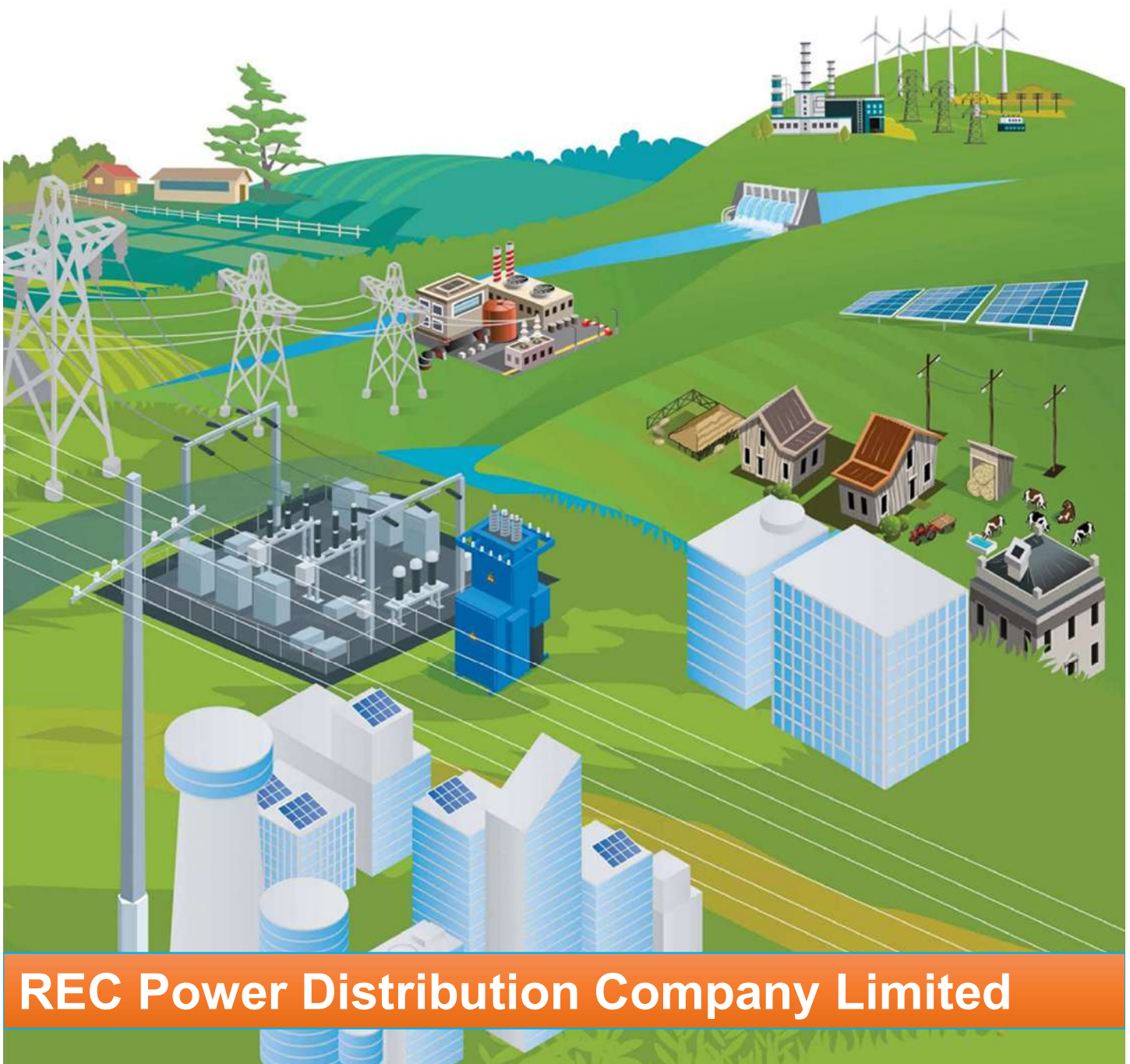


13th Annual Report (2019-20)



REC Power Distribution Company Limited

OBJECTIVES AND FINANCIAL HIGHLIGHTS

MISSION & VISION:

- To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and semi-urban population.
- To act as a competitive, client-friendly, development-oriented organization and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

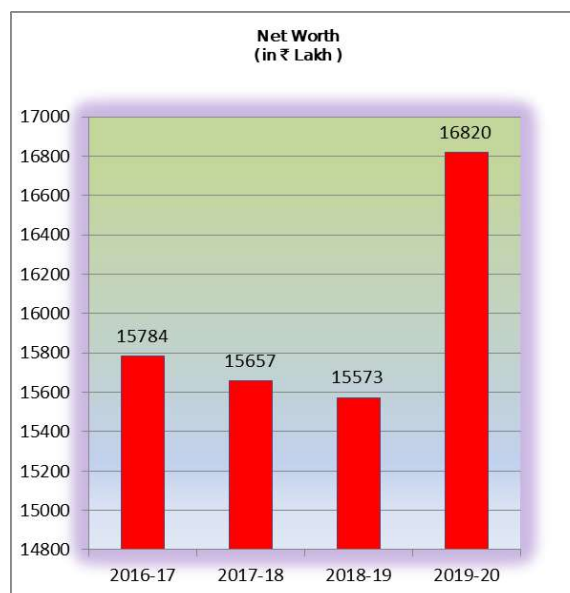
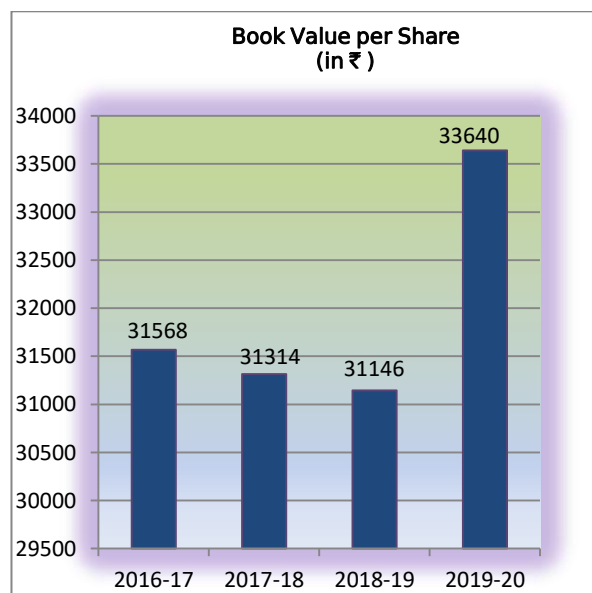
OBJECTIVES:

- To Promote, develop, construct, own, operate, distribute and maintain 66 KV and below voltage class electrification/distribution electric supply lines/Distribution System.
- To Promote, Develop, Construct, Own and Manage Decentralized Distributed Generation (DDG) and Associated Distribution System.
- Consultancy/Execution of works in the above areas for other agencies/government bodies in India and abroad.

FINANCIAL HIGHLIGHTS*(₹ in lakh except EPS, Dividend & Book Value per share)*

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Shareholders' Fund (at the end of the year)										
Equity Share Capital	5	5	5	5	5	5	5	5	5	5
Reserves & Surplus	16,815	15,568	15,652	15,779	11745	9435	6018	2747	1608	790
Net Worth	16,820	15,573	15,657	15,784	11750	9440	6023	2752	1613	795
Financial Results										
Total Revenue	14,301	15,977	20695	19,158	15154	8776	7516	3061	2328	2045
Profit Before Tax	2,034	4,101	5,469	6,067	5544	5252	5018	1598	1286	617
Profit After Tax	1,247	2,634	3494	4,033	3617	3477	3301	1081	867	404
Earnings Per Share (in ₹)	2,495	5,268	6,988	8,066	7233	6955	6601	2162	1734	808
Dividend per share (in ₹)	1685*	2300	2210	2421	2170	100	50	10	10	10
Book Value per share (in ₹)	33,640	31,146	31,314	31,568	23,500	18,880	12,046	5,504	3,226	1,590

*The Final Dividend @ of ₹1,685/- per equity share, as recommended by Board of Directors in its meeting held on June 12, 2020, subject to the provisions of Section 123 of the Companies Act, 2013, if approved by the members at this Annual General Meeting, will be paid to the members (REC) or their mandates whose names appear in the register of Members of the Company.



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CORPORATE INFORMATION

BOARD OF DIRECTORS	Shri Sanjeev Kumar Gupta, Chairman Non-Executive Director
	Shri Ajoy Choudhury, Non-Executive Director
	Shri V.K.Singh, Non-Executive Director
	Shri Sanjay Kumar, Non-Executive Director
CHIEF EXECUTIVE OFFICER	Shri. R. Lakshmanan, IAS, Chief Executive Officer CEO
KEY OFFICIALS	Smt. Valli Natarajan, Additional CEO
	Shri Bhupender Gupta, Additional CEO
	Shri M.L. Kumawat, Company Secretary (CS)
	Shri R K Sonkar, Chief Finance Officer (CFO)
	Shri Alok Singh GM (Tech.)
REGISTERED OFFICE	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003. Tel. No.: 011-24365165 Fax No.: 011-24365815 E-mail: co.delhi@recpdcl.in Website : www.recpdcl.in
CORPORATE OFFICE	4 th Floor, KRIBHCO Bhawan A-10, Sector-1, Noida, Gautam Budha Nagar-201301 (UP), Tel. No.: 120-4383783 Fax No.: 120-4383768 E-mail : co@recpdcl.in Website: www.recpdcl.in
CORPORATE IDENTIFICATION NUMBER (CIN)	U40101DL2007GOI165779
HOLDING COMPANY	REC Limited (formerly Rural Electrification Corporation Limited) (CIN : L40101DL1969GOI005095)
STATUTORY AUDITORS	M/s A.K.G. & Associates, Chartered Accountants, (Firm Registration No. 002688N) 11, CSC DDA Market, A-Block Saraswati Vihar, Delhi-110034
INTERNAL AUDITORS	M/s Singh Ray Mishra & Co. Chartered Accountants, (Firm Registration No. 318121E) 101, Maruti Apartment, Near Mayur Public School Gurudwara Road, Mandawali, IP Ext., Delhi-110092
BANKERS	State Bank of India
	Bank of Baroda
	The Jammu & Kashmir Bank
	IndusInd Bank
	HDFC Bank
	ICICI Bank
	IDFC Bank
	Yes Bank

BOARD OF DIRECTORS AND CEO

(Shri Sanjeev Kumar Gupta)
Chairman



(Shri Ajoy Choudhury)
Non-Executive Director



(Shri V.K. Singh)
Non-Executive Director



(Shri Sanjay Kumar)
Non-Executive Director



(Shri R. Lakshmanan, IAS)
Chief Executive Officer

CHAIRMAN'S LETTER TO SHAREHOLDERS



It is my privilege to present to you the 13th Annual Report of your Company. During the financial year 2019-20, the performance of your Company has been consistent in its core business viz. Preparation of Detailed Project Reports (DPR), Third Party Inspection (TPI), Material Inspection & Project Management Consultancy (PMC) and Project Management Agency/ Project Management Consultant under DDUGJY and IPDS. As on March 31, 2020, RECPDCL has been working in about 106 on-going projects with estimated consultancy fee of ₹994.41 crore spread in 57 Nos. of DISCOMs/Power Departments/Co-operative Societies, 25 States and 5 Union Territories.

Power is one of the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar and agricultural & domestic waste. The generation mix in the country has also witnessed increased penetration of renewable energy sources. India is pursuing a very ambitious target of having 175 GW of installed renewable energy capacity by year 2022, which includes 100 GW of solar power alone. Energy efficiency is being pursued through innovative programmes such as UJALA, for replacing incandescent light bulbs with LEDs. Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India.

The Government of India's focus on attaining '24x7 Power for all' has accelerated capacity addition in the country. As on March 31, 2020, the total installed capacity of power stations in India stood at 370 GW which included 93,477 MW (25%) in the Central Sector, 1,03,322 MW (28%) in the State Sector and 173,308 MW (47%) in the Private Sector. The demand has been slightly muted over the last two years yet keeping in view of the Country's per capita electricity consumption being way below the existing World's average per capita consumption, a calibrated capacity addition needs to be continued with on consistent basis to improve and sustain the economic activity in the hinterlands. With surplus coal and power, the Government is taking several initiatives to provide '24x7 Power for all'.

Current lockdown has delivered another major blow to Power sector. However, Power sector has been allowed to operate unhindered across the country affirming its value as an essential service. However, with industrial and commercial activities across the country coming to a halt, accordingly the demand for power had reduced by 25-30% and reached to 2009 level.

Government Initiatives

The power distribution sector is passing through a very dynamic phase. As per recently announced stimulus package by the Finance Minister, the power departments in UTs are proposed to be privatized. The DISCOMs being unable to grab the benefit of the UDAY scheme, another reform wave of privatization for state DISCOMs is obvious. Further, the State Governments are already focusing on roof-top solar projects in residential/institutional buildings to reduce their carbon footprint and reduce the cost of generation of electricity. PM KUSUM scheme has also been extended with additional target for setting up standalone solar powered pumps to reduce the subsidized power consumption and increase DISCOM profitability. Implementation of Smart Pre-paid meters in all DISCOMs is a new opportunity where Govt. of India has been putting lot of thrust. Accordingly, RECPDCL is focusing to get more diversified business opportunities in the Power Distribution sector especially in the area of Smart meters and Renewable Energy Generation in future.

Performance

During the financial year 2019-20, your Company has achieved a total revenue of ₹143.01 crore against previous year revenue of ₹159.77 crore and the Profit After Tax of ₹12.47 crore against the previous year Profit After Tax of Rs.26.34 crore.

As on March 31, 2020, the Net Worth of the Company was ₹168.20 crore as compared to ₹155.73 crore in the previous year. Earnings per Share (EPS) for the financial year ended March 31, 2020 is ₹2,495 of ₹10/- each as against ₹5,268 in the previous year.

The Board of Directors of your Company has proposed final dividend of ₹1,685/- per equity share of ₹10/- each for the financial year 2019-20 subject to the approval of Shareholders of the company in this Annual General Meeting. Therefore, the total dividend for the financial year 2019-20 is ₹1,685 per equity share, representing 16,850% of the paid-up share capital of the Company as against ₹2,300 per share, representing 23,000% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2019-20 will amount to ₹8.43 crore.

Corporate Governance

As a good corporate entity, your Company is being managed in an ethical and responsible manner. Your company is in compliance with all the applicable provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance, 2010. Your Company has been submitting "Report on Corporate Governance" on quarterly and annual basis as required by guidelines on Corporate Governance for CPSEs, 2010 issued by DPE. The Certificate for compliance of conditions of Corporate Governance for the financial year ended March 31, 2020, has been obtained from M/s. Pranav Kumar & Associates, Practicing Company Secretaries.

The Company is not required to appoint any Independent Directors/Women Director and also not required to constitute Audit Committee vide MCA Notification dated July 5, 2017 read with MCA Notification dated July 13, 2017.

Corporate Social Responsibility

As a socially responsible corporate entity, RECPDCL has endeavored to serve the Society at large. During financial year 2019-20, CSR initiatives were pursued and the Company has extended financial assistance for the projects that provide integrated development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/ communities.

For the financial year 2019-20, RECPDCL has allotted a CSR Budget of ₹104.17 lakh and an amount of ₹1.52 lakh being the unspent amount for previous financial year has been carried forward and included in CSR budget of financial year 2019-20.

Further, CSR financial assistance amounting to ₹1,01,71,072/- was sanctioned by the Board for three projects in the field of education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities. The total amount disbursed towards CSR activities was ₹10,20,518/- as per details appearing in the "Annual Report on CSR Activities" forming part of this Annual Report. Further, an amount of ₹3,97,712/- has been disbursed in the Financial Year 2020-21 to PM CARES fund to deal with situation caused due to COVID-19 Pandemic.

The Path Ahead

Your Company is looking forward to get more diversified business opportunities in various new High-end Technology consultancy. The Government of India has released its roadmap to achieve 175 GW capacity in renewable energy by 2022, which include 100 GW of solar power and 60 GW of wind power. The Union Government of India is preparing a 'rent a roof' policy for supporting its target of generating 40 gigawatts (GW) of power through solar rooftop projects by 2022. Coal-based power generation capacity in India, which currently stands at 229.40 GW, is expected to reach 330-441 GW by 2040.

ACKNOWLEDGEMENTS

I take this opportunity to express my sincere gratitude to the Hon'ble Minister of State (Independent Charge) for Power and New & Renewable Energy and Officials of the Ministry of Power, for their support and guidance to the Company. I am also grateful to the State Governments, Power Utilities, Vendors, Customers and Business Associates, for reposing their trust in the Company. Further, I record my deep appreciation for the cooperation extended by the holding company REC, the C&AG of India, the Auditors, Bankers and other professionals associated with the Company.

Last but not the least, I would like to thank my colleagues on the Board and all staff members, for their unstinting support. With the continued support and goodwill of all stakeholders, I am confident that RECPDCL will grow from strength to strength and scale new height in the times ahead.

With warm wishes,



(Sanjeev Kumar Gupta)
Chairman
DIN:03464342

Date: September 21, 2020

REC Power Distribution Company Limited

Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

CIN: U40101DL2007GOI165779

Tel.: +91 11 011 24369690 Fax: +91 011 24365815

Email: co.delhi@recpdcl.in Website: www.recpdcl.in

NOTICE

Notice is hereby given that the Thirteenth (13th) Annual General Meeting (AGM) of REC Power Distribution Company Limited ("RECPDCL" or "the Company") (CIN:U40101DL2007GOI165779) will be held on **Tuesday September 22, 2020 at 4.30 P.M** at shorter notice at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India to transact the following businesses:-

ORDINARY BUSINESS

- 1) To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2020 along with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare Final Dividend on equity shares of the Company for the financial year 2019-20.
- 3) To appoint a Director in place of Shri Ajoy Choudhury (DIN: 06629871), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To fix the remuneration of Statutory Auditors for the financial year 2020-21.

SPECIAL BUSINESS

- 5) To appoint Shri Sanjay Kumar (DIN: 08722752) as Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and as per the Articles of Association of the Company, Shri Sanjay Kumar (DIN: 08722752), who was appointed as an Additional Director of the Company with effect from March 16, 2020 and holds office upto the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and the Company has received a notice in writing from him under Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, and shall liable to retire by rotation."

- 6) To appoint Shri Vijay Kumar Singh (DIN: 02772733) as Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and as per the Articles of Association of the Company, Shri Vijay Kumar Singh (DIN: 02772733), who was appointed as an Additional Director of the Company with effect from June 12, 2020 and holds office upto

the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and the Company has received a notice in writing from him under Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, and shall liable to retire by rotation."

**By order of the Board of Directors
For REC Power Distribution Company Limited**



**(M.L. Kumawat)
Company Secretary
ACS-011673**

Place: Core-4, SCOPE Complex,
7, Lodhi Road, New Delhi-110003.

Date: 21.09.2020

NOTES:-

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll, if any, instead of himself/herself and such proxy need not be a Member of the Company. The proxy form duly completed and signed must be received at the Registered Office of the Company, not less than forty eight (48) hours before the commencement of the AGM. Blank proxy form and attendance slip of the Meeting is attached and also available on the Company's website i.e. www.recpdcl.in.
2. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto. The Board of Directors of the Company in its Meeting held on September 21, 2020 considered that the items of Special Business at Sl. Nos. 5 and 6 of the Notice, being unavoidable in nature, shall be transacted at the 13th AGM of the Company
4. The Final Dividend @ of ₹1,685/- per equity share, as recommended by Board of Directors in its Meeting held on June 12, 2020, subject to the provisions of Section 123 of the Companies Act, 2013, if approved by the members at this Annual General Meeting, will be paid to the members (REC) or their mandates whose names appear in the register of Members of the Company.
5. Corporate Members are requested to send/attach a duly certified copy of the Board Resolution/Authority Letter authorizing their representative to attend and vote on their behalf at the Annual General Meeting, along with the Proxy Form/Attendance Slip.
6. In accordance to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, their remuneration shall be fixed by the Company in a General Meeting or in such manner as the company in a General Meeting may determine. The shareholders may authorize the Board of Directors of the Company to fix an appropriate remuneration of Auditors appointed/to be appointed by the C&AG. Accordingly, in the

12th Annual General Meeting (AGM) of the Company held on August 27, 2019, the shareholders had authorized the Board of Directors of the Company in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2019-20. Accordingly, the Board of Directors in its Meeting held on October 30, 2019 approved the payment of remuneration of ₹1,80,000/- (Rupees One Lakh Eighty Thousand only) and plus applicable GST inclusive of local travel expenses and other incidental out of pocket expenses to the Statutory Auditors, M/s A.K.G. & Associates, Chartered Accountants, for the financial year 2019-20, as authorized by shareholders of the Company in the 12th AGM held on August 27, 2019.

Further, pursuant to Section 139(5) of the Companies Act, 2013, M/s AK Batra & Associates, Chartered Accountants, New Delhi has been appointed as Statutory Auditors of the Company for the financial year 2020-21 by the C&AG of India. The Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2020-21.

7. Members desirous of getting any information on any item(s) of business of this meeting are requested to address their queries to the Authorized Signatory at the Registered Office of the Company at least five days prior to the date of the Annual General Meeting, so that the information required can be made available at the time of the meeting.
8. The Register of Directors and their Shareholding maintained under Section 170 of the Companies Act, 2013, Register of contracts and arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and at the time of AGM of the Company at the venue of the Meeting.
9. The entire Annual Report is also available on the Company's website i.e. www.recpdcl.in

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**THE FOLLOWING STATEMENT SETS OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE****Item No. 5**

Shri Sanjay Kumar (DIN:08722752) was appointed as Additional Director on the Board of the Company w.e.f. March 16, 2020. Consequent to his appointment as Additional Director in the Company in terms of provisions of Section 161 of the Companies Act, 2013, read with rules made thereunder and also in terms of Article 119 of Article of Association of the Company, he holds office upto the date of ensuing Annual General Meeting and be eligible for appointment/re-appointment by the Company in ensuing Annual General Meeting. Further, in terms of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from him, signifying his candidature for the office of Director of the Company and the same is available on the website of the Company. Accordingly, appointment of Shri Sanjay Kumar as Director may be considered by the shareholders at this AGM. Further, Shri Sanjay Kumar is not disqualified to be a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013, to the extent applicable to the Company.

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 P.M. to 4.30 P.M. up to the date of the Meeting. He holds 1 equity Share of ₹10/- of the Company as nominee of REC Limited (holding company). Further, the brief resume of Shri Sanjay Kumar giving the nature of his expertise in specific functional areas, remuneration paid, number of meetings attended during the year etc. forms part of this Notice.

The Board of Directors of your Company recommends his appointment as a Director for approval by the shareholders of the Company.

None of the Directors of the Company or their relatives except Shri Sanjay Kumar is in any way, concerned or interested, financially or otherwise, in passing of the said resolution set out at item No. 5 of the Notice.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at item no.5 of this Notice.

Item No. 6

Shri Vijay Kumar Singh (DIN:02772733) was appointed as an Additional Director on the Board of the Company w.e.f. June 12, 2020. Consequent to his appointment as Additional Director in the Company in terms of provisions of Section 161 of the Companies Act, 2013, read with rules made thereunder and also in terms of Article 119 of Article of Association of the Company, he holds office upto the date of ensuing Annual General Meeting and be eligible for appointment/re-appointment by the Company in ensuing Annual General Meeting. Accordingly, as per the provisions of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from him, signifying his candidature for the office of Director of the Company and the same is available on the website of the Company. Accordingly, appointment of Shri Vijay Kumar Singh as Director may be considered by the shareholders at this AGM. Further, Shri Vijay Kumar Singh is not disqualified to be a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013, to the extent applicable to the Company.

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 P.M. to 4.30 P.M. up to the date of the Meeting. He holds 1 equity Share of ₹10/- of the Company as nominee of REC Limited (holding company). Further, the brief resume of Shri Vijay Kumar Singh giving the nature of his expertise in specific functional areas, remuneration paid, number of meetings attended during the year etc. forms part of this Notice.

The Board of Directors of your Company recommends his appointment as a Director for approval by the shareholders of the Company.

None of the Directors of the Company or their relatives except Shri Vijay Kumar Singh is in any way, concerned or interested, financially or otherwise, in passing of the said resolution set out at item No.6 of the Notice.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at item no. 6 of this Notice.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 13TH ANNUAL GENERAL MEETING.

Name	Shri Ajoy Choudhary (DIN: 06629871)
Date of Birth	January 21, 1964 (Age: 56 years)
Date of Appointment	March 25, 2019
Qualifications	B. Com (H) & Member of Institute of Cost Accountants of India.
Expertise in specific Functional area	<p>Shri Ajoy Choudhury is holding the position of Director (Finance) in REC Limited since June 1, 2020. He is an Associate Member of the Institute of Cost & Management Accountants of India. He has over 31 years of experience in Indian Power Sector across diverse functions such as International Finance, Contracts Management, Loans & Recovery, Corporate Accounts, Resource Mobilization & Treasury etc. He has been working in REC (Holding Company) since April 16, 2007 at Senior Management positions and has been instrumental in implementation of various systemic improvements including formulation of Loan Recovery guidelines, improving communication and services to customers and managing overall Resources and Treasury in REC in an efficient manner. He has also been a member of Core Team for implementation of 'Ujwal DISCOM Assurance Yojana' (UDAY), flagship programme of Government of India, aimed at turnaround of Distribution Companies in the Indian Power Sector. Prior to joining REC, he has worked at various levels with Powergrid Corporation of India Limited and NHPC Limited, over 19 years. He also served as a Nominee Director on the Board of TRN Energy Private Limited.</p> <p>Shri Choudhury also provides directions with respect to Financial Management and Operations of the organization encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.</p>
Directorship held in other Companies	<ul style="list-style-type: none"> • REC Limited. • REC Transmission Projects Company Limited.
Membership/Chairmanship of Committees across all Public Companies other than RECPDCL	1
Number of Meetings attended by him during the year	During the Financial Year 2019-20, he has attended 7 (seven) Meeting of Board.
Number of equity shares held in the Company	1 (one) as Nominee REC.
Remuneration paid	All the Non-Executive Directors on the Board of the Company are nominated by the holding company and are not entitled to any remuneration from the Company.
Relationship with other Directors and Other Key Managerial Personnel	None of the Directors have inter-se relationship with any Director, Manager and other Key Managerial Personnel of the Company.

BRIEF RESUME OF THE DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON AUGUST 27, 2019.

Name	Shri Sanjay Kumar (DIN: 08722752)
Date of Birth	September 25, 1964 (Age: 56 years)
Date of Appointment	March 16, 2020
Qualifications	B. Com (H) & Member of Institute of Chartered Accountants of India.
Expertise in specific Functional area	<p>Shri Sanjay Kumar is Nominee Director on the Board of RECPDCL since March 16, 2020. He has done B.Com (H) from Delhi University and is an Associate Member of the Institute of Chartered Accountants of India. He is also holding the position of Executive Director in REC Limited since April 1, 2020 and heads the Domestic and International Resource mobilization and Treasury operations.</p> <p>Earlier, he has also looked after various Finance areas including International Finance, Corporate Accounts, Asset Liability Management, Financial Policy and Concurrence, Resource Mobilisation and Treasury functions and was responsible for implementation of various systemic improvements guidelines including overall Resources and Treasury Management in REC Limited. He has been a member of core team for REC's Follow on Public Offering.</p> <p>Prior to joining REC on April 27, 2007, he has worked in Public Sector Company NHPC Limited and Private Sector also.</p>
Directorship held in other Companies	NIL
Membership/Chairmanship of Committees across all Public Companies other than RECPDCL	NIL
Number of Meetings attended by him during the year	NIL
Number of equity shares held in the Company	1 (one) as Nominee REC.
Remuneration paid	All the Non-Executive Directors on the Board of the Company are nominated by the holding company and are not entitled to any remuneration from the Company.
Relationship with other Directors and Other Key Managerial Personnel	None of the Directors have inter-se relationship with any Director, Manager and other Key Managerial Personnel of the Company.

BRIEF RESUME OF THE DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON AUGUST 27, 2019.

Shri Vijay Kumar Singh (DIN: 02772733) as Director of the Company on June 12, 2020.

Name	Shri Vijay Kumar Singh (DIN: 02772733)
Date of Birth	June 3, 1965 (Age: 55 years)
Date of Appointment	June 12, 2020
Qualifications	Bachelor's Degree in Electrical Engineering from IIT, Roorkee, Uttarakhand.
Expertise in specific Functional area	<p>Shri V.K Singh has 30 years of extensive experience in technical, commercial, finance and operations functions across leading power sector PSUs. He started his career in power sector premier organization namely NTPC Limited (1989-91). Joined Power Grid Corporation of India Limited in 1991 and worked till 2007 in transmission project development and management, procurement of goods and services, construction of EHV Sub-stations and transmission lines in various parts of the country. He has also led a team in procurement activities for World Bank funded transmission projects in PGCIL's Corporate Contract Services division. In REC Limited, he started with Corporate Planning and International Cooperation & Development Division and also worked as Additional Chief Executive Officer with REC Transmission Projects Company Limited.</p> <p>Presently, he is the HoD of Private Sector Project Management and looking after financing of large Thermal, Hydro, Gas based Generation T&D and Renewable Energy Projects in Private Sector, Procurement and Contracts Management, Entity Appraisal and Corporate Planning. He is Director on the Board of Teesta Urja Limited, Facor Power Limited, Bhadreshwar Vidyut Private Limited. He has also served as Director on the Board of REC Transmission Projects Company Limited.</p>
Directorship held in other Companies	<ul style="list-style-type: none"> • Teesta Urja Limited • Facor Power Limited • Bhadreshwar Vidyut Private Limited
Membership/Chairmanship of Committees across all Public Companies other than RECPDCL	NIL
Number of Meetings attended by him during the year	NIL
Number of equity shares held in the Company	1 (one) as Nominee REC.
Remuneration paid	All the Non-Executive Directors on the Board of the Company are nominated by the holding company and are not entitled to any remuneration from the Company.
Relationship with other Directors and Other Key Managerial Personnel	None of the Directors have inter-se relationship with any Director, Manager and other Key Managerial Personnel of the Company.

BOARD'S REPORT 2019-20

To
The Shareholders,

Your Directors have pleasure in presenting the Thirteenth Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended March 31, 2020.

1. PERFORMANCE HIGHLIGHTS

1.1 The highlights of performance of the Company for the financial year 2019-20 were as under, with comparative position of previous year's performance:

The summary of audited financial results of the Company for the financial year ended March 31, 2020 with comparative position of previous year's performance is as under:

(₹ in crore)

Financial Parameters	FY 2019-20	FY 2018-19
Revenue from Operations	127.21	152.51
Other Income	15.80	7.26
Total Revenue	143.01	159.77
Total Expenses	122.67	118.76
Profit before Tax	20.34	41.01
Tax expenses	7.87	14.67
Profit after Tax	12.47	26.34
Other Equity	168.15	155.68
Net Worth	168.20	155.73

1.2 Financial Performance

During the financial year 2019-20, your Company has achieved a total revenue of ₹143.01 crore against previous year's revenue of ₹159.77 crore and Profit after Tax of ₹12.47 crore against the previous year's Profit after Tax of ₹26.34 crore.

As on March 31, 2020, the Net Worth of your Company was ₹168.20 crore as compared to ₹155.73 crore as on March 31, 2019. Earnings per Share (EPS) for the financial year ended March 31, 2020 was ₹2,495/- of face value of ₹10/- each as against ₹5,268/- in the previous year.

1.3 Share Capital

The Authorized Share Capital of the Company is ₹20 crore divided into 2,00,00,000 equity shares of ₹10/- each and the Paid up Share Capital of the Company is ₹0.05 crore divided into 50,000 equity shares of ₹10/- each, is held by holding Company i.e. REC Limited (formerly Rural Electrification Corporation Limited) a Government of India Enterprise and its nominees.

1.4 Dividend

The Board of Directors have recommended final dividend of ₹1,685/- (Rupees One Thousand Six Hundred Eighty Five only) per equity share of ₹10/-each subject to the approval of Shareholders of the company in this Annual General Meeting and which represents 16,850% of the paid-up share capital of the Company as against ₹2,300 per share, representing 23,000% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2019-20 will amount to ₹8.43 crore, representing 67.55% of the Profit After Tax (PAT) of the Company for the financial year 2019-20.

2. REVIEW OF OPERATIONS

During the financial year 2019-20, your Company has further expanded its business portfolio into project implementation by executing smart metering projects along with implementation of Distribution system strengthening works in the UT of J&K and Ladakh. The company has been consistent in its core business viz. Preparation of Detailed Project Reports (DPR), Third Party Inspection (TPI), Pre-dispatch Material Inspection, Project Management Consultancy (PMC)/ Project Management Agency under DDUGJY/ IPDS/ state funded other schemes. As on March 31, 2020, RECPDCL has been working in about 106 on-going projects with estimated consultancy fee of ₹994.41 crore spread in 57 Nos. of DISCOMs/Power Departments/Co-operative Societies, 25 States and 5 Union Territories.

The major assignments/on-going projects undertaken during the financial year 2019-20 are as follows: -

(i) Project Management Agency/Project Management Consultant under DDUGJY and IPDS.

Your Company is engaged for Project Management Agency (PMA)/Project Management Consultant (PMC) under the scheme DDUGJY and IPDS for 23 DISCOMs/Power Departments and 5 Co-Operative Societies in 15 States and 4 Union Territories.

Further, existing PMA/PMC contract has been extended in few DISCOMs/Power Departments due to various reasons e.g. change in bidding mechanism from partial turnkey to full turnkey method, delay in execution work by turnkey contractors, RoW issues etc. not attributable to RECPDCL. The lists of such projects are as hereunder:

- (i) PMA services under DDUGJY New Scheme in APSPDCL, APEPDCL, APDCL, APDA, PVVNL, WBSEDCL, HESCOM, GESCOM, MESCOM, BESCOM, CESCO, MPPKVCL, CSPDCL, TSSPDCL, TSNPDCL, ARECS, CRECS, KRECS, CESS and Hukkeri society.
- (ii) PMC services under DDUGJY-RE 12th plan in DVVNL, JBVNL, PuVVNL and TSECL.
- (iii) PMA services under IPDS in PVVNL, WBSEDCL, HESCOM, GESCOM, MESCOM, BESCOM, CESCO, MPPKVCL, CSPDCL, MSPDCL, TSSPDCL, TSNPDCL, MePDCL and JKPDD.
- (iv) PMA services under IPDS additional in PVVNL, WBSEDCL, CESCO, MESCOM and HESCOM.
- (v) PMC services under R-APDRP (Part-B) in GED, JKPDD.
- (vi) PMC Services for Implementation of JSBAY Scheme in JBVNL.
- (vii) PMA services to PVVNL for conversion of LT bare conductor to LT AB Cable, smart grid project in CED, IPDS-IT in CSPDCL, PMDP in JKPDD, HVDS in WBSEDCL and Saubhagya in MePDCL.

(ii) PMC & AMC work of EESL LED street light project in Chandigarh, Chhattisgarh, Punjab, Jharkhand, Rajasthan and Tripura.

Your Company has been working as Project Management Consultancy (PMC) & Annual Maintenance Contract (AMC) Service provider for M/s Energy Efficiency Services Limited Light Emitting Diode (EESL-LED) Street Light Project in the States/UT of Rajasthan, Chhattisgarh, Jharkhand, Punjab, Chandigarh, Tripura, Maharashtra & Uttar Pradesh.

(iii) Project Management Agency for Power Management Software, Haryana.

Your Company was awarded the work of designing of Power Management Software tools in financial year 2016-17 for Haryana Power Purchase Center and to provide Operation Support for a period of next 3 years after Go-Live of software. All the modules of the Power Management Software have been commissioned and has been declared Go-live and the operational support period has commenced from April 2018 onwards. The software is being satisfactorily operated by Haryana Power Purchase center for Load forecasting on real time basis.

(iv) Project Implementing Agency (PIA) & Project Management Agency (PMA) works in the UT of Jammu & Kashmir under PMDP, DDUGJY and IPDS/R-APDRP.

Your Company was assigned various works under Government of India schemes *viz.* Prime Minister Development Package (PMDP) for UTs of J&K, Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS)/R-APDRP as PIA and PMA by the erstwhile Government of Jammu and Kashmir.

(v) Project Implementing Agency for Smart Grid Pilot Project in Chandigarh.

Your company has been awarded the Work of implementation of Smart Grid Project for Chandigarh Electricity Department (CED). The project includes Advanced Metering Infrastructure (AMI) for 30,000 consumers and Sub-Station Automation through SCADA in 6 sub-stations. The back-end IT Infrastructure for AMI and SCADA has been successfully installed at CED Data Center and smart meter installation is under progress. Further, Remote Terminal Unit (RTU) for SCADA Works, has been installed at all substations and Bay Control Protection Units (BCPUs) are being installed on identified feeders for remote control from CED SCADA Control Center.

(vi) Management & Technical Consultancy Services for all 5 Discoms of Uttar Pradesh – SARTHI.

Your Company has been awarded the work of providing Management & Technical Consultancy Services under the project name SARTHI for all 5 DISCOMs of Uttar Pradesh by Uttar Pradesh Power Corporation Limited (UPPCL) for a period of 2 years from 01.09.2017 with total project cost of ₹31 crore. Further, your Company is responsible for conducting Energy Audit of all feeders of UPPCL on monthly basis for identifying High loss areas, Feeder Wise Analysis for Key Commercial Parameters on monthly basis, Management of IT Infrastructure & development of Customized IT Application for UPPCL and its Discoms, identify areas of Application of IT for increasing Consumer Centric Services and Capacity Building of officials of UPPCL. The contract is extended till 31.08.2021.

(vii) Preparation of Cost Data Book and Asset verification of Capex of 2 DISCOMs {BSES Rajdhani Power Limited (BRPL) & BSES Yamuna Power Limited (BYPL)} for Delhi Electricity Regulatory Commission (DERC).

Your Company has been awarded the work for preparation of Cost Data Book for Delhi Electricity Regulatory Commission (DERC) for 3 consecutive financial years starting from the financial year 2017-18. The cost data book for financial year 2017-18 and financial year 2018-19 has already been submitted. Further, cost data book for the financial year 2019-20 is under preparation.

Further, your Company has been appointed as Consultant for Review of Capitalization of assets for DISCOMs {BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL)} in NCT of Delhi for the financial years from 2004-05 to 2005-06 & financial year 2011-12 to 2015-16 and review of de-capitalization of leftover schemes of financial year 2006-07 to 2010-11. Final Reports for cost data for the financial year 2004-05 & 2005-06 for both BRPL & BYPL have been accepted by DERC. Further, the revised draft report for financial year 2011-12 to 2015-16 and review of de-capitalization of leftover schemes of financial year 2006-07 to 2010-11 for both BRPL and BYPL has also been submitted to DERC for acceptance.

(viii) Quality Control Projects

Your Company has been working in various projects of quality monitoring (RQM under DDUGJY New scheme in 14 states, RQM under DDUGJY RE-12th plan in 7 states, NQM under DDUGJY RE-12th Plan in 3 states, RQM under RGGVY-11th Plan(Phase-II) in Madhya Pradesh and Chhattisgarh, TPI projects under various schemes in 9 states) by REC Limited/State DISCOMs under quality assurance mechanism of various schemes of Government of India. Under the said work, RECPDCL carries out field inspection for Villages/substations/feeders and pre-dispatch material inspection at manufacturer's premises. Further, the Company is also appointed to carry out the Pre-dispatch inspection of Material on behalf of WBSEDCL for the projects under DDUGJY/IPDS/others.

(ix) Solar Projects under implementation.

Your Company has been working as PMA/PMC for the following Solar Power Projects:

- Electrification of 55 Un-Electrified Off Grid villages through installation of 8010 Nos. of 200 Wp Solar Standalone Home lighting systems and 145 Nos. of Solar Street lights in 5 districts (Kishtwar, Kupwara, Bandipore, Leh, Kargil) in the UT of Jammu & Kashmir. The electrification is already completed and all the solar lights are commissioned by November 2019. Your Company is responsible for maintenance of this project till November, 2024.
- Roof Top Solar PV Power Plant had been Installed & commissioned and handed over to Rashtrapati Bhavan in the financial year 2016-17. Further, your Company is responsible for maintenance of said project till January 1, 2022.
- Setting up of Rooftop Solar PV Plant with battery backup at 16 Residential Schools owned by ST & SC Development Department of Government of Odisha in 9 backward districts of Odisha under RECs Sustainable Development (SD) initiatives. Further, Rooftop Solar PV Plant in these schools had been installed & commissioned and handover to respective school authorities in the financial year 2016-17. Your Company is also responsible for maintenance of this project till September 22, 2021.

3. New Initiatives & Assignments ahead

During the financial year 2019-20, your Company has also undertaken new assignments through tendering process as mentioned below:-

- (i) Third Party Inspection of underground cabling work in Ayodhya town (erstwhile Faizabad & Ayodhya Town), Barabanki Town, Badaun Town (I&II), Sahaswan Town (District Badaun)
- (ii) TPI works for installed renewable/solar systems in Uttar Pradesh;
- (iii) AMC and PMC services till project completion period for LED Street-lighting project implementation for the state of Uttar Pradesh, Maharashtra and Goa;
- (iv) PMA services for additional Solar Roof Top Photo Voltaic (SRTPV) DPR works under IPD Scheme of Chamundeshwari Electricity Supply Corporation Limited (CESCOM) ; and
- (v) Third Party Inspection Agency (TPIA) for inspection and Evaluation of Refurbishing works of Distribution Network in HESCOM.

In addition to above, your company has been awarded various projects through nomination basis as mentioned below:

- (i) Installation of 2 lakh Smart Meter in Jammu and Kashmir Power Development Department (JKPDD) Discom of Jammu & Kashmir;
- (ii) PMA services for Implementation of GIS Sub-Station, ERP & RT-DAS in 'Meghalaya';
- (iii) TPI agency to conduct inspection as per quality plan of REC and to assess the status/working condition of commissioned 8 Nos. DDG Projects and standalone system erected in Markapur division of Prakasam district under RGGVY;
- (iv) PMA Services for implementation of High Voltage Distribution System (HVDS) by installation of new DTr and using AB Cable in semi urban and rural areas in different districts of West Bengal;
- (v) PMA for Implementation of GIS Sub-Stations under IPDS Scheme in 10 towns of West Bengal;
- (vi) Preparation of DPR and Project Procurement Strategy Document (PPSD) in respect of HVDS & GIS in 13 district and UG cabling works at 6 towns under distribution network strengthening & grid modernization projects of WBSEDCL with financial assistance from World Bank;
- (vii) Pre-dispatch inspection at manufacturer premises for material procured under DDUGJY & IPDS in WBSEDCL;
- (viii) Third party for the inspection of works and workmanship executed by contractor under HVDS Scheme of MSEDCL;

- (ix) Letter of Award for third party inspection of 50 Nos. of DTCs and 500 Nos. of connection in Beed District in Latur Zone which has been completed under SAUBHAGYA Scheme in Maharashtra under MSEDCL;
- (x) PMA under Saubhagya & DDUGJY scheme in Meghalaya; and
- (xi) Engagement as Supervision and Monitoring Agency for System Strengthening Work for 16 Circles of TSNPDCL.

Your Company is also venturing into International Market to tap the huge potential available in the International Power Sector Business especially in African Countries, Bangladesh and Afghanistan.

Your Company is also committed towards strengthening its portfolio of Project Implementing Agency through exploring new business opportunities for PMA/turnkey execution of Advanced Metering Infrastructure (AMI) Solution, Real Time Data Acquisition System (RT-DAS) and Solar Roof Top Projects. Your company is approaching various state owned stakeholders, in this regard.

4. BOARD OF DIRECTORS

4.1 Board of Directors

Your Company is headed by ex-officio Chairman and does not have any Executive Director on its Board. As on March 31, 2020, the Board of Directors of Company comprised of following Directors:

Sl. No.	Name	Designation	DIN
1.	Shri Ajeet Kumar Agarwal*	Chairman	02231613
2.	Shri Sanjeev Kumar Gupta*	Non-Executive Director	03464342
3.	Shri Sanjay Kumar**	Non-Executive Director	08722752
4.	Shri Ajoy Choudhury	Non-Executive Director	06629871

* As per Articles of Association of the Company, the Chairman & Managing Director of REC is the Ex-officio part time Chairman on the Board of the Company, who shall not be liable to retire by rotation. Accordingly, Shri Sanjeev Kumar Gupta is the ex-officio Chairman of the Company.

The Ministry of Power vide Order No. 46/2/2019-RE (247264) dated June 12, 2020 read with order of even no. dated July 21, 2020, has assigned the additional charge of Chairman & Managing Director of the Company to Shri Sanjeev Kumar Gupta, Director (Technical), for a period of three months with effect from June 1, 2020 or till the appointment of a regular incumbent or until further orders, whichever is the earliest. Accordingly, Shri Sanjeev Kumar Gupta has been appointed as Ex-officio chairman of the Company, in terms of Articles of Association of the Company, in place of Shri Ajeet Kumar Agarwal who ceased to be Chairman RECPDCL on attaining superannuation. Further, Ministry of Power, Government of India, vide its Order dated September 10, 2020, has decided the continuance of the additional charge of the post of Chairman & Managing Director, REC Limited to Shri Sanjeev Kumar Gupta, Director(Technical) in REC Limited w.e.f. September 1, 2020 for a period of one and half month i.e. upto 15.10.2020 or till the appointment of a regular incumbent or until further orders, whichever is earlier.

**The Board of Directors in its 75th Meeting held on March 16, 2020 has appointed Shri Sanjay Kumar as Additional Director in place of Shri Sanjiv Garg.

Further, Board of Directors in its Meeting held on June 12, 2020 has appointed Shri V.K.Singh, Executive Director, REC (holding Company) as Additional Director on the Board of the Company w.e.f. June 12, 2020. The present composition of Board of Directors of the Company is as under:

Sl. No.	Name	Designation	DIN
1.	Shri Sanjeev Kumar Gupta	Chairman	03464342
2.	Shri Ajoy Choudhury	Non-Executive Director	06629871
3.	Shri V.K.Singh	Non-Executive Director	02772733
4.	Shri Sanjay Kumar	Non-Executive Director	08722752

All the Non-Executive Directors on the Board of your Company are nominated by the holding company and are not entitled to any remuneration from the Company.

Further, as per the provisions of the Companies Act, 2013, Shri Ajoy Choudhury (DIN: 06629871), shall be liable to retire by rotation at the 13th Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment as Director and his brief resume is annexed to the Notice of the Annual General Meeting.

4.2 Numbers of Meetings of Board, Directors' attendance at Board Meetings and last Annual General Meeting (AGM).

The meetings of the Board are held at the Registered Office of the Company and are scheduled well in advance. During the financial year 2019-20, seven (7) meetings of Board of Directors of the Company were held on (i) May 14, 2019; (ii) July 31, 2019; (iii) August 27, 2019 (iv) October 14, 2019; (v) October 30, 2019 (vi) January 22, 2020; and (v) March 16, 2020 respectively. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The Company is also complying with the DPE Guidelines on Corporate Governance for CPSEs and Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Board Meetings (SS-1) and General Meetings (SS-2), to the extent applicable.

The details of Directors' attendance at Board Meetings, last Annual General Meeting (AGM) held during the financial year 2019-20 and number of other Directorships held by Directors are tabled below:-

Sl. No.	Name of Director	Board Meetings			Attendance at Last AGM (held on August 27, 2019)	No. of other Directorships as on March 31, 2020
		Held during the tenure	Attended	Percentage of Attendance		
1.	Shri Ajeet Kumar Agarwal	7	7	100	Present	3
2.	Shri Sanjeev Kumar Gupta	7	6	85.71	Present	2
3.	Shri Sanjiv Garg*	7	7	100	Present	1
4.	Shri Ajoy Choudhury	7	7	100	Present	1
5.	Shri Sanjay Kumar	--	--	--	--	--

* Shri Sanjiv Garg was not associated with the Company w.e.f. March 17, 2020.

5. COMMITTEE OF BOARD OF DIRECTORS

5.1 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE.

As a socially responsible corporate entity, RECPDCL has endeavoured to serve the Society at large. During financial year 2019-20, CSR initiatives were pursued and the Company has extended financial assistance for the projects that provide integrated development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/ communities.

As per the provisions of the Companies Act, 2013 & Rules made thereunder and DPE Guidelines on Corporate Social Responsibility and Sustainability, your company has a Corporate Social Responsibility Committee, comprising of the following Members as on March 31, 2020:

1. Shri Sanjeev Kumar Gupta, Chairman of the Committee;
2. Shri Sanjiv Garg, Member of the Committee; and
3. Shri Ajoy Choudhury, Member of the Committee.

During the financial Year under review the CSR Committee met two times i.e. on July 31, 2019; and March 13, 2020.

Further, considering the recent changes in the composition of Board of Directors of the Company the Board of Directors in its 76th Meeting held on June 12, 2020 has reconstituted the CSR Committee of Director with following members:

1. Shri Ajoy Choudhury, Chairman of the Committee;
2. Shri V.K.Singh, Member of the Committee; and
3. Shri Sanjay Kumar, Member of the Committee.

Details of Directors' attendance in meetings of the CSR Committee held in financial year 2019-20 are given below:

Name of the Directors	Position in the Committee	No. of Meeting held during the tenure	No. of Meetings attended
Shri Sanjeev Kumar Gupta	Chairman	2	2
Shri Sanjiv Garg	Member	2	2
Shri Ajoy Choudhury	Member	2	2

The Board of Directors in its 70th meeting held on July 31, 2019 has approved CSR Budget of ₹1,04,17,000/- for financial year 2019-20. An amount of ₹1,51,784/- being the unspent amount of CSR for previous financial year has been carried forward and included in CSR budget of financial year 2019-20.

Out of sanctioned CSR budget of ₹1,05,68,784/- CSR financial assistance amounting to ₹1,01,71,072/- was sanctioned by the Board for three projects. The major project areas included were education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities. The total amount disbursed towards CSR activities was ₹10,20,518/- as per details appearing in the "Annual Report on CSR Activities" forming part of this Annual Report. Further, an amount of ₹3,97,712/- has been disbursed in the Financial Year 2020-21 to PM CARES fund to deal with situation caused due to COVID-19 Pandemic.

Policy on Corporate Social Responsibility is available at the website of the company as under http://www.recpdcl.in/Revised_RECPCDL-CSR-Sustainability-Policy.pdf.

6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are as under:

Meeting No.	Financial Year	Date	Venue	Whether any Special Resolution passed
10 th	2016-17	September 19, 2017	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	Yes
11 th	2017-18	September 17, 2018		No
12 th	2018-19	August 27, 2019		Yes

During the Financial year 2019-20, no Extraordinary General Meeting was held. Further, no resolution was passed by Postal Ballot during the year.

The details of Annual General Meeting for the Financial Year -2019-20 is as under:

Day and Date	Time	Venue
22.09.2020	4.30 P.M	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

7. KEY MANAGERIAL PERSONNEL

The provisions of the Section 203(1) of Companies Act 2013 read with the Companies Rules, 2014 relating to appointment of Key Managerial Personnel is not applicable to your Company and hence, your Company has not appointed any Key Managerial Personnel.

7.1 Human Resources

Your Company is not having any manpower on its own roll except some experienced professionals on fixed tenure/fixed contract basis to render value added consultancy services in power sector across the country with the highest quality standards to its valued clients. However, for operational convenience and managing day to day affairs, holding company of your Company i.e. REC has deployed various officials on part-time/full time basis, who are having rich and varied experience in the respective fields. Further, the Company has also engaged Engineering Graduates and other professionals on contract basis through manpower agencies for implementation of various projects across the country. The details of total manpower of your Company at the end of Financial Year 2019-20 *vis-a-vis* 2018-19 are as under:

Sl. No	Particulars	No. of Employees	
		FY 2019-20	FY 2018-19
1	Regular Employees deployed by REC on secondment basis	23	22
2	Employees on Fixed Tenure & Contract basis	34	49
3	Outsourced staff on Contract basis through Manpower Agencies	1020	980
	Total	1077	1051

8. TRAINING & DEVELOPMENT

In order to enhance the innovation quotient among the workforce of the Company and provide knowledge to ensure compliances and awareness, your Company conducts in-house training programs on regular basis for newly recruited and contract employees.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the period ended March 31, 2020, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- such accounting policies have been selected and applied consistently (except for changes in Accounting Policies as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

10. RIGHT TO INFORMATION ACT, 2005

During the financial year 2019-20, one RTI under "Right to Information Act, 2005", related to "recruitment scheme" has been received, for which adequate reply has been submitted.

11. REPORTING UNDER PUBLIC PROCUREMENT POLICY FOR MICRO & SMALL ENTERPRISES (MSES) ORDER, 2012

Being a wholly owned subsidiary Company of REC, your Company is following the procurement guidelines of the holding company. The procurement guidelines are also available on REC's website at the link: <https://www.recindia.nic.in/uploads/files/PublicProcurementPolicy.pdf>.

RECPDCL being a Management Consultancy organization is not executing any projects hence only petty purchases i.e. stationery and office equipments from small vendors are being made.

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

During the financial year 2019-20 no complaint of sexual harassment was received by the Company under the provisions of 'Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013'. The Company has formed a committee under chairmanship of senior women official under "Disclosure Under the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

13. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9, is annexed to this Report and available on the website of the Company.

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contract(s) or arrangement(s) entered into by the Company with related parties as per the provisions of the Companies Act, 2013 are disclosed in Form AOC-2, annexed to this Report.

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

There are no significant particulars relating to conservation of energy, technology absorption under the Companies (Accounts) Rules, 2014, as the Company does not own any manufacturing facility. However, for saving electricity consumption, the company has installed LED lights in its corporate office premises. No earnings or outgo in foreign exchange was made during the financial year 2019-20.

16. MERGER OF RECTRANSMISSION PROJECTS COMPANY LIMITED (RECTPCL (TRANSFEROR COMPANY) WITH REC POWER DISTRIBUTION COMPANY LIMITED (TRANSFeree COMPANY)

In order to have a strong & focused base, better synergies in operations, greater ability to access different market segments and to reap the benefits of higher capital base & pooled resources, it is proposed to merge RECTPCL with RECPDCL into one single entity.

Accordingly, as per provisions of the Companies Act, 2013 and Rules made thereunder and after obtaining requisite approvals of Ministry of Power, Board of Directors, shareholders & creditors of respective companies and approval of Holding Company i.e. REC, an application has been filed with the Ministry of Corporate Affairs (MCA) on August 14, 2020, for sanction of Scheme of Arrangement for amalgamation of RECTPCL (Transferor Company) with RECPDCL (Transferee Company) and the approval of the same is awaited.

17. AUDITORS

17.1 Statutory Auditors

M/s A.K.G & Associates, Chartered Accountants (Firm Regn. No. 02688N), Delhi was appointed as Statutory Auditors of the Company for the Financial Year 2019-20 by the Comptroller & Auditor General of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2020 and have issued their Report without any adverse remark/observations/qualification.

Further, pursuant to Section 139(5) of the Companies Act, 2013, M/s A.K Batra & Associates, Chartered Accountants, New Delhi has been appointed as Statutory Auditors of the Company for the financial year 2020-21 by the C&AG of India. Accordingly it is proposed that Members may authorize the Board of

Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2020-21.

18. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, have decided not to conduct supplementary audit of financial statements of REC Power Distribution Company Limited, vide letter dated August 26, 2020 for the year ended March 31, 2020 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2019-20, have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

19. STATUTORY DISCLOSURES

- a) There was no change in the nature of the business of the Company during the financial year 2019-20;
- b) The Company has not accepted any public deposits during the financial year 2019-20;
- c) No material change affecting the financial position of the Company which has occurred between the end of the financial year i.e. March, 31, 2020 and the date of this report, except the filing of application of merger per point 16 of the Report;
- d) There were no significant and material orders, penalties or strictures imposed on the Company by any statutory authority during the last three years impacting the going concern status and the Company's operations in future;
- e) The Statutory Auditors have issued Report on the financial statements of the Company as on March 31, 2020 without any adverse remark/observations/qualification;
- f) The Company ensures proper compliances of all statutory laws applicable to the Company and all returns/reports were filed within stipulated time with the concerned authorities;
- g) The Company does not have any subsidiary/Joint Venture/Associate Companies;
- h) The Company has not entered into any material, financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms etc. in which they are either directly or through their relatives interested as Directors and/or Partners. However, your Company is executing the assignment received from its holding company, where Directors of your Company are working as Directors/Senior Officials;
- i) The Directors/Senior Officials of your Company, being the employees of the holding Company i.e. REC, have made the required disclosures, as applicable, to the Board of holding Company relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.);
- j) The administrative and office expenses for the financial year 2019-20 is ₹548.84 Lakh as compared to ₹969.29 Lakh during the financial year 2018-19. Further, during the financial year 2019-20, Administrative and office expenses as a percentage of total expenses were 4.47% as compared to 8.16% during the previous year;
- k) The Board and Senior Management of your Company monitors various risks likely to arise and reviews the various risks and initiates action for mitigation of any risk arising in the operation and other related matters of the Company;
- l) Adequate internal financial controls are exercised in the Company, keeping in view the size of operations of the Company. The Company has appointed a firm of Practicing Chartered Accountants as Internal Auditors for conducting the Internal Audit;

- m) The Company has provided loan, guarantee or investments to any person or other body corporate under Section 186 of the Companies Act, 2013. The details of investments and loans are given in Notes to Accounts to financial statements;
- n) The provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder are not applicable to Government Companies;
- o) The Company has not issued any stock options to the Directors or any employee of the Company;
- p) The Board of the Company in its 41st Meeting held on April 7, 2014 has approved that being a wholly owned subsidiary Company of REC, the policies adopted by REC shall be applicable *mutatis-mutandis* on RECPDCL also. The same is adhered to by the Company;
- q) There is no expenditure debited in books of accounts, which is not for the purpose of the business. There are no expenses incurred, which are personal in nature or incurred for the Board of Directors or Top Management;
- r) The Company is a Wholly Owned Subsidiary of REC Limited and accordingly Presidential Directives issued by the Central Government, for the financial year 2019-20 and during last three years preceding the financial year if any, applicable to holding company shall apply to the Company, to the extent applicable.
- s) There is no vigilance cases pending as on March 31, 2020;
- t) The company is complying with the requirement as stated in OM dated January 24, 2018 of the Ministry of Parliament Affairs, Government of India, to the extent applicable;
- u) The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, Cost Accounts and Records are not required to be maintained by the Company;
- v) In pursuance of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, issued by DPE, quarterly Compliance Report is being submitted to the Ministry of Power within 15 days from the end of quarter and annual Compliance Report is being submitted by May 31, every year. The details of submission of the quarter/annual report are as under:

Report for Quarter ended	Date of submission of report
June 30, 2019	July 10, 2019
September 30, 2019	October 14, 2019
December 31, 2019	January 7, 2020
March 31, 2020*	April 24, 2020
Annual DPE CG Report for Financial Year 2019-20	
May 15, 2020	

* In view of Covid-19 crisis the due date was extended and the submission has made within the prescribed time.

20. STATUTORY AND OTHER INFORMATION REQUIREMENTS

The requisite information required to be furnished as per the Companies Act, 2013 and other statutory provisions is annexed to this report as under:

Particulars	Annexure
Management Discussion and Analysis Report	I
Certificate on Corporate Governance	II

Annual Report on CSR Activities	III
Extract of Annual Return	IV
Particulars of Contracts or Arrangements with Related Parties	V

21. ACKNOWLEDGEMENTS

The Directors are grateful to the Ministry of Power, State Governments, State Electricity Boards, State Power Utilities, DPE, REC (holding Company) for their continued co-operation, support and guidance in effective management of the Company's affairs and showing trust in the Company. Further, Directors also place on record their sincere appreciation for the continued support and goodwill of the esteemed shareholders,

The Directors also thank M/s A.K.G. & Associates, Chartered Accountants, Statutory Auditors, M/s Singh Ray Mishra & Co., Chartered Accountants, Internal Auditors, Pranav Kumar & Associates Company Secretaries in Practice and the Comptroller & Auditor General (C&AG) of India for their valuable contribution.

The Directors also sincerely appreciate and thank all the employees of the Company for their valuable contribution and dedicated efforts in steering the Company to excellent performance for yet another year in succession.

For and on behalf of the Board of Directors



(Sanjeev Kumar Gupta)
Chairman
DIN: 03464342

Place: New Delhi
Date : 21.09.2020

Management Discussion and Analysis Report

The management of company is pleased to present its report on industry scenario including company's performance.

1. Overview

With a population of approximately 140 crore and one of the world's fastest-growing major economies, India will be vital for the future of the global energy markets. The Government of India has made remarkable progress in last decade in increasing citizens' access to electricity and implementation of various energy efficiency measures in Power Sector. It has also effectively implemented few reforms while shifting its focus from traditional coal based power generation to renewable power generation, notably in solar energy. Further, the government has also laid out an ambitious vision to bring secure, affordable and sustainable energy to all its citizens.

2. Business Environment

Electricity sector in India is growing at rapid speed. During the Financial Year 2019-20, the Peak Demand of electricity was increased to 183.804 GW as against 177.022 GW in FY 2018-19 and the Installed Generation Capacity was 370.106 GW with generation mix of Thermal (62.31%), Hydro (12.35%), Renewable (23.51%) and Nuclear (1.83%) as on March 31, 2020. During the FY 2019-20, total 11,664 circuit kilometers (ckms) of transmission lines have been commissioned. Similarly, 68,230 MVA of transformation capacity of substations has been added during the FY 2019-20.

Government of India's ambition to electrify every village in the country has led to surging demand for grid power. Over the last five years, India added output equivalent to 50 nuclear power stations, accounting for 13% of the increase in generation worldwide. Further the falling cost of Grid connected solar energy represents an opportunity for the country to deliver cheaper electricity in grid while reducing some of the particulate pollution from conventional fossil fuel generators as well as decreasing carbon foot print for the coal and gas based generating stations.

3. Industry Structure and Development

Power sector presents an inverted pyramid with the few generators at the bottom and the large of mass of consumers being served by distribution companies (DISCOMs) at the top, with transmission between the two. As power flows upwards towards the consumers, cash is expected to flow downwards to generation company, enabling it to buy fuel.

For last few decades, State DISCOMs have been supplying electricity at tariffs that are far below the cost of power generation. For obvious political reasons, States have been cautious of revising power tariffs in line with rising costs. Post the Electricity Act 2003 and implementation of National Electricity Policy and Plan, the Govt. of India has taken up various reform projects to improve the operational efficiency and financial health of DISCOMs. However, numerous external factors i.e. monopoly of CIL, increase in imported coal price, increase in freight charges for coal, high demurrage for generating stations, pricing of coal based on calorific value, inadequate transmission capacity gradually increased the cost of electricity generation whereas the DISCOMs were not allowed to increase the tariff proportionately leading to disproportionate increase in their regulatory assets.

High AT&C losses and poor management in DISCOMs have further strained the finances of the DISCOMs, who have been borrowing heavily from banks to stay afloat in the market. In view of the same, the Government of India has undertaken the followings to boost the Indian power sector:

- The Union Budget 2020-21 has allocated ₹15,875 crore (US\$ 2.27 billion) to Ministry of Power and ₹5,500 crore (US\$ 786.95 million) towards the Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY);
- Government plans to establish renewable energy capacity of 500 GW by 2030;
- The Pradhan Mantri Sahaj Bijli Har Ghar Yojana- Saubhagya, launched by the Government of India with the aim of achieving universal household electrification has further been extended to electrify the previously unwilling consumers;
- A draft amendment to Electricity Act, 2003 has already been introduced which has suggested several visionary steps e.g. separation of content & carriage, direct benefit transfer of subsidy to the consumers, penalizing DISCOMs on violation of PPA, etc;
- Abolishing of upper ceiling tariff for solar and wind by the Ministry of New and Renewable Energy (MNRE), Govt. of India;
- A 'rent a roof' policy is already under preparation by the Govt. of India for supporting its target of generating 40 gigawatts (GW) of power through solar rooftop projects by 2022;and
- Ministry of Power has further issued guidelines to all States to replace all existing consumer meters into Smart meters in prepaid mode. Operation of Smart meters in prepaid mode would allow consumers to pay as per their own financial convenience and electricity consumption requirements.

4. Threats, Risks & Challenges

The power sector industry has become more and more competitive in recent years and also become broad with entry of new & small players who are giving tough challenges to the company. Various risks, threats and challenges which your Company is facing are as follows:

- a) Delay in project closures;
- b) Financial health of DISCOMs pose challenge in getting timely payment for our various services;
- c) Shortage of permanent and expert manpower for different areas of work;
- d) Majority of employees are on Contract basis hired from outsourced agencies
- e) Long realization period of dues;
- f) Consultancy/implementation Projects in Power Sector are mostly awarded through bidding process only;
- g) Post Covid-19 launch of new scheme by Govt. of India might get delayed;
- h) Solar Empanelled agencies are interested to work as turnkey EPC and want RECPDCL to invest or arrange fund. However, for smaller projects most of the agencies themselves are capable enough to bid on their own; and
- i) Participating in highly competitive solar business and investing our equity and taking debt on books of the Company.

Therefore, expert staff on permanent payroll for different areas of operation, Strategic tie ups with suitable partners, International business exploration, Equity infusion in solar/renewable projects etc. would be the key factors for the company's sustainable growth and profitability.

5. Opportunities

The power distribution sector is passing through a very dynamic phase. As per recently announced stimulus package by the Finance Minister, the power departments in UTs are proposed to be privatized. The DISCOMs being unable to grab the benefit of the UDAY scheme, another reform wave of privatization for state DISCOMs is obvious. Further, the State Governments are already focusing on roof-top solar projects in residential/institutional buildings to increase their carbon footprint and reduce the cost of generation of electricity. PM KUSUM scheme has also been extended with additional target for setting up standalone solar powered pumps to reduce the

subsidized power consumption and increase DISCOM profitability. Implementation of Smart Pre-paid meters in all DISCOMs is a new opportunity where Govt. of India has been putting lot of thrust. Accordingly, RECPDCL is focusing to get more diversified business opportunities in the Power Distribution sector especially in the area of Smart meters, and Renewable Energy Generation in future.

6. Product-wise & Segment-wise Performance

During the financial year 2019-20, the performance of RECPDCL has been consistent in its core business viz. Project Management (PMA/PMC) Services, Third Party Inspection (TPI), Preparation of Detailed Project Report (DPR) & Material Inspection.

RECPDCL's revenue mostly comes from sale of consultancy services as PMA/TPIA consultancy is the core strength of the company. However, it also earns some revenue from sale of goods courtesy the PIA projects in which the total value of materials usually comes around 60% to 70% of the total consultancy fees on an average. The company is already empaneled with EXIM bank for grabbing opportunities in overseas projects and also submitted bids for few in recent past. However as of now, revenue is being generated only from projects within India. The total business portfolio of RECPDCL includes various Central/State Government entities e.g. State Distribution Companies (DISCOM), Power and Electricity Departments of States/UTs, CPSUs (EESL, PGCIL, SECI etc.). The revenue such generated are realised from these clients over the period of 3 to 6 months on average.

At the end of the financial year 2019-20, RECPDCL has been working in about 100 on-going projects with total estimated consultancy fee of ₹994.41 crore spread in 57 Nos. of DISCOMs/Power Departments/Co-operative Societies and other agencies/Government bodies in 25 States and 5 Union Territories.

7. Strengths of RECPDCL

- Expertise in capturing reliable primary data and In-house analysis
- Completion of task within stipulated timeframe
- Demographic Dividend: 90% of workforce is in the age-group of 26-28 yrs
- Order book of approx. ₹380 crore
- Presence in 24 states and 5 UTs
- Subsidiary of Nodal Agency for DDUGJY with Board of Directors constituted with Executive Directors of REC
- Empaneled with EXIM bank for overseas projects
- 33 Empaneled Solar Agency for Implementation of solar Project
- Successfully completed Grid Connected Solar in Rashtrapati Bhawan, Off-grid solar electrification in Arunachal Pradesh & Tripura, PIA under R-APDRP Part A in Goa etc.
- Strong & visionary management and experienced & motivated team members.

8. Internal Control System and their Adequacy

The Company upholds an adequate system of Internal Control including suitable monitoring Policies & Procedures to ensure the methodical and efficient conduct of its business, safeguarding its assets, the prevention and detection of swindles and errors, accurate and timely completion of the Accounting records and preparation of reliable Financial Information.

The management of the organization reviews the problems being faced by the employees in day to day operations, non-compliance with the corporate policies and various professional codes, or

violations of policies, standards, practices and procedures periodically. The particular responsibilities are also documented in the employees' individual personnel files. In performance management activities the employees take part in all compliance and performance data collection and processing activities as they are part of various organizational units and are also responsible for various compliance and operational-related activities of the organization.

Suitable delegation of power, adequate checks and balances and guidelines for accounting has been issued to ensure that internal control systems are in order and regular & exhaustive Internal Audit of business operations are conducted by external professional audit firms. The Internal Audit covers all the major areas of operations including identified such as Statutory Compliances, IT Security Guidelines and Internal Financial Control covering all the major areas of operations.

9. Human Resources and Industrial Relations

RECPDCL is not having any manpower on its own roll except some experienced professionals on fixed tenure contract basis to render value added consultancy services in power sector across the country with the highest quality standards to its valued clients.

However, for operational convenience and managing day to day affairs, REC Limited (Holding Company) has deployed some officials on part-time/full time basis, who are having rich and varied experience in the respective fields. Further, the Company has also engaged Engineering Graduates and other professionals on Contract basis through manpower agencies for implementation of various projects across the country. In order to enhance the innovation quotient among the workforce of the Company and gain knowledge to ensure compliances and awareness, the Company conducted in-house training program on regular basis for newly recruited, own and contract employees, to enhance the innovation quotient among the workforce of the Company. At the end of FY 2019-20, the total manpower of the Company stood at 1,077 which comprises of (i) 23 Regular Employees deployed by REC on secondment basis, (ii) 34 Employee on Fixed Tenure Contract basis and (iv) 1020 Outsourced staff on Contract basis through Manpower Agencies.

10. Financial and Operational Performance

During the financial year 2019-20, your Company has achieved a total revenue of ₹143.01 crore against previous year revenue of ₹159.77 crore and the Profit After Tax of ₹12.47 crore against the previous year Profit After Tax of ₹26.34 crore.

The Board of Directors have recommended final dividend of ₹1,685/- (Rupees One Thousand Six Hundred Eighty Five only) per equity share of ₹10/-each subject to the approval of Shareholders of the company in this Annual General Meeting and which represents 16,850% of the paid-up share capital of the Company as against ₹2,300 per share, representing 23,000% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2019-20 will amount to ₹ 8.43 crore, representing 67.55% of the Profit After Tax (PAT) of the Company for the financial year 2019-20.

11. Corporate Social Responsibility and Sustainable Development

As a socially responsible corporate entity, RECPDCL has endeavored to serve the Society at large. During financial year 2019-20, CSR initiatives were pursued and the Company has extended financial assistance for the projects that provide integrated development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/ communities.

For the financial year 2019-20, RECPDCL has allotted a CSR Budget of ₹104.17 lakh and an amount of ₹1.52 lakh/- being the unspent amount for previous financial year has been carried forward and included in CSR budget of financial year 2019-20.

Further, CSR financial assistance amounting to ₹1,01,71,072/- was sanctioned by the Board for three projects in the field of education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities. The total amount disbursed towards CSR activities was ₹10,20,518/- as per details appearing in the “Annual Report on CSR Activities” forming part of this Annual Report. Further, an amount of ₹3,97,712/- has been disbursed in the Financial Year 2020-21 to PM CARES fund to deal with situation caused due to COVID-19 Pandemic.

Cautionary Note

Certain statements in “Management Discussion and Analysis” section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.



Pranav Kumar & Associates

Company Secretaries

Ph – 0120 4126564; Website – www.pkacs.in; E-mail services@pkacs.in

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
REC Power Distribution Company Limited,
New Delhi

This is to certify that during the financial year 2019-20, REC Power Distribution Company Limited (CIN- U40101DL2007GOI165779) hereinafter referred to as “the Company” has complied with the provisions of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, issued by Department of Public Enterprises (DPE) vide O.M. No. 18(8)/ 2005- GM dated 14th May, 2010 (including any amendments or modification from time to time), to the extent applicable.

This certificate is issued on the representation of officials of the Company and verification of the compliance documents on test check basis. It is neither an audit nor an expression of opinion of financial statements of the Company.

**For Pranav Kumar & Associates,
Company Secretaries**

Arpita 

**Arpita Saxena
(Partner)
Membership No.: ACS-23822
COP No. : 11962**

**Date: 03/07/2020
Place: Ghaziabad**

ANNUAL REPORT ON CSR ACTIVITIES DURING FINANCIAL YEAR 2019-20

- 1. A brief outline of the company's CSR policy, including overview of Project or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs.**

RECPDCL aims to provide CSR Assistance in the thrust area within the available budget. The program in which RECPDCL is planning to assist in CSR is on Health & school Education. CSR & Sustainability Policy of RECPDCL has been prepared in terms of requirement of Companies Act, 2013 and Guidelines on Corporate Social Responsibility and the same is available at [http://www.recpdcl.in/Revised RECPDCL-CSR-Sustainability-Policy.pdf](http://www.recpdcl.in/Revised_RECPDCL-CSR-Sustainability-Policy.pdf)

- 2. The Composition of the CSR Committee.**

As per the provisions of the Companies Act, 2013 & Rules made there under and DPE Guidelines on Corporate Social Responsibility and Sustainability, your company has a Corporate Social Responsibility Committee, comprising of following Directors as Members as on March 31, 2020:

1. Shri Sanjeev Kumar Gupta, Director & Chairman of the Committee
2. Shri Sanjiv Garg, Director & Member of the Committee
3. Shri Ajoy Choudhury, Director & Member of the Committee

Further, considering the recent changes in the composition of Board of Directors of the Company the Board of Directors in its 76th Meeting held on June 12, 2020 has reconstituted the CSR Committee of Director with following members:

1. Shri Ajoy Choudhury, Chairman of the Committee;
2. Shri V.K.Singh, Member of the Committee; and
3. Shri Sanjay Kumar, Member of the Committee.

- 3. The Composition of the Sub-Committee on CSR of RECPDCL.**

The Board has constituted the sub-committee on CSR consisting of officials of the company to evaluate and appraise the CSR proposals before it is put up for recommendation/ approval of CSR Committee of Directors/Board of Directors. Your company has reconstituted Corporate Social Responsibility Sub-Committee w.e.f. May 19, 2019 comprising following Members as on March 31, 2020:

1. Addl. CEO
2. CFO
3. CM & above

- 4. Average net profit of the company for last three financial years:**

In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profit of the Company during the three immediately preceding financial years shall be spent on Corporate Social Responsibility. Net Profit means profit of the Company as per its financial statement prepared and adjusted in accordance with applicable provisions of the Act. The Average net profit of the Company for the last three financial years is as under:

Financial Year	Amount (Rs.)
Financial Year 2016-17	55,63,41,690
Financial Year 2017-18	56,73,53,556
Financial Year 2018-19	43,87,18,066
Total	156,24,13,312
Average net profit	52,08,04,437

5. Prescribed CSR Expenditure (Two percentage of the amount as in item 4 above):

2% of average net profit of the RECPDCL, for last three financial year, as per Company Acts 2013 was ₹1,04,17,000/- (rounded off).

6. Details of CSR Expenditure spent during the financial year 2019-20

S.No.	Particulars	Amount (in Rs.)
a	CSR budget sanctioned for the FY 2019-20 as per Companies Act, 2013	1,04,17,000
	Balance unspent CSR fund carried forward from previous FYs	1,51,784
	Total amount of CSR budget approved by the Board to be spent for the FY 2019-20	1,05,68,784
b	Amount sanctioned for 3 projects by the Board for FY 2019-20	1,01,71,072
b (i)	Total amount of CSR fund disbursed during FY 2019-20	10,20,518
b (ii)	Undisbursed Amount for the FY 2019-20 likely to be released during financial year 2020-21	91,50,554
c	Balance budgeted unsanctioned CSR fund available for transfer to Prime Minister CARES fund	3,97,712

Manner in which the amount spent during the financial year is given in the **Annexure-A**

7. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

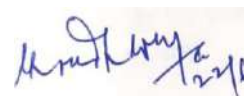
During the financial year 2019-20, the Company has sanctioned 3 CSR projects aggregated amount of Rs.1,01,71,072/- and disbursed CSR assistance amounting to Rs.10,20,518/- till March 31, 2020, which are linked with achievement of predefined milestones as per sanction terms & conditions and are required to be completed in the time span of 3 months to 5 years. Since implementing agencies could not achieve physical progress prescribed for this financial year, the disbursement could not be effected. The undisbursed amount commensurate with physical progress of Rs.91,50,554/- shall be achieved in subsequent years as per milestones.

8. Responsibility statement of the CSR Committee:

The implementation and monitoring of CSR Policy by the company is in compliance with CSR objectives and policy of the company.



(Sanjay Kumar)
Director & member CSR Committee



(Ajoy Choudhury)
Chairman CSR Committee

Annexure-A

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	CSR Projector Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period (6A+6B) (Rs.)	Amount spent: Direct or through implementing agency
					Direct expenditure on projects or Programs (A) (Rs.)	Over heads (B)		
1	CSR assistance for the project, construction of Sophisticated School & Rehabilitation Centre for Special Children at Curchorem city area, Goa	As per Schedule VII (ii) Promoting education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Curchorem city, Goa	40,82,072	10,20,518	-	10,20,518	Through implementing agency
2	CSR assistance to Kishori Raman Girls Inter College, Mathura for the development/enhancement of education facility in the Kishori Raman Girls Inter College, Mathura		Mathura, Uttar Pradesh	35,89,000	-	-	-	Direct
3	CSR assistance to Chetna Himachal Pradesh for the development/enhancement of education facility in the Research & Rehabilitation Centre for differently abled in Bilaspur district, Himachal Pradesh		Bilaspur, Himachal Pradesh	25,00,000	-	-	-	Direct
			Total (A)	1,01,71,072	10,20,518	-	10,20,518	



**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i) CIN:	U40101DL2007GOI165779
(ii) Registration Date	July 12, 2007
(iii) Name of the Company	REC Power Distribution Company Limited
(iv) Category/Sub-Category of the Company	Company limited by Shares/ Wholly owned subsidiary of REC Limited (formerly Rural Electrification Corporation Limited), A Government of India Enterprise
(v) Address of the Registered Office and Contact Details	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 Phone No.- 011 24369690 Fax No.- 011 243365815 E-mail: co.delhi@recpdcl.in
(vi) Whether Listed Company Yes/ No	No
(vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any-	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Management Consultancy Activities- to facilitate the power utilities in the areas of their operation specifically relating to the Power Distribution Sector.	70200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON 31st MARCH, 2020

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Power Finance Corporation Limited 'URJANIDHI', 1, Barakhamba Lane, Connaught Place, New Delhi-110001	L65910DL1986GOI024862	Holding Company of REC Limited	52.63% Shares held of REC	2(46)
2	REC Limited (formerly Rural Electrification Corporation Limited) Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	L40101DL1969GOI005095	Holding	100%	Section 2(87) of Companies Act, 2013

REC Power Distribution Company Limited

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)										
(i) Category-wise Share Holding										
Sl. No.	CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTERS									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	50000	50000	100.00	0	50000	50000	100.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1) :	0	50000	50000	100.00	0	50000	50000	100.00	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total shareholding of promoter (A)=A(1)+A(2)	0	50000	50000	100	0	50000	50000	100	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds	0	0	0	0	0	0	0	0	0
(b)	Financial Institutions /Banks	0	0	0	0	0	0	0	0	0
(c)	Central Government	0	0	0	0	0	0	0	0	0
(d)	State Government(s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0
(g)	Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
(h)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(i)	Any other	0	0	0	0	0	0	0	0	0
	Sub-Total B(1) :	0	0	0	0	0	0	0	0	0
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	0	0	0	0	0	0	0	0	0
	i) Individuals	0	0	0	0	0	0	0	0	0
	ii) Overseas	0	0	0	0	0	0	0	0	0
(b)	Individuals	0	0	0	0	0	0	0	0	0
	(i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
	(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
(c)	Others									
	Sub-Total B(2) :	0	0	0	0	0	0	0	0	0
	Total Public Shareholding (B)=B(1)+B(2) :	0	0	0	0.00	0	0	0	0.00	0.00
(C)	Shares held by custodians for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Sub-Total C :	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	0	50000	50000	100.00	50000	0	50000	100.00	0.00

Note: 100% of the Paid-up Share Capital of the Company is held by REC Limited (formerly Rural Electrification Corporation Limited) and its Nominees, REC is a Government of India Enterprise under the administrative control of Ministry of Power, Government of India.

Shareholding of Promoters

(ii) Shareholding of Promoters								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2019)			Shareholding at the end of the year (as on 31st March 2020)			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	REC Limited (formerly Rural Electrification Corporation Limited)	49994	99.988	0	49994	99.988	0	0
2	Shri Ajeet Kumar Agarwal*	1	0.002	0	1	0.002	0	0
3	Shri Ashok Awasthi**	1	0.002	0	0	0	0	0
4	Shri Sanjiv Garg*	1	0.002	0	1	0.002	0	0
5	Shri Thangarajan Subhash Chandira Bosh*	1	0.002	0	1	0.002	0	0
7	Shri G. S. Bhati**	1	0.002	0	1	0.002	0	0
8	Shri C.P.Bhatia**	1	0.002	0	0	0	0	0
9	Shri G.Veera Mahender**	0	0		1	0.002	0	
10	Shri V.K.Singh**	0	0		1	0.002	0	
Total		50000	100	0.00	50000	100.000	0.00	0.00

Note: * 1 share each held as nominee of REC Limited(formerly Rural Electrification Corporation Limited-Holding Company).

** During the financial year 2019-20, 1 equity share held by Shri C.P.Bhati was transferred to Shri G.Veera Mahender* and 1 equity share held by Shri Ashok Awasthi was transferred to Shri V.K.Singh.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year (as on 1st April 2019)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the
1					
	At the beginning of the year (Held by Promoter and its Nominees)	50000	100	50000	100
1	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	No Change			
2	At the end of the year (or on the date of separation, if separated during the year)	50000	100	50000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):					
Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year (as on 1st April 2019)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year (Held by Promoter and its nominees)	The entire Issued and Paid-up Share Capital of ₹ 5,00,000 divided into 50,000 equity shares of ₹10 each of your Company is held by the holding company REC Limited (Formerly Rural Electrification Corporation Limited), a Government of India Enterprise and its 6 nominees.			
1	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)				
2	At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2019)		Cumulative shareholding during the year (as on 31st March 2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Ajeet Kumar Agarwal, Chairman**				
	At the beginning of the year	1 Equity Share of ₹ 10/- each as Nominee of REC	0	1 Equity Share of ₹ 10/- each as Nominee of REC	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	1 Equity Share of ₹ 10/- each as Nominee of REC	0	1 Equity Share of ₹ 10/- each as Nominee of REC	0
2	Shri Sanjeev Kumar Gupta, Chairman**				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	0	0	0	0
3	Shri Sanjiv Garg, Director (upto March 16, 2020)*				
	At the beginning of the year	1 Equity Share of ₹ 10/- each as Nominee of REC	0	1 Equity Share of ₹ 10/- each as Nominee of REC	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	1 Equity Share of ₹ 10/- each as Nominee of REC	0	1 Equity Share of ₹ 10/- each as Nominee of REC	0
4	Shri Ajoy Choudhary, Director				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	0	0	0	0
5	Shri Sanjay Kumar (w.e.f. March 16, 2020) *				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	0	0	0	0

Note: 1. *As nominated by REC Limited, the Board of Directors in its 75th Meeting held on March 16, 2020 has appointed Shri Sanjay Kumar as Additional Director in place of Shri Sanjiv Garg.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year	0	0	0	0
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in indebtedness during the financial year	0	0	0	0
• Addition	0	0	0	0
• Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

Note: Company has tied-up with Banks for non-fund based BG limit of Rs.100 crore & 10 crore for fund based BG limit and as on March 31, 2020, Company has availed BGs of Rs. 30.78 crore and four charges have been created (ID 10573864, 10381249, 100105301 & 100134514) on current assets of the Company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Whole-time Director							
Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		Shri Ajeet Kumar Agarwal (CMD & Director Finance) (Upto June 12, 2020)	Shri Sanjeev Kumar Gupta (CMD & Director Finance)	Shri Sanjiv Garg (Director) (upto March 16, 2020)	Shri Ajoy Choudhary, Director	Shri Sanjay Kumar (Director)(w.e.f March 16, 2020)	
1	Gross Salary	0	0	0	0	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0
4	Commission	0	0	0	0	0	0
	- as % of profit	0	0	0	0	0	0
	Other specify	0	0	0	0	0	0
5	Others, please specify	0	0	0	0	0	0
	Total (A)	0	0	0	0	0	0
	Ceiling as per the Act						
B. Remuneration to other Directors:							
Sl. No.	Particulars of Remuneration						Total Amount
3	Independent Directors						0
	• Fee for attending Board Committee Meetings	0	0	0	0	0	0
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	Total (1)	0	0	0	0	0	0
4	Other Non-Executive Directors						0
	• Fee for attending Board Committee Meetings	0	0	0	0	0	0
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	Total (1)	0	0	0	0	0	0
	Total (B)=(1+2)	0	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0	0
	Overall Ceiling as per the Act						
C. Remuneration to Key Managerial Personnel Other than MD/Manager/ WTD:							
Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total Amount
1	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0
4	Commission	0	0	0	0	0	0
	- as % of profit	0	0	0	0	0	0
	others, specify	0	0	0	0	0	0
5	Others, please specify	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Note: 1 All directors (including Chairman) of the Company are appointed/nominated by the holding company as non executive directors to perform additional duty in RECPDCL and they are not entitled for any remuneration from the Company.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Sl.No	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A.	COMPANY					
	Penalty	0				
	Punishment	0				
	Compounding	0				
B.	DIRECTORS					
	Penalty	0				
	Punishment	0				
	Compounding	0				
C.	OTHER OFFICERS IN DEFAULT					
	Penalty	0				
	Punishment	0				
	Compounding	0				

Note: There were no significant and material orders, penalties or strictures imposed on the Company by any statutory authority during the last three years impacting the going concern status and Company operation in future. However, during the financial year 2014-15, upon an information filed by an informant (name not disclosed) against RECPDCL, a wholly-owned subsidiary of REC, the Competition Commission of India (CCI) had ordered an investigation against the Company. CCI disposed off the case in favor of the Company, while observing that no contravention of the provisions of Section 4 of the Competition Act, 2002 has been made out against RECPDCL & others and the matter was ordered to be closed.

For and on behalf of Board of the Directors

(Sanjeev Kumar Gupta)
Chairman
DIN: 03464342

Place: New Delhi
Date: 21.09.2020

Annexure-V to Board's Report

Form No. AOC-2*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto as on March 31, 2020.

1. Details of contracts or arrangements or transactions not at arm's length basis: No material contracts or arrangements or transactions were entered by the Company with any Related Party, during the period under review.

2. Details of material contracts or arrangement or transactions at arm's length basis:





Name(s) of the related party and nature of relationship	Nature of contracts/arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any*	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any	Amount paid as advance, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.
REC Limited (Holding Company of RECPDCL)	Apportionment of Employee Cost and administration expenses incurred on behalf of the subsidiary.	On-going transaction	Payment of employee cost and administration expenses on actual basis of ₹8,24,64,119/- (including GST) for the Year ended March 31, 2020.	In reference to provide support to the Subsidiary Company for managing the affair of the Company.	-----	Nil	Nil
	Office Rent Expense for these project offices: Kolkata, Mumbai, Bangalore, Hyderabad, Ranchi, Patna and Jaipur.	For the year ended as on March 31, 2020.	Office Rent of ₹44,81,214/- (including GST) for the year ended as on March 31, 2020.	-----	-----	Nil	Nil
	Income from rendering of Service	For the Year ended as on March 31, 2020	Consultancy Services of ₹12,77,73,518/- (including GST) for the Year ended as on March 31, 2020.	Contract has been awarded through open tendering basis.		Nil	Nil




For and on behalf of the Board of Directors



(Sanjeev Kumar Gupta)
Chairman
DIN:03464342

Place: New Delhi
Date: 21.09.2020

REC Power Distribution Company Limited			
Balance Sheet as at 31 March, 2020			
(All amounts in ₹ lakhs, unless stated otherwise)			
Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	374.59	237.71
Other Intangible assets	5	2.00	3.51
Financial assets			
Investments	6	1,581.14	1,580.67
Loans	7	15.94	15.29
Current tax assets (net)	8	1,526.63	1,589.03
Deferred tax assets (net)	9	1,543.12	1,146.71
Other non current assets	10	2.96	4.81
Total non current assets		5,046.38	4,577.72
Current assets			
Financial assets			
Trade receivables	11	9,694.50	11,482.75
Cash and cash equivalents	12	2,281.08	4,019.56
Other bank balances	13	10,303.36	32,795.07
Loans	14	50.53	54.83
Other financial assets	15	2,096.58	1,364.02
Other current assets	16	1,556.25	1,208.50
Total current assets		25,982.30	50,924.73
TOTAL ASSETS		31,028.68	55,502.45
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	5.00	5.00
Other equity	18	16,815.06	15,567.79
Total equity		16,820.06	15,572.79
Non-current liabilities			
Financial liabilities			
Borrowings	19	113.24	-
Other financial liabilities	20	119.08	24.39
Provisions	21	31.88	50.19
Other non-current liabilities	22	41.99	-
Total non-current liabilities		306.19	74.58
Current liabilities			
Financial liabilities			
Trade payables	23	14.60	265.19
(a) total outstanding dues of micro enterprises and small enterprises; and		4,873.06	6,600.15
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.			
Other financial liabilities	24	8,408.86	32,130.28
Other current liabilities	25	591.84	849.65
Provisions	26	14.07	9.81
Total current liabilities		13,902.43	39,855.08
Total liabilities		14,208.62	39,929.66
TOTAL EQUITY & LIABILITIES		31,028.68	55,502.45
Summary of significant accounting policies 1 to 3			
The accompanying notes from 4 to 56 are integral part of the financial statements.			
These are the financial statements referred to in our report of even date.			
For AKG & Associates Chartered Accountants Firm Registration No. 0026889		For and on behalf of Board of Directors of REC Power Distribution Company Limited	
 CA Harvinder Singh Partner Membership No. 087889		 Vijay Kumar Singh Director DIN - 02772733	
		 Ajoy Choudhury Director DIN - 06629874	
Place : Delhi			
Date: 12/06/2020			
UDIN:- 20087889 AAAACP3962			

REC Power Distribution Company Limited Statement of Profit and Loss for the year ended 31 March, 2020 (All amounts in ₹ lakhs, unless stated otherwise)			
Particulars	Notes	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Revenue			
Revenue from operations	27	12,721.57	15,251.34
Other income	28	1,579.76	726.36
Total revenue		14,301.33	15,977.71
Expenses			
Cost of services rendered	29	8,285.26	9,751.90
Finance costs	30	52.36	290.31
Employee benefits expense	31	457.31	480.20
Depreciation and amortisation expense	32	164.38	98.91
Impairment on financial assets	33	2,669.81	204.21
Corporate social responsibility expenses	34	89.11	81.67
Other expenses	35	548.84	969.29
Total expenses		12,267.07	11,876.49
Profit/(Loss) before tax		2,034.26	4,101.21
Tax expense			
	36		
Current tax		1,183.40	1,348.45
Deferred tax expense/(credit)		(396.41)	118.76
Total tax expense		786.99	1,467.20
Net profit/(loss) for the year		1,247.27	2,634.01
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		1,247.27	2,634.01
Earnings/(Loss) per equity share			
Basic/Diluted earnings/ (loss) per share (In ₹)	37	2,495	5,268
Summary of significant accounting policies 1 to 3			
The accompanying notes from 4 to 56 are integral part of the financial statements.			
These are the financial statements referred to in our report of even date.			
For AKG & Associates Chartered Accountants Firm Registration No. 002688N		For and on behalf of Board of Directors of REC Power Distribution Company Limited	
 CA Harvinder Singh Partner Membership No. 087889		 Vijay Kumar Singh Director DIN - 02772733	
		 Ajoy Choudhury Director DIN - 06629871	
Place : Delhi			
Date: 12/06/2020			
UDIN:- 20087889AAAACP3962			

REC Power Distribution Company Limited
Statement of changes in Equity for the year ended 31 March, 2020
 (All amounts in ₹ lakhs, unless stated otherwise)

A Equity share capital

Particular	Amount
Balance as at 1 April, 2018	5.00
Changes in equity share capital during the year	-
Balance as at 31 March, 2019	5.00
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	5.00

B Other equity

Particulars	General reserve	Retained earnings	Total
Balance as at 1 April, 2018	3,988.55	11,663.76	15,652.31
Profit/(Loss) for the year	-	2,634.01	2,634.01
Dividend for the year			
- Final dividend for the previous year		(1,105.00)	(1,105.00)
- Interim dividend for the year		(1,150.00)	(1,150.00)
Tax on dividend			
- on Final dividend for the previous year		(227.14)	(227.14)
- on Interim dividend for the year		(236.39)	(236.39)
Balance as at 31 March, 2019	3,988.55	11,579.24	15,567.79
Profit/(Loss) for the year	-	1,247.27	1,247.27
Balance as at 31 March, 2020	3,988.55	12,826.51	16,815.06

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 56 are integral part of the financial statements.

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

For AKG & Associates
 Chartered Accountants
 Firm Registration No. 002688N


 CA Harvinder Singh
 Partner
 Membership No. 087889

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


 Vijay Kumar Singh
 Director
 DIN - 02772733


 Ajoy Choudhury
 Director
 DIN - 06629871

Place : Delhi

Date: 12/06/2020

UDIN:- 20087889AAAACP3962

REC Power Distribution Company Limited Cash Flow Statement for the year ended 31 March, 2020 (All amounts in ₹ lakhs, unless stated otherwise)		
Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	2,034.26	4,101.21
Adjustments for:		
Depreciation and amortisation expense	164.38	98.91
Liabilities no longer required written back	-	(46.19)
Provision	2,669.81	204.21
Interest income on Fixed deposit	(431.83)	(511.01)
Interest income on Tax Free Bonds	(128.37)	(128.02)
Interest income on other financial assets measured at amortised cost	(1.71)	0.06
Interest expense on other financial liabilities measured at amortised cost	6.82	-
Loss/(gain) on sale of property, plant & equipment	0.13	-
Interest expense on lease liability	27.86	-
Interest expense on micro and small enterprises	13.78	-
Operating profit before working capital changes	4,355.13	3,719.17
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(881.56)	407.78
Loans (non current)	1.06	15.04
Loans current	4.30	(13.91)
Other financial assets (current)	23,780.90	3,745.29
Other current assets	(347.75)	(252.93)
Other non-current assets	1.85	6.38
<i>Adjustments for increase/ (decrease) in operating liabilities:</i>		
Trade payables	(1,977.68)	475.87
Other financial liabilities (current)	(23,826.95)	7,251.95
Other financial liabilities (non current)	87.87	24.39
Other current liabilities	(257.80)	36.95
Provisions (current)	4.26	8.95
Provisions (non current)	(18.31)	17.58
Other non-current liabilities	41.99	-
Movement in operating assets and liabilities	(3,387.82)	11,723.34
Cash generated from operations	967.31	15,442.52
Less: Tax Paid	(1,121.01)	(1,817.01)
Net cash flow from operating activities (A)	(153.70)	13,625.51
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress)	(35.16)	(31.11)
Sale of property, plant and equipment	0.40	0.01
Purchase of intangible assets	-	(4.49)
Deposits with Bank	(1,823.46)	(11,177.85)
Interest received on fixed deposit	233.53	513.57
Interest received on tax free bonds	127.90	127.90
Net cash used in investing activities (B)	(1,496.79)	(10,571.97)



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C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(2,255.00)
Tax on dividend	-	(463.52)
Lease payment on account of principal payment of lease liability	(60.13)	
Lease payment on account of interest payment on lease liability	(27.86)	
Net cash flow used in financing activities (C)	(87.99)	(2,718.52)
Net increase in cash and cash equivalents (A+B+C)	(1,738.48)	335.01
Cash and cash equivalents at the beginning of the year	4,019.56	3,684.55
Cash and cash equivalents at the end of the year	2,281.08	4,019.56
Reconciliation of cash and cash equivalents as per the cash flow statement	(1,738.48)	335.01
<p>Summary of significant accounting policies 1 to 3</p> <p>The accompanying notes from 4 to 56 are integral part of the financial statements.</p> <p>These are the financial statements referred to in our report of even date.</p> <p>For AKG & Associates Chartered Accountants Firm Registration No. 002688N</p> <p>CA Harvinder Singh Partner Membership No. 087889</p> <p>Place : Delhi Date: 12/06/2020</p> <p>For and on behalf of Board of Directors of REC Power Distribution Company Limited</p> <p>Vijay Kumar Singh Director DIN - 02772733</p> <p>Ajoy Choudhury Director DIN - 06629871</p>		

UDIN:- 20087889 AAAACP 362

REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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 and distribution 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).
- (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) in services for procurement of key material for sub transmission and distribution network under Deendayal Upadhyaya Gram Jyoti Yojana DDUGJY and SAUBHAGYA Scheme.

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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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 year ended 31st March, 2020 were authorized and approved for issue by the Board of Directors on 12th June, 2020.

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 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no relevant amendments issued by MCA which are not yet effective as at 31 March, 2020.

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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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

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 principle 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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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 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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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

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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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.

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 amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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 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.



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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.

3.7 Non-Current assets held for sale

Non-current assets 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, financial assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.



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REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020**

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.

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 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.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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

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

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

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

Dividend Distribution Tax 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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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.

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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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

3.15 Lease Accounting

The Company has applied Ind AS 116 from 1 April, 2019 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under Ind AS 17.

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
- 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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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

The Company's accounting policy under Ind AS 116 has not been changed from the comparative period. 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

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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

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 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.

3.20.1 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.

3.20.2 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



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REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2020

extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

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

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

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

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.

Impact of Covid-19 Outbreak - The extent to which the Covid-19 pandemic will impact the Company will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Govt. or the Group to contain its spread or mitigate its impact.

3.21 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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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, 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, 2018	19.67	126.93	236.56	196.02	-	579.17
Additions	7.22	1.94	11.18	10.77	-	31.11
Adjustment/ Disposal	0.01	(1.15)	-	(2.07)	-	(3.21)
As at 31 March, 2019	26.89	127.72	247.74	204.72	-	607.07
Additions	2.74	5.84	-	26.58	265.12	300.28
Adjustment/ Disposal	(0.77)	(47.58)	-	(14.92)	-	(63.27)
As at 31 March, 2020	28.86	85.98	247.74	216.38	265.12	844.08
Accumulated depreciation						
As at 1 April, 2018	12.55	83.42	46.03	133.12	-	275.12
Charge for the year	5.29	11.93	42.88	37.34	-	97.44
Adjustment/Disposal	0.01	(1.14)	-	(2.07)	-	(3.20)
As at 31 March, 2019	17.85	94.21	88.92	168.39	0.00	369.36
Charge for the year	4.89	12.88	43.78	24.12	77.22	162.89
Adjustment/Disposal	(0.77)	(47.38)	-	(14.61)	-	(62.76)
As at 31 March, 2020	21.96	59.71	132.70	177.90	77.22	469.49
Net block as at 31 March, 2019	9.04	33.51	158.82	36.34	-	237.71
Net block as at 31 March, 2020	6.90	26.27	115.04	38.48	187.90	374.59

a) Gross block includes obsolete fixed assets but not disposed off of ₹ 6.68 Lakh and Depreciation reserve in respect of these assets ₹ 6.49 lakh

b) The Company has implemented the newly introduced standard on leases i.e. Ind AS 116 "Leases". The standard is applicable from 1 April 2019 and the Company has adopted the transition approach 2B, as per which in case of identified leases the Right Of Use assets "ROU" as on the date of transition has been recognised equivalent to the Lease liability recognised. Please refer Note 38 for details.



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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

5 Other Intangible assets

Description	Computer software	Total intangible assets
Gross carrying value		
As at 1 April, 2018	7.89	7.89
Additions	4.49	4.49
Disposals	-	-
Balance as at 31 March, 2019	12.38	12.38
Additions	-	-
Disposals	(1.40)	(1.40)
Balance as at 31 March, 2020	10.98	10.98
Accumulated depreciation		
As at 1 April, 2018	7.40	7.40
Amortisation charge for the year	1.47	1.47
Disposals	-	-
Balance as at 31 March, 2019	8.87	8.87
Amortisation charge for the year	1.49	1.49
Disposals	(1.38)	(1.38)
Balance as at 31 March, 2020	8.98	8.98
Net book value as at 31 March, 2019	3.51	3.51
Net book value as at 31 March, 2020	2.00	2.00



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March, 2020	As at 31 March, 2019
6 Investments (Non current)		
Investments in government or trust securities		
(a) Investment in tax free bonds-quoted (at amortised cost) (in holding company)		
(i) REC Limited		
15 Years secured redeemable tax free bonds @8.46%, 50000 bonds of face value of ₹ 1000/- each, fully paid	514.14	514.02
(ii) REC Limited		
15 Years secured redeemable tax free bonds @8.63%, 20000 bonds of face value of ₹ 1000/- each, fully paid	205.77	205.72
(iii) REC Limited		
20 Years Secured Redeemable Tax Free Bonds @7.18%, 34351 Bonds of face value of ₹ 1000/- each, fully paid	351.75	351.69
(b) Investment in tax free bonds (in others)-quoted (at amortised cost)		
(i) Housing and Urban Development Corporation Ltd		
20 Years secured redeemable tax free bonds @8.76%, 50000 bonds of face value of ₹ 1000/- each, fully paid	509.48	509.24
	1,581.14	1,580.67
Aggregate market value of quoted investment	1,929.36	1,846.44
7 Loans (Non current)		
Unsecured, considered good		
Security deposit paid*	15.94	15.29
	15.94	15.29
* Refer Note 44 for fair value disclosure.		
8 Current tax assets (net)		
Advance tax and TDS	2,470.14	2,864.49
Less: Provision for income tax	(943.51)	(1,275.46)
	1,526.63	1,589.03
9 Deferred tax assets (net)	1,543.12	1,146.71

Movement in deferred tax balances as at 31 March, 2019

	As at 1 April, 2018	Charged to profit and loss account	As at 31 March, 2019
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortised cost	0.02	0.01	0.03
Total deferred tax liabilities	0.02	0.01	0.03
Tax effect of items constituting deferred tax assets			
Allowance for expected credit loss	1,245.34	(138.02)	1,107.33
On employee's retirement benefits	11.59	5.90	17.48
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	8.56	13.37	21.93
Total deferred tax assets	1,265.49	(118.75)	1,146.74
Deferred tax assets (net)	1,265.47	(118.76)	1,146.71



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

Movement in deferred tax balances as at 31 March, 2020

	As at 31 March, 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 amortised cost	0.03	0.29	0.32
Total deferred tax liabilities	0.03	0.29	0.32
Tax effect of items constituting deferred tax assets			
Allowance for Expected Credit Loss	1,107.33	392.35	1,499.67
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	5.03	26.97
Right of Use asset (Net of lease liability)	-	4.30	4.30
Provision for expenses	-	0.93	0.93
Total deferred tax assets	1,146.74	396.70	1,543.44
Deferred tax assets (net)	1,146.71	396.41	1,543.12

	As at 31 March, 2020	As at 31 March, 2019
10 Other non current assets		
Prepaid expenses	2.83	4.81
Advances to supplier	0.13	-
	2.96	4.81
11 Trade receivables*		
Unsecured, considered good	7,092.02	9,413.64
Less: Allowance for expected credit loss	(1,043.29)	(975.45)
	6,048.73	8,438.19
Trade receivables which have significant increase in credit risk	5,200.57	3,489.08
Less: Allowance for expected credit loss	(1,554.80)	(444.53)
	3,645.77	3,044.56
Credit impaired receivables	3,360.09	2,382.74
Less: Allowance for expected credit loss	(3,360.09)	(2,382.74)
	-	-
	9,694.50	11,482.75

* Refer note 45 - Financial risk management for assessment of expected credit losses.

12 Cash and cash equivalents

Balances with banks:		
- with scheduled banks in current accounts	511.75	329.76
Term deposits (with maturity upto 3 months) **	1,769.33	3,689.80
	2,281.08	4,019.56

* The earmarked balances with bank on behalf of REC Ltd amounting to ₹ Nil (31 March, 2019: ₹ 263.49 Lakhs) can be utilised only for the specific purposes.

** This includes one Fixed deposit of ₹ 642.23 Lakhs (inclusive of accrued interest of ₹ 42.23 lakhs) which is matured on 30th March, 2020.



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March, 2020	As at 31 March, 2019
13 Other bank balances		
Earmarked balances for deposit works	7,005.76	31,519.22
Deposits with remaining maturity more than 3 months but less than 12 months	3,297.60	1,275.85
	10,303.36	32,795.07
14 Loans (Current)*		
Unsecured, considered good		
Security deposits paid	1.68	10.45
Retention money deposits	48.85	44.38
	50.53	54.83
* Refer Note 44 for fair value disclosure.		
15 Other financial assets (Current)		
Unbilled revenue*	2,096.58	1,364.02
	2,096.58	1,364.02
*This includes ₹ 81.05 Lakhs of unbilled revenue which has been carried forward from previous year. For details refer note 39		
16 Other current assets		
Advances to employees	-	0.05
Prepaid expenses	1.97	3.60
Balances with statutory and government authorities	1,426.07	1,204.85
Cost of completion of contracts*	128.21	-
	1,556.25	1,208.50
*For details refer note 39		



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

17 Equity share capital

Authorized equity share capital

20,000,000 (31 March, 2020 : 20,000,000 ; 1 April, 2019 : 20,000,000) Equity shares of ₹ 10 each

Issued, subscribed and paid up equity share capital
50,000 (31 March, 2020 : 50,000; 1 April 2019 : 50,000)
Equity shares of ₹ 10 each

	As at 31 March, 2020	As at 31 March, 2019
Authorized equity share capital		
20,000,000 (31 March, 2020 : 20,000,000 ; 1 April, 2019 : 20,000,000) Equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and paid up equity share capital		
50,000 (31 March, 2020 : 50,000; 1 April 2019 : 50,000) Equity shares of ₹ 10 each	5.00	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

	31 March, 2020		31 March, 2019	
	No. of shares	(₹ lakhs)	No. of shares	(₹ lakhs)
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	-	-	-	-
Balance at the end of the year	50,000	5.00	50,000	5.00

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

	As at 31 March, 2020		As at 31 March, 2019	
	No. of shares	% holding	No. of shares	% holding
49,994 Equity shares held by REC Ltd (Holding company)	50,000	100.00%	50,000	100.00%
And balance 6 equity shares through other nominee of REC Ltd.				

iv) Shares held by holding company:

	As at 31 March, 2020		As at 31 March, 2019	
	No. of shares	% holding	No. of shares	% holding
49,994 equity shares held by REC Ltd (Holding company)	50,000	100.00%	50,000	100.00%
And balance 6 equity shares through other nominee of REC Ltd.				

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.

18 Other equity

General reserve
Retained earnings

Total other equity

	As at 31 March, 2020	As at 31 March, 2019
General reserve	3,988.55	3,988.55
Retained earnings	12,826.51	11,579.24
Total other equity	16,815.06	15,567.79

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) Subsequent to the year ended 31 March, 2020; the Board of Directors of the Company on a meeting held at 12 June, 2020 has proposed an annual dividend amounting to ₹ 1685 per share (FY 2018-19 - Proposed Dividend: Nil) totaling ₹ 842.50 lakhs on 50000 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.



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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March, 2020	As at 31 March, 2019
19 Borrowings (Non current)		
Lease liability	113.24	-
	113.24	-
20 Other financial liabilities		
Unsecured, considered good		
Earnest Money Deposits	-	24.39
Performance bank guarantee retained	119.08	-
	119.08	24.39
21 Provisions (Non current)		
Provision for employee benefits*		
Provision for loyalty bonus	16.56	25.77
Provision for compensated absences	15.32	24.42
	31.88	50.19
*For details refer note 43		
22 Other non-current liabilities		
Advance as performance bank guarantee	41.99	-
	41.99	-
23 Trade payables*		
Due to micro and small enterprises [refer note (a) below]	14.60	265.19
Dues to others	4,873.06	6,600.15
	4,887.66	6,865.34

*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	14.60	265.19
(ib) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.26	39.41
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	39.41
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.



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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

24 Other financial liabilities (Current)

Earnest money deposits	40.94	74.44
Expenses payables	1,121.68	687.63
Advance for deposit work	6,852.14	31,368.21
Payable to related parties*	272.89	-
Current maturities of lease liability	91.75	-
Performance bank guarantee retained	28.13	-
Employee payable	1.33	-
	8,408.86	32,130.28

*For details refer note 42

25 Other current liabilities

Advances from customers*	14.87	263.49
Statutory dues	407.15	586.15
Advance as performance bank guarantee	16.20	-
Statutory dues for deposit work	153.62	-
	591.84	849.65

* Amount received as advance from revenue contracts with customers is ₹ 14.87 Lakhs in FY 2019-20 (Previous year: Nil). The previous year figure represent the amount received from REC Ltd. as advance which can be utilized only for the specific purposes.

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

Provision for loyalty bonus	8.53	8.42
Provision for compensated absences	5.54	1.39
	14.07	9.81

*For details refer note 43



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
27 Revenue from operations		
Sale of services (from contracts with customers):*		
Execution of IT/solar implementation project	767.84	1,942.20
Consultancy engineering services	11,190.48	12,339.15
Income from REC - UE village project	763.25	969.99
	12,721.57	15,251.34
*Includes ₹ 2015.53 Lakhs (Previous year - ₹ 1364.02 Lakhs) of unbilled revenue. Refer note 39 for additional details.		
28 Other income		
Interest income on fixed deposits	431.83	511.01
Interest income on tax free bonds	128.37	128.02
Interest on income tax refund	117.09	-
Interest income on other financial assets measured at amortized cost	1.71	0.06
Liabilities written back	-	46.19
Liquidation damages	876.63	-
Miscellaneous income	24.13	41.08
	1,579.76	726.36
29 Cost of services rendered*		
Project technical services - PMC/PMA/DPR	4,071.86	4,379.87
Project outsourced manpower	3,472.72	3,185.46
Project fee Direct-Solar	-	1,170.46
Project technical services - IT execution	-	98.05
REC - UE village project expenditure	726.90	918.06
Interest expense on micro and small enterprises	13.78	-
	8,285.26	9,751.90
*Includes ₹ 985.34 Lakh (Previous year - ₹ 430.05 Lakh) of provision for expenses.		
30 Finance costs		
Interest on advance from BEE	-	290.28
Interest on working capital loans	-	0.03
Interest expense on lease liability	27.86	-
Interest expense on other financial liabilities measured at amortized cost	6.82	-
Interest on income tax	17.68	-
	52.36	290.31
31 Employee benefits expense*		
Salaries and Wages	405.41	427.79
Contribution to provident and other funds	28.84	27.54
Staff welfare expenses	23.06	24.87
	457.31	480.20
*For disclosures related to provision for employee benefits, refer note 43- Employee benefit obligations.		
32 Depreciation and amortisation expense		
Depreciation (Refer note 4)	162.89	97.44
Amortization (Refer note 5)	1.49	1.47
	164.38	98.91



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
33 Impairment on financial assets*		
Provision (net of reversal)	2,485.69	204.21
Bad Debts	184.12	-
	2,669.81	204.21
*The impairment is related to assets under contracts with customers. Refer note 45 for additional details.		
34 Corporate social responsibility expenses		
CSR expenditure*	89.11	81.67
	89.11	81.67
*For details refer note 50		
35 Other expenses		
Rent	111.05	229.70
Rates and taxes	7.29	24.86
Repairs and maintenance		
: Buildings	39.74	36.63
: Others	14.10	17.45
Power and fuel	30.21	28.60
Advertisement and business promotion	28.97	149.86
Communication cost	15.42	16.68
Travelling and conveyance	182.70	173.61
Printing and stationary	22.19	39.34
Legal, consultancy and professional expenses	71.69	115.75
Bank charges	8.87	4.35
Auditors' remuneration*	3.50	3.15
GST Audit Fee	4.30	-
Insurance	0.17	0.04
Delay payment charges	0.02	-
Loss on sale of property, plant and equipment (net)	0.13	0.01
Liquidation damages (expenses)	3.21	87.54
Miscellaneous expenses	5.28	41.73
	548.84	969.29
*Comprises of following:		
As auditors- statutory audit	2.70	2.35
As auditors- tax audit	0.80	0.80
	3.50	3.15



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
36 Tax expense		
(i) Current tax		
Tax pertaining to current year	943.51	1,275.46
Tax pertaining to earlier years	239.89	72.98
(ii) Deferred tax expense/(credit)	(396.41)	118.76
	786.99	1,467.20

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

Accounting profit before income tax	2,034.26	4,101.21
At country's statutory income tax rate of 25.17% (31 March, 2019: 29.12%)	512.02	1,194.27
Adjustments in respect of taxes earlier years		
(i) Non-deductible expenses for tax purposes	34.13	41.86
(ii) Non-taxable incomes	(32.31)	(37.28)
(iii) Earlier year taxes	239.89	72.98
(iv) Deferred tax on allowable provisional expenditure of earlier year	(122.29)	-
(v) Deferred tax change due to rate change	155.55	195.37
	786.99	1,467.20
37 Basic/Diluted earnings/ loss per share		
Net profit/(loss) for the year	1,247.27	2,634.01
Weighted average number of equity shares for EPS	50,000	50,000
Par value per share (in ₹)	10	10
Earnings per share - Basic and diluted (in ₹)	2,495	5,268

38 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	31 March, 2020
Short-term leases	80.14
Leases of low value assets	2.28
Variable lease payments	-
Total	82.42

B Total cash outflow for leases for the year ended 31 March 2020 was ₹ 170.41 Lakhs.

Particulars	31 March, 2020
Short-term leases	80.14
Long-term leases	87.99
Leases of low value assets	2.28
Total	170.41

C The Company has total commitment for short-term leases of ₹ 58.85 Lakhs as at 31 March 2020.



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
 (All amounts in ₹ lakhs, 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:

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

- E On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognized under Ind AS 116 was 12%.

The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 at 1 April 2019:

Particulars	Carrying amount as at 31 March, 2019	Remeasurement	Ind AS 116 carrying amount as at 1 April, 2019
Property, plant and equipment	-	265.12	265.12
Lease liabilities	-	(265.12)	(265.12)
Total impact on retained earnings	-	-	-

- F Set out below are the carrying amount of lease liabilities and the movement during the period:

Particulars	31 March, 2020
As at 1 April, 2019	265.12
Additions	-
Accretion of interest	27.86
Payments	(87.99)
As at 31 March, 2020	204.99
Current	91.75
Non current	113.24

G 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.

H Other transition details

- Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach where right of use as on the date of transition has been assumed to be equal to lease liability recognized at transition, with suitable adjustments of prepaid and accruals of rentals to all lease contracts existing as at 1 April 2019.
On transition, the adoption of new standard resulted in recognition of lease liability of ₹ 265.12 Lakhs and corresponding right of use asset of ₹ 265.12 Lakhs.
- For contracts in place as at 1 April 2019, Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- Instead of performing an impairment review on the right -of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognize right -of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
 (All amounts in ₹ lakhs, unless stated otherwise)

39 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 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. 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. 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 Ltd. (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	As at	As at
	March 31, 2020	March 31, 2019
Andhra Pradesh	34.60	253.33
Arunachal Pradesh	410.56	1,678.31
Assam	220.59	443.65
Bihar	352.63	209.41
Chhattisgarh	459.94	399.95
Delhi	1,803.74	2,478.95
Goa	802.91	369.20
Jharkhand	402.82	561.06
Jammu and Kashmir	392.24	2,345.75
Karnataka	898.25	1,041.69
Madhya Pradesh	237.92	284.42
Rajasthan	772.96	772.62
Telangana	92.82	520.20
Tripura	59.98	57.19
Uttar Pradesh	4,265.35	3,705.98
West Bengal	1,406.97	90.40
Maharashtra	107.29	39.23
Total revenue from contracts with customers	12,721.57	15,251.34



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
 (All amounts in ₹ lakhs, unless stated otherwise)

D Reconciliation of revenue recognized with contract price

	As at March 31, 2020	As at March 31, 2019
Contract price*	12,721.57	15,251.34
Adjustments for:		
Rebates and discounts	-	-
Revenue from contracts with customers	12,721.57	15,251.34

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

E Reconciliations of unbilled revenue

Opening balance	1,364.02	5,109.31
Invoices raised during the period	(1,282.97)	(5,109.31)
Revenue recognized during the period	2015.53	1,364.02
Closing balance	2096.58	1364.02

F Reconciliations of advances from customers

Opening balance	-	236.43
Revenue recognized during the period	-	(236.43)
Addition during the period	14.87	-
Closing balance	14.87	-

G Reconciliations of cost of fulfillment carried forward

Opening balance	-	-
Addition during the period*	128.21	-
Closing balance	128.21	-

* The revenue from J&K PIA project of ₹ 712 Lakhs for the period from April 19 to March 20 could not be recognized as revenue due to uncertainty about realisation of consideration after revocation of special status to J&K and bifurcation of J&K into union territory. Accordingly, the expenses of ₹ 128.21 Lakhs incurred for the same period which is directly relatable cost to the J&K contract will be recognized as an asset in the books and in the balance sheet will be reflected as deferred revenue expenses

H Remaining performance obligations

	As at 31 March, 2020	As at 31 March, 2019
Amount of the unsatisfied performance obligations (or partially unsatisfied)	33,790.83	31,939.35

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, 44% of the unsatisfied performance obligation as at 31 March, 2020 will be achieved in next Financial Year and the balance thereafter.

I Contract balances

	As at 31 March, 2020	As at 31 March, 2019
Assets		
Contract balances	9,694.50	11,482.75
Contract assets		
Unbilled revenue*	2,096.58	1,364.02
Cost of fulfillment carried forward**	128.21	-
Contract liability		
Advances from customers***	14.87	-



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
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***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.

- J 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.

40 Govt Grant

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 PMDP in 5 circle of J&K state on nomination basis, as per actual cost to be discovered through competitive biddings. The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto are classified under "Advance for Deposit Work" under the head "Other Financial Liabilities".

During the year, interest earned of ₹ 1012.46 Lakhs (Previous year ₹ 1196.86 Lakhs) has been taken to Advance for Deposit Work account. Further, during the year, an amount of ₹ 2059.22 Lakhs (Previous year ₹ 1142.53 Lakhs) has been refunded back to MoP out of the total interest on advance for deposit work.

The movement of Grant is explained as under:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening Balance	18,119.46	21,612.53
Add: Grant received during the year*	3,103.30	255.86
Add: Interest earned during the year	1,012.46	1,196.86
Less: Amount refunded to Govt. during the year	(2,059.22)	(1,142.53)
Less: Disbursement out of Grant	(17,437.41)	(3,803.27)
Closing Balance	2,738.59	18,119.46

* This represents amount received of ₹ 3103.30 Lakhs from performance bank guarantee encashment

41 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 and IPDS in 5 circle of J&K state on nomination basis, as per actual cost to be discovered through competitive biddings. Further RECPDCL has been appointed as material procurement agency under Saubhagya and DDUGJY Schemes for north eastern states by REC Ltd, Chandigarh Smart Grid scheme and NSGM scheme by Chandigarh Electricity Department (CED), on nomination basis as per actual cost to be discovered through competitive bidding. The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto are classified under "Advance for Deposit Work" under the head "Other Financial Liabilities".

The movement of deposit for work is explained as under:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening Balance	6,584.07	-
Add: Fund received during the year*	6,944.70	54,597.02
Add: Interest earned during the year	149.44	123.49
Less: Amount refunded during the year	-	-
Less: Disbursement out of Fund	(10,231.40)	(48,136.44)
Closing Balance	3,446.81	6,584.07

* This includes amount received of ₹ 1256.78 Lakhs from performance bank guarantee encashment



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

42 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)
Fellow subsidiaries	REC Transmission Projects Company Limited (RECTPCL)
Society registered for undertaking CSR activities	REC Foundation
Key management personnel (KMP)	Mr. Sanjeev Kumar Gupta, Director (Chairman w.e.f. 1st June, 2020) Mr. Ajeet Kumar Agarwal, Chairman (till 31st May, 2020) Mr. Sanjay Garg, Director (till 31st March, 2020) Mr. Sanjay Kumar, Director Mr. Ajoy Choudhury, Director Mr. Vijay Kumar Singh, Director* Mr. R. Lakshmanan, IAS, Chief Executive Officer
Companies under Common Control : REC Transmission Projects Company Limited (RECTPCL) is under common control.	Details of the subsidiaries of RECTPCL is as follows: 1. Dumka Transmission Limited 2. Chandl Transmission Limited 3. Mandar Transmission Limited 4. Koderma Transmission Limited 5. Osmanabad Maharashtra Line 6. Bidar Karnataka Line 7. Gadag Karnataka Part A Line 8. Solar Energy Rajasthan Part A Line 9. Solar Energy Rajasthan Part B Line 10. Solar Energy Rajasthan Part C Line 11. Raigarh Madhya Pradesh Line

* Appointed subsequent to 31st March, 2020.

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, 2020	1,090.07	9.34	-
	Year ended 31 March, 2019	1,116.59	7.70	-
Services received from related party	Year ended 31 March, 2020	720.02	-	-
	Year ended 31 March, 2019	950.30	-	-
Remuneration to KMP's (through Holding Company)	Year ended 31 March, 2020	-	-	16.82
	Year ended 31 March, 2019	-	-	24.49
Reimbursement of expenditure incurred by the Company on behalf of the related party	Year ended 31 March, 2020	-	271.67	-
	Year ended 31 March, 2019	-	277.43	-
Interest income from investment in tax free bonds	Year ended 31 March, 2020	84.45	-	-
	Year ended 31 March, 2019	84.22	-	-
Dividend on equity shares	Year ended 31 March, 2020	-	-	-
	Year ended 31 March, 2019	2,255.00	-	-
(ii) Outstanding Balances at Year End				
Trade payables	Year ended 31 March, 2020	272.89	-	-
	Year ended 31 March, 2019	136.56	-	-
Trade receivables	Year ended 31 March, 2020	377.23	-	-
	Year ended 31 March, 2019	60.61	1.25	-
Non-current investment (Investment in tax free bonds incl. of accrued interest)	Year ended 31 March, 2020	1,071.66	-	-
	Year ended 31 March, 2019	1,071.43	-	-
Other current liabilities	Year ended 31 March, 2020	-	14.87	-
	Year ended 31 March, 2019	-	263.49	-

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:

	Year ended 31 March, 2020	Year ended 31 March, 2019
Short-term employee benefits	14.66	20.62
Post-employment benefits	2.16	3.87
Total remuneration	16.82	24.49

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

Designation of officer	As at 31 March, 2020	Maximum amount outstanding for the year ended 31 March, 2020	As at 31 March, 2019	Maximum amount outstanding for the year ended 31 March, 2019
Chairman	NIL	NIL	NIL	NIL
Company Secretary	NIL	NIL	NIL	NIL



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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

43 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 ₹ 28.84 Lakhs as expense in the statement of profit and loss during the current year (Year ended 31 March, 2019 ₹ 27.96 Lakhs).

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. The liability for the same is recognized on the basis of actuarial valuation.

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, 2020		For the year ended 31 March, 2019	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Current service cost	10.74	9.80	14.28	11.88
Interest cost	1.31	1.98	1.47	1.11
Actuarial losses/(gains)	(0.43)	10.09	0.03	(0.48)
Total Expense recognized in the Statement of profit and loss	11.62	21.87	15.78	12.51

**Net asset/(liability) recognized in the
Balance Sheet**

	As at 31 March, 2020		As at 31 March, 2019	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Present value of Defined benefit obligation	25.09	20.85	34.18	25.81
Funded status [Surplus / (Deficit)]	(25.09)	(20.85)	(34.18)	(25.81)
Net Asset/(Liability) recognized in the Balance Sheet	(25.09)	(20.85)	(34.18)	(25.81)

Change in Defined benefit obligations (DBO) during the year

	For the year ended 31 March, 2020		For the year ended 31 March, 2019	
	Loyalty incentive	Leave encashment	Loyalty incentive	Leave encashment
Present value of DBO at beginning of the year	34.18	25.81	19.06	14.41
Current service cost	10.74	9.80	14.28	11.88
Interest cost	1.31	1.98	1.47	1.11
Actuarial (Gains)/Losses	(0.43)	10.09	0.03	(0.48)
Benefits paid	(20.72)	(26.83)	(0.65)	(1.11)
Present value of DBO at the end of the year	25.09	20.85	34.18	25.81

Actuarial assumptions

Discount rate*	7.69%	6.80%	7.69%	7.69%
Expected return on plan assets	NA	NA	NA	NA
Salary escalation	NA	6.00%	NA	6.00%
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.

**Projected unit credit method



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
(All amounts in ₹ lakhs, unless stated otherwise)

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

Sr. No.	Year	31 March, 2020	31 March, 2019
a)	0 to 1 Year	5.54	1.39
b)	1 to 2 Year	0.40	0.46
c)	2 to 3 Year	0.39	0.48
d)	3 to 4 Year	0.37	0.47
e)	4 to 5 Year	0.36	0.46
f)	5 to 6 Year	0.35	0.46
g)	6 Year onwards	13.45	22.06

Sensitivity analysis in respect of Defined benefit obligation*

Particulars		Loyalty incentive		Leave encashment	
		31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019
a) Impact of the change in discount rate					
	Present Value of Obligation at the end of the period	25.09	34.18	20.86	25.82
a)	Impact due to increase of 0.50 %	(0.24)	(0.33)	(1.81)	(1.91)
b)	Impact due to decrease of 0.50 %	0.24	0.33	2.03	2.12
b) Impact of the change in salary increase					
	Present Value of Obligation at the end of the period	25.09	34.18	20.86	25.82
a)	Impact due to increase of 0.50 %	0.24	0.33	2.03	2.15
b)	Impact due to decrease of 0.50 %	(0.24)	(0.33)	(1.83)	(1.95)

*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.



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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

44 Financial instruments

i) Financial instruments by category measured at amortized cost:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Financial assets		
Investments*	1,581.14	1,580.67
Loans**	66.46	70.11
Trade receivables	9,694.50	11,482.75
Cash and cash equivalents	2,281.08	4,019.56
Other bank balances	10,303.36	32,795.07
Other financial assets	2,096.58	1,364.02
Total	26,023.12	51,312.18
Financial liabilities		
Borrowings	113.24	-
Trade payable	4,887.66	6,865.34
Other financial liabilities	8,527.94	32,154.67
Total	13,528.84	39,020.01

* Aggregate fair value of investment in tax free bonds ₹ 1,929.36 lakhs (31 March 2019 : ₹ 1,846.44 lakhs)

** 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.

45 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 44. 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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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

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, 2020

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	1,581.14	-	1,581.14
Cash and cash equivalents	2,281.08	-	2,281.08
Other bank balances	10,303.36	-	10,303.36
Loans	66.46	-	66.46
Trade receivables	15,652.67	(5,958.17)	9,694.50
Other financial assets	2,096.58	-	2,096.58

31 March, 2019

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	1,580.67	-	1,580.67
Cash and cash equivalents	4,019.56	-	4,019.56
Other bank balances	32,795.07	-	32,795.07
Loans	70.11	-	70.11
Trade receivables	15,285.47	(3,802.72)	11,482.75
Other financial assets	1,364.02	-	1,364.02

(ii) Expected credit loss for trade receivables under simplified approach

31 March, 2020

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
>1 year	7,092.01	14.71%	1,043.28	6,048.73
1 year - 2 year	4,214.33	25.19%	1,061.68	3,152.65
2 year - 3 year	986.24	50.00%	493.12	493.12
>3 Years	3,360.09	100.00%	3,360.09	-
Total	15,652.67	38.06%	5,958.17	9,694.50



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REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March, 2020

(All amounts in ₹ lakhs, unless stated otherwise)

31 March, 2019

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
>1 year	9,413.64	10.36%	975.45	8,438.19
1 year - 2 year	3,151.66	8.75%	275.81	2,875.84
2 year - 3 year	337.43	50.00%	168.71	168.71
>3 Years	2,382.74	100.00%	2,382.74	-
Total	15,285.47	24.88%	3,802.72	11,482.75

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 Matrix.

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Total
Loss allowance on 1 April, 2018	3,598.51
Provision created during the period	204.21
Loss allowance on 31 March, 2019	3,802.72
Provision created during the period	2,485.69
Provisions utilized during the period	(330.24)
Loss allowance on 31 March, 2020	5,958.17

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

Interest rate risk

As the Company does not have any borrowings outstanding, it is not exposed to interest rate risk.

46 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.



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47 Contingencies and commitments

	As at 31 March, 2020	As at 31 March, 2019
(a) Income tax demand against Notice U/s 245 of Income Tax Act for AY 2011-12	-	20.88
(b) Income tax demand against Notice U/s 245 of Income Tax Act for AY 2012-13	-	0.18
(c) Income tax demand against Notice U/s 245 of Income Tax Act for AY 2016-17	-	117.32
(d) Income tax demand against Notice U/s 245 of Income Tax Act for AY 2017-18	-	301.15
(e) Un-expired performance bank guarantees *	3,078.34	2,985.51
(f) Committed liability against corporate social responsibility	128.28	114.36
	3,206.62	3,539.40

* Secured against current assets of the Company.

48 Impact of Covid-19 Outbreak

The novel coronavirus (COVID-19) pandemic is spreading around the globe rapidly. The virus has taken its toll on not just human life, but businesses and financial markets too, the extent of which is currently indeterminate. The Government of India has also announced a compulsory lockdown from 22 March 2020. The Company is carefully considering the accounting implications of this situation. However as of now the management has been able to cope with the situation very well. Due to the lockdown the operations at the different sites of the Company has been partially affected, as the Company has adopted the offline work policy for most of the works. Further, the above does not impact the revenue recognition of the Company. During the period of lockdown the company has booked revenue as unbilled revenue and the Company has not raised any invoice. The expenses (Vendor Exp., Administrative Exp., Employee salary etc.) has been recognized in the period/year to which these expenses pertain.

Also as 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. However there has been a few cases of delays in the collection, but the management estimates that these are receivable very soon, once the situations get normalized.

49 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.

50 Corporate social responsibility expenses

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

	Year ended 31 March, 2020
(a) Gross Amount to be spent by the Company during the year	
FY 2019-20	104.17
FY 2018-19	113.69

Details of CSR Expenditure during the financial year 2019-20:

a) CSR budget as per Companies Act, 2013 for the F.Y. 2019-20	104.17
b) C/F of unsanctioned CSR fund from earlier years	1.52
c) Sanctioned amount during the year	101.71
d) Un-Sanctioned amount of CSR during the year (a+b-c)	3.98
e) C/F Un-Disbursed amount of earlier Years	111.70
f) Fund disbursed from current year sanctioned	10.21
g) Fund disbursed from earlier years Sanctioned	78.90
h) Un disbursed balance as on 31.3.2020 (c+e-f-g)	124.30
i) Total unspent balance as on 31.3.2020 (d+h)	128.28

Amount spent during the year on the following :

	Year ended 31 March, 2020	Year ended 31 March, 2019
-Contribution towards study & research (AIIMS) (₹ 62.93 Lakhs)*	6.50	12.48
-Contribution towards skill development (₹ 4.02 Lakhs)*	-	0.54
-Contribution towards procurement of Life Saving Ambulance (₹ 22.13 Lakhs)*	-	1.11
-Contribution towards setting up 3 Nos of Powered Community Water Centre (₹ 48.87 Lakhs)*	0.63	43.64
-Contribution towards MSGA selected as IA by MeECL for Indoor Badminton Court (₹ 31.21 Lakhs)*	1.56	5.90
-Contribution towards devp. of infrastructure facilities in Kandmal Dist. Hospital (₹ 74.00 Lakhs)*	70.30	-
-Contribution towards devp. of infrastructure facilities in SUKMA dist. Hospital (₹ 36.00 Lakhs)*	-	18.00
-Contribution towards devp. of infrastructure facilities in Goa (₹ 40.82 Lakhs)*	10.21	-
-Contribution towards devp./enhancement of education facility in Kishori Raman Girls Inter College, Mathura (₹ 35.89 Lakhs)*	-	-
-Contribution towards devp./enhancement of education facility in Research & Rehabilitation Centre by Chetna Himachal Pradesh (₹ 25 Lakhs)*	-	-
-Contribution towards education**	(0.09)	-
Total expenses recognized in Profit & Loss A/c during the year	89.11	81.67

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

**Unutilized CSR fund refunded by the party.



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REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March, 2020
 (All amounts in ₹ lakhs, unless stated otherwise)

51 Merger of RECTPCL

With a view to have better operational efficiency and to reap the benefits of higher capital base, pooled resources and to create one big Consultancy firm and in terms of Ministry of Power's (MoP) Office Memorandum dated 30 August, 2017 and MoP approval letter dated 11 November, 2019, the unlisted wholly owned subsidiary companies of REC Limited i.e. REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL), have initiated the requisite process under which RECTPCL (Transferor company) along with its wholly owned subsidiaries, will merge into RECPDCL (Transferee company), subject to the requisite approvals/sanctions of the shareholders/creditors of the transferor and transferee companies, Central Government and such other Competent Authority(ies), as may be required.

52 There are no foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.

53 As per the provision of the Companies Act, 2013 the figures have been rounded off to the nearest of Lakhs and decimal thereof.

54 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.

55 The figures have been regrouped and reclassified, wherever necessary for better presentation.

56 Negative figures have been shown in bracket.

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 56 are integral part of the financial statements.

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

For AKG & Associates
 Chartered Accountants
 Firm Registration No. 002688N


 CA Harvinder Singh
 Partner
 Membership No. 087889

Place : Delhi

Date: 12/06/2020

UDIN:- 20087889AAAACP3962

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


 Vijay Kumar Singh
 Director
 DIN - 02772733


 Ajoy Choudhury
 Director
 DIN - 06629871

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, 2020, 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, 2020, 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

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Also at **KARNAL**



copies so provided by the management for the purpose of audit of the financial statement for the year ended and as at 31st March, 2020.

Key Audit Matters

5. 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. 45 "Financial Instrument " and note no 11 "Trade Receivable")</p> <p>Accounts receivables is a significant item in the Company's financial statements as at March 31, 2020 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>The application of the new revenue</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>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 39 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: <ul style="list-style-type: none"> • 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



S. No.	Key Audit Matter	Auditor's Response
		<p>by the project experts of the company.</p> <ul style="list-style-type: none"> • 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 Financial Statements and Auditor's Report Thereon

6. 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.
7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.
8. 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.
9. 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 Standalone Financial Statement

10. 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 financial 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.
11. 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.
12. The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

13. 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.
14. 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 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.
15. 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.
16. 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.
17. 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.
18. 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

19. 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.
20. 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**".
21. As required by Section 143 (3) of the Act, we report that:
22. 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, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2020 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:
 - i. The Company has no pending litigations as on 31st March 2020.



- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.

For A.K.G. & ASSOCIATES

Chartered Accountants

FRN 002688N



CA. HARVINDER SINGH

Partner

M. No. 087889

UDIN: 20087889AAAACP3962

Place: Delhi

Date: 12th June, 2020

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 2020.

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, 2020 that have not been deposited on account of any dispute.

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.G. & ASSOCIATES
Chartered Accountants
FRN 002688N



CA. HARVINDER SINGH

Partner

M. No. 087889

UDIN: 20087889AAAACP3962

Place: Delhi

Date: 12th June, 2020

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 2020.

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 company does not have any funds received/receivable for specific schemes from central/state agencies. However, the company has received advance for deposit work on behalf of State DISCOMs as Project implementing Agency/ project Management Agency.



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 2020.

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 2020 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, 2020, 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.G. & ASSOCIATES

Chartered Accountants

FRN 002688N



CA. HARVINDER SINGH

Partner

M. No. 087889

UDIN: 20087889AAAACP3962

Place: Delhi

Date: 12th June, 2020

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF REC POWER DISTRIBUTION COMPANY LIMITED FOR THE
YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of REC Power Distribution Company Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 12 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of REC Power Distribution Company Limited for the year ended 31 March 2020 under Section 143(6)(a) of the Act.

For and on behalf of the
Comptroller & Auditor General of India



(Rina Akoijam)

Principal Director of Audit (Energy),
Delhi

Place: New Delhi
Dated: 26 August 2020

KEY OFFICIALS



(Smt. Valli Natarajan)
Addl. Chief Executive Officer



(Shri Bhupender Gupta)
Addl. Chief Executive Officer



(Shri M. L. Kumawat)
Company Secretary



(Shri R. K. Sonkar)
Chief Finance Officer



(Shri Alok Singh)
GM (Tech.)

REC Power Distribution Company Limited

Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

CIN: U40101DL2007GOI165779

Tel.: +91 11 011 24369690 Fax: +91 011 24365815

 Email: co.delhi@recpdcl.in Website: www.recpdcl.in
ATTENDANCE SLIP

13TH ANNUAL GENERAL MEETING TO BE HELD ON, TUESDAY, SEPTEMBER 22, 2020 AT 4.30 P.M AT CORE-4, SCOPE COMPLEX, 7, LODHI ROAD, NEW DELHI-110003.

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
Folio No.	
DP ID No.	
No. of Shares held	
NAME OF PROXY (IN BLOCK LETTERS) to be filled in, if the proxy attends instead of the member	

I/We, hereby record my/our presence at the 13th Annual General Meeting of the Company held on September 22, 2020, 2020 at 4.30 P.M at the Core-4, SCOPE Complex, 7, Lodhi Road, New-Delhi-110003.

Signature of Member/ Proxy

NOTES:

1. The attendance slip should be signed as per the specimen signature registered with Company. Such duly completed and signed Attendance Slip(s) should be handed over at the venue of AGM. Members in person and Proxy holders may please carry photo-ID card for identification/verification purposes.
2. Shareholder(s) present in person or through registered proxy shall only be entertained.
3. Due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the venue. Shareholder(s)/proxy holder(s) will be required to take care of their belonging(s).
4. No gifts/ coupons will be distributed at the Annual General Meeting.

REC Power Distribution Company Limited

Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

CIN: U40101DL2007GOI165779

Tel.: +91 11 011 24369690 Fax: +91 011 24365815

Email: co.delhi@recpdcl.in Website: www.recpdcl.in**PROXY FORM (Form No. MGT-11)**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):	Folio No./
Registered Address:	
No. of Shares held:	Email ID:

I/We, being the member (s) of shares of the above named company, hereby appoint:

1	Name:		
	Address:		Signature:-
	E-mail Id:		

or failing him / her

2	Name:		
	Address:		Signature:-
	E-mail Id:		

or failing him / her

3	Name:		
	Address:		Signature:-
	E-mail Id:		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13th Annual General Meeting of the Company, to be held on 22nd, September, 2020 at 4.30 P.M at the Core-4, SCOPE Complex, 7, Lodhi Road, New-Delhi-110003 and at any adjournment thereof in respect of such businesses as are indicated below:

Sl. No	Particulars
Ordinary Business	
1.	To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2020 along with the Reports of the Board of Directors and Auditors thereon.
2.	To declare final Dividend on equity shares of the Company for the financial year 2019-20.
3.	To appoint a Director in place of Shri Ajoy Choudhury (DIN: 06629871), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Statutory Auditors for the financial year 2020-21.
Special Business	
5.	To appoint Shri Sanjay Kumar (DIN: 08722752) as Director of the Company.
6.	To appoint Shri Vijay Kumar Singh (DIN: 02772733) as Director of the Company.

Signed this..... day of..... 2020

Signature of ShareholderSignature of Proxy holder(s)

Affix
Revenue
Stamp of
₹1/-