

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

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

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

**A Equity share capital**

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

**B Other equity**

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

**Summary of significant accounting policies 1 to 3**

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

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

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

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

**CA Nitin Grover**  
Partner  
Membership No. 516604

**Sanjay Kumar**  
Director  
DIN - 08722752

**Ajoy Choudhury**  
Director  
DIN - 06629871

**Place : New Delhi**

**Date:**

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

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

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

## **REC Power Distribution Company Limited**

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

### **1. CORPORATE INFORMATION**

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

The Company is engaged:

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

**REC Power Distribution Company Limited**

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

**2. STATEMENT OF COMPLIANCE**

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

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

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

**2.1 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

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

**Balance Sheet:**

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

## **REC Power Distribution Company Limited**

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

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

#### **Statement of profit and loss:**

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3.1 Basis of preparation and measurement**

##### **(i) Going concern and basis of measurement**

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

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

##### **(ii) Functional and presentation currency:**

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

#### **3.2 Revenue recognition**

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



**REC Power Distribution Company Limited**

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

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

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

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

*Income from Operation*

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

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

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

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

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

*Interest income*

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

## **REC Power Distribution Company Limited**

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

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

#### **3.3 Property, Plant and Equipment:**

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

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

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

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

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

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

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

#### *De-recognition*

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

## **REC Power Distribution Company Limited**

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

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

#### **3.4 Intangible assets**

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

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

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

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

#### **3.5 Fair value measurement**

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

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

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

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

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

## **REC Power Distribution Company Limited**

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

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

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

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

#### **3.6 Financial instruments**

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

##### **Financial assets:**

##### **Initial recognition and measurement**

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

##### *Subsequent measurement*

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

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

**REC Power Distribution Company Limited**

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

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

*De-recognition of financial assets*

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

**Impairment of financial assets**

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

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

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

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

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

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

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

**Financial liabilities:**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

**De-recognition**

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

**Offsetting of financial instruments**

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

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### **3.7 Non-Current assets/Disposal Company held for sale**

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

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

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

### **3.8 Employee benefits:**

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

#### **a) Fixed Tenure Employees**

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

#### **b) Employees on secondment from holding company**

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

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

**3.9 Taxation**

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

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

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

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

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

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



## **REC Power Distribution Company Limited**

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

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

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

#### **3.10 Provisions, Contingent Liabilities, and Contingent Assets**

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

A contingent liability is disclosed for:

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

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

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

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

#### **3.11 Earnings per share**

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

## **REC Power Distribution Company Limited**

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

#### **3.12 Impairment of assets**

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

#### **3.13 Cash and cash equivalents**

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

#### **3.14 Funds/grants received from government**

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

#### **3.15 Lease Accounting**

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

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

## **REC Power Distribution Company Limited**

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

#### **Measurement and recognition of leases as a lessee**

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

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

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

#### **The Company as a lessor**

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

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

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

### **3.16 Dividend**

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

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

#### **3.17 Material prior period errors**

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

#### **3.18 Prepaid Expenses**

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

#### **3.19 Rates and taxes**

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

#### **3.20 Allocation of expenses**

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

#### **3.21 Business combination**

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

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

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

**3.22 Significant management judgments in applying accounting policies and estimation of uncertainty**

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

**3.22.1 Significant management judgments**

**Recognition of deferred tax assets/ liability** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

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

**3.22.2 Significant estimates**

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

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

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

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

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

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

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

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

#### **3.23 Rounding off amounts**

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

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**4 Property, plant and equipment**

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

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

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

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

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**5 Other intangible assets**

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



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

\* Refer Note 48 for fair value disclosure.

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

**Movement in deferred tax balances as at 31 March, 2021**

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

**Movement in deferred tax balances as at 31 March, 2020**

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

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

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

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

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

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

**19 Equity share capital**

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

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

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

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

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

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

\* For details refer note 55

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

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

**iv) Shares held by holding company:**

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

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

**20 Other equity**

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

**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 earning from Statement of Profit and Loss.

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

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

**REC Power Distribution Company Limited**

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

(All amounts in ₹ lakh, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
<b>21 Borrowings (Non current)</b>		
Lease liability	-	113.24
	<b>-</b>	<b>113.24</b>
<b>22 Other financial liabilities</b>		
<b>Unsecured, considered good</b>		
Performance bank guarantee retained	133.41	119.08
	<b>133.41</b>	<b>119.08</b>
<b>23 Provisions (Non current)</b>		
<b>Provision for employee benefits*</b>		
Provision for loyalty bonus	-	22.60
Provision for compensated absences	55.16	20.48
	<b>55.16</b>	<b>43.08</b>
*Refer Note 47 for details		
<b>24 Other non-current liabilities</b>		
Advance as performance bank guarantee	25.70	41.99
	<b>25.70</b>	<b>41.99</b>
<b>25 Borrowings (Current)</b>		
Cash credit loan (unsecured)	-	500.00
	<b>-</b>	<b>500.00</b>

Note: HDFC Bank has issued this credit facility which is unsecured. The same is repaid during the year.

<b>26 Trade payables*</b>		
Due to micro and small enterprises [refer note (a) below]	0.76	14.60
Dues to others	6,149.92	4,873.06
	<b>6,150.68</b>	<b>4,887.66</b>

\*Unsecured and unconfirmed

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

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

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

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

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

(All amounts in ₹ lakh, unless stated otherwise)

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

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

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



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

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

**REC Power Distribution Company Limited**

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

(All amounts in ₹ lakh, unless stated otherwise)

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

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

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

**41 Basic/diluted earnings/ loss per share**

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

\* Share pending issuance as on 31 March, 2020

**42 Leases**

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

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

**A Lease payments not included in measurement of lease liability**

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

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

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

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

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

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

(All amounts in ₹ lakh, unless stated otherwise)

**D Maturity of lease liabilities**

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

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

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

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

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

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

**F Extension and termination options**

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

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

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

*Critical judgments in determining the lease term*

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

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

**REC Power Distribution Company Limited**  
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**43 Revenue from contracts with customers under Ind AS 115 are as follow:-**

**A The Company is engaged in providing following services-**

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

**B Significant management judgments on revenue recognition**

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

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

**C Segregation of revenue**

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

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

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

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**D Reconciliation of revenue recognized with contract price**

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

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

**E Reconciliations of unbilled revenue**

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

**F Reconciliations of advances from customers**

Opening balance	15.43	-
Revenue recognized during the year	(14.38)	-
Addition during the year	-	15.43
<b>Closing balance</b>	<b>1.05</b>	<b>15.43</b>

**G Reconciliations of cost of fulfillment carried forward**

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

**H Reconciliation of deferred income**

Opening balance	89.09	-
Revenue recognized during the year	(89.09)	-
Addition received during the year	-	89.09
<b>Closing balance</b>	<b>-</b>	<b>89.09</b>

**I Remaining performance obligations**

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

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

**J Contract balances**

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

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

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

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 (All amounts in ₹ lakh, unless stated otherwise)

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

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

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

**44 Govt Grant /Advance for deposit work:**

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

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

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

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

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

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

**45 Government fund for schemes**

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

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

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

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

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**46 Related party transactions**

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

**a. Details of related parties:**

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

**Associate Companies**

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

\* indicates associates sold / transferred in FY 2020-21

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

**Key management personnel (KMP)**

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

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

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

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

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

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

**Key management personnel remuneration includes the following expenses:**

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

**Note:**

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

**c. Transactions with associates are as under:**

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



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

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

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

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

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

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

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

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

#### 47 Employee benefit obligations

##### Defined contribution plans

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

##### Defined benefit plans

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

##### i. Loyalty incentive

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

##### ii. Leave encashment

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

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

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

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

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

##### Actuarial assumptions

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

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

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

\*\*Projected unit credit method

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

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

**Sensitivity analysis in respect of Defined benefit obligation\***

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

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

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

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

(All amounts in ₹ lakh, unless stated otherwise)

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

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

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

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

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

**ii) Fair values hierarchy**

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

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

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

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

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

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

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

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

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

**REC Power Distribution Company Limited**

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

(All amounts in ₹ lakh, unless stated otherwise)

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
<b>A: Low credit risk</b>	Cash and cash equivalents, other bank balances, loans, investments and other financial assets
<b>B: Medium credit risk</b>	Trade receivables
<b>C: High credit risk</b>	Trade receivables

**b) Credit risk exposure**

**(i) Provision for expected credit losses**

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

**31 March, 2021**

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

**31 March, 2020**

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

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

**31 March, 2021**

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

**31 March, 2020**

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

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

(All amounts in ₹ lakh, unless stated otherwise)

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

**B) Liquidity risk**

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

**Maturities of financial liabilities**

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

**C) Market risk**

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

**Currency risk:**

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

**Interest rate risk**

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

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

**Price risk:**

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

**50 Capital management policies and procedures**

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

The debt equity ratio of the Company is as follows :

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

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

(A) The amount referred in (a) above are against the demands raised by the Income Tax Department for AY 2017-18 against which an appeal has been filed before CIT (Appeals) and 20% of demand is deposited in FY 19-20 for ₹ 5.97 lakh. So the company is contesting this tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

\* Secured against current assets of the Company.

**52 Impact of Covid-19 Outbreak**

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

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

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

**53 Impairment of non financial assets:**

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

**54 Corporate social responsibility expenses**

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

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

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

Since the provisions of the Companies (Amendment) Act 2019, Companies (Amendment) Act 2020 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 requiring specific treatment of unspent funds has been made applicable from the current year, the comparatives figures have not been provided.



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(d) Ministry of Corporate Affairs (MCA) has notified the Companies (Amendment) Act 2019, Companies (Amendment) Act 2020 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 which require that any unspent CSR amount, other than for any ongoing project, must be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. In case such unspent amount pertains to any ongoing project, it must be transferred to unspent CSR Account by 30th April of the next year. However, if such amount is not utilised within three financial years, it is required to be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. The Company also carries the right to set-off any amount spent in excess of the requirement under the Act within three succeeding financial years against the amount to be spent.

During the year, Company has approved ₹ 195.48 lakh as budget for CSR as per Section 135(5) of the Companies Act, against which has spent ₹ 253.48 lakh towards CSR activities during the year. The excess amount of ₹ 58 lakh spent during the year shall be carried forward and set off for next three succeeding financial years.

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

\*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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**55 Merger of RECTPCL with RECPDCL**

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

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

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

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

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

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

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

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

**56 Additional disclosure explaining interests in other entities**

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

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

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

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

Notes:

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

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

## 57 Other notes

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

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

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

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

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

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

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

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

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

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

**CA Nitin Grover**  
Partner  
Membership No. 516604

**Sanjay Kumar**  
Director  
DIN - 08722752

**Ajoy Choudhury**  
Director  
DIN - 06629871

Place : New Delhi  
Date: