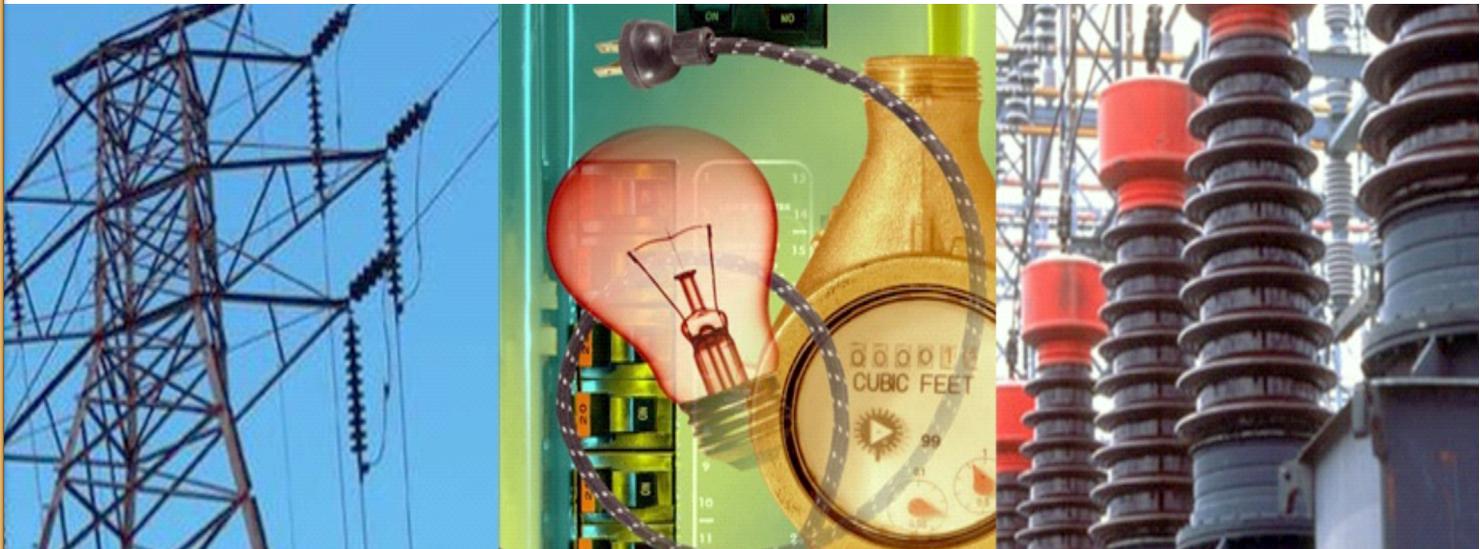


# REC POWER DISTRIBUTION COMPANY LIMITED

**We Work Towards...**  
**Strengthening State Power Utilities**



**We are known for...**  
**Delivering Beyond Expectations!**

 **REC**  
**POWER DISTRIBUTION**  
ISO 9001:2008 & ISO 14001:2004  
Certified Company

### OBJECTIVES AND FINANCIAL HIGHLIGHTS

REC Power Distribution Company Limited (RECPDCL), is a wholly owned subsidiary of Rural Electrification Corporation Limited (REC), A 'Navratna' Government of India Enterprise under the administrative control of the Ministry of Power, was incorporated on July 12, 2007 and received Certificate for Commencement of business on July 31, 2007. The focus of Company is to facilitate the power utilities in the areas of their operation specifically relating to the Power Distribution Sector, by providing expertise to capitalize on the emerging needs and demands of Power Sector. The Objectives of the Company are as under:

#### OBJECTIVES:

- To Promote, develop, construct, own, operate, distribute and maintain 66 KV and below voltage class electrification/ distribution electric supply lines/Distribution System.
- To Promote, Develop, Construct, Own and Manage Decentralized Distributed Generation (DDG) and Associated Distribution System.
- Consultancy/Execution of works in the above areas for other agencies/government bodies in India and abroad.

#### FINANCIAL HIGHLIGHTS - Consistent growth since inception

( ₹ in lakh except EPS)

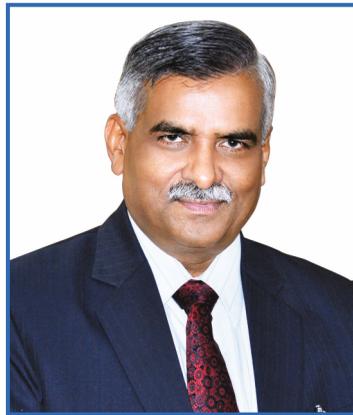
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Shareholders' Fund (at the end of the year)</b>								
Equity Share Capital	5	5	5	5	5	5	5	5
Reserves & Surplus	9435	6018	2747	1608	790	412	314	178
Net Worth	9440	6023	2752	1613	795	417	319	182
<b>Financial Results</b>								
Total Revenue from operations	8776	7516	3061	2328	2045	1002	527	359
Profit Before Tax	5252	5018	1598	1286	617	157	223	269
Profit After Tax	3477	3301	1081	867	404	103	142	178
Earnings Per Share (in ₹ )	6955	6601	2162	1734	808	207	284	356

<b>CONTENTS</b>	<b>PAGE NO.</b>
1. Corporate Information	2
2. Board of Directors	3
3. Chairman's Letter to Shareholders	5
4. Notice of AGM	7
5. Board's Report	11
6. Extract of Annual Return	22
7. Particulars of Contracts or Arrangements with Related Parties	28
8. Balance Sheet	29
9. Statement of Profit & Loss	30
10. Notes to Accounts & Significant Accounting Policies	31
11. Cash Flow Statement	45
12. Independent Auditors' Report on Financial Statements	47
13. Comments of C&AG of India on Financial Statements	51
14. Key Officials	52

**CORPORATE INFORMATION**

<b>BOARD OF DIRECTORS</b>	Shri Rajeev Sharma, Non-Executive Director & Chairman Shri Prakash Thakkar, Non-Executive Director Shri Sanjiv Garg, Non-Executive Director
<b>CHIEF EXECUTIVE OFFICER</b>	Dr. Dinesh Arora, IAS, Chief Executive Officer (CEO)
<b>KEY OFFICIALS</b>	Shri S. C. Garg, Additional CEO Shri M. L. Kumawat, Company Secretary (CS) Shri Ajay Kumar, Chief Technical Officer (CTO) Shri Somya Kant, Chief Financial Officer (CFO)
<b>REGISTERED OFFICE</b>	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003. Tel. No.: 011-24369690 Fax No.: 011-24365815 E-mail: recpdcl@rediffmail.com Website: www.recpdcl.in
<b>CORPORATE OFFICE</b>	1016-1023, 10 <sup>th</sup> Floor, Devika Tower, Nehru Place, New Delhi-110019. Tel. No.: 011-44128751 to 44128769 (20 lines) Fax No.: 011-44128768 E-mail: recpdcl@rediffmail.com Website: www.recpdcl.in
<b>CORPORATE IDENTIFICATION NUMBER (CIN)</b>	U40101DL2007GOI165779
<b>HOLDING COMPANY</b>	Rural Electrification Corporation Limited (A Government of India Enterprise) (CIN : L40101DL1969GOI005095)
<b>STATUTORY AUDITORS</b>	M/s Amod Agrawal & Associates, Chartered Accountants, (Firm Registration No. 005780N) D-58, East of Kailash, New Delhi-110065.
<b>INTERNAL AUDITORS</b>	M/s Goyal Parul & Co., Chartered Accountants, (Firm Registration No. 016750N) 78, J Extension, 3 <sup>rd</sup> Floor, Near Guru Ramdass School, Laxmi Nagar, Delhi-110092.
<b>BANKERS</b>	IndusInd Bank Limited HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Axis Bank Limited State Bank of Bikaner and Jaipur State Bank of Hyderabad

## BOARD OF DIRECTORS



**(Shri Rajeev Sharma)**  
Non-Executive Director & Chairman



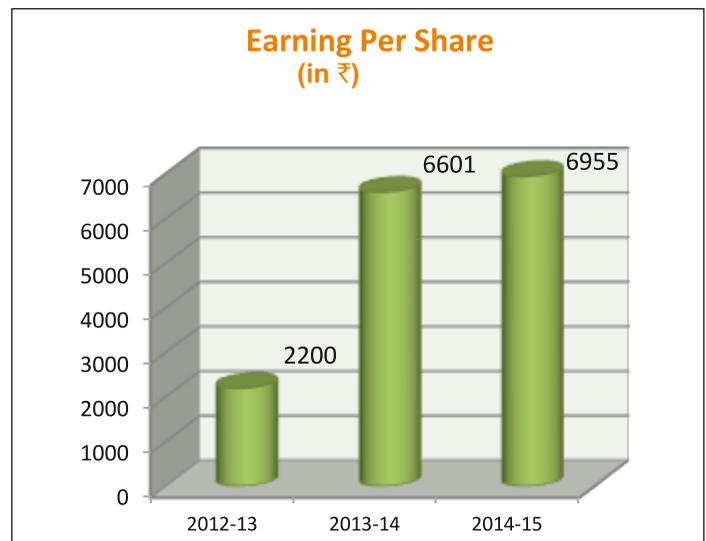
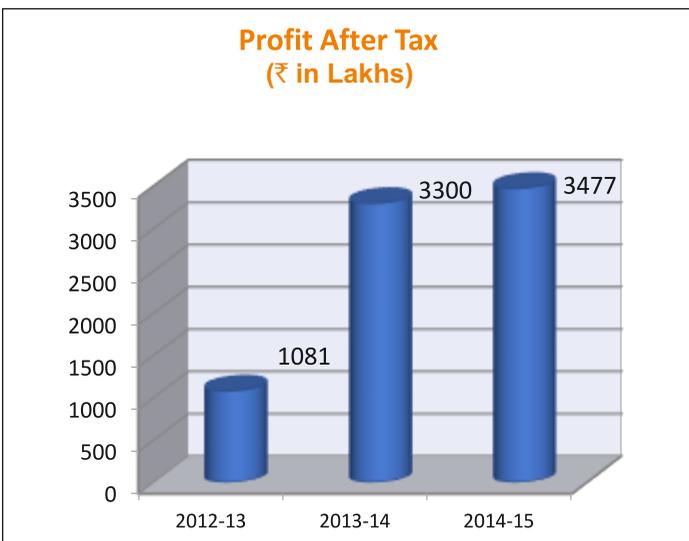
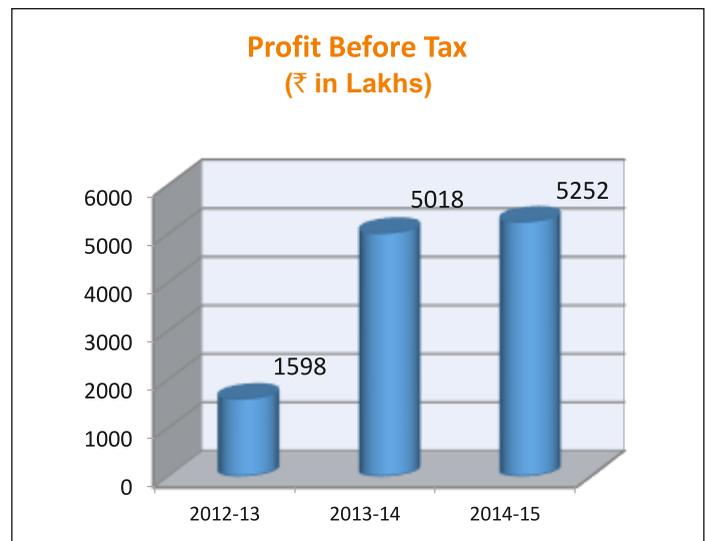
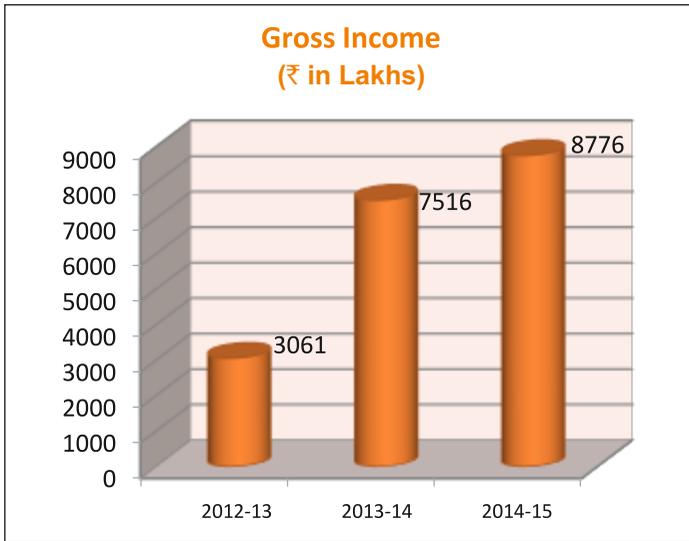
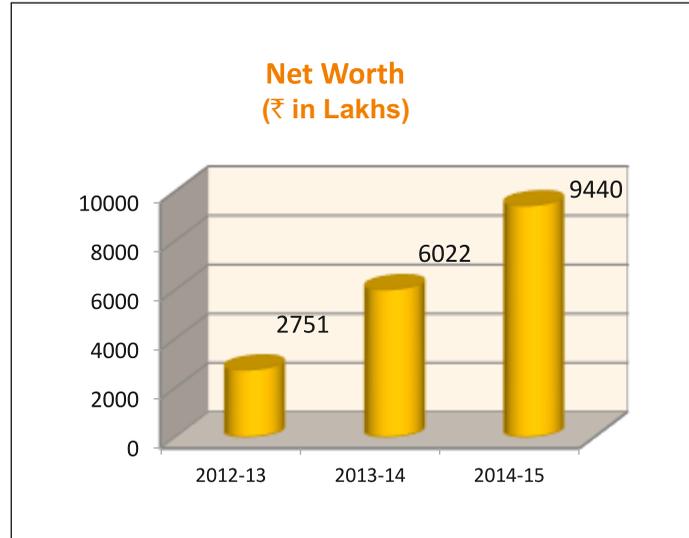
**(Shri Prakash Thakkar)**  
Non-Executive Director



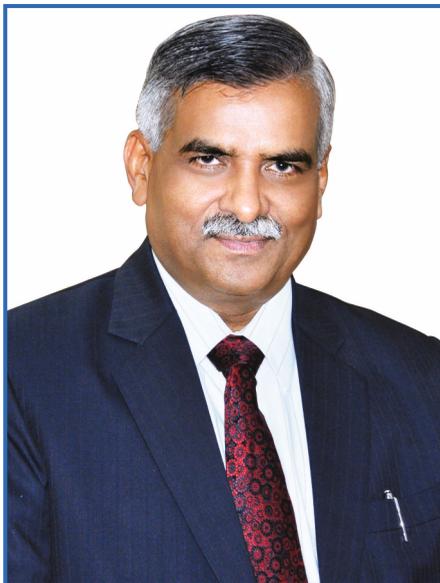
**(Shri Sanjiv Garg)**  
Non-Executive Director



**(Dr. Dinesh Arora, IAS)**  
Chief Executive Officer



## CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholders,

It is my privilege to present you the 8<sup>th</sup> Annual Report of your Company. A stable government at the Centre has kick started the process of reforms and policy measures aimed at inclusive development. The year 2014-15 was a year of optimism for the Indian economy. The Government's emphasis on ease-of-doing business is visible in initiatives like "Make in India", Digital India, streamlining forest and environment clearances, labour reforms and auction of coal blocks. Daunting challenges are still there and it will take some more time for the results to show on the economy as a whole. Nevertheless, beginning has been made, which augurs well. On the global front, the economic recovery on the whole has not come out of the woods barring a few exceptions. The financial condition of major developed economies is still a major cause of concern. Among the developed economies, only US has shown signs of promise, while the ongoing recession in Europe in past few years has added Greece as a new member after Portugal and Italy to the financial contagion. Japan has resorted to quantitative easing for stemming the subdued growth and China is witnessing decreased economic activity of late. The prevailing situation has posed challenges before emerging and developing economies owing to subdued external demand from these markets.

Amidst the challenging business environment, REC Power Distribution Company Limited (RECPDCL) sustained its performance with improved profitability, revenues and orders during the year under report. The gross income of your Company for the financial year 2014-15 has increased by 16.75% to ₹ 87.76 crore from ₹ 75.16 crore during the previous year. The Profit Before Tax (PBT) has increased to ₹ 52.52 crore from ₹ 50.18 crore during the FY 2014-15. The Profit After Tax (PAT) during the financial year 2014-15 has also increased to ₹ 34.77 crore from ₹ 33.00 crore during the previous year.

The Board of Directors of your Company has recommended a dividend of ₹ 100/- (Rupees One Hundred only) per equity share (on the face value of ₹ 10/- each) representing 1000% of the Paid-up Share Capital of the Company for the financial year 2014-15, subject to approval of Shareholders of the Company in the 8<sup>th</sup> Annual General Meeting. The total dividend pay-out for the financial year 2014-15 will amount to ₹ 50 lakh (excluding dividend distribution tax).

During the financial year 2014-15, your Company has not only excelled in its core business viz Preparation of Detailed Project Report (DPR), Third Party Inspection (TPI), Material Inspection & Project Management Consultancy (PMC) Services, but also marked its footprint in new business area viz Project Implementation under R-APDRP Part A scheme, Enhancement of Energy Efficiency mission and execution of turnkey works relating to the construction of toilets (using conventional and prefab technology) in schools under CSR initiatives of Rural Electrification Corporation Limited under Swachh Vidyalaya Abhiyan.

Your Company was selected as Implementing Agency to manage Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE). PRGFEE is a risk sharing mechanism to provide participating financial institutions (Banks/NBFCs/PFIs) with a partial coverage of risk involved in extending loans for energy efficiency projects being developed by Energy Services Companies (ESCO). It is an initiative of Government of India under its mission for Enhanced Energy Efficiency and Bureau of Energy Efficiency (BEE) is the nodal agency for this program.

The performance of your Company in terms of MoU signed with the holding company Rural Electrification Corporation Limited for the financial year 2013-14 has been rated as "Excellent" by the Department of Public Enterprises (DPE), Government of India. For the financial year 2014-15 also the performance of the Company is poised to receive "Excellent" rating.

Your Company is looking forward to get more diversified business opportunities in various new High end Technology consultancy and implementation business viz. Smart Grid implementations, Solar PV Projects, LED Lighting-Energy Saving Projects etc.

Your Company has been conferred with ISO 14001:2004 Quality Assurance Certification for implementing Quality Management Systems in the field of management of environmental aspects related to carrying out all the administrative and other allied activities through protection of environment in Corporate Office of the Company.

I take this opportunity to express my sincere gratitude for the immense support and guidance received by your Company from Power Utilities, State Governments, Employees, Shareholders, Stakeholders, Bankers, the Holding Company (REC) and Statutory Auditors. I also thank the Comptroller & Auditor General of India. I would like to express my thanks and gratitude to my esteemed colleagues on the Board and to all employees of RECPDCL for their unswerving commitment to their work. I convey my special thanks to all Stakeholders of the Company for their support and goodwill and for their continuing confidence in the Company's performance. I am confident that with a dedicated and committed resource of employees and support of our esteemed stakeholders, your Company will continue to deliver its responsibilities and steer ahead in the direction of excellent performance for yet another year in succession.

With best wishes,



(Rajeev Sharma)

Chairman

DIN: 00973413

Place: New Delhi

Date: 8<sup>th</sup> September, 2015

## NOTICE

Notice is hereby given that the Eighth (8<sup>th</sup>) Annual General Meeting (AGM) of REC Power Distribution Company Limited ("RECPDCL" or "the Company") (CIN:U40101DL2007GOI165779) will be held on Thursday, September 10, 2015 at 4.00 P.M. at Registered Office of the Company at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India to transact the following businesses:-

## ORDINARY BUSINESS

- 1) To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2015 along with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare Dividend on equity shares of the Company for the financial year 2014-15.
- 3) To appoint a Director in place of Shri Prakash Thakkar (DIN: 01120152), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To fix the remuneration of Auditors for the financial year 2015-16.

## SPECIAL BUSINESS

### 5) To approve overall Borrowing Limit of the Company.

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

**"RESOLVED THAT** 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) 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 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 capital of the Company and its free reserves, provided that the total amount borrowed and outstanding at any point of time shall not exceed a sum of ₹ 400 crore (Rupees Four Hundred Crore Only) including already Borrowed money/Bank Guarantees availed as on date."

**"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."

### 6) To create mortgage and / or charge 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 Special Resolution:

**"RESOLVED THAT** 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 whosoever 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 ₹ 400 crore (Rupees Four Hundred Crore Only) (including charges, hypothecation and mortgage already created on all or any of the movable and/ or immovable properties of the company) 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.”

By order of the Board of Directors  
For REC Power Distribution Company Limited



(M.L. Kumawat)  
Company Secretary

Registered Office:  
Core-4, SCOPE Complex,  
7, Lodhi Road, New Delhi-110003.  
CIN: U40101DL2007GOI165779  
Dated: 8<sup>th</sup> September, 2015.

#### NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE AGM. BLANK PROXY FORM OF THE MEETING IS ATTACHED AND ALSO AVAILABLE ON THE COMPANY'S WEBSITE i.e. www.recpdcl.in.**
2. Consent of all the Members is being obtained for calling AGM and the circulation of Notice of the meeting and other requisite documents at a shorter notice of less than 21 days.
3. The Dividend @ ₹ 100/- per equity share, as recommended by the Board of Directors in its Meeting held on May 22, 2015, subject to the provisions of Section 123 of the Companies Act, 2013, if approved by the Members at this Annual General Meeting, will be paid to the members or their mandates whose names appear in the Register of Members of the Company.
4. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, their remuneration shall be fixed by the company in a General Meeting or in such manner as the company in a General Meeting may determine.

In the 7<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 1, 2014, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors/Joint Statutory Auditors of the Company for the financial year 2014-15. Accordingly, the Board of Directors in its Meeting held on October 13, 2014 approved the payment of remuneration of ₹ 1,30,000/- (Rupees One Lakh Thirty Thousand only) inclusive out of pocket expenses plus service tax as applicable to Statutory Auditors, M/s Amod Agrawal & Associates, Chartered Accountants, New Delhi for the financial year 2014-15.

Further, pursuant to Section 139(5) of the Companies Act, 2013, M/s Amod Agrawal & Associates, Chartered Accountants, New Delhi (Firm Reg. No.: 005780N) has been appointed as Statutory Auditors of the Company for the financial year 2015-16 by the C&AG of India. Therefore, it is proposed to obtain approval of the Members of the Company in Annual General Meeting to fix the remuneration of Statutory Auditors for the financial year 2015-16, on similar lines as done for the last financial year. **Accordingly, the Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2015-16.**

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.**

THE FOLLOWING STATEMENT SETS OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE.

**ITEM NO. 5**

REC Power Distribution Company Limited (RECPDCL) is a wholly owned subsidiary of Rural Electrification Corporation Limited (REC), engaged in the business of Engineering Consultancy and Quality Assurance Services in power sector. The operations of the Company are well diversified and the Company's business horizon is widening day by day. The Company with full enthusiasm pursuing business with various state utilities and agencies and its present growth rate is 200% and the order book of the Company has also reached ₹419 crore at the end of financial year 2014-15. Further, the order book of the Company is expected to reach ₹800-₹900 crore by the end of Financial Year 2015-16. During the initial years, the Company was receiving business/work mainly on Nomination basis but now-a-days, most of the work orders are being awarded to the Company through competitive bidding process.

The Company, as per requirements of its business, needs to enter into Legal/Commercial Agreements which requires various covenants to be fulfilled by our Company e.g. furnishing of Earnest Money Deposit(s) (EMD), Security Deposit(s), Performance Guarantee(s), Bank Guarantee(s) for drawing Advances/ Mobilization Advances etc. and other Guarantees as may be required in terms of tender/agreement conditions. Accordingly, the Bank Guarantee(s) are required to be furnished valuing upto 20% to 30% of the work order value.

As per Section 180 (1) (c) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Board of Directors of the Company shall not, except with the consent of the Company by passing a Special Resolution, borrow moneys, together with the moneys already borrowed by the Company, in excess of the paid-up capital and free reserves of the Company.

Thus, in view of the business in hand and prospective business, the Board of Directors of the Company in its 50<sup>th</sup> Meeting held on September 8, 2015 has approved the proposal related to borrow the funds in the form of Non Fund Based BG Limit as well as Fund Based OD/CC Limit tie-ups/ Loans in form of Short Terms/Medium Terms/Long Terms/Working Capital Loans etc., upto the total amount borrowed and outstanding at any point of time shall not exceed a sum of ₹ 400 crore (Rupees Four Hundred Crore Only) including already Borrowed money/Bank Guarantees availed as on date

In view of the aforesaid provisions, you are requested to grant your consent to the Special Resolution as set out at Item No. 5 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, either financial or otherwise, in passing of the said Special Resolution, except to the extent of their shareholding in the Company/ holding Company.

**ITEM NO.6:**

In terms of the provisions of Section 180(1) (a) of the Companies Act, 2013, a company cannot sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking or undertakings of the company without the consent of the Shareholders of the Company by way of a Special Resolution.

The operations of the Company have increased substantially and in order to meet the growing fund requirements of the Company, funds are raised by creation security on the immovable/movable properties of the Company. Since the creation of charge/mortgage tantamount to otherwise disposing of the undertakings of the Company, it shall be necessary to pass a Special Resolution under Section 180(1) (a) of the Companies Act, 2013.

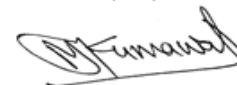
Therefore, it is proposed to authorize the Board of Directors of the Company to mortgage/create charge on immovable and/or movable properties of the Company, both present and future, for securing loan in the form of Non Fund Based BG Limit as well as Fund Based OD/CC Limit tie-ups/ Loans in form of Short Terms/Medium Terms/Long Terms/Working Capital Loans etc., upto an overall limit of ₹ 400 crore and all outstanding borrowings (including BGs) at any point of time shall not exceed this amount or otherwise as per the requirements of Section 180(1)(a) of the Companies Act, 2013, Rules made there under and any other statutory and procedural formalities to be complied with in this regard.

The Board of Directors of the Company in its 50<sup>th</sup> Meeting held on September 8, 2015 has approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by members of the Company.

In view of the aforesaid provisions, you are requested to grant your consent to the Special Resolution as set out at Item No. 6 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, either financial or otherwise, in passing of the said Special Resolution, except to the extent of their shareholding in the Company/ holding Company.

By order of the Board of Directors  
For REC Power Distribution Company Limited



(M.L. Kumawat)  
Company Secretary

**Registered Office:**

Core-4, SCOPE Complex,  
7, Lodhi Road, New Delhi-110003  
CIN: U40101DL2007GOI165779  
Dated: 8<sup>th</sup> September, 2015.

**BRIEF RESUME OF THE DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON SEPTEMBER 1, 2014.**

No Director has been appointed on the Board of the Company, since last Annual General Meeting held on September 1, 2014.

**BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 8<sup>TH</sup> ANNUAL GENERAL MEETING.**

Name	Shri Prakash Thakkar (DIN: 01120152)
Date of Birth	October 20, 1955 (Age:59 years)
Date of Appointment	April 23, 2010
Qualifications	Bachelor's degree in Electrical Engineering from Maharaja Sayajirao University, Baroda.
Expertise in specific Functional area	Shri Thakkar has over 36 years of rich and diversified experience of power sector which includes Hydro Generation, Substation Engineering and Distribution. He has also served as Advisor to Government of Nepal for operation & maintenance of Devighat Hydro Electric Project during the year 1985-86. He is a member of AIMA and has also served as Nominee Director on the Boards of various companies. He is also the Chairman and Director of Energy Efficiency Services Limited. He has authored/co-authored various technical papers in National and International seminars.
Directorship held in other Companies	<ul style="list-style-type: none"> <li>· Rural Electrification Corporation Limited;</li> <li>· REC Transmission Projects Company Limited; and</li> <li>· Energy Efficiency Services Limited.</li> </ul>
Membership/Chairmanship of Committees across all Public Companies other than RECPDCL	Two
Number of Meetings attended by him during the year	During the Financial Year 2014-15, out of 8 Meetings he has attended 7 Meetings.
Number of equity shares held in the Company	1 equity share of ₹ 10/- as nominee of Rural Electrification Corporation Limited.
Remuneration paid	All the Non-Executive Directors on the Board of the Company are nominated by the holding company, therefore, they are not entitled to any remuneration from the Company.

## BOARD'S REPORT 2014-15

To  
The Shareholders,  
Your Directors have pleasure in presenting the Eighth Annual Report of your Company together with the Audited Financial Statements for the financial year ended March 31, 2015.

### 1. PERFORMANCE HIGHLIGHTS

- 1.1 The summary of audited financial results of the Company for the financial year ended March 31, 2015 is as under with comparative position of previous year's performance: (₹ in Hundred)

Financial Parameters	FY 2014-15	FY 2013-14
Revenue from Operations	85,43,493	73,99,482
Other Income	2,32,553	1,17,001
<b>Total Revenue</b>	<b>87,76,046</b>	<b>75,16,483</b>
<b>Total Expenses</b>	<b>35,23,760</b>	<b>24,97,984</b>
<b>Profit before Tax</b>	<b>52,52,286</b>	<b>50,18,499</b>
Provisions for Taxation	17,75,031	17,17,860
<b>Profit after Tax</b>	<b>34,77,255</b>	<b>33,00,639</b>
Reserve & Surplus	94,34,636	60,17,897
Net Worth	94,39,636	60,22,897

### 1.2 Financial Performance

The revenue of your Company for the financial year 2014-15 has increased by 16.75% to ₹ 87.76 crore from ₹ 75.16 crore during the previous year. The Profit Before Tax (PBT) has increased to ₹ 52.52 crore from ₹ 50.18 crore in the previous year. The Profit After Tax (PAT) during the financial year 2014-15 has also increased to ₹ 34.77 crore from ₹ 33.00 crore during the previous year.

Earnings Per Share (EPS) for the financial year ended March 31, 2015 was ₹ 6,955/- of ₹ 10/- each as against ₹ 6,601/- in the previous year. Net worth of the Company as on March 31, 2015 has increased by 56.75 % to ₹ 94.40 crore from ₹ 60.22 crore in the previous year.

### 1.3 Share Capital

The Issued and Paid up Share Capital of the Company as on March 31, 2015 was ₹ 5 lakh divided into 50,000 equity shares of ₹ 10/- each against the Authorized Share Capital of ₹ 20 crore divided into 2,00,00,000 equity shares of ₹ 10/- each. The entire Issued and Paid-up Share Capital of your Company is held by the holding company Rural Electrification Corporation Limited (REC), a Government of India Enterprise and its nominees.

### 1.4 Dividend

The Board of Directors of your Company has recommended a dividend of ₹ 100/- (Rupees One Hundred only) per equity share (on the face value of ₹ 10/- each) representing 1000% of the Paid-up Share Capital of the Company for the financial year 2014-15 subject to approval of Shareholders of the Company in the 8<sup>th</sup> Annual General Meeting, as against ₹ 50/- (Rupees Fifty only) per share, representing 500% of the Paid-up Share Capital of the Company, in the previous year. The total dividend pay-out for the financial year 2014-15 will amount to ₹ 50 lakh (excluding dividend distribution tax).

## 2. REVIEW OF OPERATIONS

During the financial year 2014-15, your Company has not only excelled in its core business viz Preparation of Detailed Project Report (DPR), Third Party Inspection (TPI), Material Inspection & Project Management Consultancy (PMC) Services, but also marked its footprint in very new business arena viz Project Implementation under R-APDRP Part A scheme, Enhancement of Energy Efficiency mission and execution of turnkey works relating to the construction of toilets (using conventional and prefab technology) in schools under CSR initiatives of REC under Swachh Vidyalaya Abhiyan.

The major assignments undertaken during the financial year 2014-15 are as follows:-

### 2.1 Preparation of DPR under DDUGJY & IPDS

Government of India has launched Integrated Power Development Scheme (IPDS) for the Urban areas for Strengthening of sub-transmission and distribution network, Metering, IT enablement of distribution sector, Establishment of National Power Data Hub at Central Electricity Authority (CEA) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for the rural areas for separation of agriculture & non-agriculture feeders, strengthening & augmentation of Sub-Transmission & Distribution (ST&D), Rural electrification etc.

Your Company has further geared up for assignments relating to preparation of DPR including Need Assessment Document (NAD) for various DISCOMs. The details of milestones achieved in this field are as under:-

- Preparation of DPR/NAD of total value of ₹8,964.80 crore under DDUGJY scheme for 5 DISCOMs i.e. PVVNL-Meerut, DVVNL-Agra, MPMKVCL-Bhopal, CSPDCL-Raipur, WBSIEDCL-Kolkata; and
- Preparation of NAD/DPRs of total value of ₹ 1,478.65 crore under IPDS scheme for PVVNL-Meerut, Uttar Pradesh.

## 2.2 Project Management Consultancy

Your Company is rendering services to various power utilities as Project Management Consultant (PMC) *inter alia* in the field of bid management, monitoring of execution of the project till completion. The details of key assignments are as under:

- Works under RGGVY/DDUGJY scheme for XII Five Year Plan in 21 Districts of Uttar Pradesh for Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL);
- Works under DDUGJY & IPDS scheme in 14 Districts of Uttar Pradesh for Paschimanchal Vidyut Vitran Nigam Limited (PVVNL);
- Works under DDUGJY & IPDS scheme for Goa Electricity Department (GED);
- Works under DDUGJY & IPDS scheme for Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVCL); and
- Works under DDUGJY & IPDS scheme for West Bengal State Electricity Distribution Company Limited (WBSIEDCL).

## 2.3 Quality Monitoring and Inspection

Your Company has provided Quality Inspection & Quality Monitoring Services to various Distribution Companies (DISCOMs) across the country. Your Company has completed more than 800 Nos. of Material Inspections on behalf of REC and different power utilities of various states i.e. West Bengal, Bihar, Jharkhand, Uttar Pradesh, etc. Your Company has also completed various assignments across the country relating to Quality Monitoring and Third Party Inspection (TPI) of electrification of villages, divisions and towns.

## 2.4 Project Implementation works

**Partial Risk Guarantee Fund for Energy Efficiency:** Your Company has taken up lead to have its presence in the Energy Efficiency sector. The Company got success in open tender to get selected as Implementing Agency to manage Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE) of ₹ 312 crore. It is an initiative of Government of India under its Mission for Enhanced Energy Efficiency. Bureau of Energy Efficiency (BEE) is the nodal agency for this program. PRGFEE is a risk sharing mechanism lowering the risk to the lender (Banks/NBFCs/PFIs) by substituting part of the risk of the borrower by granting guarantees ensuring repayment of part of the loan upon a default event for energy efficiency projects being developed by Energy Services Companies (ESCO). BEE has signed an agreement with consortium of RECPDCL-REC-EESL for this fund, where your Company is working as lead & implementing agency.



Shri Somya Kant, CFO, RECPDCL and Shri Sanjay Seth, Secretary BEE signed and exchanged the Implementing Agency Agreement for PRGFEE in the presence of Dr. Ajay Mathur, Director General, BEE and other senior officials of REC & EESL.



Shri Rajeev Sharma, Chairman, RECPDCL and Dr. Dinesh Arora, IAS, CEO, RECPDCL at the launch of 'Swachh Vidyalaya Abhiyaan' in Ballia, Uttar Pradesh on October 2, 2014.

**Swachh Vidyalaya Abhiyan:** Your Company has been appointed as Project Implementing & Monitoring Agency for building of toilets in schools in more than 30 districts of Bihar, Rajasthan, Madhya Pradesh, Uttar Pradesh, Telangana and Punjab states under REC's CSR Initiatives under 'Swachh Vidyalaya Abhiyan' (SVA). The work for construction of toilets was carried out on war footing basis being a flagship programme of Government of India. Various Photos on achieving different milestone in construction of toilets are uploaded on the portal of Ministry of Power (MoP).

The estimated construction cost of 7,095 Nos. of toilets is around ₹ 110 crore and construction work is completed for all these toilets including in some of the most naxalite affected area i.e. Jamui and Gaya districts of Bihar state.

Your Company has also received appreciation for the excellent work carried out. This project establishes your Company's capability of execution of some of the difficult projects of national importance in a time bound and efficient manner. Your Company will receive Project Implementing & Monitoring charges against this assignment.

- **R-APDRP Part A:** Your Company is carrying out IT implementation works covering consumer indexing, GIS mapping, Automated Meter Reading (AMR) & Automated Data Logging for all Distribution Transformers (DTs)/Feeders under R-APDRP Part-A scheme for Electricity Department in the state of Goa. All four towns i.e. Panjim, Margao, Mapusa and Marmagao of Goa state covering approximately 3700 km<sup>2</sup> area and around 5.16 lakh consumers will be benefitted through this project.

## 2.5 Other Important Assignments

- **Load Research and Analysis of the DISCOMs:** Your Company has undertaken the assignment through competitive bidding relating to Load Research Analysis for South Bihar Power Distribution Company Limited (SBPDCL) & North Bihar Power Distribution Company Limited (NBPDC) under Demand Side Management (DSM) scheme on behalf of Energy Efficiency Services Limited (EESL).

The objective of this assignment was to analyze the current load profile of DISCOM consisting different class of consumers and to disaggregate this by priority sector, detailed end-user load profiling and analysis by major end-use category. To accomplish the Project successfully, various activities viz. Complete Load Research activity, inclusive of Research Design formulation, Preparation of Research Methodology, Preparation of final Survey Questionnaire format, Field Data Collection, Data Analysis & Preparation of Reports were undertaken by your Company.

- **Preparation of Cost Data Book:** Your Company was also engaged by Delhi Electricity Regulatory Commission (DERC) for preparation of Cost Data Book for Distribution Licensees in NCT of Delhi as per the Standard Specifications of major electrical equipments being used for various T&D projects by the Distribution Licensees.

## 2.6 New Initiatives & assignments ahead

Your Company is looking forward to get into more diversified business opportunities. The opportunities under consideration are as follows:-

- **Solar PV Project:** To promote the utilization of renewable energy to save environment, your Company has taken initiatives to undertake Rooftop solar PV Projects. Your Company has submitted a proposal to work as Project Management Consultant for designing and implementation of Solar Rooftop Power Plant to Delhi Police Training College (PTC), Delhi. Salient features of projects are:-
  - Tentative Solar Project with Capacity of 444 kWp;
  - This will be established on rooftop of 21 buildings which will also save land utilization;
  - Power evacuation from generating station through Net Metering & 5 year maintenance;
  - Tentative saving after erection of Solar plant in electricity bills is expected to be 35%; and
  - It will become a part of 1000 MW rooftop Solar PV Project conceived by Government of India.
- **LED Lighting-Energy Saving Project:** Your Company is taking forward steps to engrave the opportunity to implement the project of Replacement of Conventional Streetlight with LED based lighting under ESCO model for North Delhi Municipal Corporation (NDMC), Delhi. LED Lighting has lot of advantages in terms of luminance and economical savings. As per forecast studies done, the energy saving will be more than 50% by using LED lighting over conventional street lighting also the market size of Indian LED industry will reach approximate ₹21,600 crore by 2020. Moreover, the 'Make in India' drive launched by Government of India boosted up the LED industry in India and in this regard your Company has submitted a proposal to NDMC. Salient features of the projects are as follows:
  - Total Nos. of Street lights to be replaced by LED: 1.51 lakh (approx.);
  - Period of replacement of LED: 12 months;
  - Replacement warranty and Comprehensive maintenance: 7 years;
  - Incorporating centralized 24x7 call centre for complaint addressing;
  - Tentative reduction in energy consumption is expected: 62%; and
  - Automatic switching ON/OFF feature with Central Control Monitoring System (CCMS) through mini Supervisory Control & Data Acquisition System (SCADA).

- Future Business Endeavors: Your Company is planning & focusing in various new High end Technology consultancy and implementation business viz. Smart Grid implementations etc.

## 2.7 ISO 14001:2004 Quality Assurance Certification

Your Company has been conferred with ISO 14001:2004 Quality Assurance Certification, for implementing Quality Management Systems as per ISO 14001:2004 in the field of management of environmental aspects related to carrying out all the administrative and other allied activities through protection of environment in Corporate Office of the Company.

## 3. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### 3.1 Board of Directors

As per Article 114 of Articles of Association of Company, the number of Directors of the Company shall not be less than 3 and not more than 12. Your Company is headed by Chairman and Managing Director (CMD) of Rural Electrification Corporation Limited (holding Company of RECPDCL) and does not have any Executive Director on its Board. As on March 31, 2015, your Company has three Directors on its Board, as per details mentioned below:

Sl. No.	Name	Designation	DIN	Date of appointment / reappointment
1.	Shri Rajeev Sharma	Chairman & Non-Executive Director	00973413	29.11.2011
2.	Shri Prakash Thakkar	Non-Executive Director	01120152	09.09.2013
3.	Shri Sanjiv Garg	Non-Executive Director	00891755	01.09.2014

All the Non-Executive Directors on the Board of your Company are nominated by the holding company, therefore, they are not entitled to any remuneration from the Company. During the year under review, there was no change in the Board of Directors of the Company.

As per Article 115 of Articles of Association of Company, the Chairman & Managing Director of REC is the Ex-officio part time Chairman on the Board of the Company, who shall not be liable to retire by rotation.

Further, as per the provisions of the Companies Act, 2013, Shri Prakash Thakkar (DIN: 01120152) shall retire by rotation at the 8<sup>th</sup> Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his reappointment as Director, till the date of his superannuation or directorship in the holding Company. His brief resume is annexed to the Notice of the Annual General Meeting.

### 3.2 Numbers of Meeting of Board, Directors' attendance at Board Meetings and last Annual General Meeting (AGM).

During the financial year 2014-15, Eight (8) meetings of Board of Directors of the Company were held on (i) April 7, 2014; (ii) May 19, 2014; (iii) August 13, 2014 (iv) August 28, 2014; (v) October 13, 2014; (vi) December 9, 2014; (vii) December 22, 2014; and (viii) March 9, 2015.

For the financial year 2014-15, the details of Directors' attendance at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships held by Directors are tabled below:-

Sl.No.	Name of Director	Board Meetings			Attendance at Last AGM (held on September 1, 2014)	No. of other Directorships as on March 31, 2015
		Held during the tenure	Attended	Percentage of Attendance		
1.	Shri Rajeev Sharma	8	8	100	Present	2
2.	Shri Prakash Thakkar	8	7	87.50	Present	3
3.	Shri Sanjiv Garg	8	7	87.50	Present	3

Further, the Board has constituted a "Corporate Social Responsibility (CSR) Committee". However, no meeting of the CSR Committee was held during the financial year 2014-15. The Board has not constituted any other committee.

### 3.3 Key Managerial Personnel

The Paid-up Share Capital of the Company being ₹ 5 lakh only, the provisions of the Section 203(1) of Companies Act 2013 read with the Companies Rules, 2014 relating to appointment of Key Managerial Personnel is not applicable and hence, your Company has not appointed any Key Managerial Personnel.

However, for operational convenience and managing day to day affairs, holding company of your Company has deployed the following officials on part-time/full-time basis:

Sl. No.	Name	Designation
1.	Dr. Dinesh Arora, IAS	Chief Executive Officer (CEO)
2.	Shri S. C. Garg	Additional CEO
3.	Shri M. L. Kumawat	Company Secretary
4.	Shri Ajay Kumar	Chief Technical Officer (CTO)
5.	Shri Somya Kant	Chief Financial Officer (CFO)

#### 4. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are as under:

Meeting No.	Financial Year	Date	Time	Venue	Whether any Special Resolution passed
5 <sup>th</sup>	2011-12	August 14, 2012	05.00 PM	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	No
6 <sup>th</sup>	2012-13	September 9, 2013	11.30 AM		
7 <sup>th</sup>	2013-14	September 1, 2014	11.30 AM		

No Extraordinary General Meeting was held during the year. Further, no resolution was passed by Postal Ballot during the year.

#### 5. MoU RATING, AWARDS AND ACCOLADES

The performance of your Company in terms of MoU signed with the holding company i.e. Rural Electrification Corporation Limited for the financial year 2013-14 has been rated as "Excellent" by the Department of Public Enterprises (DPE), Government of India. For the financial year 2014-15 also the performance of the Company is poised to receive "Excellent" rating.



Dr. Dinesh Arora, IAS, CEO, RECPDCL receiving the "SKOCH Order-of-Merit" Award from Ms. Zohra Chatterji, Former Secretary, Govt. of India and Mr. Sameer Kochhar, Chairman, Skoch Group.



Shri P.J. Thakkar, Director (Technical), REC and Dr. Dinesh Arora, IAS, CEO, RECPDCL exchanging the MoU for the financial year 2014-15.

During the financial year 2014-15, your Company has been conferred with the award of "SKOCH Order-of-Merit" for Achieving Market Leadership & Quality Improvement at the Skoch Order-of-Merit Investiture Ceremony held in November, 2014.

#### 6. DIRECTORS' RESPONSIBILITY STATEMENT U/S 134(5)

With reference to Section 134(5) of the Companies Act, 2013, it is confirmed that:

- in the preparation of the annual accounts for the period ended March 31, 2015, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- such accounting policies have been selected and applied consistently (except for changes in Accounting Policies as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made 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 and loss of the Company for that period;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## **7. RIGHT TO INFORMATION ACT, 2005**

During the financial year 2014-15 the Company has received only two applications for seeking information under the "Right to Information Act, 2005 (RTI)" and both applications were disposed off within the prescribed time period.

## **8. REPORTING UNDER PUBLIC PROCUREMENT POLICY FOR MICRO & SMALL ENTERPRISES (MSES) ORDER, 2012**

Being a wholly owned subsidiary Company of REC, your Company is following the procurement guidelines of the holding company. The procurement guidelines are also available on REC's website at the link: [http://www.recindia.nic.in/images/pdf-files/Public\\_Procurement\\_Policy.pdf](http://www.recindia.nic.in/images/pdf-files/Public_Procurement_Policy.pdf). The details of transactions under Micro, Small and Medium Enterprises Development Act, 2006 is given in Note No. 31 of Notes to Accounts.

## **9. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In line with the provisions of 'Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013', an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior level woman official of the holding Company and includes an NGO representative as one of its members. During the financial year 2014-15, there was no complaint of sexual harassment in the Company.

## **10. EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9, is annexed to this Report.

## **11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contract(s) or arrangement(s) entered into by the Company with related parties as per the provisions of the Companies Act, 2013 are disclosed in Form AOC-2, annexed to this Report.

## **12. 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 (Accounts) Rules, 2014, as the Company does not own any manufacturing facility. However, a web portal for managing Material Inspections is developed in-house which is helping in-call scheduling, attending calls and overall MIS report generation. No earnings or outgo in foreign exchange was made during the financial year 2014-15.

## **13. HUMAN RESOURCE DEVELOPMENT**

Your Company is not having any manpower on its own roll except some experienced professionals, on fixed tenure basis to render value added consultancy services in power sector across the country with the highest quality standards to its valued clients. However, for operational convenience and managing day to day affairs, holding company of your Company has deployed various officials on part-time/full-time basis, who are having rich and varied experience in the respective fields. Further, the Company has also engaged Engineering Graduates and other professionals on Contract basis through manpower agencies for implementation of various projects across the country. The details of total manpower of your Company at the end of Financial Year 2014-15 and 2013-14 respectively are as detailed below:

Sl. No.	Particulars	Nos. of Employees	
		FY 2014-15	FY 2013-14
1.	Regular Employees deployed by REC on secondment basis	13	10
2.	Employee on Fixed Tenure Contract basis	13	17
3.	Outsourced staff on Contract basis through Manpower Agencies	662	369
	<b>Total</b>	<b>688</b>	<b>396</b>

As on March 31, 2015, the Company had 18 women employees, which represent 2.62 % of the total work force. There is no discrimination of employees on the basis of gender.

#### 14. TRAINING & DEVELOPMENT

Your Company has embarked on the path of imparting regular training to its entire work force both in the classroom as well as through practical demonstrations for developing the skills, needed for efficient completion of the projects. During the Financial Year 2014-15, your Company had conducted various programme/ training/ seminars etc. for imparting training as detailed below:

- Regular training programmes were organised for newly inducted engineers along with existing engineers, at the project locations to
  - ♦ apprise engineers about the scope of work;
  - ♦ build their technical/functional skills required for successful implementation of assigned work; and
  - ♦ completion of the project within the stipulated time frame.
- Training programme on latest Development & Technology in Distribution System was also organised with the support of National Power Training Institute (NPTI) from March 9, 2015 to March 13, 2015, for senior officials of your Company during which the following topics were covered;
  - ♦ SCADA Architecture & Design Application;
  - ♦ Nautical Optical Fibre Network;
  - ♦ Distribution Substation;
  - ♦ CAD Design Tool Orientation & Application;
  - ♦ Underground Network System & Related Technology; and
  - ♦ Latest Technology in Power Distribution



Shri S.C. Garg, Addl. CEO along with participants of the training programme conducted with the support of NPTI from March 9, 2015 to March 13, 2015.

#### 15. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT INITIATIVES

As a corporate entity, your Company is responsible towards all stakeholders in general and society. Accordingly, the Company endeavors to:

- ♦ Promote and Leverage green technologies to produce goods and services that contribute to social and environmental sustainability;
- ♦ Take up projects that provide Energy, Water and Sanitation facilities to the communities;
- ♦ Take up activities to support "Differently abled persons" and the "health sector"; and
- ♦ Contribute to inclusive growth and equitable development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities.

As per the provisions of the Companies Act, 2013 & Rules made there under and DPE Guidelines on Corporate Social Responsibility and Sustainability, the Board of Directors of your Company in its 46<sup>th</sup> Meeting held on December 9, 2014 has constituted a "Corporate Social Responsibility (CSR) Committee" and the Committee has the following Composition and terms of reference:

### Composition of CSR Committee

1. Shri Rajeev Sharma, Chairman-RECPDCL, Chairman of the Committee
2. Shri Prakash Thakkar, Director-RECPDCL, Member of the Committee
3. Shri Sanjiv Garg, Director-RECPDCL, Member of the Committee

### Terms of reference of the CSR Committee

The terms of reference of the Corporate Social Responsibility Committee are to:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- (b) monitor the Corporate Social Responsibility Policy of the company from time to time.
- (c) recommend the amount of expenditure to be incurred on the activities referred to in clause(a).
- (d) recommend to the Board of Directors to approve CSR projects / programs / proposals, falling within the purview of Schedule VII of the Act;
- (e) institute a transparent monitoring mechanism for implementation of the CSR projects / programs / activities undertaken by the company;
- (f) assist the Board of Directors to formulate strategies on CSR initiatives of the Company;
- (g) approve the content of annual report on CSR activities as per proforma given in the Rules, inter-alia covering responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company;
- (h) periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and
- (i) comply with the other requirements on Corporate Social Responsibility as amended from time to time.

The details of the amount spent on CSR activities during the financial year 2014-15 in the prescribed format as Annual Report on CSR activities is as below:

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program-wise	Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure upto the reporting period	Amount spend Direct or through Implementing agency
During the financial year 2014-15, the Company has not spent any amount on CSR activities.							

### Reasons for not spending the 2% of the average net profit on CSR projects

During the Financial Year 2014-15, your Company has not undertaken any Corporate Social Responsibility activity/project due to prime focus on construction of toilets in Schools under REC's CSR initiatives under 'Swachh Vidyalaya Abhiyan' in 32 districts under 6 states i.e. Bihar, Rajasthan, MP, UP, Telangana and Punjab. However, the Board of Directors in its 49<sup>th</sup> Meeting held on May 22, 2015 approved the transfer of unspent CSR budget for Financial Year 2014-15 amounting to ₹ 54.81 Lakh (calculated on the basis of provisions of the Companies Act, 2013) along with ₹ 28.60 Lakh (being the carried forward unspent CSR amount for Financial Years 2010-11 to 2013-14) totaling to ₹ 83.41 Lakh to be carried forward to a non-lapsable CSR fund and the same will be spent in financial year 2015-16 along with the CSR obligation for the financial year 2015-16.

### 16. CORPORATE GOVERNANCE

As a corporate entity, your Company is managing its business in an ethical and responsible manner geared to sustainable value creation, based on conscience, openness, fairness, professionalism and accountability within the prevalent regulatory framework.

### 17. STATUTORY AUDITORS

M/s Amod Agrawal & Associates, Chartered Accountants (Firm Reg. No. 005780N), New Delhi was appointed as Statutory Auditors of the Company for the financial year 2014-15 by the Comptroller and Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2015.

Further, the Comptroller and Auditor General (C&AG) of India, in exercise of powers conferred under Section 139 of the Companies Act, 2013 has appointed M/s Amod Agrawal & Associates, Chartered Accountants (Firm Reg. No. 005780N), New Delhi as the Statutory Auditors of the Company for the financial year 2015-16 and the Statutory Auditors have also accepted their appointment. Approval of the Members of the Company will be obtained in the ensuing Annual General Meeting, to authorize the Board of Directors of the Company, to fix the remuneration of Auditors for the financial year 2015-16.

## 17.1 Audit observations & Management's Reply on the Audit observations

The Statutory Auditors of the Company have given an unqualified report on the financial statements of the Company for the financial year 2014-15.

However, they have invited attention and suggested that Internal Control System needs to be further strengthened. The Management's Reply to the observations / advice is submitted as under:

Sl. No.	Observation of Statutory Auditors	Management's 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	All Debtors of RECPDCL are State sovereign Power Utilities, as such, their dues were not considered as bad or doubtful. Further, the Company regularly writes to Utilities for making payments which are entertained by Utilities and part/full payments are being made from time to time by them. Further, as a policy of the Company, letters for confirmation of outstanding balances are sent to them at the end of each financial year with a note that, if there is no contest within 15 days, the outstanding balances will be deemed to be confirmed. Since no contest have been received by the Company, all balances are deemed confirmed. Moreover, it may also be seen from the past financial statements that no write-off of debts on accounts of non-realization of dues is taking place. Further it is the experience of the Company that such Utilities don't respond by way of making explicit confirmation of balance as standing on a particular date. However, Utilities are generally paying their dues regularly (though with a higher lead time) which is evident from the improvement achieved in realization and accordingly need to be presumed confirmed on the respective payments. Further efforts are being made to obtain piecemeal confirmations from the utilities from time to time w.e.f. Financial Year 2015-16 to satisfy Statutory Auditors.
2.	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 Competent Authority the corrective entries will be made in the books of accounts for the Financial Year 2015-16.

## 18. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, vide letter dated July 30, 2015 has given 'Nil' Comments on the Audited Financial Statements of the Company for the year ended March 31, 2015 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2014-15 have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

## 19. STATUTORY DISCLOSURES

- There was no change in the nature of the business of the Company during the financial year 2014-15;
- The Company has not accepted any public deposits during the financial year 2014-15;
- There was no material change occurred, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March, 31, 2015 and the date of this report;
- There were no significant and material orders, penalties or strictures imposed on the Company by any statutory authority during the last three years impacting the going concern status and Company operation in future. However, during the financial year 2014-15, the Competition Commission of India (CCI) vide its prima-facie order dated January, 13, 2015 has ordered an investigation against the Company;

- e) In pursuance to DPE Guidelines on Corporate Governance for CPSEs, 2010, Compliance Report was submitted to MoP/DPE within the prescribed time period from the end of quarter(s)/year;
- f) The Company ensures proper compliances of all statutory laws applicable to the Company and all returns/reports were filed within stipulated time with the concerned authorities;
- g) The Company does not have any Subsidiary/Joint Venture/Associate Companies;
- h) The Company has not entered into any material financial or commercial transaction with the Directors or the Management or their relatives or the companies and firms etc. in which they are either directly or through their relatives interested as Directors and/or Partners. However, your Company is executing the assignment received from its holding company, where Directors of your Company are working as Directors/Senior Officials;
- i) The Directors/Senior Officials of your Company, being the employees of the holding Company i.e REC, have made the required disclosures to the Board of holding Company relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.);
- j) The provision of the Companies Act, 2013 related to constitution of Risk Management Committee is not applicable on the Company, hence the Company has no Risk Management Committee. However, the Board and Senior Management of your Company monitors various risks likely to arise and reviews the various risks and initiate action for mitigation of any risk arising in the operation and other related matters of the Company;
- k) The particulars of contract or arrangement entered into by the Company with related parties as per the provisions of the Companies Act, 2013 are disclosed in Form AOC-2, annexed to this Report;
- l) The provision of the Companies Act, 2013 related to constitution of Audit Committee is not applicable on the Company, hence, the Company has no Audit Committee. However, the Financial results of the Company are being reviewed by the Audit Committee of the holding company;
- m) Adequate internal financial controls are exercised in the Company, keeping in view the size of operations of the Company. The Company has appointed a firm of Practicing Chartered Accountants as Internal Auditor for conducting the Internal Audit;
- n) The Company has not provided any loans, guarantees or securities as per the provisions of Section 186 of the Companies Act, 2013. However, details of investments are given at Note No. 9 and 14 of Notes to Accounts to financial statements;
- o) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder are not applicable to Government Companies, no disclosure are being made;
- p) The Company has not issued any stock options to the Directors or any employee of the Company;
- q) The Board of the Company in its 41<sup>st</sup> Meeting held on April 7, 2014 has approved that being a wholly owned subsidiary Company of REC, the policies adopted by REC shall be applicable mutatis mutandis on RECPDCL also. The same is adhered to by the Company;
- r) There is no expenditure debited in Books of accounts, which is not for the purpose of the business. There are no expenses incurred, which are personal in nature or incurred for the Board of Directors or Top Management; and
- s) The Company is a wholly owned subsidiary of Rural Electrification Corporation Limited and accordingly Presidential Directives issued by the Central Government, if any, applicable to holding company shall apply to the Company.

## 20. STATUTORY AND OTHER INFORMATION REQUIREMENTS

The requisite information required to be furnished as per the Companies Act, 2013 and other statutory provisions is annexed to this report as under:

Particulars	Annexure
Extract of Annual Return	I
Particulars of Contracts or Arrangements with Related Parties	II

## 21. ACKNOWLEDGEMENTS

The Directors are grateful to the Ministry of Power, Government of India, State Governments, State Electricity Boards, State Power Utilities and other clients for their continued support and trust in the Company. The Directors thank the Rural Electrification Corporation Limited (holding Company), M/s Amod Agrawal & Associates, Chartered Accountants, Statutory Auditors and the Comptroller & Auditor General (C&AG) of India. The Directors also sincerely appreciate and thank all the employees of the Company for their valuable contribution and dedicated efforts in steering the Company to excellent performance for yet another year in succession.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Rajeev Sharma'.

(Rajeev Sharma)

Chairman

DIN: 00973413

Place: New Delhi

Date: 8<sup>th</sup> September, 2015.

**FORM NO. MGT-9**

ANNEXURE-I

**EXTRACT OF ANNUAL RETURN**

(as on the financial year ended on March 31, 2015)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i)	Corporate Identification Number (CIN)	U40101DL2007GOI165779
(ii)	Registration Date	July 12, 2007
(iii)	Name of the Company	REC Power Distribution Company Limited
(iv)	Category/Sub-Category of the Company	Company limited by Shares/ Wholly owned subsidiary of Rural Electrification Corporation Limited, A Government of India Enterprise
(v)	Address of the Registered Office and Contact Details	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 Phone No.- 011-43091506 Fax No.- 011-24365816
(vi)	Whether Listed Company Yes/ No	No
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Management Consultancy Activities- to facilitate the power utilities in the areas of their operation specifically relating to the Power Distribution Sector.	70200	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON 31<sup>st</sup> MARCH, 2015**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Rural Electrification Corporation Limited Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	L40101DL1969GOI005095	Holding	100%	Section 2(87) of Companies Act, 2013

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2014)		Shareholding at the end of the year (as on 31 <sup>st</sup> March, 2015)		% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company encumbered to total shares	No. of Shares	% of Shares Pledged/ encumbered to total shares	
1	Rural Electrification Corporation Limited	49994	99.988	0	99.988	0
2	Shri Prakash Thakkar*	1	0.002	1	0.002	0
3	Shri Sanjeev Garg*	1	0.002	1	0.002	0
4	Shri Rakesh Kumar Arora*	1	0.002	1	0.002	0
5	Shri Thangarajan Subhash Chandira Bosh*	1	0.002	1	0.002	0
6	Shri Devinder Singh Ahluwalia*	1	0.002	0	0.000	0
7	Shri G. S. Bhati*	0	0.000	1	0.002	0
8	Dr. Dinesh Arora*	1	0.002	1	0.002	0
<b>Total</b>		50000	100	0.00	100.00	0.00

\* 1 share each held as nominee of Rural Electrification Corporation Limited-Holding Company.

Note: 1) During the financial year 2014-15, 1 equity share held by Shri Devinder Singh Ahluwalia was transferred to Shri G. S. Bhati on 9<sup>th</sup> March, 2015.  
2) Shri Prakash Thakkar and Shri Sanjeev Garg are directors on the Board of the Company.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2014)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year (Held by Promoter and its Nominees)	50000	100	50000	100
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)		No Change		
3	At the end of the year (or on the date of separation, if separated during the year)	50000	100	50000	100

Note: During the financial year 2014-15, 1 equity share held by Shri Devinder Singh Ahluwalia was transferred to Shri G.S. Bhati on 9<sup>th</sup> March, 2015.

**IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(i) Category-wise Share Holding										
Sl. No.	CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31 <sup>st</sup> MARCH, 2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31 <sup>st</sup> MARCH, 2015				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)
(A)	PROMOTERS									
(1)	INDIAN									
(a)	Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	0	50000	50000	100.00	0	50000	50000	100.00	0.00
(e)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2014)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year (Held by Promoter and its nominees) Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.) At the end of the year (or on the date of separation, if separated during the year)	The entire Issued and Paid-up Share Capital of your Company is held by the holding company Rural Electrification Corporation Limited (REC), a Government of India Enterprise and its 6 nominees.			

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2014)		Cumulative shareholding during the year (as on 31 <sup>st</sup> March, 2015)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Rajeev Sharma (Chairman) DIN 00973413 At the beginning of the year Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.) At the end of the year	0	0.00	0	0.00
2	Shri Prakash Thakkar (Director) DIN 01120152 At the beginning of the year Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.) At the end of the year	1 Equity Share of ₹ 10/- each as Nominee of REC	0.00	1 Equity Share of ₹ 10/- each as Nominee of REC	0.00
3	Shri Sanjiv Garg (Director) DIN 00891755 At the beginning of the year Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.) At the end of the year	1 Equity Share of ₹ 10/- each as Nominee of REC	0.00	1 Equity Share of ₹ 10/- each as Nominee of REC	0.00

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/ accrued but not due for payment					
	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total	Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	0	0	0	0	0
(i) Principal Amount	0	0	0	0	0
(ii) Interest due but not paid	0	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0	0
<b>Total (i+ii+iii)</b>	0	0	0	0	0
<b>Change in indebtedness during the financial year</b>	0	0	0	0	0
Addition	0	0	0	0	0
Reduction	0	0	0	0	0
<b>Net Change</b>	0	0	0	0	0
<b>Indebtedness at the end of the financial year</b>	0	0	0	0	0
(i) Principal Amount	0	0	0	0	0
(ii) Interest due but not paid	0	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0	0
<b>Total (i+ii+iii)</b>	0	0	0	0	0

Note: Company has tied-up with Banks for non-fund based BG limit of ₹ 85 crore and as on March 31, 2015, Company has availed BGs of ₹ 40.36 crore and two charges has been created (ID 10573864 & 10381249) on movable asset of the Company.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. SI. No.	Remuneration to Managing Director and Whole-time Director Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri Rajeev Sharma (Chairman & Director)	Shri Prakash Thakkar (Director)	Shri Sanjiv Garg (Director)	
1	Gross Salary	0	0	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total (A)</b>	0	0	0	0
	Ceiling as per the Act				
<b>B. Remuneration to other Directors:</b>					
B. SI. No.	Particulars of Remuneration	Name of Directors			Total Amount
3	Independent Directors	0	0	0	0
	Fee for attending Board/Committee Meetings	0	0	0	0
	-Commission	0	0	0	0
	-Others, please specify	0	0	0	0
	<b>Total (1)</b>	0	0	0	0

4	Other Non-Executive Directors								
	♦ Fee for attending Board Committee Meetings	0	0	0	0	0	0	0	0
	♦ Commission	0	0	0	0	0	0	0	0
	♦ Others, please specify	0	0	0	0	0	0	0	0
	<b>Total (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)=(1+2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Managerial Remuneration</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Overall Ceiling as per the Act								
<b>C. Remuneration to Key Managerial Personnel Other than MD/Manager/ WTD:</b>									
<b>Sl.No.</b>	<b>Particulars of Remuneration</b>	<b>Key Managerial Personnel</b>						<b>Total Amount</b>	
1	Gross Salary								
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0	0	0
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0	0	0
4	Commission	0	0	0	0	0	0	0	0
	- as % of profit	0	0	0	0	0	0	0	0
	- others, specify	0	0	0	0	0	0	0	0
5	Others, please specify	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: All directors (including Chairman) of the Company are appointed/nominated by the holding company as non executive directors to perform additional duty in RECPDCL and they are not entitled for any remuneration from the Company.

#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty		0			
Punishment		0			
Compounding		0			
<b>B. DIRECTORS</b>					
Penalty		0			
Punishment		0			
Compounding		0			
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		0			
Punishment		0			
Compounding		0			

Note: There was no significant and material orders, penalties or strictures imposed on the Company by any statutory authorities during the last three years impacting the going concern status and company operation in future. However, during the financial year 2014-15, the Competition Commission of India (CCI) vide its prima-facie order dated January, 13, 2015 has ordered an investigation against the Company.



(Rajeev Sharma)

Chairman

DIN: 00973413

Place: New Delhi  
Date: 8<sup>th</sup> September, 2015

**Form No. AOC-2**
**Annexure II**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.
Rural Electrification Corporation Limited (REC)  Holding Company of RECPDCL	Project Implementing and Monitoring Agency for REC CSR Project under 'Swachh Vidyalaya Abhiyan'	9 months	Appointment as Project Implementing and Monitoring Agency for construction of toilets in schools under "Swachh Vidyalaya Abhiyan" in 32 districts in 6 states under REC CSR initiatives.  Against above assignment an amount of ₹ 19.04 crore has been received during the financial year 2014-15 from holding Company.	Keeping in view the national importance, magnitude & time bound nature of the project, and capabilities, & experience of RECPDCL in project implementation & execution, the project was awarded by REC on nomination basis.	December 22, 2014; March 9, 2015 and May 22, 2015*	Nil	As per the provisions of Companies (Meetings of the Board and its Powers) Rules, 2014, the Special Resolution passed by the Holding Company shall be sufficient for the purpose of entering into transactions between wholly owned subsidiary and Holding company. In view of the above, Special Resolution is not required to be passed by RECPDCL, since REC, Holding Company of RECPDCL, had already obtained shareholders' approval in this regard on September 18, 2014.

\*The Board of Directors of Rural Electrification Corporation Limited (holding Company) has also approved the above contract/arrangement.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any*	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Rural Electrification Corporation Limited (Holding Company of RECPDCL)	Apportionment of Employee Cost and administration expenses incurred on behalf of the subsidiary.	On-going transaction	Payment of employee cost and administration expenses on actual basis of ₹ 2,21,49,552/- (including Service Tax) for the financial year ended March 31, 2015.	September 18, 2014	Not Applicable
Rural Electrification Corporation Limited (Holding Company of RECPDCL)	Income from rendering of Service	During the Financial Year 2014-15	Payment of Consultancy Services of ₹ 10,14,67,965/- (including Service Tax) during the financial year 2014-15.		

\*For further details of all other related party transactions please refer Note 30 of Notes to Account for the Financial Year 2014-15.

Place: New Delhi  
Date: 8<sup>th</sup> September, 2015



(Rajeev Sharma)  
Chairman  
DIN: 00973413

## REC Power Distribution Company Limited

(A Wholly owned Subsidiary of Rural Electrification Corporation Limited)

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015

(₹ in Hundred)

Particulars	Note No.	As at 31.3.2015	As at 31.3.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds:</b>			
(a) Share Capital	1	5,000	5,000
(b) Reserves & Surplus	2	94,34,636	60,17,897
		<b>94,39,636</b>	<b>60,22,897</b>
<b>(2) Non- Current Liabilities</b>			
(a) Other Long Term Liabilities	3	2,200	2,200
(b) Long-Term Provisions	4	16,979	-
		<b>19,179</b>	<b>2,200</b>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	5	13,97,496	5,25,535
(b) Other Current Liabilities	6	30,16,397	12,38,538
(c) Short-Term Provisions	7	3,56,788	2,06,131
		47,70,681	19,70,204
<b>TOTAL</b>		<b>1,42,29,496</b>	<b>79,95,301</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	8		
(i) Tangible Assets		61,654	56,079
(ii) Intangible Assets		546	312
(b) Non-Current Investments	9	12,00,000	12,00,000
(c) Deferred Tax Assets (Net)	10	1,60,489	75,755
(d) Long-Term Loans and Advances	11	3,71,440	3,16,184
(e) Other Non-Current Assets	12	3,10,000	-
		<b>21,04,129</b>	<b>16,48,330</b>
<b>(2) Current Assets</b>			
(a) Trade Receivables	13	73,73,314	56,24,490
(b) Cash and Bank Balances	14	37,50,181	5,67,772
(c) Short Term Loans and Advances	15	4,07,553	7,207
(d) Other Current Assets	16	5,94,319	1,47,502
		<b>1,21,25,367</b>	<b>63,46,971</b>
<b>TOTAL</b>		<b>1,42,29,496</b>	<b>79,95,301</b>

The Significant Accounting Policies and Notes to Accounts 1 to 40 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

For and on behalf of the Board

**Virendra Kumar**

Partner  
M. No. 85380

**Rajeev Sharma**

Chairman  
DIN - 00973413

**Prakash Thakkar**

Director  
DIN - 01120152

**Sanjiv Garg**

Director  
DIN - 00891755

Place : New Delhi

Date : 22<sup>nd</sup> May, 2015

## REC Power Distribution Company Limited

(A Wholly owned Subsidiary of Rural Electrification Corporation Limited)

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

(₹ in Hundred)

Particulars	Note No.	Year ended 31.3.2015	Year ended 31.3.2014
Revenue from Operations	17	85,43,493	73,99,482
Other Income	18	2,32,553	1,17,001
<b>(I) Total Revenue</b>		<b>87,76,046</b>	<b>75,16,483</b>
<b>Expenses :</b>			
Consultancy Fees		13,28,436	8,67,793
Works contract charges		2,50,783	-
Employee Benefit Expenses	19	3,39,547	3,84,865
Manpower Hired		9,34,618	7,45,697
Finance Cost	20	13,052	17,251
Depreciation & Amortisation	8	11,409	24,300
Other Expenses	21	3,27,944	2,23,209
Provision for Doubtful Debt		1,40,546	56,542
Provision for Contingencies of project cost revisions		1,70,870	1,47,990
<b>(II) Total Expenses</b>		<b>35,17,205</b>	<b>24,67,647</b>
<b>(III) Profit before Prior period items, Exceptional and Extraordinary items &amp; Tax (I-II)</b>		<b>52,58,841</b>	<b>50,48,836</b>
<b>(IV) Prior Period Items (net)</b>	22	<b>6,555</b>	<b>30,337</b>
<b>(V) Profit before Exceptional and Extraordinary &amp; Tax (III-IV)</b>		<b>52,52,286</b>	<b>50,18,499</b>
<b>(VI) Exceptional Items</b>		-	-
<b>(VII) Profit before Tax (V-VI)</b>		<b>52,52,286</b>	<b>50,18,499</b>
<b>(VIII) Tax Expenses</b>			
-Previous Year		1,730	7,904
-Current Year		18,58,034	17,72,564
-Deferred tax	10	-84,733	-62,607
<b>Profit for the Year (VII-VIII)</b>		<b>34,77,255</b>	<b>33,00,639</b>
<b>Earnings per equity share (in ₹ for an equity share of ₹ 10 each)</b>			
(1) Basic		70	66
(2) Diluted		70	66

The Significant Accounting Policies and Notes to Accounts 1 to 40 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

For and on behalf of the Board

**Virendra Kumar**

Partner  
M. No. 85380

**Rajeev Sharma**

Chairman  
DIN - 00973413

**Prakash Thakkar**

Director  
DIN - 01120152

**Sanjiv Garg**

Director  
DIN - 00891755

Place : New Delhi

Date : 22<sup>nd</sup> May, 2015

**Note 1 - SHARE CAPITAL**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
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
<b>Total</b>	<b>5,000</b>	<b>5,000</b>

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 31.03.2015	As at 31.03.2014
		Percentage	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.	50000	100%	100%

**Note 2 - RESERVES & SURPLUS**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
<b>(I) General reserve</b>		
Opening Balance	39,88,550	19,88,550
Add: Transfer from Surplus	-	20,00,000
<b>Closing Balance</b>	<b>39,88,550</b>	<b>39,88,550</b>
<b>(ii) Surplus/(Deficit) in the statement of profit &amp; loss</b>		
Balance as at the beginning of the year	20,29,347	7,57,958
Add: Profit during the year	34,77,255	33,00,638
Less: Depreciation adjusted	337	-
<b>Balance available for Appropriation</b>	<b>55,06,265</b>	<b>40,58,596</b>
<b>Less: Appropriations</b>		
Transfer to General Reserve	-	20,00,000
Proposed Dividend	50,000	25,000
Tax on Dividend Proposed	10,179	4,249
<b>Net Surplus</b>	<b>54,46,086</b>	<b>20,29,347</b>
<b>Total</b>	<b>94,34,636</b>	<b>60,17,897</b>

**Note 3 - Other Long Term Liabilities**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
Others : Security deposits	2,200	2,200
<b>Total</b>	<b>2,200</b>	<b>2,200</b>

**Note 4 - Long Term Provisions**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(I) Provision for employee benefits (provided for on basis of actuarial valuation)	16,979	-
<b>Total</b>	<b>16,979</b>	<b>-</b>

**Note 5 - Trade Payables**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
Trade payable		
(i) Due to Other than MSME	13,86,298	4,98,016
(ii) Due to MSME	11,198	27,519
<b>Total</b>	<b>13,97,496</b>	<b>5,25,535</b>

**Explanatory Note: -**

Disclosure requirement under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is given in Note No.31 Notes to Accounts.

**Note 6 - Other current Liabilities**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(i) Other liabilities	39,232	9,884
(ii) Payable to REC Limited (Holding Company)	-	31,256
(iii) TDS payable	1,45,849	94,665
(iv) PF Payable	1,047	-
(v) VAT Payable	14,173	-
(vi) Service tax not due	42,874	40,129
(vii) Advances from customers	7,02,000	9,49,946
(viii) Creditor for expenses	51,217	72,551
(ix) Security deposits	1,11,771	40,107
(x) Advance from REC Limited (Holding Company)	17,07,417	-
(xi) Expenses accrued but not due	2,00,817	-
<b>Total</b>	<b>30,16,397</b>	<b>12,38,538</b>

**Note 7 - Short Term Provisions**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(i) Provision for contingencies of project cost revisions	2,12,529	1,15,043
(i) Provision for proposed dividend	50,000	25,000
(iii) Tax on proposed dividend	10,179	4,249
(iv) Provision for income tax (net of advance tax/TDS)	-	24,981
(v) Provision for interest on income tax	-	8,258
(vi) Provision for employee benefits (provided for on basis of actuarial valuation)	670	-
(vii) Provision for CSR	83,410	28,600
<b>Total</b>	<b>3,56,788</b>	<b>2,06,131</b>

### Note 8 - Fixed Assets

### Fixed Assets as at 31.3.2015

(₹ in Hundred)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at 01.04.2014	Additions during the	Sales/ adjustment during the	Closing as on 31.03.2015	Upto 31.03.2014	During the year	Transitional Depreciation	Adjustment during the year	As on 31.03.2015	As at 31.03.2015	As at 31.03.2014
Cameras	22,792	-	1,750	21,042	14,856	627	-	1,503	13,980	7,062	7,936
Furniture & Fitting	1,967	1,864	67	3,763	1,830	196	-	67	1,958	1,805	137
Computers	31,693	12,638	88	44,243	10,662	7,429	337	88	18,341	25,902	21,031
GPS	37,913	-	2,175	35,739	14,075	1,210	-	1,493	13,792	21,946	23,839
Inspection Equipment	4,046	3,682	122	7,606	909	1,785	-	27	2,668	4,938	3,136
<b>Sub- Total</b>	<b>98,411</b>	<b>18,184</b>	<b>4,202</b>	<b>1,12,394</b>	<b>42,332</b>	<b>11,248</b>	<b>337</b>	<b>3,178</b>	<b>50,739</b>	<b>61,654</b>	<b>56,079</b>
Intangible Asset	1,024	395	-	1,418	712	160	-	-	872	546	312
<b>Sub- Total</b>	<b>1,024</b>	<b>395</b>	<b>-</b>	<b>1,418</b>	<b>712</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>872</b>	<b>546</b>	<b>312</b>
<b>Grand Total</b>	<b>99,435</b>	<b>18,579</b>	<b>4,202</b>	<b>1,13,812</b>	<b>43,044</b>	<b>11,409</b>	<b>337</b>	<b>3,178</b>	<b>51,611</b>	<b>62,200</b>	<b>56,391</b>
Previous Year	72,226	34,230	7,021	99,435	19,094	24,300	-	350	43,044	56,391	53,132

#### 8.1 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Useful Life	5 years
Amortisation Rate	20%
Amortisation Method	Straight Line

**Note 9 - Non-Current Investment**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
Non-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	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	2,00,000
(II) Investment in other 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	5,00,000	5,00,000
<b>Total</b>	<b>12,00,000</b>	<b>12,00,000</b>
<b>Aggregate market value of Quoted investments</b>	<b>13,86,700</b>	<b>10,08,500</b>
<b>Aggregate cost of Quoted investments*</b>	-	<b>2,00,000</b>
<b>Aggregate provision for diminution in value of investments</b>	-	-

\* No trading done as on 31st March, 2014

**Note 10 - Deferred Tax**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
Opening Deferred Tax Liability /(Asset)	-75755	-13148
<b>Deferred Tax Liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	3,598	1,582
<b>Gross Deferred Tax Liability</b>	<b>3,598</b>	<b>1,582</b>
<b>Deferred Tax Assets</b>		
Provision for Doubtful debts	85,849	38,234
Provision for Contingencies of project cost revisions	72,239	39,103
Provision for employee benefit schemes	5,999	
<b>Gross Deferred Tax Assets</b>	<b>1,64,087</b>	<b>77,337</b>
<b>Net Deffered Tax Liability /(Asset)</b>	<b>-1,60,489</b>	<b>-75,755</b>
<b>Net Deferred Tax Liability /(Asset) for the year</b>	<b>-84,734</b>	<b>-62,607</b>

**Note 11 - Long Term Loans and Advances**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(i) Security for Rent	4,775	3,315
(ii) Advance Income -Tax(net of provisions)	2,57,013	2,40,183
(iii) Advance to Suppliers	1,09,652	72,686
<b>Total</b>	<b>3,71,440</b>	<b>3,16,184</b>

**Note 12 - Other Non-Current Assets**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
Deposits with banks having maturity more than 12 months* *lien with banker against bank guarantee	3,10,000	-
<b>Total</b>	<b>3,10,000</b>	<b>-</b>

**Note 13 - Trade Receivables**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(i) Trade Receivables outstanding for a period exceeding 6 months from the date they are due for payment		
> Unsecured considered good	23,07,612	12,26,360
> Unsecured considered doubtful	2,52,572	1,12,487
Less: Provision for doubtful debts	2,52,572	1,12,487
	23,07,612	12,26,360
(ii) Others		
- considered good	50,65,702	43,98,130
<b>Total</b>	<b>73,73,314</b>	<b>56,24,490</b>

**Note 14 - Cash and Bank Balances**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
<b>Cash and cash equivalents</b>		
Balances with banks		
(i) In current account	2,80,651	3,91,295
(ii) Deposits with original maturity of less than 3 months	23,28,305	-
Cheque on hand	100	-
<b>Total (A)</b>	<b>26,09,056</b>	<b>3,91,295</b>
Other bank balances		
(a) Deposits with original maturity of more than 3 months but upto 12 months	5,61,025	46,477
(b) Deposits with original maturity of more than 12 months	8,90,100	1,30,000
<b>Total (B)</b>	<b>14,51,125</b>	<b>1,76,477</b>
<b>Total Cash &amp; Bank Balances (A+B)</b>	<b>40,60,181</b>	<b>5,67,772</b>
Less: Amount disclosed under non current assets#	3,10,000	-
#lien with banker against bank guarantee		
<b>Total</b>	<b>37,50,181</b>	<b>5,67,772</b>

**Note 15 - Short Term Loans and Advances**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(Unsecured considered good)		
(i) Advance to Employees	1,237	879
(ii) Earnest Money Deposits (EMD)	31,008	1,239
(iii) Security Deposit	5,089	5,089
(iv) Advance Income -Tax(net of provision)	3,70,219	-
<b>Total</b>	<b>4,07,553</b>	<b>7,207</b>

**Note 16 - Other Current Asset**

(₹ in Hundred)

Description	As at 31.03.2015	As at 31.03.2014
(i) Advance to REC Limited (Holding Company)	18,692	-
(ii) Service Tax (CENVAT)	1,89,705	1,06,790
(iii) Interest accrued on term deposits	61,069	14,485
(iv) Interest accrued on non-current Investments	29,105	23,714
(v) Prepaid expenses	9,189	1,757
(vi) Service Tax on income reversal / excess paid	2,114	756
(vii) Income accrued but not due	2,40,645	-
(viii) Interest accrued & due	43,800	-
<b>Total</b>	<b>5,94,319</b>	<b>1,47,502</b>

**Note 17 - Revenue from Operation**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
(a) Income from consulting engineer services	78,65,773	73,99,482
(b) Income from works contract services	4,37,075	-
(c) Work in progress	2,40,645	-
<b>Total</b>	<b>85,43,493</b>	<b>73,99,482</b>

**Note 18 - Other Income**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
(I) Interest income		
(i) Interest on term deposits	1,26,861	76,645
(ii) Interest on non-current Investments	1,03,407	31,594
(iii) Others	-	6,186
	<b>2,30,268</b>	<b>1,14,425</b>
(II) Other non operating income		
(i) Liquidated damages	123	71
(ii) Non refundable earnest money deposit	-	1,939
(iii) Other miscellaneous Income	2,113	553
	<b>2,236</b>	<b>2,563</b>
(III) Profit on sale of capital assets	49	13
<b>Total</b>	<b>2,32,553</b>	<b>1,17,001</b>

**Note 19 - Employee Benefits Expense**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
(I) Salaries and allowances	85,872	70,419
(ii) Contribution to provident fund	1,491	-
(iii) Reimbursement of salaries to REC Ltd. (Holding Company)	2,21,496	3,08,494
(iv) Staff welfare expenses	30,688	5,952
<b>Total</b>	<b>3,39,547</b>	<b>3,84,865</b>

**Note 20 - Finance Cost**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
(I) Interest		
(i) On Income tax	1,892	14,361
(ii) To REC Ltd. (Holding Company)	-	1,152
(iii) Others (including to MSME registered vendor)	7,132	25
(II) Bank charges	4,028	1,713
<b>Total</b>	<b>13,052</b>	<b>17,251</b>

**Note 21 - Other Expenses**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
Auditor's remuneration	2,000	1,000
Advertisements	18,892	6,936
Books & periodicals	252	93
Communication expenses	7,560	5,796
Rates & taxes	1,409	2
Loss on fixed assets discarded	940	71
Corporate social responsibility	54,810	32,705
Rent	45,746	44,207
Hire charges of equipments and vehicles	31,057	27,345
Printing and stationery	7,511	15,663
Power and fuel	6,932	7,955
Travelling & conveyance	76,446	49,309
Office maintenance	7,560	4,948
Postage & courier	2,395	3,757
Legal & professional charges	33,684	1,951
Repairs to plant & machinery	363	1,292
Security services	6,923	4,480
Miscellaneous expenses	23,464	15,699
<b>Total</b>	<b>3,27,944</b>	<b>2,23,209</b>

**Auditor's Remuneration includes (net of service tax) :**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
(i) Audit fees	1,300	650
(ii) Tax audit fees	700	350
<b>Total</b>	<b>2,000</b>	<b>1,000</b>

**Note 22 - Prior Period Adjustments (net)**

(₹ in Hundred)

Description	Year ended 31.03.2015	Year ended 31.03.2014
Prior period expenses		
(i) Corporate social responsibility	-	28,600
(ii) Consultancy fees	8,819	-
(iii) Others	1,015	2,083
Liabilities written back	-3,279	-495
Others	-	149
<b>Total</b>	<b>6,555</b>	<b>30,337</b>

## 23. SIGNIFICANT ACCOUNTING POLICIES

### a) Nature of Business

The Company is engaged in the Engineering Consultancy Services, Execution of work in the area of DDG, Transmission Distribution or other related activities for Govt. and other agencies in Power Sector.

### 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, 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 except as has been reported hereunder.

### 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) Pursuant to Companies Act 2013, being effective from 01.04.2014, the Company has revised the depreciation rate as per useful life specified in Part C of schedule II of the Act. As a result of this change, depreciation charge for the year ended 31.03.2015 is lower by ₹ 3,928 hundred. In respect of the assets whose life is already exhausted as on 01.04.2014 depreciation of ₹ 337 hundred has been adjusted in reserve and surplus account in accordance with the requirement of the schedule II of the Act.

b) 5% of the cost of an asset is maintained as residual value as provided in schedule II of Companies Act, 2013.

### f) Intangibles

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

Intangible Assets (Software) are amortized in 5 years using straight line method.

### 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 invoices 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.

### 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 Tax

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

#### a) Fixed Tenure Employees

The Company recruits Fixed Tenure Employees for a period not more than 3 years, which is extendable maximum up to 4 years and 11 months depending upon the requirement and performance. The Company deduct and deposit employees benefit liabilities for Provident Fund from January, 2015 onwards, and all other employee benefit statutory liabilities e.g. Pension, ESI, and Gratuity etc are not applicable to the Company. However, from the current year onward Company has decided to provides for leave encashment and loyalty bonus for which liabilities are assessed as per the actuarial valuation and disclosed in other notes to accounts.

#### b) Seconded Employees

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

### 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.

### 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

The Company's operating businesses are organized and managed separately according to nature of work. The identified segments are providing engineering consultancy and Execution of works in the area of DDG, Transmission Distribution or other related activities for Govt. and other agencies in Power Sector.

## OTHER NOTES ON ACCOUNTS

24. The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

25. The Provision for Doubtful Debts is made on the basis of ageing of Trade Receivables. Accordingly, provision of ₹ 1,40,546 hundred has been made in the Statement of Profit and Loss for the current year. Since, the major dues are from State Sovereign Power Utilities, same are considered good, however realization generally takes longer time. Therefore, as a matter of prudence, the management decided to make provision as per following policy :

Age of Debtors	Six Months to One Year	One year to Three Year	More than Three Year
% of Closing Balance	5%	10%	25%

26. The Company has made, based on past experience, a Provisions for Contingencies of Project Cost Revision 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 have been made for ₹ 1,70,870 hundred in the Statement of Profit and Loss for the current year.

### 27. CHANGE IN ACCOUNTING POLICY

During the year, the company has voluntarily introduced the policy of loyalty bonus and leave encashment in respect of the employees working on its pay roll, based on the actuarial valuation the liability has been recognized. The impact of the prior period and also the corresponding figures of previous year are not available.

### 28. EMPLOYEE BENEFITS:

#### a) Fixed Term Employee

As per the Actuarial Valuation Report for Loyalty Bonus Liability having Plan Benefit Obligation (PBO) amounting to ₹ 8,802 hundred has been recognised in balance sheet as liability as per details hereunder.

(₹ In Hundred)

Sl. No	Particulars	31.03.2015
a)	Current Liability (Amount Due within one year)	286
b)	Non-Current Liability (Amount due over one year)	8,516
c)	Total PBO at the end of the year	8,802

As per the Actuarial Valuation Report for Earned Leave Liability having Plan Benefit Obligation (PBO) amounting to ₹ 8,847 hundred has been recognised in balance sheet as liability as per details hereunder.

(₹ In Hundred)

Sl. No.	Particulars	31.03.2015
a)	Current Liability (Amount Due within one year)	384
b)	Non-Current Liability (Amount due over one year)	8,463
c)	Total PBO at the end of the year	8,847

### b) Seconded Employee

REC Ltd. (Holding Company) has revised its present policy of charging other establishment expenses as a percentage of the basic salary for the seconded employees with the revised policy of charging defined liabilities effective from April 1<sup>st</sup>, 2014 as follows:-

- Basic Salary - At actual and on the basis of estimated time spent for the Company.
- Dearness Allowance - At actual.
- HRA/Lease Accommodation charges @ 30% of basic salary.
- Perquisites at actual per the entitlement of concerned employees.
- Performance related pay at actual as per the maximum ceiling provided by DPE.
- Earned Leaves for 30 days in a year.
- Medical Leaves for 10 days in a year.
- Defined Contribution of 30% of the basic plus DA, towards PF, Gratuity, Superannuation benefits and post-retirement medical facility etc.

29. 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 and Provisions has been disclosed as below:

### A) Contingent Liabilities:

(₹ In Hundred)

Sl. No	Particulars	For the Year ended 31.03.2015	For the Year ended 31.03.2014
(a)	On account of interest on delayed payment of Tds	-	2,147
(b)	Others- Bank Guarantee for contract performance	40,36,357	4,36,423
(C)	Disputed 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

### Other Contingent Liabilities:-

At the complain of an unknown competitor (called as “Informant” ) the Competition Commission of India (CCI) is conducting a scrutiny of alleged abuse of dominance in obtaining the business which is in preliminary stage as on date and no order or decree has been pronounced against the Company.

### B) Details of Provisions are as under:-

(₹ In Hundred)

Particulars	Opening Balance	Additions during the year	Paid/Adjusted during the year	Closing Balance
Provision for Contingencies of project cost revisions	1,15,043	1,70,870	73,384	2,12,529
Previous Year	-	1,47,990	32,947	1,15,043
Proposed Dividend	25,000	50,000	25,000	50,000
Previous year	5,000	25,000	5,000	25,000
Corporate Dividend Tax	4,249	10,179	4,249	10,179
Previous year	811	4,249	811	4,249
Earned Leave	-	8,847	-	8,847
Previous Year	-	-	-	-
Loyalty Bonus	-	8,798	-	8,798
Previous Year	-	-	-	-
Corporate Social Responsibility	28,600	54,810	-	83,410
Previous Year	28,600	-	-	28,600

**30. THE DISCLOSURE AS PER AS-18 RELATED PARTY DISCLOSURE:-**
**(1) Key Managerial Personnel**

Sh. Rajeev Sharma  
Sh. Prakash Thakkar  
Sh. Sanjiv Garg

Chairman (from 10.08.2007)  
Director (from 23.04.2010)  
Director (from 29.11.2011)

**(2) Other Related Party**

(a) Holding Company:- Rural Electrification Corporation Ltd. ( REC Ltd.)  
(b) Companies under common control:- REC Transmission Power Company Limited (RECTPCL) is under common control. Detail of the subsidiaries of RECTPCL is as follows:-

- a) Nellore Transmission Limited
- b) Bairasiul Sarna Transmission Limited
- c) Maheshwaram Transmission Limited
- d) Alipurduar Transmission Limited
- e) Vemagiri II Transmission Limited
- f) NER II Transmission Limited

**A. Transactions with REC Ltd.**

(₹ In Hundred)

S No.	Particulars	For the Year ended 31.03.2015	For the Year ended 31.03.2014
i)	Income from rendering of Service	1,014,680	6,38,668
ii)	Reimbursement of Employee Benefit Expenses	2,21,496	3,08,494
iii)	Dividend on Equity*	25,000	5,000
iv)	Advance Paid for Employee Benefit Expenses	18,692	-
v)	Advance received from REC for SVA Project	17,11,400	-
vi)	Tds Deposited on behalf of REC Ltd.	3,983	-
vii)	Interest expense on outstanding dues	-	1,153
viii)	Investment in Tax Free Bonds	-	7,00,000
ix)	EMD to REC	22,869	-
x)	Interest on Investment in Tax Free Bonds		
	- On 8.46% bonds	17,686	23,558
	- On 8.63% bonds	56,323	662

\* Represent Dividend paid for financial year 2013-14. A provision for ₹ 50,000 hundred has been made for proposed dividend for the financial year 2014-15.

**B. Balances outstanding with REC-Ltd.**

(₹ In Hundred)

Particulars	As at 31.03.2015	As at 31.03.2014
Trade receivable from REC Ltd.	1,85,148	2,56,502
Payable/Advance to REC Ltd.	18,692 (Dr)	31,256
Advance Received From REC Ltd for their SVA Project	17,07,417	-
EMD To REC Ltd	22,869	-
Investment In Tax Free Bonds	7,00,000	7,00,000

An amount of ₹ 461 hundred has been written off during the year.

**C. Transaction with REC-TPCL**

(₹ In Hundred)

Particulars	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Fee For Service Obtained	1,36,287	-

**D. Balances outstanding with REC-TPCL**

(₹ In Hundred)

Particulars	As at 31.03.2015	As at 31.03.2014
Trade Payable	66,696	-

Wherever any expenditure is incurred or paid 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.

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.

**31. DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:**

(₹ In Hundred)

Particulars	As at 31.03.2015	As at 31.03.2014
Principal amount remaining unpaid but due as at year end	11,198	27,519
Interest due thereon as at year end	2,752	-
Interest paid by the Company in terms of section 16 of MSME Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	13,399	-
Interest due & payable for the period of delay in making payment but without adding the interest specified under MSME Development Act 2006	Nil	-
Interest Accrued and remaining unpaid as at the year ended.	Nil	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	2,752	-

32. The Company has taken office premise 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 and Loss. The disclosure in respect of cancellable operating leases is given below:

(₹ In Hundred)

Particulars	As at 31.03.2015	As at 31.03.2014
Corporate Office Rent	40,485	39,780

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

(₹ In Hundred)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Numerator</b>		
Profit after tax as per Statement of profit and loss	34,77,255	33,00,639
<b>Denominator</b>		
Weighted average numbers of Equity Shares	50,000	50,000
<b>Earnings per Share</b>		
Basic	70	66
Diluted	70	66
Nominal Value of shares (In whole ₹)	10/-	10/-

**34. ADVANCES / DUES FROM DIRECTORS & OTHER OFFICERS OF THE COMPANY :**

(₹ In Hundred)

Designation Category Officer	As at 31.03.2015	Maximum Amount outstanding during the year ending 31.03.2015	As at 31.03.2014	Maximum Amount outstanding during the year ending 31.03.2014
Chairman	NIL	NIL	NIL	NIL
Company Secretary	NIL	NIL	NIL	NIL

- 35.** Information regarding foreign currency transactions disclosure as required under Schedule III of the Companies Act, 2013 is nil.
- 36.** As per the information available with the Company, confirmations have been obtained to the extent of 52.32% of Trade Payables and for Trade Receivable intimation for balance confirmation has already been sent with stipulation that if no contest is received within 15 days, the balance will be assumed to be confirmed. Company has received no contest for the stated dues, hence assumed to be confirmed.
- 37.** The Company was previously engaged in only one segment i.e. Engineering Consultancy. However, during the current financial year the Company has also undertaken Project Execution Work to Power Sector making it multi segment Company. The disclosure as required to be reported in terms of AS-17 has not been made as the requisite parameter have not exceeded the threshold limits as provided in AS-17.
- 38.** Company had the obligation to spend an amount of ₹ 54,810 hundred towards CSR activities during the financial year 2014-15. However due to complete focus on REC's "Swacch Vidhalaya Abhiyan", Company's own CSR activities could not be taken up and this amount of ₹ 54,810 hundred proposed to transfer to a non lapsable reserve and charge the same to current year's profit and loss account. It is also proposed to spend the entire amount of CSR non lapsable fund in next financial year i.e.2015-16
- 39.** Figures have been rounded off to the nearest Hundred.
- 40.** The Previous Year's figures have been regrouped/ recasted / rearranged, wherever necessary.

In terms of our report of even date.  
For Amod Agrawal & Associates  
Chartered Accountants

For and on behalf of the Board

**Virendra Kumar**  
Partner  
M. No. 85380  
Firm Registration No. 005780N

**Rajeev Sharma**  
Chairman  
DIN - 00973413

**Prakash Thakkar**  
Director  
DIN - 01120152

**Sanjiv Garg**  
Director  
DIN - 00891755

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2015

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

(₹ in Hundred)

Particulars	Year ended 31.3.2015	Year ended 31.3.2014
<b>A. Cash Flows from Operating Activities:</b>		
Net profit before Tax	52,52,286	50,18,499
Adjustment for		
Finance Cost	13,052	17,251
Depreciation	11,409	24,300
Provisions	3,85,177	1,71,585
Interest income	-2,30,268	-1,14,425
Loss on assets discarded	940	71
Profit on sale of assets	-49	-13
Operating profit before working capital changes	54,32,547	51,17,269
<b>Increase/(Decrease)</b>		
Trade receivable	-19,72,104	-29,84,942
Other current assets	-3,56,643	1,29,723
Short term loans and advances	-30,127	-46,730
Long term loans & advances	-38,426	41,118
Other non current assets	-12,74,648	1,03,522
Trade payables	8,71,961	1,40,287
Other current liabilities	17,87,210	3,06,793
Other long term liabilities	-	2,200
<b>Cash Generated from Operations</b>	<b>44,19,770</b>	<b>28,09,240</b>
Less: Income Tax Paid (including TDS)	-22,81,355	-17,40,835
<b>Net Cash Flows from Operating Activities</b>	<b>21,38,415</b>	<b>10,68,405</b>
<b>B. Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	-18,579	-27,630
Sale of fixed assets	132	13
Investments in tax free bonds	-	-12,00,000
Interest income	1,40,094	71,455
<b>Net Cash from Investing Activities</b>	<b>1,21,647</b>	<b>-11,56,162</b>
<b>C. Cash Flows from Financing Activities:</b>		
Payment of dividend	-25,000	-5,000
Payment of dividend tax	-4,249	-811
Finance Cost	-13,052	-17,251
<b>Net Cash used in Financing Activities</b>	<b>-42,301</b>	<b>-23,062</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>22,17,761</b>	<b>-1,10,819</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>3,91,295</b>	<b>5,02,114</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>26,09,056</b>	<b>3,91,295</b>

**Components of Cash and Cash Equivalents as at end of the year are:**

(₹ in Hundred)

Particulars	Year ended 31.3.2015	Year ended 31.3.2014
Cash on Hand	-	-
Cheques on Hand	100	-
Balances with Scheduled Banks :		
- In Current Accounts	2,80,651	3,91,295
- In Term Deposits	37,79,430	1,76,477

(₹ in Hundred)

Particulars	Year ended 31.3.2015	Year ended 31.3.2014
Cash & Bank Balances	40,60,181	5,67,772
Less: Term deposits not considered as cash & cash equivalents		
- Deposits having maturity more than 3 months	14,51,125	1,76,477
	26,09,056	3,91,295

**In terms of our report of even date.**  
 For Amod Agrawal & Associates  
 Firm Registration No. 005780N  
 Chartered Accountants

For and on behalf of the Board

**Virendra Kumar**  
 Partner  
 M. No. 85380

**Rajeev Sharma**  
 Chairman  
 DIN - 00973413

**Prakash Thakkar**  
 Director  
 DIN - 01120152

**Sanjiv Garg**  
 Director  
 DIN - 00891755

Place : New Delhi  
 Date : 22<sup>nd</sup> May, 2015

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
REC Power Distribution Company Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of REC Power Distribution Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Emphasis of Matter

8. 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 and on the adequacy of provision for doubtful debts made by the company.

## Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

### 11. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - (i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015, on its financial position in its financial statements - Refer note 29;
  - (ii) in our opinion the Company did not have any material foreseeable losses in long-term contracts. We have been informed that during the year there are no derivative contracts.
  - (iii) There is no amount outstanding which, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

### 12. As per directions issued by Comptroller and Auditor General of India under the Section 143 (5) of the Companies Act, 2013, we report that:

- i) the company has not been selected for the disinvestment, therefore this clause is not applicable.
- ii) The detail of write-off of debts during FY 2014 -15 is as follows:-

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

### Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of REC Power Distribution Company limited on the financial statements as of and for the year ended March 31,2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no major discrepancies between the book records and physical verification have been noticed and corrective entries for which could not be made in the books of account, pending approval from the competent authority. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company.
- ii. The Company does not have any stocks, accordingly clause ii a), b) & c) of the order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii) (a) and (iii) (b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. In our opinion and according to information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under sub section 1 of section 148 of the Companies Act, 2013.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, related to provident fund, income tax, service tax, value added tax, and other material statutory dues, as applicable, with the appropriate authorities. Statutory dues related to employees' state insurance, sales tax, wealth tax, duty of customs, duty of excise and cess are not dealt with or applicable to the Company.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues outstanding of income-tax, service-tax, value added tax and which have not been deposited on account of any dispute as at March 31, 2015. The statutory dues related to employees state insurance, sales tax, wealth tax, duty of customs, duty of excise and cess are not dealt with or applicable to the Company.
- (c) There is no amount required to be transferred to Investor Education and Protection Fund.
- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has no dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xi. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the Company has not taken term loans during the year.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Amod Agrawal & Associates  
Chartered Accountants  
Firm Registration No. 005780N

(Virendra Kumar)  
Partner  
M.No.085380

Place: New Delhi

Date: 22<sup>nd</sup> May, 2015

Particulars	Amount (₹ in hundred)	Reasons
Third Party Inspection of Infra Project in Maharashtra	67,687/-	Consultancy fee has been reduced from ₹ 3,91,95,000/- to ₹ 3,24,26,284/- due to reduction in project cost revision
Preparation of Detailed Project Report w.r.t. Ajmer Vidyut Vitran Nigam Limited	16,551/-	Due to change in geographical status of dhanis to be surveyed and correspondingly downward revision in Project cost.
REC's Quality Monitoring Works	461/-	Due to restriction in no. of villages as per work order.

iii) The company is a service providing entity and does not have any inventory as on date, therefore the clause regarding maintenance of inventories is not applicable and as per information and explanation given to us, the company has not received any gift from the Govt. or other authorities.

iv) As per information and explanation given to us, there is no legal/arbitration case pending against the company except as mentioned in Notes to Accounts 29(A)(c)&(d) and other contingent liabilities wherein reasons for pendency has also been given. The expenditures incurred/provided against these cases are monitored/approved by the CEO/Chairman as delegation of financial power.

For Amod Agrawal & Associates  
Chartered Accountants  
Firm Registration No. 005780N

Place: New Delhi  
Date: 22<sup>nd</sup> May, 2015

(Virendra Kumar)  
Partner  
M.No.085380

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF REC POWER DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of REC Power Distribution Company Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of REC Power Distribution Company Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor 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.

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

(Tanuja S. Mittal)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board - III,  
New Delhi

Place: New Delhi  
Date : 6<sup>th</sup> August, 2015

## KEY OFFICIALS



**(Shri Subhash Chandra Garg)**  
Addl. Chief Executive Officer



**(Shri M. L. Kumawat)**  
Company Secretary



**(Shri Ajay Kumar)**  
Chief Technical Officer



**(Shri Somya Kant)**  
Chief Financial Officer

REC Power Distribution Company Limited  
 Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003  
 CIN: U40101DL2007GOI165779  
 Tel.: +91 11 2436 5161 Fax: +91 11 2436 0644  
 Email: recpdcl@rediffmail.com Website: www.recpdcl.in

## ATTENDANCE SLIP

8<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, SEPTEMBER 10, 2015 AT 4:00 P.M AT THE REGISTERED OFFICE OF THE COMPANY AT CORE-4, SCOPE COMPLEX, 7, LODHI ROAD, NEW DELHI-110003.

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
Folio No.	
DP ID No.	
No. of Shares held	
NAME OF PROXY (IN BLOCK LETTERS) to be filled in, if the proxy attends instead of the member	

I/We, hereby record my/our presence at the 8<sup>th</sup> Annual General Meeting of the Company held on Thursday, September 10, 2015 at 4.00 P.M. at the Registered Office of the Company at Core-4, Scope Complex, 7, Lodhi Road, New Delhi-110003.

Signature of Member/ Proxy

## NOTES:

- The attendance slip should be signed as per the specimen signature registered with Company. Such duly completed and signed Attendance Slip(s) should be handed over at the venue of AGM. Members in person and Proxy holders may please carry photo-ID card for identification/verification purposes.
- Shareholder(s) present in person or through registered proxy shall only be entertained.
- Due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the venue. Shareholder(s)/proxy holder(s) will be required to take care of their belonging(s).
- No gifts/ coupons will be distributed at the Annual General Meeting.

REC Power Distribution Company Limited  
 Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003  
 CIN: U40101DL2007GOI165779  
 Tel.: +91 11 2436 5161 Fax: +91 11 2436 0644, Email: recpdcl@rediffmail.com Website: www.recpdcl.in

## PROXY FORM (Form No. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):		Folio No./	
Registered Address:			
No. of Shares held:		Email ID:	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

1	Name:		Signature:-	
	Address:			
	E-mail id:			

or failing him / her

2	Name:		Signature:-	
	Address:			
	E-mail id:			

or failing him / her

3	Name:		Signature:-	
	Address:			
	E-mail id:			

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, September 10, 2015 at 4.00 P.M. at the Registered Office of the Company at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such businesses as are indicated below:

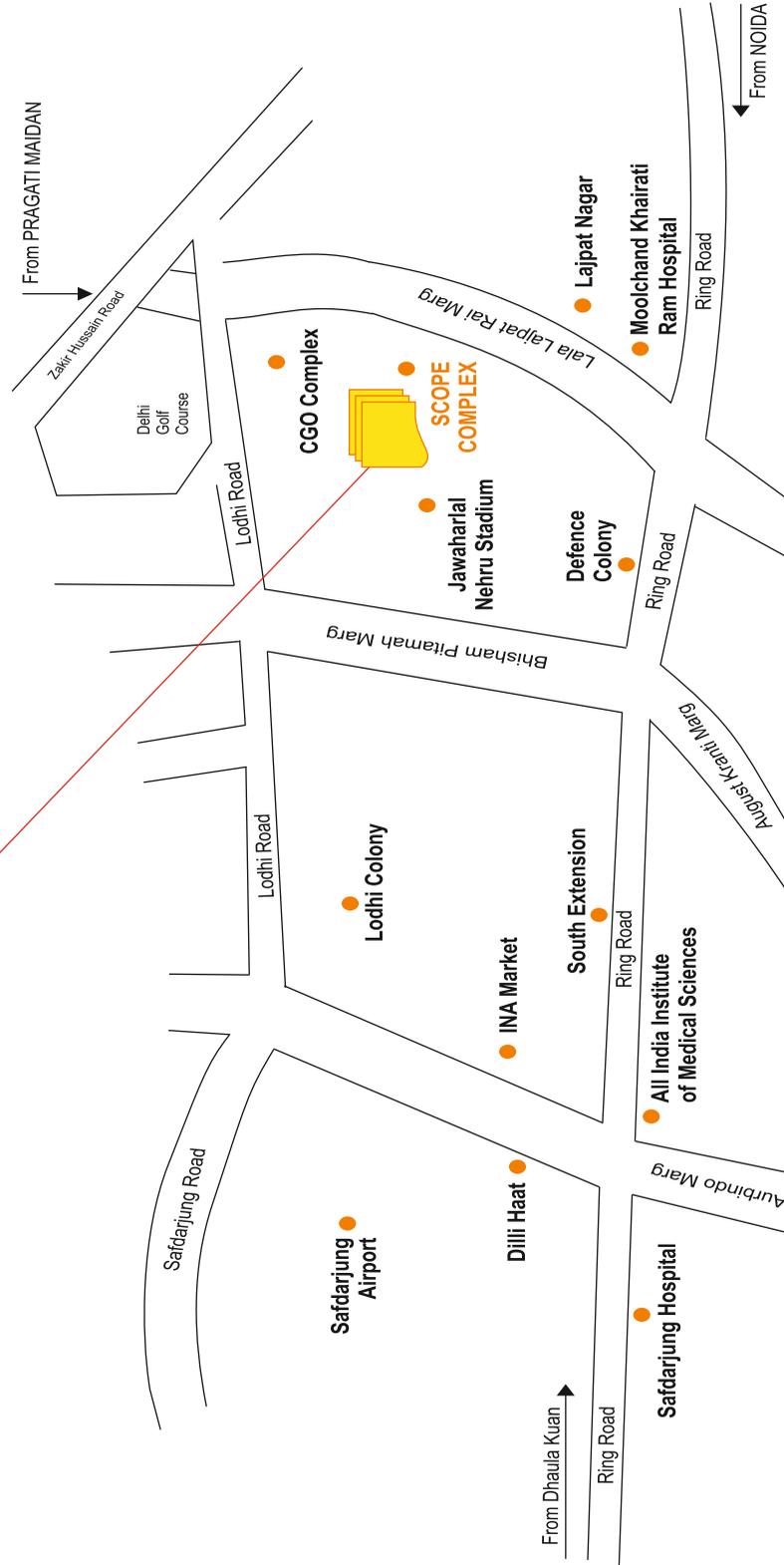
Sl. No	Particulars
<b>Ordinary Business</b>	
1.	To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2015 along with the Reports of the Board of Directors and Auditors thereon.
2.	To declare Dividend on equity shares of the Company for the financial year 2014-15.
3.	To appoint a Director in place of Shri Prakash Thakkar (DIN 01120152), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Auditors for the financial year 2015-16.
<b>Special Business</b>	
5.	To approve overall Borrowing Limit of the Company.
6.	To create mortgage and / or charge on all or any of the movable and / or immovable properties of the Company.

Signed this..... day of..... 2015

Signature of Shareholder .....Signature of Proxy holder(s) .....

Affix Revenue Stamp of ₹ 1/-

**AGM VENUE:**  
CORE-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003









आरईसी पावर डिस्ट्रीब्यूशन कम्पनी लिमिटेड

**REC POWER DISTRIBUTION COMPANY LIMITED**

(A wholly owned subsidiary of REC, a 'Navratna CPSE' under Ministry of Power, Govt. of India)

CIN No. of RECPDCL-U40101DL2007GOI165779

Corporate Office: 1016-1023, 10<sup>th</sup> Floor, Devika Tower, Nehru Place, New Delhi-110019  
Tel: 011-44128755 Fax: 011-44128768, Website: www.recpci.in, E-mail: recpci@rediffmail.com  
Regd. Office: Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003, Phone 011 43091506 Fax: 011 24366815