

REC Limited (formerly Rural Electrification Corporation Limited) - A Govt. of India Enterprise
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Statement of Unaudited Standalone Financial Results for the period ended 30-06-2020

('₹ in Crores)

S. No.	Particulars	Quarter Ended			Year Ended
		30-06-20 (Unaudited)	31-03-2020 (Audited)	30-06-19 (Unaudited)	31-03-2020 (Audited)
1	Income				
A	Interest income				
(i)	Interest income on loan assets	7,986.57	7,691.16	6,919.27	29,422.33
(ii)	Other interest income	116.70	64.47	52.68	240.74
	Sub-total (A) - Interest Income	8,103.27	7,755.63	6,971.95	29,663.07
B	Other Operating Income				
(i)	Dividend income	-	73.78	-	89.04
(ii)	Fees and commission income	5.79	9.99	14.24	38.95
(iii)	Net gain/ (loss) on fair value changes	311.71	(117.97)	(190.58)	(25.85)
	Sub-total (B) - Other Operating Income	317.50	(34.20)	(176.34)	102.14
C	Total Revenue from Operations (A+B)	8,420.77	7,721.43	6,795.61	29,765.21
D	Other Income	1.35	55.28	3.00	63.92
	Total income (C+D)	8,422.12	7,776.71	6,798.61	29,829.13
2	Expenses				
A	Finance costs	5,193.02	4,941.80	4,572.57	18,997.05
B	Net translation/ transaction exchange loss/ (gain)	403.59	1,332.75	42.07	2,357.90
C	Fees and commission expense	6.86	10.49	6.80	25.44
D	Impairment on financial instruments	198.62	538.46	(27.50)	889.56
E	Employee benefits expenses	30.74	42.11	49.86	175.79
F	Depreciation and amortization	2.38	3.15	2.09	10.00
G	Corporate social responsibility expenses	75.61	176.37	24.81	258.40
H	Other expenses	34.25	33.35	25.91	131.70
	Total expenses (A to H)	5,945.07	7,078.48	4,696.61	22,845.84
3	Profit before tax (1-2)	2,477.05	698.23	2,102.00	6,983.29
4	Tax expense				
A	Current tax				
-	Current year	595.44	290.80	582.78	1,552.99
-	Earlier years	133.73	(1.23)	10.30	62.88
B	Deferred tax	(91.13)	(27.05)	7.58	481.26
	Total tax expense (A+B)	638.04	262.52	600.66	2,097.13
5	Net profit for the period (3-4)	1,839.01	435.71	1,501.34	4,886.16
6	Other comprehensive Income/(Loss)				
(i)	Items that will not be reclassified to profit or loss				
(a)	Re-measurement gains/(losses) on defined benefit plans	-	(10.83)	-	(2.87)
(b)	Changes in fair value of FVOCI equity instruments	64.95	(88.89)	(23.61)	(129.20)
(c)	Income tax relating to these items	-	-	-	-
-	Re-measurement gains/(losses) on defined benefit plans	-	2.72	-	0.72
-	Changes in fair value of FVOCI equity instruments	(2.82)	(0.40)	0.78	12.39
	Sub-total (i)	62.13	(97.40)	(22.83)	(118.96)
(ii)	Items that will be reclassified to profit or loss				
(a)	Effective Portion of Cash Flow Hedges	(39.08)	(302.12)	-	(302.12)
(b)	Cost of hedging reserve	170.54	(273.61)	-	(273.61)
(c)	Income tax relating to these items	-	-	-	-
-	Effective Portion of Cash Flow Hedges	9.83	76.04	-	76.04
-	Cost of hedging reserve	(42.92)	68.86	-	68.86
	Sub-total (ii)	98.37	(430.83)	-	(430.83)
	Other comprehensive Income/(Loss) for the period (i+ii)	160.50	(528.23)	(22.83)	(549.79)
7	Total comprehensive income for the period (5+6)	1,999.51	(92.52)	1,478.51	4,336.37
8	Paid up equity share capital (Face Value ₹10 per share)	-	1,974.92	1,974.92	1,974.92
9	Other equity (as per audited balance sheet as at 31st March)	-	-	-	33,101.64
10	Basic & Diluted earnings per equity share of ₹ 10 each (in ₹)				
	(not annualised)				
A	For continuing operations	9.31	2.21	7.60	24.74
B	For continuing and discontinued operations	9.31	2.21	7.60	24.74

See accompanying notes to the financial results.



Handwritten signature/initials

Statement of Unaudited Consolidated Financial Results for the period ended 30-06-2020

(₹ in Crores)

S. No.	Particulars	Quarter Ended			Year Ended 31-03-2020 (Audited)
		30-06-20 (Unaudited)	31-03-2020 (Audited)	30-06-19 (Unaudited)	
1	Income				
A	Interest Income				
(i)	Interest income on loan assets	7,986.57	7,691.16	6,919.27	29,422.33
(ii)	Other interest income	118.66	66.62	54.98	249.45
	Sub-total (A) - Interest Income	8,105.23	7,757.78	6,974.25	29,671.78
B	Other Operating Income				
(i)	Dividend income	-	23.78	-	36.94
(ii)	Fees and commission income	5.79	9.99	14.24	38.95
(iii)	Net gain on fair value changes	311.71	(117.97)	(190.58)	(25.85)
(iv)	Sale of services	23.92	49.93	17.42	182.11
	Sub-total (B) - Other Operating Income	341.42	(34.27)	(158.92)	232.15
C	Total Revenue from Operations (A+B)	8,446.65	7,723.51	6,815.33	29,903.93
D	Other Income	1.43	62.08	4.26	77.27
	Total income (C+D)	8,448.08	7,785.59	6,819.59	29,981.20
2	Expenses				
A	Finance costs	5,192.58	4,940.22	4,571.31	18,991.30
B	Net translation/ transaction exchange loss/ (gain)	403.59	1,332.75	42.07	2,357.90
C	Fees and commission expense	6.86	10.49	6.80	25.44
D	Impairment on financial instruments	201.63	556.56	(28.05)	919.49
E	Cost of services rendered	14.80	23.04	14.79	71.61
F	Employee benefits expenses	35.01	45.89	54.37	193.15
G	Depreciation and amortization	2.80	3.56	2.53	11.77
H	Corporate social responsibility expenses	75.75	176.42	24.82	259.29
I	Other expenses	33.45	34.21	24.72	130.41
	Total Expenses (A to I)	5,966.47	7,123.14	4,713.36	22,960.36
3	Share of Profit of Joint Venture accounted for using equity method	2.28	1.78	6.35	9.14
4	Profit before Tax (1-2+3)	2,483.89	664.23	2,112.58	7,029.98
5	Tax Expense				
A	Current Tax				
-	Current Year	597.30	295.19	583.65	1,579.79
-	Earlier Years	133.73	1.16	10.30	65.27
B	Deferred Tax	(92.44)	(106.11)	9.63	412.65
	Total Tax Expense (A+B)	638.59	190.24	603.58	2,057.71
6	Net profit for the period (4-5)	1,845.30	473.99	1,509.00	4,972.27
7	Other comprehensive Income/(Loss)				
(i)	Items that will not be reclassified to profit or loss				
(a)	Re-measurement gains/(losses) on defined benefit plans	-	(10.83)	-	(2.87)
(b)	Changes in fair value of FVOCI equity instruments	64.95	(88.89)	(23.61)	(129.20)
(c)	Share of Profit of Joint Venture accounted for using equity method	-	(0.02)	-	(0.12)
(d)	Income tax relating to these items				
-	Re-measurement gains/(losses) on defined benefit plans	-	2.72	-	0.72
-	Changes in fair value of FVOCI equity instruments	(2.82)	(0.40)	0.78	12.39
	Sub-total (i)	62.13	(97.42)	(22.83)	(119.08)
(ii)	Items that will be reclassified to profit or loss				
(a)	Effective Portion of Cash Flow Hedges	(39.08)	(302.12)	-	(302.12)
(b)	Cost of hedging reserve	170.54	(273.61)	-	(273.61)
(c)	Share of other comprehensive income/ (loss) of joint venture accounted for using equity method	-	(0.80)	(3.13)	(3.94)
(D)	Income tax relating to these items				
-	Effective Portion of Cash Flow Hedges	9.83	76.04	-	76.04
-	Cost of hedging reserve	(42.92)	68.86	-	68.86
	Sub-total (ii)	98.37	(431.63)	(3.13)	(434.77)
	Other comprehensive income/(loss) for the period (i + ii)	160.50	(529.05)	(25.96)	(553.85)
8	Total comprehensive Income for the period (6+7)	2,005.80	(55.06)	1,483.04	4,418.42
9	Paid up Equity Share Capital (Face Value ₹10 per share)	1,974.92	1,974.92	1,974.92	1,974.92
10	Other Equity (as per audited balance sheet as at 31st March)				33,421.51
11	Basic & Diluted earnings per equity share of ₹ 10 each (in ₹)				
	(not annualised)				
A	For continuing operations	9.34	2.40	7.64	25.18
B	For continuing and discontinued operations	9.34	2.40	7.64	25.18

See accompanying notes to the financial results.



[Handwritten signature]

Notes:

1. The above financial results of the Company were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meetings held on 7th August, 2020. These results have been reviewed by the Statutory Auditors of the Company.
2. The accounts of the subsidiary companies, REC Power Distribution Company Limited (standalone) and REC Transmission Projects Company Limited (consolidated) subjected to limited review and unaudited standalone accounts of joint venture (Energy Efficiency Services Limited) have been consolidated in accordance with the Indian Accounting Standard 110 'Consolidated Financial Statements', Indian Accounting Standard 111 'Joint Arrangements' and Indian Accounting Standard 28 'Investments in Associates and Joint Ventures'.
3. Details of impairment loss allowance maintained in respect of loan assets are as under:

(₹ in Crores)

S. No.	Particulars	As at 30.06.2020			As at 31.03.2020
		Stage 1 & 2	Stage 3	Total	Total
1.	Loan assets	3,10,577.30	20,210.74	3,30,788.04	3,22,424.68
2.	Impairment loss allowance	1,436.74	10,689.87	12,126.61	11,996.04
	Impairment Allowance Coverage (%) (2/1)	0.46%	52.89%	3.67%	3.72%

Further, the Company has also maintained "Impairment Reserve" as required by RBI Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of Implementation of Ind-AS in NBFC.

4. Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of such assets.
5. The Company's main business is to provide finance to power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Indian Accounting Standard (Ind AS) 108 'Operating Segments'.
6. For all the secured bonds issued by the Company and outstanding as at 30th June 2020, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.
7. The Company raises funds in different currencies through a mix of term loans from banks/ financial institutions/ Govt. agencies and bonds of different tenors through private placement of debt securities. The amounts raised during the period have been utilized for the stated objects in the offer document/ information memorandum. Further, there has been no default as on 30th June, 2020 in the repayment of debt securities, borrowings and subordinated liabilities and the Company has met all its debt servicing obligations, whether principal or interest, during the period.
8. Disclosures in respect of Liquidity Risk Management in accordance with RBI Guidelines dated 4th November 2019 are annexed at **Annexure-A**.
9. The Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO) in March 2020. The situation has been under close watch by the Company to take prompt actions for continuity of business operations in an optimised manner. An update on the impact of Covid-19 outbreak on the business operations of the Company is annexed as **Annexure-B**.
10. The figures for the quarter ended 31st March 2020 have been derived by deducting the year to date figures for the period ended 31st December 2019 from the audited figures for the year ended 31st March 2020.
11. Previous period/ years' figures have been regrouped/ reclassified, wherever necessary, in order to make them comparable.

Place: New Delhi

Date: 7th August 2020



For REC Limited

Sanjeev Kumar Gupta
Chairman & Managing Director
DIN - 03464342



Disclosures in accordance with RBI Circular on liquidity risk management

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

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

Particulars	As at 30.06.2020	As at 31.03.2020
Number of significant counterparties *	15	14
Amount (₹ in Crores)	1,34,617.08	1,25,850.36
% of Total Liabilities	41.02%	40.41%

(ii) Top 10 borrowings

Particulars	As at 30.06.2020		As at 31.03.2020	
	Amount (₹ in Crore)	% of Total borrowings	Amount (₹ in Crore)	% of Total borrowings
1 Term Loan from National Small Savings Fund (NSSF)	10,000.00	3.36%	10,000.00	3.57%
2 54EC- Series XI (2017-18)	8,057.68	2.71%	9,565.23	3.41%
3 54EC- Series XI (2018-19)	6,651.77	2.24%	6,651.77	2.37%
4 Term Loan from State Bank of India	6,299.92	2.12%	7,299.92	2.61%
5 54EC- Series XI (2019-20)	6,138.27	2.06%	5,759.14	2.06%
6 Foreign Currency Bonds- US \$700 Mn Bonds	5,286.89	1.78%	5,277.01	1.88%
7 Institutional Bonds- 182nd Series	5,063.00	1.70%	5,063.00	1.81%
8 Foreign Currency Bonds- US \$650 Mn Bonds	4,909.26	1.65%	4,900.08	1.75%
9 Institutional Bonds- 114th Series	4,300.00	1.45%	4,300.00	1.54%
10 Institutional Bonds- 105th Series	3,922.20	1.32%	3,922.20	1.40%
Total	60,628.99	20.38%	62,738.35	22.40%

(iii) Funding Concentration based on significant instrument/ product

Name of significant instrument/ product *	As at 30.06.2020		As at 31.03.2020	
	Amount (₹ in Crore)	% of Total Liabilities	Amount (₹ in Crore)	% of Total Liabilities
1 Debt Securities				
Institutional Bonds	1,60,547.20	48.92%	1,52,132.20	48.85%
Foreign Currency Bonds	26,434.46	8.05%	22,615.78	7.26%
54EC Capital Gain Tax Exemption Bonds	21,708.13	6.61%	22,376.33	7.19%
Tax Free Bonds	12,648.41	3.85%	12,648.41	4.06%
Sub-Total	2,21,338.20	67.44%	2,09,772.72	67.36%
2 Borrowings (Other than Debt Securities)				
Foreign Currency Borrowings	25,296.48	7.71%	21,762.71	6.99%
Term Loans from Banks	19,864.77	6.05%	18,899.78	6.07%
Term Loans from Govt. of India	10,000.00	3.05%	10,000.00	3.21%
FCNR (B) Loans	6,986.24	2.13%	6,973.20	2.24%
Loans repayable on demand from Banks	4,074.97	1.24%	-	-
Sub-Total	66,222.46	20.18%	57,635.69	18.51%
3 Subordinated Liabilities	6,650.70	2.03%	4,651.20	1.49%
Total (1+2+3)	2,94,211.36	89.64%	2,72,059.61	87.36%

(iv) Stock Ratios:

Particulars	As at 30.06.2020				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	-	0.00%	0.00%	0.00%	2,925.00	1.04%	0.94%	0.84%
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	11,304.03	3.80%	3.44%	3.09%	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.



Impact of Covid-19 Pandemic on the Company

The Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO) in March 2020. While the lockdown situation caused significant disruptions across the Country, the economic and business activities are gradually unlocking. Amidst the current situation, the Company continues to leverage digital technology for review & monitoring, information-sharing and knowledge management to continue the business operations without any significant disruptions due to lockdown.

Moratorium to the Borrowers in line with RBI Guidelines

As per the data by the Ministry of Power, the slump in power consumption has narrowed down considerably during July 2020 to 2.6% at 113.48 billion units (BU) with the gradual unlocking of the economic activities. However, some challenges may arise from temporary disruptions in the cash flows for the borrower entities, leading to extended working capital cycles and deferment of capex plans.

To mitigate the burden of debt servicing brought about by disruptions of business activities, the Company granted moratorium of three months on payment of all amounts falling due between 1st March, 2020 and 31st May 2020 to the eligible borrowers, as allowed by RBI guidelines dated 27th March 2020 and 17th April 2020. Further, as allowed by RBI vide guidelines dated 23rd May 2020, the Company granted an additional 3-month moratorium on the amounts falling due between 1st June 2020 and 31st August 2020 to eligible borrowers. In pursuance of the moratorium policy, an amount of ₹ 10,138 crores falling due till 30th June 2020 (including the amount pertaining to the first moratorium period) has been deferred. For all such accounts where the moratorium is granted, the moratorium period has been excluded from the number of days past-due for asset classification.

Liquidity Buffers with the Company

In spite of the moratorium allowed to the borrowers, the Company has not experienced any significant impact on its liquidity position, cushioned by its access to diversified sources of borrowings across the geographies. However, as a matter of abundant caution in the uncertain environment, the Company has been maintaining higher levels of liquidity buffers to meet committed liabilities and expected disbursements. As on 30th June 2020, the amount of Cash & Cash equivalents available with the company, including short-term deposits and liquid mutual funds, is ₹ 10,394 crores, as against ₹ 1,678 crores as at 31st March 2020. Additionally, the Company has available limits of more than ₹ 8,000 crores towards long term loans and ₹ 9,000 crores towards Working Capital/ Short Term Loans from various banks.

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. The Company has already sanctioned amounts of more than ₹ 30,000 crores till 31st July 2020 as part of this liquidity package to discoms.

Considering the relaxations allowed by the RBI, relief package for Power Sector by Govt. of India, REC's liquidity position and access to diverse sources of funds, the Company presently does not have any reasons to believe that the current crisis will have any significant impact on the Company's ability to maintain its operations, including its assessment of going concern. 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.

