

Statement of Unaudited Consolidated Financial Results for the period ended 30-06-2022

(₹ in Crores)

S. No.	Particulars	Quarter Ended			Year Ended
		30-06-2022 (Unaudited)	31-03-2022 (Audited)	30-06-2021 (Unaudited)	31-03-2022 (Audited)
1	Income				
A	Interest Income				
(i)	Interest income on loan assets	9,262.36	9,235.26	9,374.26	37,810.84
(ii)	Other interest income	113.54	81.72	65.00	383.65
	Sub-total (A) - Interest Income	9,375.90	9,316.98	9,439.26	38,194.49
B	Other Operating Income				
(i)	Dividend income	-	2.50	-	4.21
(ii)	Fees and commission income	55.67	198.82	150.12	572.82
(iii)	Net gain/ (loss) on fair value changes	30.45	55.99	(80.99)	346.57
(iv)	Sale of services	35.43	59.08	42.27	150.96
	Sub-total (B) - Other Operating Income	121.55	316.39	111.40	1,074.56
C	Total Revenue from Operations (A+B)	9,497.45	9,633.37	9,550.66	39,269.05
D	Other Income	8.61	19.90	4.79	70.15
	Total income (C+D)	9,506.06	9,653.27	9,555.45	39,339.20
2	Expenses				
A	Finance costs	5,375.59	5,353.08	5,587.96	22,050.96
B	Net translation/ transaction exchange loss/ (gain)	479.55	471.18	291.28	799.05
C	Fees and commission expense	5.49	4.42	8.09	16.73
D	Impairment on financial instruments	508.00	761.86	778.50	3,470.02
E	Cost of services rendered	15.97	15.51	14.83	65.11
F	Employee benefits expenses	81.16	43.11	43.93	180.83
G	Depreciation and amortization	5.95	5.49	2.89	18.24
H	Corporate social responsibility expenses	57.53	110.89	21.35	172.35
I	Other expenses	26.85	30.41	20.79	123.57
	Total Expenses (A to I)	6,556.09	6,795.95	6,769.62	26,896.86
3	Share of Profit/ (loss) of Joint Venture accounted for using equity method	-	-	1.05	(11.81)
4	Profit before Tax (1-2+3)	2,949.97	2,857.31	2,786.88	12,430.53
5	Tax Expense				
A	Current Tax				
-	Current Year	669.06	681.89	769.27	3,069.23
-	Earlier Years	(90.36)	(3.96)	-	(3.96)
B	Deferred Tax	(82.89)	(121.95)	(251.05)	(670.44)
	Total Tax Expense (A+B)	495.81	558.98	518.22	2,394.83
6	Net profit for the period (4-5)	2,454.16	2,301.33	2,268.66	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	-	(8.84)	(0.06)	(8.33)
(b)	Changes in fair value of FVOCI equity instruments	(33.33)	(17.80)	36.32	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	-	2.23	0.01	2.10
-	Changes in fair value of FVOCI equity instruments	(0.07)	3.43	0.03	2.55
	Sub-total (i)	(33.40)	(20.98)	36.28	18.49
(ii)	Items that will be reclassified to profit or loss				
(a)	Effective Portion of Cash Flow Hedges	207.46	332.90	(2.10)	480.84
(b)	Cost of hedging reserve	(1,060.78)	(657.10)	32.82	(584.51)
(c)	Share of other comprehensive income/ (loss) of joint venture accounted for using equity method	-	-	-	1.19
(d)	Income tax relating to these items	-	-	-	-
-	Effective Portion of Cash Flow Hedges	(52.21)	(83.79)	0.53	(121.02)
-	Cost of hedging reserve	266.98	165.38	(8.26)	147.11
	Sub-total (ii)	(638.55)	(242.61)	22.99	(76.39)
	Other comprehensive income/(loss) for the period (i + ii)	(671.95)	(263.59)	59.27	(57.90)
8	Total comprehensive Income for the period (6+7)	1,782.21	2,037.74	2,327.93	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
10	Other Equity (as per audited balance sheet as at 31st March)				49,339.18
11	Basic & Diluted earnings per equity share of ₹ 10 each (in ₹)				
(not annualised)					
A	For continuing operations	12.43	11.48	11.49	50.64
B	For continuing and discontinued operations	12.43	11.48	11.49	50.64

See accompanying notes to the financial results.

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Notes to the financial results:

- 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 4th August, 2022. These results have been subjected to limited review by the Statutory Auditors of the Company.
- 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'.
- Provisioning on loan assets is based on 'ECL (Expected Credit Loss) methodology' approved by the Board of Directors of the Company and upon the report provided by an independent agency appointed by the Company, which also considers ratings by the Ministry of Power, as and when they are updated, for Distribution Companies (DISCOMs). This is further enhanced by management overlays in certain accounts whenever necessary considering the risk involved in the account and also on account of aligning the provisions with the lead lender. Details are as follows:

S. No.	Particulars	As at 30.06.2022			As at 31.03.2022		
		Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
		1	Loan assets	3,70,762.78	17,125.04	3,87,887.82	3,66,211.37
2	Impairment loss allowance (net of movements)	3,423.54	11,609.46	15,033.00	3,138.93	11,565.73	14,704.66
	Provisioning Coverage (%) (2/1)	0.92%	68.08%	3.89%	0.85%	67.40%	3.82%

- Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of such assets.
- 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'.
- The additional information as required under Regulation 52(K) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as Annexure - A.
- 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 June, 2022 are fully secured (3.31 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 total non-convertible debt securities issued by the Company is 1.15 times as at 30th June, 2022.
- The Board of Directors, in its meeting held on 30th June 2022, has recommended the issue of Bonus Shares to the shareholders of the Company in the ratio of one bonus equity share of ₹ 10/- each fully paid up for every existing three fully paid-up equity shares of ₹ 10/- each by capitalising the sum standing to the credit of 'Securities Premium Account' with the record date being 18th August 2022, subject to the approval of shareholders through postal ballot.
- 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 51(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, there has been no default as on 30th June, 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.
- In respect of Central/State Government entities RBI has exempted the Company from applicability of its norms related to credit/ investment concentration till 31st March 2022. The Company has again represented to RBI for further extension of above exemption for a further period of five years. The matter, considering Company's business model and strategic positioning being a Government Company, is under consideration of RBI and the response is awaited.
- During the quarter, the Employee Benefit expenses include a provision of ₹ 30.99 crores created on account of regularisation of earlier adopted Pay Scales 1997 in respect of below Board Level Executives at par with other CPSEs, in compliance of Ministry of Power order dated 8th June, 2022.
- There are no reportable cases of loans transferred/ acquired during the period ended 30th June 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 June 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.
- The Balance Sheet, Statement of Profit & Loss, Statement of Changes in Equity (SOCI), Statement of Cash Flows and summarized Notes to Accounts, including Significant Accounting Policies on Standalone basis and Consolidated basis for the period ended 30th June, 2022 have been annexed herewith this statement at Annexure-B and Annexure-C respectively.
- The figures for the quarter ended 31st March 2022 have been derived by deducting the year to date unaudited figures for the period ended 31st December 2021 from the audited figures for the year ended 31st March 2022.
- Previous period/ years' figures have been regrouped/ reclassified, wherever necessary, in order to make them comparable.

Place: New Delhi
Date: 4th August 2022

For REC Limited

(Vivek Kumar Dewangan)
Chairman & Managing Director
DIN - 01577212

