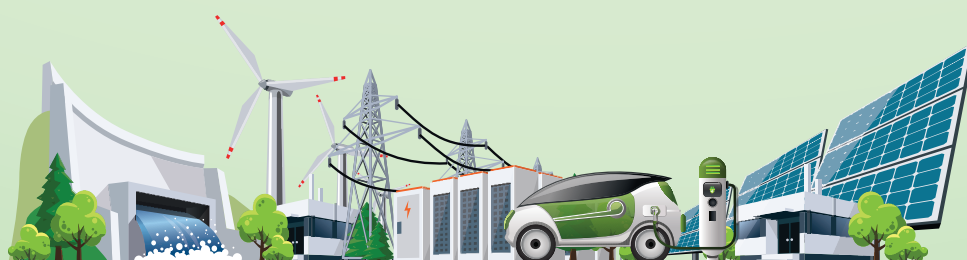




FUNDING A POWERFUL FUTURE





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Company Information

Board of Directors

Shri Vivek Kumar Dewangan
Chairman & Managing Director

Shri V.K. Singh
Director (Technical)

Smt. Parminder Chopra
PFC Nominee Director

Dr. Manoj Manohar Pande
Independent Director

Shri Ajoy Choudhury
Director (Finance)

Shri Vishal Kapoor
Government Nominee Director

Dr. Gambheer Singh
Independent Director

Dr. Durgesh Nandini
Independent Director

Chief Vigilance officer

Ms. Simmi R Nakra (Additional Charge)

Company Secretary

Shri J.S. Amitabh

Corporate Identification Number

L40101DL1969GOI005095

Registered Office

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India.
Tel: +91-11-4309 1500 / 1501

Corporate Office

Plot no. I-4, Sector 29, Gurugram, Haryana-122001, India.
Tel: +91-124-444 1300

Corporate Website & Email

www.recindia.nic.in | contactus@recl.in

Equity Shares listed on

National Stock Exchange of India Limited
BSE Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Statutory Auditors

S.K. Mittal & Co., Chartered Accountants
O.P. Bagla & Co. LLP., Chartered Accountants

Secretarial Auditors

Hemant Singh & Associates, Company Secretaries

Bankers

Axis Bank
Bank of Baroda
HDFC Bank
HSBC Bank
ICICI Bank

IndusInd Bank
Reserve Bank of India
State Bank of India
Yes Bank

Registrar & Transfer Agents

For Equity Shares

KFin Technologies Limited
Selenium Tower B, Plot nos. 31 & 32, Gachibowli Financial District
Nanakramguda, Hyderabad-500032
Phone: 1-800-309-4001
Email: complianceofficer@recl.in, einward.ris@kfintech.com
Website: www.kfintech.com

For Bonds

KFin Technologies Limited
Selenium Tower B, Plot nos. 31 & 32
Gachibowli Financial District, Nanakramguda
Hyderabad-500032
Phone: 1-800-309-4001
Email: investorcell@recl.in, einward.ris@kfintech.com
Website: www.kfintech.com

Beetal Financial & Computer Services (P) Limited
Beetal House, 3rd floor, 99 Madangir
Behind LSC, Opp. Dada Harsukhdas Mandir
New Delhi-110062
Phone: +91-11-2996 1281-83
Email: recbonds3@gmail.com, spgupta123@gmail.com
Website: www.beetalfinancial.com



Board of Directors

CMD AND WHOLE-TIME DIRECTORS



Shri Vivek Kumar Dewangan
Chairman & Managing Director



Shri Ajoy Choudhury
Director (Finance)



Shri V.K. Singh
Director (Technical)

NOMINEE DIRECTORS



Shri Vishal Kapoor
Government Nominee Director



Smt. Parminder Chopra
PFC Nominee Director

INDEPENDENT DIRECTORS



Dr. Gambheer Singh
Independent Director



Dr. Manoj Manohar Pande
Independent Director



Dr. Durgesh Nandini
Independent Director



Director's Profile



Shri Vivek Kumar Dewangan (DIN: 01377212)

Chairman & Managing Director

Shri Vivek Kumar Dewangan is the Chairman & Managing Director of REC Limited since May 17, 2022. He is an IAS officer (Manipur:1993) and holds B.E. in Electronics from NIT, Bhopal and P.G. in Optoelectronics & Optical Communication from IIT, Delhi. Prior to joining REC, he was Additional Secretary in the Ministry of Power, Government of India.

During his illustrious IAS career, he has held various administrative positions in the areas of Finance, Power & Energy, Petroleum & Natural Gas, Elections, Law & Justice, Commerce & Industries, Minister's Offices (Corporate Affairs, Agriculture & Food Processing Industries), Education, Human Resource Development, Sericulture, Agriculture & Cooperation, Economic affairs, Economics & Statistics,

Rural Development & Panchayati Raj, District Administration (Surguja & Raipur district in Chhattisgarh and Senapati district in Manipur) and revenue administration. As CMD, he provides strategic vision and overall direction to REC for achieving its corporate objectives.

He is also the *ex-officio* Chairman of REC's wholly-owned subsidiary viz. REC Power Development and Consultancy Limited (RECPDCL).

Shri Vivek Kumar Dewangan is holding Nil equity shares in REC. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Shri Ajoy Choudhury (DIN: 06629871)

Director (Finance)

Shri Ajoy Choudhury is the Director (Finance) of REC Limited since June 1, 2020. He is an Associate Member of the Institute of Cost Accountants of India. He has over 34 years of experience in the Indian power sector across diverse functions. He joined REC on April 16, 2007 and served in various capacities, prior to which he had worked with Power Grid Corporation of India Limited and NHPC Limited.

As Director (Finance), he provides directions with respect to financial management and operations of REC encompassing organizational and financial planning, formulation of financial policies, financial accounting, management control systems, lending operations, cash and fund management, corporate accounts, tax planning, mobilization of resources and liaison with financial institutions &

capital market players. He has been instrumental in implementing various systemic improvements in REC, including formulation of loan recovery guidelines, asset liability management, resolution of stressed assets, improving communication and services to customers and managing overall resources and treasury in an efficient manner.

He is also a Director on the Board of REC Power Development and Consultancy Limited (RECPDCL), a wholly owned subsidiary of REC.

Shri Ajoy Choudhury is holding 1200 equity shares (pre-bonus) of ₹10/- each in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Shri V.K. Singh (DIN: 02772733)

Director (Technical)

Shri V.K. Singh is the Director (Technical) of REC Limited since July 15, 2022. Prior to his elevation, he was serving as Executive Director in the Company. He holds a Bachelor's Degree in Electrical Engineering from IIT, Roorkee and has over 33 years of experience in the Indian power sector. He joined REC on March 29, 2007, prior to which, he had worked with Power Grid Corporation of India Limited and NTPC Limited.

As Director (Technical), he is responsible for all technical and operational functions of REC, including project & entity appraisal of renewable energy, generation, transmission & distribution projects, financing activities including sanction, disbursement and project monitoring, business development, diversification

and overall functioning of the Company. He has rich experience in transmission project development & management, TBCB process, procurement of goods & services, construction of EHV sub-stations and transmission lines, financial aspects like raising of bonds, commercial paper, ECB etc.

He is also a Director on the Board of REC Power Development and Consultancy Limited (RECPDCL), a wholly owned subsidiary of REC.

Shri V.K. Singh is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Shri Vishal Kapoor (DIN: 08700132)

Government Nominee Director

Shri Vishal Kapoor is the Government Nominee Director on the Board of REC Limited since September 7, 2021. He is presently Joint Secretary (Distribution) in the Ministry of Power (MoP), Government of India. He is a practicing Fellow of the Institution of Mechanical Engineers, UK. He also holds a post graduate degree in Public Administration from Lee Kuan Yew School of Public Policy, National University of Singapore; and has attended the advanced management program in Public Policy from Indian School of Business.

From his previous assignments in Indian Railways, he has rich experience of railway traction, freight cars, design and operations &

maintenance. At MoP, he is looking after distribution sector, official languages and social media. He has been instrumental in formulating the Revamped Distribution Sector Scheme for operational and financial turnaround of distribution utilities. Bringing with him a vast field experience and managing big manpower deployments, he is leveraging his professional-cum-policy background to contribute to the policy responses of Government, in order to bring improvements in the electricity distribution sector.

Shri Vishal Kapoor is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Smt. Parminder Chopra (DIN: 08530587)

PFC Nominee Director

Smt. Parminder Chopra has been appointed on the Board of REC Limited as the Nominee Director of Power Finance Corporation Limited (PFC), with effect from February 4, 2022. She holds a Bachelor's degree in Commerce and is a Cost Accountant and MBA. She is currently serving as the Director (Finance) of PFC.

She has more than 34 years of experience in the power sector, serving in key organizations like PFC, NHPC Limited and Power Grid Corporation of India Limited. She joined PFC in 2005 and served in

various capacities, before assuming the charge of Director (Finance) of PFC on July 1, 2020. She has handled a gamut of finance portfolios such as resource mobilization from domestic as well as international markets, banking & treasury, asset liability management, stressed assets resolution etc.

Smt. Parminder Chopra is holding Nil equity shares in the Company. Further, she has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Dr. Gambheer Singh (DIN: 02003319)

Independent Director

Professor Dr. Gambheer Singh has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from November 15, 2021. He is MBBS from Gandhi Medical College, Bhopal and Master of Surgery from G.R. Medical College, Gwalior. He also holds life memberships of Association of Surgeons of India and Indian Medical Association.

He is presently the Dean of Raipur Institute of Medical Sciences in Chhattisgarh. He has more than 18 years of teaching experience, having served in G.R. Medical College, Gwalior and Pandit Jawahar Lal Nehru Memorial Medical College, Raipur. He is running a 50-bedded

multi-specialty hospital in Raipur since 2008. The hospital is working on the highest standards of medical specialty and is dedicated to the people of Chhattisgarh.

He has also published more than 10 national and international papers of various index journals and has been an examiner of under-graduate and post graduate examinations.

Dr. Gambheer Singh is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Dr. Manoj Manohar Pande (DIN: 09388430)

Independent Director

Dr. Manoj Manohar Pande has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from November 15, 2021. He is currently working as a family physician and social worker in Yavatmal, Maharashtra. He completed his graduation in medicine and surgery from Amravati University, and subsequently trained in Naturopathy from the University of Delhi.

He works for the upliftment of neglected and vagabond community and slum dwellers in Vidarbha region of Maharashtra. He has helped in the rehabilitation of suicide hit farmer families, and is a pioneer in providing educational amenities to students from underprivileged communities. He is also at the helm of two NGOs, dedicated for the betterment of society since past 15 years.

He heralded the production and distribution of *Aayush Kadha*, a potent potion for Covid-19 warriors, which helped in curbing the wrath of the pandemic. He is also an avid organic farmer and agriculturist, having resorted to innovative farming techniques that have yielded low cost farming practices and increment in soil fertility.

Dr. Manoj Manohar Pande is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Dr. Durgesh Nandini (DIN: 09398540)

Independent Director

Dr. Durgesh Nandini has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from December 30, 2021. She holds a Master of Arts from Gorakhpur University, Masters in Education from Maharshi Dayanand University, Rohtak and a doctorate degree in Political Science from Dr. B.R. Ambedkar University, Agra.

She has earlier served as Principal in a prestigious girls' inter-college and has been a key contributor in the field of education, through her involvement in editing of primary level textbooks and training modules in the Department of Elementary Education, Government of Haryana. She has rich and varied experience in

addressing key social issues under the banner of national level volunteer organization "*Jagriti*".

She is actively contributing as a social worker in the fields of health, women empowerment, child development and environment preservation. At present, she is working on a project for economic development of women and is cooperating with *Aparajita Foundation* for social justice issues.

Dr. Durgesh Nandini is holding Nil Equity Shares in the Company. Further, she has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.



Mission / Vision and Objectives

Mission / Vision

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

Objectives

In furtherance of the Mission, the main objectives to be achieved by the Corporation are:

1. To promote and finance projects aimed at integrated system improvement, power generation, promotion of decentralized and non-conventional energy sources, energy conservation, renovation and maintenance, power distribution with focus on pump-set energisation, implementation of Revamped Distribution Sector Scheme, a Government of India scheme.
2. To expand and diversify into other related areas and activities like financing of decentralized power generation projects, use of new and renewable energy sources, consultancy services, transmission, sub-transmission and distribution systems, renovation, modernization & maintenance etc. for optimization of reliability of power supply to rural and urban areas including remote, hill, desert, tribal, riverine and other difficult/remote areas.
3. To mobilize funds from various sources including raising of funds from domestic and international agencies and sanction loans to the State Electricity Boards, Power Utilities, State Governments, Rural Electric Cooperatives, Non-Government Organizations (NGOs) and private power developers.
4. To optimize the rate of economic and financial returns for its operations while fulfilling the corporate goals viz. (i) laying of power infrastructure; (ii) power load development; (iii) rapid socio-economic development of rural and urban areas; and (iv) technology up-gradation.
5. To ensure client satisfaction and safeguard customers' interests through mutual trust and self-respect within the organization as well as with business partners by effecting continuous improvement in operations and providing the requisite services.
6. To assist State Electricity Boards/Power Utilities/State Governments, Rural Electric Cooperatives and other loanes by providing technical guidance, consultancy services and training facilities for formulation of economically and financially viable schemes and for accelerating the growth of rural and urban India.



Senior Management Team



Shri R. Lakshmanan
Executive Director
(Programme Management)
and CEO RECPDCL



Shri T.S.C. Bosh
Executive Director
(Technical) and Joint CEO RECPDCL



Shri J.S. Amitabh
Executive Director
(Law) & Company Secretary



Shri Fuzail Ahmed
Executive Director
(Technical)



Shri Sanjay Kumar
Executive Director
(Finance)



Shri R.P. Vaishnav
Executive Director
(Human Resources)



Dr. Kajal
Executive Director
(Government Programmes)



Smt. Malathi Sundararajan
Executive Director
(Finance)



Shri Sanjay Kulshrestha
Executive Director
(Technical)



Smt. Valli Natarajan
Executive Director
(Technical)



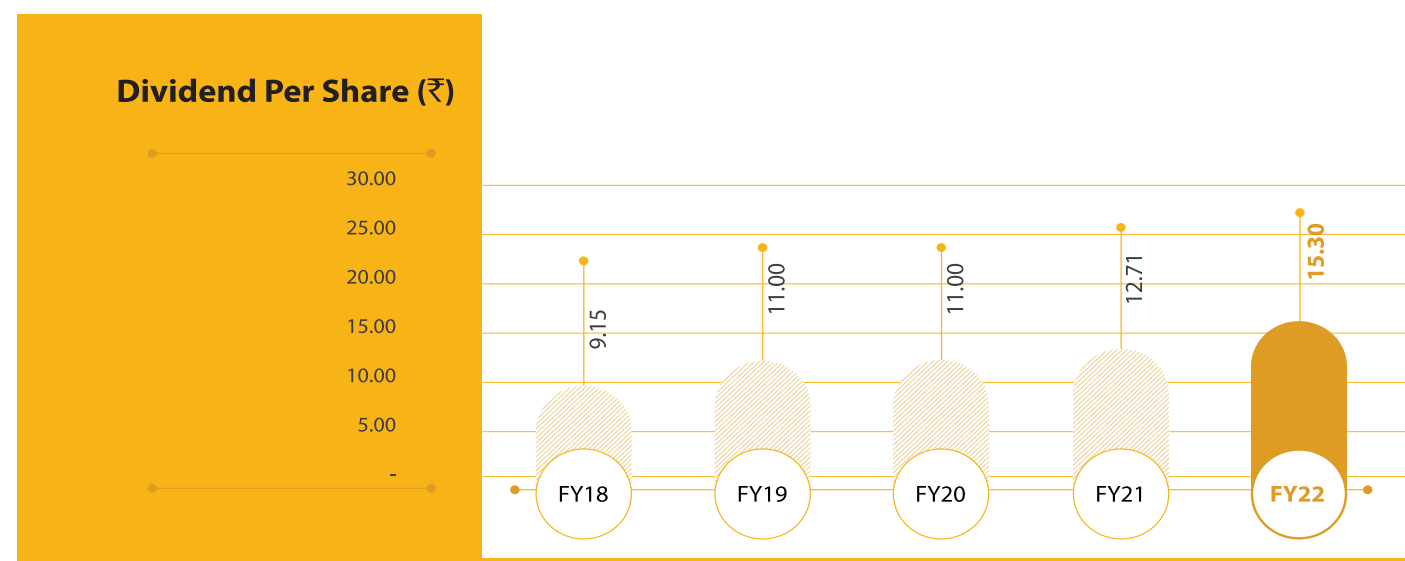
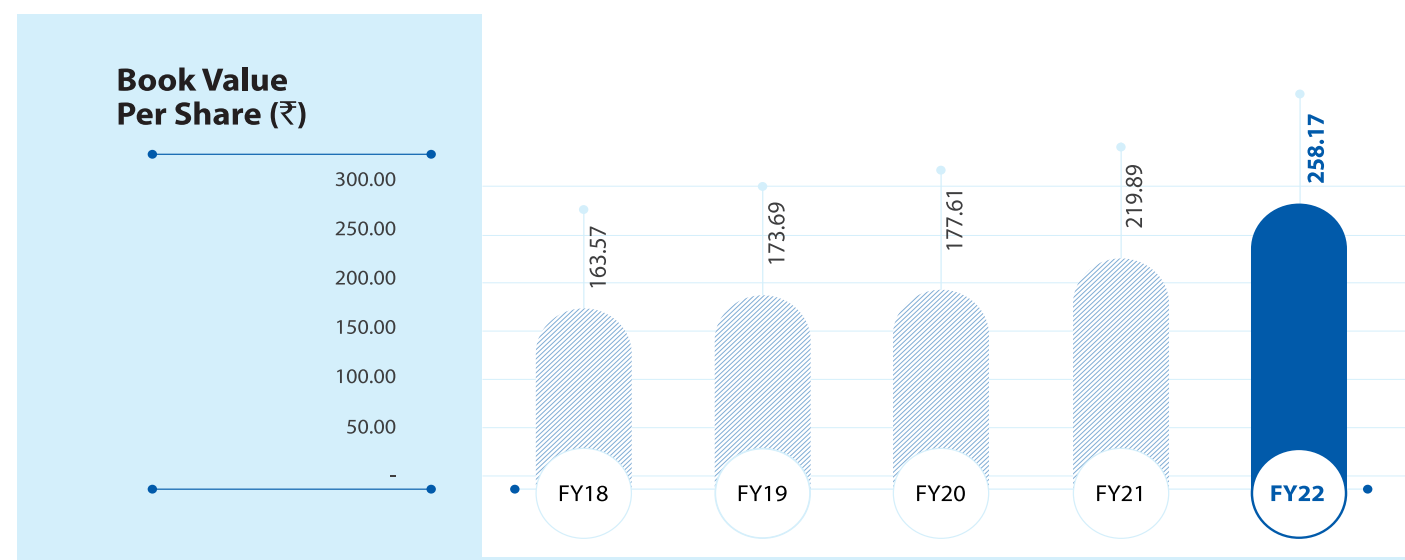
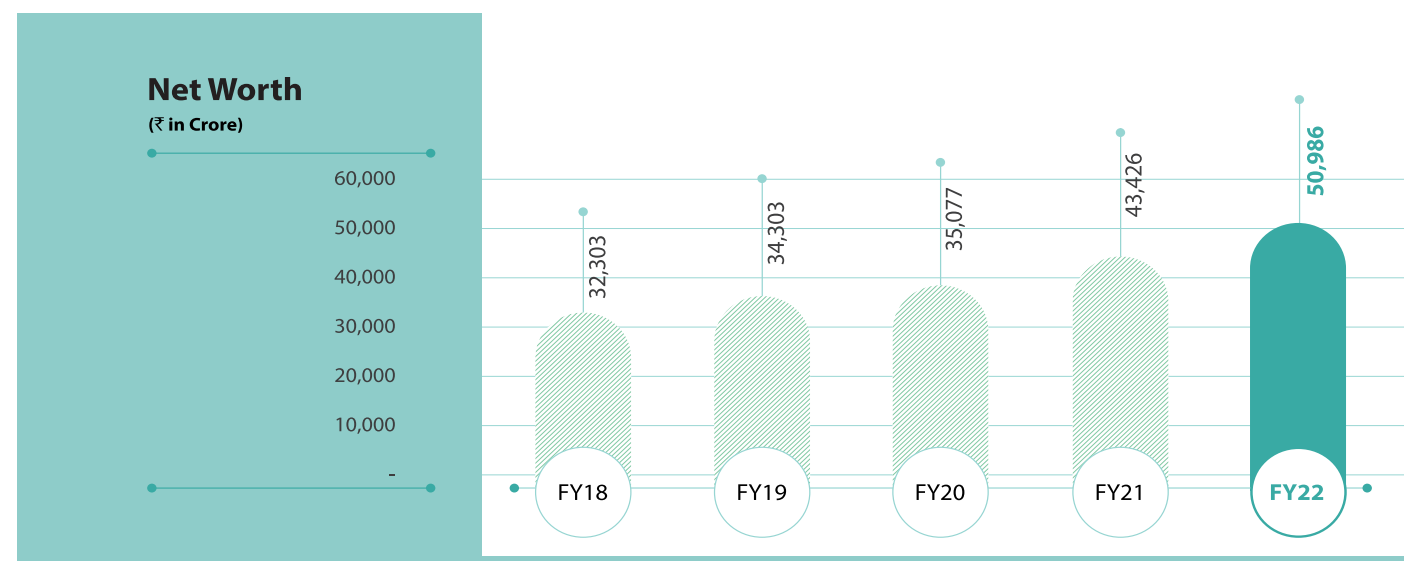
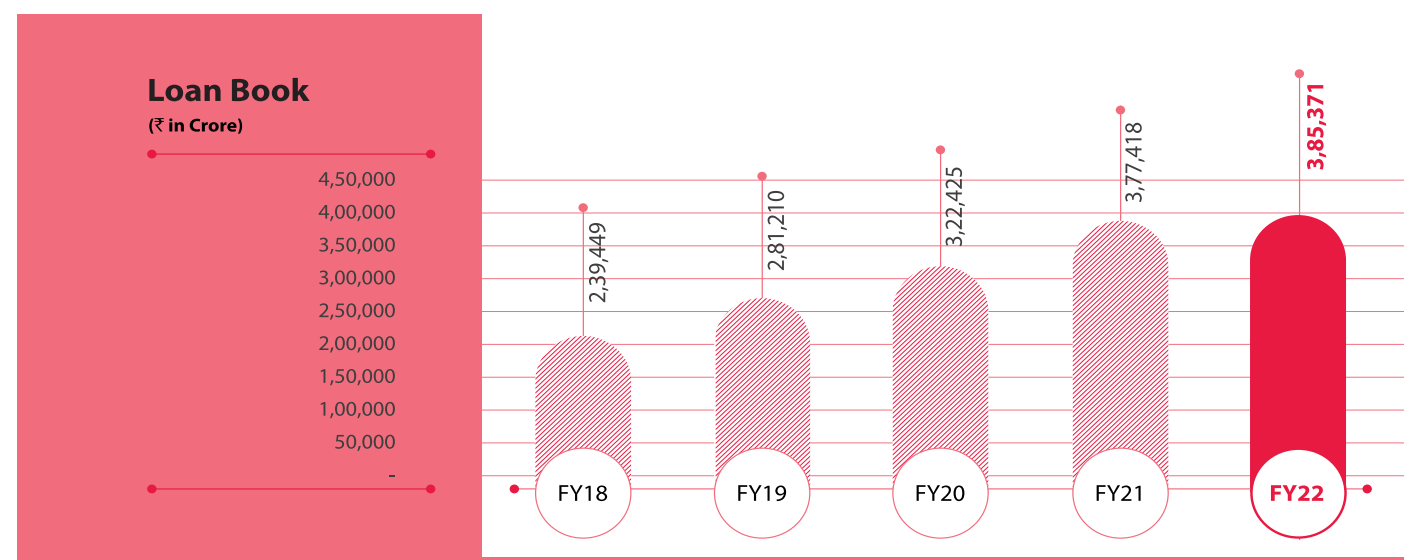
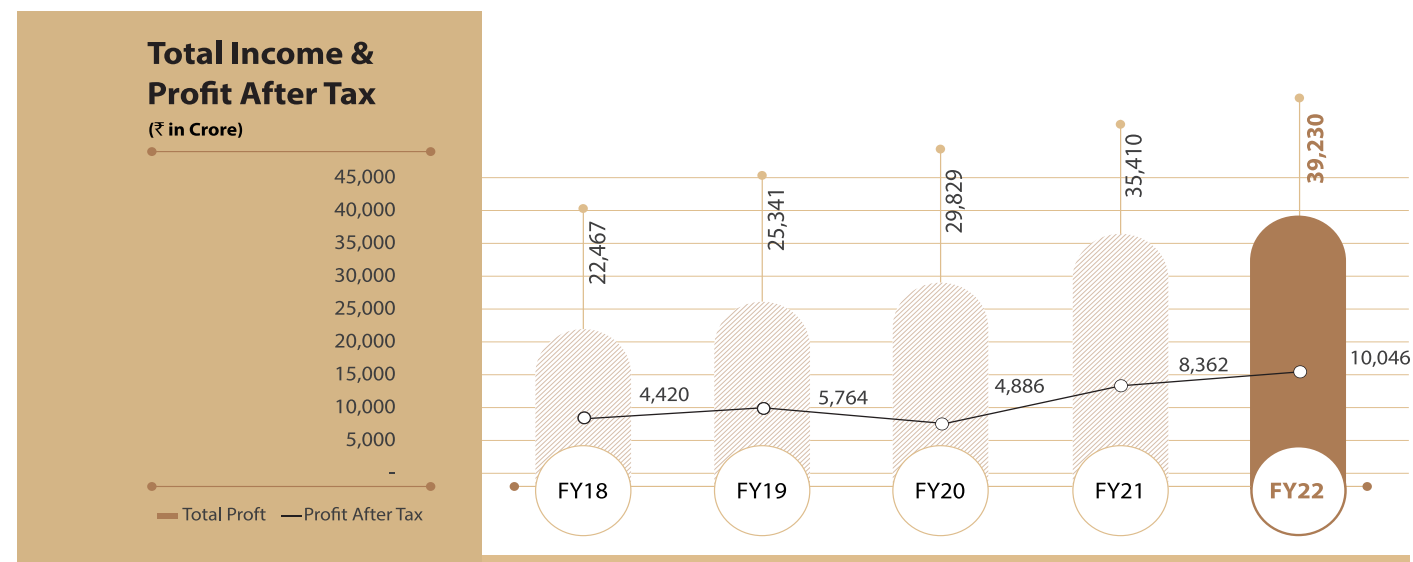
Shri Daljeet Singh Khatri
Executive Director
(Finance)



Shri Harsh Baweja
Executive Director
(Finance)



Five-year Performance





Five-year Performance

(₹ in crore)

Particulars (as per Ind-AS)	2021-22	2020-21	2019-20	2018-19	2017-18
SHAREHOLDERS' FUND (at the end of the year)					
Equity Share Capital	1,974.92	1,974.92	1,974.92	1,974.92	1,974.92
Instruments entirely Equity in nature	558.40	558.40	-	-	-
Other Equity/Reserves & Surplus	48,452.28	40,893.05	33,101.64	32,328.02	30,328.23
Net Worth	50,985.60	43,426.37	35,076.56	34,302.94	32,303.15
BORROWINGS (at the end of the year)					
From Government of India/NSSF	10,000.00	10,000.00	10,000.00	5,000.00	-
Bonds/Debentures	1,83,291.97	2,04,119.67	1,88,538.25	1,71,803.83	1,65,334.89
From Financial Institutions	6,800.00	5,800.00	1,000.00	1,200.00	400.00
Foreign Currency Borrowings	65,957.45	47,486.43	44,378.49	31,368.12	27,530.08
Term Loans from Banks	42,878.32	29,938.58	18,899.78	18,550.00	-
Commercial Papers	-	-	2,925.00	7,975.00	3,250.00
Short-Term/Demand Loans/Others	17,916.55	25,166.32	14,374.33	3,389.50	2,276.54
Total	3,26,844.29	3,22,511.00	2,80,115.85	2,39,286.45	1,98,791.51
Fund Mobilization (during the year)	73,962.93	99,244.53	84,358.12	69,383.22	51,164.89
Financing Operations (during the year)					
Projects approved (in nos.)	370	441	727	914	895
Financial assistance sanctioned	54,421.76	1,54,820.87	1,10,907.99	1,15,957.35	1,07,534.05
Disbursements*	69,467.87	97,928.11	82,140.83	91,827.56	72,281.19
Repayments by borrowers	56,197.10	37,994.03	34,454.15	30,405.09	24,191.82
Outstanding at the end of the year	3,85,371.26	3,77,418.15	3,22,424.68	2,81,209.68	2,39,449.34
Working Results (during the year)					
Total Income	39,230.45	35,410.44	29,829.13	25,341.16	22,467.35
Finance Costs including Net Exchange Loss, Fees & Commission Expenses	22,868.69	21,829.29	21,380.39	16,197.11	13,381.06
Provisions and Contingencies/Impairment on financial instruments	3,473.31	2,419.62	889.56	240.33	2,297.12
Net Loss on fair value changes	-	-	-	348.52	573.37
Other Expenses	445.59	395.87	565.89	447.53	326.00
Depreciation	17.96	9.53	10.00	7.17	5.65
Profit Before Tax	12,424.90	10,756.13	6,983.29	8,100.50	5,884.15
Provision for Taxation/Tax Expenses	2,378.98	2,394.35	2,097.13	2,336.78	1,464.26
Profit After Tax	10,045.92	8,361.78	4,886.16	5,763.72	4,419.89
Other Comprehensive Income for the period	(59.07)	456.52	(549.79)	(60.54)	4.24
Total Comprehensive Income	9,986.85	8,818.30	4,336.37	5,703.18	4,424.13
Dividend on Equity	3,021.62	2,510.12	2,172.41	2,172.41	1,807.05

* This includes disbursement of loans as well as disbursement of grant/subsidy received from the Government under various Government schemes



Message from CMD



Dear Stakeholders,

I feel honored to present to you, the 53rd Annual Report of your Company, marking yet another year of successful achievements. The start of financial year 2021-22 was tough for everyone, including us, owing to the second wave of pandemic. As a financial institution dedicated to power sector, we are sensitive towards the operational issues faced by the industry and keen towards the overall well-being

of economy. With adaptability and resilience, we have safeguarded the value of our stakeholders and performed impressively, even in these uncertain times.

Your Company made its highest ever net profit of ₹10,046 crore, which was 20% above the last year, owing to its cost-effective resource management and strong financial policies. The Net Worth of your Company as on March 31, 2022 stood at ₹50,986 crore, which



was 17% above the net worth a year ago, indicating significant value addition. As an Infrastructure Finance Company, REC's Gross Loan Asset Book as on March 31, 2022, stood at a historic high of ₹3,85,371 crore. Your Company maintained "AAA" rating for its domestic debt instruments and international rating of "Baa3" and "BBB-", which is at par with the sovereign rating of India. These strong fundamentals are coupled with a future-ready outlook, which empower us for the times to come.

In addition to its business goals, REC has also been and shall continue to be, a reliable partner of the Government in achieving national goals of the power sector. It is heartening to see that electricity has reached the remotest corners of the country. The flagship schemes of *Deendayal Upadhyaya Gram Jyoti Yojana* (DDUGJY) and *Pradhan Mantri Sahaj Bijli Har Ghar Yojana* (SAUBHAGYA), for which your Company was the nodal agency of the Ministry of Power, achieved successful completion and have truly laid the foundation of *Ujjwal Bharat*, a brighter and more prosperous India. The power sector is now poised for modernization and technological up-gradation, reduction of power prices for consumers and optimization of efficiency and service delivery. We are proud to be associated with the ₹3 lakh crore reforms-based and results-linked *Revamped Distribution Sector Scheme* (RDSS) of the Government, which is a progressive step in this direction.

ECONOMIC OVERVIEW

The global economy entered the year 2022 in a weaker position than previously expected, with the pandemic causing inflation, increase in food prices and disrupted supply chains across the world. Geopolitical conflicts and the war in Ukraine also added to the uncertainty. However, general business sentiment is improving across the globe. Even as the supply chains faced inevitable pressure after the pandemic, trade of goods & services picked up fast and continues to be stronger. As per a report by the United Nations Conference on Trade and Development, the value of global trade reached a record level of USD 28.5 trillion in 2021, which is an increase of 25% over 2020 and 13% over 2019, just before the pandemic struck. Trade in services also grew substantially, nearly reaching their pre-pandemic levels.

Inflation, however, is expected to remain elevated for a longer period than previous forecasts. For 2022, the inflation is projected at 5.7% in advanced economies and 8.7% in emerging market & developing economies. Countries which have weaker economic policies and higher dependence on global supply chains, are bound to be more affected in this scenario. This is where we must realize the importance of *Atmanirbhar Bharat*, the mantra given by our Hon'ble Prime Minister.

India continues to reign as the fastest growing economy in the world. RBI has projected real GDP growth of India at 7.2% for FY 2022-23, whereas Asian Development Bank has pegged India's GDP growth at 7.5% in 2022-23 and 8% in 2023-24. We saw an immensely successful nation-wide vaccination programme, which was instrumental in containing the damage by the pandemic, given the huge demographics of our country. The Government's broad range of Covid responses, including fiscal, monetary and health packages, mitigated the adversities well in time. The results are visible in improving socio-economic indicators such as power demand, labour participation and railway freight traffic. Having said that, I would say, it is still not the time to drop caution, by industry as well as by common citizens. We have to strengthen ourselves as a nation and support each other, so as to absorb any external impacts.

POWER SECTOR REFORMS

The global electricity demand grew by 6% in 2021, which is a healthy sign of economic recovery. In India, the total installed generation capacity crossed the 400 GW mark. Record increase in transmission lines and additions to renewable energy space are taking place rapidly. In addition, the Government is rolling out several reforms to strengthen the distribution sector. RDSS, the recently launched scheme of the Government after the success of DDUGJY and SAUBHAGYA, is aimed to improve the quality, reliability and affordability of power supply to consumers, through a financially sustainable and operationally efficient distribution sector.

The objectives of RDSS include reduction in AT&C losses to pan-India levels of 12-15% by 2024-25 and reduction in ACS-ARR gap to zero by 2024-25, both extremely important milestones for the holistic growth of power sector. The scheme also lays special emphasis on leveraging advanced technologies like Artificial Intelligence and Machine Learning.

Under the guidance of Ministry of Power, your Company has developed a framework for 'DISCOM Consumer Service Rating', wherein discoms are rated based on operational parameters, with the aim to promote healthy competition and improve performance in deficient areas. Your Company is also publishing periodic reports on key regulatory parameters, which provide a guiding light to the power sector, through compilation, benchmarking and comparative assessment of various utilities and highlighting corrective measures wherever required.

As a step towards addressing the mounting power purchase dues of State power utilities, the Ministry of Power has issued the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 or LPS Rules, with the aim to financially strengthen the electricity suppliers and bringing financial discipline. REC will be extending financial support to discoms for timely payment of their dues under the LPS Rules, which will help in achieving financial sustainability in the Indian power sector.

FINANCIAL & OPERATIONAL PERFORMANCE

After the pandemic, power projects witnessed some delays in take-off and commissioning, owing to movement restrictions, labour issues etc. As a spillover, the Company's sanction of loans during FY 2021-22 were on the lower side, at ₹54,422 crore. These loans were towards various conventional generation projects, renewable energy projects, T&D projects, short-term, medium-term and other loans. Renewable projects constituted 27% of the total loans sanctioned during the year. Your Company is constantly endeavoring to increase its green portfolio, in keeping with the Government's long-term vision for renewable energy sector.

The disbursements made by your Company during FY 2021-22 were ₹64,150 crore, towards various conventional generation projects, renewable energy projects, T&D projects and other loans, including counter-part funding under DDUGJY and SAUBHAGYA. The disbursements included ₹19,752 crore to various power utilities under the Liquidity Infusion Scheme of the Government, under *Atmanirbhar Bharat*. Apart from the above, your Company also disbursed a subsidy of ₹5,318 crore under various Government schemes.

The operating income of your Company for FY 2021-22 was ₹39,132 crore on a standalone basis, which was 11% higher than last year. The total comprehensive income for FY 2021-22 was ₹9,987



crore, which was 19% higher than last year. The EPS recorded a high of ₹50.87 per equity share of ₹10/- each for FY 2021-22.

The capital adequacy ratio of your Company as on March 31, 2022 was 23.61%, indicating a healthy capacity to support future growth. REC is also committed to keep its NPAs at minimum level and has a dedicated team, to look into the resolution of stressed assets through appropriate means, including IBC route. At the end of financial year 2021-22, the Gross Credit Impaired Assets (Stage III) and Net Credit Impaired Assets (Stage III) of REC stood at 4.45% and 1.45% of the Gross Loan Assets, respectively.

CAPITAL STRUCTURE & BONUS ISSUE

As on March 31, 2022, the authorized share capital of your Company was ₹5,000 crore, consisting of 500 crore equity shares of ₹10/- each. The issued and paid-up share capital was ₹1,974.92 crore, consisting of 197,49,18,000 equity shares of ₹10/- each. Power Finance Corporation Limited, a Government of India undertaking, holds 52.63% of the paid-up equity share capital of the Company; and the balance 47.37% is held by public.

Pursuant to the guidelines issued by Department of Investment and Public Asset Management (DIPAM), the Company has obtained approval of its shareholders through postal ballot process on August 9, 2022, to issue bonus shares in the ratio of 1:3, i.e., 1 bonus equity share of ₹10/- each fully paid-up for every 3 existing equity shares of ₹10/- each fully paid-up, by capitalizing a sum of ₹658.306 crore standing to the credit of its 'Securities Premium Account'. After the allotment of said bonus shares, the paid-up share capital of the Company will increase to ₹2,633.22 crore, consisting of 2,63,32,24,000 equity shares of ₹10/- each.

DIVIDEND

Your Company is one of the highest dividend-paying companies amongst its peers. For the financial year 2021-22, the Company has already paid interim dividend of ₹10.50/- per equity share of ₹10/- each in three tranches. Additionally, final dividend of ₹4.80/- per equity share of ₹10/- each is subject to approval of the shareholders in the ensuing 53rd Annual General Meeting. If approved, the total dividend for financial year 2021-22 will work out to ₹15.30/- per equity share of ₹10/- each, which is 153% of the total paid-up share capital of the Company.

CORPORATE GOVERNANCE

REC is committed to adopt and follow the best practices in Corporate Governance. Your Company meets all the applicable requirements which are within its ambit, under the Companies Act, 2013, SEBI LODR Regulations, 2015, Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises and Secretarial Standards issued by the Institute of Company Secretaries of India.

Your Company is short of the required number of Independent Directors. However, being a Government company, the power to appoint Directors on the Board vests with the administrative Ministry. We have requested the Ministry of Power to expedite the appointment of Independent Directors and the matter is under active consideration.

POLICY INITIATIVES

The policy framework of your Company is constantly reviewed, updated and strengthened, to enhance business value and to meet

statutory requirements. During FY 2021-22, for enhancing the competitive position in the market, your Company introduced as well as reviewed various business-oriented policies, including policies for term loan to state sector utilities, funding of projects under the PM-KUSUM scheme, appraisal and financing of transmission projects in private sector, prepayment policy, letter of credit policy and exposure norms for State sector borrowers, to name a few.

RISK MANAGEMENT

Your Company has a comprehensive Risk Management Policy covering credit risk, operational risk, liquidity risk and market risk. There are systematic risk management procedures to mitigate each type of risk. The Company follows a structured appraisal process with detailed methodology, to mitigate the credit-risk. Operational risks are managed through a comprehensive Risk Register covering all functional areas. Liquidity risk is managed through a mix of strategies including forward-looking resource mobilization. Market Risk is mitigated through a systematic Asset Liability Management framework and well-defined hedging policies.

The Company has a Board-level Risk Management Committee which oversees the developments in this area and makes its recommendations from time to time. A Chief Risk Officer has been appointed in the Company, as required under the RBI norms. Further, the Company has adopted policy and framework for Risk Based Internal Audit, in line with the requirements of RBI.

CORPORATE SOCIAL RESPONSIBILITY

Your Company pursues CSR initiatives with focus on socially beneficial projects to reach a wide spectrum of beneficiaries, while giving priority to developmental issues of national concern. During the financial year 2021-22, REC has supported CSR projects in various thematic areas as per its CSR Policy, and spent a total amount of ₹171.07 crore, which is above the minimum limit prescribed under the Companies Act, 2013.

I am happy to share, that in keeping with the spirit of inclusive development, your Company has sponsored health and nutrition projects in various aspirational districts, including Gajapati in Odisha, Mamit in Mizoram, Kiphire in Nagaland, Muzaffarpur in Bihar, Udham Singh Nagar in Uttarakhand, Chandel in Manipur and West Sikkim in Sikkim.

MoU RATING & AWARDS

In terms of Memorandum of Understanding (MoU) signed with the holding company, Power Finance Corporation Limited, the performance of your Company has been rated as "Excellent" for the financial year 2020-21, with a perfect score of 100 by the Department of Public Enterprises. REC is the only CPSE in the country, to secure 100 out of 100 marks in MoU evaluation last year.

Not only that, your Company has been named as India's Leading NBFC in Infrastructure Financing Category by Dun & Bradstreet, at its BFSI & FinTech Awards; and also the 'Best Organization for Women Empowerment' by Exchange4Media, at its Women Achievers Awards.

THE PATH AHEAD

With implementation of programmes like '24x7 Power for All', we expect a huge latent demand for power in the near future. The increased power demand would also require robust transmission & distribution infrastructure, thereby attracting more investment in

this area. REC offers a wide range of products to finance the diverse needs of the power sector, across the value-chain.

At the COP26 session at Glasgow, UK in November 2021, our Hon'ble Prime Minister has proposed a visionary Panchamrit strategy, to meet the climate change goals of the world. These include meeting 50% of electricity demand from non-fossil fuel sources by 2030, reduction in emission intensity by 45% by 2030 as compared to 2005 level and achieving net zero emission by 2070. We support these extremely pertinent targets for the energy sector as well as for the mankind.

In the endeavour to support these targets, your Company has amplified its financing in renewable energy projects, e-mobility infrastructure, manufacturing of solar cells & modules, hybrid renewables, PM-KUSUM projects, pollution control equipment, smart-grid and smart-metering. Your Company is also looking to diversify into financing of non-power infrastructure and distribution works, including through PPP and franchise models. REC is building close partnerships with national and international financial institutions and multilateral development organizations, to raise resources at competitive rates and to align with the international best practices. I am optimistic, that your Company is going to be at the forefront of power sector and beyond, in the times to come.

ACKNOWLEDGEMENTS

Before I conclude, I express my sincere thanks to the Hon'ble Cabinet Minister of Power and New & Renewable Energy, Hon'ble Minister of

State for Power, Secretary (Power) and other Officials of the Ministry of Power, for their continued support and guidance. I also thank the holding company, Power Finance Corporation Limited, for their continued cooperation.

I am grateful to the officials of Ministry of Finance, Ministry of Corporate Affairs, Department of Public Enterprises, Department of Investment and Public Asset Management, NITI Aayog, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and the Depositories, for their support and cooperation.

Towards constantly improving the Corporate Governance Standards of REC, I would like to thank the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with the Company.

REC's success is based mainly on the trust and goodwill of its stakeholders and for that, I would like to thank all shareholders, debenture-holders, investors, lenders, borrowers and customers, including State Governments, State power utilities and private sector entrepreneurs.

Lastly, I owe a heartfelt thanks to my esteemed colleagues on the Board for their strategic inputs and the entire workforce of REC for their untiring efforts. I look forward to valuable contribution from all of you, to embark on the journey to make REC bigger and better.

Thank you and Jai Hind!

With warm wishes,



Vivek Kumar Dewangan
Chairman & Managing Director

August 20, 2022



Notice

Notice is hereby given that the Fifty third (53rd) Annual General Meeting (AGM) of REC Limited ("REC" or "the Company") (CIN: L40101DL1969GOI005095) will be held on **Friday, September 16, 2022 at 11.00 A.M.**, Indian Standard Time (IST) through Video Conferencing/Other Audio Visual Means (VC/OAVM) to transact the following businesses:

ORDINARY BUSINESS

- Item No. 1:** To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2022 along with the reports of the Board of Directors and Auditors thereon.
- Item No. 2:** To take note of the payment of 1st, 2nd and 3rd interim dividends and declare final dividend on equity shares of the Company for the financial year 2021-22.
- Item No. 3:** To appoint a Director in place of Shri Ajoy Choudhury (DIN: 06629871), who retires by rotation and being eligible, offers himself for re-appointment.
- Item No. 4:** To fix the remuneration of Statutory Auditors for the financial year 2022-23.

SPECIAL BUSINESS

- Item No. 5: To increase the overall Borrowing Limit of the Company.**

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

"RESOLVED THAT in partial modification of earlier resolution passed by the Company in the 51st Annual General Meeting held on September 25, 2020 and pursuant to Section 180(1)(c) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) & any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to borrow such moneys or sum of moneys, from time to time, at its discretion, with or without security and upon such terms and conditions as the Board may think fit, for the purpose of business of the Company, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed aggregate of the paid up share capital of the Company and its free reserves, provided that the total amount borrowed and outstanding at any point of time in any foreign currency shall not exceed a sum equivalent to USD 16 billion (US Dollars Sixteen Billion only), in addition to ₹4,50,000 crore (Rupees Four Lakh Fifty Thousand Crore only) in Indian Rupees, as earlier approved by the shareholders."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution."

- Item No. 6: To create mortgage and/or charge on all or any of the movable and/or immovable properties of the Company.**

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

"RESOLVED THAT in partial modification of earlier resolution passed by the Company in the 51st Annual General Meeting held on September 25, 2020 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to create charge, hypothecation, mortgage on any movable and/or immovable properties of the Company wheresoever situated, both present and future and on the whole or substantially the whole of the undertaking or the undertakings of the Company in favour of any banks, financial institutions, hire purchase/lease companies, body corporate or any other persons on such terms and conditions as the Board may think fit, for the benefit of the Company and as agreed between Board and lender(s) towards security for borrowing of funds from time to time, not exceeding ₹4,50,000 crore (Rupees Four Lakh Fifty Thousand Crore only) in Indian Rupees and in any foreign currency equivalent to USD 16 billion (US Dollars Sixteen Billion only) for the purpose of business of the Company or otherwise as per the requirements of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and any other statutory and procedural formalities to be complied with in this regard."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution."

- Item No. 7: Appointment of Shri Vijay Kumar Singh (DIN: 02772733) as Director (Technical).**

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

"RESOLVED THAT pursuant to Sections 152, 161, 196 and other applicable provisions of the Companies Act, 2013 ("Act") and Rules made thereunder, Regulation 17(1C) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other applicable laws (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the Articles of Association of the Company, read with Order dated July 15, 2022 issued by the Ministry of Power, Government of India (MoP), Shri Vijay Kumar Singh (DIN: 02772733), who was appointed by the Board of Directors on recommendation of the Nomination & Remuneration Committee as Director (Technical) (Additional Director) of the Company with effect from July 15, 2022 till the date of his superannuation i.e., June 30, 2025 or until further orders, in the scale of pay of ₹180,000-340,000 (IDA), and/or subject