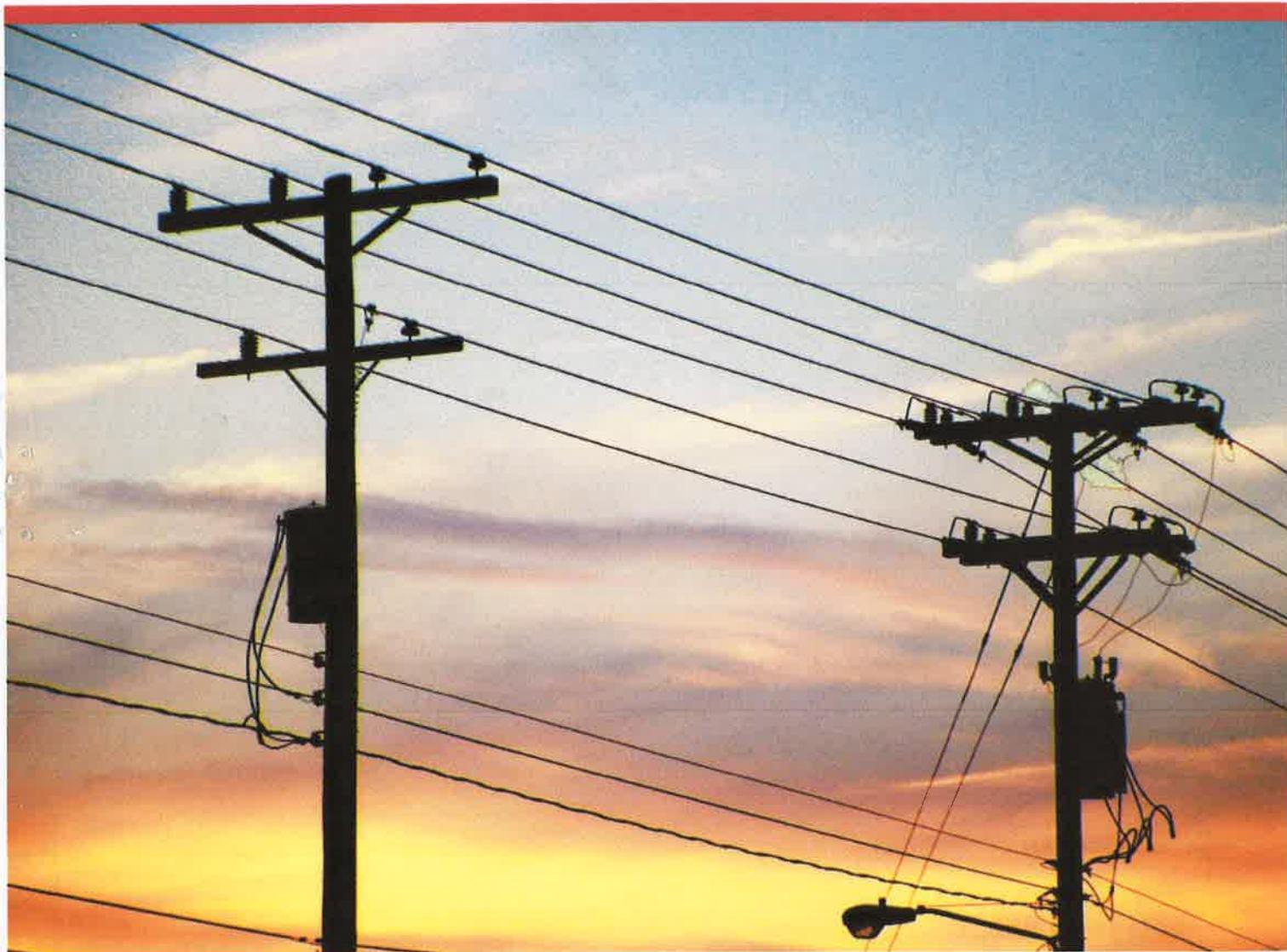


Annual Report 2013-14



REC Power Distribution Company Limited

(A Wholly Owned Subsidiary of REC Limited)

Company Information

Board of Directors:

1. Shri Rajeev Sharma
2. Shri Prakash Thakkar
3. Shri Sanjiv Garg

Statutory Auditor:

M/s Amod Agrawal & Associates
Chartered Accountants
D-58, East of Kailash,
New Delhi-110065

Bankers:

HDFC Bank Limited
State Bank of Hyderabad
Indusind Bank Limited
Axis Bank Limited
IDBI Bank Limited

Registered Office:

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003
CIN: U40101DL2007GOI165779

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Chairman's Speech

Dear Stakeholders,

During the financial year 2013-14, the global economic condition remained highly uncertain and weak, reflecting subdued growth in almost all the major economies of the world. Throughout the year 2013, the macroeconomic situation was bleak and continues to face high interest rates, inflationary pressure, escalating energy prices, weak investment sentiments, structural bottlenecks, market volatility, political instability and macroeconomic imbalances. The slowdown in a number of emerging economies under the year of review was "hard" enough, and many of these emerging economies remained vulnerable in the outlook.

Against the backdrop of the challenging environment, your Company has turned a commendable performance on all key performance parameters. The revenue and net profit jumped to Rs. 75.16 crore and Rs. 33 crore as against the previous year figures of Rs. 33.61 crore & Rs. 10.81 crore respectively.

During the year, your Company has emerged as a leader in rendering end-to-end solutions for all the needs of the customers in Distribution Sector across its entire value chain. Your Company has not only excelled in the area of Third Party Inspection (TPI) but also set its quality benchmark in preparation of DPRs through GPS based field survey. Its reports have been widely appreciated at various platforms in general and amongst our valued customers in particular. It has also ventured into new verticals of business like Project Management Consultancy, DPR preparation under RGGVY XII Five Year plan and NEF Scheme, leveraging IT tools & adopting innovative techniques to cater the needs of the customers.

Your Company has also enlarged its presence geographically as well as new business verticals with deep penetration in the market. More than 2/3rd of the orders procured during the year were through open bidding process. Further, your company is also participating in the overseas bidding in Nigeria, Etopia and Bangladesh.

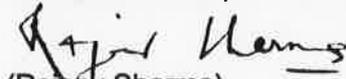
Your Company is putting in efforts to increase its business opportunity by exploring the synergy of strength of other companies in power sector and in this course a partnership is being achieved with Tata Power Delhi Distribution Limited & further partnerships are being explored through EESL, BEE at national as well as at International forums.

Moving towards its commitment to service quality, your Company have achieved ISO 9001:2008 certification which further recognize its leadership position in its core domain which will help the organization in expanding its business in future.

Further your Company has also been conferred with Asia Pacific HRM Award and SKOCH order of Merit- India's Best 2013 Award.

I would like to thank all my colleagues for their commitment and contribution towards RECPDCL. As we strengthen our core, we look at the future eagerly to continue to generate shareholders value. I am grateful to the Board of Directors for their continuous support and guidance. I would also like to express my deep gratitude to all our stakeholders for the continued faith reposed in the Company.

With best wishes,


(Rajeev Sharma)
Chairman



REC POWER DISTRIBUTION COMPANY LIMITED
REGD OFFICE: CORE 4, SCOPE COMPLEX, 7, LODHI ROAD, NEW DELHI -110003
CIN:U40101DL2007GOI165779

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of REC Power Distribution Company Limited will be held on Monday, the 1st September, 2014 at 11:30 A.M. at the Registered Office of the Company at Core-4 SCOPE Complex, 7, Lodhi Road, New Delhi-110003 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare Dividend for the Financial Year 2013-14.
3. To appoint a Director in the place of Shri Sanjiv Garg, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors.

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'M.L. Kumawat', is written over a circular stamp or seal.

(M.L. Kumawat)
 Company Secretary

Place: New Delhi

Dated: 28/08/14

To,

1. All the Directors/Members of the Company
2. Statutory Auditors of REC Power Distribution Company Limited

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/ her and the proxy need not to be a Member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.*
2. A Person appointed as proxy shall act on behalf of such member or number of members not exceeding fifty and such number of shares as may be prescribed.
3. Consent of all the Members is being obtained for calling the AGM and the circulation of Notice of the Meeting and other requisite documents at a shorter notice than 21 days.

* Proxy Form is enclosed

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2014.

1. PERFORMANCE HIGHLIGHTS

- 1.1 A summary of financial performance of the Company for the financial year ended 31st March, 2014 is as under:

Particulars	(Rs. in Hundreds)	
	As at 31 st March, 2014	As at 31 st March, 2013
Gross Income	75,16,483	30,61,159
Profit before Tax	50,18,499	15,98,105
Provisions for Taxation	17,17,861	5,17,008
Profit after Tax	33,00,638	10,81,097

1.2 Financial Performance

The performance of the company has improved and the financial performance of the company is on the fast trajectory growth path. The company's gross income during the financial year 2013-14 has increased by 145.5% to Rs.75.16 crore compared to the previous year income of Rs.30.61 crore. The Profit Before Tax (PBT) during the financial year 2013-14 has increased by 214% to Rs.50.18 crore as compared to Rs. 15.98 crore in the previous year. The Profit After Tax (PAT) during the financial year 2013-14 has also increased by 205.36% to Rs. 33 crore from Rs.10.81 crore during the previous year.

2. CAPITAL STRUCTURE

Description	(Rs. in Hundred)
	As at 31 st March, 2014
Authorized Capital	20,00,000
Issued, Subscribed and Paid up Capital*	5,000

*The entire Issued and Paid-up Capital of the Company is held by Rural Electrification Corporation Limited and its nominees.

3. TRANSFER TO RESERVES

The Company proposes to transfer Rs. 20,00,00,000/- to General Reserve out of the amount available for appropriations.

4. DIVIDEND

The Board of Directors are pleased to recommend a Final Dividend of Rs. 50/- per equity share (500% on par value of Rs. 10/- per equity share) for the financial year 2013-14.

5. REVIEW OF OPERATIONS

5.1 Work Executed and Under Execution

The company has not only excelled in the area of Third Party Inspection (TPI) but also set its quality benchmark in preparation of DPRs through GPS based field survey. Its reports have been widely appreciated at various platforms in general and our valued customers in particular. During the financial year 2013-14, the company has set the benchmark as follow:

- Preparation of 98 DPRs under RGGVY 12th plan and 33 DPRs under RE works for Rajasthan Discoms.
- Third party Inspection (TPI) of more than 11000 Villages as REC Quality Monitors.

The Company also executed other works like Material Inspection, Cost Data Preparation, Project Management Consultantancy work under RGGVY, MRI based billing during the Financial Year 2013-14.

5.2 New Initiatives

- DPR preparation works under RGGVY XIIth plan for the following Discoms:
 - I. Purvanchal Vidyut Vitaran Nigam Limited (PuVVNL) – 21 districts.
 - II. Chhattisgarh State Power Distribution Company Limited – 17 districts.
 - III. Assam Power Distribution Company Limited – 9 districts.
 - IV. Manipur State Power Distribution Company Limited – 9 districts.
 - V. Bangalore Electricity Supply Company Limited – 7 districts.
 - VI. Gulbarga Electricity Supply Company Limited – 6 districts.
 - VII. Hubli Electricity Supply Company Limited – 7 districts.
 - VIII. Mangalore Electricity Supply Company Limited – 2 districts.
 - IX. Chamundeshwari Electricity Supply Corporation Limited – 5 districts.
 - X. Jharkhand Urja Vikas Nigam Limited – 11 districts.
- Project Management Consultantancy (PMC) under RGGVY 12th plan for Purvanchal Vidyut Vitaran Nigam Limited (PuVVNL) in 14 districts.
- Detailed Project Report (DPR) preparation and PMC work under National Electricity Fund (NEF) Scheme of CSPDCL.
- DPR preparation for Installation of Solar Power Plants in schools located in remote pockets of tribal districts of Odisha to improve the problem of low voltage and disruption in power supply.
- REC quality monitors in 196 Projects & 72 Projects for RE works through open tender.
- Third party Inspection of the villages inspection of village electrification work under BRGF Fund Scheme of WBSEDCL.
- Third party inspection of erection work and material of RE work of 1291 villages under departmental scheme in Jharkhand state.

- Third party inspection works and workmanship of R-APDRP Part B works for 17 zones under MSEDCL under Maharashtra State Electricity Distribution Company Limited (MSEDCL), Maharashtra
- Preparation of DPR for revamping the rural electrification under electric supply area, (Jamshedpur, Dumla, Dhanbad).
- Consultancy works for laying of Distribution network in the areas of Mumbai for Tata Power Company Limited.
- RECPDCL achieved ISO 9001:2008 certification during the year.

6. **BOARD OF DIRECTORS**

Sl. No.	Name	Designation	Date of Re-appointment
1.	Shri Rajeev Sharma	Chairman	29.11.2011
2.	Shri Prakash Thakkar	Director	09.09.2013
3.	Shri Sanjiv Garg	Director	29.08.2012

In accordance with the provisions of Companies Act, Shri Sanjiv Garg, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

7. **HUMAN RESOURCE DEVELOPMENT**

RECPDCL renders value added consultancy services in power sector across the country with the highest quality standards to our valued clients by expert professionals drawn from REC, who have rich and expertise in the field. RECPDCL have also hired experienced professional manpower, who is working on fixed tenure basis. RECPDCL have also hired Engineering Graduates and other professionals on Contract basis for implementation of various projects across the country.

8. **TRAINING & DEVELOPMENT**

The Fixed tenure Engineers of RECPDCL have been imparted training in the field of distribution sector for their skill development. During the FY 2013-14, 3 man days/employee of training was given and MoU target have been achieved.

9. **DEPOSIT**

Your Company has not accepted any public deposit during the period under review.

10. **CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT INITIATIVE**

RECPDCL remains a responsible corporate entity mindful of social responsibilities to all stakeholders in general and society at large. RECPDCL has significantly contributed for the social development. During the FY-2013-14, RECPDCL has implemented a Corporate Social Responsibility project viz., "Awarding 125 nos. meritorious scholarship to the eminent scholars who are pursuing 2nd year of Engineering" at a cost of Rs. 30,00,000/-.

11. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as your company does not own any manufacturing facility. However, with respect to technology absorption, the computerization of material inspection is achieved. Web portal for managing Material Inspections is developed in-house which will help in call scheduling, call attended and overall MIS.

No Export activities/initiatives were carried out and no earnings or outgo in foreign exchange was made during the financial year 2012-13.

12. **PARTICULAR OF EMPLOYEES**

During the financial year 2013-14, no employee in the Company was drawing remuneration exceeding the limit as prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

13. **DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA)**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representation received from the operative management, confirm:

- a) that in the preparation of the annual accounts for the period ended 31st March, 2014, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

14. **STATUTORY AUDITORS**

M/s Amod Agrawal & Associates, Chartered Accountants were appointed by the Comptroller and Auditor General of India, as Statutory Auditors of the Company, for the financial year 2013-14. The Statutory Auditors have audited the Accounts of the Company for the financial year 2013-14 and there are no adverse comments or reservation in the Statutory Auditors' Report on the Accounts of the Company except the following observation :-

- 1. The Auditors have invited attention on Note no.36 of the Annual Accounts, stating that the company has not obtained adequate confirmations from receivables and consequently, they are unable to comment on the extent of recoverability and adequacy of provision for doubtful debts.
- 2. The Auditors have invited attention on Note.No. 28 of the Annual Accounts, stating that with regard to work in progress, income to the extent of expenses incurred and realizable from clients has not been recognized as income.

3. In Point No.1 (b) of Annexure referred in Paragraph 1 of the Draft Auditor's Report, the Auditors have stated that :

"Fixed Assets of the Company have been physically verified by the Management during the year and minor discrepancies between the book records and the physical verification have been noticed, for corrective entries are not made in the Books of Accounts, pending approval of competent authority. In our opinion the frequency of physical verification is reasonable having regard to the size of the company.

Management Reply to the comments:

S.No.	Statutory Auditor Observation	Management Reply
1.	The company has not obtained adequate confirmations from receivables and consequently, they are unable to comment on the extent of recoverability and adequacy of provision for doubtful debts	Balance confirmation letters were posted to all the Debtors/Creditors and other parties. Debtors consist mainly of State Power utilities
2.	With regard to work in progress, income to the extent of expenses incurred and realizable from clients has not been recognized as income	Recognition of revenue is based on proportionate completion method as prescribed by AS-9. However there are certain cases, where job is in progress but the invoices are not preferred since the invoice stage is not reached. Thus the income to the extent expenses incurred thereon and realisable from the clients, are not recognised as income since the same are neither ascertainable nor material. Project cost in such cases is not ascertainable as the same is not directly identifiable with various works done or in nature of being joint cost or the overheads e.g. office & miscellaneous expenses. Such costs can only be allocated on the basis of the proportion of revenue from each such project or the man-hours engaged for such project

3.	Fixed Assets of the Company have been physically verified by the Management during the year and minor discrepancies between book records and the physical verification have been noticed, for which corrective entries are not made in their Books of Accounts, pending approval of competent authority. In our opinion the frequency of physical verification is reasonable having regard to the size of the company.	After the approval of the competent authority, the corrective entries will be effected in the books of accounts for Financial Year 2014-15
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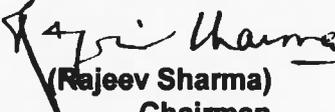
15. COMMENTS OF THE C&AG OF INDIA

The Comptroller & Auditor General (C&AG) of India has given "NIL" comments on the Financial Statements of the Company for the financial year ended 31st March, 2014 and the same are being annexed to the Annual Report.

16. ACKNOWLEDGEMENTS

The Directors are grateful to the Ministry of Power for its continued co-operation and support. The Directors also place on record their sincere appreciation for the continued support of Power Utilities, Employees, Shareholders, Stakeholders, Bankers, the Holding Company (REC), Statutory Auditors and the Comptroller & Auditor General (C&AG) of India.

On behalf of the Board


(Rajeev Sharma)
Chairman

Place: New Delhi
Date: 28th August, 2014

REC Power Distribution Company Limited
(A Wholly owned Subsidiary of Rural Electrification Corporation Limited)

BALANCE SHEET AS AT 31st March'2014

(₹ in Hundred)

Particulars	Note No.	As at 31.3.2014	As at 31.3.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	1	5,000	5,000
(b) Reserves & Surplus	2	60,17,897	27,46,508
		60,22,897	27,51,508
(2) Non- Current Liabilities			
(a) Other Long Term Liabilities	3	2,200	-
		2,200	-
(3) Current Liabilities			
(a) Trade Payables	4	5,25,535	3,85,248
(b) Other Current Liabilities	5	12,67,138	9,60,345
(c) Short Term Provisions	6	1,77,531	5,811
		19,70,204	13,51,404
TOTAL		79,95,301	41,02,912
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	7		
(i) Tangible Assets		56,079	47,109
(ii) Intangible Assets		312	6,023
(b) Non Current Investments	8	12,00,000	-
(c) Deferred Tax Assets (Net)	9	75,755	13,148
(d) Long Term Loans and Advances	10	2,43,498	2,84,616
(e) Other Non Current Assets	11	-	1,65,000
		15,75,644	5,15,896
(2) Current Assets			
(a) Trade Receivables	12	56,24,490	26,96,091
(b) Cash and Bank Balances	13	5,67,772	6,17,114
(c) Short Term Loans and Advances	14	79,893	33,163
(d) Other Current Assets	15	1,47,502	2,40,648
		64,19,657	35,87,016
TOTAL		79,95,301	41,02,912

The Significant Accounting Policies and Notes to Accounts 1 to 36 are an integral part of these financial statements

In terms of our report of even date.

For Amod Agrawal & Associates

Firm Registration no. 100578016

Chartered Accountants

Virendra Kumar

Partner

M. No. 85380

Place : New Delhi

Date : 19/05/2014

For and on behalf of the Board

S.K. Lohani

CEO

Sanjiv Garg

Director

Prakash Thakkar

Director

REC Power Distribution Company Limited
(A Wholly owned Subsidiary of Rural Electrification Corporation Limited)

Statement of Profit & Loss for the Year ended 31st March 2014 (₹ in Hundred)

Particulars	Note No.	Year ended 31.3.2014	Year ended 31.3.2013
Revenue from Operations	16	73,99,482	29,82,078
Other Income	17	1,17,001	79,081
(I) Total Revenue		75,16,483	30,61,159
Expenses :			
Consultancy Fees		8,67,793	3,62,436
Employee Benefit Expenses	18	3,84,865	3,16,737
Manpower Hired		7,45,697	4,94,296
Finance Cost	19	17,252	2,134
Depreciation & Amortisation	7	24,300	10,754
Other Expenses	20	2,23,209	1,44,799
Prior period Adjustments (net)	21	30,337	11,023
Provision for Doubtful Debt		56,542	55,944
Provision for Contingencies of project cost revisions		1,47,990	64,931
(II) Total Expenses		24,97,984	14,63,054
(III) Profit before exceptional items & Tax (I-II)		50,18,499	15,98,105
(IV) Exceptional Items		-	-
(V) Profit before Tax (III-IV)		50,18,499	15,98,105
(VI) Income Tax Expenses:			
-Previous Year		7,904	-1,497
-Current Year		17,72,564	5,34,302
-Deferred tax	9	-62,607	-15,797
Profit for the Year (V-VI)		33,00,638	10,81,097
Earning per share			
Basic of ₹ 10/- each		66	22
Diluted of ₹ 10/- each		66	22

The Significant Accounting Policies and Notes to Accounts 1 to 36 are an integral part of these financial statements

In terms of our report of even date.

For Amod Agrawal & Associates

Firm Registration No. 005780N

Chartered Accountants

Virendra Kumar
Virendra Kumar

Partner

M. No. 85380



For and on behalf of the Board

S.K. Lohani
S.K. Lohani
CEO

Sanjiv Garg
Sanjiv Garg
Director

Prakash Thakkar
Prakash Thakkar
Director

Place : New Delhi

Date : 19/05/2014

Note 1 - SHARE CAPITAL		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Authorised shares 2,00,00,000 (previous year: 2,00,00,000) Equity shares of ₹ 10 each	20,00,000	20,00,000
Issued, Subscribed and Paid up shares 50,000 (previous year: 50,000) fully paid up Equity shares of ₹ 10 each	5,000	5,000
Total	5,000	5,000

The shareholders of the equity shares of the company are entitled to receive dividends as and when declared by the company and enjoy proportionate voting rights in case any resolution is put to vote

Shareholders holding more than 5% of fully paid-up equity shares :			
Name of Shareholders	No. of Share	As at 31.03.2014 Percentage	As at 31.03.2013 Percentage
49,994 Equity Shares held by Rural Electrification Corporation Ltd (Holding Company) through its CMD and balance 6 equity through other as nominee. (Previous year 50,000) equity shares of ₹ 10 each fully paid.	50,000	100%	100%

Note 2 - RESERVES & SURPLUS		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(I) General reserve		
Opening Balance	19,88,550	11,88,550
Add: Transfer from Surplus Account	20,00,000	8,00,000
Closing Balance	39,88,550	19,88,550
(II) Surplus/(Deficit) in the statement of profit & loss		
Balance as at the beginning of the year	7,57,958	4,82,672
Add: Profit during the year	33,00,638	10,81,097
Less: Appropriations		
Transfer to General Reserve	20,00,000	8,00,000
Proposed Dividend	25,000	5,000
Dividend tax	4,249	811
Net Surplus	20,29,347	7,57,958
Total	60,17,897	27,46,508

Note 3 - Other Long Term Liabilities		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Security deposits	2,200	-
Total	2,200	-

Note 4 - Trade Payables		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Trade payable	5,25,535	3,85,248
Total	5,25,535	3,85,248



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Note 5 - Other current Liabilities		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(i) Other liabilities	9,884	4,706
(ii) Payable to RBC Limited (Holding Company)	31,256	1,58,842
(iii) TDS payable	94,665	39,009
(iv) Service tax not due	40,129	42,524
(v) Advances from customers	9,49,946	5,66,648
(vi) Creditor for expenses	1,01,151	1,17,076
(vii) Security deposits	40,107	31,540
Total	12,67,138	9,60,345

Note 6 - Short Term Provisions		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(i) Provision for contingencies of project cost revisions	1,15,043	-
(i) Proposed dividend	25,000	5,000
(iii) Dividend tax payable	4,249	811
(iv) Provision for Income tax (net of advance tax/TDS)	24,981	-
(v) Provision for interest on Income tax	8,258	-
Total	1,77,531	5,811

Note 8 - Non-Current Investment		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Trade Investments (Quoted) (valued at cost unless stated otherwise)		
(a) Investment in bonds		
(I) Investment in holding company		
(i) Rural Electrification Corporation Limited (15 year secured redeemable 8.46% Tax free bonds) 50000 Bonds of face value of ₹ 1000/- each, fully paid	5,00,000	-
(ii) Rural Electrification Corporation Limited (15 year secured redeemable 8.63% Tax free bonds)* 20000 Bonds of face value of ₹ 1000/- each, fully paid	2,00,000	-
(II) Investment in other	5,00,000	-
Housing and Urban Development Corporation Ltd (20 year secured redeemable 8.76% Tax free bonds) 50000 Bonds of face value of ₹ 1000/- each, fully paid		
Total	12,00,000	-
Aggregate market value of Quoted Investments	10,08,500	-
Aggregate cost of Quoted Investments*	2,00,000	-
Aggregate provision for diminution in value of Investments	-	-
* No trading done as on 31st March, 2014		

Note 9 - Deferred Tax		
(₹ In Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Opening Deferred Tax Liability /(Asset)	-13148	2649
Deferred Tax Liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,582	5,003
Gross Deferred Tax Liability	1,582	5,003
Deferred Tax Assets		
Provision for Doubtful debts	38,234	18,151
Provision for Contingencies of project cost revisions	39,103	-
Gross Deferred Tax Assets	77,337	18,151
Net Deferred Tax Liability /(Asset)	-75,755	-13,148
Net Deferred Tax Liability /(Asset) for the year	-62,607	-15,797

CHARTERED ACCOUNTANTS
 NEW DELHI

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Note 7- Fixed Assets

(₹ In Hundred)

Fixed Assets as at 31.3.2014

	FIXED ASSETS				GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening	Additions during the year	Sales/ adjustment during the year	Closing	Opening	Dep for the period ending 31.3.14	Disp / Written off	Closing	As at 31.3.2014	As at 31.3.2013				
Tangible Assets	Cameras	16,655	6,250	113	22,792	7,487	7,460	91	14,856	7,936	9,168			
	Furniture & Fitting	2,154	-	188	1,967	2,005	13	188	1,830	137	150			
	Computers	21,038	10,656	-	31,693	4,833	5,829	-	10,662	21,031	16,204			
	GPS	21,383	16,651	121	37,913	2,633	11,513	72	14,075	23,839	18,750			
	Inspection Equipment	3,580	466	-	4,046	743	166	-	909	3,136	2,837			
	Sub- Total	64,810	34,022	421	98,411	17,700	24,982	350	42,332	56,079	47,109			
Intangible Asset	Computer Software	7,417	207	6,600	1,024	1,394	-682	-	712	312	6,023			
	Sub- Total	7,417	207	6,600	1,024	1,394	-682	-	712	312	6,023			
	Grand Total	72,226	34,230	7,021	99,435	19,094	24,300	350	43,044	56,391	53,132			
	Previous Year	37,870	34,357	-	72,226	8,340	10,754	-	19,094	53,132	29,530			



Note 10 - Long Term Loans and Advances		
(₹ in Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(i) Security for Rent	3,315	3,475
(ii) Advance Income -Tax(net of provisions)	2,40,183	2,81,141
Total	2,43,498	2,84,616

Note 11 - Other Non-Current Assets		
(₹ in Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Deposits with banks having maturity more than 12 months	-	1,65,000
Total	-	1,65,000

Note 12 - Trade Receivables		
(₹ in Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(i) Trade Receivables outstanding for a period exceeding 6 months from the date they are due for payment		
> Unsecured considered good	12,26,360	15,27,694
> Unsecured considered doubtful	1,12,487	55,944
Less: Provision for doubtful debts	1,12,487	55,944
	12,26,360	15,27,694
(ii) Others		
- considered good	43,98,130	11,68,397
Total	56,24,490	26,96,091

Note 13 - Cash and Bank Balances		
(₹ in Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
Cash and cash equivalents		
Balances with banks		
(i) In current account	3,91,295	1,77,804
(ii) Deposits with original maturity of less than 3 months	27,303	3,24,310
Total (A)	4,18,598	5,02,114
Other bank balances		
(a) Deposits with original maturity of more than 3 months but upto 12 months	19,174	1,15,000
(b) Deposits with original maturity of more than 12 months	1,30,000	1,65,000
Total (B)	1,49,174	2,80,000
Total Cash & Bank Balances (A+B)	5,67,772	7,82,114
Less: Amount disclosed under non current assets	-	1,65,000
Total	5,67,772	6,17,114



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Note 14 - Short Term Loans and Advances		
(₹ in Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(Unsecured considered good)		
(i) Advance to Employees	879	2,230
(ii) Earnest Money Deposits (EMD)	1,239	1,089
(iii) Advance to Suppliers	72,686	24,755
(iv) Security Deposit	5,089	5,089
Total	79,893	33,163

Note 15 - Other Current Asset		
(₹ in Hundred)		
Description	As at 31.03.2014	As at 31.03.2013
(i) Works contract Tax	-	601
(ii) Service Tax (CENVAT)	1,06,790	1,79,573
(iii) Interest accrued on term deposits	14,485	27,781
(iv) Interest accrued on non-current Investments	23,714	-
(v) Prepaid expenses	1,757	-
(vi) Service Tax on excess paid / income reversal	756	32,693
Total	1,47,502	2,40,648

Note 16 - Revenue from Operation		
(₹ in Hundred)		
Description	Year ended 31.03.2014	Year ended 31.03.2013
Income from consulting engineer services		
(i) Inspection fees	18,83,991	23,09,083
(ii) Consultancy fees	55,15,491	6,72,995
Total	73,99,482	29,82,078

Note 17 - Other Income		
(₹ in Hundred)		
Description	Year ended 31.03.2014	Year ended 31.03.2013
(I) Interest income		
(i) Interest on term deposits	76,645	64,732
(ii) Interest on non-current Investments	31,594	-
(iii) Others	6,186	-
	1,14,425	64,732
(II) Other non operating income		
(i) Liquidated damages	71	4,705
(ii) Non refundable earnest money deposit	1,939	9,590
(iii) Other miscellaneous Income	553	54
	2,563	14,349
(III) Profit on sale of capital assets	13	-
Total	1,17,001	79,081

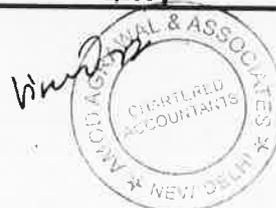


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Note 18 - Employee Benefits Expense		
(₹ in Hundred)		
Description	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and wages	70,419	40,217
Reimbursement of salaries to REC Ltd. (Holding Company)	3,08,494	2,74,240
Staff welfare expense	5,952	2,280
Total	3,84,865	3,16,737

Note 19 - Finance Cost		
(₹ in Hundred)		
Description	Year ended 31.03.2014	Year ended 31.03.2013
(I) Interest		
(i) On income tax	14,361	3
(ii) To REC Ltd. (Holding Company)	1,153	-
(iii) Others	25	2
(II) Bank charges	1,713	2,129
Total	17,252	2,134

Note 20 - Other Expenses		
(₹ in Hundred)		
Description	Year ended 31.03.2014	Year ended 31.03.2013
Auditor's remuneration	1,235	1,214
Advertisements	6,936	6,892
Books & periodicals	93	36
Communication expenses	5,796	3,407
Rates & taxes	2	16
Loss on fixed assets discarded	71	-
Corporate social responsibility & sustainable development	32,705	8,670
Rent	44,207	40,905
Hire charges of equipments and vehicles	27,345	17,976
Printing and stationery	15,663	9,627
Power and fuel	7,955	5,508
Travelling & conveyance	49,309	23,442
Office maintenance	4,948	5,016
Postage & courier	3,757	3,688
Legal & professional charges	1,716	3,790
Repairs to plant & machinery	1,292	784
Security services	4,480	4,143
Miscellaneous expense	15,699	9,685
Total	2,23,209	1,44,799
Payment to Auditor		
(₹ in Hundred)		
Description	Year ended 31.03.2014	Year ended 31.03.2013
As Auditor:		
(i) Audit fee	650	750
(ii) Tax audit fee	350	250
(iii) Internal audit fee	235	214
Total	1,235	1,214



Note 21 - Prior Period Adjustments (NET)		
Description	(₹ in Hundred)	
	Year ended 31.03.2014	Year ended 31.03.2013
Prior period expenses		
(i) Corporate social responsibility	28,600	-
(ii) Others	2,083	11,023
Liabilities written back	-495	-
Others	149	-
Total	30,337	11,023



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REC POWER DISTRIBUTION COMPANY LIMITED

(A wholly owned subsidiary of Rural Electrification Corporation Limited)

22. SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Business

The company is engaged in the engineering consultancy business, the deliverables are generally in form of the reports being submitted at various intervals.

b) Accounting Convention

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006, (as amended) and the relevant provisions of Companies Act, 1956 / 2013. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

d) Tangible Fixed Assets

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

e) Depreciation

- a) Depreciation on assets is provided on pro-rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956 except in case of GPS & Cameras, where depreciation has been charged at higher rate than prescribed under Schedule XIV.

Particulars	Rates (SLM)	Schedule XIV Rates (SLM)
Camera	16.21%	4.75%
GPS	16.21%	4.75%

- b) 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, instead of charging the same on pro-rata basis from the date of purchase/sale.
- c) Depreciation on assets purchased during the year up to Rs 5,000/- is provided @ 100%.

f) Intangibles

Intangible Asset (Software) costs relating to acquisition of initial software licence fee and installation costs are capitalized in the year of purchase.




REC POWER DISTRIBUTION COMPANY LIMITED
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

Intangible Assets (Software) are amortized on a straight-line basis over its useful life, which is considered to be of a period of five years.

g) Impairment of assets

- i) The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value of use, the estimated future cash flows are discounted to their present value a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to asset.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

h) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i) Investments

Investments that are readily realizable and intended to be held not for more than year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

j) Borrowing Costs

Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are included in the book value of the respective assets and other borrowing costs are charged to Statement of Profit and Loss.

k) Revenue Recognition

- a. Revenue is recognised based on proportionate completion method as per clause 7.1(i) of Accounting Standard-9.
- b. Income for services rendered commensurate with the work completed under the contract is accounted for :
 - (i) As per invoice (bill) raised in accordance with contractual stipulations;
 - (ii) As per proportionate revenue for works completed but invoices not raised.
- c. Consultancy fees are taken as income excluding the amount of Service Tax collected as payable under the Finance Act, 1994.
- d. Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest Income is included under the head "Other Income" in the Statement of Profit and Loss.



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REC POWER DISTRIBUTION COMPANY LIMITED
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

l) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

Cash & cash equivalents in the balance sheet comprise of bank balances and cash in hand and short-term investments with original maturity of three months or less.

m) Income Taxes

Income Tax expenses comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22 of the Institute of Chartered Accountants of India. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

n) Employee Benefits

RECPDCL recruits Fixed Tenure Employee for a period not more than 3 years and are being paid more than the minimum threshold prescribed in the respective Acts, hence there is no case where any provisions need be made for the employee benefits e.g. Gratuity, Provident Fund, Employee State Insurance, Leave Encashment etc. during the financial year ended on 31st March 2014 or in earlier years.

o) Contingent Liabilities

A Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



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REC POWER DISTRIBUTION COMPANY LIMITED
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

q) Earnings per share

Basic Earnings per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity share outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit/loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all diluted potential equity shares.

r) Segment Reporting

RECPDCL's main business is to provide Engineering Consultancy and Quality Assurance Services to Power Utilities Sector. Accordingly, the Company falls under single segment as per Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.

OTHER NOTES ON ACCOUNTS

23. The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
24. Change in Accounting estimate during the year :
- a) The Company has revised the estimated useful life of certain plant and machinery based on the technical estimates made by the management. Accordingly, additional depreciation of ₹ 5,055 hundreds has been accounted for in the Statement of Profit and Loss for the current year.
 - b) The Company has changed the method of providing Provision For Doubtful Debts from the earlier policy of providing @ 5% of PAT for the year. In pursuance of new policy, Provision for Doubtful Debts is made based on the ageing of Trade Receivables. Accordingly, less provisions has been made by ₹ 1,11,316 hundred in the Statement of Profit and Loss for the current year.
 - c) The Company has made, based on past experience, a Provisions for Contingencies of Project Cost Reversals by making a provision @ 2% of current year's turnover to mitigate the likely income reversal on account of revision in the project costs. Accordingly, provisions has been made for ₹ 1,47,990 hundred in the Statement of Profit and Loss for the current year.
25. In compliance to the Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, Contingent liabilities has been disclosed as below:



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REC POWER DISTRIBUTION COMPANY LIMITED
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

A) Contingent Liabilities

Particulars	(₹ In Hundred)	
	For the Year ended 31.03.2014	For the Year ended 31.03.2013
(a) Claims against the Company not acknowledged as debts	2,147	Nil
(b) Others- Bank Guarantee for contract performance	4,36,423	52,467
(c) Contested Income Tax liability on account of certain addition for AY 2010-11	327	327
(d) Contested interest demand u/s 234 (B) for AY 2010-11 adjusted by the Tax Authorities against the refund due for the same year.	82,281	82,281

B) Details of Provisions are as under:-

(₹ In Hundred)

Provision for	Opening Balance	Additions during the year	Paid/Adjusted during the year	Closing Balance
Contingencies of project cost revisions	-	1,47,990	32,947	1,15,043
Previous Year	-	64,931	64,931	-
Proposed Dividend	5,000	25,000	5,000	25,000
Previous year	5,000	5,000	5,000	5,000
Corporate Dividend Tax	811	4,249	811	4,249
Previous year	811	811	811	811

26. Capital Commitments

Particulars	(₹ In Hundred)	
	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for.	Nil	Nil

27. The disclosure as per AS 18 - Related Party Disclosure:-

- A.** The REC Power Distribution Company Limited is a wholly owned Subsidiary of Rural Electrification Corporation Limited. All key decisions are taken by the Board of REC Power Distribution Company Limited where the REC nominees exercise the control. The Key Management Personnel of the Company are employees of the Holding Company (REC Ltd) deployed on part time basis. No management remuneration is paid to such representatives by the company.

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REC POWER DISTRIBUTION COMPANY LIMITED
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

B. Related Party Transactions

(₹ in Hundred)

Nature of Transactions	Holding Company	
	For the Year ended 31.03.2014	For the Year ended 31.03.2013
i) Income from rendering of Service	6,38,668	82,578
ii) Reimbursement of Employee Benefit Expenses	3,08,494	2,74,240
iii) Dividend on Equity	25,000	5,000
iv) Interest expense on outstanding dues	1,153	-
v) Investment in tax free bonds	7,00,000	-
vi) Interest on long term investments		
- On 8.46% bonds	23,558	-
- On 8.63% bonds	662	-

C. Balances outstanding at the year end

(₹ in Hundred)

Name of Related Party	As at 31.03.2014	As at 31.03.2013
Trade receivable from REC Ltd.	2,56,502	7,972
Payable to REC Ltd.	31,256	1,58,842
Rural Electrification Corporation Limited (Net) (Holding Company)	2,25,246(Dr.)	1,50,870(Cr.)

No amount has been provided for/ written off.

Wherever any expenditure is incurred or payment made by the Holding Company on behalf of the Company, procedural and statutory requirements with regard to deduction of Tax at source and other statutory compliances, as applicable, are complied by the Holding Company.

The employee benefit expenses have been accounted for as apportioned by Holding Company on the following basis:

For employees of Holding Company working of Subsidiary Company (RECPDCL), proportionate Cost to the Company (CTC) of employees have been charged to RECPDCL as salary/establishment expenditure according to the estimated time spent by these employees on the basis of cost ratio details provided by Holding Company on monthly basis.

Administrative overheads allocation of Holding Company has been taken on the basis of basic salary of employees of Holding Company working for Subsidiary Company multiplied by ratio of total overhead cost and the total basic salary of the Holding Company according to the estimated time spent by these employees on monthly basis.

Interest on cost incurred by Holding Company on behalf of Subsidiary Company is provided on the basis of average cost of borrowing of M/s REC Limited excluding borrowing under Section 54EC of the Income Tax Act, 1961 for any overdue beyond 30 days from the date of invoice of REC Ltd.

28. As per our Accounting policy, revenue is recognized based on proportionate completion method as per clause 7(i) of Accounting Standard-9. However there are certain cases, where job is in progress but the invoices are not preferred since the invoice stage is not reached. Thus the income to the extent expenses incurred thereon and realisable from the clients, are not recognized as income since the same are neither ascertainable nor material.
29. The Company has taken office premise and various computers & its equipments under operating lease agreements. These are generally cancellable and are renewable by mutually agreed terms. There are no sub leases. These payments are recognized as an expense in the Statement of Profit

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REC POWER DISTRIBUTION COMPANY LIMITED
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

and Loss. The disclosure in respect of cancellable operating leases is given below:

Nature of Lease	(₹ in Hundred)	
	As at 31.03.2014	As at 31.03.2013
Corporate Office Rent	39,780	39,780

30. In compliance to the Accounting Standard – 20 on “Earning Per Share” issued by the Institute of Chartered Accountants of India, Earnings per Share (Basic & Diluted) is worked out as under:-

Particulars	(₹ in Hundred)	
	As at 31.03.2014	As at 31.03.2013
Numerator		
➤ Profit after tax as per Statement of profit and loss	33,00,638	10,81,097
Denominator		
➤ Weighted average numbers of Equity Shares	50000	50000
Earnings per Share		
Basic	66	22
Diluted	66	22
Nominal Value of shares (In ₹)	10/-	10/-

31. Advances / dues from Directors & other Officers of the Company :

Designation	As at	Maximum Amount	As at	Maximum Amount
Category Officer	31.03.2014	Outstanding During the Year ending 31.03.2014	31.03.2013	Outstanding During the Year ending 31.03.2013
Chairman	Nil	Nil	Nil	Nil
Company Secretary	Nil	Nil	Nil	Nil

32. Information regarding foreign currency transactions disclosure as required under Schedule VI of the Companies Act, 1956 / 2013 is nil.
33. As per the information available with the Company, there is no due to Micro, Small and Medium Enterprise.
34. Figures have been rounded off to the nearest Hundred.
35. The Previous Year's figures have been regrouped/ recasted/ rearranged, wherever necessary.
36. As per the information available with the Company, confirmations have been obtained to the extent of 32% of Trade Payables and 15% of Trade Receivables in terms of value.

In terms of our report of even date.

For Amod Agrawal & Associates

Chartered Accountants

Virendra Kumar

Partner

M. No. 85380

Firm Regd. No.: 005780N



For and on behalf of the Board

S. R. Lohani

CEO

Sanjiv Garg

Director

Prakash Thakkar

Director

Place: New Delhi

Date 19/05/2014

REC Power Distribution Company Limited
(A Wholly owned Subsidiary of Rural Electrification Corporation Limited)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March'14

(₹ In Hundred)

Particulars	Year ended 31.3.2014	Year ended 31.3.2013
A. Cash Flows from Operating Activities:		
Net profit before Tax	50,18,499	15,98,105
Adjustment for		
Other expenses	17,252	2,134
Depreciation	24,300	10,754
Provision for doubtful debt	56,542	55,944
Provision for contingencies of project cost revisions	1,15,043	-
Interest Income	-1,14,425	-64,732
Loss on assets discarded	71	-
Profit on sale of assets	-13	-
Operating profit before working capital changes	51,17,269	16,02,205
Increase/(Decrease)		
Trade receivable	-29,84,942	-5,87,658
Other current assets	93,146	51,002
Short term loans and advances	-46,730	-93,299
Long term loans & advances	41,118	-26,742
Other non current assets	1,30,826	-2,80,000
Trade payables	1,40,287	-23,410
Other current liabilities	3,06,793	-2,59,104
Other long term liabilities	2,200	150
Cash Generated from Operations	27,99,967	3,83,144
Less:		
Income tax paid/advance	-12,86,000	-3,93,000
Increase in TDS	-4,61,228	-2,12,191
Net Cash from Operating Activities	10,52,739	-2,22,047
B. Cash Flows from Investing Activities:		
Purchase of fixed assets	-27,630	-34,357
Sale of fixed assets	13	-
Investments in tax free bonds	-12,00,000	-
Interest Income	1,14,425	64,732
Net Cash from Investing Activities	-11,13,192	30,375
C. Cash Flows from Financing Activities:		
Payment of dividend	-5,000	-5,000
Payment of dividend tax	-811	-831
Other expenses	-17,252	-2,134
Net Cash used in Financing Activities	-23,063	-7,965
Net Increase in Cash & Cash Equivalents (A+B+C)	-83,516	-1,99,637
Cash and Cash Equivalents at the beginning of the year	5,02,114	7,01,751
Cash and Cash Equivalents as at the end of the year	4,18,598	5,02,114
Components of Cash and Cash Equivalents		
Cash on Hand	-	-
Cheques on Hand	-	-
Balances with Scheduled Banks :		
- On Current Accounts	3,91,295	1,77,804
- On Term Deposits	1,76,477	6,04,310
Cash & Bank Balances	5,67,772	7,82,114
Less: Term deposits not considered as cash & cash equivalents		
- Deposits having maturity more than 3 months	1,49,174	2,80,000
	4,18,598	5,02,114

In terms of our report of even date
For Amod Agrawal & Associates
Firm Registration No. 005780N
Chartered Accountants
Vijendra Kumar
Partner
M. No. 85380
Place : New Delhi
Date : 17/05/2014



For and on behalf of the Board

S.K. Lohani
CEO

Sanjiv Garg
Director

Prakash Thakkar
Director



To The Members of
REC Power Distribution Company Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of REC Power Distribution Company Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EMPHASIS OF MATTER

- 1) Without qualifying our report, attention is invited to note no. 36 of the financial statements which indicates that the company has not obtained adequate confirmations from receivables and therefore balances are subject to confirmation. As such we are unable to comment on the extent of recoverability of trade receivables outstanding for a long period consequently on the adequacy of provision for doubtful debts made by the company.



- 2) We draw attention to note no.28 of financial statements regarding work in progress which indicates certain cases where jobs is in progress but the invoices are not preferred since the invoice stage is not reached .Thus the income to the extent expenses incurred thereon and realizable from clients ,are not recognised as income. Management believes that the same are neither ascertainable nor material. As per the accounting policy of the company, revenue is recognised based on proportionate completion method as prescribed by Accounting Standard -9.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March,2014 ;
- b) In the case of the Statement of Profit & Loss , of the profit for the year ended on that date ; and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, and Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account
 - d) in our opinion, the Balance Sheet, and Statement of Profit and Loss and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956,except as mentioned in the paragraph 2 of Emphasis of Opinion prescribed above.
 - e) in terms of Department of Company Affairs Notification No. GSR 829(E), dated 21st October,2003 Government of Companies are exempt from applicability of provisions of section 274(1)(g) of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place : New Delhi

Dated : 19-MAY-2014

For AMOD AGRAWAL & ASSOCIATES
Chartered Accountants

Firm Registration No. 005780N

Virendra Kumar

(VIRENDRA KUMAR)

Partner

Membership No. 85380

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of REC Power Distribution Company Ltd. on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) Fixed assets of the company have been physically verified by the management during the year and minor discrepancies between the book records and the physical verification have been noticed, for which corrective entries are *not made in the books of account, pending approval of competent authority*. In our opinion the frequency of physical verification is reasonable having regard to the size of the Company.
- (c) Since a substantial part of fixed assets have not been disposed off during the year so as to effect the going concern principle, paragraph 4(1)(c) of the Companies (Auditor's Report) Order 2003 (hereinafter referred to as the Order) is not applicable.
- II. The Company does not have any stocks accordingly provisions of clause II(a), (b), (c) of the order are not applicable.
- III. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956, paragraph 4(iii) of the order is not applicable.
- (b) The Company has not taken any loan from parties covered under section 301 of the Companies Act 1956, paragraph 4(iii) of the order is not applicable.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of fixed assets, and with regard to the sale and services. During the course of our audit, no major weakness has been noticed in the internal controls. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- V. In our opinion and according to the information and explanations given to us the Company has not made any transaction in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- VI. In our opinion and according to the information & explanation given to us, the Company has not accepted any deposits from the public.
- VII. In our opinion, the internal audit needs to be strengthened with respect to scope and frequency to commensurate with its size of the Company and nature of its business.



- VIII. In our opinion and according to the information & explanation given to us maintenance of cost records has not been prescribed by the Central Government under clause (d) of subsection (l) of section 209 of the Act.
- IX. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues as applicable to the Company including Income-Tax, Cess, Service tax and other material statutory dues with the appropriate authorities during the year except in some cases delay in deduction and deposit of income tax (TDS) have been noticed. Investor Education and Protection Fund, Employee's State Insurance, Sales-Tax, Wealth Tax, Custom Duty, and Excise Duty are not applicable to the company during the year.
- (b) According to the information & explanation given to us, no undisputed amounts payable in respect of Income Tax, Cess, Service tax and other undisputed statutory dues as applicable were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, there are no dues outstanding of income tax, service tax, and Cess on account of any dispute. Custom duty, excise duty and wealth tax are not applicable during the year.
- X. The Company has no accumulated losses at the end of the financial year. It has not incurred Cash losses in the current year, and immediately preceding financial year.
- XI. Based on our audit procedures and according to the information and explanation given to us, the Company has not taken any loan from any financial institutions or bank. Therefore, the provision of clause (xi) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- XII. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the provisions of Clause 4(XII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIII. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- XIV. The Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(XIV) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanations given to us the company did not raise any long term loan during the year.
- XVII. According to the records examined by us and according to the information and explanations given to us, on overall examination of the balance sheet of the Company, we report that prima facie no funds raised on short term basis have been used for long-term investment.



- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956.
- XIX. According to the information and explanation given to us and the records examined by us, the Company has not issued debentures.
- XX. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For AMOD AGRAWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 005780N

Place : New Delhi

Dated : 19-May-2014

Virendra Kumar

(VIRENDRA KUMAR)
Partner
Membership No. 85380

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
REC POWER DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED 31
MARCH 2014**

The preparation of financial statements of REC Power Distribution Company Limited, New Delhi for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of REC Power Distribution Company Limited, New Delhi for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

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

Tanuja Mittal

(Tanuja S. Mittal)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board – III,
New Delhi

Place: New Delhi
Dated: 22 August 2014



REC POWER DISTRIBUTION COMPANY LIMITED

REGD OFFICE: CORE 4, SCOPE COMPLEX, 7, LODHI ROAD, NEW DELHI -110003

CIN: U40101DL2007GOI165779

PROXY FORM

**(Pursuant to Section 105(6) of Companies Act, 2013 & Rule 19 of Companies
(Management & Administration) Rules, 2014)**

CIN: U40101DL2007GOI165779

Name of the Company: REC Power Distribution Company Limited

Registered Office: Core-4, Scope Complex, 7, Lodhi Road, New Delhi-110003

I/We,

Being

The

Name of the Member (s):

Registered Address:

E-mail Id:

Folio No. /Client id:

Member (s) of _____ shares of the above named company, hereby appoint

1) _____ of _____ having e-mail id _____ or failing him

2) _____ of _____ having e-mail id _____ or failing him

3) _____ of _____ having e-mail id _____ or failing him

**As my/our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the _____
Annual general meeting/Extraordinary general meeting of the company, to be held on the ___
day of ___ At ___ a.m/p.m. at _____(place) and at any adjournment thereof in respect of such
resolutions as are indicated below :**

Resolution No.

1

2.....

3.....

Signed thisday of2014

Signature of Shareholder(s)

Signature of 1st Proxy holder

Signature of 2nd Proxy holder

Signature of 3rd Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.

**Affix revenue
stamp of
appropriate
value**