S.K. Mittal & Co.
Chartered Accountants
E-29 South Extension Part-II
New Delhi-110049.

O P Bagla & Co. LLP
Chartered Accountants
B-225, 5th Floor,
Okhla Industrial Area Phase-I
New Delhi- 110020.

Independent Auditor's Review Report on the Standalone Unaudited Financial Results for the Quarter/Half Year ended 30th September 2022 of REC Limited Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors,
REC Limited
Core-IV, SCOPE Complex,
7, Lodi Road,
New Delhi – 110003

We have reviewed the accompanying standalone unaudited quarter/half year results (including annexed Standalone Balance Sheet as on 30th September 2022, Statement of Profit & Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the period ended as on that date and summarised Notes to Accounts, including Significant Accounting Policies) of **REC Limited** (the company) for the quarter/half year ended 30th September 2022, being submitted by the company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under section 133 of the Companies Act, 2013, as amended ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

S. K. MITTAL & CO. * CHARTERED ACCOUNTANTS * New Delhi

O P BAGLA & CO. LLP * FRN: 000018N/N500091 * New Delhi * Chartered Accountants

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards specified under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of matter

Refer Note No. 3 to the financial results regarding, the provision of impairment allowance in respect of its loan assets and Letters of Comfort. In this regard, we have relied upon the basis of determination of impairment allowance, in so far as it relates to technical aspects/parameters considered by independent agency appointed by the company and management judgement for ascertaining impairment allowance as management overlay.

Our opinion on the Statement is not modified in respect of above matter.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name - S. Murthy
Designation: Partner
Membership Number: 072290
UDIN: 22072290BAXXRP4321

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name – Atul Aggarwal
Designation: Partner
Membership Number: 092656
UDIN: 22092656BAXYZT3267

Place : New Delhi
Date : 27th October 2022

S.K. Mittal & Co.
Chartered Accountants
E-29 South Extension Part-II
New Delhi-110049.

O P Bagla & Co. LLP
Chartered Accountants
B-225, 5th Floor,
Okhla Industrial Area Phase-I
New Delhi- 110020.

Independent Auditor's Review Report on Consolidated Unaudited Financial Results for the Quarter/Half year ended 30th September 2022 of REC Limited Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors,
REC Limited
Core-IV, SCOPE Complex,
7, Lodi Road,
New Delhi – 110003

We have reviewed the accompanying consolidated unaudited quarter/half year Results (including annexed Consolidated Balance Sheet as on 30th September 2022, Consolidated Statement of Profit & Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the period ended as on that date and summarised Notes to Accounts, including Significant Accounting Policies) of **REC Limited** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), and its share of the net profit after tax for the quarter/half year ended 30th September 2022, being submitted by the company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under section 133 of the Companies Act, 2013, as amended ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us

to believe that the accompanying statement of unaudited financial results, prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards specified under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of matter

Refer Note No. 3 to the financial results regarding, the provision of impairment allowance in respect of its loan assets and Letters of Comfort. In this regard, we have relied upon the basis of determination of impairment allowance, in so far as it relates to technical aspects/parameters considered by independent agency appointed by the company and management judgement for ascertaining impairment allowance as management overlay.

Our opinion on the Statement is not modified in respect of above matter.

Other Matter

We did not review the interim financial results of the subsidiary included in the consolidated unaudited financial results, whose interim financial results reflect total revenue of ₹ 29.10 crores and ₹ 68.94 crores, total net profit after tax of ₹ 12.6 Crore and ₹ 19.55 crores and total comprehensive income of ₹ 12.6 crore and ₹ 19.55 crores for the quarter and half year ended 30th September 2022 respectively, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditor whose Report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the Report of the other auditor and the procedures performed by us.

Our opinion is not modified in respect of above matter.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name - S. Murthy
Designation: Partner
Membership Number: 072290
UDIN: 22072290BAXXWY9391

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name – Atul Aggarwal
Designation: Partner
Membership Number: 092656
UDIN: 22092656BAXZEQ3688

Place : New Delhi
Date : 27th October 2022

REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Statement of Unaudited Standalone Financial Results for the period ended 30-09-2022

(₹ in Crores)

S. No.	Particulars	Quarter Ended			Period Ended		Year Ended
		30-09-2022 (Unaudited)	30-06-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	31-03-2022 (Audited)
1	**Income**						
A	**Interest income**						
(i)	Interest income on loan assets	9,533.88	9,262.36	9,627.63	18,796.24	19,001.89	37,810.84
(ii)	Other interest income	154.41	111.42	96.38	265.83	159.35	375.62
	Sub-total (A) - Interest Income	**9,688.29**	**9,373.78**	**9,724.01**	**19,062.07**	**19,161.24**	**38,186.46**
B	**Other Operating Income**						
(i)	Dividend income	9.90	-	16.62	9.90	16.62	26.64
(ii)	Fees and commission income	34.40	55.67	173.45	90.07	323.57	572.82
(iii)	Net gain/ (loss) on fair value changes	207.41	30.45	125.06	237.86	44.07	346.57
	Sub-total (B) - Other Operating Income	**251.71**	**86.12**	**315.13**	**337.83**	**384.26**	**946.03**
C	**Total Revenue from Operations (A+B)**	**9,940.00**	**9,459.90**	**10,039.14**	**19,399.90**	**19,545.50**	**39,132.49**
D	Other Income	8.55	8.61	39.68	17.16	44.44	97.96
	Total income (C+D)	**9,948.55**	**9,468.51**	**10,078.82**	**19,417.06**	**19,589.94**	**39,230.45**
2	**Expenses**						
A	Finance costs	5,728.67	5,376.69	5,562.55	11,105.36	11,151.11	22,052.91
B	Net translation/ transaction exchange loss/ (gain)	456.79	479.55	(78.20)	936.34	213.08	799.05
C	Fees and commission expense	1.43	5.49	0.95	6.92	9.04	16.73
D	Impairment on financial instruments	223.88	504.50	1,118.51	728.38	1,899.95	3,473.31
E	Employee benefits expenses	29.99	75.41	43.02	105.40	82.38	159.61
F	Depreciation and amortization	5.85	5.89	4.65	11.74	7.46	17.96
G	Corporate social responsibility expenses	37.55	56.90	16.36	94.45	37.29	170.67
H	Other expenses	35.36	24.53	28.96	59.89	49.55	115.31
	Total expenses (A to H)	**6,519.52**	**6,528.96**	**6,696.80**	**13,048.48**	**13,449.86**	**26,805.55**
3	**Profit before tax (1-2)**	**3,429.03**	**2,939.55**	**3,382.02**	**6,368.58**	**6,140.08**	**12,424.90**
4	**Tax expense**						
A	**Current tax**						
	- Current year	652.93	664.55	832.61	1,317.48	1,593.37	3,051.33
	- Earlier years	-	(90.36)	-	(90.36)	-	(3.96)
B	**Deferred tax**	47.72	(81.90)	(189.38)	(34.18)	(438.68)	(668.39)
	Total tax expense (A+B)	**700.65**	**492.29**	**643.23**	**1,192.94**	**1,154.69**	**2,378.98**
5	**Net profit for the period (3-4)**	**2,728.38**	**2,447.26**	**2,738.79**	**5,175.64**	**4,985.39**	**10,045.92**
6	**Other comprehensive Income/(Loss)**						
(i)	**Items that will not be reclassified to profit or loss**						
(a)	Re-measurement gains/(losses) on defined benefit plans	(2.36)	-	(1.59)	(2.36)	(1.65)	(8.33)
(b)	Changes in fair value of FVOCI equity instruments	(3.38)	(33.33)	21.45	(36.71)	57.77	22.19
(c)	Income tax relating to these items						
	- Re-measurement gains/(losses) on defined benefit plans	0.59	-	0.41	0.59	0.42	2.10
	- Changes in fair value of FVOCI equity instruments	(0.04)	(0.07)	(0.03)	(0.11)	-	2.55
	Sub-total (i)	**(5.19)**	**(33.40)**	**20.24**	**(38.59)**	**56.54**	**18.51**
(ii)	**Items that will be reclassified to profit or loss**						
(a)	Effective Portion of Cash Flow Hedges	510.94	207.46	(3.21)	718.40	(5.31)	480.84
(b)	Cost of hedging reserve	(1,591.57)	(1,060.78)	(39.73)	(2,652.35)	(6.91)	(584.51)
(c)	Income tax relating to these items						
	-Effective Portion of Cash Flow Hedges	(128.60)	(52.21)	0.81	(180.81)	1.34	(121.02)
	- Cost of hedging reserve	400.56	266.98	10.00	667.54	1.74	147.11
	Sub-total (ii)	**(808.67)**	**(638.55)**	**(32.13)**	**(1,447.22)**	**(9.14)**	**(77.58)**
	Other comprehensive Income/(Loss) for the period (i+ii)	**(813.86)**	**(671.95)**	**(11.89)**	**(1,485.81)**	**47.40**	**(59.07)**
7	**Total comprehensive income for the period (5+6)**	**1,914.52**	**1,775.31**	**2,726.90**	**3,689.83**	**5,032.79**	**9,986.85**
8	**Paid up equity share capital (Face Value ₹10 per share)**	2,633.22	1,974.92	1,974.92	2,633.22	1,974.92	1,974.92
9	**Other equity (as per audited balance sheet as at 31st March)**						49,010.68
10	**Basic & Diluted earnings per equity share of ₹ 10 each (in ₹) (not annualised)**						
A	For continuing operations	**10.36**	**9.29**	**10.40**	**19.66**	**18.93**	**38.02**
B	For continuing and discontinued operations	**10.36**	**9.29**	**10.40**	**19.66**	**18.93**	**38.02**

See accompanying notes to the financial results.

Statement of Unaudited Consolidated Financial Results for the period ended 30-09-2022

(₹ in Crores) (₹ in Crores)

S. No.	Particulars	Quarter Ended			Period Ended		Year Ended
		30-09-2022 (Unaudited)	30-06-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	31-03-2022 (Audited)
1	**Income**						
A	**Interest Income**						
(i)	Interest income on loan assets	9,533.88	9,262.36	9,671.18	18,796.24	19,001.89	37,810.84
(ii)	Other interest income	156.40	113.54	55.10	269.94	163.69	383.65
	Sub-total (A) - Interest Income	**9,690.28**	**9,375.90**	**9,726.28**	**19,066.18**	**19,165.58**	**38,194.49**
B	**Other Operating Income**						
(i)	Dividend income	0.99	-	1.72	0.99	1.72	4.21
(ii)	Fees and commission income	34.40	55.67	173.45	90.07	323.57	572.82
(iii)	Net gain/ (loss) on fair value changes	207.41	30.45	125.06	237.86	44.07	346.57
(iv)	Sale of services	22.91	35.43	21.51	58.34	63.70	150.96
	Sub-total (B) - Other Operating Income	**265.71**	**121.55**	**321.74**	**387.26**	**433.06**	**1,074.56**
C	**Total Revenue from Operations (A+B)**	**9,955.99**	**9,497.45**	**10,048.02**	**19,453.44**	**19,598.64**	**39,269.05**
D	Other Income	8.01	8.61	8.51	16.62	15.46	70.15
	Total income (C+D)	**9,964.00**	**9,506.06**	**10,056.53**	**19,470.06**	**19,614.10**	**39,339.20**
2	**Expenses**						
A	Finance costs	5,727.58	5,375.59	5,562.05	11,103.17	11,150.01	22,050.96
B	Net translation/ transaction exchange loss/ (gain)	456.79	479.55	(78.20)	936.34	213.08	799.05
C	Fees and commission expense	1.43	5.49	0.95	6.92	9.04	16.73
D	Impairment on financial instruments	219.13	508.00	1,111.70	727.13	1,893.14	3,470.02
E	Cost of services rendered	7.86	15.97	15.40	23.83	29.80	65.11
F	Employee benefits expenses	36.70	81.16	47.20	117.86	91.59	180.83
G	Depreciation and amortization	5.91	5.95	4.72	11.86	7.61	18.24
H	Corporate social responsibility expenses	37.69	57.53	16.46	95.22	37.81	172.35
I	Other expenses	34.68	26.85	28.65	61.53	48.59	123.57
	Total Expenses (A to I)	**6,527.76**	**6,556.09**	**6,708.93**	**13,083.85**	**13,480.67**	**26,896.86**
3	**Share of Profit/ (loss) of Joint Venture accounted for using equity method**	-	-	(12.86)	-	**(11.81)**	**(11.81)**
4	**Profit before Tax (1-2+3)**	**3,436.24**	**2,949.97**	**3,334.74**	**6,386.21**	**6,121.62**	**12,430.53**
5	**Tax Expense**						
A	**Current Tax**						
	- Current Year	654.66	669.06	832.29	1,323.72	1,601.56	3,069.23
	- Earlier Years	-	(90.36)	-	(90.36)	-	(3.96)
B	**Deferred Tax**	49.46	(82.89)	(189.82)	(33.43)	(440.87)	(670.44)
	Total Tax Expense (A+B)	**704.12**	**495.81**	**642.47**	**1,199.93**	**1,160.69**	**2,394.83**
6	**Net profit for the period (4-5)**	**2,732.12**	**2,454.16**	**2,692.27**	**5,186.28**	**4,960.93**	**10,035.70**
7	**Other comprehensive Income/(Loss)**						
(i)	**Items that will not be reclassified to profit or loss**						
(a)	Re-measurement gains/(losses) on defined benefit plans	(2.36)	-	(1.59)	(2.36)	(1.65)	(8.33)
(b)	Changes in fair value of FVOCI equity instruments	(3.38)	(33.33)	21.45	(36.71)	57.77	22.19
(c)	Share of Profit of Joint Venture accounted for using equity method	-	-	-	-	(0.02)	(0.02)
(d)	Income tax relating to these items	-	-	-			-
	- Re-measurement gains/(losses) on defined benefit plans	0.59	-	0.41	0.59	0.42	2.10
	- Changes in fair value of FVOCI equity instruments	(0.04)	(0.07)	(0.03)	(0.11)	-	2.55
	Sub-total (i)	**(5.19)**	**(33.40)**	**20.24**	**(38.59)**	**56.52**	**18.49**
(ii)	**Items that will be reclassified to profit or loss**						
(a)	Effective Portion of Cash Flow Hedges	510.94	207.46	(3.21)	718.40	(5.31)	480.84
(b)	Cost of hedging reserve	(1,591.57)	(1,060.78)	(39.73)	(2,652.35)	(6.91)	(584.51)
(c)	Share of other comprehensive income/ (loss) of joint venture accounted for using equity method	-	-	1.19	-	1.19	1.19
(d)	Income tax relating to these items	-	-	-			-
	-Effective Portion of Cash Flow Hedges	(128.60)	(52.21)	0.81	(180.81)	1.34	(121.02)
	- Cost of hedging reserve	400.56	266.98	10.00	667.54	1.74	147.11
	Sub-total (ii)	**(808.67)**	**(638.55)**	**(30.94)**	**(1,447.22)**	**(7.95)**	**(76.39)**
	Other comprehensive income/(loss) for the period (i + ii)	**(813.86)**	**(671.95)**	**(10.70)**	**(1,485.81)**	**48.57**	**(57.90)**
8	**Total comprehensive Income for the period (6+7)**	**1,918.26**	**1,782.21**	**2,681.57**	**3,700.47**	**5,009.50**	**9,977.80**
9	Paid up Equity Share Capital (Face Value ₹10 per share)	1,974.92	1,974.92	1,974.92	1,974.92	1,974.92	1,974.92
10	Other Equity (as per audited balance sheet as at 31st March)				51,162.86	49,339.18	49,339.18
11	**Basic & Diluted earnings per equity share of ₹ 10 each (in ₹) (not annualised)**						
A	For continuing operations	**10.38**	**9.19**	**10.22**	**19.70**	**18.84**	**37.98**
B	For continuing and discontinued operations	**10.38**	**9.19**	**10.22**	**19.70**	**18.84**	**37.98**

See accompanying notes to the financial results.

S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

O P BAGLA & CO. LLP FRN: 000018N/N500091 New Delhi Chartered Acco

Statement of Assets and Liabilities

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		As at 30-09-2022 (Unaudited)	As at 31-03-2022 (Audited)	As at 30-09-2022 (Unaudited)	As at 31-03-2022 (Audited)
	ASSETS				
(1)	**Financial Assets**				
(a)	Cash and cash equivalents	2,375.28	126.40	2,397.53	140.99
(b)	Bank balances other than (a) above	2,135.62	2,295.30	2,561.21	2,518.96
(c)	Trade receivables	-	-	85.68	94.55
(d)	Derivative financial instruments	7,436.88	5,510.17	7,436.88	5,510.17
(e)	Loans	3,80,964.43	3,71,930.54	3,80,964.43	3,71,930.54
(f)	Investments	2,540.54	2,157.97	2,573.45	2,190.44
(g)	Other financial assets	24,393.57	24,396.94	24,407.88	24,415.31
	Total - Financial Assets (1)	**4,19,846.32**	**4,06,417.32**	**4,20,427.06**	**4,06,800.96**
(2)	**Non-Financial Assets**				
(a)	Current tax assets (net)	259.76	179.64	274.33	191.56
(b)	Deferred tax assets (net)	3,655.54	3,134.74	3,680.16	3,160.12
(c)	Investment Property	-	-	-	-
(d)	Property, Plant & Equipment	616.98	623.67	617.25	624.04
(e)	Capital Work-in-Progress	6.79	6.07	6.79	6.07
(f)	Intangible Assets Under Development	-	-	-	-
(g)	Other Intangible Assets	2.80	4.25	2.82	4.28
(h)	Other non-financial assets	55.48	46.06	76.40	68.68
(i)	Investments accounted for using equity method	-	-	-	-
	Total - Non-Financial Assets (2)	**4,597.35**	**3,994.43**	**4,657.75**	**4,054.75**
(3)	**Assets classified as held for sale**	0.72	**0.86**	13.06	4.38
	Total ASSETS (1+2+3)	**4,24,444.39**	**4,10,412.61**	**4,25,097.87**	**4,10,860.09**
	LIABILITIES AND EQUITY				
	LIABILITIES				
(1)	**Financial liabilities**				
(a)	Derivative financial instruments	1,244.87	553.14	1,244.87	553.14
(b)	Trade payables				
	(i) total outstanding dues of MSMEs	-	-	-	-
	(ii) total outstanding dues of creditors other than MSMEs	-	-	29.41	36.48
(c)	Debt securities	2,20,797.87	2,19,633.57	2,20,738.80	2,19,574.61
(d)	Borrowings (other than debt securities)	1,16,441.94	1,06,651.59	1,16,441.94	1,06,651.59
(e)	Subordinated liabilities	6,554.04	6,816.47	6,554.04	6,816.47
(f)	Other financial liabilities	25,597.21	25,575.84	25,936.94	25,708.64
	Total - Financial Liabilities (1)	**3,70,635.93**	**3,59,230.61**	**3,70,946.00**	**3,59,340.93**
(2)	**Non-Financial Liabilities**				
(a)	Current tax liabilities (net)	73.91	10.25	73.91	10.25
(b)	Provisions	214.85	104.51	215.22	105.67
(c)	Other non-financial liabilities	62.76	81.64	66.65	89.13
	Total - Non-Financial Liabilities (2)	**351.52**	**196.40**	**355.78**	**205.05**
(3)	**Liabilities directly associated with assets classified as held for sale**	-	-	0.01	0.01
(4)	**EQUITY**				
(a)	Equity Share Capital	2,633.22	1,974.92	2,633.22	1,974.92
(b)	Instruments Entirely Equity In Nature	558.40	558.40	558.40	558.40
(c)	Other equity	50,265.32	48,452.28	50,604.46	48,780.78
	Total - Equity (4)	**53,456.94**	**50,985.60**	**53,796.08**	**51,314.10**
	Total - LIABILITIES AND EQUITY (1+2+3+4)	**4,24,444.39**	**4,10,412.61**	**4,25,097.87**	**4,10,860.09**

S. K. MITTAL & Co. CHARTERED ACCOUNTANTS New Delhi

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

O P BAGLA & CO LLP FRN: 000018N/N500091 Chartered Accountants New Delhi

Statement of Cash Flows for the period ended 30th September 2022

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		Year ended		Year ended	
		30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)
A.	**Cash Flow from Operating Activities :**				
	Net Profit before tax	6,368.58	6,140.08	6,386.21	6,121.62
	Adjustments for:				
1.	Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	1.39	0.46	1.39	0.46
2.	Loss/ (Gain) on derecognition of Assets held for sale (net)	(1.46)	(1.71)	(1.46)	(1.71)
3.	Loss/ (Gain) on cessation of significant influence in Joint Venture (EESL)	-	(29.01)	-	-
4.	Depreciation & Amortization	11.74	7.46	11.86	7.60
5.	Impairment losses on Financial Instruments	728.38	1,899.95	727.13	1,893.14
6.	Effective Interest Rate in respect of Loan Assets and Borrowings	32.98	6.41	32.98	6.41
7.	Loss/ (Gain) on Fair Value Changes (net)	(237.57)	(43.50)	(237.57)	(43.50)
8.	Unrealised Foreign Exchange Translation Loss/ (Gain)	(1,137.06)	735.75	(1,137.06)	735.75
9	Interest on Investments	(11.76)	(26.96)	(11.76)	(26.96)
10.	Liabilities no longer required written back	-	-	1.30	-
11.	Share of Profit/Loss of Joint Venture accounted for using equity method	-	-	-	11.81
	Operating profit before Changes in Operating Assets & Liabilities	**5,755.22**	**8,688.93**	**5,773.02**	**8,704.62**
	Inflow / (Outflow) on account of :				
1.	Loan Assets	(9,304.45)	(9,898.77)	(9,304.45)	(9,898.77)
2.	Derivatives	442.46	(795.09)	442.46	(795.09)
3.	Other Financial and Non- Financial Assets	(485.77)	486.25	(675.39)	566.91
4.	Other Financial and Non- Financial Liabilities & Provisions	(1,053.68)	(1,293.91)	(859.49)	(1,353.44)
	Cash flow from Operations	**(4,646.22)**	**(2,812.59)**	**(4,623.85)**	**(2,775.77)**
1.	Income Tax Paid (including TDS)	(1,242.96)	(1,203.94)	(1,251.84)	(1,212.57)
	Net Cash Flow from Operating Activities	**(5,889.17)**	**(4,016.53)**	**(5,875.69)**	**(3,988.34)**
B.	**Cash Flow from Investing Activities**				
1.	Sale of Property, Plant & Equipment	0.05	0.03	0.05	0.03
2.	Sale of assets held for sale	1.60	1.73	1.60	1.73
3.	Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(5.19)	(37.21)	(5.20)	(37.24)
4.	Investment in Intangible Assets (including intangible assets under development & Capital Advances)	-	(0.24)	-	(0.24)
5.	Finance Costs Capitalised	-	(5.39)	-	(5.39)
6.	Sale/ (Investment) in Equity Shares and Venture Capital Fund	4.76	405.59	4.76	405.59
7.	Sale/(Investment) of/in shares of associate companies (Net)	-	-	(8.80)	-
8.	Redemption/ (Investment) in Debt Securities other than HQLAs (net)	(190.54)	9.45	(190.54)	9.45
9.	Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	-	(465.82)	-	(465.82)
10.	Maturity/(Investment) of Corporate and Term deposits	-	-	2.98	(6.40)
	Net Cash Flow from Investing Activities	**(189.32)**	**(91.86)**	**(195.15)**	**(98.29)**
C.	**Cash Flow from Financing Activities**				
1	Issue/ (Redemption) of Rupee Debt Securities (Net)	(489.76)	(4,267.83)	(489.76)	(4,267.83)
2	Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	5,747.94	1,854.58	5,747.94	1,854.58
3	Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	3,070.02	11,524.89	3,070.02	11,524.89
4	Issue Expenses on Bonus Issue of Equity Shares	(0.82)	-	(0.82)	-
5	Payment of Dividend on Equity Shares	-	(394.98)	-	(394.98)
6	Repayment towards Lease Liability	-	(0.01)	-	(0.01)
	Net Cash flow from Financing Activities	**8,327.38**	**8,716.65**	**8,327.38**	**8,716.65**
	Net Increase/Decrease in Cash & Cash Equivalents	**2,248.88**	**4,608.26**	**2,256.54**	**4,630.02**
	Cash & Cash Equivalents as at the beginning of the year	**126.40**	**1,140.49**	**140.99**	**1,179.24**
	Cash & Cash Equivalents as at the end of the year	**2,375.28**	**5,748.75**	**2,397.53**	**5,809.26**

Notes to the financial results:

1. The above financial results of the Company were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meeting held on 27th October, 2022. These results have been subjected to limited review by the Statutory Auditors of the Company.

2. The limited reviewed consolidated accounts of the subsidiary company REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited) has been consolidated in accordance with the Indian Accounting Standard 110 'Consolidated Financial Statements'.

3. **(a)** Provisioning on loan assets is based on "ECL (Expected Credit Loss) methodology" approved by the Board of Directors of the Company in line with the report provided by an independent agency appointed by the Company. ECL during the quarter is enhanced by ₹ 993.39 crores on account of integrated ratings published by Ministry of Power for Distribution Companies (DISCOMs) in August 2022 without any change in policy regarding classification of assets as credit impaired. The ECL is further impacted by management overlays in certain accounts wherever necessary considering the risk involved in the account and also on account of aligning the provisions with the lead lender.
   Details are as follows:

(₹ in Crores)

S. No.	Particulars	As at 30.09.2022			As at 31.03.2022		
		Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
1.	Loan assets	3,78,553.62	15,878.46	3,94,432.08	3,68,211.37	17,159.89	3,85,371.26
2.	Impairment loss allowance (net of movements)	4,333.05	11,000.29	15,333.34	3,138.93	11,565.73	14,704.66
	Provisioning Coverage (%) (2/1)	1.14%	69.28%	3.89%	0.85%	67.40%	3.82%

(b) During the quarter, following resolution plans have been implemented under Insolvency and Bankruptcy Code (IBC) :
(i) South East U.P. Power Transmission Company Limited - The Company has received entire outstanding of ₹ 922.09 crores and has accordingly reversed ECL of ₹ 461.05 crores;
(ii) Jhabua Power Limited- A sum of ₹ 10.41 crores has been written off with reversal of ECL of ₹ 197.09 crores thereon [net of cash recoveries/ securities(s)].

4. Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of such assets.

5. The Company's main business is to provide finance to power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Indian Accounting Standard (Ind AS) 108 'Operating Segments'.

6. During the quarter, the Company has declared an interim dividend of ₹ 5/- per equity share (on face value of ₹ 10/- each) and 9th November, 2022 has been fixed as Record Date for payment of Interim Dividend.

7. The additional information as required under Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as **Annexure -A.**

8. Pursuant to Regulation 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the secured listed non-convertible debt securities issued by the Company and outstanding as at 30th September, 2022 are fully secured (1.22 times), sufficient to discharge the principal amount and the interest thereon at all times, by way of mortgage on certain immovable properties and/or charge on the receivables of the Company, in terms of respective offer document/ information memorandum and/ or Debenture Trust Deed. Further, security cover for non-convertible debt securities issued by the Company is 1.13 times as at 30th September, 2022. The Security Cover in the prescribed format has been annexed as **Annexure-B**.

9. Pursuant to the approval of the shareholders, the Company has issued 65,83,06,000 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022. As a result, the revised paid up share capital post issue of bonus shares is ₹ 2,633.22 crores. The Earning Per Share (basic and diluted) have been restated as required by Ind AS-33, for all the periods presented.

10. The Company raises funds in different currencies through a mix of term loans from banks/ financial institutions/ Govt. agencies and bonds of different tenors through private placement of debt securities. The amounts raised during the period have been utilized for the stated objects in the offer document/ information memorandum, pursuant to Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, there has been no default as on 30th September, 2022 in the repayment of debt securities, borrowings and subordinated liabilities and the Company has met all its debt servicing obligations, whether principal or interest, during the period.

11. In respect of Central/State Government entities, the company had requested RBI to continue its existing exemption related to credit/ investment concentration norms beyond 31st March 2022. RBI vide its letter dated 24th August 2022 has allowed the existing exposure of the company as on the date of letter and to run off till maturity and thereafter to adhere to the norms with regard to new sanctions.

12. There are no reportable cases of loans transferred/ acquired during the period ended 30th September 2022 (previous period Nil) under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24th September 2021. Further, there are no cases during the period ended 30th September 2022 (previous period Nil) where resolution plan implemented under the Resolution Framework for Covid-19 related stress as per RBI circular dated 6th August 2020.

13. The disclosure in respect of related party transactions for the half year ended 30th September 2022 has been annexed as **Annexure-C**.

14. The Balance Sheet, Statement of Profit & Loss, Statement of Changes in Equity (SOCIE), Statement of Cash Flows and summarized Notes to Accounts, including Significant Accounting Policies on Standalone basis and Consolidated basis for the period ended 30th September, 2022 have been annexed herewith this statement at **Annexure-D** and **Annexure-E** respectively.

15. The figures for the quarter ended 30th September 2022 and 30th September 2021 have been derived by deducting the year to date unaudited figures for the period ended 30th June 2022 and 30th June 2021 from the unaudited figures for the period ended 30th September 2022 and 30th September 2021 respectively.

16. Previous period/ years' figures have been regrouped/ reclassified, wherever necessary, in order to make them comparable.

For REC Limited

(Vivek Kumar Dewangan)
Chairman & Managing Director
DIN - 01377212

REC LIMITED
Formerly
Rural Electrification
Corporation Limited
New Delhi

Place: New Delhi
Date: 27th October 2022

S. K. MITTAL & Co.
New Delhi
CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP
FRN : 000018N/N500091
New Delhi
Chartered Accountants

Annexure A

Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and period ended 30th September, 2022

S. No.	Particulars	Unit	Standalone		Consolidated	
			As at/ For the quarter ended 30.09.2022	As at/ For the period ended 30.09.2022	As at/ For the quarter ended 30.09.2022	As at/ For the period ended 30.09.2022
1	Debt Equity Ratio[1]	times		6.28		6.24
2	Outstanding Redeemable preference shares	₹ in Crores		Nil		Nil
3	Debenture Redemption Reserve	₹ in Crores		Nil		Nil
4	Net Worth[2]	₹ in Crores		53,456.94		53,796.08
5	Total debts to total assets[3]	times		0.80		0.80
6	Operating Margin[4]	%	34.41	32.74	34.43	32.74
7	Net profit Margin[5]	%	27.42	26.66	27.42	26.64
8	Sector specific equivalent ratios					
(a)	CRAR[6]	%		25.15		
(b)	Gross Credit Impaired Assets Ratio[7]	%		4.03		
(c)	Net Credit Impaired Assets Ratio[8]	%		1.24		

Notes:

1 Debt/Equity Ratio = Net Debt / Net Worth *(Net debt represents principal outstanding less cash and cash equivalents available.)*
2 Net Worth is calculated as defined in section 2(57) of Companies Act, 2013.
3 Total debts to total assets = Total Debt / Total Assets.
4 Operating Margin = Net Operating Profit Before Tax / Total Revenue from Operation.
5 Net profit Margin = Net Profit after Tax / Total Income.
6 CRAR = Adjusted Net worth/ Risk weighted assets, calculated as per applicable RBI guidelines.
7 Gross Credit Impaired Asset Ratio = Gross Credit Impaired Assets / Gross Loan Assets.
8 Net Credit Impaired Asset Ratio = Net Credit Impaired Assets / Gross Loan Assets.
9 Debt Service Coverage Ratio, Interest Service Coverage Ratio, Current Ratio, Current Liability Ratio, Long Term Debt to Working Capital, Debtors Turnover, Inventory Turnover and Bad Debts to Accounts Receivable Ratio is not applicable to the company.

Annexure-B
₹ in Crores

Security Cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P
Particulars		Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Debts not backed by any assets offered as security(applicable only for liability side)	(Total C to J)	Related to only those items covered by this certificate				
	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with paripassu charge)	Other assets on which there is pari-Passu charge (excluding items covered in column F)		debt amount considered more than once (due to exclusive plus pari passu charge)			Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable	Total Value(L+M+N+O)
													Relating to Column F		
		Book Value	**Book Value**	**Yes/ No**	**Book Value**	**Book Value**									
Assets															
Property,Plant and Equipment	Land and Building			Yes	2.38		614.60			616.98			13.54		13.54
Capital work in progress							6.79			6.79					-
Right of Use Assets							-			-					-
Goodwill							-			-					-
Intangible Assets							2.80			2.80					-
Intangible Assets under Development							-			-					-
Investments							2,540.54			2,540.54					-
Loans (book debts)	Book debts			Yes	55,601.03		3,25,363.40			3,80,964.43				55,601.03	55,601.03
Inventories							-			-					-
Trade Receivables							-			-					-
Cash and Cash Equivalants							2,375.28			2,375.28					-
Bank balances other than Cash and Cash Equivalants							2,135.62			2,135.62					-
Others							35,801.95			35,801.95					-
Total		-	-		55,603.41	-	3,68,840.98			4,24,444.39	-	-	13.54	55,601.03	55,614.57
Liabilities															
Secured debt securities															
a.Debt securities to which this certificate pertains				Yes	45,739.58					45,739.58					
b. Other debt sharing pari-passu charge with above debt										-					
Unsecured debt securities															
a. Other Debt									1,42,695.69	1,42,695.69					
b. Subordinated debt									6,554.04	6,554.04					
Other Borrowings										-					
Bank									51,470.76	51,470.76					
Others borrowing									97,333.78	97,333.78					
Trade payables										-					
Lease Liabilities										-					
Provisions							214.85			214.85					
Others		Not to be filled					80,435.69			80,435.69					
Total			0		45,739.58	-	80,650.54		2,98,054.27	4,24,444.39					
Cover on Book Value															1.22
Cover on Market Value															1.22
		Exclusive Security Cover Ratio			**Pari-Passu Security Cover Ratio**	**1.22**				-					

1. We confirm that the Company has complied with the covenants mentioned in the disclosure documents of the Secured redeemable Non-convertible debentures for the period ended September 30, 2022.
2. The market value of Rs. 13.54 crore of the immovable property is on the basis of certified valuation done on 20 April, 2022(vadodara) and 25 April 2022(chennai)

S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

O P BAGLA & CO LLP FRN : 000018N/N500091 New Delhi Chartered Accountants

Annexure-C

Disclosure of related party transactions for the half-year ended September 30, 2022

₹ in Crores

S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments							
											In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ intercorporate deposit/ investment	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)
1	REC Limited		Dr. Manoj Manohar Pande, Independent Director		Key Managerial Personnel	Sitting Fees		0.07	-	-								
2	REC Limited		Dr. Gambheer Singh, Independent Director		Key Managerial Personnel	Sitting Fees		0.07	-	-								
3	REC Limited		Dr. Durgesh Nandini, Independent Director		Key Managerial Personnel	Sitting Fees		0.05	-	-								
4	REC Limited		PFC Limited		Holding Comapmy	Dividend Paid		498.96	-	-								
5	REC Limited		REC PDCL		Subsidiary Company	Apportionment of Employee Benefit and Other Expenses		9.12	-	-								
6	REC Limited		REC PDCL		Subsidiary Company	Dividend Income		8.91	-	-								
7	REC Limited		REC PDCL		Subsidiary Company	Finance Costs - Interest Paid		2.28	-	-								
8	REC Limited		REC PDCL		Subsidiary Company	Other Expenses		3.90	-	-								
9	REC Limited		REC PDCL		Subsidiary Company	Rental Income		1.84										
10	REC Limited		REC PDCL		Subsidiary Company	Redemption of the bonds of Company		2.00										
11	REC Limited		REC Foundation		Entities over which control is exercised	Payment towards Corporate Social Responsibility (CSR) Expenses		45.00	-	-								
12	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Contributions made by the Company		6.72	-	-								
13	REC Limited		REC LTD Gratuity Fund		Post employment benefit plans of the Company	Contributions made by the Company		1.82	-	-								
14	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Finance Costs - Interest Paid		0.19	-	-								
15	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Finance Costs - Interest Paid		1.54	-	-								
16	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES PROVIDENT FUND		Post-employment Benefits Plan Trusts of Ultimate Holding Company	Finance Costs - Interest Paid		0.11	-	-								
17	REC Limited		REC Retired Employees Medical Trust		Subsidiary Company	Redemption of the bonds of Company		3.00										
18	REC Limited		Shri VIVEK KUMAR DEWANGAN		Key Management Personnel	Remuneration		0.15	-	-								
19	REC Limited		Mr. V. K. Singh		Key Management Personnel	Remuneration		0.26	-	-								
20	REC Limited		Shri Ajoy Choudhary		Key Management Personnel	Remuneration		0.61	-	-								
21	REC Limited		J.S. Amitabh		Key Management Personnel	Remuneration		0.52	-	-								
22	REC Limited		REC PDCL		Subsidiary Company	Debt Securities Issued		-	57.44	55.43								
23	REC Limited		REC PDCL		Subsidiary Company	Other Financial Assets/Receivable		-	5.26	5.89								
24	REC Limited		REC PDCL		Subsidiary Company	Other Financial Liabilities/Payable		-	6.10	2.30								
25	REC Limited		REC Foundation		Entities over which control is exercised	Advance Given/Other Non Financial Assets		-	1.20	-								
26	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Debt Securities Issued		-	4.00	2.00								
27	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Debt Securities Issued		-	4.70	1.70								
28	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Other financial liabilities- GOI Serviced Bonds Issued		-	29.30	29.30								
29	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES PROVIDENT FUND		Post-employment Benefits Plan Trusts of Ultimate Holding Company	Debt Securities Issued		-	1.80	1.80								
30	REC Limited		J.S. Amitabh		Key Management Personnel	Unsecured Staff Loans & Advances Given			0.11	0.09								
31	REC Limited		Shri Ajoy Choudhary		Key Management Personnel	Unsecured Staff Loans & Advances Given			0.07	0.06								
32	REC Limited		Mr. V. K. Singh		Key Management Personnel	Unsecured Staff Loans & Advances Given			0.18	0.16								
33	REC Limited		J.S. Amitabh		Key Management Personnel	Interest Income on Staff Loans		0.01	-	-								
34	REC Limited		Shri Ajoy Choudhary		Key Management Personnel	Interest Income on Staff Loans		0*	-	-								
35	REC Limited		Mr. V. K. Singh		Key Management Personnel	Interest Income on Staff Loans		0.01										
36	REC Limited		Shri Ajoy Choudhary		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.02	-	-								
37	REC Limited		Mr. V. K. Singh		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.01										
38	REC Limited		J.S. Amitabh		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.02	-	-								
39	REC Limited		J.S. Amitabh		Key Management Personnel	Debt Securities Issued			0.10	0.10								
40	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Liabilities/Asset			0.71	-7.62								
41	REC Limited		REC LTD Gratuity Fund		Post employment benefit plans of the Company	Provision/Liabilities			0.34	1.30								
42	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Debt Securities of the Holding Company			18.40	18.40								

S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments: Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ intercorporate deposit/ investment	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)
43	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Debt Securities of the Holding Company			1.50	1.50								
44	REC Limited		SMT. PARMINDER CHOPRA		Key Management Personnel of Ultimate Holding Company	Finance Costs - Interest Paid		0**										
45	REC Limited		SH. VISHAL KAPOOR		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued			0.01	0.01								
46	REC Limited		SMT. PARMINDER CHOPRA		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued			0.14	0.14								
47	REC Limited		MR. RAVINDER SINGH DHILLON		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued			0.02	0.02								
48	REC Limited		MR. MANISH KUMAR		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued			0**	0**								
49	REC PDCL		Rajgarh Transmission Limited		Associates of Subsidiary Company	Professional Charges		5.00										
50						Reimbursment Income		0.20										
51						Interest Income		0.01										
52						Investment Realised		0.05										
53	RECPDCL		MP Power Transmission Package I Limited		Associates of Subsidiary Company	Reimbursment Income		0.30										
54						Interest Income		0.11										
55	RECPDCL		ER NER Transmission Limited		Associates of Subsidiary Company	Professional Charges		5.90										
56						Reimbursment Income		0.75										
57						Interest Income		0.03										
58	RECPDCL		Khavda II-C Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.20										
59						Interest Income		0.01										
60						Investment Made		0.05										
61	RECPDCL		Khavda II-D Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.20										
62						Interest Income		0.01										
63						Investment Made		0.05										
64	RECPDCL		Neemuch Transmission Limited		Associates of Subsidiary Company	Professional Charges		16.64										
65						Reimbursment Income		0.53										
66						Interest Income		0.01										
67						Investment Made		0.05										
68						Investment Realised		-0.05										
69	RECPDCL		Khavda Pooling Station-3 (KPS3)		Associates of Subsidiary Company	Reimbursment Income		0.29										
70						Interest Income		0.01										
71						Investment Made		0.05										
72	RECPDCL		Khavda RE Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.20										
73						Interest Income		0.01										
74						Investment Made		0.05										
75	RECPDCL		GADAG II-A Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.29										
76						Interest Income		0.01										
77						Investment Made		0.05										
78	RECPDCL		Ramgarh II Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.30										
79						Interest Income		0.00										
80						Investment Made		0.05										
81	RECPDCL		Khavda II-A Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.20										
82						Interest Income		0.00										
83						Investment Made		0.05										
84	RECPDCL		Khavda II-B Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.20										
85						Interest Income		0.00										
86						Investment Made		0.05										
87	RECPDCL		Beawar Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.31										
88						Interest Income		0.00										
89						Investment Made		0.05										
90	RECPDCL		KPS1 Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.16										
91						Interest Income		0.00										
92						Investment Made		0.05										
93	RECPDCL		Sikar Khetri Transmission Limited		Associates of Subsidiary Company	Reimbursment Income		0.29										
94						Interest Income		0.00										
95						Investment Made		0.05										
96	RECPDCL		Chandil Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			0.05	0.05								
97	RECPDCL		Dumka Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			0.05	0.05								
98	RECPDCL		Koderma Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			0.05	0.05								
99	RECPDCL		Mandar Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			0.05	0.05								
100	RECPDCL		Bidar Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			0.05	0.05								
101	RECPDCL		MP Power Transmission Package I Limited		Associates of Subsidiary Company	Investment Outstanding			0.05	0.05								
102	RECPDCL		ER NER Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
103	RECPDCL		Beawar Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
104	RECPDCL		Khavda II-A Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
105	RECPDCL		Khavda II-B Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
106	RECPDCL		Khavda II-C Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
107	RECPDCL		Khavda II-D Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
108	RECPDCL		Khavda RE Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
109	RECPDCL		KPS1 Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
110	RECPDCL		KPS2 Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
111	RECPDCL		KPS3 Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								

											Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-									
S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ intercorporate deposit/ investment	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)
112	RECPDCL		Ramgarh II Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
113	RECPDCL		Sikar Khetri Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								
114	RECPDCL		Gadag-II A Transmission Limited		Associates of Subsidiary Company	Investment Outstanding			-	0.05								

**Denotes amount less than Rs. Fifty thousand.

REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Balance Sheet as at 30th September 2022

(₹ in Crores)

S. No.	Particulars	Note No.	As at 30-09-2022	As at 31-03-2022
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	6	2,375.28	126.40
(b)	Bank balances other than (a) above	7	2,135.62	2,295.30
(c)	Derivative financial instruments	8	7,436.88	5,510.17
(d)	Loans	9	3,80,964.43	3,71,930.54
(e)	Investments	10	2,540.54	2,157.97
(f)	Other financial assets	11	24,393.57	24,396.94
	Total - Financial Assets (1)		**4,19,846.32**	**4,06,417.32**
(2)	**Non-Financial Assets**			
(a)	Current tax assets (net)	12	259.76	179.64
(b)	Deferred tax assets (net)	13	3,655.54	3,134.74
(c)	Property, Plant & Equipment	14	616.98	623.67
(d)	Capital Work-in-Progress	14	6.79	6.07
(e)	Other Intangible Assets	14	2.80	4.25
(f)	Other non-financial assets	15	55.48	46.06
	Total - Non-Financial Assets (2)		**4,597.35**	**3,994.43**
(3)	**Assets classified as held for sale**	16	0.72	0.86
	Total ASSETS (1+2+3)		**4,24,444.39**	**4,10,412.61**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Derivative financial instruments	8	1,244.87	553.14
(b)	Debt Securities	17	2,20,797.87	2,19,633.57
(c)	Borrowings (other than debt securities)	18	1,16,441.94	1,06,651.59
(d)	Subordinated Liabilities	19	6,554.04	6,816.47
(e)	Other financial liabilities	20	25,597.21	25,575.84
	Total - Financial Liabilities (1)		**3,70,635.93**	**3,59,230.61**
(2)	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)	21	73.91	10.25
(b)	Provisions	22	214.85	104.51
(c)	Other non-financial liabilities	23	62.76	81.64
	Total - Non-Financial Liabilities (2)		**351.52**	**196.40**
(3)	**EQUITY**			
(a)	Equity Share Capital	24	2,633.22	1,974.92
(b)	Instruments Entirely Equity In Nature	25	558.40	558.40
(c)	Other equity	26	50,265.32	48,452.28
	Total - Equity (3)		**53,456.94**	**50,985.60**
	Total - LIABILITIES AND EQUITY (1+2+3)		**4,24,444.39**	**4,10,412.61**
	Company Overview and Significant Accounting Policies	1 to 5		

S. K. MITTAL & CO. CHARTERED ACCOUNTANTS New Delhi

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Statement of Profit and Loss for the period ended 30th September 2022

(₹ in Crores)

S. No.	Particulars	Note No.	Priod ended 30-09-2022	Priod ended 30-09-2021
	Revenue from Operations			
(i)	Interest Income	27	19,062.07	19,161.24
(ii)	Dividend Income	28	9.90	16.62
(ii)	Fees and Commission Income	29	90.07	323.57
(iv)	Net gain/ (loss) on fair value changes	34	237.86	44.07
I.	**Total Revenue from Operations (i to iii)**		**19,399.90**	**19,545.50**
II.	Other Income	30	17.16	44.44
III.	**Total Income (I+II)**		**19,417.06**	**19,589.94**
	Expenses			
(i)	Finance Costs	31	11,105.36	11,151.11
(ii)	Net translation/ transaction exchange loss	32	936.34	213.08
(iii)	Fees and commission Expense	33	6.92	9.04
(iv)	Impairment on financial instruments	35	728.38	1,899.95
(v)	Employee Benefits Expenses	36	105.40	82.38
(vi)	Depreciation and amortization	37	11.74	7.46
(vii)	Corporate Social Responsibility Expenses	38	94.45	37.29
(viii)	Other Expenses	39	59.89	49.55
IV.	**Total Expenses (i to viii)**		**13,048.48**	**13,449.86**
V.	**Profit before Tax (III-IV)**		**6,368.58**	**6,140.08**
VI.	**Tax Expense**	40		
(i)	Current tax		1,227.12	1,593.37
(ii)	Deferred Tax		(34.18)	(438.68)
	Total Tax Expense (i+ii)		**1,192.94**	**1,154.69**
VII.	**Profit for the period**		**5,175.64**	**4,985.39**
	Other comprehensive Income/(Loss)			
(i)	**Items that will not be reclassified to profit or loss**			
(a)	Re-measurement gains/(losses) on defined benefit plans		(2.36)	(1.65)
(b)	Changes in Fair Value of FVOCI Equity Instruments		(36.71)	57.77
(c)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		0.59	0.42
	- Changes in Fair Value of FVOCI Equity Instruments		(0.11)	-
	Sub-Total (i)		**(38.59)**	**56.54**
(ii)	**Items that will be reclassified to profit or loss**			
(a)	Effective Portion of Cash Flow Hedges		718.40	(5.31)
(b)	Cost of hedging reserve		(2,652.35)	(6.91)
(c)	Income tax relating to these items			
	-Effective Portion of Cash Flow Hedges		(180.81)	1.34
	- Cost of hedging reserve		667.54	1.74
	Sub-Total (ii)		**(1,447.22)**	**(9.14)**
VIII.	**Other comprehensive Income/(Loss) for the period (i+ii)**		**(1,485.81)**	**47.40**
IX.	**Total comprehensive Income for the period (VII+VIII)**		**3,689.83**	**5,032.79**
X.	**Basic & Diluted Earnings per Equity Share of ₹ 10 each (in ₹)**	41		
(1)	For continuing operations		**19.66**	**18.93**
(2)	For continuing and discontinued operations		**19.66**	**18.93**
	Company Overview and Significant Accounting Policies	1 to 5		

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Statement of Cash Flows for the period ended 30th September 2022

(₹ in Crores)

Particulars	Period ended 30-09-2022		Period ended 30-09-2021	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	**6,368.58**		**6,140.08**	
Adjustments for:				
1. Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	1.39		0.46	
2. Loss/ (Gain) on derecognition of Assets held for sale (net)	(1.46)		(1.71)	
3. Loss/ (Gain) on cessation of significant influence in Joint Venture (EESL)	-		(29.01)	
4. Depreciation & Amortization	11.74		7.46	
5. Impairment losses on Financial Instruments	728.38		1,899.95	
6. Loss/ (Gain) on Fair Value Changes (net)	(237.57)		(43.50)	
7. Effective Interest Rate in respect of Loan Assets and Borrowings	32.98		6.41	
8. Unrealised Foreign Exchange Translation Loss/ (Gain)	(1,137.06)		735.75	
9. Interest on Investments	(11.76)		(26.96)	
Operating Profit/ (Loss) before Changes in Operating Assets & Liabilities	**5,755.22**		**8,688.93**	
Inflow / (Outflow) on account of :				
1. Loan Assets	(9,304.45)		(9,898.77)	
2. Derivatives	442.46		(795.09)	
3. Other Financial and Non- Financial Assets	(485.77)		486.25	
4. Other Financial and Non- Financial Liabilities & Provisions	(1,053.68)		(1,293.91)	
Cash flow from Operations	**(4,646.22)**		**(2,812.59)**	
1. Income Tax Paid (including TDS)	(1,242.96)		(1,203.94)	
Net Cash Flow from Operating Activities		**(5,889.17)**		**(4,016.53)**
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.05		0.03	
2. Sale of assets held for sale	1.60		1.73	
3. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(5.19)		(37.21)	
4. Investment in Intangible Assets (including intangible assets under development) development & Capital Advances)	-		(0.24)	
5. Finance Costs Capitalised	-		(5.39)	
6. Sale/ (Investment) in Equity Shares and Venture Capital Fund	4.76		405.59	
7. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	-		(465.82)	
8. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	(190.54)		9.45	
Net Cash Flow from Investing Activities		**(189.32)**		**(91.86)**
C. Cash Flow from Financing Activities				
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	(489.76)		(4,267.83)	
2. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	5,747.94		1,854.58	
3. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	3,070.02		11,524.89	
4. Issue Expenses on Bonus Issue of Equity Shares	(0.82)		-	
5. Payment of Dividend on Equity Shares	-		(394.98)	
6. Repayment towards Lease Liability	-		(0.01)	
Net Cash flow from Financing Activities		**8,327.38**		**8,716.65**
Net Increase/ (Decrease) in Cash & Cash Equivalents		**2,248.88**		**4,608.26**
Cash & Cash Equivalents as at the beginning of the period		**126.40**		**1,140.49**
Cash & Cash Equivalents as at the end of the period		**2,375.28**		**5,748.75**

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Statement of Changes in Equity for the period ended 30th September 2022

A Equity share capital

(₹ in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022
Balance at the beginning of the period	1,974.92	1,974.92
Changes in equity share capital during the period*	658.30	-
Balance at the end of the period	2,633.22	1,974.92

*** During the period, the Company has issued 65,83,06,000 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022. Accordingly, as required by Ind AS-33, Earnings per share, the EPS of current and previous period have been restated.**

B Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022
Balance at the beginning of the period	558.40	558.40
Changes in instruments entirely equity in nature during the period	-	-
Balance at the end of the period	558.40	558.40

C Other Equity

(₹ in Crores)

Particulars	Reserves & Surplus							FVOCI-Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings				
Balance as at 31st March 2021	19,222.23	2,128.41	3,804.00	2,236.54	(573.16)	9,850.03	4,325.09	24.07	(165.61)	41.45	40,893.05
Profit for the period							4,985.39				4,985.39
Remeasurement of Defined Benefit Plans (net of taxes)							(1.23)				(1.23)
Recognition through Other Comprehensive Income (net of taxes)							-	57.77	(3.97)	(5.17)	48.63
Total Comprehensive Income	-	-	-	-	-	-	**4,984.16**	**57.77**	**(3.97)**	**(5.17)**	**5,032.79**
Other adjustments											
Transferred to/ (from) Retained Earnings	1,553.84	-	997.09			-	(2,550.93)				-
Transferred to General Reserve		(39.05)				39.05	-				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)							82.60	(82.60)			-
Foreign Currency Translation gain/ (loss) on long term monetary items during the period					(107.53)						(107.53)
Amortisation during the period					147.68						147.68
Total- Other adjustments	**1,553.84**	**(39.05)**	**997.09**	-	**40.15**	**39.05**	**(2,468.33)**	**(82.60)**	-	-	**40.15**
Dividends							(732.69)				(732.69)
Total- Transaction with owners	-	-	-	-	-	-	**(732.69)**	-	-	-	**(732.69)**
Balance as at 30th September 2021	20,776.07	2,089.36	4,801.09	2,236.54	(533.01)	9,889.08	6,108.23	(0.76)	(169.58)	36.28	45,233.30

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(₹ in Crores)

Particulars	Reserves & Surplus							FVOCI-Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings				
Balance as at 31st March 2022	**22,302.93**	**196.82**	**5,814.00**	**2,236.54**	**(555.29)**	**11,781.62**	**6,915.38**	**(37.98)**	**194.21**	**(395.95)**	**48,452.28**
Profit for the period							5,175.64				5,175.64
Remeasurement of Defined Benefit Plans (net of taxes)							(1.77)				(1.77)
Recognition through Other Comprehensive Income (net of taxes)							-	(36.82)	537.59	(1,984.81)	(1,484.04)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**5,173.87**	**(36.82)**	**537.59**	**(1,984.81)**	**3,689.83**
Other adjustments											
Transferred to/ (from) Retained Earnings	1,350.31	-	1,035.15			-	(2,385.46)				-
Transferred to General Reserve	-	(0.05)				0.05	-				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)							2.54	(2.54)			-
Foreign Currency Translation gain/ (loss) on long term monetary items during the period					(290.34)						(290.34)
Amortisation during the period					20.63						20.63
Total- Other adjustments	**1,350.31**	**(0.05)**	**1,035.15**	**-**	**(269.71)**	**0.05**	**(2,382.92)**	**(2.54)**	**-**	**-**	**(269.71)**
Bonus Issue of Equity Shares				(658.30)			-				(658.30)
Expenses incurred on Bonus Issue of Equity Shares				(0.82)							(0.82)
Dividends							(947.96)				(947.96)
Total- Transaction with owners	**-**	**-**	**-**	**(659.12)**	**-**	**-**	**(947.96)**	**-**	**-**	**-**	**(1,607.08)**
Balance as at 30th September 2022	**23,653.24**	**196.77**	**6,849.15**	**1,577.42**	**(825.00)**	**11,781.67**	**8,758.37**	**(77.34)**	**731.80**	**(2,380.76)**	**50,265.32**

REC Limited
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003
CIN: L40101DL1969GOI005095

Notes to Accounts

1. Company Overview

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

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

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

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

2. Statement of Compliance and Basis of Preparation

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

The financial statements for the period ended 30th September 2022 were authorized and approved for issue by the Board of Directors on 27th October 2022.

3. Significant Accounting Policies

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

3.1 Basis of Preparation and Measurement

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

Functional and presentation currency

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

3.2 Income recognition

Interest income

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

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

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

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

Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

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

Income from Government schemes

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

Dividend income

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

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

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

Other services

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

3.3 Borrowing costs

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

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

3.4 Earnings per share

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

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

3.5 Foreign Currency Translation

Foreign currency transactions and balances

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

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

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

3.6 Property, Plant and Equipment (PPE)

Recognition and initial measurement

Land

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

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

Other Tangible assets

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

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

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

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

Depreciation on assets purchased/sold during the year is charged for the full month if the asset is in use for more than 15 days. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

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

De-recognition

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

Capital Work-in-Progress

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

3.7 Intangible assets

Recognition and initial measurement

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

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

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

Intangible Assets under Development

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

Derecognition of Intangible Assets

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

3.8 Assets held for sale

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

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

3.9 Investment property

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

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

Subsequent measurement (depreciation and useful lives)

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

De-recognition

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

3.10 Financial Instruments

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

Initial recognition and measurement

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

Classification and subsequent measurement of financial assets

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

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

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

Amortized cost

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

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

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

Modification of cash flows

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

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