised cost business**

The Company does not resort to the sale of financial assets, including loan assets, in ordinary course of business.

However, the company may proceed for realization of amount due in respect of credit-impaired assets, as per the regulatory framework in India. As a result, the credit impaired loan may be either restructured/renewed or settled as part of IBC proceedings or otherwise and is assessed for derecognition as per the requirements of Ind AS 109 – Financial Instruments.

**The Company has also not entered into any transaction of sale/ purchase of credit-impaired assets, except as below:**

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2021	For the Year ended 31 <sup>st</sup> March 2020
No. of Accounts sold/settled as part of IBC proceedings	1	1
Aggregate Outstanding (₹ in Crores)	510.98	236.80
Aggregate consideration received (₹ in Crores)	329.13	124.13

(T) The Company has not entered into any securitisation/ assignment transactions during the year ended 31<sup>st</sup> March 2021 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

**(U) Accounts with overdues beyond 90 days but not treated as credit impaired (excluding accounts to whom relief under RBI Covid-19 Relief package has been allowed)**

(₹ in Crores)

Particulars	Number of accounts	Total Amount outstanding	Overdue amount
As at 31-03-2021	-	-	-
As at 31-03-2020	1	2,342.00	2,244.97

During the year, loan from one of the borrowers, M/s RKM Powergen Pvt Ltd. has been restructured and is now servicing the dues as per the restructured schedule. As at 31<sup>st</sup> March 2020, it was not classified as credit impaired owing to ad-interim order from Hon'ble High Court of Madras.

**NOTES TO ACCOUNTS**

**(V) Disclosure in respect of Moratorium and Asset Classification with regards to RBI Covid-19 Regulatory Package pursuant to RBI Circular D.O.R.NO.BP.BC.63/21.04.048/2020-21 dated 17 April 2020**

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2021	For the Year ended 31 <sup>st</sup> March 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium was extended	-	1460.22
(ii) Respective amount where asset classification benefits is extended.	-	23.37
(iii) General Provision made	Refer Note below	Refer Note below
(iv) General Provisions adjusted during the year against slippages and the residual provisions	Refer Note below	Refer Note below

**Note** - The Company, being NBFC, provides for Expected Credit Loss (ECL) in accordance with Ind AS 109 as per board-approved ECL methodology. However, such provisions as required under RBI IRACP Norms have been considered for calculation of Provisions required as per IRACP Norms in Note (W) below.

**(W) Comparison between provision required as per RBI Income Recognition, Asset Classification and Provisioning norms (IRACP) and Impairment Allowance as per Ind-AS**

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2021	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Asset Classification as per RBI Norms							
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
<b>Performing Assets</b>							
Standard	Stage 1	356,273.17	357,285.43	1,273.37	356,012.06	2,304.84	(1031.47)
	Stage 2	2,888.05	2,925.24	141.43	2,783.81	145.62	-4.19
<b>Sub Total (1)</b>		<b>359,161.22</b>	<b>360,210.67</b>	<b>1,414.80</b>	<b>358,795.87</b>	<b>2,450.46</b>	<b>(1035.66)</b>
<b>Non-Performing Assets</b>							
Substandard Assets	Stage 3	36.31	36.31	3.63	32.68	3.63	-
Doubtful Assets							
Up to 1 year	Stage 3	560.99	560.99	303.81	257.18	301.24	2.57
1 to 3 years	Stage 3	13,786.04	13,786.04	8,514.57	5,271.46	6,913.49	1601.08
More than 3 years	Stage 3	3,856.37	3,856.37	2,952.08	904.29	2,665.23	286.85
<b>Sub Total for doubtful assets</b>		<b>18,203.40</b>	<b>18,203.40</b>	<b>11,770.46</b>	<b>6,432.93</b>	<b>9,879.96</b>	<b>1890.50</b>
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
<b>Sub Total for NPA (2)</b>		<b>18,256.93</b>	<b>18,256.93</b>	<b>11,791.31</b>	<b>6,465.61</b>	<b>9,900.81</b>	<b>1,890.50</b>
<b>Total Loan Assets</b>		<b>377,418.15</b>	<b>378,467.60</b>	<b>13,206.11</b>	<b>365,261.48</b>	<b>12,351.27</b>	<b>854.84</b>
<b>Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms</b>							
- Letter of Comfort*	Stage 1	2,617.94	2,617.94	9.09	2,608.85	-	9.09
<b>Sub-Total (3)</b>		<b>2,617.94</b>	<b>2,617.94</b>	<b>9.09</b>	<b>2,608.85</b>	<b>-</b>	<b>9.09</b>
<b>Total</b>	Stage 1	<b>358,891.11</b>	<b>359,903.37</b>	<b>1,282.46</b>	<b>358,620.91</b>	<b>2,304.84</b>	<b>(1022.38)</b>
	Stage 2	<b>2,888.05</b>	<b>2,925.24</b>	<b>141.43</b>	<b>2,783.81</b>	<b>145.62</b>	<b>(4.19)</b>
	Stage 3	<b>18,256.93</b>	<b>18,256.93</b>	<b>11,791.31</b>	<b>6,465.61</b>	<b>9,900.81</b>	<b>1,890.50</b>
	<b>Total</b>	<b>380,036.09</b>	<b>381,085.54</b>	<b>13,215.20</b>	<b>367,870.33</b>	<b>12,351.27</b>	<b>863.93</b>

\* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

NOTES TO ACCOUNTS

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2020	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Asset Classification as per RBI Norms							
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	298,737.86	300,392.16	480.08	299,912.08	1,779.27	(1299.19)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
Sub Total (1)		301,169.13	302,823.99	1,443.91	301,380.08	2,481.55	(1037.64)
Non-Performing Assets							
Substandard Assets	Stage 3	2,037.61	2,037.61	468.91	1,568.70	203.76	265.15
Doubtful Assets							
Up to 1 year	Stage 3	3,973.02	3,973.02	1,646.55	2,326.47	1,282.92	363.63
1 to 3 years	Stage 3	11,276.57	11,276.57	5,724.26	5,552.31	6,024.78	(300.52)
More than 3 years	Stage 3	3,951.13	3,951.13	2,695.19	1,255.94	2,787.48	-92.29
Subtotal for doubtful assets		19,200.72	19,200.72	10,066.00	9,134.72	10,095.18	(29.18)
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub-total for NPA (2)		21,255.55	21,255.55	10,552.13	10,703.42	10,316.16	235.97
Total Loan Assets		322,424.68	324,079.54	11,996.04	312,083.50	12,797.71	(801.67)
Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms							
- Letter of Comfort*	Stage 1	959.67	959.67	8.38	951.29	-	8.38
Sub-Total (3)		959.67	959.67	8.38	951.29	-	8.38
Total	Stage 1	299,697.53	301,351.83	488.46	300,863.37	1,779.27	(1290.81)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
	Stage 3	21,255.55	21,255.55	10,552.13	10,703.42	10,316.16	235.97
	Total	323,384.35	325,039.21	12,004.42	313,034.79	12,797.71	(793.29)

\* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

NOTES TO ACCOUNTS

47.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis.

The Company maintains adequate bank balances, short term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

47.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Non-Derivative Financial Liabilities :</b>											
<b>Rupee Borrowings</b>											
<b>Debt Securities</b>											
- Principal	-	-	1,055.00	600.00	3,520.00	6,486.80	25,852.18	46,211.21	44,523.75	75,870.73	204,119.67
- Interest	-	379.26	429.06	1,313.74	1,981.43	3,293.77	7,841.36	22,724.28	16,731.83	27,645.59	82,340.32
<b>Other Borrowings</b>											
- Principal	-	350.00	2,400.00	7,099.52	4,137.00	1,526.67	3,658.51	20,600.55	9,152.90	10,000.00	58,925.15
- Interest	208.60	4.26	85.39	199.76	458.88	565.70	1,388.04	4,370.69	2,293.36	2,653.21	12,227.90
<b>Subordinated Liabilities</b>											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	6,650.70
- Interest	-	-	-	201.50	162.21	-	192.96	1,107.77	704.25	1,375.22	3,743.91
<b>Foreign Currency Borrowings</b>											
<b>Debt Securities</b>											
- Principal	-	-	-	-	-	-	-	8,820.56	12,128.28	5,512.87	26,461.71
- Interest	-	-	-	220.52	64.14	194.94	485.15	1,841.77	670.06	395.99	3,872.57
<b>Other Borrowings</b>											
- Principal	-	-	551.29	551.29	45.31	12.51	6,797.99	8,043.62	4,575.17	5,776.64	26,353.82
- Interest	8.81	1.21	7.27	68.26	60.15	130.44	246.98	841.03	615.06	800.45	2,779.66
<b>Derivative Liabilities :</b>											
Interest rate swaps	-	-	-	-	-	-	29.88	343.06	30.71	-	403.65
Currency swaps	-	-	-	-	-	-	-	-	16.48	104.60	121.08
Others -	-	-	-	-	-	-	-	-	-	-	-
Reverse cross currency swap	-	-	-	-	-	-	-	-	19.67	258.66	278.33
Seagull Option	-	-	24.92	18.33	-	-	-	-	-	-	43.25

NOTES TO ACCOUNTS

As at 31 <sup>st</sup> March 2020	(₹ in Crores)										Total
	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	
<b>Non-Derivative Financial Liabilities :</b>											
<b>Rupee Borrowings</b>											
<b>Debt Securities</b>											
- Principal	-	-	463.40	503.64	5,940.51	12,739.42	19,109.00	57,825.05	36,677.47	58,204.76	191,463.25
- Interest	-	379.26	242.78	937.01	2,166.66	3,488.47	7,033.94	21,092.29	14,197.97	19,934.11	69,472.49
<b>Other Borrowings</b>											
- Principal	-	-	500.00	600.00	500.00	2,159.86	1,566.76	11,453.05	5,820.02	10,050.02	32,649.71
- Interest	244.00	15.01	83.73	130.49	352.45	383.51	1,107.43	3,565.31	2,027.49	3,708.64	11,618.06
<b>Subordinated Liabilities</b>											
- Principal	-	-	-	-	-	-	-	-	-	-	-
- Interest	-	-	-	201.50	-	-	192.96	788.93	2,500.00	2,151.20	4,651.20
<b>Foreign Currency Borrowings</b>											
<b>Debt Securities</b>											
- Principal	-	-	-	-	-	-	3,015.44	-	13,946.39	5,653.95	22,615.78
- Interest	-	-	-	138.14	112.53	200.74	453.70	1,620.81	1,261.85	642.18	4,429.95
<b>Other Borrowings</b>											
- Principal	-	-	-	565.39	609.10	4,013.52	8,505.00	6,642.72	7,812.60	587.58	28,735.91
- Interest	22.35	1.76	20.98	36.08	46.93	223.97	236.64	518.73	201.15	17.93	1,326.52
<b>Derivative Liabilities :</b>											
<b>Interest rate swaps</b>											
-	-	-	-	-	-	-	58.63	190.17	337.26	-	586.06
<b>Others -</b>											
Reverse cross currency swap	-	-	-	-	-	-	-	-	75.15	664.52	739.67

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.



NOTES TO ACCOUNTS

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

Particulars	(₹ in Crores)										Total	
	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years		
As at 31 <sup>st</sup> March 2021												
Principal	878.97	-	1,866.73	1,747.68	4,838.22	8,947.33	17,793.88	72,044.11	67,832.43	188,262.69	364,212.04	
Interest	117.12	4.00	880.36	1,331.57	5,715.61	9,108.12	17,306.39	60,195.92	45,576.96	77,702.45	217,938.50	
As at 31 <sup>st</sup> March 2020												
Principal	29.56	13.4	547.04	306.00	3,638.03	7,626.38	15,889.84	63,791.10	55,014.93	163,572.36	310,428.64	
Interest	11.86	2.28	598.86	250.00	6,103.36	7,819.74	14,756.16	51,025.65	38,311.76	71,028.36	189,908.03	

The principal cash flows relating to Stage III assets, net of Expected Credit Loss have been considered in over 5 years bucket irrespective of the maturity date.

47.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

Particulars	(₹ in Crores)										Total
	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	
As at 31 <sup>st</sup> March 2021											
Loan Assets	878.97	-	1,866.73	1,747.68	4,838.22	9,451.43	17,793.88	72,044.11	67,832.43	188,808.04	365,261.49
Investments	-	-	-	-	-	-	37.28	100.64	136.13	1,635.73	1,909.77
Rupee Borrowings											
Debt Securities		367.83	1,462.17	1,143.76	5,127.49	8,436.25	28,244.43	46,217.54	44,490.29	75,777.90	211,267.66
Other Borrowings		350.00	2,431.14	7,099.52	4,462.12	1,526.67	3,658.51	20,600.55	9,152.91	9,999.99	59,281.41
Subordinated Liabilities		-	-	168.38	129.51	-	1.60	2,499.52	-	4,147.88	6,946.89
Foreign Currency Borrowings											
Debt Securities		-	-	-	-	62.02	213.39	8,768.94	12,094.51	4,921.54	26,060.40
Other Borrowings		6.59	551.29	557.44	68.01	12.51	6,785.72	7,968.17	4,505.29	5,770.93	26,225.95
Foreign Currency Assets											
Foreign Currency Liabilities (other than Borrowings)											

NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Loan Assets</b>	29.56	13.40	547.04	306.00	3,638.03	8,565.24	15,889.84	63,791.10	55,014.93	164,288.36	<b>312,083.50</b>
<b>Investments</b>							1,500.62	22.93	-	789.66	<b>2,313.21</b>
<b>Rupee Borrowings</b>											
Debt Securities	-	426.00	694.17	712.47	7,589.45	14,788.18	21,133.50	57,816.85	36,641.24	58,110.80	<b>197,912.66</b>
Other Borrowings	-	-	502.00	600.00	826.81	2,159.86	1,566.76	11,453.05	5,820.02	10,050.02	<b>32,978.52</b>
Subordinated Liabilities				168.47	-	-	2.11	-	2,499.33	2,149.74	<b>4,819.65</b>
<b>Foreign Borrowings</b>											
Debt Securities	-	-	-	106.20	66.41	63.61	2,994.65	-	13,849.28	4,984.41	<b>22,064.56</b>
Other Borrowings	13.00	1.21	17.17	572.29	611.79	4,032.85	8,471.94	6,567.71	7,689.56	587.57	<b>28,565.09</b>
<b>Foreign Currency Assets</b>											
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	-	-	-

47.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Expiring within one year (cash credit and other facilities)</b>		
- Fixed rate	-	-
- Floating rate	5,547.28	8,775.00
<b>Expiring beyond one year (loans/ borrowings)</b>		
- Fixed rate	-	-
- Floating rate	-	497.82

## NOTES TO ACCOUNTS

### 47.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis. The Company continuously monitors the projected and actual cash flows and accordingly maintains adequate bank balances, overdraft facilities, short term investments that are readily convertible into cash and adequate borrowing plans.

#### (i) Funding Concentration based on significant counterparty (borrowings)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Number of significant counterparties*	20	14
Amount (₹ in Crores)	182,250.87	125,850.36
% of Total Liabilities	51.08%	40.41%

#### (ii) Top 10 borrowings

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from State Bank of India	10,839.90	3.36%	7,299.92	2.61%
2 Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	3.10%	10,000.00	3.57%
3 54EC- Series XII (2018-19)	6,651.77	2.06%	6,651.77	2.37%
4 54EC- Series XIII (2019-20)	6,157.72	1.91%	5,759.14	2.06%
5 Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	5,800.00	1.80%	-	-
6 Foreign Currency Bonds- US \$700 Mn Bonds	5,145.33	1.60%	5,277.01	1.88%
7 Institutional Bonds- 182 <sup>nd</sup> Series	5,063.00	1.57%	5,063.00	1.81%
8 Institutional Bonds- 203 <sup>rd</sup> A Series	5,000.00	1.55%	-	-
9 Foreign Currency Bonds- US \$650 Mn Bonds	4,777.81	1.48%	4,900.08	1.75%
10 Term Loan from HDFC Bank	4,650.00	1.44%	-	-
11 Institutional Bonds- 114 <sup>th</sup> Series	-	-	4,300.00	1.54%
12 54EC- Series XI (2017-18)	-	-	9,565.23	3.41%
13 Institutional Bonds- 105 <sup>th</sup> Series	-	-	3,922.20	1.40%
<b>Total</b>	<b>64,085.53</b>	<b>19.87%</b>	<b>62,738.35</b>	<b>22.40%</b>

#### (iii) Funding Concentration based on significant instrument/ product

(₹ in Crores)

Name of significant instrument/ product*	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
<b>1 Debt Securities</b>				
Institutional Bonds	173,338.60	48.58%	152,132.20	48.85%
Foreign Currency Bonds	26,461.71	7.42%	22,615.78	7.26%
54EC Capital Gain Tax Exemption Bonds	18,121.59	5.08%	22,376.33	7.19%
Tax Free Bonds	12,648.41	3.54%	12,648.41	4.06%
<b>Sub-Total (1)</b>	<b>230,570.31</b>	<b>64.62%</b>	<b>209,772.72</b>	<b>67.36%</b>

NOTES TO ACCOUNTS

(₹ in Crores)

Name of significant instrument/ product*	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
<b>2 Borrowings (Other than Debt Securities)</b>				
Term Loans from Banks	29,938.58	8.39%	18,899.78	6.07%
Foreign Currency Borrowings	21,024.72	5.89%	21,762.71	6.99%
Loans repayable on demand from Banks	10,186.52	2.85%	-	-
Term Loans from Govt. of India	10,000.00	2.80%	10,000.00	3.21%
Term Loans from Financial Institutions	5,800.00	1.63%	-	-
FCNR (B) Loans	5,329.10	1.49%	6,973.20	2.24%
<b>Sub-Total (2)</b>	<b>82,278.92</b>	<b>23.06%</b>	<b>57,635.69</b>	<b>18.51%</b>
<b>3 Subordinated Liabilities</b>	<b>6,650.70</b>	<b>1.86%</b>	<b>4,651.20</b>	<b>1.49%</b>
<b>Total (1+2+3)</b>	<b>319,499.93</b>	<b>89.54%</b>	<b>272,059.61</b>	<b>87.36%</b>

(iv) Stock Ratios:

Particulars	As at 31-03-2021				As at 31-03-2020			
	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets
Commercial Papers	-	-	-	-	2,925.00	1.04%	0.94%	0.84%
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	20,511.10	6.36%	5.75%	5.12%	10,551.34	3.77%	3.39%	3.05%

\* Significant counterparty/ significant instrument/ product is defined as a single counterparty/ single instrument/ product or group of connected or affiliated counterparties accounting in aggregate to more than 1% of the company's total liabilities.

(v) Liquidity Coverage Ratio (LCR)

RBI, vide its Liquidity Framework dated 04 Nov, 2019 has stipulated maintaining of Liquidity Coverage Ratio (LCR) by Non-Deposit taking NBFCs with asset size of more than ₹ 10,000 Crores w.e.f. 01 Dec, 2020. These guidelines of RBI aims to ensure that Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is represented by:

The Stock of High-Quality Liquid Assets

Total Net Cash Outflows over the next 30 calendar days

where,

- (i) Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the next 30 calendar days, where the cash flows are assigned a predefined stress percentage, as prescribed by RBI.
- (ii) High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

The LCR requirement is binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The Company from December 1, 2021 is maintaining the LCR @ 50% on monthly observations till February 28, 2021 and on every day basis thereafter (though RBI has prescribed LCR on every day basis from April 01, 2021 only).

At Present, HQLA investments are held in INR in the form of Government Securities(G-Sec)/ State Development Loans (SDLs) Securities and AAA/AA Corporate Bonds and auto swap balance with banks.

**Composition of HQLA:**

Out of the Stock of HQLA, the Government Securities is the highest proportion of HQLA followed by AAA/AA Corporate bonds and auto swap balances. The position of HQLA holding as on 31 March 2021 is as follows:

**NOTES TO ACCOUNTS**

HQLA Items	% of Overall
<b>Assets without Haircut</b>	<b>82%</b>
- Cash and Cash Equivalents	23%
- G-Sec and SDLs	59%
<b>Assets with 15% Haircut</b>	<b>18%</b>
- Corporate Bonds	18%
<b>Assets with 50% Haircut</b>	-
<b>Total</b>	<b>100%</b>

**Liquidity Coverage Ratio Disclosure**

(₹ in Crores)

Particulars	Quarter ended 31-03-2021		Quarter ended 31-12-2020	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>				
Total High Quality Liquid Assets (HQLA)	2,151.50	2,120.54	2,249.00	2,221.13
- AA/AAA Corporate Bonds	206.39	175.43	185.81	157.94
- G-SEC Bonds/ State Development Loans (SDLs)	483.29	483.29	345.69	345.69
- Banks Autoswap	1,461.82	1,461.82	1,717.50	1,717.50
<b>Cash Outflows</b>				
Other contractual funding obligations	11,720.66	13,478.76	10,418.50	11,981.28
Other contingent funding obligations	2,193.98	2,523.08	1,970.25	2,265.78
<b>Total Cash Outflows</b>	<b>13,914.64</b>	<b>16,001.84</b>	<b>12,388.75</b>	<b>14,247.06</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	7,480.10	5,610.08	6,789.11	5,091.83
Other cash inflows	11,807.52	8,855.64	6,290.00	4,717.50
<b>Total Cash Inflows (restricted to 75% of Outflows on every observation day)</b>	<b>19,287.63</b>	<b>11,760.86</b>	<b>13,079.11</b>	<b>9,809.33</b>
<b>Total Adjusted Value</b>				
Total HQLA		2,120.54		2,221.13
Total Net Cash Outflows		4,240.98		4,437.73
<b>Liquidity Coverage Ratio</b>		<b>50.00%</b>		<b>50.05%</b>

\*For average, the observations as on 31.01.2021, 28.02.2021 and daily observation during March 2021 has been considered.

**47.3 Market Risk - Currency Risk**

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. These borrowings are also exposed to interest rate risk as most of the borrowings are carrying floating interest rates linked to LIBOR, SOR etc. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings denominated in a currency other than the functional currency of the Company. The Company uses combination of foreign currency options structures, forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD with Functional Directors, executive directors and Chief General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency

## NOTES TO ACCOUNTS

forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31<sup>st</sup> March 2021 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31-03-2021			As at 31-03-2020		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD \$	6,893.85	3,500.00	3,393.85	6,591.96	4,070.00	2,521.96
<i>INR Equivalent</i>	50,673.04	25,726.65	24,946.39	49,694.10	30,682.06	19,012.04
JPY ¥	21,600.36	20,845.99	754.37	11,755.14	10,623.67	1,131.47
<i>INR Equivalent</i>	1,433.40	1,383.34	50.06	818.75	739.94	78.81
EURO €	36.85	11.40	25.45	55.15	29.70	25.45
<i>INR Equivalent</i>	317.30	98.12	219.18	458.04	246.69	211.35
SGD \$	72.08	72.08	-	72.08	72.08	-
<i>INR Equivalent</i>	391.79	391.79	-	380.80	380.80	-
<b>Total</b>	<b>52,815.53</b>	<b>27,599.90</b>	<b>25,215.63</b>	<b>51,351.69</b>	<b>32,049.49</b>	<b>19,302.20</b>

### Sensitivity Analysis

The table below represents the impact on P&L including FCMITDA (+ Gain / (Loss) for 5% change in foreign currency exchange rate against INR on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Favorable	Adverse	Favorable	Adverse
USD/INR	933.39	(933.39)	711.35	(711.35)
JPY/INR	1.87	(1.87)	2.95	(2.95)
EUR/INR	8.20	(8.20)	7.91	(7.91)

\* Holding all other variables constant

### Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. For option contracts, the Company designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to Profit or Loss on a straight-line basis.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

- For cross currency swaps and interest rate swaps that exactly match the terms of the terms of the hedged item, the economic relationship and hedge effectiveness are based on the qualitative factors using critical terms match method.
- For other interest rate swaps (in cases of late designation), the Company uses dollar offset method using a hypothetical derivatives, dollar offset method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument with the change in fair value or cash flows of the hedged item attributable to the hedged risk.
- For option structures, the Company analyses the behaviour of the hedging instrument and hedged item using regression analysis based dollar offset method.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	Type of hedge and risks	Notional amount (in Mn)	Carrying amount of hedging instruments		Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness	
			Assets	Liabilities					
<b>Cash flow hedge</b>									
<i>Foreign exchange and interest rate risk</i>									
(i) Foreign currency options structures									
	- Seagull Structur	USD 2,595	1,458.96	43.25	April 2021 - Oct 2025	1:1	73.32	(611.68)	611.68
		JPY 20,846.12	198.23	-	Aug 2023 - Sep 2025	1:1	0.66	(131.87)	131.87
	- Call Spread	USD 250	77.74	-	Mar 2024	1:1	71.94	(93.51)	93.51
(ii) Cross currency swaps									
		USD 1,350	-	244.37	Dec 2021 - Mar 2025	1:1	2.92% and 72.93	(73.78)	73.78
		JPY 10,327.12	-	4.06	Aug 2023	1:1	0.42% and 0.62	(0.08)	0.08
		SGD 72.08	23.86	-	Mar 2025	1:1	1.44%	21.54	(21.54)
(iii) Principal only swaps									
		USD 375	-	121.08	Mar 2025 - Jun 2030	1:1	75.41	(174.62)	174.62
(iv) Interest rate swaps									
		USD 260	-	69.74	Mar 2024 - Jul 2024	1:1	2.32%	(1.12)	1.12

NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Type of hedge and risks	Notional amount (in Mn)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
			Assets	Liabilities					
	<b>Cash flow hedge</b>								
	<i>Foreign exchange and interest rate risk</i>								
(i)	Foreign currency options structures								
	- Seagull Structure	USD 1,410	1,494.84	-	May 2020 - Mar 2025	1:1	71.88	213.14	(213.14)
	- Call Spread	JPY 10,327.10	167.37	-	Aug 2023	1:1	0.62	10.30	(10.30)
(ii)	Cross currency swaps	USD 250	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
		USD 1,000	-	297.86	Dec 2020 - Mar 2025	1:1	3.67%	(175.35)	175.22
		JPY 10,327.10	-	5.28	Aug 2023	1:1	0.42%	(1.29)	1.29
		SGD 72.08	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
(iii)	Interest rate swaps	USD 1,260	5.24	134.45	Jul 2020 - Jul 2024	1:1	2.35%	(185.91)	185.91



**NOTES TO ACCOUNTS**

**(b) Effects of hedge accounting on statement of profit and loss**

(₹ in Crores)

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Year ended 31-03-2021</b>				
<b>Cash flow hedge</b>				
-Currency risk and interest rate risk	(1,065.12)	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost
<b>Year ended 31-03-2020</b>				
<b>Cash flow hedge</b>				
-Currency risk and interest rate risk	55.30	0.13	(629.26)	Gain/ loss on foreign exchange translation
			0.03	Finance cost

**(c) Movement in cash flow hedging reserve and cost of hedging reserve**

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Effective portion of Cash Flow Hedges</b>		
<b>Opening Balance</b>	(226.08)	-
Add: Changes in intrinsic value of foreign currency option structures	(625.61)	687.21
Add: Changes in fair value of cross currency swaps	(52.32)	(174.20)
Add: Changes in fair value of interest rate swaps	(1.12)	(185.90)
Less: Amounts reclassified to profit or loss	759.86	(629.23)
Less: Deferred tax relating to above (net)	(20.34)	76.04
<b>Closing Balance</b>	<b>(165.61)</b>	<b>(226.08)</b>
<b>Costs of hedging reserve</b>		
<b>Opening Balance</b>	<b>(204.75)</b>	-
Add: Change in deferred time value of foreign currency option structures	(386.06)	(382.41)
Less: Amortisation of time value	715.06	108.80
Less: Deferred tax relating to above (net)	(82.80)	68.86
<b>Closing Balance</b>	<b>41.45</b>	<b>(204.75)</b>

**47.4 Market Risk - Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rates are dynamic and dependent on various internal and external factors including but not limited to RBI policy changes, liquidity in the market, movement of external benchmarks such as AAA bond/ G-Sec yields/ LIBOR etc. The Company manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimize the risk of fluctuation in interest rates. The Company also uses cross-currency interest rate swaps as a cost-reduction strategy to benefit from the interest differentials in different currencies.

## NOTES TO ACCOUNTS

The table below shows the overall exposure of the Company to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31<sup>st</sup> March 2021 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31-03-2021			As at 31-03-2020		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
<b>INR Borrowings</b>	35,738.58	-	35,738.58	19,899.78	-	19,899.78
<b>USD \$</b>	2,768.85	1,630.00	1,138.85	3,241.96	2,830.00	411.96
INR Equivalent	20,352.38	11,981.27	8,371.11	24,439.81	21,334.21	3,105.60
<b>JPY ¥</b>	20,846.14	10,327.14	10,519.00	10,327.12	10,327.12	-
INR Equivalent	1,383.35	685.31	698.04	719.28	719.28	-
<b>SGD \$</b>	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.83	380.83	-
<b>Total INR Equivalent</b>	<b>57,866.10</b>	<b>13,058.37</b>	<b>44,807.73</b>	<b>45,439.70</b>	<b>22,434.32</b>	<b>23,005.38</b>

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	As at 31-03-2021	As at 31-03-2020
Rupee Loans	363,580.03	312,065.92

### Sensitivity Analysis

The table below represents the impact on P&L Gain / (Loss) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(167.65)	167.65	(86.08)	86.08
Floating/ semi-fixed Rate Loan Assets	1,360.37	(1360.37)	1,167.63	(1167.63)

\* Holding all other variables constant

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

#### 47.4.1 Disclosures in respect of Interest Rate Benchmark Reform (IBOR)

The Company has variable interest rate borrowings with interest rates linked with different benchmarks. Such interest rate benchmarks for foreign currency borrowings include 1/3/6 Month USD/ JPY LIBOR (London Inter-Bank Offered Rate) and 6 Month SOR (Swap Offer Rate). The summary of such borrowings is as below:

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Amount (₹ In Crores)	Amount (USD Mn Equivalent)
1M USD LIBOR	1,690.61	230.00
3M USD LIBOR	5,512.85	750.00
6M USD LIBOR	13,148.92	1,788.85
6M JPY LIBOR	1,383.35	188.20
6M SOR	391.79	53.30
<b>Total</b>	<b>22,127.52</b>	<b>3,010.35</b>

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR will cease to be published after 31<sup>st</sup> December 2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after 30 June 2023. Since SOR (Singapore Swap Offer Rate) is also benchmarked with USD LIBOR, it will also become non-representative from 30 June 2023.

**(i) Exposure directly affected by the interest rate benchmark reform**

The total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is Rs. 13,468.66 crores. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is Rs. 4,752.33 crores.

**(ii) Managing the process to transition to alternative benchmark rates**

Pursuant to the interest rate benchmark reform, LIBOR will be replaced with alternative Risk-Free Rates. SOFR (Secured Overnight Financing Rate) will be the replacement for USD LIBOR, while TONA (Tokyo Overnight Average Rate) will replace JPY LIBOR. ISDA (International Swaps and Derivatives Association), the globally recognized statutory body governing the global derivative deals, has come up with the ISDA 2020 IBOR Fallbacks Protocol (commonly referred to as Fallback Protocol) to move all the legacy contracts to new benchmarks. The Company has adhered to the Fallbacks Protocol under which the fallbacks for the various LIBOR benchmarks will automatically become applicable to the existing derivative trades with all counterparties.

**(iii) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform**

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

**47.5 Market Risk - Price risk**

The Company is exposed to price risks arising from investments in equity shares and units of venture capital funds. The Company's investments are held for strategic rather than trading purposes.

**Sensitivity Analysis**

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	21.51	(21.51)	25.68	(25.68)
Impact on Profit and Loss account (PL)	1.18	(1.18)	0.63	(0.63)

## NOTES TO ACCOUNTS

### 48 Additional Disclosures in respect of derivatives

#### 48.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) The notional principal of swap agreements	25,035.68	29,056.52
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	339.60	141.71
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	(64.05)	(444.35)

REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well within the credit risk limit defined in the Board approved Risk Management Policy.

#### 48.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

#### 48.3 Quantitative Disclosures

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
(i) Derivatives (Notional Principal Amount)						
For hedging	27,599.89	32,049.49	25,035.68	29,056.52	4,547.00	4,347.00
(ii) Marked to Market Positions						
a) Asset (+)	1,971.62	3,177.14	339.60	141.71	-	-
b) Liability (-)	164.33	-	403.65	586.06	278.33	739.67
(iii) Credit Exposure	4,854.40	5,559.58	574.96	346.42	632.05	602.05
(iv) Unhedged Exposures	25,215.63	19,302.20	N.A.	N.A.	N.A.	N.A.

\* Includes Full Hedge, Principal only Swap and Call Spread

\*\* Includes Interest Rate Derivatives as a strategy of cost reduction

\*\*\* Includes Reverse Cross Currency swap as a strategy of cost reduction

### 49 Impact of Covid-19 Pandemic on the Company

India is currently grappling with the second wave of COVID-19 pandemic with significant increase in the number of cases in India. The resultant lockdowns are less restrictive for economic activity and are concentrated in the most-hit states. Global waves suggest impact on manufacturing activity is less devastating as vaccination rollout gathers pace.

#### Liquidity Buffers with the Company

Company has not experienced any significant impact on its liquidity position owing to strong credit profile and access to diversified sources of borrowings. The Company has put in place adequate liquidity buffers in the form of Working Capital/ Term Loan limits from various banks apart from High Quality Liquid Assets.

#### Covid-19 Relief Package for the Power Sector

The Govt. of India, as a part of its Covid-19 relief package, had announced liquidity injection to the State Discoms in the form of State Govt. guaranteed loans through REC and PFC (Power Finance Corporation Ltd.) to clear the outstanding dues of Power Generation and Transmission Companies. As on 15th May 2021, the Company has already sanctioned and disbursed ₹ 67,083 crores and ₹ 40,766 crores respectively to the discoms as part of this liquidity package.

#### Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package

In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7th April 2021 and the

## NOTES TO ACCOUNTS

methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020. Company has estimated the aggregate amount to be refunded/adjusted and thus has made a provision in the financial statements for the year ended 31<sup>st</sup> March 2021. Accordingly, interest income for the quarter and year ended 31<sup>st</sup> March 2021 is lower by ₹ 129.25 crores

The Company believes that with the pickup in global vaccination and gradual decrease in the Covid cases, the business and commercial activity is poised for resurgence, leading to increase in power demand and generation. Considering REC's comfortable liquidity position and access to diverse sources of funds, there are no reasons to believe that the current crisis will have any significant impact on the Company's ability to maintain its operations, including the going concern assessment. However, the impact will continue to be dependent on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Govt. or the Company to contain its spread or mitigate its impact.

### 50 Exposure Related Disclosures

RBI, vide its letter dated 17<sup>th</sup> September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12<sup>th</sup> February 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16<sup>th</sup> June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31<sup>st</sup> March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020.

#### 50.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2021 (As at 31<sup>st</sup> March 2020 Nil).

#### 50.2 Exposure to Capital Market

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	671.93	738.13
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs/), Convertible bonds, convertible debentures and units of equity-oriented mutual funds;	-	-
(iii) Advance for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutuals funds are taken as primary security;	-	-
(iv) Advance for any other purposes to the extent secured by the collateral security of shares or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures untis of equity oriented mutual funds dose not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities oe on clean basis for marketing promoter's contribution to the equity of new companies in anticipations of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Vantures Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>671.93</b>	<b>744.25</b>

## NOTES TO ACCOUNTS

50.3 The company does not have any financing of Parent Company products during the current and previous year.

### 50.4 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(i) Concentration of Advances</b>		
Total Advances to twenty largest borrowers (₹ in Crores)	228,371.07	184,741.84
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.51%	57.30%
<b>(ii) Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers (₹ in Crores)	342,453.58	288,397.43
<b>Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers</b>	<b>62.28%</b>	<b>59.46%</b>
<b>(iii) Concentration of Credit-impaired Assets</b>		
<b>Total Exposure to the top four Credit-impaired Assets (₹ in Crores)</b>	<b>8,489.02</b>	<b>8,618.52</b>

### 51 Fair value disclosures

The fair values of financial instruments measured at amortised cost and the carrying cost of financial instruments measured at fair value by category are as follows:

(₹ in Crores)

Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
<b>Financial assets measured at fair value</b>			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	8	1,758.79	1,766.92
(ii) Fair value through profit and loss	8	552.43	1,551.93
Investments* measured at			
(i) Fair value through other comprehensive income	10	430.13	513.55
(ii) Fair value through profit and loss	10	209.65	1,558.53
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	6	1,140.49	1,678.03
Bank balances (other than cash and cash equivalents)	7	1,929.06	2,021.96
Loan Assets	9	365,261.49	312,083.50
Investments *	10	1,051.79	22.93
Other financial assets	11	24,399.21	22,081.59
<b>Total</b>		<b>396,733.04</b>	<b>343,278.94</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	8	482.51	437.59
(ii) Fair value through profit and loss	8	363.80	888.14
<b>Financial liabilities measured at amortised cost</b>			
<b>Debt securities</b>	<b>17</b>	<b>237,328.06</b>	<b>219,977.22</b>
<b>Borrowings (other than debt securities)</b>	<b>18</b>	<b>85,507.36</b>	<b>61,543.61</b>
<b>Subordinated liabilities</b>	<b>19</b>	<b>6,946.89</b>	<b>4,819.65</b>
<b>Other financial liabilities</b>	<b>20</b>	<b>25,943.11</b>	<b>23,562.70</b>
<b>Total</b>		<b>356,571.73</b>	<b>311,228.91</b>

\* Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

## NOTES TO ACCOUNTS

### 51.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

**Level 1:** Quoted prices (unadjusted) for identical instruments in an active market;

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31-03-2021				As at 31-03-2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments at FVOCI</b>								
Equity investments	430.13	-	-	430.13	507.43	6.12	-	513.55
<b>Investments at FVTPL</b>								
Equity investments	23.60	-	-	23.60	12.50	-	-	12.50
Perpetual Bonds	-	-	-	-	-	-	1,500.62	1,500.62
Debentures	-	-	143.06	143.06	-	-	-	-
Government Securities	-	-	-	-	-	-	-	-
Preference Shares	-	-	42.99	42.99	-	-	45.41	45.41
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	2,311.22	-	2,311.22	-	3,318.85	-	3,318.85
<b>Liability at FVTPL</b>								
Derivative financial instruments	-	846.31	-	846.31	-	1,325.73	-	1,325.73

#### Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

- (A) **Investment in Quoted Equity Investments - Level 1** - Investment in listed equity instruments are measured at their readily available quoted price in the market.
- (B) **Derivative Financial Instruments - Level 2** - The fair value has been determined on the basis of mark to market value provided by the banks that have contracted to hedge the underlying risk. Such valuation is calculated using market observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract and implied volatilities.
- (C) **Investment in Venture Capital Fund - Level 3** - Investment in venture capital fund is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. The fund has gone into the liquidation and the realizable value is uncertain.
- (D) **Investment in Unquoted Equity Investments - Level 3** - Investment in unquoted equity shares of Universal Commodity Exchange Ltd. (UCX) is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern.
- (E) **Investment in Unquoted Preference Shares - Level 3** - Investment in unquoted Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rattan India Power Ltd. (RIPL) are classified as Level 3. The company has been allotted OCCRPS of the borrower company pursuant to One Time Settlement arrangement executed on 23<sup>rd</sup> December 2019. The fair value has been derived by present value technique by discounting future cash flows as per the terms of the agreement. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.
- (F) **Investment in Optionally Convertible Debentures of Essar Power Transmission Limited - Level 3** - Investment in unquoted Optionally Convertible Debentures (OCDs) of Essar Power Transmission Limited are classified as Level 3, which have been allotted to the Company upon implementation of restructuring plan with the borrower. The fair value has been

## NOTES TO ACCOUNTS

derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

- (G) Investment in Optionally Convertible Debentures of R.K.M PowerGen Private Limited - Level 3** - Investment in unquoted Optionally Convertible Debentures (OCDs) of R.K.M PowerGen Private Limited are classified as Level 3, which have been allotted to the Company upon implementation of restructuring plan with the borrower. The fair value has been taken as Nil as such debentures are unsustainable in nature and future cash flows are uncertain. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

### 51.2 Reconciliation of Financial Instruments measured at Fair Value through Level 3 inputs

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2021					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Equity Shares	
Opening Balance	1,500.62	45.41	-	-	-	1,546.03
Received in Loan Settlement (Refer Note 9.3)	-	-	149.56	-	-	149.56
Settlement	(1667.94)	-	(28.22)	-	-	(1696.16)
Transfer in Level 3	-	-	-	6.15	-	6.15
Transfer from Level 3	-	-	-	-	-	-
Interest income	167.32	6.26	21.72	-	-	195.30
Fair value changes	-	(8.68)	0.00	(6.15)	-	(14.83)
Closing Balance	-	42.99	143.06	-	-	186.05
Unrealised gain (loss) at year-end	-	10.57	12.42	(6.15)	(16.00)	0.84

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2020					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Equity Shares	Investment in Equity Shares	
Opening Balance	1,556.87	-	-	-	-	1,556.87
Received in Loan Settlement (Refer Note 9.3)	-	32.42	-	-	-	32.42
Settlement	(224.50)	-	-	-	-	(224.50)
Transfer from Level 3	-	-	-	-	-	-
Interest income	168.25	1.50	-	-	-	169.75
Fair value changes	-	11.49	-	-	-	11.49
Closing Balance	1,500.62	45.41	-	-	-	1,546.03
Unrealised gain (loss) at year-end	0.62	12.99	-	-	(16.00)	(2.39)

Refer Note No. 10.4 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year



## NOTES TO ACCOUNTS

### 51.3 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	1,140.49	1,140.49	1,678.03	1,678.03
Bank balances (other than cash and cash equivalents)	1,929.06	1,929.06	2,021.96	2,021.96
Loans	365,261.49	366,843.62	312,083.50	311,112.33
Investments	1,051.79	1,057.27	22.93	22.93
Other financial assets	24,399.21	24,401.09	22,081.59	22,077.36
<b>Total</b>	<b>393,782.04</b>	<b>395,371.53</b>	<b>337,888.01</b>	<b>336,912.61</b>
<b>Financial liabilities</b>				
Debt securities	237,328.06	235,612.09	219,977.22	212,002.45
Borrowings (other than debt securities)	85,507.36	85,562.85	61,543.61	61,984.35
Subordinated liabilities	6,946.89	7,610.21	4,819.65	5,028.88
Other financial liabilities	25,943.11	25,943.11	23,562.70	23,562.70
<b>Total</b>	<b>355,725.42</b>	<b>354,728.26</b>	<b>309,903.18</b>	<b>302,578.38</b>

### Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

#### Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity.

#### Loans and advances to customers

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

#### Financial assets at amortised cost

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

#### Issued debt

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31<sup>st</sup> March 2021 was assessed to be insignificant.

#### Investment in Govt. Securities (G-SEC) and State Development Loan (SDL)

The Company has made investments in G-Sec and SDL in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The market price of Government of India securities and state development loan is available as at reporting date and accrued interest from last coupon date to the reporting date is added to market price.

## NOTES TO ACCOUNTS

### Investment in PSU Bonds

The Company has made investments in PSU Bonds in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The company has computed fair value using market inputs i.e., Yield of G-Sec bonds for similar remaining maturity or credit rating wise spread for PSUs for remaining maturity as per industry practice.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

**52** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

### **53 Related Party Disclosures :**

#### **53.1 List of Related Parties**

##### **(1) Key Managerial Personnel**

Sh. Sanjay Malhotra	Chairman & Managing Director w.e.f 9th November, 2020
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director and Director (Finance) upto 31 <sup>st</sup> May 2020
Sh. Sanjeev Kumar Gupta	Chairman & Managing Director (from 1st June, 2020 to 8th November, 2020) and Director (Technical)
Sh. Ajoy Choudhury	Director (Finance) w.e.f 1st June 2020
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director)
Sh. Mritunjay Kumar Narayan	Govt. Nominee Director upto 5th November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f 5th November, 2020
Sh. J.S. Amitabh	Executive Director & Company Secretary

##### **(2) Ultimate Holding Company**

Power Finance Corporation Ltd.

##### **(3) Subsidiary Companies**

REC Transmission Projects Company Limited (RECTPCL) - RECTPCL amalgamated to RECPDCL w.e.f 5th February, 2021

REC Power Distribution Company Limited (RECPDCL)

##### **(4) Associate Companies of REC Power Distribution Company Limited**

Dinchang Transmission Limited (under process of strike off)

Chandil Transmission Limited

Koderma Transmission Limited

Dumka Transmission Limited

Mandar Transmission Limited

Kallam Transmission Limited (incorporated on 28th May 2020)

Fatehgarh Bhadla Transco Limited (incorporated on 2<sup>nd</sup> June 2020)

Gadag Transmission Limited (incorporated on 2<sup>nd</sup> June 2020)

**NOTES TO ACCOUNTS**

Rajgarh Transmission Limited (incorporated on 6th June 2020)

Bidar Transmission Limited (incorporated on 8th June, 2020)

Sikar new Transmission Limited (incorporated on 11th June 2020)

MP Power Transmission Package-I Limited (incorporated on 4<sup>th</sup> August 2020)

MP Power Transmission Package-II Limited (incorporated on 20th August 2020)

Ramgarh new Transmission Limited (incorporated on 26<sup>th</sup> June 2020 and transferred to Power Grid Corporation of India Limited on 9<sup>th</sup> March, 2021)

**(5) Joint Ventures**

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

EPAL Holdings Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

Edina Australia Pty Limited (through EESL)

Edina Power Services Limited (through EESL)

Stanbeck Limited (through EESL)

Edina UK Limited (through EESL)

Edina Power Limited (through EESL)

Armoura Holdings Limited (through EESL)

Edina Manufacturing Limited (through EESL)

EPSL Trigenation Pvt. Limited (through EESL)

Convergence Energy Services Limited (through EESL)

NEESL Private Limited

Intellismart Infrastructure Private Limited

Energy Efficiency Services Co. Limited, Thailand

EESL Energy Solutions LLC, UAE

**(6) Post-employment Benefit Plan Trusts**

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Retired Employees' Medical Trust

**(7) Society registered for undertaking CSR Initiatives**

REC Foundation



**NOTES TO ACCOUNTS****(8) Companies in which Key Managerial Personnel are Directors**

NHPC Limited (Related Party since 4<sup>th</sup> November, 2020)

SJVN Limited (Related Party since 4<sup>th</sup> November, 2020)

Kholongchhu Hydro Energy Limited (Related Party since 4<sup>th</sup> November, 2020)

**(9) Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:****(a) Key Managerial Personnel of Ultimate Holding Company**

Sh. Rajeev Sharma	Chairman & Managing Director (upto 31 <sup>st</sup> May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) upto 31 <sup>st</sup> May, 2020, Chairman & Managing Director w.e.f. 1st June, 2020
Sh. Naveen Bhushan Gupta	Director (Finance) upto 30th June 2020
Smt. Parminder Chopra	Director (Finance) w.e.f. 1st July, 2020
Sh. Praveen Kumar Singh	Director (Commercial) & Additional Charge Director (Projects)
Sh Mritunjay Kumar Narayan	Govt. Nominee Director upto 4 <sup>th</sup> November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f. 4 <sup>th</sup> November, 2020
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director upto 2 <sup>nd</sup> November, 2020
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

**(b) Subsidiary Companies of Ultimate Holding Company**

PFC Consulting Limited (PFCCCL)

Power Equity Capital Advisors (Pvt) Limited (PECAP) -Struck off from the Register of Companies and dissolved vide MCA Notice no-ROC/DELHI/248(2)/ STK-7/10148 dated 30.06.2020)

**(c) Associate Companies of Ultimate Holding Company**

Bihar Infra Power Limited

Bihar Mega Power Limited

Cheyur Infra Limited

Chhatisgarh Surguja Power Limited (under process of strike off)

Coastal Karnataka Power Limited (under approval for winding up)

Coastal Maharashtra Mega Power Limited (under process of strike off)

Coastal Tamilnadu Power Limited

Deogarh Infra Limited

Deogarh Mega Power Limited

Ghogarpalli Integrated Power Co. Limited

Jhakarand Infra Power Limited

Odisha Infrapower Limited

Orissa Integrated Power Limited

Sakhigopal Integrated Power Co. Limited

Tatiya Andhra Mega Power Limited (under process of striking off)

Ananthpuram Kurnool Transmission Limited (through PFFCL- incorporated on 13<sup>th</sup> May, 2020)

Bhadla Sikar Transmission Limited (through PFFCL- incorporated on 17<sup>th</sup> May, 2020)

Bijawar-Vidhrbha Transmission Limited (through PFFCL- under approval for closure)

## NOTES TO ACCOUNTS

Bikaner-II Bhiwadi Transco Limited (through PFFCL- incorporated on 12<sup>th</sup> May, 2020, sold on 25<sup>th</sup> March 2021)  
 Karur Transmission Limited (through PFFCL- incorporated on 20<sup>th</sup> November, 2019)  
 Khetri-Narela Transmission Limited (through PFFCL- incorporated on 15<sup>th</sup> May, 2020)  
 Koppal-Narendra Transmission Limited (through PFFCL- incorporated on 18<sup>th</sup> November, 2019)  
 Shongtong Karcham-Wangtoo Transmission Limited (through PFFCL- under process of strike off)  
 Sikar-II Aligarh Transmission Limited (through PFFCL- incorporated on 17<sup>th</sup> May, 2020)  
 Tanda Transmission Company Limited (through PFFCL- under process of strike off)  
 VAPI-II North Lakhimpur Transmission Ltd. (through PFFCL- transferred to Sterlite Grid Limited on 23<sup>rd</sup> June, 2020)

### (d) Post-employment Benefit Plan Trusts of Ultimate Holding Company

PFC Employees Provident Fund Trust  
 PFC Employees Gratuity Trust  
 PFC Defined Contribution Pension Scheme 2007  
 PFC Ltd. Superannuation Medical Fund

### (e) Other Companies in which Key Managerial Personnel of Ultimate Holding Company are Directors

PTC India Limited  
 Punatsangchhu-I, Hydroelectric Project Authority in Bhutan  
 Punatsangchhu-II, Hydroelectric Project Authority in Bhutan  
 Mangdechhu Hydroelectric Project Authority in Bhutan

### 53.2 Amount due from/ to the related parties:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Power Finance Corporation Ltd.</b>		
Loan Repayable on Demand	3,000.49	-
<b>RECPDCL</b>		
Debt Securities	57.44	10.44
Other Financial Assets	4.16	2.73
Other Financial Liabilities	5.57	3.77
<b>REC TPCL</b>		
Debt Securities	-	47.00
Other Financial Assets	-	1.26
<b>Post-employment Benefit Plan Trusts</b>		
Debt Securities	8.70	8.70
Debt Securities- Holding Company	19.90	19.90
<b>Other financial liabilities- GOI Serviced Bonds</b>	<b>29.30</b>	<b>29.30</b>
Other financial liabilities- Others	9.00	0.38
Other financial assets	-	4.21
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	4.10	4.10
<b>Key Managerial Personnel</b>		
Debt Securities	0.15	0.10
Staff Loans & Advances	0.28	0.33
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.12	0.12
<b>REC Foundation</b>		
Other Non Financial Assets	1.54	0.92

## NOTES TO ACCOUNTS

### 53.3 Maximum amount of loans/ advances/ investments outstanding in respect of subsidiaries during the year

(₹ in Crores)

Particulars	Loans & Advances		Investments	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
RECTPCL	1.63	2.47	0.05	0.05
RECPDCL	4.16	2.92	0.10	0.05

### 53.4 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Power Finance Corporation Ltd.</b>		
Dividend Paid	1,143.44	1,143.44
Directors' Sitting Fee	0.10	0.02
Loan Repayable on Demand raised	3,000.00	-
Finance Cost	0.49	-
<b>REC PDCL</b>		
Govt. funds disbursed	-	0.02
Apportionment of Employee Benefit and Other Expenses	8.96	7.37
Dividend Income	8.43	-
Finance Costs - Interest Paid	0.85	0.84
Other Expenses	7.98	9.68
<b>REC TPCL</b>		
Subscription to Bonds of the company	-	12.00
Govt. funds disbursed	-	9.50
Apportionment of Employee Benefit and Other Expenses	4.42	4.91
Dividend Income	-	50.00
Finance Costs - Interest Paid	3.71	4.76
Other Expenses	-	0.61
<b>EESL</b>		
Investment in Equity	-	71.60
Dividend Income	-	2.10
<b>Post-employment Benefits Plan Trusts</b>		
Contributions made by the Company during the year	1.50	31.78
Subscription to the bonds of Company	-	5.70
Subscription to the bonds of Holding Company	-	1.40
Finance Costs - Interest Paid	0.74	1.70
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Finance Costs - Interest Paid	0.38	0.33
<b>Key Managerial Personnel</b>		
Interest Income on Staff Loans	-	0.01
Finance Cost	0.01	0.02
Employee Benefits Expense - Managerial Remuneration	3.21	2.45
Directors' Sitting Fee	-	0.17
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	-	0.01
<b>REC Foundation</b>		
Payment towards Corporate Social Responsibility (CSR) Expenses	90.00	152.49

During the current year, related party transactions with RECTPCL have been presented till the effective date i.e., 5th February, 2021 (refer note 10.2)

## NOTES TO ACCOUNTS

### 53.5 Terms and conditions of transactions with related parties

The transactions with the related parties are being made at arm's length basis. The remuneration and the staff loans to Key Managerial Personnel are in line with the service rules of the Company. The finance costs paid to the related parties are on account of their investments in the debt securities of the Company and the Term loan repayable on demand taken from the holding company. The interest rate payable on such debt securities is uniformly applicable to all the bondholders. Further, the term loan repayable on demand taken from the holding company was raised at the prevailing market rate. The Company also makes advances to its subsidiary companies on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary companies at the year-end are unsecured, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is made on the basis of short-term realisation of the advances so given.

### 53.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the year is as below:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Short-term employee benefits	3.01	2.25
(ii) Post employment benefits	0.20	0.20
<b>Total</b>	<b>3.21</b>	<b>2.45</b>

As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absence, are included based on actual payment in respective year based in the above table.

53.7 During the year, the company has raised short term loan repayable on demand from the Power Finance Corporation Limited (Holding Company) amounting to ₹ 3,000 crores. The Loan has been raised at a rate of 4% p.a., which is comparable with other short term borrowings/ loan repayable on demand raised by the company. The loan has since been fully repaid as on the date of the signing of the financial statements.

### 53.8 Disclosure in respect of entities under the control of the same government (Government related entities)

#### List of Government related entities

The Company had transactions with the following government related entities during the year:

Bihar Grid Company Ltd  
Damodar Valley Corporation  
Nabinagar Power Generating Co. Pvt. Ltd.  
Neyveli Uttar Pradesh Power Ltd  
NTPC Tamil Nadu Energy Company Ltd.  
Patratu Vidut Utpadan Nigam Ltd.  
THDC India Ltd.  
Singareni Collieries Company Limited

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Disbursement of Loans	2,837.27	1,437.18
Interest income recognised	2,178.00	2,139.65

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2021
Loan Assets	22,649.28	21,612.09
Interest Accrued	7.73	248.04

Refer Note No. 11, 18.1(i), 20 and 31 in respect of material transactions with the Central Govt.

## NOTES TO ACCOUNTS

## 54 Disclosures in respect of Ind AS 116 'Leases'

During the year ended 31<sup>st</sup> March, 2021, the expenses relating to short-term leases are ₹ 12.92 crores (previous year ₹11.41 crores). The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 12.95 crores. (previous year ₹ 11.46 crores).

Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the year:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	0.07	0.11
Finance Cost accrued during the year	0.01	0.01
Payments made during the year	(0.03)	(0.05)
<b>Closing Balance</b>	<b>0.05</b>	<b>0.07</b>

The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Upto 1 year	0.02	0.03
1-5 years	0.04	0.05
More than 5 years	-	-

## 55 Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

## 55.1 Defined Contribution Plans

## A. Provident Fund

The Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust must declare the rate of interest on contribution to the members based upon the returns earned on its investments during the year, subject to minimum interest rate prescribed by Employees' Provident Fund Organisation. Any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

## B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the member is appropriated towards the member's accumulation and annuities, as opted for by the member is allotted.

The Company has recognised an expense of ₹ 13.54 crores (previous year ₹ 15.1 Crores) towards defined contribution plans

## 55.2 Defined Benefit Plans - Post-Employment Benefits

## A. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crores on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability of Gratuity is recognized on the basis of actuarial valuation.

## Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Present value of Defined benefit obligation	32.44	36.82
Fair Value of Plan Assets	30.25	35.47
<b>Net Defined Benefit (Asset)/ Liability</b>	<b>2.19</b>	<b>1.35</b>



**NOTES TO ACCOUNTS**

**Movement in net defined benefit (asset)/ liability**

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
<b>Opening Balance</b>	36.82	42.41	35.47	44.15	1.35	(1.74)
<b>Included in profit or loss</b>						
Current service Cost	1.93	2.27	-	-	1.93	2.27
<b>Interest cost / income</b>	<b>2.28</b>	<b>2.95</b>	<b>2.38</b>	<b>3.40</b>	<b>-0.10</b>	<b>(0.45)</b>
<b>Total amount recognised in profit or loss</b>	<b>4.21</b>	<b>5.22</b>	<b>2.38</b>	<b>3.40</b>	<b>1.83</b>	<b>1.82</b>
<b>Included in OCI</b>						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.49)	1.82	-	-	(0.49)	1.82
-Actuarial loss (gain) arising from Experience adjustments	0.58	(0.89)	-	-	0.58	(0.89)
Return on plan assets excluding interest income	-	-	(0.33)	(0.41)	0.33	0.41
<b>Total amount recognised in OCI</b>	<b>0.09</b>	<b>0.93</b>	<b>(0.33)</b>	<b>(0.41)</b>	<b>0.42</b>	<b>1.34</b>
Contribution by employers	-	-	1.42	0.06	(1.42)	(0.06)
Benefits paid	(8.68)	(11.74)	(8.69)	(11.73)	0.01	(0.01)
<b>Closing Balance</b>	<b>32.44</b>	<b>36.82</b>	<b>30.25</b>	<b>35.47</b>	<b>2.19</b>	<b>1.35</b>

**B. Post Retirement Medical Facility (PRMF)**

The Company has Post Retirement Medical Facility under which the entitled retired employees and their dependent family members are covered as per Company Rules. The scheme is funded by the Company and is managed by separate trust. The liability towards the same is recognized on the basis of actuarial valuation.

**Net Defined Benefit (Asset)/ Liability**

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Present value of Defined benefit obligation	151.69	136.42
Fair Value of Plan Assets	144.06	140.64
<b>Net Defined Benefit (Asset)/ Liability</b>	<b>7.63</b>	<b>(4.22)</b>

**Movement in net defined benefit (asset)/ liability**

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
<b>Opening Balance</b>	136.42	129.77	140.64	97.99	(4.22)	31.78
<b>Included in profit or loss</b>						
Current service Cost	2.90	2.80	-	-	2.90	2.80
Interest cost / income	8.94	9.73	9.45	7.55	(0.51)	2.18

NOTES TO ACCOUNTS

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
<b>Total amount recognised in profit or loss</b>	<b>11.84</b>	<b>12.53</b>	<b>9.45</b>	<b>7.55</b>	<b>2.39</b>	<b>4.98</b>
<b>Included in OCI</b>						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(5.20)	18.85	-	-	(5.20)	18.85
- Actuarial loss (gain) arising from Experience adjustments	19.94	(15.32)	-	-	19.94	(15.32)
Return on plan assets excluding interest income	-	-	1.64	3.32	(1.64)	(3.32)
<b>Total amount recognised in OCI</b>	<b>14.74</b>	<b>3.53</b>	<b>1.64</b>	<b>3.32</b>	<b>13.10</b>	<b>0.21</b>
Contribution by employers	-	-	0.08	31.78	(0.08)	(31.78)
Benefits paid	(11.31)	(9.41)	(7.75)	-	(3.56)	(9.41)
<b>Closing Balance</b>	<b>151.69</b>	<b>136.42</b>	<b>144.06</b>	<b>140.64</b>	<b>7.63</b>	<b>(4.22)</b>

C. Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to support the family financially in case of permanent disability/ death of an employee during the service tenure. This scheme is unfunded and the liability is determined based on actuarial valuation.

Net Defined Benefit (Asset)/ Liability for ERS

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Present value of Defined benefit obligation</b>		
- ERS	4.13	4.25

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
<b>Opening Balance</b>	<b>4.25</b>	<b>3.69</b>
<b>Included in profit or loss</b>		
Current service Cost	0.20	0.16
Interest cost / income	0.25	0.26
<b>Total amount recognised in profit or loss</b>	<b>0.45</b>	<b>0.42</b>
<b>Included in OCI</b>		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	0.02	0.34
-Actuarial loss (gain) arising from Experience adjustments	0.73	0.99
<b>Total amount recognised in OCI</b>	<b>0.75</b>	<b>1.33</b>
Benefits paid	(1.32)	(1.19)
<b>Closing Balance</b>	<b>4.13</b>	<b>4.25</b>

## NOTES TO ACCOUNTS

### 55.2.1 Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**(i) Asset volatility**

Most of the plan asset investments are in government securities, other fixed income securities with high rating grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market and macro-economic factors.

**(ii) Changes in discount rate**

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of defined benefit obligations, although this will be partially offset by an increase in the value of the plans' investments.

**(iii) Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**(iv) Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### 55.2.2 Plan Assets

The fair value of plan assets at the end of reporting period for each category, are as follows:

(₹ in Crores)

Particulars	Gratuity		PRMF	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Cash & Cash Equivalents	0.01	0.93	1.90	3.40
Unquoted Plan Assets				
Corporate Bonds/ Debentures	-	-	142.16	137.24
Others - Insurer managed funds & T-bills	30.24	34.54	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>30.24</b>	<b>34.54</b>	<b>142.16</b>	<b>137.24</b>
<b>Total</b>	<b>30.25</b>	<b>35.47</b>	<b>144.06</b>	<b>140.64</b>

Actual return on plan assets is ₹ 13.14 crores (previous year ₹ 13.86 crores).

### 55.2.3 Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021 by M/s Transvalue Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
<b>Method Used</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>
Discount Rate & Expected Return on Plan Assets, if funded	6.99%	6.72%	6.99%	6.72%	6.99%	6.72%
Future Salary Increase / medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	16.03	15.41	16.03	15.41	16.03	15.41

The Principle assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

## NOTES TO ACCOUNTS

### 55.2.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	Decrease	Increase	Decrease
<b>Discount rate (0.50% movement)</b>				
- Gratuity	(0.90)	0.97	(0.77)	0.94
- PRMS	(11.14)	11.66	(10.02)	10.48
- ERS	(0.15)	0.17	(0.15)	0.17
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.14	(0.13)	0.14	(0.11)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.16	(0.14)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	10.83	(10.44)	9.74	(9.39)
<b>Medical Cost (10% movement)</b>				
- PRMS	15.56	(14.92)	13.99	(13.42)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

### 55.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Less than 1 year	7.87	11.95	12.20	9.89	1.19	1.26
From 1 to 5 years	20.81	15.95	72.60	47.71	3.00	2.83
Beyond 5 years	31.10	32.68	285.02	231.09	3.19	5.35
<b>Total</b>	<b>59.78</b>	<b>60.58</b>	<b>369.82</b>	<b>288.69</b>	<b>7.38</b>	<b>9.44</b>

### 55.2.6 Expected contribution for the next year

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Expected contribution	3.98	3.29	10.91	-	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.54 years (as at 31.03.2020 - 12.57 years).

## 55.3 Other Long-term Employee Benefits

### 55.3.1 Earned Leave and Half Pay Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service, while there is no limit for accumulation of half pay leave. Total expenses amounting to ₹ 4.21 crore (Previous year ₹ 7.75 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

## NOTES TO ACCOUNTS

### 55.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 0.76 crore (previous year ₹ 0.93 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

**53.4** Employee benefits (viz. Gratuity, PRMF, Terminal Benefits, leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiaries on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

### 56 Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

#### Status of Documentation Subsequent to Reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union Territories (UTs) – Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of J&K have been restructured vide unbundling order dated 23<sup>rd</sup> October 2019. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documentation, the existing loans for Generation, T&D and Govt. schemes are being serviced / repaid in line with the existing loan agreements.

#### Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

#### Status of Documentation is as under:

- (i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
- (ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.
- (iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.
- (iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

**57** The Company's operations comprise of only one business segment - lending loans to power sector companies engaged in construction of power plants and in generation, supply, distribution and transmission of electricity: in the context of reporting business/ geographical segment as required by Ind AS 108 - Operating Segments. Based on "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

### 57.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(A) Income from Loan Assets	34,364.47	29,441.76
(B) Fee for Implementation of Govt. Schemes	33.67	19.52
(C) Income from Treasury Operations	178.39	76.91
<b>Total</b>	<b>34,576.53</b>	<b>29,538.19</b>

## NOTES TO ACCOUNTS

**57.2** The Company does not have any reportable geographical segment as the lending operations of the Company are carried out within the country.

**57.3** No single borrower has contributed 10% or more to the Company's revenue during the financial year 2020-21 and 2019-20

### 58 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	1,140.49	-	1,678.03	-
(b) Bank balances other than (a) above	1,928.81	0.25	2,021.96	-
(c) Derivative financial instruments	258.94	2,052.28	1,180.60	2,138.25
(d) Loans	36,576.91	328,684.58	28,989.11	283,094.39
(e) Investments	37.28	1,872.50	1,500.62	812.59
(f) Other financial assets	259.59	24,139.62	447.02	21,634.57
<b>Total - Financial Assets (1)</b>	<b>40,202.01</b>	<b>356,749.23</b>	<b>35,817.34</b>	<b>307,679.80</b>
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	-	160.07	-	392.66
(b) Deferred tax assets (net)	-	2,437.71	-	2,034.32
(c) Investment Property	-	0.01	-	0.01
(d) Property, Plant & Equipment	-	260.12	-	153.00
(e) Capital Work-in-Progress	-	335.67	-	287.62
(f) Intangible Assets Under Development	-	0.77	-	0.77
(g) Other Intangible Assets	-	6.10	-	8.80
(h) Other non-financial assets	72.66	8.84	62.89	50.38
<b>Total - Non-Financial Assets (2)</b>	<b>72.66</b>	<b>3,209.29</b>	<b>62.89</b>	<b>2,927.56</b>
<b>Total ASSETS (1+2)</b>	<b>40,274.67</b>	<b>359,958.52</b>	<b>35,880.23</b>	<b>310,607.36</b>
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial instruments	73.13	773.18	58.63	1,267.10
(b) Debt Securities	45,057.34	192,270.72	48,574.64	171,402.58
(c) Borrowings (other than debt securities)	27,509.52	57,997.84	19,375.68	42,167.93
(d) Subordinated Liabilities	299.49	6,647.40	170.58	4,649.07
(e) Other financial liabilities	1,833.81	24,109.30	1,953.40	21,609.30
<b>Total - Financial Liabilities (1)</b>	<b>74,773.29</b>	<b>281,798.44</b>	<b>70,132.93</b>	<b>241,095.98</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	10.62	-	-	-
(b) Provisions	62.64	41.32	67.81	38.70
(c) Other non-financial liabilities	88.41	32.10	70.74	4.87
<b>Total - Non-Financial Liabilities (2)</b>	<b>161.67</b>	<b>73.42</b>	<b>138.55</b>	<b>43.57</b>
<b>Total LIABILITIES (1+2)</b>	<b>74,934.96</b>	<b>281,871.86</b>	<b>70,271.48</b>	<b>241,139.55</b>

Previous year figures have been reclassified/ regrouped to conform to the current classification.

- 59** There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
- 60** The disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 have been made in Note No. 3, 8, 9, 10, 19.1, 26.1, 43, 46, 47.1.3 (O), 47.1.3 (S), 47.1.3 (T), 47.2.2, 47.3, 48, 50, 53, 59, 61, 62.
- 61** No penalties have been levied on the Company by any regulator during the year ended 31<sup>st</sup> March 2021 (previous year Nil).  
However, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) vide its letter dated 20th August 2020, 8th September 2020, 17th November 2020 and 15th February 2021 and from BSE Ltd. (BSE) vide its mails dated 20th August 2020 and 8th September 2020 for payment of fine totalling to Rs. 49,44,200 (inclusive of GST) for non-compliance of the corporate governance requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the position/quorum requirements of Board/ Committees.  
The Company has requested the Stock Exchanges to waive the fine since the power to appoint Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Independent Directors on the Board of the Company. As such, there is no violation on the part of the Company in the appointment of Independent Directors. While the reply of the Stock Exchanges is still awaited, the Company is hopeful of favorable outcome of its request to the Stock Exchanges in line with the earlier waivers of fine by the Stock Exchanges for similar reasons.
- 62** No complaints have been received by the company from the borrowers under the Fair Practices Code during the year ended 31<sup>st</sup> March 2021 (previous year Nil).
- 63** Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Notes to Accounts 1 to 63 are an integral part of the Standalone Financial Statements.



**J.S. Amitabh**  
ED & Company Secretary

For and on behalf of the Board

**Ajoy Choudhury**  
Director (Finance)  
DIN - 06629871

**Sanjay Malhotra**  
Chairman & Managing Director  
DIN - 00992744

In terms of our Audit Report of even date

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Reg. No.: 001135N

**For O.P. Bagla & Co. LLP.**  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

**S. Murthy**  
Partner  
M.No. : 072290

**Atul Aggarwal**  
Partner  
M.No. : 092656

Place: New Delhi  
Date: 28<sup>th</sup> May 2021

**REC LIMITED (FORMERLY RURAL ELECTRIFICATION CORPORATION LIMITED)**  
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

**Annexure to be enclosed with Balance Sheet as at 31<sup>st</sup> March 2021**

(As prescribed by Reserve Bank of India)

(Particulars as required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to REC Ltd.)

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>LIABILITIES SIDE:</b>				
Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	35,581.38	-	40,004.39	-
- Unsecured	209,521.27	-	182,845.62	-
(b) Term Loans				
- Secured Loans from Financial Institutions	-	-	-	-
- Unsecured Loans from NSSF	10,325.12		10,326.81	
- Unsecured Loans from Banks	29,953.76		18,900.72	
- Unsecured Loans from Financial Institutions	5,800.00		1,000.00	
(c) Commercial Paper	-	-	2,925.00	-
(d) Other Loans				
- Foreign Currency Borrowings	21,060.17	-	21,813.83	-
- FCNR (B) Loans	5,335.01	-	6,985.80	-
- Short Term Loans/ Loans Repayable on Demand	10,201.99		2,750.92	
- Loan repayable on demand from Holding Company	3,000.49		-	
- Finance Lease Obligations	0.05		0.07	

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>ASSETS SIDE :</b>		
(2) Break-up of Loans and Advances including bills receivables		
(a) Secured	247,657.93	235,470.39
(b) Unsecured	116,554.11	74,958.25
(3) INVESTMENTS :		
<b>Current Investments:</b>		
Quoted:		
(i) Shares : Equity	23.60	12.50
Unquoted:		
(i) Shares : Preference	69.08	68.34
(ii) Debentures and Bonds	292.16	-
Long Term Investments:		
<b>Quoted:</b>		
(i) Shares : Equity	430.13	507.43
(ii) Debentures and Bonds	227.52	1,500.62
Unquoted:		
(i) Shares : Equity	218.20	218.20
(ii) Government Securities	649.08	-
(iii) Units of mutual funds	-	6.12



**NOTES TO ACCOUNTS**

**(4) Borrower Group-wise classification of assets financed in (2) above :**

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS	
	Secured	Unsecured
<b>As at 31-03-2021</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	<b>247,657.93</b>	<b>116,554.11</b>
<b>Total</b>	<b>247,657.93</b>	<b>116,554.11</b>
<b>As at 31-03-2020</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	<b>235,470.39</b>	<b>74,958.25</b>
<b>Total</b>	<b>235,470.39</b>	<b>74,958.25</b>

**(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :**

(₹ in Crores)

Category	As at 31.03.2021		As at 31.03.2020	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
<b>1. Related Parties</b>				
(a) Subsidiaries	0.10	0.10	0.10	0.10
(b) Companies in the same Group	218.10	218.10	218.10	218.10
<b>2. Other than Related Parties</b>	<b>1,691.57</b>	<b>1,691.57</b>	<b>2,095.01</b>	<b>2,095.01</b>
<b>Total</b>	<b>1,909.77</b>	<b>1,909.77</b>	<b>2,313.21</b>	<b>2,313.21</b>

**(6) Other Information**

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>(i) Gross Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	18,256.93	21,255.55
<b>(ii) Net Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	6,465.62	10,703.42
<b>(iii) Asset acquired in satisfaction of debts</b>	<b>349.28</b>	<b>54.60</b>

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjay Malhotra  
Chairman & Managing Director  
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

S. Murthy  
Partner  
M.No. : 072290

Atul Aggarwal  
Partner  
M.No. : 092656

Place: New Delhi  
Date: 28<sup>th</sup> May 2021