



INDEPENDENT AUDITOR'S REPORT

To the Members of REC Power Distribution Company Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **REC Power Distribution Company Limited** (A wholly owned subsidiary of REC Limited), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the companies Act, 2013 (The "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.
4. In view of the Government imposed lockdown due to outbreak Covid-19 pandemic, we have not been able to examine the original books of account and supporting documents including but not limited to the documents relating to receivables, payables etc. The management has provided us with the scanned copies of the relevant documents for the purpose of our audit which we asked for on test check basis. Therefore, we had to rely upon the scanned copies so provided by the management for the purpose of audit of the financial statement for the year ended and as at 31st March, 2021.



5. We draw attention to the Note no. 55 regarding merger of REC Transmission Projects Company Limited with REC Power Distribution Company Limited as per the order of MCA vide dated 5th February, 2021.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1.	<p>Valuation of account Receivable in view of risk of credit loss (Refer to Note no. 48 "Financial Instrument" and note no 12 "Trade Receivable")</p> <p>Accounts receivables is a significant item in the Company's financial statements as at March 31, 2021 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment.</p> <p>The Company makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer.</p> <p>Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.</p>	<p>Principal Audit Procedures</p> <p>Our audit incorporated the following procedure with regards to provisioning of receivables:</p> <ul style="list-style-type: none">• Understood and evaluated the accounting policy of the company.• We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss.• Inquired with senior management regarding status of collectability of the receivable• For material balances, the basis of provision was discussed with the management.• Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time.
2.	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</p>	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>We carried out the following procedures:</p>



S. No.	Key Audit Matter	Auditor's Response
	<p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Refer Notes 3.2 and 43 to the Financial Statements</p>	<ul style="list-style-type: none"> • Understand the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Regarding the stage of completion and revenue in respect of ongoing projects, we have relied upon the reports of the Technical Experts of the Company as we did not have that technical expertise with us. • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • Calculations in respect of unearned revenue were test-checked using reports provided by project experts with respect to the percentage of work completed. • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the terms of contracts and status of work provided by the project experts of the company. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.



S. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none">Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

Information Other than the financial statements and Auditor's Report Thereon

7. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in an entity's annual report, but does not include the financial statements and our auditor's report thereon.
8. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.
9. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
10. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those charged with governance for the Financial Statement

11. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management



either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

13. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional **scepticism** throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
17. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

20. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
21. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in "**Annexure B**".
22. As required by Section 143 (3) of the Act, we report that:
23. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
- a) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;



- b) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity and dealt with by this Report are in agreement with the books of account;
- c) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
- d) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has Rs. 2943.03 lakh pending litigations as on 31st March 2021.
 - The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

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Partner

Membership No. 516604

UDIN: 21516604AAAAADY9866

Place: New Delhi

Date: 26.05.2021



Annexure A to the Independent Auditor's Report

The annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of REC Power Distribution Company Limited on the Ind AS financial statements for the financial year ended on 31st March 2021.

1. In respect of its fixed assets

- (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) The company has an approved regular program of verification for all assets to cover all the items yearly, which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Pursuant to the program, fixed Assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company does not have any immovable properties which are freehold and held in the name of company as at the balance sheet date. In respect of immovable properties taken on lease, Lease hold improvements have been disclosed as fixed assets in the financial statements, the lease agreement are in the name of the company.

2. The company did not maintain with it any inventory during the year.

- 3. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the companies/firms, limited liability partnership or other parties listed in the register maintained under section 189 of the companies Act, 2013.
- 4. In our opinion and according to the information and explanations given to us, the company has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013.
- 5. According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- 6. The Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of companies act, 2013.
- 7. (a) According to the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Goods and service tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the company.



- (b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to Goods and service tax, sales tax, income tax, custom tax, excise duty, cess as at 31st March, 2021 that have not been deposited on account of any dispute except income tax demand for A.Y. 2017-18 of Rs. 23.89 lakh for which appeal has been filed before CIT (Appeals).
8. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
 9. The company has not raised any money by way of initial public deposit offer, further public offer, debt instrument or term loans during the year.
 10. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during course of our audit.
 11. In our opinion and according to information and explanation given to us, no managerial remuneration has been provided and paid during the year hence reporting under (xi) of the order is not applicable.
 12. The company is not a Nidhi company and hence this clause is not applicable.
 13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.
 14. Company has not made any preferential allotment or private placement of shares or fully or partly convertible or debentures during the year under audit.
 15. Based on the representation given by the management, the company has not entered into any non-cash transactions with the directors or other persons connected to directors and hence the provision of section 192 of the companies act is not applicable.
 16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

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CA Nitin Grover

Partner

Membership No. 516604

UDIN: 21516604AAAADY9866

Place: New Delhi

Date: 26.05.2021



Annexure B to the Independent Auditor's Report

Annexure referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **REC Power Distribution Company Limited** on the financial statements for the financial year ended on 31st March 2021.

S. No.	Directions	Our Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has proper system in place to process all the accounting transactions through IT system (Tally ERP.9). The company does not have any processing outside IT system of accounting transactions.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to information and explanations given to us, there are no cases of restructuring / waiver / write off debts / loans / interest made by a lender to the company due to company's inability to repay the loan.
3	Whether funds received / receivable for specific schemes from central / state agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.	According to the information and explanations given to us, the funds received/receivable for specific schemes from central/state agencies has been properly accounted for /utilized by the company.



Annexure C to the Independent Auditor's Report

Annexure referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of REC Power Distribution Company Limited on the financial statements for the financial year ended on 31st March 2021.

Report on the Internal Financial Control under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **REC Power Distribution Company Limited** ("the Company") as on 31st March 2021 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

Nitin
Grover

CA Nitin Grover
Partner


Membership No. 516604

UDIN: 21516604AAAADY9866

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Place: New Delhi

Date: 26.05.2021

REC Power Distribution Company Limited Balance Sheet as at 31 March, 2021 (All amounts in ₹ lakh, unless stated otherwise)			
Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	58.08	396.11
Other intangible assets	5	4.70	2.37
Financial assets			
Investments	6	9,105.81	9,107.71
Trade receivables	12	-	1,361.52
Loans	7	-	16.14
Other financial assets	8	97.20	36.84
Income tax assets (net)	9	885.29	1,728.73
Deferred tax assets (net)	10	2,332.09	1,625.09
Other non current assets	11	-	2.96
Total non current assets		12,483.17	14,277.47
Current assets			
Financial assets			
Trade receivables	12	14,563.78	9,920.85
Cash and cash equivalents	13	3,874.74	3,968.38
Other bank balances	14	29,354.88	23,511.44
Loans	15	22.24	42.58
Other financial assets	16	2,458.11	2,437.43
Other current assets	17	2,117.66	1,908.25
Assets classified as held for sale	18	1,404.57	953.47
Total current assets		53,795.98	42,742.40
TOTAL ASSETS		66,279.15	57,019.87
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	8.55	5.00
Other equity	20	29,790.66	28,075.14
Total equity		29,799.21	28,080.14
Non-current liabilities			
Financial liabilities			
Borrowings	21	-	113.24
Other financial liabilities	22	133.41	119.08
Provisions	23	55.16	43.08
Other non-current liabilities	24	25.70	41.99
Total non-current liabilities		214.27	317.39
Current liabilities			
Financial liabilities			
Borrowings	25	-	500.00
Trade payables	26		
(a) total outstanding dues of micro enterprises and small enterprises; and		0.76	14.60
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.		6,149.92	4,873.06
Other financial liabilities	27	28,764.98	22,430.43
Other current liabilities	28	947.63	721.62
Provisions	29	16.61	14.41
Income tax liabilities (net)	30	377.64	-
Liabilities directly associated with assets classified as held for sale	18	8.13	68.22
Total current liabilities		36,265.67	28,622.34
Total liabilities		36,479.94	28,939.73
TOTAL EQUITY & LIABILITIES		66,279.15	57,019.87
Summary of significant accounting policies 1 to 3 The accompanying notes from 4 to 57 are integral part of the financial statements. These are the financial statements referred to in our report of even date.			
For A. K. Batra & Associates Chartered Accountants Firm Registration No. 003499N		For and on behalf of Board of Directors of REC Power Distribution Company Limited	
Nitin Grover CA Nitin Grover Partner Membership No. 516604 Place : New Delhi Date:	 <small> Digitally signed by Nitin Grover DN: cn=Nitin Grover, o=CA Nitin Grover, email=ngrover@nitinagrover.com, c=IN 3009021210171164605217464853 serial=1000, c=IN sha256Digest=4473648424357485611084 4050286048575405404345247447 cn=Nitin Grover Date: 2021.03.26 16:04:48 +05'30' </small>	Sanjay Kumar Sanjay Kumar Director DIN - 08722752	Ajoy Choudhury Ajoy Choudhury Director DIN - 06629871

REC Power Distribution Company Limited				
Statement of Profit and Loss for the year ended 31 March, 2021				
(All amounts in ₹ lakh, unless stated otherwise)				
Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020	
Revenue				
Revenue from operations	31	17,038.97	19,364.86	
Other income	32	1,429.75	2,852.92	
Total revenue		18,468.72	22,217.78	
Expenses				
Cost of services rendered	33	10,189.25	8,583.20	
Finance costs	34	452.46	67.37	
Employee benefits expense	35	584.55	496.25	
Depreciation and amortization expense	36	132.64	177.62	
Impairment on financial assets	37	2,631.89	2,992.42	
Corporate social responsibility expenses	38	195.48	89.11	
Other expenses	39	1,020.23	722.84	
Total expenses		15,206.50	13,128.81	
Profit/(Loss) before tax		3,262.22	9,088.97	
Tax expense				
Current tax	40	1,407.66	2,876.40	
Deferred tax expense/(credit)		(707.00)	(478.55)	
Total tax expenses		700.66	2,397.85	
Net profit/(loss) for the year		2,561.56	6,691.12	
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
Re-measurement gains/(losses) on defined benefit plans		-	-	
Income tax relating to these items		-	-	
Other comprehensive income/(loss) for the year		-	-	
Total comprehensive income/(loss) for the year		2,561.56	6,691.12	
Earnings/(Loss) per equity share				
Basic/diluted earnings/ (loss) per share (In ₹)	41	2,996	7,826	
Summary of significant accounting policies 1 to 3				
The accompanying notes from 4 to 57 are integral part of the financial statements.				
These are the financial statements referred to in our report of even date.				
For A. K. Batra & Associates Chartered Accountants Firm Registration No. 003499N		For and on behalf of Board of Directors of REC Power Distribution Company Limited		
<div><div><div>Nitin Grover</div><div><div><div>Digitally signed by Nitin Grover</div><div>DN: c=IN, o=Personal, title=1198, pseudonym=13f1b30a02b000ba3b1ea73197d8391667277c27717fa4a60523746c6f63, postalCode=110034, st=Delhi, serialNumber=44735a4480c3c97583c91109460a30896e4810fa00594bc92a7eaaf5, cn=Nitin Grover</div></div><div>Date: 2021.05.26 16:06:05 +05'30'</div></div></div></div>		<div><div><div>Sanjay Kumar</div><div><div><div>Digitally signed by Sanjay Kumar</div><div>DN: c=IN, o=Personal, 2.5.4.2b=5a8b79c8e48f650a446c7dab18cacccead5781e0f386249ac3bbd6d0a2b1, postalCode=110008, st=Delhi, serialNumber=cdad2b1106693a87235152b6f0c298efae071132197d3eac4f97757283b1f0c, cn=Sanjay Kumar</div></div><div>Date: 2021.05.26 09:38:38 +05'30'</div></div></div></div>		<div><div><div>Ajoy Choudhury</div><div><div><div>Digitally signed by Ajoy Choudhury</div><div>DN: c=IN, o=Personal, 2.5.4.2b=7d2da6d3226f199f41852a63a4da6889f9fed6d5d2a8545d00c7bd6d48f, postalCode=121001, st=Haryana, serialNumber=1ba7ad53dedad8679dcac8949d838a079c2431703ba0191ed9da7ba47d, cn=Ajoy Choudhury</div></div><div>Date: 2021.05.26 09:41:57 +05'30'</div></div></div></div>
CA Nitin Grover Partner Membership No. 516604		Sanjay Kumar Director DIN - 08722752		
Ajoy Choudhury Director DIN - 06629871				
Place : New Delhi				
Date:				

REC Power Distribution Company Limited
Statement of changes in Equity for the year ended 31 March, 2021
 (All amounts in ₹ lakh, unless stated otherwise)

A Equity share capital

Particular	Amount
Balance as at 1 April, 2019	5.00
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	5.00
Changes in equity share capital during the year	3.55
Balance as at 31 March, 2021	8.55

B Other equity

Particulars	General reserve	Retained earnings	Shares pending issuance	Capital reserve	Total
Balance as at 1 April, 2019	5,313.55	22,093.24	3.55	1.45	27,411.79
Profit/(Loss) for the year	-	6,691.12		-	6,691.12
Dividend for the year					
- Interim dividend for the year	-	(5,000.00)		-	(5,000.00)
Tax on dividend					
- on Interim dividend for the year	-	(1,027.77)		-	(1,027.77)
Balance as at 31 March, 2020	5,313.55	22,756.59	3.55	1.45	28,075.14
Profit/(Loss) for the year	-	2,561.56	-	-	2,561.56
Dividend for the year					
- Final dividend for the previous year		(842.50)	-	-	(842.50)
Adjustment on account of merger	-	-	(3.55)		(3.55)
Balance as at 31 March, 2021	5,313.55	24,475.66	-	1.45	29,790.66

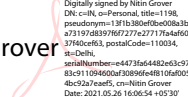
Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 57 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For A. K. Batra & Associates
 Chartered Accountants
 Firm Registration No. 003499N

For and on behalf of Board of Directors of
REC Power Distribution Company Limited


Nitin Grover
 CA Nitin Grover
 Partner
 Membership No. 516604


Sanjay Kumar
 Sanjay Kumar
 Director
 DIN - 08722752


Ajoy Choudhury
 Ajoy Choudhury
 Director
 DIN - 06629871

Place : New Delhi
Date:

REC Power Distribution Company Limited Statement of Cash Flows for the year ended 31 March, 2021 (All amounts in ₹ lakh, unless stated otherwise)		
Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	3,262.22	9,088.97
Adjustments for:		
Depreciation and amortization expense	132.64	177.62
Impairment on financial assets	2,631.89	2,992.42
Interest income on fixed deposit	(702.90)	(503.97)
Interest income on tax free bonds	(605.93)	(784.91)
Interest income from SPVs	(16.41)	(125.81)
Interest income on NCDs	(70.76)	(26.94)
Interest income on staggered papers	(15.04)	(70.20)
Interest income on other financial assets measured at amortized cost	(2.09)	(5.81)
Interest expense on other financial liabilities measured at amortized cost	14.29	6.82
Loss/(gain) on sale of property, plant & equipment	66.20	0.13
Interest expense on lease liability	9.71	27.86
Interest expense on micro and small enterprises	-	13.78
Interest expense on borrowings	6.14	6.25
Profit on sale of investment	-	(315.95)
Loss/(gain) on termination of lease	0.19	-
Operating profit before working capital changes	4,710.15	10,480.26
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables (non current)	1,361.52	(1,684.13)
Trade receivables (current)	(7,274.81)	859.43
Loans (non current)	18.22	41.97
Loans (current)	20.35	(32.14)
Other financial assets (current)	(5,669.90)	26,606.51
Other current assets	(209.41)	(302.92)
Other non-current assets	2.96	1.85
Assets held for sale	(411.10)	(27.98)
<i>Adjustments for increase/ (decrease) in operating liabilities:</i>		
Trade payables	1,263.02	(1,977.68)
Other financial liabilities (current)	6,426.31	(25,219.76)
Other financial liabilities (non current)	0.03	87.87
Other current liabilities	226.01	(1,484.84)
Provisions (current)	2.21	4.40
Provisions (non current)	12.09	(13.41)
Other non-current liabilities	(16.29)	41.99
Liabilities held for sale	(60.09)	60.33
Movement in operating assets and liabilities	(4,308.88)	(3,038.51)
Cash generated from operations	401.27	7,441.75
Less: Tax paid	(186.58)	(2,870.66)
Net cash flow from operating activities (A)	214.69	4,571.08
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress)	(11.59)	(42.36)
Sale of property, plant and equipment	18.84	0.39
Purchase of intangible assets	(4.79)	-
Deposits with bank	(232.94)	(1,881.33)
Interest received on fixed deposit	741.61	305.68
Interest received from SPV's	16.41	125.81
Interest received on tax free bonds/ NCDs/ staggered bonds	693.63	912.52
Purchase of investment in tax free bonds/ NCDs/ staggered bonds	-	(3,000.00)
Proceeds from sale of investments	-	4,615.95
Sale/(investment) of/in shares of associate companies (net)	(40.00)	30.00
Maturity of term deposits	(60.36)	49.54
Net cash flow from investing activities (B)	1,120.81	1,116.20

C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(842.50)	(5,000.00)
Tax on dividend		-	(1,027.77)
Proceeds from borrowings		-	500.00
Repayment of borrowings		(500.00)	-
Interest paid		(6.14)	(6.25)
Lease payment on account of principal payment of lease liability		(70.79)	(60.13)
Lease payment on account of interest payment on lease liability		(9.71)	(27.86)
Net cash used in financing activities	(C)	(1,429.14)	(5,622.01)
Net increase/decrease in cash and cash equivalents	(A+B+C)	(93.64)	65.28
Cash and cash equivalents at the beginning of the year		3,968.38	3,903.10
Cash and cash equivalents at the end of the year		3,874.74	3,968.38
Reconciliation of cash and cash equivalents as per the cash flow statement		(93.64)	65.28
<p>Summary of significant accounting policies 1 to 3 The accompanying notes from 4 to 57 are integral part of the financial statements. These are the financial statements referred to in our report of even date.</p>			
<p>For A. K. Batra & Associates Chartered Accountants Firm Registration No. 003499N</p>		<p>For and on behalf of Board of Directors of REC Power Distribution Company Limited</p>	
<p>Nitin Grover CA Nitin Grover Partner Membership No. 516604</p>		<p>Sanjay Kumar Sanjay Kumar Director DIN - 08722752</p>	
<p>Ajoy Choudhury Ajoy Choudhury Director DIN - 06629871</p>		<p>Place : New Delhi Date:</p>	

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

1. CORPORATE INFORMATION

REC Power Distribution Company Limited (“the Company”/“PDCL”) was incorporated in the year 2007, with the main objective to engage in the engineering consultancy services, execution of work in the area of decentralized distributed generation (DDG), transmission, Distribution, Generation and Smart Grid etc. in India or abroad or other related activities for Government and other agencies in power sector in India. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The Company is a wholly-owned subsidiary of REC Limited (formerly Rural Electrification Corporation Limited)(“REC”).

The Company is engaged:

- (i) in carrying out the third party inspection (TPI), quality monitoring and supervision under Rajiv Gandhi Grameen Vidyutikaran Yojana(RGGVY)/ Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY)/Saubhagya Schemes.
- (ii) in preparation of detailed project report (DPR), project management consultancy (PMC) and project management agency (PMA) under the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), and Integrated Power Development Scheme (IPDS) Schemes.
- (iii) in execution of works of Information Technology (IT) implementation and installation of IT Infrastructure under R-APDRP Part A Schemes, project implementation agency for implementation of various Government of India Projects viz. Prime Minister's Development Package (PMPD), Power System Development Fund (PSDF)(Urja Mitra, Rural Feeder Monitoring Scheme (RFMS).
- (iv) as project management agency (PMA) for turnkey execution of smart grid project under NSGM of Government of India, execution of solar standalone /roof top power plants at various locations across the country.
- (v) Ministry of Power has appointed the Company as Bid Process Coordinator (BPC) for Inter State Transmission Systems (ISTS) for many a large Inter-state Projects across the country on Tariff Based Competitive Mode. Company is conducting the bidding process for ISTS projects, starting from selection of qualified bidders to handing over of the Special Purpose Vehicle (SPV) to the lowest bidder.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

2. STATEMENT OF COMPLIANCE

The Company prepared its Standalone Financial Statements in accordance with the requirements of Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). 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 by the Board of Directors on 24 May, 2021.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

2.1 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On 24 March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

(ii) Functional and presentation currency:

These financials are presented in Indian Rupees (INR), which is also the Company’s functional currency, all amounts have been rounded off to nearest Lakhs (upto two digits), unless otherwise indicated.

3.2 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

flow to the Company and the revenue can be reliably measured.

The Company, to determine that how much and when revenue is recognized, what is the nature, amount, timing and uncertainty of revenues etc. uses the principles laid down by the Ind AS 115. Revenue is recognized through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

Income from Operation

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

- (i) In Cost Plus Contracts - revenue is recognized by including eligible contractual items of expenditures plus proportionate margin as per contract;
- (ii) In Fixed Price Contracts –revenue is recognized on the basis of stage of completion of the contract. The Company has assessed that the stage of completion determined as the proportion of the total time expected to complete the performance obligation that has lapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

- (iii) Professional charges to be charged from the selected bidders/developers for transmission projects put on tariff based bidding is accounted for in the year in which it is reasonably certain that the ultimate collection of the professional charges will be made.

Sale proceeds of Request for Proposal (RFP) documents is credited to the respective SPV and sale proceeds of Request for Qualification (RFQ) documents is retained by the Company and accounted as income of the Company.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the

REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021**

principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.3 Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalized with the related assets. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

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

Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II of the Companies Act, 2013, except for the below assets where different useful lives have been taken on the basis of technical assessment:

Asset class	Useful life as per Schedule II	Useful life adopted by the Company
Office equipment-GPS, Mobile	5 years	2 years
Furniture and fixtures	10 years	5 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

Assets individually costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

3.4 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognized in statement of profit or loss.

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

For amortization of intangibles the amortization amount of intangible assets is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

3.5 Fair value measurement

The Company measures financial instruments at fair value which 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.

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; and

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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. For assets and liabilities that are recognized in the balance sheet on a recurring basis, 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.6 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.

Financial assets:

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

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. Further, if the Company has not retained control, it shall also derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial guarantee contracts which are not measured at Fair value through profit & loss account.(FVTPL).

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk

REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021**

since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities:**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition 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.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

3.7 Non-Current assets/Disposal Company held for sale

Non-current assets /Disposal Company are classified as held for sale if their carrying amount will have recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financials assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the balance sheet.

Where the Company is committed to a sale plan involving loss of control of an associate, it classifies investment in the associate (i.e. all the assets and liabilities of that associate) as held for sale.

3.8 Employee benefits:

Employee benefits include Provident Fund, Leave Encashment & Loyalty Bonus.

a) Fixed Tenure Employees

The Company recruits Fixed Tenure Employees for a period of 3 years, which is further extendable for maximum up to 1 year and 6 months depending upon the requirement and performance. The Company deducts and deposits the employees benefit liabilities for Provident Fund and all other employee benefit statutory liabilities e.g. Pension, ESI, and Gratuity etc are not applicable to the Company. However, the Company provides for leave encashment and loyalty bonus for which liabilities are assessed as per the actuarial valuation and disclosed in other notes to accounts.

b) Employees on secondment from holding company

The Company is managed by the employees deployed by REC Ltd (holding company) on seconded basis and pays their charges as service fee for deemed service of management service provided by its holding company. The Service charges being charged as a fixed liability on the basis of actual employee cost, added with fixed charges on account of future liability of Provident Fund, Gratuity, Superannuation and Postretirement benefit etc. With paying above charges Company owes nothing

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

to its holding company for any future liabilities whatsoever of such seconded employees.

3.9 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 recognized in Other comprehensive income (OCI) or directly in equity, in which case, the tax is also recognized in Other comprehensive income 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

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

related deferred tax is also recognized in other comprehensive income or equity, respectively.

Tax on Dividend is recognized at the same time when the liability to pay a dividend is recognized.

3.10 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.

3.11 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.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

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.

3.12 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Funds/grants received from government

Unutilized amount of grant/fund received are classified as current financial liabilities. Interest wherever earned on such funds is credited to respective grant/fund account.

3.15 Lease Accounting

The Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Company assesses whether the contract meets all the three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021**

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Company measures the lease liability at the present value of the future lease payments, discounted using the interest rate implicit in the lease if readily available, else the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Company as a lessor

As a lessor, the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Finance leases- Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered for transfer of risk and rewards are the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the lessee obtains ownership of the asset at the end of the lease term.

Operating leases- All other leases are treated as operating leases. Receipts on operating lease agreements are recognized as an income.

3.16 Dividend

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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 shareholder's meeting and the Board of Directors respectively.

3.17 Material prior period errors

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

3.18 Prepaid Expenses

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

3.19 Rates and taxes

Overseas taxes on foreign assignments, indirect taxes, including Goods & Service Tax, professional tax, property tax, entry tax, labour cess, octroi and any other applicable taxes etc. paid/accrued in India or abroad for which credit are not available to the company are charged to the Statement of Profit and Loss.

3.20 Allocation of expenses

The Company has been appointed by Government of India to act as Bid Process Co-ordinator for selection of the Transmission Service Provider (developer) for Transmission Projects. Since the Company is incurring expenses for its project specific associates (called SPVs), the expenses have been allocated at the year end to these associates. Direct expenses have been booked to the respective associates for which the expenditure has been incurred. All Indirect/Common Expenses have been allocated only to the associates in proportionate basis from the month of issue of RFQ or RFP or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The Company has also charged interest on the funds deployed by it. If bid process activity relating to any SPVs is kept in abeyance by the concerned authority due to any reason, no cost allocation and interest for such period of abeyance will be made.

3.21 Business combination

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities

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Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is transferred to capital reserve.

3.22 Significant management judgments 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.

3.22.1 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.

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.

3.22.2 Significant estimates

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

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.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

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.

Leases – The management while determining the lease period of an asset makes estimates on various extension and termination options, the same affects the period of the lease and hence the determination of lease liability and right of use of assets.

Revenue from customers – The management while recognizing revenues, makes several estimates including estimation of recoverability, allocation of transaction prices to respective performance obligations, estimations of degree of work completed (/Performance obligations satisfied) and estimated works.

3.23 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirements of Schedule III of the Act unless otherwise stated.

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Notes forming part of Financial Statements for the year ending 31 March, 2021

(All amounts in ₹ lakh, unless stated otherwise)

4 Property, plant and equipment

Description	Furniture & fixtures	Office equipments	Leasehold improvements	Computers	Right to use asset-Building	Total
Gross carrying value						
As at 1 April, 2019	33.36	136.48	247.74	252.48	-	670.06
Additions	3.01	8.14	-	31.21	265.12	307.48
Adjustment/ Disposal	(0.77)	(47.58)	-	(14.92)	-	(63.27)
As at 31 March, 2020	35.60	97.04	247.74	268.77	265.12	914.27
Additions	0.13	1.90	-	9.56	23.91	35.50
Adjustment/ Disposal	(1.80)	(23.73)	(247.74)	(12.91)	(289.03)	(575.21)
As at 31 March, 2021	33.93	75.21	-	265.42	-	374.56
Accumulated depreciation						
As at 1 April, 2019	19.88	97.81	88.91	198.39	-	404.99
Charge for the year	5.50	14.69	43.79	34.74	77.22	175.94
Adjustment/Disposal	(0.77)	(47.39)	-	(14.61)	-	(62.77)
As at 31 March, 2020	24.61	65.11	132.70	218.52	77.22	518.16
Charge for the year	4.99	12.06	35.89	23.73	53.52	130.19
Adjustment/Disposal	(1.62)	(18.88)	(168.59)	(12.04)	(130.74)	(331.87)
As at 31 March, 2021	27.98	58.29	-	230.21	-	316.48
Net block as at 31 March, 2020	10.99	31.93	115.04	50.25	187.90	396.11
Net block as at 31 March, 2021	5.95	16.92	-	35.21	-	58.08

a) Gross block includes obsolete fixed assets but not disposed off of ₹ 193.58 lakh and depreciation reserve in respect of these assets ₹ 186.68 lakh.

b) The Company has terminated the lease of the office block on 31 January, 2021. Accordingly the balances of lease liability and right of use asset-building are disposed off in the books of accounts as on 31st March, 2021. Please refer Note 42 for details.

c) The Company has revised estimates related to life of assets acquired under the business acquisition transaction from REC Transmission Projects Company Ltd. with effect from 01 January 2021. The effect of change has been recognized prospectively in profit or loss account for the year. This has resulted in recognition of excess depreciation amounting to ₹ 2.66 lakh which will be charged in future years in case life of asset has not been reassessed by the management.

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5 Other intangible assets

Description	Computer software	Total intangible assets
Gross carrying value		
As at 1 April, 2019	13.33	13.33
Additions	-	-
Disposals	(1.40)	(1.40)
Balance as at 31 March, 2020	11.93	11.93
Additions	4.79	4.79
Disposals	(0.58)	(0.58)
Balance as at 31 March, 2021	16.14	16.14
Accumulated depreciation		
As at 1 April, 2019	9.26	9.26
Amortisation charge for the year	1.68	1.68
Disposals	(1.38)	(1.38)
Balance as at 31 March, 2020	9.56	9.56
Amortisation charge for the year	2.46	2.46
Disposals	(0.58)	(0.58)
Balance as at 31 March, 2021	11.44	11.44
Net book value as at 31 March, 2020	2.37	2.37
Net book value as at 31 March, 2021	4.70	4.70

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	As at 31 March, 2021	As at 31 March, 2020
6 Investments (Non current)*		
Investments in government or trust securities		
(a) Investment in tax free bonds-quoted (at amortized cost) (in holding company)		
(i) REC Limited 15 years secured redeemable tax free bonds @8.46%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 300,000 / 3,00,000)	3,084.14	3,084.64
(ii) REC Limited 15 years secured redeemable tax free bonds @8.63%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 20,000/20,000)	205.72	205.77
(iii) REC Limited 20 years secured redeemable tax free bonds @7.18%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 34,351/34,351)	351.69	351.75
(iv) REC Limited 7.38% tax free 15 years Secured Redeemable Non Convertible Bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 100,000 / 100,000)	1,024.47	1,024.60
(b) Investment in other securities-quoted (at amortized cost) (in holding company)		
(i) REC Limited 7.55% staggered papers of face value ₹ 1,000,000/- each, fully paid (31 March, 2021/2020: 20 /20)	207.69	207.76
(ii) REC Limited 7.09% NCD of face value ₹ 1,000,000 /- each, fully paid (31 March, 2021/2020: 100 / 100)	1,020.98	1,021.12
(c) Investment in tax free bonds (in others)-quoted (at amortized cost)		
(i) Housing and Urban Development Corporation Limited (HUDCO)		
20 years secured redeemable tax free bonds @8.76%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 50,000 / 50,000)	509.36	509.48
7.39% tax Free 15 years Secured Redeemable Non Convertible Bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 86,978 /86,978)	881.30	881.62
(ii) National Highway Authority of India Limited (NHAI)		
7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 42,855/42,855)	459.79	459.87
7.39% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 35,463/35,463)	367.55	367.66
(iii) Indian Renewable Energy Development Agency (IREDA)		
7.49% tax Free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 61,308 /61,308)	621.76	621.99
(iv) Indian Railway Finance Corporation (IRFC)		
7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 22,338 / 22,338)	230.85	230.92
(v) National Bank for Agriculture and Rural Development (NABARD)		
7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 14,028/14,028)	140.51	140.53
	9,105.81	9,107.71
Aggregate market value of quoted investment	11,108.55	10,471.49

* Refer Note 48 for fair value disclosure.

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	As at 31 March, 2021	As at 31 March, 2020
7 Loans (Non current)		
Unsecured, considered good		
Security deposit paid*	-	16.14
	-	16.14
* Refer Note 48 for fair value disclosure.		
8 Other financial assets (Non Current)		
Term deposits with maturity more than 12 months*	97.20	36.84
	97.20	36.84
* Term deposit receipt has been placed on lien with Canara Bank as collateral security for issue of bank guarantee.		
9 Income tax assets (net)		
Advance tax and TDS	879.32	7,854.09
Less: Provision for Income tax	-	(6,131.33)
	879.32	1,722.76
Tax deposited on income tax demands under contest*	5.97	5.97
Provision for income tax for demand under contest	-	-
	5.97	5.97
	885.29	1,728.73
* Refer Note 51 for details		
10 Deferred tax assets (net)	2,332.09	1,625.09
	2,332.09	1,625.09

Movement in deferred tax balances as at 31 March, 2021

	As at 31 March, 2020	Charged to profit and loss account	As at 31 March, 2021
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortized cost	0.32	0.57	0.89
Total deferred tax liabilities	0.32	0.57	0.89
Tax effect of items constituting deferred tax assets:			
Allowance for expected credit loss	1,580.87	610.59	2,191.46
On employee's retirement benefits	11.57	6.50	18.07
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	27.74	23.33	51.07
Right of Use asset (Net of lease liability)	4.30	(4.30)	-
Provision for expenses	0.93	71.45	72.38
Total deferred tax assets	1,625.41	707.57	2,332.98
Deferred tax assets (net)	1,625.09	707.00	2,332.09

Movement in deferred tax balances as at 31 March, 2020

	As at 1 April, 2019	Charged to profit and loss account	As at 31 March, 2020
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortized cost	0.03	0.29	0.32
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	0.29	(0.29)	-
Total deferred tax liabilities	0.32	0.00	0.32
Tax effect of items constituting deferred tax assets:			
Allowance for expected credit loss	1,107.33	473.54	1,580.87
On employee's retirement benefits	17.48	(5.91)	11.57
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	21.93	5.81	27.74
Right of Use asset (net of lease liability)	-	4.30	4.30
Provision for expenses	-	0.93	0.93
Financial assets and liabilities measured at amortized cost	0.12	(0.12)	-
Total deferred tax assets	1,146.86	478.55	1,625.41
Deferred tax assets (net)	1,146.54	478.55	1,625.09

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	As at 31 March, 2021	As at 31 March, 2020
11 Other non current assets		
Prepaid expenses	-	2.83
Advances to supplier	-	0.13
	-	2.96
12 Trade receivables*		
Non current		
Unsecured, considered good	-	1,684.13
Less: Allowance for expected credit loss	-	(322.61)
	-	1,361.52
	-	1,361.52
Current		
Unsecured, considered good	13,001.97	5,868.13
Less: Allowance for expected credit loss	(1,912.59)	(796.40)
	11,089.38	5,071.73
Trade receivables which have significant increase in credit risk	5,532.41	6,650.81
Less: Allowance for expected credit loss	(2,058.01)	(1,801.69)
	3,474.40	4,849.12
Credit impaired receivables	4,679.52	3,360.09
Less: Allowance for expected credit loss	(4,679.52)	(3,360.09)
	-	-
	14,563.78	9,920.85
*Refer note 49 - Financial risk management for assessment of expected credit losses.		
13 Cash and cash equivalents		
Balances with banks:		
- with scheduled banks in current accounts	988.52	1,643.03
Cheque in hands	-	489.02
Term deposits (with maturity upto 3 months)	2,886.22	1,836.33
	3,874.74	3,968.38
14 Other bank balances		
Earmarked balances for deposit works	17,310.17	7,005.76
Earmarked balances with government fund accounts	8,461.37	13,116.57
Term deposits with remaining maturity more than 3 months but less than 12 months*	3,583.34	3,389.11
	29,354.88	23,511.44
* TDR has been placed on lien with Canara Bank as collateral security for issue of Bank guarantee.		
15 Loans (Current)*		
Unsecured, considered good		
Security deposits paid	22.24	42.58
	22.24	42.58
* Refer Note 48 for fair value disclosure.		
16 Other financial assets (Current)		
Unbilled revenue*	2,174.20	2,262.42
Recoverable from Government of India		
Amount spent on Urja Mitra Scheme	-	28.88
Deen Dayal Upadhyaya Gram Jyoti Yojana Fund**	224.39	64.87
Retention money deposits	86.37	81.26
Less:- Loss allowance	(48.85)	-
Other receivables	22.00	-
	2,458.11	2,437.43
*This includes ₹ 159.76 lakh of unbilled revenue which has been carried forward from previous year.		
*Refer Note 43 for details		
**Refer Note 45 for details		
17 Other current assets		
Prepaid expenses	-	1.97
Balances with statutory and government authorities	2,059.09	1,523.51
Cost of completion of contracts	-	319.45
Advance to suppliers	0.57	63.32
CSR Pre-Spent*	58.00	-
	2,117.66	1,908.25
*Refer Note 54 for details		

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	As at 31 March, 2021	As at 31 March, 2020
18 Disposal group*		
Assets classified as held for sale		
(A) Investment in associates (refer note 18.1)	60.00	20.00
(B) Loans to associates (refer note 18.2)	1,344.57	933.47
Total (A+B)	1,404.57	953.47
Liabilities directly associated with assets classified as held for sale		
(C) Payable to associates (refer note 18.3)	8.13	68.22
Total(C)	8.13	68.22
Disposal group (A+B-C)	1,396.44	885.25
*Refer Note 46 for details		
18.1 Investments in associates		
Investments in Equity Instruments of associates (fully paid up)		
Chandil Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Dumka Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Koderma Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Mandar Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Bidar Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Fatehgarh Bhadla Transco Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Gadag Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Kallam Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
MP Power Transmission Package I Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
MP Power Transmission Package II Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Rajgarh Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Sikar New Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
	60.00	20.00
18.2 Loans to associates		
Chandil Transmission Limited	253.35	249.26
Dumka Transmission Limited	247.16	217.71
Mandar Transmission Limited	221.42	243.17
Koderma Transmission Limited	227.10	223.33
Fatehgarh Bhadla Transco Limited	90.93	-
Kallam Transmission Limited	10.62	-
MP Power Transmission Package II Limited	109.01	-
MP Power Transmission Package I Limited	107.37	-
Sikar New Transmission Limited	76.23	-
Gadag Transmission Limited	1.38	-
	1,344.57	933.47
18.3 Payable to associates		
Bidar Transmission Limited	2.56	10.31
Gadag Transmission Limited	-	10.41
Ramgarh New Transmission Limited	-	10.46
Fatehgarh Bhadla Transco Limited	-	5.69
Sikar New Transmission Limited	-	15.48
Rajgarh Transmission Limited	5.57	15.49
Kallam transmission Limited	-	0.38
	8.13	68.22

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(All amounts in ₹ lakh, unless stated otherwise)

19 Equity share capital

	As at 31 March, 2021	As at 31 March, 2020
Authorized equity share capital		
20,050,000 (31 March, 2020 : 20,000,000) Equity shares of ₹ 10 each	2,005.00	2,000.00
	2,005.00	2,000.00
Issued, subscribed and paid up equity share capital		
85,500 (31 March, 2020 : 50,000) Equity shares of ₹ 10 each	8.55	5.00

i) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	(₹ Lakh)	No. of shares	(₹ Lakh)
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	50,000	5.00	50,000	5.00
Add: Issued during the year*	35,500	3.55	-	-
Balance at the end of the year	85,500	8.55	50,000	5.00

* For details refer note 55

iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	% holding	No. of shares	% holding
85,494 Equity shares held by REC Limited (holding company)				
And balance 6 equity shares through other nominee of REC Limited	85,500	100.00%	50,000	100.00%

iv) Shares held by holding company:

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	% holding	No. of shares	% holding
85,494 Equity shares held by REC Limited (holding company)				
And balance 6 equity shares through other nominee of REC Limited	85,500	100.00%	50,000	100.00%

v) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date except issuance of shares in lieu of purchase consideration.

20 Other equity

	As at 31 March, 2021	As at 31 March, 2020
General reserve	5,313.55	5,313.55
Retained earnings	24,475.66	22,756.59
Capital reserve	1.45	1.45
Shares pending issuance	-	3.55
Total other equity	29,790.66	28,075.14

Note:

a) General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another.

b) Profits made by the company during the year are transferred to retained earnings from Statement of Profit and Loss.

c) Capital reserve/shares pending issuance represents the difference between the amount recorded as share capital issued plus any additional purchase consideration and the amount of share capital of transferor (REC Transmission Projects Company Ltd.) on account of amalgamation of REC Transmission Projects Company Limited with REC Power Distribution Company Limited as per Ind AS 103-Business Combinations. Refer note 55 for details.

d) Subsequent to the year ended 31 March, 2021; the Board of Directors of the Company on a meeting held on 24 May, 2021 has proposed an annual dividend amounting to ₹ 1743 per share (FY 2019-20 - Proposed Dividend: ₹ 1685 per share) totaling ₹ 1490 lakh on 85500 no. of shares, the effect of the same has not been taken into financial statements as the same is subject to the approval by the shareholders of the Company.

REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2021

(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
21 Borrowings (Non current)		
Lease liability	-	113.24
	-	113.24
22 Other financial liabilities		
Unsecured, considered good		
Performance bank guarantee retained	133.41	119.08
	133.41	119.08
23 Provisions (Non current)		
Provision for employee benefits*		
Provision for loyalty bonus	-	22.60
Provision for compensated absences	55.16	20.48
	55.16	43.08
*Refer Note 47 for details		
24 Other non-current liabilities		
Advance as performance bank guarantee	25.70	41.99
	25.70	41.99
25 Borrowings (Current)		
Cash credit loan (unsecured)	-	500.00
	-	500.00
Note: HDFC Bank has issued this credit facility which is unsecured. The same is repaid during the year.		
26 Trade payables*		
Due to micro and small enterprises [refer note (a) below]	0.76	14.60
Dues to others	6,149.92	4,873.06
	6,150.68	4,887.66

*Unsecured and unconfirmed

a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:

(ia) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.76	14.60
(ib) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	0.26
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	13.51
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	53.18	53.18
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Suppliers for whom confirmation not received is deemed not registered under MSMED Act and Interest payable on payment made but not claimed has not been provided.

REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
27 Other financial liabilities (Current)		
Earnest money deposits	80.04	58.12
Expenses payables	2,214.24	1,637.40
Advance for deposit work*	17,161.85	6,852.14
Payable to related parties**	416.25	399.25
Current maturities of lease liability	-	91.75
Performance bank guarantee retained	28.93	28.13
Employee payable	2.15	1.33
Government fund for schemes*		
Prime Minister's Development Package Fund - J&K	7,692.55	11,941.27
Power System Development Fund for Rural Feeder Monitoring Scheme	845.93	1,421.04
Urja Mitra Scheme Fund	323.04	-
	28,764.98	22,430.43
*Refer Note 44 and 45 for details		
**Refer Note 46 for details		
28 Other current liabilities		
Advances from customers	1.05	15.43
Statutory dues	782.05	423.54
Advance as performance bank guarantee	16.20	16.20
Statutory dues for deposit work	148.33	153.62
Mobilisation Advance - JKPDD-UDAY	-	23.74
Deferred income	-	89.09
	947.63	721.62
29 Provisions (Current)		
Provision for employee benefits*		
Provision for loyalty bonus	14.42	8.54
Provision for compensated absences	2.19	5.87
	16.61	14.41
*Refer Note 47 for details		
30 Income tax liabilities (net)		
Provision for income tax	1,439.79	-
Less: Advance tax and TDS	(1,062.15)	-
	377.64	-

REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
31 Revenue from operations		
Sale of services (from contracts with customers):*		
Execution of IT/solar implementation project	156.40	767.84
Consultancy engineering services	14,750.34	11,190.48
Income from REC - UE village project	501.43	763.25
Execution of transmission Projects	1,132.70	533.98
Agency fees	16.95	16.95
Professional charges	471.15	6,092.36
Documentation fees	10.00	-
	17,038.97	19,364.86
*Includes ₹ 2014.43 lakh (Previous year - ₹ 2100.99 lakh) of unbilled revenue Refer note 43 for details		
32 Other income		
Interest income on fixed deposits	334.33	503.97
Interest income on grant fixed deposits	368.58	-
Interest income on tax free bonds	605.93	784.91
Interest on income tax refund	6.42	117.09
Interest income from SPVs	16.41	125.81
Interest income on NCDs	70.76	26.94
Interest income on staggered papers	15.04	70.20
Interest income on other financial assets measured at amortized cost	2.09	5.81
Liquidation damages	-	876.63
Profit on sale of investments	-	315.95
Miscellaneous income	10.19	25.61
	1,429.75	2,852.92
33 Cost of services rendered*		
Project technical services - PMC/PMA/DPR	5,162.56	4,071.86
Project outsourced manpower	4,225.17	3,673.78
REC - UE village project expenditure	477.55	726.90
Interest expense on micro and small enterprises	-	13.78
Survey charges	0.49	36.58
Consultancy charges	323.48	60.30
	10,189.25	8,583.20
*Includes ₹ 1195.30 lakh (Previous year - ₹ 1020.10 lakh) of provision for expenses		
34 Finance costs		
Interest on advance from BEE	53.74	-
Interest expenses on grant fund	368.58	-
Interest on working capital loans	6.14	6.25
Interest expense on lease liability	9.71	27.86
Interest expense on other financial liabilities measured at amortized cost	14.29	6.82
Interest on income tax	-	20.67
Other interest expenses*	-	5.77
	452.46	67.37
* Includes interest paid to REC amounting to ₹ Nil (previous year: ₹ 4.02 Lakh)		
35 Employee benefits expense*		
Salaries and wages	509.21	444.35
Contribution to provident and other funds	33.47	28.84
Staff welfare expenses	41.87	23.06
	584.55	496.25
*For disclosures related to provision for employee benefits, refer note 47- Employee benefit obligations.		

REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
36 Depreciation and amortization expense		
Depreciation (Refer note 4)	130.18	175.94
Amortization (Refer note 5)	2.46	1.68
	132.64	177.62
37 Impairment on financial assets*		
Provision (net of reversal)	2,624.11	2,808.30
Bad debts	7.78	184.12
	2,631.89	2,992.42
*The impairment is related to assets under contracts with customers. Refer Note 49 for details		
38 Corporate social responsibility expenses		
CSR expenditure*	195.48	89.11
	195.48	89.11
*Refer Note 54 for details		
39 Other expenses		
Rent	255.74	145.76
Vehicle hire charges	64.98	40.06
Rates and taxes	23.66	8.24
Repairs and maintenance		
: Buildings	61.64	49.78
: Others	12.76	14.79
Power and fuel	28.39	33.85
Advertisement and business promotion	96.26	34.00
Communication cost	12.29	18.11
Travelling and conveyance	155.96	198.14
Printing and stationary	13.10	24.64
Legal, consultancy and professional expenses	132.60	84.78
Bank charges	10.89	9.01
Auditors' remuneration*	8.95	9.25
GST audit Fee	0.09	4.30
Insurance	0.11	0.42
Delay payment charges	2.55	0.02
Loss on sale of property, plant and equipment (net)	66.20	0.13
Liquidation damages (expenses)	0.24	3.21
Technical / IT Services expenses	5.14	7.74
Miscellaneous expenses	68.68	36.61
	1,020.23	722.84
*Comprises of following:		
As auditors- statutory audit	8.15	5.70
As auditors- tax audit	0.80	2.05
For other services	-	1.50
	8.95	9.25

REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
40 Tax expense		
(i) Current tax		
Tax pertaining to current year	1,439.79	2,636.51
Tax pertaining to earlier years	(32.13)	239.89
(ii) Deferred tax expense/(credit)	(707.00)	(478.55)
	700.66	2,397.85

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 25.17%

Accounting profit before income tax	3,262.22	9,088.97
At country's statutory income tax rate of 25.17%	821.04	2,287.55
Adjustments in respect of taxes earlier years		
(i) Non-deductible expenses for tax purposes	64.26	34.72
(ii) Non-taxable incomes	(152.51)	(197.55)
(iii) Earlier year taxes	(32.13)	239.89
(iv) Deferred tax on allowable provisional expenditure of earlier year	-	(122.29)
(v) Deferred tax change due to rate change	-	155.53
	700.66	2,397.85

41 Basic/diluted earnings/ loss per share

Net profit/(loss) for the year	2,561.56	6,691.12
Weighted average number of equity shares for EPS*	85,500	85,500
Par value per share (in ₹)	10	10
Earnings per share - Basic and diluted (in ₹)	2,996	7,826

* Share pending issuance as on 31 March, 2020

42 Leases

The Company has leases for office building, warehouses, office equipment and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

A Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Short-term leases	255.74	143.48
Leases of low value assets	-	2.28
Variable lease payments	-	-
Total	255.74	145.76

B Total cash outflow for leases for the year ended 31 March, 2021 was ₹ 336.24 Lakh, (31 March, 2020 - ₹ 233.75 Lakh).

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Short-term leases	255.74	143.48
Long-term leases	80.50	87.99
Leases of low value assets	-	2.28
Total	336.24	233.75

C The Company has total commitment for short-term leases of ₹ 69.59 lakh as at 31 March, 2021 (31 March, 2020 ₹ 263.17 lakh).

REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

D Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

As at 31 March, 2021	Minimum lease payments due		
	Within 1 year	1-3 years	More than 3 years
Lease payments	-	-	-

As at 31 March, 2020	Minimum lease payments due		
	Within 1 year	1-3 years	More than 3 years
Lease payments	96.59	138.45	-

E Set out below are the carrying amount of lease liabilities and the movement during the year:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance	204.99	265.12
Accretion of interest	9.71	27.86
Payments	(80.50)	(87.99)
Reassessment of lease liability	(134.20)	-
Closing balance	-	204.99
Current	-	91.75
Non current	-	113.24

The Company has terminated the lease of the office block on 31 January, 2021. Accordingly the balances of lease liability and right of use asset-building are disposed off in the books of accounts as on 31st March, 2021.

F Extension and termination options

The Company has lease contracts for "office block and work sites" which are used for regular operations of its business. There are several lease contracts that include extension and termination options which are further discussed below.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

43 Revenue from contracts with customers under Ind AS 115 are as follow:-

A The Company is engaged in providing following services-

RECPDCL provides consultancy services in Power Transmission and Distribution sector to states/Union Territories under various central/state Government schemes such as Third Party Inspection Agency (TPIA)/Project Management Agency (PMA)/Project Management Consultancy (PMC) under Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY)/Integrated Power Development Scheme (IPDS)/Restructured Accelerated Power Development and Reforms Programme (R-APDRP)/Backward Regions Grant Fund (BRGF) and other state schemes. The major activities undertaken in these types of projects include inspection of Village Electrification, Substation and Feeder inspection & Material inspection, Survey & preparation of Detailed project report, assisting DISCOMS in bid management, supervision & monitoring of electrification work and assisting Distribution Companies (DISCOMs) in closure of the project. Ministry of Power has appointed the Company as Bid Process Coordinator (BPC) for Inter State Transmission Systems across the country on Tariff Based Competitive Mode. The company is conducting the bidding process for ISTS projects, starting from selection of qualified bidders to handing over of the Special Purpose Vehicle to the lowest bidder. The company is also working in various Smart Metering/ Smart Grid and Information Technology (IT) projects as Project Implementing Agency (PIA)/Project Management Agency (PMA) for implementation of various distribution infrastructure projects under various Govt. schemes and also working as monitoring agency for monitoring and supervision of Un-Electrified (UE) village electrification works and Household electrification work.

B Significant management judgments on revenue recognition

Recognized amounts of contract revenues and related receivables when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue from the contracts recognized over the period of time as and when the performance obligation is satisfied based on management's best estimates of each contract's outcome and stage of completion which is determined based on progress, efforts, cost incurred to date bear to the total estimated cost of the transaction, time spend, service performed (generally mentioned in the contracts with the customer) or any other method that management considered appropriate. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

Also while allocating that transaction price to the specific performance obligations identified in the contract. The transaction price is allocated to the performance obligations based on its relative standalone selling price, which generally is not readily available, hence management estimates the stand alone selling prices basis upon its experience and contractual negotiations.

C Segregation of revenue

RECPDCL's revenue mostly comes from core business of sale of services as consultancy i.e. PMA/PMC/PIA, TPIA and Quality Control Projects and some turnkey projects of Solar/IT implementation from projects within India. In case of execution of IT/Solar implementation projects revenue is recognized at a point in time specifically when the control of goods/services is transferred to the customer. Also, in case of the selection of bidders/developers for transmission projects put on tariff based bidding revenue is recognized at a point in time when it is reasonably certain that the ultimate collection of the professional charges will be made. The total business portfolio of RECPDCL includes various Central/State Govt. entities e.g. State Distribution Companies (DISCOM), Power and Electricity Departments of States/UTs, Central Public Sector Undertaking (CPSUs) [Energy Efficiency Services Limited (EESL), Power Grid Corporation of India Limited (PGCIL), Solar Energy Corporation of India Limited (SECI) etc].

In accordance with Ind AS 115, set out below is the disaggregation of the Company's revenue from contracts with customers:

State/Union Territory of supply of services	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Andhra Pradesh	115.58	34.60
Arunachal Pradesh	(15.61)	410.56
Assam	74.83	220.59
Bihar	295.27	352.63
Chhattisgarh	592.39	459.94
Delhi	1,916.57	8,447.02
Goa	810.92	802.91
Jharkhand	118.76	402.82
Jammu and Kashmir	5,305.93	392.24
Karnataka	138.31	898.25
Madhya Pradesh	67.60	237.92
Rajasthan	774.35	772.96
Telangana	198.00	92.82
Tripura	-	59.98
Uttar Pradesh	5,004.55	4,265.35
West Bangal	1,232.21	1,406.98
Maharashtra	409.31	107.29
Total revenue from contracts with customers	17,038.97	19,364.86

REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

D Reconciliation of revenue recognized with contract price

Particular	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Contract price*	17,038.97	19,364.86
Adjustments for:		
Rebates and discounts	-	-
Revenue from contracts with customers	17,038.97	19,364.86

* It includes services in the form of execution of IT/Solar implementation projects, Consultancy engineering services, Income from REC - UE Village project, Professional charges, Income from execution of transmission projects, Agency fee and Documentation fee.

E Reconciliations of unbilled revenue

Particular	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance	2,262.42	1,686.97
Invoices raised during the year	(2,116.90)	(1,525.54)
Revenue recognized during the year	2,028.68	2,100.99
Closing balance	2174.20	2262.42

F Reconciliations of advances from customers

Opening balance	15.43	-
Revenue recognized during the year	(14.38)	-
Addition during the year	-	15.43
Closing balance	1.05	15.43

G Reconciliations of cost of fulfillment carried forward

Opening balance	319.45	-
Addition/(Deletion) during the year	(319.45)	319.45
Closing balance	-	319.45

H Reconciliation of deferred income

Opening balance	89.09	-
Revenue recognized during the year	(89.09)	-
Addition received during the year	-	89.09
Closing balance	-	89.09

I Remaining performance obligations

	As at 31 March, 2021	As at 31 March, 2020
Amount of the unsatisfied performance obligations (or partially unsatisfied)	36,218.18	43,154.83

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized. The entity expects to satisfy the above performance obligations within the contracted terms, 55% of the unsatisfied performance obligation as at 31 March, 2021 will be achieved in next financial year and the balance thereafter.

J Contract balances

Particulars	As at 31 March, 2021	As at 31 March, 2020
Assets		
Contract balances	14,563.78	11,282.37
Contract assets		
Unbilled revenue*	2,174.20	2,262.42
Cost of fulfillment carried forward**	-	319.45
Contract liability		
Advances from customers***	1.05	15.43
Deferred income****	-	89.09

*Unbilled revenue is the contract asset that has been recognized due to satisfaction of the performance obligation, but the invoicing of the same is pending.

**Cost of fulfillment relates to contract assets recognized equivalent to the recoverable costs incurred in fulfilling a contract (contract related) with a customer, which generates or enhances the resources of the entity that will be used in satisfying the future performance obligations.

*****Advance from customers** are contract liabilities , where money has been received and performance obligations are not yet satisfied.

******Deferred income** are contract liabilities , where performance obligations are not yet satisfied.

- K** Company has not incurred any cost for obtaining contracts except administrative cost required for preparation of offers and the same is charged to Statement of Profit and Loss.

44 Govt Grant /Advance for deposit work:

Government of Jammu & Kashmir, Power Development Department has appointed REC Power Distribution Company Limited as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of distribution work under RAPDRP, IPDS and PMDP on nomination basis, as per actual cost to be discovered through competitive biddings. RECPDCL has also been appointed as material procurement agency under Saubhagya and DDUGJY Schemes for north eastern states by REC Limited. Further Chandigarh Electricity Department (CED) has appointed RECPDCL as implementing agency for installation of smart meters and SCADA and for laying the underground cable work. The funds received for disbursement to various agencies under the above stated schemes/departments are kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto are classified under “Advance for Deposit Work” under the head “Other Financial Liabilities”.

During the year, interest earned of ₹191.11 lakh (Previous year ₹ 1,161.90 lakh) has been taken to grant/advance for deposit work account. Further, during the year, an amount of ₹ 197.52 lakh (Previous year ₹ 2059.22 lakh) has been refunded back to MoP out of the total interest on grant/advance for deposit work.

The movement of Govt Grant /Advance for deposit work is explained as under:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Balance	5764.16	23,384.98
Add: Amount received during the year	32,278.07	10,048.00
Less: Amount refunded to Govt. during the year	-	-
Less: Disbursement during the year	(21,295.20)	(27,668.82)
Closing Balance	16,747.03	5,764.16

The movement of interest on Govt Grant /Advance for deposit work is explained as under:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance	421.24	1,318.56
Add: Interest earned during the year	191.11	1,161.90
Less: Interest refunded during the year	(197.52)	(2,059.22)
Closing alance	414.83	421.24

45 Government fund for schemes

Government of Jammu & Kashmir, Power Development Department has appointed REC Power Distribution Company Limited as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of transmission projects under PMDP-15 in Jammu, Kashmir and Ladakh on nomination basis, as per actual cost to be discovered through competitive biddings. Further The funds received for disbursement to various agencies under the scheme are kept in a separate bank account.

Further 11 kV Rural Feeder Monitoring Scheme is being implemented by the Company, sanctioned under Power System Development Fund (PSDF) on Pan India basis on the behalf of Ministry of Power- GoI. The sole objective of the scheme is to monitor quality & quantity parameter of rural power supply across the country. Under the scheme, Modems/DCUs are being installed on 11 kV Outgoing Rural, Agriculture and Mixed (i.e. Rural + Agriculture) feeder meters on such 66/33 kV incoming Feeder from where such 11 kV feeder are emanating. The work includes supply, installation, commissioning of Modems & integration with Central MDAS with Operation & Maintenance of Modems/DCUs for a year of 5 years' post Go-Live. The funding of scheme is being done through 2 sources, mainly from PSDF and through DDUGJY enabling activity.

The undisbursed funds for the scheme including interest earned thereto are classified under “Government Fund for Schemes” under the head “Other Financial Liabilities” and recoverable fund (if any) is classified under “Recoverable from Government of India” under the head “Other Financial Assets (Current)”.

During the year, interest earned of ₹ 368.58 lakh has been considered in other Income and the same has been charged as finance cost to transfer the amount to Government fund for schemes.

REC Power Distribution Company Limited
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46 Related party transactions

In accordance with the requirements of Indian Accounting Standard – 24 the names of the related parties where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate holding Company	Power Finance Corporation Limited
Holding company	REC Limited (Formerly Rural Electrification Corporation Limited)
Society registered for undertaking CSR activities	REC Foundation

Associate Companies

Mandar Transmission Limited (w.e.f. 26 March, 2018)
Koderma Transmission Limited (w.e.f. 19 March, 2018)
Dumka Transmission Limited (w.e.f. 25 March, 2018)
Chandil Transmission Limited (w.e.f. 14 March, 2018)
Bidar Transmission Limited (w.e.f. 8 June, 2020)
Fatehgarh Bhadla Transco Limited (w.e.f. 2 June, 2020)
Gadag Transmission Limited (w.e.f. 2 June, 2020)
Kallam Transmission Limited (w.e.f. 28 May, 2020)
Rajgarh Transmission Limited (w.e.f. 6 June, 2020)
Ramgarh new Transmission Limited (26 June, 2020 - 9 March, 2021)*
Sikar new Transmission Limited (w.e.f. 11 June, 2020)
MP Power Transmission Package-I Limited (w.e.f. 4 August, 2020)
MP Power Transmission Package-II Limited (w.e.f. 20 August, 2020)
Dinchang Transmission Limited (under process of strike off)**

* indicates associates sold / transferred in FY 2020-21

**The Company has been denotified by MoP on 25 March, 2019 and No objection from Ministry of Power for striking off the name of Dinchang Transmission Limited has been received on 31 March, 2020. Application for strike off has been filed in RoC and currently company is under the process of strike off.

Key management personnel (KMP)

The Company is a wholly owned subsidiary of REC Limited, a Govt. of India Enterprise. The Key Managerial Personnel of the Company are employees of the Holding Company (REC Limited) deployed on part time basis. The details of such Key Managerial Personnel are as follows: -

Name	Designation	Date of Appointment
Sh. R. Lakshmanan (IAS)	Chief Executive Officer	10 January, 2020
Sh. Sanjay Malhotra	Chairman & Director	9 November, 2020
Sh. Sanjeev Kumar Gupta	Director	12 October, 2015
Sh. Sanjay Kumar	Director	16 March, 2020
Sh. V.K. Singh	Director	12 June, 2020
Sh.. Ajoy Choudhury	Director	25 March, 2019

b. Transactions with Holding Company and KMP are as under:

	Year ended	Holding Company	Society registered for undertaking CSR activities	Key management personnel
(i) Transactions during the year				
Services rendered	Year ended 31 March, 2021	681.38	17.44	-
	Year ended 31 March, 2020	1,090.07	9.34	-
Services received from related party	Year ended 31 March, 2021	1,130.12	-	-
	Year ended 31 March, 2020	1,300.93	-	-
Remuneration to KMP's (through Holding Company)	Year ended 31 March, 2021	-	-	45.57
	Year ended 31 March, 2020	-	-	16.82
Reimbursement of expenditure incurred by the Company on behalf of the related party	Year ended 31 March, 2021	-	15.23	-
	Year ended 31 March, 2020	-	271.67	-
Interest income from investment in tax free bonds	Year ended 31 March, 2021	454.57	-	-
	Year ended 31 March, 2020	642.62	-	-
Dividend on equity shares	Year ended 31 March, 2021	842.50	-	-
	Year ended 31 March, 2020	5,000.00	-	-
(ii) Outstanding Balances at year end				
Trade payables	As at 31 March, 2021	416.25	-	-
	As at 31 March, 2020	399.24	-	-
Trade receivables	As at 31 March, 2021	569.92	-	-
	As at 31 March, 2020	377.23	-	-

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Non-current investment (Investment in tax free bonds, NCD's & Staggered papers incl. of accrued interest)	As at 31 March, 2021	5,894.69	-	-
	As at 31 March, 2020	5,895.63	-	-
Other current liabilities	As at 31 March, 2021	-	1.05	-
	As at 31 March, 2020	-	14.87	-

With respect to the key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year. (if any)

Key management personnel remuneration includes the following expenses:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Short-term employee benefits	40.46	14.66
Post-employment benefits	5.11	2.16
Total remuneration	45.57	16.82

Note:

As provisions for gratuity and leave benefits are made for the Company as a whole, the amounts pertaining to the Key management personnel are not specifically identified and hence are not included above.

c. Transactions with associates are as under:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(i) Dinchang Transmission Limited (under the process of strike off)	-	-
(ii) Dumka Transmission Limited (w.e.f. 25 March, 2018:)		
Interest income	-	26.69
Reimbursement/ expenses reimbursement	4.00	25.57
Advance received from parties	-	-
Investment made	-	-
(iii) Chandil Transmission Limited (w.e.f. 14 March, 2018:)		
Interest income	-	27.38
Reimbursement/ expenses reimbursement	4.08	25.98
Advance received from parties	-	-
Investment made	-	-
(iv) Mandar Transmission Limited (w.e.f. 26 March, 2018:)		
Interest income	-	23.75
Reimbursement/ expenses reimbursement	3.71	25.09
Advance received from parties	-	-
Investment made	-	-
(v) Koderma Transmission Limited (w.e.f. 19 March, 2018:)		
Interest income	-	24.37
Reimbursement/ expenses reimbursement	3.77	25.66
Advance received from parties	-	-
Investment made	-	-
(vi) Bhind Guna Transmission Limited (18 September, 2018 - 11 September, 2019)		
Interest income	-	4.86
Consultancy Fee	-	379.49
Reimbursement/ expenses reimbursement	-	55.89
Advance received from parties	-	41.30
Sale of investments	-	5.00
Investment made	-	-
(vii) Udupi Kasargode Transmission Limited (29 November, 2018 - 12 September, 2019)		
Interest income	-	3.37
Consultancy fee	-	743.34
Reimbursement/ expenses reimbursement	-	62.77
Advance received from parties	-	-
Sale of investments	-	5.00
Investment made	-	-
(viii) Jam Khambaliya Transco Limited (11 March, 2019 - 13 November, 2019)		
Interest income	-	2.12
Consultancy Fee	-	457.29
Reimbursement/ expenses reimbursement	-	86.65
Advance received from parties	-	17.70
Sale of investments	-	5.00
Investment made	-	-

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	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(ix) Lakadia Banaskantha Transco Limited (19 March, 2019 - 13 November, 2019)		
Interest income	-	2.73
Consultancy Fee	-	1,166.67
Reimbursement/ expenses reimbursement	-	80.80
Advance received from parties	-	-
Sale of investments	-	5.00
Investment made	-	-
(x) Khetri Transco Limited (12 March, 2019 - 29 August, 2019)		
Interest income	-	0.86
Consultancy Fee	-	1,601.40
Reimbursement/ expenses reimbursement	-	57.98
Advance received from parties	-	5.90
Sale of investments	-	5.00
Investment made	-	-
(xi) Ajmer Phagi Transco Limited (19 March, 2019 - 3 October, 2019)		
Interest income	-	1.19
Consultancy Fee	-	963.39
Reimbursement/ expenses reimbursement	-	54.88
Advance received from parties	-	23.60
Sale of investments	-	5.00
Investment made	-	-
(xii) WRSS XXI (A) Transco Limited (26 March, 2019 - 14 October, 2019)		
Interest income	-	1.73
Consultancy Fee	-	1,229.81
Reimbursement/ expenses reimbursement	-	65.35
Advance received from parties	-	46.10
Sale of investments	-	5.00
Investment made	-	5.00
(xiii) Rampur Sambhal Transco Limited (2 May, 2019 - 12 December, 2019)		
Interest income	-	6.76
Consultancy Fee	-	548.70
Reimbursement/ expenses reimbursement	-	130.36
Advance received from parties	-	28.40
Sale of investments	-	5.00
Investment made	-	5.00
(xiv) Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)(w.e.f. 28 May, 2020)		
Interest income	-	-
Reimbursement/ expenses reimbursement	41.20	9.62
Advance received from parties	40.20	11.80
Investment made	5.00	-
(xv) Bidar Transmission Limited (Earlier Bidar Karnataka Line)		
Interest income	-	-
Reimbursement/ expenses reimbursement	26.82	9.69
Advance received from parties	39.07	23.60
Investment made	5.00	-
(xvi) Gadag Transmission Limited (Earlier Gadag Karnataka Part A Line)		
Interest income	-	-
Reimbursement/ expenses reimbursement	43.80	9.59
Advance received from parties	52.00	23.60
Investment made	5.00	-
(xvii) Ramgarh New Transmission Limited (Earlier Solar Energy Rajasthan Part A Line)(26 June, 2020 - 9 March, 2021)		
Interest income	2.38	-
Reimbursement/ expenses reimbursement	128.05	9.54
Advance received from parties	52.00	23.60
Consultancy fee	468.24	-
Investment made	5.00	-
Sale of investment	5.00	-
xviii) Fatehgarh Bhadla Transco Limited (Earlier Solar Energy Rajasthan Part B Line)		
Interest income	3.02	-
Reimbursement/ expenses reimbursement	112.97	9.31
Advance received from parties	34.07	17.70
Investment made	5.00	-

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	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(xix) Sikar New transmission Limited (Earlier Solar Energy Rajasthan Part C Line)(w.e.f. 11 June, 2020)		
Interest income	1.41	-
Reimbursement/ expenses reimbursement	114.51	9.52
Advance received from parties	49.07	29.50
Investment made	5.00	-
(xx) Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)(w.e.f. 6 June, 2020)		
Interest income	-	-
Reimbursement/ expenses reimbursement	33.99	9.51
Advance received from parties	49.06	29.50
Investment made	5.00	-
(xxi) MP Power Transmission Package-I Limited (w.e.f. 4 August, 2020)		
Interest income	4.80	-
Reimbursement/ expenses reimbursement	132.84	-
Advance received from parties	29.80	-
Investment made	5.00	-
(xxii) MP Power Transmission Package-II Limited (w.e.f. 20 August, 2020)		
Interest income	4.81	-
Reimbursement/ expenses reimbursement	134.48	-
Advance received from parties	29.80	-
Investment made	5.00	-

d. Outstanding balances w.r.t. associates are as under

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Receivable from associates/(Payable to associates)		
Dinchang Transmission Limited *	-	-
Chandil Transmission Limited	253.35	249.26
Dumka Transmission Limited	247.16	217.71
Mandar Transmission Limited	221.42	243.17
Koderma Transmission Limited	227.10	223.33
Bidar Transmission Limited	(2.56)	(10.31)
Gadag Transmission Limited	1.38	(10.41)
Ramgarh New Transmission Limited (transferred to M/s Power grid Corporation of India Ltd. on 9 March, 2021)	-	(10.46)
Fatehgarh Bhadla Transco Limited	90.93	(5.69)
Sikar New transmission Limited	76.23	(15.48)
Rajgarh Transmission Limited	(5.57)	(15.49)
Kallam transmission Limited	10.62	(0.38)
MP Power Transmission Package-I Limited	107.37	-
MP Power Transmission Package-II Limited	109.01	-
	1,336.44	865.25

* The company has been denotified. Application for striking off has been filed in RoC and is in the process of strike off.

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Investments in SPVs		
Chandil Transmission Limited	5.00	5.00
Dumka Transmission Limited	5.00	5.00
Mandar Transmission Limited	5.00	5.00
Koderma Transmission Limited	5.00	5.00
Bidar Transmission Limited	5.00	-
Gadag Transmission Limited	5.00	-
Fatehgarh Bhadla Transco Limited	5.00	-
Sikar New transmission Limited	5.00	-
Rajgarh Transmission Limited	5.00	-
Kallam transmission Limited	5.00	-
MP Power Transmission Package-I Limited	5.00	-
MP Power Transmission Package-II Limited	5.00	-
	60.00	20.00

e. Advances/dues from directors & other key officers of the company:

Designation of officer	As at 31 March, 2021	Maximum amount outstanding for the year ended 31 March, 2021	As at 31 March, 2020	Maximum amount outstanding for the year ended 31 March, 2020
Chairman	NIL	NIL	NIL	NIL
Company Secretary	NIL	NIL	NIL	NIL

47 Employee benefit obligations

Defined contribution plans

The Company makes contributions to the Provident Fund for all eligible employees. Under the plan, the Company is required to contribute a specified percentage of payroll costs. Accordingly, the Company has recognized ₹ 33.47 lakh as expense in the statement of profit and loss during the current year (Year ended 31 March, 2020 ₹ 31.50 lakh).

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

i. Loyalty incentive

The Loyalty benefit to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. During the year the Company has withdrawn the component of loyalty bonus. Therefore the loyalty bonus recovered from employees till date has been refunded to them partly and for the balance liability provision has been made in the books of accounts.

ii. Leave encashment

The Employees are entitled for Leave encashment after completion of one year of service only and amount is paid in full, at the time of separation. The liability for the same is recognized on the basis of actuarial valuation.

The following table sets out the funded status of the defined benefit schemes and the amount recognized in the financial statements:

Components of Employee expense	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Current service cost	5.34	19.96	13.87	12.96
Interest cost	2.12	1.79	1.56	2.23
Actuarial loss/(gain)	12.21	12.18	0.22	11.33
Total expense recognized in the Statement of profit and loss	19.67	33.93	15.65	26.52

Net defined benefit liability/ (asset) recognized in the Balance Sheet	As at 31 March, 2021		As at 31 March, 2020	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Current	14.42	2.19	8.54	5.87
Non-current	-	55.16	22.60	20.48
Present value of Defined benefit obligation at year end	14.42	57.35	31.14	26.35

Change in Defined benefit obligations (DBO) during the year	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Present value of DBO at beginning of the year	31.14	26.35	37.45	29.04
Current service cost	5.34	19.96	13.87	12.96
Interest cost	2.12	1.79	1.56	2.23
Actuarial loss/(gain)	12.21	12.18	0.22	11.33
Benefits paid	(36.39)	(2.93)	(21.96)	(29.21)
Present value of DBO at the end of the year	14.42	57.35	31.14	26.35

Actuarial assumptions				
Discount rate*	0.00%	6.79%	(6.8-7.69)%	6.80%
Expected return on plan assets	NA	NA	NA	NA
Salary escalation	NA	6.00%	NA	(5-6)%
Attrition				
Upto 30 Years	3.00%	3.00%	3.00%	3.00%
From 31 to 44 Years	2.00%	2.00%	2.00%	2.00%
Above 44 Years	1.00%	1.00%	1.00%	1.00%
Method used **	PUCM	PUCM	PUCM	PUCM

*The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary takes into account the inflation, seniority, promotion, increments and other relevant factors.

The company going to discontinue the Loyalty bonus scheme so the liability is not discounted in the current year.

**Projected unit credit method

Maturity profile of Defined benefit obligations (DBO)- Leave encashment

Sr. No.	Year	For the year ended	For the year ended
		31 March, 2021	31 March, 2020
a)	0 to 1 Year	2.19	5.87
b)	1 to 2 Year	1.15	0.50
c)	2 to 3 Year	1.12	0.49
d)	3 to 4 Year	1.09	0.47
e)	4 Year onwards	51.80	19.02

Sensitivity analysis in respect of Defined benefit obligation*

Particulars		Loyalty incentive		Leave encashment	
a) Impact of the change in discount rate		For the year ended 31 March, 2021	For the year ended 31 March, 2020	For the year ended 31 March, 2021	For the year ended 31 March, 2020
	Present value of obligation at the end of the yer	14.42	31.14	57.35	26.35
a)	Impact due to increase of 0.50 %	(0.11)	(0.33)	(4.89)	(2.18)
b)	Impact due to decrease of 0.50 %	0.11	0.33	5.46	2.43
b) Impact of the change in salary increase					
	Present value of obligation at the end of the year	14.42	31.14	57.35	26.35
a)	Impact due to increase of 0.50 %	0.11	0.24	5.47	2.03
b)	Impact due to decrease of 0.50 %	(0.11)	(0.24)	(4.95)	(1.83)

*Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

*Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending 31 March, 2021**

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48 Financial instruments**i) Financial instruments by category measured at amortized cost:**

Particulars	As at 31 March, 2021	As at 31 March, 2020
Financial assets		
Investments*	9,105.81	9,107.71
Loans**	22.24	58.72
Trade receivables	14,563.78	11,282.37
Cash and cash equivalents	3,874.74	3,968.38
Other bank balances	29,354.88	23,511.44
Other financial assets	2,555.32	2,474.27
Total	59,476.77	50,402.89
Financial liabilities		
Borrowings	-	613.24
Trade payable	6,150.68	4,887.66
Other financial liabilities	28,898.39	22,549.50
Total	35,049.07	28,050.40

* Aggregate fair value of investment in tax free bonds, NCD's and staggered paper is ₹ 11,108.55 lakh (31 March, 2020 : ₹ 10,471.49 lakh)

** Loans include security deposits and retention money. Security deposits are carried at amortized cost using incremental borrowing rate applicable to the Company. Retention money does not have define contractual maturity and accordingly, the amount of retention money given is representative of its amortized cost.

The carrying amounts of financial assets and liabilities are considered a reasonable approximation of their fair values.

ii) Fair values hierarchy

The Company does not have any financial assets or financial liabilities carried at fair value.

49 Financial risk management**i) Risk management**

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 48. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated in close co-operation with the Board of Directors, and focuses on securing the Company's short to medium term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

A) Credit risk**a) Credit risk rating**

The entity assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The entity provides for expected credit loss based on the following:

Asset entity	Basis of categorization	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, investments and other financial assets	12 month expected credit loss
	Contract asset and trade receivable	Lifetime expected credit loss

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Assets are written off when there is no reasonable expectation of recovery, such as litigation of debtor decided against the entity or funds not allocated against grant. The entity continues to engage with parties whose balances are written off and attempts to enforce repayment. The entity has written off certain irrecoverable debts.

Credit risk assets are as follows:

Credit rating	Particulars
A: Low credit risk	Cash and cash equivalents, other bank balances, loans, investments and other financial assets
B: Medium credit risk	Trade receivables
C: High credit risk	Trade receivables

b) Credit risk exposure
(i) Provision for expected credit losses

The entity provides for expected credit losses for following financial assets –

31 March, 2021

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	9,105.81	-	9,105.81
Cash and cash equivalents	3,874.74	-	3,874.74
Other bank balances	29,354.88	-	29,354.88
Loans	22.24	-	22.24
Trade receivables	23,213.90	(8,650.12)	14,563.78
Other financial assets	2,604.16	(48.85)	2,555.31

31 March, 2020

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	9,107.71	-	9,107.71
Cash and cash equivalents	3,968.38	-	3,968.38
Other bank balances	23,511.44	-	23,511.44
Loans	58.72	-	58.72
Trade receivables	17,563.16	(6,280.79)	11,282.37
Other financial assets	2,474.27	-	2,474.27

(ii) Expected credit loss for trade receivables under simplified approach
31 March, 2021

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
<1 year	13,001.97	14.71%	1,912.59	11,089.38
1 year - 2 year	2,285.45	19.01%	434.53	1,850.92
2 year - 3 year	3,246.96	50.00%	1,623.48	1,623.48
>3 Years	4,679.52	100.00%	4,679.52	-
Total	23,213.90	37.26%	8,650.12	14,563.78

31 March, 2020

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
<1 year	7,552.26	14.82%	1,119.01	6,433.25
1 year - 2 year	5,002.95	23.85%	1,193.24	3,809.71
2 year - 3 year	1,647.86	36.92%	608.45	1,039.41
>3 Years	3,360.09	100.00%	3,360.09	-
Total	17,563.16	35.76%	6,280.79	11,282.37

REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending 31 March, 2021**

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Note: The entity has measured the expected credit loss on trade receivables using simplified approach on lifetime basis. For the same the Company has used the practical expedient available under Ind AS 109 and computed the expected credit loss using the provision Metrix.

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Amount
Loss allowance on 1 April, 2019	3,802.72
Provision created during the year	2,808.30
Provisions utilized (reversal against bad debts) during the year	(330.23)
Loss allowance on 31 March, 2020	6,280.79
Provisions utilized (reversal against bad debts) during the year	(205.92)
Provision created during the year	2,575.25
Loss allowance on 31 March, 2021	8,650.12

B) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, back-up facilities such as deposits and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

All the financial liabilities of the Company are current in nature and are maturing within 12 months period, except for earnest money deposits, Performance bank guarantee and lease liability which are recoverable in more than 12 months period. However expected date of the same is not determinable.

C) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises of currency risk, interest rate risk and price risk.

Currency risk:

The Company does not have any foreign currency transactions, hence, it is not exposed to currency risk.

Interest rate risk

The Company has taken a credit limit facility during the year and the applicable interest rate on the same is variable. The table below represents the impact on Statement of Profit & Loss (Gain / (Loss) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities:

Particular	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Floating rate borrowings (-0.5% Change in interest rate)	0.39	0.40
Floating rate borrowings (+0.5% Change in interest rate)	(0.39)	(0.40)

Price risk:

The Company does not have any financial instrument which exposes it to price risk.

50 Capital management policies and procedures

The Company's capital includes issued share capital and all other distributable reserves. The primary objective of the Company's capital management is to maximize shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company does not have any external borrowings and all its capital needs are met by capital or shareholders only.

The debt equity ratio of the Company is as follows :

	As at 31 March, 2021	As at 31 March, 2020
Total debt (A)	-	500.00
Net worth (B)	29,799.21	28,080.14
Debt-equity ratio (C=A/B)	-	0.02

REC Power Distribution Company Limited
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(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
51 Contingencies and commitments		
(a) Income tax demand for AY 2017-18	29.86	29.86
(b) Income tax demand against notice U/s 245 of Income Tax Act for AY 2018-19	0.01	-
(c) Income tax demand against notice U/s 245 of Income Tax Act for AY 2019-20	1,462.13	-
(d) Un-expired performance bank guarantees *	3,848.73	3,078.34
(e) Committed liability against corporate social responsibility	158.54	329.84
(f) Outstanding claims of contractors pending in arbitration and courts	2,943.03	-
	8,442.30	3,438.04

(A) The amount referred in (a) above are against the demands raised by the Income Tax Department for AY 2017-18 against which an appeal has been filed before CIT (Appeals) and 20% of demand is deposited in FY 19-20 for ₹ 5.97 lakh. So the company is contesting this 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.

(B) The amount referred in (f) above, is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition.

* Secured against current assets of the Company.

52 Impact of Covid-19 Outbreak

The Company has taken into account all the possible impacts of COVID-19 in preparation of the financial statements, including but not limited to its assessment of, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on investments and liquidity assumption. The Company has carried out this assessment based on internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material and expects to recover the carrying amount of its assets.

The Company deals with the Government departments or companies, it seems non-probable to the management that any of the customers of the Company will default any payments. There have been a few cases of delays in the collection, but the management estimates that these are receivable very soon, once the situations get normalised.

Considering the line of business of the Company, COVID-19 has not impacted the revenue recognition of the Company.

53 Impairment of non financial assets:

In the opinion of management, there is no impairment of the non financial assets of the Company in terms of IND AS-36. Accordingly, no provision for impairment loss has been made.

54 Corporate social responsibility expenses

Disclosure on CSR Expenses U/s 135 of the Companies Act, 2013

	Year ended 31 March, 2021
(a) Gross amount required to be spent on CSR activities	195.48
(b) Amount approved by the Board to be spent during the year	195.48
(c) Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:	
Opening Balance	-
Amount required to be spent during the year	195.48
Amount spent during the year	(253.48)
Closing Balance*	(58.00)

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

Since the provisions of the Companies (Amendment) Act 2019, Companies (Amendment) Act 2020 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.

REC Power Distribution Company Limited
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(d) Ministry of Corporate Affairs (MCA) has notified the Companies (Amendment) Act 2019, Companies (Amendment) Act 2020 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 ₹ 195.48 lakh as budget for CSR as per Section 135(5) of the Companies Act, against which has spent ₹ 253.48 lakh towards CSR activities during the year. The excess amount of ₹ 58 lakh spent during the year shall be carried forward and set off for next three succeeding financial years.

	Year ended 31 March, 2021	Year ended 31 March, 2020
(e) Amount spent during the year on the following :		
-Contribution towards study & research (AIIMS) (₹ 62.93	-	6.50
-Contribution towards setting up 3 Nos of Powered Community Water Centre (₹ 48.87 Lakh)*	-	0.63
-Contribution towards MSGA selected as IA by MeECL for Indoor Badminton Court (₹ 31.21 Lakh)*	-	1.56
-Contribution towards devp. of infrastructure facilities in Kandmal Dist. Hospital (₹ 74.00 Lakh)*	-	70.30
-Contribution towards devp. of infrastructure facilities in SUKMA dist. Hospital (₹ 36.00 Lakh)*	10.11	-
-Contribution towards devp. of infrastructure facilities in Goa (₹ 40.82 Lakh)*	20.41	10.21
-Contribution towards devp./enhancement of education facility in Kishori Raman Girls Inter College, Mathura (₹ 35.89 Lakh)*	26.80	-
-Contribution towards devp./enhancement of education facility in Research & Rehabilitation Centre by Chetna Himachal Pradesh (₹ 25.52 Lakh)*	25.52	-
-Contribution towards devp. of infrastructure facilities in District Hospital Kargil (87.74 Lakh)*	78.97	-
-Contribution towards PM Cares Fund*	3.98	-
-Contribution towards CSR assistance for distribution of Food Packet during Lockdown (₹ 10 Lakh)*	10.00	-
-Contribution towards CSR assistance to Clean Ganga Fund (₹ 30.69 Lakh)*	30.69	-
-Contribution towards CSR assistance to Swachh Bharat Kosh Fund (₹ 17.39 Lakh)*	17.39	-
-Contribution towards CSR assistance to ASHI Home for Aged Welfare Association (AHAWA) (₹ 58.10 Lakh)*	21.99	-
-Contribution towards CSR assistance to Eureka Forbes Institute of Environment (EFIE) for water system in 7 Schools in Mumbai (₹ 15.60 Lakh)*	4.10	-
-Contribution towards CSR assistance to Eureka Forbes Institute of Environment (EFIE) for drinking water in 3 schools in gurgaon (₹ 11.75 Lakh)*	3.52	-
-Contribution towards education **	-	(0.09)
	253.48	89.11

*Sanctioned Amount for CSR activities identified as per Section 135 of the Companies Act, 2013.

**Unutilized CSR fund refunded by the party.

REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

55 Merger of RECTPCL with RECPDCL

REC Power Distribution Company Limited ("Transferee Company" or "RECPDCL" or "the Company") had entered into a transaction with REC Transmission Projects Company Limited ("Transferor Company" or "RECTPCL") for amalgamation of RECTPCL into RECPDCL. RECPDCL and RECTPCL had filed a "Scheme of arrangement" with Ministry of Corporate Affairs for the approval.

MCA vide order dated 5 February, 2021 has approved the scheme of arrangement. The scheme mentions that the amalgamation of RECTPCL with RECPDCL shall take place with effect from the appointed date i.e., 1 April, 2020.

Upon this scheme coming into effect, RECPDCL has issued and allotted the sole beneficial shareholder of RECTPCL in the ratio of 71 equity shares of ₹ 10 each fully paid up in lieu of every 100 equity shares of ₹ 10 each fully paid up in RECTPCL. Accordingly, the Company issued 35,500 equity shares against 50,000 shares held by the shareholders of RECTPCL.

The Company and RECTPCL are ultimately controlled by the same entity, i.e. REC Limited, which signifies that the scheme of arrangement entered into between the Company and RECTPCL was a transaction between the entities under the common control and should be accounted for as per appendix C to Ind AS 103-Business Combinations.

Correspondingly, the Company has applied pooling of interest method under which:

1. The assets and liabilities of the business acquired have been carried at the carrying values at which these were included in the financial statements of RECTPCL and no adjustments have been made to reflect fair values, or recognize any new assets or liabilities except to harmonize the accounting policies.
2. The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, i.e. from 1 April, 2019, irrespective of the actual date of the combination.
3. The identity of the reserves acquired under the business combination has been preserved as they appeared in the financial information of the business acquired from RECTPCL.

The difference of ₹ 1.45 Lakh between the amount recorded as share capital issued (i.e. purchase consideration) of ₹ 3.55 Lakh and the amount of share capital of RECTPCL of ₹ 5 Lakh has been transferred to capital reserve. The Company has recorded ₹ 3.55 Lakh as "Shares pending issuance" as at 01 April 2019.

The Company incurred acquisition related direct costs amounting to ₹ 2.06 lakh. These costs have been recognized in "Other expenses" in note 39.

56 Additional disclosure explaining interests in other entities

Name of associates	% of holding As at 31 March, 2021	% of holding As at 31 March, 2020	Place of incorporation/ Principal place of business
Dinchang Transmission Limited***	0.00%	100.00%	India
Chandil Transmission Limited	100.00%	100.00%	India
Dumka Transmission Limited	100.00%	100.00%	India
Koderma Transmission Limited	100.00%	100.00%	India
Mandar Transmission Limited	100.00%	100.00%	India
Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)*	100.00%	*	India
Bidar Transmission Limited (Earlier Bidar Karnataka Line)*	100.00%	*	India
Gadag Transmission Limited (Earlier Gadag Karnataka Part A Line)*	100.00%	*	India
Ramgarh New Transmission Limited * (Earlier Solar Energy Rajasthan Part A Line)(transferred on 09.03.2021)	0.00%	*	India
Fatehgarh Bhadla Transco Limited (Earlier Solar Energy Rajasthan Part B Line)*	100.00%	*	India
Sikar New transmission Limited (Earlier Solar Energy Rajasthan Part C Line)*	100.00%	*	India
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)*	100.00%	*	India
MP Power Transmission Package-I Limited**	100.00%	-	India
MP Power Transmission Package-II Limited**	100.00%	-	India

REC Power Distribution Company Limited
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* Seven new Special purpose Vehicles(SPVs) are incorporated (Previous year in process of Incorporation). However request for proposal was issued in the month of March 2020 therefore, as per allocation policy expense have been allocated from March 2020 onwards.

** Two new Special purpose Vehicles(SPVs) are incorporated during FY 2020-21. The request for proposal was issued in the month of June 2020 therefore, as per allocation policy expense have been allocated from June 2020 onwards.

*** Dinchang Transmission Limited was denotified vide MoP letter dated 25 March, 2019 and subsequently investment was written off. MOP permission for striking off company with MCA was obtained on 31 March, 2020. The application for strike off has been filed with RoC and the company is under the process of strike off as per MCA status.

Notes:

- (i) Management incorporates these entities and invest in them with a view to sell them off as per the guidelines of Ministry of power, through the bid process prescribed by ministry of power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investment (along with the related assets and liabilities) has been classified as held for sale.
- (ii) The above investments are managed as per the mandate from Government of India (GoI) and the Company does not have the practical ability to direct the relevant activities of these companies unilaterally.

The Company therefore, considers its investment in respective SPVs as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

57 Other notes

- I There were Five opening associate companies (SPVs), incorporated in the previous years, namely Chandil Transmission Limited, Dinchang Transmission Limited, Dumka Transmission Limited., Koderma Transmission Limited, Mandar Transmission Limited. . Nine associates (SPVs) was incorporated during the Financial Year 2020-21 , namely Kallam transmission Limited, Bidar Transmission Limited, Gadag Transmission Limited, Ramgarh New Transmission Limited, Fatehgarh Bhadla Transco Limited, Sikar New Transmission Limited, Rajgarh Transmission Limited, MP Power Transmission Package-I Limited, MP Power Transmission Package-II Limited , thus there were total fourteen associates during the year.

One of the associate namely Dinchang Transmission Limited was given No Objection by MoP for for striking off the name of Dinchang Transmission Limited under Section 248 of Companies Act, 2013 from the Register of Companies vide its notification No. 44/24/2017-RE dated 31 March, 2020, for which the fair value has been taken as zero. The application for strike off has been filed with RoC and the company is under the process of strike off as per MCA status. Further, one of the associate namely Ramgarh New Transmission Limited was transferred / sold during the year . Hence, there are twelve associates(SPVs) as at 31 March, 2021.

- II Government of Jharkhand vide its letter dated 21 August, 2017 had nominated Company as the Bid Process Coordinator for the development of Intra-State transmission elements of Jharkhand State through Tariff Based Competitive Bidding route. As per the directions of Jharkhand Urja Sancharan Nigam Limited (State Transmission Utility of Jharkhand), the transmission elements were divided into 5 projects and the RFQ process was initiated. Subsequently, Jharkhand Urja Sancharan Nigam Limited in consultation with Central Electricity Authority & Central Transmission Utility finalized the revised transmission elements of Jharkhand State to be developed through Tariff Based Competitive Bidding route. Afterwards, based on the directions of Jharkhand Urja Sancharan Nigam Limited the revised scope of work has been divided in 4 packages. Therefore, Expenditure which was allocated to five projects was re-allocated to four projects. Government of Jharkhand vide its letter dated 30 September, 2020, has decided to reinstate the bidding process. Hence, the four projects has been kept in abeyance w.e.f. 1 October, 2020.
- III Since the Company is incurring expenses mainly for its project specific associates (called SPVs), the expenses have been allocated at the year end to these SPVs. Direct expenses have been booked to the respective SPV for which the expenditure has been incurred. All indirect/common expenses have been allocated to SPVs & projects (except government schemes) on proportionate basis on the SPV from the month of issue of RFQ/ RfP (If RFQ stage is not adopted in the bidding process) or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The Company has charged interest on the funds deployed by it. For direct expenses, interest is charged from the month in which the expenditure is incurred whereas for indirect expenses interest is charged for the average period of deployment of funds. Such interest is calculated on monthly basis but recognized at the end of the year or at the time of transfer of SPV, whichever is earlier. If bid process activity of relating to any SPVs is kept in abeyance by the concerned authority due to any reason, no cost allocation and interest for such period of abeyance will be made.

REC Power Distribution Company Limited
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Annual and periodical allocation of expenditure by the Company to associates till the completion of service is accumulated and debited to associates account (invoice inclusive of GST is raised) and the same is treated as advance to associates reflected under the head Disposal group. The amount of advance is transferred to debtors and is realized, during acquisition of the SPV by the successful bidder.

- IV There are no foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.
- V As per the provision of the Companies Act, 2013 the figures have been rounded off to the nearest of lakh and decimal thereof.
- VI The Company is operating in a single segment i.e. providing engineering consultancy services and therefore disclosure requirements of Ind AS 108 is not applicable.
- VII The figures taken on account of acquisition of REC Transmission Projects Company Limited have been regrouped and reclassified, wherever necessary for better presentation.
- VIII Negative figures have been shown in bracket.

Summary of significant accounting policies 1 to 3
The accompanying notes from 4 to 57 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

**Nitin
Grover**

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Date: 2021.05.26 16:10:40 +05'30'

CA Nitin Grover
Partner
Membership No. 516604

Place : New Delhi
Date:

**Sanjay
Kumar**

Digitally signed by Sanjay Kumar
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Date: 2021.05.26 09:39:22 +05'30'

Sanjay Kumar
Director
DIN - 08722752

**Ajoy
Choudhury**

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5ca8946d38d79624317c3a6a101fed
9da77a470, cn=Ajoy Choudhury
Date: 2021.05.26 09:42:37 +05'30'

Ajoy Choudhury
Director
DIN - 06629871



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REC POWER DISTRIBUTION COMPANY LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of REC Power Distribution Company Limited ("the Company") and its associates (the Company and its associates together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for year ended on that date, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the Companies Act, 2013 ('the Act') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, the consolidated profit and consolidated total comprehensive income for the year ended on that date, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the ICAI together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the other matters paragraph below are sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to the following matters in the Notes to Consolidated Ind AS Financial Statements:

Reference is invited to Note No. 57 regarding denotified one of the associate company (i.e. Dinchang Transmission Ltd). Application for strike off has been filed with RoC and the company is under process of strike off as per MCA status.



Reference is invited to Note no 52 regarding impact of Covid-19 on financial statements.

Reference is invited to Note no 55 regarding merger of REC Transmission Projects Company Limited with REC Power Distribution Company Limited as per the order of MCA vide dated 5th February, 2021.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. On the basis of Audit Report received for Bidar Transmission Limited, Dumka Transmission Limited, Chandil Transmission Limited, Mandar Transmission Limited, Gadag Transmission Limited, Sikar New Transmission Limited, Fatehgarh Bhadla Transco Limited and Koderma Transmission Limited, Rajgarh Transmission Limited, we have determined that there are no key audit matters to communicate in our report.

Further it is informed that financial information for Kallam Transmission Limited, MP Power Transmission Package I Limited, MP Power Transmission Package II Limited, are unaudited and have been furnished to us by the Management. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Holding company.

We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1.	<p>Valuation of account Receivable in view of risk of credit loss (Refer to Note no. 48 "Financial Instrument" and note no 12 "Trade Receivable")</p> <p>Accounts receivables is a significant item in the Group's financial statements as at March 31, 2021 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment.</p> <p>The Group makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer.</p>	<p>Principal Audit Procedures</p> <p>Our audit incorporated the following procedure with regards to provisioning of receivables:</p> <ul style="list-style-type: none"> • Understood and evaluated the accounting policy of the Group. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable • For material balances, the basis of provision was discussed with the management. • Assessed and challenged the information used by the



S. No.	Key Audit Matter	Auditor's Response
	<p>Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.</p>	<p>Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time.</p>
2.	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Refer Notes 3.2 and 43 to the Financial Statements</p>	<p>Principal Audit Procedures</p> <p>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>We carried out the following procedures:</p> <ul style="list-style-type: none"> • Understand the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Regarding the stage of completion and revenue in respect of ongoing projects, we have relied upon the reports of the Technical Experts of the Group as we did not have that technical expertise with us. • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Group.



S. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none">• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.• Calculations in respect of unearned revenue were test-checked using reports provided by project experts with respect to the percentage of work completed.• In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the terms of contracts and status of work provided by the project experts of the Group.• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report and Corporate Governance, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management Responsibility for the Consolidated Financial Statements

Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the requirements of the Companies Act, 2013 and other accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is



higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entity included in the consolidated financial statements of which we are independent auditor. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Company of which we are the independent auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when,



in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) The consolidated financial statements also include the Holding company's net profit/loss of Rs. 2,561.56 Lakhs and for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of seven associate companies, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Holding company's net profit/loss of Rs. 2,561.56 lakhs for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of three associate companies, whose financial statements have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Holding company.
- (c) One of the associate company namely Ramgarh New Transmission Limited was transferred/ sold during the year and further one associate company namely Dinchang Transmission Limited was given no Objection by MoP for striking off the name under Section 248 of Companies Act, 2013 from the Register of Companies vide its notification No. 44/24/2017-RE dated 31.03.2020, for which the fair value has been taken as zero.

Thus there were total fourteen associates during the year.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based and on consideration of audit reports of associates as referred in "Other Matter" paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.



- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the IND AS Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) Vide notification no. G.S.R.463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of provision of section 164(2) of the Companies Act, 2013.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure-A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. As per the information and explanation given to us, the Company has disclosed pending litigations which may impact its financial position in note 42(X11).
- ii. The Group does have any such long-term contracts including derivative contracts for which there are any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate companies incorporated in India.

Place: New Delhi
Date: 27.05.2021

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N
Nitin
Grover
(CA Nitin Grover)
Partner
(M. No. 516604)
UDIN: 21516604AAAADZ5869

Digitally signed by Nitin Grover
DN: cn=N, o=Personal, title=1198,
pseudonym=13f1b380ef0be008a3b1ea73197d
8397f6f7277e277170a4a05233740ce63,
postalCode=110034, st=Delhi,
serialNumber=e4473fa64482e63c97483c91109
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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED ACCOUNTS

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report on consolidated accounts to the Members of REC Power Distribution Company Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting of REC Power Distribution Company Limited (hereinafter referred to as "the Company") and its associate companies (the Company and its associate companies collectively referred as "Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists,



and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Group; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has, in all material aspects, an adequate internal financial controls system except improvement in the system of allocation of common expenses to associates (SPVs), over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2021, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit



of the 31st March 2021 of Consolidated financial statements of the Group. However, these areas of improvement do not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating Effectiveness of the internal financial controls over financial reporting insofar as it relates to Twelve associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Further, we have considered the disclosure reported above in determining the nature, timing and extent of audit tests applied in our report of the financial statements of the Group, and the above disclosure does not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group.

Place: New Delhi

Date: 27.05.2021




For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

Nitin
Grover

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pseudonym=1301b3804b0c008a3b1ea73197,
d83976f7277e277171a4a605237f40c6f3,
postalCode=110034, st=Delhi,
serialNumber=e4473f64482e3c97483c9110
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(CA Nitin Grover)
Partner
(M. No. 516604)

UDIN: 21516604AAAADZ5869

REC Power Distribution Company Limited Consolidated Balance Sheet as at 31 March, 2021 (All amounts in ₹ lakh, unless stated otherwise)			
Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	58.08	396.11
Other intangible assets	5	4.70	2.37
Financial assets			
Investments	6	9,105.81	9,107.71
Trade receivables	12	-	1,361.52
Loans	7	-	16.14
Other financial assets	8	97.20	36.84
Income tax assets (net)	9	885.29	1,728.73
Deferred tax assets (net)	10	2,332.09	1,625.09
Other non current assets	11	-	2.96
Total non current assets		12,483.17	14,277.47
Current assets			
Financial assets			
Trade receivables	12	14,563.78	9,920.85
Cash and cash equivalents	13	3,874.74	3,968.38
Other bank balances	14	29,354.88	23,511.44
Loans	15	22.24	42.58
Other financial assets	16	2,458.11	2,437.43
Other current assets	17	2,117.66	1,908.25
Assets classified as held for sale	18	1,404.57	953.47
Total current assets		53,795.98	42,742.40
TOTAL ASSETS		66,279.15	57,019.87
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	8.55	5.00
Other equity	20	29,790.66	28,075.14
Total equity		29,799.21	28,080.14
Non-current liabilities			
Financial liabilities			
Borrowings	21	-	113.24
Other financial liabilities	22	133.41	119.08
Provisions	23	55.16	43.08
Other non-current liabilities	24	25.70	41.99
Total non-current liabilities		214.27	317.39
Current liabilities			
Financial liabilities			
Borrowings	25	-	500.00
Trade payables	26		
(a) total outstanding dues of micro enterprises and small enterprises; and		0.76	14.60
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.		6,149.92	4,873.06
Other financial liabilities	27	28,764.98	22,430.43
Other current liabilities	28	947.63	721.62
Provisions	29	16.61	14.41
Income tax liabilities (net)	30	377.64	-
Liabilities directly associated with assets classified as held for sale	18	8.13	68.22
Total current liabilities		36,265.67	28,622.34
Total liabilities		36,479.94	28,939.73
TOTAL EQUITY & LIABILITIES		66,279.15	57,019.87
Summary of significant accounting policies 1 to 3 The accompanying notes from 4 to 57 are integral part of the financial statements. These are the Consolidated financial statements referred to in our report of even date.			
For A. K. Batra & Associates Chartered Accountants Firm Registration No. 003499N		For and on behalf of Board of Directors of REC Power Distribution Company Limited	
Nitin Grover CA Nitin Grover Partner Membership No. 516604 Place : New Delhi Date:		Sanjay Kumar Sanjay Kumar Director DIN - 08722752	
			
		Ajoy Choudhury Ajoy Choudhury Director DIN - 06629871	

REC Power Distribution Company Limited			
Consolidated Statement of Profit and Loss for the year ended 31 March, 2021			
(All amounts in ₹ lakh, unless stated otherwise)			
Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Revenue			
Revenue from operations	31	17,038.97	19,364.86
Other income	32	1,429.75	2,852.92
Total revenue		18,468.72	22,217.78
Expenses			
Cost of services rendered	33	10,189.25	8,583.20
Finance costs	34	452.46	67.37
Employee benefits expense	35	584.55	496.25
Depreciation and amortization expense	36	132.64	177.62
Impairment on financial assets	37	2,631.89	2,992.42
Corporate social responsibility expenses	38	195.48	89.11
Other expenses	39	1,020.23	722.84
Total expenses		15,206.50	13,128.81
Profit/(Loss) before tax		3,262.22	9,088.97
Tax expense		40	
Current tax		1,407.66	2,876.40
Deferred tax expense/(credit)		(707.00)	(478.55)
Total tax expenses		700.66	2,397.85
Net profit/(loss) for the year		2,561.56	6,691.12
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax relating to these items		-	-
Other comprehensive income/(loss) for the year		-	-
Total comprehensive income/(loss) for the year		2,561.56	6,691.12
Earnings/(Loss) per equity share			
Basic/diluted earnings/ (loss) per share (In ₹)	41	2,996	7,826
Summary of significant accounting policies 1 to 3			
The accompanying notes from 4 to 57 are integral part of the financial statements.			
These are the Consolidated financial statements referred to in our report of even date.			
For A. K. Batra & Associates Chartered Accountants Firm Registration No. 003499N		For and on behalf of Board of Directors of REC Power Distribution Company Limited	
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		<div><div>Ajoy Choudhury</div><div>Digitally signed by Ajoy Choudhury DN: c=IN, o=Personal, 2.5.4.20=Sanjay Kumar 888606446c7da b18ac0eaa5781e0f8624fa3b866 6a0b2a01, postalCode=110001, cn=Ajoy, serialNumber=1a0f1a0b0a0879a7b 5c889446386d796243173dbae10110d9 aea7ba472, cn=Ajoy Choudhury Date: 2021.05.26 09:43:38 +05'30'</div></div> <div>Ajoy Choudhury Director DIN - 06629871</div>	
Place : New Delhi			
Date:			

REC Power Distribution Company Limited
Consolidated Statement of changes in Equity for the year ended 31 March, 2021
 (All amounts in ₹ lakh, unless stated otherwise)

A Equity share capital

Particular	Amount
Balance as at 1 April, 2019	5.00
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	5.00
Changes in equity share capital during the year	3.55
Balance as at 31 March, 2021	8.55

B Other equity

Particulars	General reserve	Retained earnings	Shares pending issuance	Capital reserve	Total
Balance as at 1 April, 2019	5,313.55	22,093.24	3.55	1.45	27,411.79
Profit/(Loss) for the year	-	6,691.12		-	6,691.12
Dividend for the year					
- Interim dividend for the year	-	(5,000.00)		-	(5,000.00)
Tax on dividend					
- on Interim dividend for the year	-	(1,027.77)		-	(1,027.77)
Balance as at 31 March, 2020	5,313.55	22,756.59	3.55	1.45	28,075.14
Profit/(Loss) for the year	-	2,561.56	-	-	2,561.56
Dividend for the year					
- Final dividend for the previous year		(842.50)	-	-	(842.50)
Adjustment on account of merger	-	-	(3.55)		(3.55)
Balance as at 31 March, 2021	5,313.55	24,475.66	-	1.45	29,790.66

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 57 are integral part of the financial statements.

These are the Consolidated financial statements referred to in our report of even date.

For A. K. Batra & Associates
 Chartered Accountants
 Firm Registration No. 003499N

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

Nitin Grover
Digitally signed by Nitin Grover
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 pseudonym=12f15380f0c0a5a151e
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 c92a7eae7, cn=Nitin Grover
 Date: 2021.05.27 21:40:34 +05'30'

CA Nitin Grover
 Partner
 Membership No. 516604

Sanjay Kumar
Digitally signed by Sanjay Kumar
 DN: c=IN, o=Sanjay Kumar,
 ou=Sanjay Kumar,
 email=Sanjay.Kumar@rec.co.in,
 postalCode=110034,
 serialNumber=447356448263c9748
 3c111594002a2018f4e1810a500594b
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 Date: 2021.05.27 21:40:34 +05'30'
Sanjay Kumar
 Director
 DIN - 08722752

Ajoy Choudhury
Digitally signed by Ajoy Choudhury
 DN: c=IN, o=Choudhury,
 ou=Ajoy Choudhury,
 email=Ajoy.Choudhury@rec.co.in,
 postalCode=110034,
 serialNumber=447356448263c9748
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 c92a7eae7, cn=Ajoy Choudhury
 Date: 2021.05.27 21:40:34 +05'30'
Ajoy Choudhury
 Director
 DIN - 06629871

Place : New Delhi
Date:

REC Power Distribution Company Limited Consolidated Statement of Cash Flows for the year ended 31 March, 2021 (All amounts in ₹ lakh, unless stated otherwise)		
Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	3,262.22	9,088.97
Adjustments for:		
Depreciation and amortization expense	132.64	177.62
Impairment on financial assets	2,631.89	2,992.42
Interest income on fixed deposit	(702.90)	(503.97)
Interest income on tax free bonds	(605.93)	(784.91)
Interest income from SPVs	(16.41)	(125.81)
Interest income on NCDs	(70.76)	(26.94)
Interest income on staggered papers	(15.04)	(70.20)
Interest income on other financial assets measured at amortized cost	(2.09)	(5.81)
Interest expense on other financial liabilities measured at amortized cost	14.29	6.82
Loss/(gain) on sale of property, plant & equipment	66.20	0.13
Interest expense on lease liability	9.71	27.86
Interest expense on micro and small enterprises	-	13.78
Interest expense on borrowings	6.14	6.25
Profit on sale of investment	-	(315.95)
Loss/(gain) on termination of lease	0.19	-
Operating profit before working capital changes	4,710.15	10,480.26
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables (non current)	1,361.52	(1,684.13)
Trade receivables (current)	(7,274.81)	859.43
Loans (non current)	18.22	41.97
Loans (current)	20.35	(32.14)
Other financial assets (current)	(5,669.90)	26,606.51
Other current assets	(209.41)	(302.92)
Other non-current assets	2.96	1.85
Assets held for sale	(411.10)	(27.98)
<i>Adjustments for increase/ (decrease) in operating liabilities:</i>		
Trade payables	1,263.02	(1,977.68)
Other financial liabilities (current)	6,426.31	(25,219.76)
Other financial liabilities (non current)	0.03	87.87
Other current liabilities	226.01	(1,484.84)
Provisions (current)	2.21	4.40
Provisions (non current)	12.09	(13.41)
Other non-current liabilities	(16.29)	41.99
Liabilities held for sale	(60.09)	60.33
Movement in operating assets and liabilities	(4,308.88)	(3,038.51)
Cash generated from operations	401.27	7,441.75
Less: Tax paid	(186.58)	(2,870.66)
Net cash flow from operating activities (A)	214.69	4,571.08
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress)	(11.59)	(42.36)
Sale of property, plant and equipment	18.84	0.39
Purchase of intangible assets	(4.79)	-
Deposits with bank	(232.94)	(1,881.33)
Interest received on fixed deposit	741.61	305.68
Interest received from SPV's	16.41	125.81
Interest received on tax free bonds/ NCDs/ staggered bonds	693.63	912.52
Purchase of investment in tax free bonds/ NCDs/ staggered bonds	-	(3,000.00)
Proceeds from sale of investments	-	4,615.95
Sale/(investment) of/in shares of associate companies (net)	(40.00)	30.00
Maturity of term deposits	(60.36)	49.54
Net cash flow from investing activities (B)	1,120.81	1,116.20

C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(842.50)	(5,000.00)
Tax on dividend	-	(1,027.77)
Proceeds from borrowings	-	500.00
Repayment of borrowings	(500.00)	-
Interest paid	(6.14)	(6.25)
Lease payment on account of principal payment of lease liability	(70.79)	(60.13)
Lease payment on account of interest payment on lease liability	(9.71)	(27.86)
Net cash used in financing activities (C)	(1,429.14)	(5,622.01)
Net increase/decrease in cash and cash equivalents (A+B+C)	(93.64)	65.28
Cash and cash equivalents at the beginning of the year	3,968.38	3,903.10
Cash and cash equivalents at the end of the year	3,874.74	3,968.38
Reconciliation of cash and cash equivalents as per the cash flow statement	(93.64)	65.28
<p>Summary of significant accounting policies 1 to 3 The accompanying notes from 4 to 57 are integral part of the financial statements. These are the Consolidated financial statements referred to in our report of even date.</p>		
<div> <div> For A. K. Batra & Associates Chartered Accountants Firm Registration No. 003499N Nitin Grover CA Nitin Grover Partner Membership No. 516604 Place : New Delhi Date: </div> <div> Digitally signed by Nitin Grover DN: cn=N, o=Personnel, OU=1586, serialNumber=13781830e00a301 ea73 11548837807274277175a4a00023746a, email=personnel@1586.com, c=IN, o=Personnel, ou=1586, email=personnel@1586.com, cn=Nitin Grover Date: 2022.05.27 21:41:31 +05'30' </div> <div> For and on behalf of Board of Directors of REC Power Distribution Company Limited Sanjay Kumar Sanjay Kumar Director DIN - 08722752 </div> <div> Digitally signed by Sanjay Kumar DN: cn=Sanjay Kumar, o=REC Power Distribution Company Limited, ou=Sanjay Kumar, email=Sanjay.Kumar@rec.co.in, c=IN, o=REC Power Distribution Company Limited, ou=Sanjay Kumar, email=Sanjay.Kumar@rec.co.in, cn=Sanjay Kumar Date: 2022.05.27 21:41:31 +05'30' </div> <div> Ajoy Choudhury Ajoy Choudhury Director DIN - 06629871 </div> <div> Digitally signed by Ajoy Choudhury DN: cn=Ajoy Choudhury, o=REC Power Distribution Company Limited, ou=Ajoy Choudhury, email=Ajoy.Choudhury@rec.co.in, c=IN, o=REC Power Distribution Company Limited, ou=Ajoy Choudhury, email=Ajoy.Choudhury@rec.co.in, cn=Ajoy Choudhury Date: 2022.05.27 21:41:31 +05'30' </div> </div>		

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

1. CORPORATE INFORMATION

REC Power Distribution Company Limited (“the Parent Company”/“PDCL”) was incorporated in the year 2007, with the main objective to engage in the engineering consultancy services, execution of work in the area of decentralized distributed generation (DDG), transmission, Distribution, Generation and Smart Grid etc. in India or abroad or other related activities for Government and other agencies in power sector in India. The Parent 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 Group is a wholly-owned subsidiary of REC Limited (formerly Rural Electrification Corporation Limited)(“REC”). RECPDCL together with its associates is called Group.

The Group is engaged:

- (i) in carrying out the third party inspection (TPI), quality monitoring and supervision under Rajiv Gandhi Grameen Vidyutikaran Yojana(RGGVY)/ Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY)/Saubhagya Schemes.
- (ii) in preparation of detailed project report (DPR), project management consultancy (PMC) and project management agency (PMA) under the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), and Integrated Power Development Scheme (IPDS) Schemes.
- (iii) in execution of works of Information Technology (IT) implementation and installation of IT Infrastructure under R-APDRP Part A Schemes, project implementation agency for implementation of various Government of India Projects viz. Prime Minister's Development Package (PMPD), Power System Development Fund (PSDF)(Urja Mitra, Rural Feeder Monitoring Scheme (RFMS).
- (iv) as project management agency (PMA) for turnkey execution of smart grid project under NSGM of Government of India, execution of solar standalone /roof top power plants at various locations across the country.
- (v) Ministry of Power has appointed the Parent Company as Bid Process Coordinator (BPC) for Inter State Transmission Systems (ISTS) for many a large Inter-state Projects across the country on Tariff Based Competitive Mode. Parent Company is conducting the bidding process for ISTS projects, starting from selection of qualified bidders to handing over of the Special Purpose Vehicle (SPV) to the lowest bidder.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

2. STATEMENT OF COMPLIANCE

The Group prepared its Consolidated Financial Statements in accordance with the requirements of Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The consolidated financial statements for the period ended 31st March, 2021 were authorized and approved by the Board of Directors on 24 May, 2021.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

2.1 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On 24 March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation and measurement

(i) Going concern and basis of measurement

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Companies Act, 2013. The Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

(ii) Functional and presentation currency:

These financials are presented in Indian Rupees (INR), which is also the Group's functional currency, all amounts have been rounded off to nearest Lakh (upto two digits), unless otherwise indicated.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

3.2 Basis of Consolidation

The Group's interests in equity accounted investees comprise interests in the associates. An associate is an entity, including an unincorporated entity, over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence ceases. In cases where it is considered that the investment/interest in associate is held for sale, the interest in associate is accounted for under Ind AS 105.

3.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The Group, to determine that how much and when revenue is recognized, what is the nature, amount, timing and uncertainty of revenues etc. uses the principles laid down by the Ind AS 115. Revenue is recognized through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

Income from Operation

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

- (i) In Cost Plus Contracts - revenue is recognized by including eligible contractual items of expenditures plus proportionate margin as per contract;
- (ii) In Fixed Price Contracts –revenue is recognized on the basis of stage of completion of the contract. The Group has assessed that the stage of completion determined as the proportion of the total time expected to complete the performance obligation that has lapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

- (iii) Professional charges to be charged from the selected bidders/developers for transmission projects put on tariff based bidding is accounted for in the year in which it is reasonably certain that the ultimate collection of the professional charges will be made.

Sale proceeds of Request for Proposal (RFP) documents is credited to the respective SPV and sale proceeds of Request for Qualification (RFQ) documents is retained by the Group and accounted as income of the Group.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4 Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalized with the related assets. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

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

Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II of the Companies Act, 2013, except for the below assets where different useful lives have been taken on the basis of technical assessment:

REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021**

Asset class	Useful life as per Schedule II	Useful life adopted by the Group
Office equipment-GPS, Mobile	5 years	2 years
Furniture and fixtures	10 years	5 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

Assets individually costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment 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 the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

3.5 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognized in statement of profit or loss.

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

For amortization of intangibles the amortization amount of intangible assets is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

3.6 Fair value measurement

The Group measures financial instruments at fair value which 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.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.7 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.

Financial assets:

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Group has not retained control, it shall also derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

b) Financial guarantee contracts which are not measured at Fair value through profit & loss account.(FVTPL).

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021**

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition 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.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.8 Non-Current assets/Disposal Company held for sale

Non-current assets /**Disposal Group** are classified as held for sale if their carrying amount will have recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financials assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the balance sheet.

Where the Group is committed to a sale plan involving loss of control of an associate, it classifies investment in the associate (i.e. all the assets and liabilities of that associate) as held for sale.

3.9 Employee benefits:

Employee benefits include Provident Fund, Leave Encashment & Loyalty Bonus.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

a) Fixed Tenure Employees

The Group recruits Fixed Tenure Employees for a period of 3 years, which is further extendable for maximum up to 1 year and 6 months depending upon the requirement and performance. The Group deducts and deposits the employees benefit liabilities for Provident Fund and all other employee benefit statutory liabilities e.g. Pension, ESI, and Gratuity etc are not applicable to the Group. However, the Group provides for leave encashment and loyalty bonus for which liabilities are assessed as per the actuarial valuation and disclosed in other notes to accounts.

b) Employees on secondment from holding company

The Group is managed by the employees deployed by REC Ltd (holding company) on seconded basis and pays their charges as service fee for deemed service of management service provided by its holding company. The Service charges being charged as a fixed liability on the basis of actual employee cost, added with fixed charges on account of future liability of Provident Fund, Gratuity, Superannuation and Postretirement benefit etc. With paying above charges Group owes nothing to its holding company for any future liabilities whatsoever of such seconded employees.

3.10 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 recognized in Other comprehensive income (OCI) or directly in equity, in which case, the tax is also recognized in Other comprehensive income or directly in equity.

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax 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 Group and it is probable that reversal will not occur in the foreseeable future.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

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.

Tax on Dividend is recognized at the same time when the liability to pay a dividend is recognized.

3.11 Provisions, Contingent Liabilities, and Contingent Assets

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

A contingent liability is disclosed for:

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

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

amount of the obligation cannot be made.

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

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

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

3.12 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.

3.13 Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.15 Funds/grants received from government

Unutilized amount of grant/fund received are classified as current financial liabilities.

Interest wherever earned on such funds is credited to respective grant/fund account.

3.16 Lease Accounting

The Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets all the three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Group measures the lease liability at the present value of the future lease payments, discounted using the interest rate implicit in the lease if readily available, else the Group’s incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021**

As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Finance leases- Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered for transfer of risk and rewards are the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the lessee obtains ownership of the asset at the end of the lease term.

Operating leases- All other leases are treated as operating leases. Receipts on operating lease agreements are recognized as an income.

3.17 Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

3.18 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.

3.19 Prepaid Expenses

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

3.20 Rates and taxes

Overseas taxes on foreign assignments, indirect taxes, including Goods & Service Tax, professional tax, property tax, entry tax, labour cess, octroi and any other applicable taxes etc. paid/accrued in India or abroad for which credit are not available to the Group are charged to the Statement of Profit and Loss.

3.21 Allocation of expenses

The Group has been appointed by Government of India to act as Bid Process Co-ordinator for selection of the Transmission Service Provider (developer) for

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

Transmission Projects. Since the Group is incurring expenses for its project specific associates (called SPVs), the expenses have been allocated at the year end to these associates. Direct expenses have been booked to the respective associates for which the expenditure has been incurred. All Indirect/Common Expenses have been allocated only to the associates in proportionate basis from the month of issue of RFQ or RFP or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The Group has also charged interest on the funds deployed by it. If bid process activity relating to any SPVs is kept in abeyance by the concerned authority due to any reason, no cost allocation and interest for such period of abeyance will be made.

3.22 Business combination

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is transferred to capital reserve.

3.23 Significant management judgments in applying accounting policies and estimation of uncertainty

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

3.23.1 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.

Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

external and internal factors which could result in deterioration of recoverable amount of the assets.

3.23.2 Significant estimates

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

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

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

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

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.

Leases – The management while determining the lease period of an asset makes estimates on various extension and termination options, the same affects the period of the lease and hence the determination of lease liability and right of use of assets.

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2021

Revenue from customers – The management while recognizing revenues, makes several estimates including estimation of recoverability, allocation of transaction prices to respective performance obligations, estimations of degree of work completed (/Performance obligations satisfied) and estimated works.

3.24 Rounding off amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakh as per the requirements of Schedule III of the Act unless otherwise stated.

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

4 Property, plant and equipment

Description	Furniture & fixtures	Office equipments	Leasehold improvements	Computers	Right to use asset-Building	Total
Gross carrying value						
As at 1 April, 2019	33.36	136.48	247.74	252.48	-	670.06
Additions	3.01	8.14	-	31.21	265.12	307.48
Adjustment/ Disposal	(0.77)	(47.58)	-	(14.92)	-	(63.27)
As at 31 March, 2020	35.60	97.04	247.74	268.77	265.12	914.27
Additions	0.13	1.90	-	9.56	23.91	35.50
Adjustment/ Disposal	(1.80)	(23.73)	(247.74)	(12.91)	(289.03)	(575.21)
As at 31 March, 2021	33.93	75.21	-	265.42	-	374.56
Accumulated depreciation						
As at 1 April, 2019	19.88	97.81	88.91	198.39	-	404.99
Charge for the year	5.50	14.69	43.79	34.74	77.22	175.94
Adjustment/Disposal	(0.77)	(47.39)	-	(14.61)	-	(62.77)
As at 31 March, 2020	24.61	65.11	132.70	218.52	77.22	518.16
Charge for the year	4.99	12.06	35.89	23.73	53.52	130.19
Adjustment/Disposal	(1.62)	(18.88)	(168.59)	(12.04)	(130.74)	(331.87)
As at 31 March, 2021	27.98	58.29	-	230.21	-	316.48
Net block as at 31 March, 2020	10.99	31.93	115.04	50.25	187.90	396.11
Net block as at 31 March, 2021	5.95	16.92	-	35.21	-	58.08

a) Gross block includes obsolete fixed assets but not disposed off of ₹ 193.58 lakh and depreciation reserve in respect of these assets ₹ 186.68 lakh.

b) The Group has terminated the lease of the office block on 31 January, 2021. Accordingly the balances of lease liability and right of use asset-building are disposed off in the books of accounts as on 31st March, 2021. Please refer Note 42 for details.

c) The Group has revised estimates related to life of assets acquired under the business acquisition transaction from REC Transmission Projects Company Ltd. with effect from 01 January 2021. The effect of change has been recognized prospectively in profit or loss account for the year. This has resulted in recognition of excess depreciation amounting to ₹ 2.66 lakh which will be charged in future years in case life of asset has not been reassessed by the management.

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

5 Other intangible assets

Description	Computer software	Total intangible assets
Gross carrying value		
As at 1 April, 2019	13.33	13.33
Additions	-	-
Disposals	(1.40)	(1.40)
Balance as at 31 March, 2020	11.93	11.93
Additions	4.79	4.79
Disposals	(0.58)	(0.58)
Balance as at 31 March, 2021	16.14	16.14
Accumulated depreciation		
As at 1 April, 2019	9.26	9.26
Amortisation charge for the year	1.68	1.68
Disposals	(1.38)	(1.38)
Balance as at 31 March, 2020	9.56	9.56
Amortisation charge for the year	2.45	2.45
Disposals	(0.58)	(0.58)
Balance as at 31 March, 2021	11.44	11.44
Net book value as at 31 March, 2020	2.37	2.37
Net book value as at 31 March, 2021	4.70	4.70

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021

(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
6 Investments (Non current)*		
Investments in government or trust securities		
(a) Investment in tax free bonds-quoted (at amortized cost) (in holding company)		
(i) REC Limited 15 years secured redeemable tax free bonds @8.46%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 300,000 / 3,00,000)	3,084.14	3,084.64
(ii) REC Limited 15 years secured redeemable tax free bonds @8.63%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 20,000/20,000)	205.72	205.77
(iii) REC Limited 20 years secured redeemable tax free bonds @7.18%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 34,351/34,351)	351.69	351.75
(iv) REC Limited 7.38% tax free 15 years Secured Redeemable Non Convertible Bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021 / 2020 : 100,000 / 100,000)	1,024.47	1,024.60
(b) Investment in other securities-quoted (at amortized cost) (in holding company)		
(i) REC Limited 7.55% staggered papers of face value ₹ 1,000,000/- each, fully paid (31 March, 2021/2020: 20 /20)	207.69	207.76
(ii) REC Limited 7.09% NCD of face value ₹ 1,000,000 /- each, fully paid (31 March, 2021/2020: 100 / 100)	1,020.98	1,021.12
(c) Investment in tax free bonds (in others)-quoted (at amortized cost)		
(i) Housing and Urban Development Corporation Limited (HUDCO)		
20 years secured redeemable tax free bonds @8.76%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 50,000 / 50,000)	509.36	509.48
7.39% tax Free 15 years Secured Redeemable Non Convertible Bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 86,978 /86,978)	881.30	881.62
(ii) National Highway Authority of India Limited (NHAI)		
7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 42,855/42,855)	459.79	459.87
7.39% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 35,463/35,463)	367.55	367.66
(iii) Indian Renewable Energy Development Agency (IREDA)		
7.49% tax Free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 61,308 /61,308)	621.76	621.99
(iv) Indian Railway Finance Corporation (IRFC)		
7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 22,338 / 22,338)	230.85	230.92
(v) National Bank for Agriculture and Rural Development (NABARD)		
7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2021/2020: 14,028/14,028)	140.51	140.53
	9,105.81	9,107.71
Aggregate market value of quoted investment	11,108.55	10,471.49

* Refer Note 48 for fair value disclosure.

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
7 Loans (Non current)		
Unsecured, considered good		
Security deposit paid*	-	16.14
	-	16.14
* Refer Note 48 for fair value disclosure.		
8 Other financial assets (Non Current)		
Term deposits with maturity more than 12 months*	97.20	36.84
	97.20	36.84
* Term deposit receipt has been placed on lien with Canara Bank as collateral security for issue of bank guarantee.		
9 Income tax assets (net)		
Advance tax and TDS	879.32	7,854.09
Less: Provision for Income tax	-	(6,131.33)
	879.32	1,722.76
Tax deposited on income tax demands under contest*	5.97	5.97
Provision for income tax for demand under contest	-	-
	5.97	5.97
	885.29	1,728.73
* Refer Note 51 for details		
10 Deferred tax assets (net)	2,332.09	1,625.09
	2,332.09	1,625.09

Movement in deferred tax balances as at 31 March, 2021

	As at 31 March, 2020	Charged to profit and loss account	As at 31 March, 2021
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortized cost	0.32	0.57	0.89
Total deferred tax liabilities	0.32	0.57	0.89
Tax effect of items constituting deferred tax assets:			
Allowance for expected credit loss	1,580.87	610.59	2,191.46
On employee's retirement benefits	11.57	6.50	18.07
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	27.74	23.33	51.07
Right of Use asset (Net of lease liability)	4.30	(4.30)	-
Provision for expenses	0.93	71.45	72.38
Total deferred tax assets	1,625.41	707.57	2,332.98
Deferred tax assets (net)	1,625.09	707.00	2,332.09

Movement in deferred tax balances as at 31 March, 2020

	As at 1 April, 2019	Charged to profit and loss account	As at 31 March, 2020
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortized cost	0.03	0.29	0.32
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	0.29	(0.29)	-
Total deferred tax liabilities	0.32	0.00	0.32
Tax effect of items constituting deferred tax assets:			
Allowance for expected credit loss	1,107.33	473.54	1,580.87
On employee's retirement benefits	17.48	(5.91)	11.57
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	21.93	5.81	27.74
Right of Use asset (net of lease liability)	-	4.30	4.30
Provision for expenses	-	0.93	0.93
Financial assets and liabilities measured at amortized cost	0.12	(0.12)	-
Total deferred tax assets	1,146.86	478.55	1,625.41
Deferred tax assets (net)	1,146.54	478.55	1,625.09

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
11 Other non current assets		
Prepaid expenses	-	2.83
Advances to supplier	-	0.13
	-	2.96
12 Trade receivables*		
Non current		
Unsecured, considered good	-	1,684.13
Less: Allowance for expected credit loss	-	(322.61)
	-	1,361.52
	-	1,361.52
Current		
Unsecured, considered good	13,001.97	5,868.13
Less: Allowance for expected credit loss	(1,912.59)	(796.40)
	11,089.38	5,071.73
Trade receivables which have significant increase in credit risk	5,532.41	6,650.81
Less: Allowance for expected credit loss	(2,058.01)	(1,801.69)
	3,474.40	4,849.12
Credit impaired receivables	4,679.52	3,360.09
Less: Allowance for expected credit loss	(4,679.52)	(3,360.09)
	-	-
	14,563.78	9,920.85
*Refer note 49 - Financial risk management for assessment of expected credit losses.		
13 Cash and cash equivalents		
Balances with banks:		
- with scheduled banks in current accounts	988.52	1,643.03
Cheque in hands	-	489.02
Term deposits (with maturity upto 3 months)	2,886.22	1,836.33
	3,874.74	3,968.38
14 Other bank balances		
Earmarked balances for deposit works	17,310.17	7,005.76
Earmarked balances with government fund accounts	8,461.37	13,116.57
Term deposits with remaining maturity more than 3 months but less than 12 months*	3,583.34	3,389.11
	29,354.88	23,511.44
* TDR has been placed on lien with Canara Bank as collateral security for issue of Bank guarantee.		
15 Loans (Current)*		
Unsecured, considered good		
Security deposits paid	22.24	42.58
	22.24	42.58
* Refer Note 48 for fair value disclosure.		
16 Other financial assets (Current)		
Unbilled revenue*	2,174.20	2,262.42
Recoverable from Government of India		
Amount spent on Urja Mitra Scheme	-	28.88
Deen Dayal Upadhyaya Gram Jyoti Yojana Fund**	224.39	64.87
Retention money deposits	86.37	81.26
Less:- Loss allowance	(48.85)	-
Other receivables	22.00	-
	2,458.11	2,437.43
*This includes ₹ 159.76 lakh of unbilled revenue which has been carried forward from previous year.		
*Refer Note 43 for details		
**Refer Note 45 for details		
17 Other current assets		
Prepaid expenses	-	1.97
Balances with statutory and government authorities	2,059.09	1,523.51
Cost of completion of contracts	-	319.45
Advance to suppliers	0.57	63.32
CSR Pre-Spent*	58.00	-
	2,117.66	1,908.25
*Refer Note 54 for details		

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
18 Disposal group*		
Assets classified as held for sale		
(A) Investment in associates (refer note 18.1)	60.00	20.00
(B) Loans to associates (refer note 18.2)	1,344.57	933.47
Total (A+B)	1,404.57	953.47
Liabilities directly associated with assets classified as held for sale		
(C) Payable to associates (refer note 18.3)	8.13	68.22
Total(C)	8.13	68.22
Disposal group (A+B-C)	1,396.44	885.25
*Refer Note 46 for details		
18.1 Investments in associates		
Investments in Equity Instruments of associates (fully paid up)		
Chandil Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Dumka Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Koderma Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Mandar Transmission Limited	5.00	5.00
50000 equity shares of ₹ 10/- each (31 March, 2020: 50000)		
Bidar Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Fatehgarh Bhadla Transco Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Gadag Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Kallam Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
MP Power Transmission Package I Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
MP Power Transmission Package II Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Rajgarh Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
Sikar New Transmission Limited	5.00	-
50000 equity shares of ₹ 10/- each (31 March, 2020: Nil)		
	60.00	20.00
18.2 Loans to associates		
Chandil Transmission Limited	253.35	249.26
Dumka Transmission Limited	247.16	217.71
Mandar Transmission Limited	221.42	243.17
Koderma Transmission Limited	227.10	223.33
Fatehgarh Bhadla Transco Limited	90.93	-
Kallam Transmission Limited	10.62	-
MP Power Transmission Package II Limited	109.01	-
MP Power Transmission Package I Limited	107.37	-
Sikar New Transmission Limited	76.23	-
Gadag Transmission Limited	1.38	-
	1,344.57	933.47
18.3 Payable to associates		
Bidar Transmission Limited	2.56	10.31
Gadag Transmission Limited	-	10.41
Ramgarh New Transmission Limited	-	10.46
Fatehgarh Bhadla Transco Limited	-	5.69
Sikar New Transmission Limited	-	15.48
Rajgarh Transmission Limited	5.57	15.49
Kallam transmission Limited	-	0.38
	8.13	68.22

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021
(All amounts in ₹ lakh, unless stated otherwise)

19 Equity share capital

	As at 31 March, 2021	As at 31 March, 2020
Authorized equity share capital		
20,050,000 (31 March, 2020 : 20,000,000) Equity shares of ₹ 10 each	2,005.00	2,000.00
	2,005.00	2,000.00
Issued, subscribed and paid up equity share capital		
85,500 (31 March, 2020 : 50,000) Equity shares of ₹ 10 each	8.55	5.00

i) Rights, preferences and restrictions attached to equity shares:

The Parent Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	(₹ Lakh)	No. of shares	(₹ Lakh)
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	50,000	5.00	50,000	5.00
Add: Issued during the year*	35,500	3.55	-	-
Balance at the end of the year	85,500	8.55	50,000	5.00

* For details refer note 55

iii) Shareholders holding more than 5% of shares of the Parent Company as at balance sheet date:

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	% holding	No. of shares	% holding
85,494 Equity shares held by REC Limited (holding company)				
And balance 6 equity shares through other nominee of REC Limited	85,500	100.00%	50,000	100.00%

iv) Shares held by holding company:

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	% holding	No. of shares	% holding
85,494 Equity shares held by REC Limited (holding company)				
And balance 6 equity shares through other nominee of REC Limited	85,500	100.00%	50,000	100.00%

v) The Parent Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date except issuance of shares in lieu of purchase consideration.

20 Other equity

	As at 31 March, 2021	As at 31 March, 2020
General reserve	5,313.55	5,313.55
Retained earnings	24,475.66	22,756.59
Capital reserve	1.45	1.45
Shares pending issuance	-	3.55
Total other equity	29,790.66	28,075.14

Note:

a) General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another.

b) Profits made by the Group during the year are transferred to retained earnings from Statement of Profit and Loss.

c) Capital reserve/shares pending issuance represents the difference between the amount recorded as share capital issued plus any additional purchase consideration and the amount of share capital of transferor (REC Transmission Projects Company Ltd.) on account of amalgamation of REC Transmission Projects Company Limited with REC Power Distribution Company Limited as per Ind AS 103-Business Combinations. Refer note 55 for details.

d) Subsequent to the year ended 31 March, 2021; the Board of Directors of the Parent Company on a meeting held on 24 May, 2021 has proposed an annual dividend amounting to ₹ 1743 per share (FY 2019-20 - Proposed Dividend: ₹ 1685 per share) totaling ₹ 1490 lakh on 85500 no. of shares, the effect of the same has not been taken into financial statements as the same is subject to the approval by the shareholders of the Parent Company.

REC Power Distribution Company Limited
Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021

(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
21 Borrowings (Non current)		
Lease liability	-	113.24
	-	113.24
22 Other financial liabilities		
Unsecured, considered good		
Performance bank guarantee retained	133.41	119.08
	133.41	119.08
23 Provisions (Non current)		
Provision for employee benefits*		
Provision for loyalty bonus	-	22.60
Provision for compensated absences	55.16	20.48
	55.16	43.08
*Refer Note 47 for details		
24 Other non-current liabilities		
Advance as performance bank guarantee	25.70	41.99
	25.70	41.99
25 Borrowings (Current)		
Cash credit loan (unsecured)	-	500.00
	-	500.00
Note: HDFC Bank has issued this credit facility which is unsecured. The same is repaid during the year.		
26 Trade payables*		
Due to micro and small enterprises [refer note (a) below]	0.76	14.60
Dues to others	6,149.92	4,873.06
	6,150.68	4,887.66

*Unsecured and unconfirmed

a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:

(ia) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.76	14.60
(ib) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	0.26
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	13.51
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	53.18	53.18
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Suppliers for whom confirmation not received is deemed not registered under MSMED Act and Interest payable on payment made but not claimed has not been provided.

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

27 Other financial liabilities (Current)

Earnest money deposits	80.04	58.12
Expenses payables	2,214.24	1,637.40
Advance for deposit work*	17,161.85	6,852.14
Payable to related parties**	416.25	399.25
Current maturities of lease liability	-	91.75
Performance bank guarantee retained	28.93	28.13
Employee payable	2.15	1.33
Government fund for schemes*		
Prime Minister's Development Package Fund - J&K	7,692.55	11,941.27
Power System Development Fund for Rural Feeder Monitoring Scheme	845.93	1,421.04
Urja Mitra Scheme Fund	323.04	-
	28,764.98	22,430.43

*Refer Note 44 and 45 for details

**Refer Note 46 for details

28 Other current liabilities

Advances from customers	1.05	15.43
Statutory dues	782.05	423.54
Advance as performance bank guarantee	16.20	16.20
Statutory dues for deposit work	148.33	153.62
Mobilisation Advance - JKPDD-UDAY	-	23.74
Deferred income	-	89.09
	947.63	721.62

29 Provisions (Current)**Provision for employee benefits***

Provision for loyalty bonus	14.42	8.54
Provision for compensated absences	2.19	5.87
	16.61	14.41

*Refer Note 47 for details

30 Income tax liabilities (net)

Provision for income tax	1,439.79	-
Less: Advance tax and TDS	(1,062.15)	-
	377.64	-

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
31 Revenue from operations		
Sale of services (from contracts with customers):*		
Execution of IT/solar implementation project	156.40	767.84
Consultancy engineering services	14,750.34	11,190.48
Income from REC - UE village project	501.43	763.25
Execution of transmission Projects	1,132.70	533.98
Agency fees	16.95	16.95
Professional charges	471.15	6,092.36
Documentation fees	10.00	-
	17,038.97	19,364.86

*Includes ₹ 2014.43 lakh (Previous year - ₹ 2100.99 lakh) of unbilled revenue

Refer note 43 for details

32 Other income

Interest income on fixed deposits	334.33	503.97
Interest income on grant fixed deposits	368.58	-
Interest income on tax free bonds	605.93	784.91
Interest on income tax refund	6.42	117.09
Interest income from SPVs	16.41	125.81
Interest income on NCDs	70.76	26.94
Interest income on staggered papers	15.04	70.20
Interest income on other financial assets measured at amortized cost	2.09	5.81
Liquidation damages	-	876.63
Profit on sale of investments	-	315.95
Miscellaneous income	10.19	25.61
	1,429.75	2,852.92

33 Cost of services rendered*

Project technical services - PMC/PMA/DPR	5,162.56	4,071.86
Project outsourced manpower	4,225.17	3,673.78
REC - UE village project expenditure	477.55	726.90
Interest expense on micro and small enterprises	-	13.78
Survey charges	0.49	36.58
Consultancy charges	323.48	60.30
	10,189.25	8,583.20

*Includes ₹ 1195.30 lakh (Previous year - ₹ 1020.10 lakh) of provision for expenses

34 Finance costs

Interest on advance from BEE	53.74	-
Interest expenses on grant fund	368.58	-
Interest on working capital loans	6.14	6.25
Interest expense on lease liability	9.71	27.86
Interest expense on other financial liabilities measured at amortized cost	14.29	6.82
Interest on income tax	-	20.67
Other interest expenses*	-	5.77
	452.46	67.37

* Includes interest paid to REC amounting to ₹ Nil (previous year: ₹ 4.02 Lakh)

35 Employee benefits expense*

Salaries and wages	509.21	444.35
Contribution to provident and other funds	33.47	28.84
Staff welfare expenses	41.87	23.06
	584.55	496.25

*For disclosures related to provision for employee benefits, refer note 47- Employee benefit obligations.

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
36 Depreciation and amortization expense		
Depreciation (Refer note 4)	130.18	175.94
Amortization (Refer note 5)	2.46	1.68
	132.64	177.62
37 Impairment on financial assets*		
Provision (net of reversal)	2,624.11	2,808.30
Bad debts	7.78	184.12
	2,631.89	2,992.42
*The impairment is related to assets under contracts with customers. Refer Note 49 for details		
38 Corporate social responsibility expenses		
CSR expenditure*	195.48	89.11
	195.48	89.11
*Refer Note 54 for details		
39 Other expenses		
Rent	255.74	145.76
Vehicle hire charges	64.98	40.06
Rates and taxes	23.66	8.24
Repairs and maintenance		
: Buildings	61.64	49.78
: Others	12.76	14.79
Power and fuel	28.39	33.85
Advertisement and business promotion	96.26	34.00
Communication cost	12.29	18.11
Travelling and conveyance	155.96	198.14
Printing and stationary	13.10	24.64
Legal, consultancy and professional expenses	132.60	84.78
Bank charges	10.89	9.01
Auditors' remuneration*	8.95	9.25
GST audit Fee	0.09	4.30
Insurance	0.11	0.42
Delay payment charges	2.55	0.02
Loss on sale of property, plant and equipment (net)	66.20	0.13
Liquidation damages (expenses)	0.24	3.21
Technical / IT Services expenses	5.14	7.74
Miscellaneous expenses	68.68	36.61
	1,020.23	722.84
*Comprises of following:		
As auditors- statutory audit	8.15	5.70
As auditors- tax audit	0.80	2.05
For other services	-	1.50
	8.95	9.25

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
40 Tax expense		
(i) Current tax		
Tax pertaining to current year	1,439.79	2,636.51
Tax pertaining to earlier years	(32.13)	239.89
(ii) Deferred tax expense/(credit)	(707.00)	(478.55)
	700.66	2,397.85

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 25.17%

Accounting profit before income tax	3,262.22	9,088.97
At country's statutory income tax rate of 25.17%	821.04	2,287.55
Adjustments in respect of taxes earlier years		
(i) Non-deductible expenses for tax purposes	64.26	34.72
(ii) Non-taxable incomes	(152.51)	(197.55)
(iii) Earlier year taxes	(32.13)	239.89
(iv) Deferred tax on allowable provisional expenditure of earlier year	-	(122.29)
(v) Deferred tax change due to rate change	-	155.53
	700.66	2,397.85

41 Basic/diluted earnings/ loss per share

Net profit/(loss) for the year	2,561.56	6,691.12
Weighted average number of equity shares for EPS*	85,500	85,500
Par value per share (in ₹)	10	10
Earnings per share - Basic and diluted (in ₹)	2,996	7,826

* Share pending issuance as on 31 March, 2020

42 Leases

The Group has leases for office building, warehouses, office equipment and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group is required to pay maintenance fees in accordance with the lease contracts.

A Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Short-term leases	255.74	143.48
Leases of low value assets	-	2.28
Variable lease payments	-	-
Total	255.74	145.76

B Total cash outflow for leases for the year ended 31 March, 2021 was ₹ 336.24 Lakh, (31 March, 2020 - ₹ 233.75 Lakh).

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Short-term leases	255.74	143.48
Long-term leases	80.50	87.99
Leases of low value assets	-	2.28
Total	336.24	233.75

C The Group has total commitment for short-term leases of ₹ 69.59 lakh as at 31 March, 2021 (31 March, 2020 ₹ 263.17 lakh).

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

D Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

As at 31 March, 2021	Minimum lease payments due		
	Within 1 year	1-3 years	More than 3 years
Lease payments	-	-	-

As at 31 March, 2020	Minimum lease payments due		
	Within 1 year	1-3 years	More than 3 years
Lease payments	96.59	138.45	-

E Set out below are the carrying amount of lease liabilities and the movement during the year:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance	204.99	265.12
Accretion of interest	9.71	27.86
Payments	(80.50)	(87.99)
Reassessment of lease liability	(134.20)	-
Closing balance	-	204.99
Current	-	91.75
Non current	-	113.24

The Group has terminated the lease of the office block on 31 January, 2021. Accordingly the balances of lease liability and right of use asset-building are disposed off in the books of accounts as on 31st March, 2021.

F Extension and termination options

The Group has lease contracts for "office block and work sites" which are used for regular operations of its business. There are several lease contracts that include extension and termination options which are further discussed below.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

43 Revenue from contracts with customers under Ind AS 115 are as follow:-**A The Group is engaged in providing following services-**

RECPDCL provides consultancy services in Power Transmission and Distribution sector to states/Union Territories under various central/state Government schemes such as Third Party Inspection Agency (TPIA)/Project Management Agency (PMA)/Project Management Consultancy (PMC) under Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY)/Integrated Power Development Scheme (IPDS)/Restructured Accelerated Power Development and Reforms Programme (R-APDRP)/Backward Regions Grant Fund (BRGF) and other state schemes. The major activities undertaken in these types of projects include inspection of Village Electrification, Substation and Feeder inspection & Material inspection, Survey & preparation of Detailed project report, assisting DISCOMS in bid management, supervision & monitoring of electrification work and assisting Distribution Companies (DISCOMs) in closure of the project. Ministry of Power has appointed the Parent Company as Bid Process Coordinator (BPC) for Inter State Transmission Systems across the country on Tariff Based Competitive Mode. The parent company is conducting the bidding process for ISTS projects, starting from selection of qualified bidders to handing over of the Special Purpose Vehicle to the lowest bidder. The company is also working in various Smart Metering/ Smart Grid and Information Technology (IT) projects as Project Implementing Agency (PIA)/Project Management Agency (PMA) for implementation of various distribution infrastructure projects under various Govt. schemes and also working as monitoring agency for monitoring and supervision of Un-Electrified (UE) village electrification works and Household electrification work.

B Significant management judgments on revenue recognition

Recognized amounts of contract revenues and related receivables when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue from the contracts recognized over the period of time as and when the performance obligation is satisfied based on management's best estimates of each contract's outcome and stage of completion which is determined based on progress, efforts, cost incurred to date bear to the total estimated cost of the transaction, time spend, service performed (generally mentioned in the contracts with the customer) or any other method that management considered appropriate. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

Also while allocating that transaction price to the specific performance obligations identified in the contract. The transaction price is allocated to the performance obligations based on its relative standalone selling price, which generally is not readily available, hence management estimates the stand alone selling prices basis upon its experience and contractual negotiations.

C Segregation of revenue

RECPDCL's revenue mostly comes from core business of sale of services as consultancy i.e. PMA/PMC/PIA, TPIA and Quality Control Projects and some turnkey projects of Solar/IT implementation from projects within India. In case of execution of IT/Solar implementation projects revenue is recognized at a point in time specifically when the control of goods/services is transferred to the customer. Also, in case of the selection of bidders/developers for transmission projects put on tariff based bidding revenue is recognized at a point in time when it is reasonably certain that the ultimate collection of the professional charges will be made. The total business portfolio of RECPDCL includes various Central/State Govt. entities e.g. State Distribution Companies (DISCOM), Power and Electricity Departments of States/UTs, Central Public Sector Undertaking (CPSUs) [Energy Efficiency Services Limited (EESI), Power Grid Corporation of India Limited (PGCIL), Solar Energy Corporation of India Limited (SECI) etc].

In accordance with Ind AS 115, set out below is the disaggregation of the Group's revenue from contracts with customers:

State/Union Territory of supply of services	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Andhra Pradesh	115.58	34.60
Arunachal Pradesh	(15.61)	410.56
Assam	74.83	220.59
Bihar	295.27	352.63
Chhattisgarh	592.39	459.94
Delhi	1,916.57	8,447.02
Goa	810.92	802.91
Jharkhand	118.76	402.82
Jammu and Kashmir	5,305.93	392.24
Karnataka	138.31	898.25
Madhya Pradesh	67.60	237.92
Rajasthan	774.35	772.96
Telangana	198.00	92.82
Tripura	-	59.98
Uttar Pradesh	5,004.55	4,265.35
West Bengal	1,232.21	1,406.98
Maharashtra	409.31	107.29
Total revenue from contracts with customers	17,038.97	19,364.86

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

D Reconciliation of revenue recognized with contract price

Particular	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Contract price*	17,038.97	19,364.86
Adjustments for:		
Rebates and discounts	-	-
Revenue from contracts with customers	17,038.97	19,364.86

* It includes services in the form of execution of IT/Solar implementation projects, Consultancy engineering services, Income from REC - UE Village project, Professional charges, Income from execution of transmission projects, Agency fee and Documentation fee.

E Reconciliations of unbilled revenue

Particular	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance	2,262.42	1,686.97
Invoices raised during the year	(2,116.90)	(1,525.54)
Revenue recognized during the year	2,028.68	2,100.99
Closing balance	2174.20	2262.42

F Reconciliations of advances from customers

Opening balance	15.43	-
Revenue recognized during the year	(14.38)	-
Addition during the year	-	15.43
Closing balance	1.05	15.43

G Reconciliations of cost of fulfillment carried forward

Opening balance	319.45	-
Addition/(Deletion) during the year	(319.45)	319.45
Closing balance	-	319.45

H Reconciliation of deferred income

Opening balance	89.09	-
Revenue recognized during the year	(89.09)	-
Addition received during the year	-	89.09
Closing balance	-	89.09

I Remaining performance obligations

	As at 31 March, 2021	As at 31 March, 2020
Amount of the unsatisfied performance obligations (or partially unsatisfied)	36,218.18	43,154.83

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized. The entity expects to satisfy the above performance obligations within the contracted terms, 55% of the unsatisfied performance obligation as at 31 March, 2021 will be achieved in next financial year and the balance thereafter.

J Contract balances

Particulars	As at 31 March, 2021	As at 31 March, 2020
Assets		
Contract balances	14,563.78	11,282.37
Contract assets		
Unbilled revenue*	2,174.20	2,262.42
Cost of fulfillment carried forward**	-	319.45
Contract liability		
Advances from customers***	1.05	15.43
Deferred income****	-	89.09

*Unbilled revenue is the contract asset that has been recognized due to satisfaction of the performance obligation, but the invoicing of the same is pending.

**Cost of fulfillment relates to contract assets recognized equivalent to the recoverable costs incurred in fulfilling a contract (contract related) with a customer, which generates or enhances the resources of the entity that will be used in satisfying the future performance obligations.

*****Advance from customers** are contract liabilities , where money has been received and performance obligations are not yet satisfied.

******Deferred income** are contract liabilities , where performance obligations are not yet satisfied.

- K** Group has not incurred any cost for obtaining contracts except administrative cost required for preparation of offers and the same is charged to Statement of Profit and Loss.

44 Govt Grant /Advance for deposit work:

Government of Jammu & Kashmir, Power Development Department has appointed REC Power Distribution Company Limited as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of distribution work under RAPDRP, IPDS and PMDP on nomination basis, as per actual cost to be discovered through competitive biddings. RECPDCL has also been appointed as material procurement agency under Saubhagya and DDUGJY Schemes for north eastern states by REC Limited. Further Chandigarh Electricity Department (CED) has appointed RECPDCL as implementing agency for installation of smart meters and SCADA and for laying the underground cable work. The funds received for disbursement to various agencies under the above stated schemes/departments are kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto are classified under “Advance for Deposit Work” under the head “Other Financial Liabilities”.

During the year, interest earned of ₹191.11 lakh (Previous year ₹ 1,161.90 lakh) has been taken to grant/advance for deposit work account. Further, during the year, an amount of ₹ 197.52 lakh (Previous year ₹ 2059.22 lakh) has been refunded back to MoP out of the total interest on grant/advance for deposit work.

The movement of Govt Grant /Advance for deposit work is explained as under:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Balance	5764.16	23,384.98
Add: Amount received during the year	32,278.07	10,048.00
Less: Amount refunded to Govt. during the year	-	-
Less: Disbursement during the year	(21,295.20)	(27,668.82)
Closing Balance	16,747.03	5,764.16

The movement of interest on Govt Grant /Advance for deposit work is explained as under:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance	421.24	1,318.56
Add: Interest earned during the year	191.11	1,161.90
Less: Interest refunded during the year	(197.52)	(2,059.22)
Closing alance	414.83	421.24

45 Government fund for schemes

Government of Jammu & Kashmir, Power Development Department has appointed REC Power Distribution Company Limited as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of transmission projects under PMDP-15 in Jammu, Kashmir and Ladakh on nomination basis, as per actual cost to be discovered through competitive biddings. Further The funds received for disbursement to various agencies under the scheme are kept in a separate bank account.

Further 11 kV Rural Feeder Monitoring Scheme is being implemented by the Company, sanctioned under Power System Development Fund (PSDF) on Pan India basis on the behalf of Ministry of Power- GoI. The sole objective of the scheme is to monitor quality & quantity parameter of rural power supply across the country. Under the scheme, Modems/DCUs are being installed on 11 kV Outgoing Rural, Agriculture and Mixed (i.e. Rural + Agriculture) feeder meters on such 66/33 kV incoming Feeder from where such 11 kV feeder are emanating. The work includes supply, installation, commissioning of Modems & integration with Central MDAS with Operation & Maintenance of Modems/DCUs for a year of 5 years’ post Go-Live. The funding of scheme is being done through 2 sources, mainly from PSDF and through DDUGJY enabling activity.

The undisbursed funds for the scheme including interest earned thereto are classified under “Government Fund for Schemes” under the head “Other Financial Liabilities” and recoverable fund (if any) is classified under “Recoverable from Government of India” under the head “Other Financial Assets (Current)”.

During the year, interest earned of ₹ 368.58 lakh has been considered in other income and the same has been charged as finance cost to transfer the amount to Government fund for schemes.

REC Power Distribution Company Limited
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(All amounts in ₹ lakh, unless stated otherwise)

46 Related party transactions

In accordance with the requirements of Indian Accounting Standard – 24 the names of the related parties where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate holding Company	Power Finance Corporation Limited
Holding company	REC Limited (Formerly Rural Electrification Corporation Limited)
Society registered for undertaking CSR activities	REC Foundation

Associate Companies

Mandar Transmission Limited (w.e.f. 26 March, 2018)
Koderma Transmission Limited (w.e.f. 19 March, 2018)
Dumka Transmission Limited (w.e.f. 25 March, 2018)
Chandil Transmission Limited (w.e.f. 14 March, 2018)
Bidar Transmission Limited (w.e.f. 8 June, 2020)
Fatehgarh Bhadla Transco Limited (w.e.f. 2 June, 2020)
Gadag Transmission Limited (w.e.f. 2 June, 2020)
Kallam Transmission Limited (w.e.f. 28 May, 2020)
Rajgarh Transmission Limited (w.e.f. 6 June, 2020)
Ramgarh new Transmission Limited (26 June, 2020 - 9 March, 2021)*
Sikar new Transmission Limited (w.e.f. 11 June, 2020)
MP Power Transmission Package-I Limited (w.e.f. 4 August, 2020)
MP Power Transmission Package-II Limited (w.e.f. 20 August, 2020)
Dinchang Transmission Limited (under process of strike off)**

* indicates associates sold / transferred in FY 2020-21

**The Company has been denotified by MoP on 25 March, 2019 and No objection from Ministry of Power for striking off the name of Dinchang Transmission Limited has been received on 31 March, 2020. Application for strike off has been filed in RoC and currently company is under the process of strike off.

Key management personnel (KMP)

The Parent Company is a wholly owned subsidiary of REC Limited, a Govt. of India Enterprise. The Key Managerial Personnel of the Company are employees of the Holding Company (REC Limited) deployed on part time basis. The details of such Key Managerial Personnel are as follows: -

Name	Designation	Date of Appointment
Sh. R. Lakshmanan (IAS)	Chief Executive Officer	10 January, 2020
Sh. Sanjay Malhotra	Chairman & Director	9 November, 2020
Sh. Sanjeev Kumar Gupta	Director	12 October, 2015
Sh. Sanjay Kumar	Director	16 March, 2020
Sh. V.K. Singh	Director	12 June, 2020
Sh.. Ajoy Choudhury	Director	25 March, 2019

b. Transactions with Holding Company and KMP are as under:

	Year ended	Holding Company	Society registered for undertaking CSR activities	Key management personnel
(i) Transactions during the year				
Services rendered	Year ended 31 March, 2021	681.38	17.44	-
	Year ended 31 March, 2020	1,090.07	9.34	-
Services received from related party	Year ended 31 March, 2021	1,130.12	-	-
	Year ended 31 March, 2020	1,300.93	-	-
Remuneration to KMP's (through Holding Company)	Year ended 31 March, 2021	-	-	45.57
	Year ended 31 March, 2020	-	-	16.82
Reimbursement of expenditure incurred by the Parent Company on behalf of the related party	Year ended 31 March, 2021	-	15.23	-
	Year ended 31 March, 2020	-	271.67	-
Interest income from investment in tax free bonds	Year ended 31 March, 2021	454.57	-	-
	Year ended 31 March, 2020	642.62	-	-
Dividend on equity shares	Year ended 31 March, 2021	842.50	-	-
	Year ended 31 March, 2020	5,000.00	-	-
(ii) Outstanding Balances at year end				
Trade payables	As at 31 March, 2021	416.25	-	-
	As at 31 March, 2020	399.24	-	-
Trade receivables	As at 31 March, 2021	569.92	-	-
	As at 31 March, 2020	377.23	-	-

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Non-current investment (Investment in tax free bonds, NCD's & Staggered papers incl. of accrued interest)	As at 31 March, 2021	5,894.69	-	-
	As at 31 March, 2020	5,895.63	-	-
Other current liabilities	As at 31 March, 2021	-	1.05	-
	As at 31 March, 2020	-	14.87	-

With respect to the key management personnel, disclosure has been given for those relatives with whom the Parent Company has made transactions during the year. (if any)

Key management personnel remuneration includes the following expenses:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Short-term employee benefits	40.46	14.66
Post-employment benefits	5.11	2.16
Total remuneration	45.57	16.82

Note:

As provisions for gratuity and leave benefits are made for the Group as a whole, the amounts pertaining to the Key management personnel are not specifically identified and hence are not included above.

c. Transactions with associates are as under:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(i) Dinchang Transmission Limited (under the process of strike off)	-	-
(ii) Dumka Transmission Limited (w.e.f. 25 March, 2018:)		
Interest income	-	26.69
Reimbursement/ expenses reimbursement	4.00	25.57
Advance received from parties	-	-
Investment made	-	-
(iii) Chandil Transmission Limited (w.e.f. 14 March, 2018:)		
Interest income	-	27.38
Reimbursement/ expenses reimbursement	4.08	25.98
Advance received from parties	-	-
Investment made	-	-
(iv) Mandar Transmission Limited (w.e.f. 26 March, 2018:)		
Interest income	-	23.75
Reimbursement/ expenses reimbursement	3.71	25.09
Advance received from parties	-	-
Investment made	-	-
(v) Koderma Transmission Limited (w.e.f. 19 March, 2018:)		
Interest income	-	24.37
Reimbursement/ expenses reimbursement	3.77	25.66
Advance received from parties	-	-
Investment made	-	-
(vi) Bhind Guna Transmission Limited (18 September, 2018 - 11 September, 2019)		
Interest income	-	4.86
Consultancy Fee	-	379.49
Reimbursement/ expenses reimbursement	-	55.89
Advance received from parties	-	41.30
Sale of investments	-	5.00
Investment made	-	-
(vii) Udipi Kasargode Transmission Limited (29 November, 2018 - 12 September, 2019)		
Interest income	-	3.37
Consultancy fee	-	743.34
Reimbursement/ expenses reimbursement	-	62.77
Advance received from parties	-	-
Sale of investments	-	5.00
Investment made	-	-
(viii) Jam Khambaliya Transco Limited (11 March, 2019 - 13 November, 2019)		
Interest income	-	2.12
Consultancy Fee	-	457.29
Reimbursement/ expenses reimbursement	-	86.65
Advance received from parties	-	17.70
Sale of investments	-	5.00
Investment made	-	-

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(All amounts in ₹ lakh, unless stated otherwise)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(ix) Lakadia Banaskantha Transco Limited (19 March, 2019 - 13 November, 2019)		
Interest income	-	2.73
Consultancy Fee	-	1,166.67
Reimbursement/ expenses reimbursement	-	80.80
Advance received from parties	-	-
Sale of investments	-	5.00
Investment made	-	-
(x) Khetri Transco Limited (12 March, 2019 - 29 August, 2019)		
Interest income	-	0.86
Consultancy Fee	-	1,601.40
Reimbursement/ expenses reimbursement	-	57.98
Advance received from parties	-	5.90
Sale of investments	-	5.00
Investment made	-	-
(xi) Ajmer Phagi Transco Limited (19 March, 2019 - 3 October, 2019)		
Interest income	-	1.19
Consultancy Fee	-	963.39
Reimbursement/ expenses reimbursement	-	54.88
Advance received from parties	-	23.60
Sale of investments	-	5.00
Investment made	-	-
(xii) WRSS XXI (A) Transco Limited (26 March, 2019 - 14 October, 2019)		
Interest income	-	1.73
Consultancy Fee	-	1,229.81
Reimbursement/ expenses reimbursement	-	65.35
Advance received from parties	-	46.10
Sale of investments	-	5.00
Investment made	-	5.00
(xiii) Rampur Sambhal Transco Limited (2 May, 2019 - 12 December, 2019)		
Interest income	-	6.76
Consultancy Fee	-	548.70
Reimbursement/ expenses reimbursement	-	130.36
Advance received from parties	-	28.40
Sale of investments	-	5.00
Investment made	-	5.00
(xiv) Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)(w.e.f. 28 May, 2020)		
Interest income	-	-
Reimbursement/ expenses reimbursement	41.20	9.62
Advance received from parties	40.20	11.80
Investment made	5.00	-
(xv) Bidar Transmission Limited (Earlier Bidar Karnataka Line)		
Interest income	-	-
Reimbursement/ expenses reimbursement	26.82	9.69
Advance received from parties	39.07	23.60
Investment made	5.00	-
(xvi) Gadag Transmission Limited (Earlier Gadag Karnataka Part A Line)		
Interest income	-	-
Reimbursement/ expenses reimbursement	43.80	9.59
Advance received from parties	52.00	23.60
Investment made	5.00	-
(xvii) Ramgarh New Transmission Limited (Earlier Solar Energy Rajasthan Part A Line)(26 June, 2020 - 9 March, 2021)		
Interest income	2.38	-
Reimbursement/ expenses reimbursement	128.05	9.54
Advance received from parties	52.00	23.60
Consultancy fee	468.24	-
Investment made	5.00	-
Sale of investment	5.00	-
(xviii) Fatehgarh Bhadla Transco Limited (Earlier Solar Energy Rajasthan Part B Line)		
Interest income	3.02	-
Reimbursement/ expenses reimbursement	112.97	9.31
Advance received from parties	34.07	17.70
Investment made	5.00	-

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	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(xix) Sikar New transmission Limited (Earlier Solar Energy Rajasthan Part C Line)(w.e.f. 11 June, 2020)		
Interest income	1.41	-
Reimbursement/ expenses reimbursement	114.51	9.52
Advance received from parties	49.07	29.50
Investment made	5.00	-
(xx) Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)(w.e.f. 6 June, 2020)		
Interest income	-	-
Reimbursement/ expenses reimbursement	33.99	9.51
Advance received from parties	49.06	29.50
Investment made	5.00	-
(xxi) MP Power Transmission Package-I Limited (w.e.f. 4 August, 2020)		
Interest income	4.80	-
Reimbursement/ expenses reimbursement	132.84	-
Advance received from parties	29.80	-
Investment made	5.00	-
(xxii) MP Power Transmission Package-II Limited (w.e.f. 20 August, 2020)		
Interest income	4.81	-
Reimbursement/ expenses reimbursement	134.48	-
Advance received from parties	29.80	-
Investment made	5.00	-

d. Outstanding balances w.r.t. associates are as under

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Receivable from associates/ (Payable to associates)		
Dinchang Transmission Limited *	-	-
Chandil Transmission Limited	253.35	249.26
Dumka Transmission Limited	247.16	217.71
Mandar Transmission Limited	221.42	243.17
Koderma Transmission Limited	227.10	223.33
Bidar Transmission Limited	(2.56)	(10.31)
Gadag Transmission Limited	1.38	(10.41)
Ramgarh New Transmission Limited (transferred to M/s Power grid Corporation of India Ltd. on 9 March, 2021)	-	(10.46)
Fatehgarh Bhadla Transco Limited	90.93	(5.69)
Sikar New transmission Limited	76.23	(15.48)
Rajgarh Transmission Limited	(5.57)	(15.49)
Kallam transmission Limited	10.62	(0.38)
MP Power Transmission Package-I Limited	107.37	-
MP Power Transmission Package-II Limited	109.01	-
	1,336.44	865.25

* The company has been denotified. Application for striking off has been filed in RoC and is in the process of strike off.

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Investments in SPVs		
Chandil Transmission Limited	5.00	5.00
Dumka Transmission Limited	5.00	5.00
Mandar Transmission Limited	5.00	5.00
Koderma Transmission Limited	5.00	5.00
Bidar Transmission Limited	5.00	-
Gadag Transmission Limited	5.00	-
Fatehgarh Bhadla Transco Limited	5.00	-
Sikar New transmission Limited	5.00	-
Rajgarh Transmission Limited	5.00	-
Kallam transmission Limited	5.00	-
MP Power Transmission Package-I Limited	5.00	-
MP Power Transmission Package-II Limited	5.00	-
	60.00	20.00

e. Advances/dues from directors & other key officers of the Parent company:

Designation of officer	As at 31 March, 2021	Maximum amount outstanding for the year ended 31 March, 2021	As at 31 March, 2020	Maximum amount outstanding for the year ended 31 March, 2020
Chairman	NIL	NIL	NIL	NIL
Company Secretary	NIL	NIL	NIL	NIL

47 Employee benefit obligations

Defined contribution plans

The Group makes contributions to the Provident Fund for all eligible employees. Under the plan, the Group is required to contribute a specified percentage of payroll costs. Accordingly, the Group has recognized ₹ 33.47 lakh as expense in the statement of profit and loss during the current year (Year ended 31 March, 2020 ₹ 31.50 lakh).

Defined benefit plans

The Group offers the following employee benefit schemes to its employees:

i. Loyalty incentive

The Loyalty benefit to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. During the year the Group has withdrawn the component of loyalty bonus. Therefore the loyalty bonus recovered from employees till date has been refunded to them partly and for the balance liability provision has been made in the books of accounts.

ii. Leave encashment

The Employees are entitled for Leave encashment after completion of one year of service only and amount is paid in full, at the time of separation. The liability for the same is recognized on the basis of actuarial valuation.

The following table sets out the funded status of the defined benefit schemes and the amount recognized in the financial statements:

Components of Employee expense	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Current service cost	5.34	19.96	13.87	12.96
Interest cost	2.12	1.79	1.56	2.23
Actuarial loss/(gain)	12.21	12.18	0.22	11.33
Total expense recognized in the Statement of profit and loss	19.67	33.93	15.65	26.52

<u>Net defined benefit liability/ (asset) recognized in the Balance Sheet</u>	As at 31 March, 2021		As at 31 March, 2020	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Current	14.42	2.19	8.54	5.87
Non-current	-	55.16	22.60	20.48
Present value of Defined benefit obligation at year end	14.42	57.35	31.14	26.35

<u>Change in Defined benefit obligations (DBO) during the year</u>	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Present value of DBO at beginning of the year	31.14	26.35	37.45	29.04
Current service cost	5.34	19.96	13.87	12.96
Interest cost	2.12	1.79	1.56	2.23
Actuarial loss/(gain)	12.21	12.18	0.22	11.33
Benefits paid	(36.39)	(2.93)	(21.96)	(29.21)
Present value of DBO at the end of the year	14.42	57.35	31.14	26.35

<u>Actuarial assumptions</u>				
Discount rate*	0.00%	6.79%	(6.8-7.69)%	6.80%
Expected return on plan assets	NA	NA	NA	NA
Salary escalation	NA	6.00%	NA	(5-6)%
<u>Attrition</u>				
Upto 30 Years	3.00%	3.00%	3.00%	3.00%
From 31 to 44 Years	2.00%	2.00%	2.00%	2.00%
Above 44 Years	1.00%	1.00%	1.00%	1.00%
Method used **	PUCM	PUCM	PUCM	PUCM

*The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Group going to discontinue the Loyalty bonus scheme so the liability is not discounted in the current year.

**Projected unit credit method

Maturity profile of Defined benefit obligations (DBO)- Leave encashment

Sr. No.	Year	For the year ended	For the year ended
		31 March, 2021	31 March, 2020
a)	0 to 1 Year	2.19	5.87
b)	1 to 2 Year	1.15	0.50
c)	2 to 3 Year	1.12	0.49
d)	3 to 4 Year	1.09	0.47
e)	4 Year onwards	51.80	19.02

Sensitivity analysis in respect of Defined benefit obligation*

Particulars		Loyalty incentive		Leave encashment	
a) Impact of the change in discount rate		For the year ended 31 March, 2021	For the year ended 31 March, 2020	For the year ended 31 March, 2021	For the year ended 31 March, 2020
	Present value of obligation at the end of the yer	14.42	31.14	57.35	26.35
a)	Impact due to increase of 0.50 %	(0.11)	(0.33)	(4.89)	(2.18)
b)	Impact due to decrease of 0.50 %	0.11	0.33	5.46	2.43
b) Impact of the change in salary increase					
	Present value of obligation at the end of the year	14.42	31.14	57.35	26.35
a)	Impact due to increase of 0.50 %	0.11	0.24	5.47	2.03
b)	Impact due to decrease of 0.50 %	(0.11)	(0.24)	(4.95)	(1.83)

*Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

*Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

48 Financial instruments**i) Financial instruments by category measured at amortized cost:**

Particulars	As at 31 March, 2021	As at 31 March, 2020
Financial assets		
Investments*	9,105.81	9,107.71
Loans**	22.24	58.72
Trade receivables	14,563.78	11,282.37
Cash and cash equivalents	3,874.74	3,968.38
Other bank balances	29,354.88	23,511.44
Other financial assets	2,555.32	2,474.27
Total	59,476.77	50,402.89
Financial liabilities		
Borrowings	-	613.24
Trade payable	6,150.68	4,887.66
Other financial liabilities	28,898.39	22,549.50
Total	35,049.07	28,050.40

* Aggregate fair value of investment in tax free bonds, NCD's and staggered paper is ₹ 11,108.55 lakh (31 March, 2020 : ₹ 10,471.49 lakh)

** Loans include security deposits and retention money. Security deposits are carried at amortized cost using incremental borrowing rate applicable to the Group. Retention money does not have define contractual maturity and accordingly, the amount of retention money given is representative of its amortized cost.

The carrying amounts of financial assets and liabilities are considered a reasonable approximation of their fair values.

ii) Fair values hierarchy

The Group does not have any financial assets or financial liabilities carried at fair value.

49 Financial risk management**i) Risk management**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 48. The main types of risks are credit risk, liquidity risk and market risk.

The Group's risk management is coordinated in close co-operation with the Board of Directors, and focuses on securing the Group's short to medium term cash flows. The Group does not engage in trading of financial assets for speculative purposes.

A) Credit risk**a) Credit risk rating**

The entity assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The entity provides for expected credit loss based on the following:

Asset entity	Basis of categorization	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, investments and other financial assets	12 month expected credit loss
	Contract asset and trade receivable	Lifetime expected credit loss

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Assets are written off when there is no reasonable expectation of recovery, such as litigation of debtor decided against the entity or funds not allocated against grant. The entity continues to engage with parties whose balances are written off and attempts to enforce repayment. The entity has written off certain irrecoverable debts.

Credit risk assets are as follows:

Credit rating	Particulars
A: Low credit risk	Cash and cash equivalents, other bank balances, loans, investments and other financial assets
B: Medium credit risk	Trade receivables
C: High credit risk	Trade receivables

b) Credit risk exposure
(i) Provision for expected credit losses

The entity provides for expected credit losses for following financial assets –

31 March, 2021

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	9,105.81	-	9,105.81
Cash and cash equivalents	3,874.74	-	3,874.74
Other bank balances	29,354.88	-	29,354.88
Loans	22.24	-	22.24
Trade receivables	23,213.90	(8,650.12)	14,563.78
Other financial assets	2,604.16	(48.85)	2,555.31

31 March, 2020

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	9,107.71	-	9,107.71
Cash and cash equivalents	3,968.38	-	3,968.38
Other bank balances	23,511.44	-	23,511.44
Loans	58.72	-	58.72
Trade receivables	17,563.16	(6,280.79)	11,282.37
Other financial assets	2,474.27	-	2,474.27

(ii) Expected credit loss for trade receivables under simplified approach
31 March, 2021

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
<1 year	13,001.97	14.71%	1,912.59	11,089.38
1 year - 2 year	2,285.45	19.01%	434.53	1,850.92
2 year - 3 year	3,246.96	50.00%	1,623.48	1,623.48
>3 Years	4,679.52	100.00%	4,679.52	-
Total	23,213.90	37.26%	8,650.12	14,563.78

31 March, 2020

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
<1 year	7,552.26	14.82%	1,119.01	6,433.25
1 year - 2 year	5,002.95	23.85%	1,193.24	3,809.71
2 year - 3 year	1,647.86	36.92%	608.45	1,039.41
>3 Years	3,360.09	100.00%	3,360.09	-
Total	17,563.16	35.76%	6,280.79	11,282.37

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

Note: The entity has measured the expected credit loss on trade receivables using simplified approach on lifetime basis. For the same the Group has used the practical expedient available under Ind AS 109 and computed the expected credit loss using the provision Metrix.

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Amount
Loss allowance on 1 April, 2019	3,802.72
Provision created during the year	2,808.30
Provisions utilized (reversal against bad debts) during the year	(330.23)
Loss allowance on 31 March, 2020	6,280.79
Provisions utilized (reversal against bad debts) during the year	(205.92)
Provision created during the year	2,575.25
Loss allowance on 31 March, 2021	8,650.12

B) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, back-up facilities such as deposits and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

All the financial liabilities of the Group are current in nature and are maturing within 12 months period, except for earnest money deposits, Performance bank guarantee and lease liability which are recoverable in more than 12 months period. However expected date of the same is not determinable.

C) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises of currency risk, interest rate risk and price risk.

Currency risk:

The Group does not have any foreign currency transactions, hence, it is not exposed to currency risk.

Interest rate risk

The Group has taken a credit limit facility during the year and the applicable interest rate on the same is variable. The table below represents the impact on Statement of Profit & Loss (Gain / (Loss) for 50 basis points increase or decrease in interest rate on Group's floating rate assets and liabilities:

Particular	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Floating rate borrowings (-0.5% Change in interest rate)	0.39	0.40
Floating rate borrowings (+0.5% Change in interest rate)	(0.39)	(0.40)

Price risk:

The Group does not have any financial instrument which exposes it to price risk.

50 Capital management policies and procedures

The Group's capital includes issued share capital and all other distributable reserves. The primary objective of the Group's capital management is to maximize shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Group does not have any external borrowings and all its capital needs are met by capital or shareholders only.

The debt equity ratio of the Group is as follows :

	As at 31 March, 2021	As at 31 March, 2020
Total debt (A)	-	500.00
Net worth (B)	29,799.21	28,080.14
Debt-equity ratio (C=A/B)	-	0.02

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	As at 31 March, 2021	As at 31 March, 2020
51 Contingencies and commitments		
(a) Income tax demand for AY 2017-18	29.86	29.86
(b) Income tax demand against notice U/s 245 of Income Tax Act for AY 2018-19	0.01	-
(c) Income tax demand against notice U/s 245 of Income Tax Act for AY 2019-20	1,462.13	-
(d) Un-expired performance bank guarantees *	3,848.73	3,078.34
(e) Committed liability against corporate social responsibility	158.54	329.84
(f) Outstanding claims of contractors pending in arbitration and courts	2,943.03	-
	8,442.30	3,438.04

(A) The amount referred in (a) above are against the demands raised by the Income Tax Department for AY 2017-18 against which an appeal has been filed before CIT (Appeals) and 20% of demand is deposited in FY 19-20 for ₹ 5.97 lakh. So the Group is contesting this 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 Group's financial position and results of operations.

(B) The amount referred in (f) above, is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Group's results of operations or financial condition.

* Secured against current assets of the Group.

52 Impact of Covid-19 Outbreak

The Group has taken into account all the possible impacts of COVID-19 in preparation of the financial statements, including but not limited to its assessment of, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on investments and liquidity assumption. The Group has carried out this assessment based on internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material and expects to recover the carrying amount of its assets.

The Group deals with the Government departments or companies, it seems non-probable to the management that any of the customers of the Group will default any payments. There have been a few cases of delays in the collection, but the management estimates that these are receivable very soon, once the situations get normalised.

Considering the line of business of the Group, COVID-19 has not impacted the revenue recognition of the Group.

53 Impairment of non financial assets:

In the opinion of management, there is no impairment of the non financial assets of the Group in terms of IND AS-36. Accordingly, no provision for impairment loss has been made.

54 Corporate social responsibility expenses**Disclosure on CSR Expenses U/s 135 of the Companies Act, 2013**

	Year ended 31 March, 2021
(a) Gross amount required to be spent on CSR activities	195.48
(b) Amount approved by the Board to be spent during the year	195.48
(c) Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:	
Opening Balance	-
Amount required to be spent during the year	195.48
Amount spent during the year	(253.48)
Closing Balance*	(58.00)

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

Since the provisions of the Companies (Amendment) Act 2019, Companies (Amendment) Act 2020 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.

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(All amounts in ₹ lakh, unless stated otherwise)

(d) Ministry of Corporate Affairs (MCA) has notified the Companies (Amendment) Act 2019, Companies (Amendment) Act 2020 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 Group 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, Group has approved ₹ 195.48 lakh as budget for CSR as per Section 135(5) of the Companies Act, against which has spent ₹ 253.48 lakh towards CSR activities during the year. The excess amount of ₹ 58 lakh spent during the year shall be carried forward and set off for next three succeeding financial years.

	Year ended 31 March, 2021	Year ended 31 March, 2020
(e) Amount spent during the year on the following :		
-Contribution towards study & research (AIIMS) (₹ 62.93	-	6.50
-Contribution towards setting up 3 Nos of Powered Community Water Centre (₹ 48.87 Lakh)*	-	0.63
-Contribution towards MSGA selected as IA by MeECL for Indoor Badminton Court (₹ 31.21 Lakh)*	-	1.56
-Contribution towards devp. of infrastructure facilities in Kandmal Dist. Hospital (₹ 74.00 Lakh)*	-	70.30
-Contribution towards devp. of infrastructure facilities in SUKMA dist. Hospital (₹ 36.00 Lakh)*	10.11	-
-Contribution towards devp. of infrastructure facilities in Goa (₹ 40.82 Lakh)*	20.41	10.21
-Contribution towards devp./enhancement of education facility in Kishori Raman Girls Inter College, Mathura (₹ 35.89 Lakh)*	26.80	-
-Contribution towards devp./enhancement of education facility in Research & Rehabilitation Centre by Chetna Himachal Pradesh (₹ 25.52 Lakh)*	25.52	-
-Contribution towards devp. of infrastructure facilities in District Hospital Kargil (87.74 Lakh)*	78.97	-
-Contribution towards PM Cares Fund*	3.98	-
-Contribution towards CSR assistance for distribution of Food Packet during Lockdown (₹ 10 Lakh)*	10.00	-
-Contribution towards CSR assistance to Clean Ganga Fund (₹ 30.69 Lakh)*	30.69	-
-Contribution towards CSR assistance to Swachh Bharat Kosh Fund (₹ 17.39 Lakh)*	17.39	-
-Contribution towards CSR assistance to ASHI Home for Aged Welfare Association (AHAWA) (₹ 58.10 Lakh)*	21.99	-
-Contribution towards CSR assistance to Eureka Forbes Institute of Environment (EFIE) for water system in 7 Schools in Mumbai (₹ 15.60 Lakh)*	4.10	-
-Contribution towards CSR assistance to Eureka Forbes Institute of Environment (EFIE) for drinking water in 3 schools in gurgaon (₹ 11.75 Lakh)*	3.52	-
-Contribution towards education **	-	(0.09)
	253.48	89.11

*Sanctioned Amount for CSR activities identified as per Section 135 of the Companies Act, 2013.

**Unutilized CSR fund refunded by the party.

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

55 Merger of RECTPCL with RECPDCL

REC Power Distribution Company Limited ("Transferee Company" or "RECPDCL" or "the Company") had entered into a transaction with REC Transmission Projects Company Limited ("Transferor Company" or "RECTPCL") for amalgamation of RECTPCL into RECPDCL. RECPDCL and RECTPCL had filed a "Scheme of arrangement" with Ministry of Corporate Affairs for the approval.

MCA vide order dated 5 February, 2021 has approved the scheme of arrangement. The scheme mentions that the amalgamation of RECTPCL with RECPDCL shall take place with effect from the appointed date i.e., 1 April, 2020.

Upon this scheme coming into effect, RECPDCL has issued and allotted the sole beneficial shareholder of RECTPCL in the ratio of 71 equity shares of ₹ 10 each fully paid up in lieu of every 100 equity shares of ₹ 10 each fully paid up in RECTPCL. Accordingly, the Company issued 35,500 equity shares against 50,000 shares held by the shareholders of RECTPCL.

RECPDCL and RECTPCL are ultimately controlled by the same entity, i.e. REC Limited, which signifies that the scheme of arrangement entered into between RECPDCL and RECTPCL was a transaction between the entities under the common control and should be accounted for as per appendix C to Ind AS 103-Business Combinations.

Correspondingly, RECPDCL has applied pooling of interest method under which:

1. The assets and liabilities of the business acquired have been carried at the carrying values at which these were included in the financial statements of RECTPCL and no adjustments have been made to reflect fair values, or recognize any new assets or liabilities except to harmonize the accounting policies.
2. The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, i.e. from 1 April, 2019, irrespective of the actual date of the combination.
3. The identity of the reserves acquired under the business combination has been preserved as they appeared in the financial information of the business acquired from RECTPCL.

The difference of ₹ 1.45 Lakh between the amount recorded as share capital issued (i.e. purchase consideration) of ₹ 3.55 Lakh and the amount of share capital of RECTPCL of ₹ 5 Lakh has been transferred to capital reserve. The Company has recorded ₹ 3.55 Lakh as "Shares pending issuance" as at 01 April 2019.

RECPDCL incurred acquisition related direct costs amounting to ₹ 2.06 lakh. These costs have been recognized in "Other expenses" in note 39.

56 Additional disclosure explaining interests in other entities

Name of associates	% of holding As at 31 March, 2021	% of holding As at 31 March, 2020	Place of incorporation/ Principal place of business
Dinchang Transmission Limited***	0.00%	100.00%	India
Chandil Transmission Limited	100.00%	100.00%	India
Dumka Transmission Limited	100.00%	100.00%	India
Koderma Transmission Limited	100.00%	100.00%	India
Mandar Transmission Limited	100.00%	100.00%	India
Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)*	100.00%	*	India
Bidar Transmission Limited (Earlier Bidar Karnataka Line)*	100.00%	*	India
Gadag Transmission Limited (Earlier Gadag Karnataka Part A Line)*	100.00%	*	India
Ramgarh New Transmission Limited * (Earlier Solar Energy Rajasthan Part A Line)(transferred on 09.03.2021)	0.00%	*	India
Fatehgarh Bhadla Transco Limited (Earlier Solar Energy Rajasthan Part B Line)*	100.00%	*	India
Sikar New transmission Limited (Earlier Solar Energy Rajasthan Part C Line)*	100.00%	*	India
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)*	100.00%	*	India
MP Power Transmission Package-I Limited**	100.00%	-	India
MP Power Transmission Package-II Limited**	100.00%	-	India

REC Power Distribution Company Limited**Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021**

(All amounts in ₹ lakh, unless stated otherwise)

* Seven new Special purpose Vehicles(SPVs) are incorporated (Previous year in process of Incorporation). However request for proposal was issued in the month of March 2020 therefore, as per allocation policy expense have been allocated from March 2020 onwards.

** Two new Special purpose Vehicles(SPVs) are incorporated during FY 2020-21. The request for proposal was issued in the month of June 2020 therefore, as per allocation policy expense have been allocated from June 2020 onwards.

*** Dinchang Transmission Limited was denotified vide MoP letter dated 25 March, 2019 and subsequently investment was written off. MOP permission for striking off company with MCA was obtained on 31 March, 2020. The application for strike off has been filed with RoC and the company is under the process of strike off as per MCA status.

Notes:

- (i) Management incorporates these entities and invest in them with a view to sell them off as per the guidelines of Ministry of power, through the bid process prescribed by ministry of power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investment (along with the related assets and liabilities) has been classified as held for sale.
- (ii) The above investments are managed as per the mandate from Government of India (GoI) and the Parent Company does not have the practical ability to direct the relevant activities of these companies unilaterally.

The Parent Company therefore, considers its investment in respective SPVs as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

57 Other notes

- I There were Five opening associate companies (SPVs), incorporated in the previous years, namely Chandil Transmission Limited, Dinchang Transmission Limited, Dumka Transmission Limited., Koderma Transmission Limited, Mandar Transmission Limited. . Nine associates (SPVs) was incorporated during the Financial Year 2020-21 , namely Kallam transmission Limited, Bidar Transmission Limited, Gadag Transmission Limited, Ramgarh New Transmission Limited, Fatehgarh Bhadla Transco Limited, Sikar New Transmission Limited, Rajgarh Transmission Limited, MP Power Transmission Package-I Limited, MP Power Transmission Package-II Limited , thus there were total fourteen associates during the year.

One of the associate namely Dinchang Transmission Limited was given No Objection by MoP for for striking off the name of Dinchang Transmission Limited under Section 248 of Companies Act, 2013 from the Register of Companies vide its notification No. 44/24/2017-RE dated 31 March, 2020, for which the fair value has been taken as zero. The application for strike off has been filed with RoC and the company is under the process of strike off as per MCA status. Further, one of the associate namely Ramgarh New Transmission Limited was transferred / sold during the year . Hence, there are twelve associates(SPVs) as at 31 March, 2021.

- II Government of Jharkhand vide its letter dated 21 August, 2017 had nominated the Parent Company as the Bid Process Coordinator for the development of Intra-State transmission elements of Jharkhand State through Tariff Based Competitive Bidding route. As per the directions of Jharkhand Urja Sancharan Nigam Limited (State Transmission Utility of Jharkhand), the transmission elements were divided into 5 projects and the RFQ process was initiated. Subsequently, Jharkhand Urja Sancharan Nigam Limited in consultation with Central Electricity Authority & Central Transmission Utility finalized the revised transmission elements of Jharkhand State to be developed through Tariff Based Competitive Bidding route. Afterwards, based on the directions of Jharkhand Urja Sancharan Nigam Limited the revised scope of work has been divided in 4 packages. Therefore, Expenditure which was allocated to five projects was re-allocated to four projects. Government of Jharkhand vide its letter dated 30 September, 2020, has decided to reinstate the bidding process. Hence, the four projects has been kept in abeyance w.e.f. 1 October, 2020.
- III Since the Parent Company is incurring expenses mainly for its project specific associates (called SPVs), the expenses have been allocated at the year end to these SPVs. Direct expenses have been booked to the respective SPV for which the expenditure has been incurred. All indirect/common expenses have been allocated to SPVs & projects (except government schemes) on proportionate basis on the SPV from the month of issue of RfQ/ RFP (If RfQ stage is not adopted in the bidding process) or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The Parent Company has charged interest on the funds deployed by it. For direct expenses, interest is charged from the month in which the expenditure is incurred whereas for indirect expenses interest is charged for the average period of deployment of funds. Such interest is calculated on monthly basis but recognized at the end of the year or at the time of transfer of SPV, whichever is earlier. If bid process activity of relating to any SPVs is kept in abeyance by the concerned authority due to any reason, no cost allocation and interest for such period of abeyance will be made.

Notes forming part of Consolidated Financial Statements for the year ending 31 March, 2021

Annual and periodical allocation of expenditure by the Company to associates till the completion of service is accumulated and debited to associates account (invoice inclusive of GST is raised) and the same is treated as advance to associates reflected under the head Disposal group. The amount of advance is transferred to debtors and is realized, during acquisition of the SPV by the successful bidder.

- Summary of significant accounting policies 1 to 3
The accompanying notes from 4 to 57 are integral part of the financial statements.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

CA Nitin Grover
Partner
Membership No. 516604

Sanjay Kumar
Digitally signed by Sanjay Kumar
DN: cn=OJ, o=Personal,
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st=ChdP,
serialNumber=dea01f0695af47235
15506b0e286efae071132197d3eac6
977572cb31f0c, cn=Sanjay Kumar
Date: 2021.05.26 09:36:31 +05'30'

Ajoy Choudhury
Digitally signed by Ajoy Choudhury
DN: c=IN, o=Personal,
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serialNumber=1baf1add3bda08679a
5dc8894fd36bd79624317d2ba61011
e9f9da73a470, cn=Ajoy Choudhury
Date: 2023.05.26 09:44:35 +05'30'

Ajoy Choudhury
Director
DIN - 06629871

(Pursuant to proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of Subsidiaries/ Associate Companies/ Joint Ventures for the Year 2020-21

Statement Pursuant to Section 129(3) of the Companies Act,2013 related to Subsidiary Companies is **not Applicable**

Name of Associates/Joint Ventures		Bidar Transmission Limited*	Chandil Transmission Limited *	Dumka Transmission Limited *	Fatehgarh Bhadla Transco Limited*	Gadag Transmission Limited *	Kallam Transmission Limited #	Koderma Transmission Limited *	Mandar Transmission Limited *	MP Power Transmission Package I Limited #	MP Power Transmission Package II Limited #	Rajgarh Transmission Limited *	Sikar New Transmission Limited*
1	Latest audited / unaudited Balance Sheet Date	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21
2	Shares of Associate/Joint Ventures held by the company on the year end												
	Number	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Amount of Investment in Associates/Joint Venture (₹ in lakh)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
	Extent of Holding (%)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Description of how there is significant influence	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
4	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Networth attributable to shareholding as per latest Balance Sheet (₹ in lakh)*/#	7.16	(214.70)	(209.23)	(66.60)	4.53	(4.52)	(191.97)	(187.15)	(81.93)	(83.46)	9.74	(53.72)
6	Profit / Loss for the year (₹ in lakh)	2.16	(1.02)	(1.01)	(71.60)	(0.47)	(9.52)	(1.01)	(1.01)	(86.93)	(88.46)	4.74	(58.72)
i.	Considered in consolidation **	-	-	-	-	-	-	-	-	-	-	-	-
ii.	Not considered in consolidation :	2.16	(1.02)	(1.01)	(71.60)	(0.47)	(9.52)	(1.01)	(1.01)	(86.93)	(88.46)	4.74	(58.72)

The latest unaudited Balance Sheet available for associates have been prepared on the basis of IND-AS.

Note : 1. The company is holding 100% of shares but these investments are managed as per the mandate from Government of India and company does not have the practical ability to direct the relevant activities of these companies unilaterally, hence treated as associate company.

Note : 2. One associate namely Ramgarh New Transmission Limited was transferred on 9 March, 2021.

Chartered Accountants
Firm Registration No. 003499N

CA Nitin Grover
Partner
Membership No. 516604
Place: New Delhi
Date:

Sanjay Kumar
Digitally signed by Sanjay Kumar
DN: c=IN, o=Personal,
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5150b0e92b66af471132197d3ea48c
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Date: 2021.05.26 09:36:55 +05'30'

Ajoy Choudhury
Director
DIN - 06629871