

Company Information

Board of Directors:

1. Shri Hari Das Khunteta
2. Shri Prakash Thakkar
3. Shri Sanjiv Garg

Statutory Auditors:

M/s Satyendra Jain & Associates.
Chartered Accountants
D-1, Second Floor,
Defence Colony
New Delhi-110024

Bankers:

HDFC Bank Limited
State Bank of Hyderabad

Registered Office:

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



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

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the REC Power Distribution Company Limited will be held on Wednesday, the 24th day of August, 2011 at 11:30 A.M at the Registered Office of the Company at Core-4, SCOPE Complex,7, Lodhi Road, New Delhi-110003 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare Dividend for the Financial Year 2010-11.
3. To appoint a Director in the place of Shri Prakash Thakkar, Director, who retires by rotation and being eligible, offers himself re-appointment.
4. To fix the remuneration of the Statutory Auditors.

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'M. L. Kumawat', is written over the printed name.

(M. L. Kumawat)
Company Secretary

Place: New Delhi
Dated: 19th August, 2011

To,

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

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not to be a Member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Consent of all the Members is being obtained for calling the AGM and the circulation of Notice of the Meeting and other requisite documents at a shorter notice than 21 days.

REC POWER DISTRIBUTION COMPANY LIMITED

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31st March, 2011.

FINANCIAL PERFORMANCE

A summary of financial performance of the Company for the Financial Year ended 31st March, 2011 is as under:

Particulars	(Figures in ₹)	
	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
Gross Income	204,465,943	100,186,853
Profit before Tax	61,662,666	15,705,122
Provisions for Taxation	2,12,65,508	5,340,093
Profit after Tax	40,397,158	10,365,029

A. CAPITAL STRUCTURE

Description	(Figures in ₹)	
	As at 31 st March, 2011	
Authorized Capital	200,000,000	
Issued, Subscribed and Paid up Capital	500,000	

B. TRANSFER TO RESERVES

The Company proposes to transfer ₹30,000,000 to General Reserve out of the amount available for appropriations.

C. PAYMENT OF DIVIDEND

The Board of Directors are pleased to recommend a Final Dividend of ₹10/- per equity share (100% on par value of Rs. 10/- per equity share) for the Financial Year ended March 31, 2011.

REVIEW OF OPERATIONS

• Financial Performance:

The performance of the Company is improved and the financial performance is on the growth trajectory path. The Company's gross income during the Financial Year 2010-11 has been doubled to ₹20.44 crore

as compared to the previous year income of ₹10.02 crore. The Profit before Tax (PBT) during the Financial Year 2010-11 has grown four folds to ₹6.16 crore as compared to ₹1.57 crore in the previous year. Simultaneously, the Profit after Tax (PAT) during the Financial Year 2010-11 has grown four folds to ₹4.04 crore as compared to ₹1.04 crore in the previous year.

- **Third Party Inspection (TPI) of RGGVY and Feeder Renovation Programs (FRP):**

During the Financial Year 2010-11, the Company has completed the milestone of third party inspection of 24,136 villages (out of which 21,176 Villages under 10th plan and 2,960 villages under 11th plan) and 1,786 Nos. of feeders. In addition to the existing business in the following two power utilities:

- o Maharashtra State Electricity Distribution Company Limited (MSEDCL)
- o Himachal Pradesh State Electricity Board (HPSEB)

Your Company has executed TPI works of RGGVY and FRP works. Further, because of new initiatives viz. GPS coordinates of all HT/LT poles, signed copies of BOQs/SLDs, mapping etc. taken by your Company, the quality of report prepared and sent in respect of the above works have improved. The feedback received from our customers in respect of the reports pertaining to the above work has been positive.

- **Material Inspection:**

During the Financial Year 2010-11, the Company has carried out the material inspection under RGGVY under XI plan in 13 DISCOMs and material inspection of HVDS project of Uttar Haryana Bijli Vidyut Nigam Limited (UHBVN) at manufacturer's end. In the above inspection works, your Company has carried out the work by ensuring quality standards of IS codes and other guidelines as applicable.

- **DPRs for R-APDRP:**

The Company has prepared the Detailed Project Report (DPR) for Restructured-Accelerated Power Development and Reform Program R-APDRP-Part-B Scheme for 31 towns (20 for Uttar Haryana Bijli Vidyut Nigam Limited (UHBVN) and 11 for Dakshin Haryana Bijli Vidyut Nigam Limited (DHBVN)) for an aggregate project of ₹744.94 crore.

NEW INITIATIVES

- **Third Party Inspection (TPI) of HVDS feeders:** During the Financial Year 2010-11, RECPDCL has initiated the TPI works of High Voltage Distribution System (HVDS) for Karnal, Kaithal, Kurukshetra and Rohtak OP circles. The Company has also completed field inspections of 17 feeders for the utility UHBVN.
- **Energy Audit:** During the Financial Year 2010-11, RECPDCL has conducted Energy Audit at Indian Institute of Management (IIM) Lucknow, Noida Campus and National Institute of Public Finance and Policy (NIPFP), New Delhi and contributed for the energy conservation. Your Company has taken initiatives for taking up the work of Energy Accounting and Energy Audit in Distribution Network. Your Company has taken-up the Energy Audit works in Thermal Power Station.
- **Lender's Engineer Assignment:** The Company has been appointed to act as Lender's Engineer for various renewable energy projects including solar power project under Jawaharlal Nehru National Solar Mission (JNNSM), a scheme launched by Ministry of New and Renewable Energy (MNRE).

- **MoUs:** The Company has entered into a MoU with M/s North Delhi Power Limited (NDPL) to undertake the business of distribution of electricity jointly by RECPDCL and NDPL in the license area. This initiative would help the Company in achieving its main objective to promote, develop, construct, operate, distribute and maintain 66 kv and below distribution network.
- **The company has taken new initiatives to promote and implement as a 'Developer', one of the key program of the ministry of Power viz., Decentralized Distribution Generation (DDG) under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), a scheme of Rural Electricity Infrastructure and Household Electrification for electrification of remote villages, which are away from the grid in order to attain the goal of providing access to electricity to all households and to achieve the Company's Objectives. The above proposal is under consideration for implementation.**

QUALITY

Your Company has implemented quality policy in all the works undertaken by RECPDCL. In order to improve the quality of inspection, the Company has engaged qualified engineers, using advanced equipments viz. GPS based instruments, Opti-Logic Equipment, cameras with advanced technology and software programs. Your Company has prepared the report by indicating the deviations in constructions practices by the above methodology which have helped the utilities broadly.

BOARD OF DIRECTORS

Sl No.	Name	Designation	Date of Appointment / Last Re-appointment	Date of Cessation
1.	Shri Hari Das Khunteta	Chairman	16.04.2011(A/N)	Continuing
2.	Dr. J. M. Phatak	Chairman	15.06.2010(A/N)	16.04.2011(A/N)
3.	Shri Prakash Thakkar	Director	23.04.2010	Continuing
4.	Shri Sanjiv Garg	Director	27.08.2010	Continuing
5.	Shri Rakesh Kumar Arora	Director	27.08.2010	23.03.2011

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Shri Prakash Thakkar retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Shri Rakesh Kumar Arora resigned from the post of Director of the company w.e.f. 23.03.2011.

STATUTORY AUDITORS

M/s Satyendra Jain & Associates, Chartered Accountants were appointed by the Comptroller and Auditor-General of India as Statutory Auditors of the Company for the fourth Financial Year ended 31st March, 2011. The Statutory Auditors have audited the Accounts of the Company for the above said period. There are no adverse comments, observation or reservation in the Statutory Auditors' Report on the Accounts of the Company.

PARTICULAR OF EMPLOYEES

There being no employee in the Company with earning over specified amount, the particular of employees as prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be given.

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

During the Financial Year 2010-11, RECPDCL has conducted Energy Audit at Indian Institute of Management (IIM) Lucknow, Noida Campus and National Institute of Public Finance and Policy (NIPFP), New Delhi and thus contributed for energy conservation. During the Year, there is no technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. During the year the Company has no earnings or outgo in foreign exchange.

DEPOSIT

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

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

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

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

HUMAN RESOURCES

Quality of output is being assigned importance and the human resources are empowered to develop quality consciousness through training and constant guidance. Employee-Employer relations remained cordial throughout the year.

Consultancy being the initial foray of RECPDCL, the role of Human Resource Management is of utmost importance since most of the business activities viz. Third Party Inspection, Quality monitoring pertaining to Distribution Sector are professional manpower oriented. With a view to enhance efficiency of the professionals and to increase the motivation level, many new initiatives such as Open Door Access to top management, Employee Feedback portal, Performance Monitoring System, Loyalty Bonus etc., have been put in place at RECPDCL.

APPRECIATION

The Directors place on record their deep appreciation of all valuable contributions and guidance made by Dr. J. M. Phatak and Shri Rakesh Kumar Arora during their tenure as Chairman and Director respectively, of the Company in the FY 2010-11.

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Accounts of the Company for the period ended 31st March, 2011 is appended herewith.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank the Ministry of Power (MoP) for their whole hearted support and guidance. The Board of Directors also extends their sincere thanks to Dr. P. Uma Shankar, Secretary, Power, MoP for his guidance and support. The Board extends its sincere thanks to our valued customers, all employees of REC, and all the stakeholders as well as Bankers for their co-operation and support.

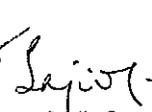
The Directors thank the Statutory Auditors, M/s. Satyendra Jain & Associates and the Comptroller and Auditor General of India for their valuable co-operation and support.

On behalf of the Board



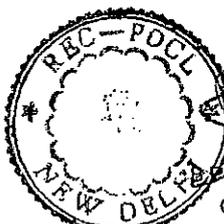
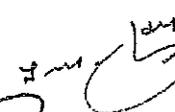
(Hari Das Khunteta)
Chairman

Place: New Delhi
Date: 19/08/2011

BALANCE SHEET AS AT 31st March 2011			
Description	Schedule No.	Figures in Rupees	
		As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholder's Funds:			
Share Capital	1	500,000	500,000
Reserve & Surplus	2	81,012,275	41,198,161
Deferred Tax Liability	12(9)	119,212	77,020
Loan Funds:			
Secured Loans		-	-
Unsecured Loan		-	-
Total		81,631,487	41,775,181
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	3,698,003	2,970,973
Less Depreciation		594,018	315,314
Net Block		3,103,985	2,655,659
Capital Work in Progress		-	-
Investments.		-	-
Current Assets, Loans & Advances			
Cash and Bank Balances	4	51,856,224	38,556,855
Sundry Debtors		195,343,251	69,335,529
Other Current assets		652,550	552,954
Loans and Advances		44,414,141	26,803,193
Total		292,266,166	135,248,531
Less: Current Liabilities & Provisions			
Current Liabilities	5	192,516,840	90,278,290
Provisions		21,221,824	5,850,718
Total		213,738,664	96,129,009
Net Current Assets		78,527,502	39,119,522
Miscellaneous Expenditure (To the extent not written off or adjusted)		-	-
Total		81,631,487	41,775,181
Significant accounting policies	11		
Notes on accounts	12		
Schedule 1 to 12 form an integral part of Accounts in terms of our report of even dated.			
For Satyendra Jain & Associates Chartered Accountants			
 Anil Kumar Jain M. No. 072783 Partner		For and on behalf of the Board	
		 P. Yadav CEO	 Prakash Thakkar Director
			 Sanjiv Garg Director
Place : New Delhi			
Date : 17.6 MAY 2011			

Profit & Loss Account
FOR THE PERIOD ENDED 31st March 2011

Figures in Rupees

Description	Schedule No.	As at 31.03.2011	As at 31.03.2010
INCOME			
Project Revenue/Consultancy	6	198,350,092	97,477,656
Other Income	7	6,115,851	2,709,197
Total Income		204,465,943	100,186,853
EXPENDITURE			
Project Expenses	8	127,185,053	73366982
Establishment & Administrative Expenses	9	14,823,176	10,897,215
Depreciation		290,623	225,019
Total expenses		142,298,852	84,489,216
Profit for the Year		62,167,091	15,697,637
Prior Period Adjustment (net)	10	504,425	-7,485
Profit before Tax		61,662,666	15,705,122
Income Tax Expenses:			
-Previous Years		584,537	-
-Current Year		20,638,779	5,265,742
-Deferred tax	12(9)	42,192	74,351
Profit after Tax		40,397,158	10,365,029
APPROPRIATIONS			
Transfer to General Reserve		30,000,000	7,500,000
Transfer to Reserve for Doubtful Debts		2,020,000	-
Proposed Dividend		500,000	500,000
Divident tax		83,045	84,976
Profit carried to Balance Sheet		7,794,113	2,280,053
Earning per share (basic & diluted of Rs.10/- (in Rupees)		808	207
Schedule 1 to 9 form an Integral part of Accounts			
In terms of our report of even date For Satyendra Jain & Associates Chartered Accountants		For and on behalf of the Board	
 Anil Kumar Jain M. No. 072783		 Prakash Thakkar Director	 Sarjiv Garg Director
Place : New Delhi			
Date : 17 MAY 2011			

SCHEDULE '1' - SHARE CAPITAL

Figures in Rupees

Description	Figures in Rupees	
	As at 31.03.2011	As at 31.03.2010
Authorised		
20000000 Equity shares of Rs. 10 each	200,000,000	200,000,000
Issued, Subscribed and Paid up		
50,000 fully paid up Equity shares of Rs 10 each (held by Rural Electrification Corporation Ltd, the Holding Company)	500,000	500,000
Total	500,000	500,000

SCHEDULE '2' - RESERVES & SURPLUS

Figures in Rupees

Description	Details	Figures in Rupees	
		As at 31.03.2011	As at 31.03.2010
General reserve			
Opening Bal	17,500,000		10,000,000
Add: Transfer during the year	30,000,000	47,500,000	7,500,000
Reserve for Doubtful Debts			
Opening Bal	-		-
Add: Transfer during the year	2,020,000	2,020,000	-
Profit and loss Account			
Opening Bal	23,698,162		21,418,109
Add: Transfer during the year	7,794,113	31,492,275	2,280,053
Total		81,012,275	41,198,162



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REC Power Distribution Company Limited : NEW DELHI

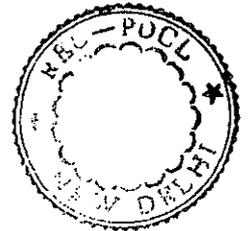
Schedule -3
Figures in Rupees

Fixed Assets Schedule for the year ending 31.03.2011

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening	Additions during the year	Sales/ adjustment during the year	Closing	Opening	Dep during the year ending 31.03.11	Disp / Written off	Closing	As at 31.03.11	As at 31.03.10
Camera	1183125	52180	63985	1171320	54055	57151	5565	105641	1065679	1129070
Computer Software	66090	0	0	66090	16222	13218	0	29440	36650	49868
Furniture & Fitting	147009	71838	5167	213680	133825	45956	5167	174614	39066	13184
Computer	168734	487868	0	656602	54836	93797	0	148633	507969	113898
GPS	1303051	36000	13632	1325419	46511	62262	1187	107586	1217833	1256540
Inspection Equipment	102964	161928	0	264892	9865	18239	0	28104	236788	93098
Grand Total	2970973	809814	82784	3698003	315314	290623	11919	594018	3103985	2655659
Capital WIP	0	0	0	0	0	0	0	0	0	0
Previous Years	1061767	1930956	21750	2970973	91471	225019	1176	315314	2655659	0



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SCHEDULE '4' - CURRENT ASSETS, LOAN AND ADVANCES

Figures In Rupees

Description	Details	Figures In Rupees	
		As at 31.03.2011	As at 31.03.2010
I CURRENT ASSETS			
(A) Cash and bank balances:			
(i) In current account with Scheduled Bank	7,856,224	51,856,224	156,855
(ii) In Deposit Accounts with Scheduled Banks	44,000,000		38,400,000
(B) Sundry Debtors			
(i) Debt outstanding for a period of more than six months:			
considered good	18,994,849		2,820,476
considered doubtful.			-
(ii) Other debts - considered good	210,176,578		63512626
(iii) Income accrued but not due	14,376,201		3,002,427
(iv) Less : Book Advance	48,204,377	195,343,251	
(C) OTHER CURRENT ASSETS			
(i) Interest accrued on term deposits	652,550		552,954
(ii) other current assets	-	652,550	-
Total		247,852,025	108,445,338
II LOANS AND ADVANCES			
(A) Loans			
(B) Advances:			
(secured)			
(i) Advance Income -Tax		24,536,595	14,604,413
(ii) TDS Recoverable		11,243,861	4,780,421
(iii) Works contract Tax		60,104	27,545
(iv) Service Tax (CENVAT)		4,312,018	2,190,631
(V) Advance to REC		-	676,295
(vi) Security Deposit		508,850	508,850
(Unsecured considered good)			
(iv) Advance to Supplier		3,348,057	3,655,238
(v) Security for Rent		364,000	359,800
(vi) Advance to Employee		40,656	-
Total :		44,414,141	26,803,193
Grand Total		292,266,166	135,248,531



SCHEDULE '5' - CURRENT LIABILITIES & PROVISIONS

Figures in Rupees

Description	Details	Figures in Rupees	
		As at 31.03.2011	As at 31.03.2010
(A) Current Liabilities			
(i) Creditors for Expenses			
Dues to Small Scale Ind. Undertakings		-	-
Others		39,018,883	5,482,378
(ii) Earnest money Deposits		2,878,200	2,973,200
(iii) Other Liabilities		44,864	10,704,285
(iv) Payable to REC		4,395,065	-
(v) TDS payable		4,358,505	953,728
(vi) Service tax due but not payable	21,588,579.00		
less: Service tax on Book Advance	4,500,155.00	17,088,424	6,206,318
(vii) Advances from customers	168,437,121.00		
less: Book Advance	43,704,222.00	124,732,899	63,958,381
Total A		192,516,840	90,278,290
(B) Provisions			
Income Tax		20638779	5,265,742
Proposed Dividend		500000	500,000
Dividend tax payable		83045	84,976
Total B		21,221,824	5,850,718
Total (A+B)		213,738,664	96,129,008

SCHEDULE '6' - Project Revenue/ Consultancy

Figures in Rupees

Description	Details	Figures in Rupees	
		As at 31.03.2011	As at 31.03.2010
Inspection Fee		129,060,197	70,473,040
Consultancy Fee		69,257,295	26,849,000
Others		32,600	155,616
Total		198,350,092	97,477,656

SCHEDULE '7' - Other Income

Figures in Rupees

Description	Details	Figures in Rupees	
		As at 31.03.2011	As at 31.03.2010
Interest from Bank (Including TDS Rs. 1,46,513/-)		1,428,377	1,744,693
Liquidated Damages		4,614,422	964,504
Other Misc Income		67,621	-
Profit on sale of Assets		5,431	-
Total		6,115,851	2,709,197

SCHEDULE '8' - Project Expenses

Figures in Rupees

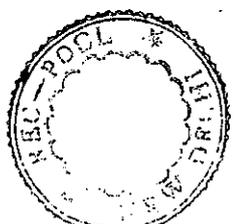
Description	Details	Figures in Rupees	
		As at 31.03.2011	As at 31.03.2010
Fee for consultancy obtained		54,131,892	15,809,101
Manpower hiring cost for TPI		39,034,420	36,014,768
Salary allocated for REC deployment		14,391,264	6,394,496
Administration Overhead allocated by REC		10,349	1,437,045
Hiring of Vehicle and Diesel Charges		3,596,313	3,609,446
TA/DA		5,251,033	3,538,515
Hiring of Computer		1,792,068	1,304,470
Printing and Stationery Charges		2,657,162	1,271,442
Other project expenses		6,320,552	3,387,699
Total		127,185,053	73,366,982

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SCHEDULE '9' - Establishment & ADMINISTRATION EXPENSES

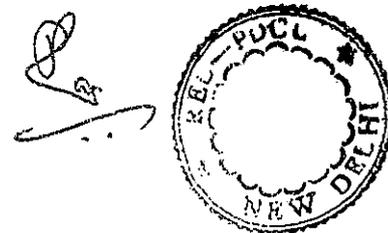
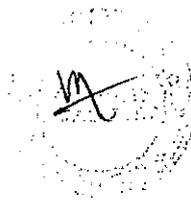
Figures in Rupees

Description	Details	As at 31.03.2011	As at 31.03.2010
Administration Overhead allocated by REC		9,291	1,461,306
Salary allocated for REC deployment		12,840,883	6,519,181
Payment to Statutory Auditors			
- Statutory Audit Fees	50000		40,000
- Tax Audit Fee	25000	75,000	15,000
Internal Audit Fee		32,500	-
Meeting & Conference Exp.		733	124,296
Consultancy charges		-	1,931,250
Loss on sale of Fixed Assets		341	314
Other Misc Expenses		1,864,428	805,868
Total		14,823,176	10,897,215

SCHEDULE '10' - Prior Period Adjustments

Figures in Rupees

Description	Details	As at 31.03.2011	As at 31.03.2010
A) Income			
- Provision written back			
a) Income Tax		-	5,761
b) Others		1,932	-
- Others		9,791	1,724
Total		11,723	7,485
B) Expenses			
- Provision made for Expenses			
a) Income Tax		-	-
b) Others		-	-
- Salary		-	-
- Income Written Back		466,907	-
- Others		49,241	-
Total		516,148	-
Total		504,425	-7,485



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REC POWER DISTRIBUTION COMPANY LIMITED

(A wholly owned subsidiary of Rural Electrification Corporation Limited)

SCHEDULE NO. 11 SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standards in India. The financial statements adhere to the relevant presentation requirement of the Companies Act, 1956.

2. FIXED ASSETS

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

3. DEPRECIATION

Depreciation on assets is provided on pro rata basis on straight-line Method at the rates prescribed under schedule XIV of the Companies Act, 1956. Full amount is provided as depreciation on assets purchased during the year for a value up to Rs. 5,000/- . Depreciation on assets purchased/ sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/ sale.

4. EXPENDITURE INCURRED BY HOLDING COMPANY

Expenditures incurred by the Holding Company on behalf of our company are recognised on accrual basis and same are classified as Current Liabilities payable to Holding Company.

5. CASH FLOW STATEMENT

Cash flows are reported using the indirect method.

6. REVENUE RECOGNITION

6.1 Income and expenses are accounted for on accrual basis.

6.2 Revenue is recognised based on proportionate completion method as per clause 7.1(i) of Accounting Standard-9.

REC POWER DISTRIBUTION COMPANY LIMITED

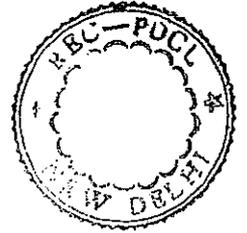
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

6.3 Income for services rendered commensurate with the work completed under the contract is accounted for :

(i) As per invoice (bill) raised in accordance with contractual stipulations;

(ii) As per proportionate revenue for works completed but invoices not raised.

6.4 Consultancy fees are taken as income excluding the amount of Service Tax collected as payable under the Service Tax Act 1994.



REC POWER DISTRIBUTION COMPANY LIMITED

(A wholly owned subsidiary of Rural Electrification Corporation Limited)

SCHEDULE NO. 12 NOTES ON ACCOUNTS

1. The Company is a wholly owned subsidiary of Rural Electrification Corporation Limited (A Govt. of India Enterprise). The Key Management Personnel of the Company are employees of the Holding Company (REC Ltd) deployed on part time basis. No management remuneration is paid to such representatives by the company.

2. The common employees/ establishment cost and administration expenses of the Holding Company have been accounted for as apportioned by Holding company on the following basis:-

For employees of holding company working on full time basis for subsidiary Company (RECPDCL), total Cost to the Company (CTC) of employees on full time basis have been recognised as expenditure whereas for the employees of holding company working partially for the subsidiary company, percentage of total cost of employees on part time basis according to the estimated time spent by these employees, have been recognised as expenditure, on the basis of cost ratio details provided / approved by holding company. Interest on cost incurred by holding company on behalf of our company is provided as per the average cost of borrowings (of the holding company excluding borrowings under section 54 EC of the Income Tax Act).

Administrative overheads allocation of holding company has been taken on the basis of total basic salary of employees working in our company multiplied by ratio of total overhead cost and the total basic salary of the holding company.

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

4. The Company has no outstanding liability towards micro, small & medium undertakings.

5. Major balances of Debtors have been confirmed.

6. Information regarding foreign currency transactions disclosure as required under Schedule VI of the Companies Act, 1956 is nil.

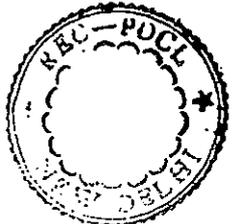
7. Figures have been rounded off to the nearest rupee.

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S

[Signature]



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

8. The disclosure as per AS18-Related Party Disclosure:-

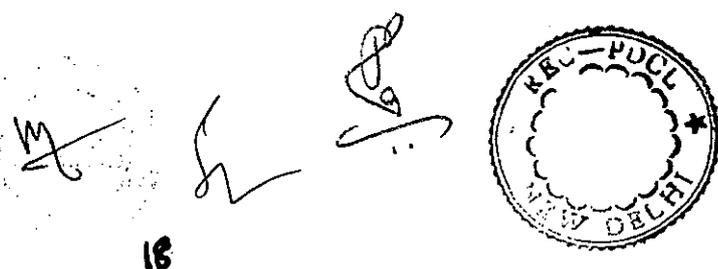
The REC Power Distribution Company Limited is a wholly owned Subsidiary of Rural Electrification Corporation Limited. All key decisions are taken by the Board of REC Power Distribution Company Limited where the REC nominees exercise the control. There is no related Party Transactions with Holding Company except reimbursement of expenses on account of services provided to the company as detailed below.

Name of related party	Type of Transaction	Year ending 31.03.2011	Year ending 31.3.2010
REC Ltd.	Expenses allocated by REC for Deployment of Employees	280.41 Lacs	158.12 Lacs
	Interest Charges paid to REC Ltd	0.47 Lacs	1.39 Lacs
	Other transactions	0.45 Lacs	0

Name of related party	Year ending 31.03.2011		Year ending 31.3.2010	
	Balance at year end	Maximum Balance during the period	Balance at year end	Maximum Balance during the period
REC Ltd.	43.95 Lacs	280.41 lacs	6.76 lacs	184.61 lacs

9. In compliance to the Accounting Standard – 22 on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, Deferred Tax Accounting has been made which is as below:-

Particulars	As on 31.03.2011	As on 31.03.2010
Deferred Tax Assets	Nil	Nil
Deferred Tax Liability > Depreciation	1,19,212	77020
Net Deferred Tax Liability	1,19,212	77020
Deferred Tax Exp for the period	42,192	74351



REC POWER DISTRIBUTION COMPANY LIMITED

(A wholly owned subsidiary of Rural Electrification Corporation Limited)

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

Designation Category Officer	As on 31.03.2011	Maximum Amount Outstanding During the Year ending 31.03.2011	As on 31.3.2010	Maximum Amount Outstanding During year ending 31.3.2010
Chairman	Nil	Nil	Nil	Nil
Company Secretary	Nil	Nil	Nil	Nil

11. The corresponding period's figures have been regrouped/recasted/rearranged, wherever necessary.

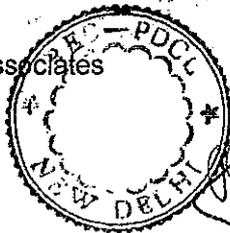
12. The Management starts reviewing the realisability of sundry debtors with a view to determine whether a particular debt is good, bad or Doubtful in pursuance of prudent financial policy. However in view of implementing the good governance, Management has decided to create a reserve towards doubtful debts by allocating 5% of net profit after tax(rounded off to the nearest thousands). In future whenever debtor become doubtful/bad that shall be adjusted against this reserve to the extent available. This year an amount of Rs 20,20,000/- transferred to this account.

In terms of our report of even date.

For Satyendra Jain & Associates
Chartered Accountants



Anil Kumar Jain
Anil Kumar Jain
M. No. 072783
Partner



B.P. Yadav
B.P. Yadav
CEO

For and on behalf of the Board

Prakash Thakkar
Prakash Thakkar
Director

Sanjiv Garg
Sanjiv Garg
Director

Place: New Delhi

Date: 16 MAY 2011

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March 2011

Figures in Rupee

Description	Period ended 31.03.2011	Period ended 31.03.2010
A. Cash Flow from Operating Activities:		
Net profit before Tax and extraordinary Activities	61,662,666	15,705,122
Tax Adjustment	-584,537	5,265,742
Adjustment for		
Depreciation	290,623	225,019
Interest income	-1,428,377	-1,744,693
Loss / profit on sale of Assets	-5,090	314
Operating profit before working capital changes	59,935,285	19,451,504
Increase/(Decrease)		
Debtors	-126,007,722	-58,264,554
Other current assets	-99,596	-296,302
Other Loans & Advances	-6,610,948	-1,776,299
Current Liabilities	102,238,550	78,162,668
Provisions	-5,850,718	-11,190,812
Cash Generated from Operation	23,604,851	26,086,205
Less : Income Tax Paid	-11,000,000	9,530,000
Net Inflow from Operating Activities	12,604,851	16,556,205
B. Cash Flow from Investing Activities:		
purchase of fixed assets	-809,814	20,260
sale of fixed assets	75,955	-1,930,956
interest income	1,428,377	1,744,693
Net Cash used in Investing Activity	694,518	-166,003
C. Cash Flow from Financing Activities:		
Share capital	-	-
Net Cash used in Financing Activity	-	-
Net Increase/ Decrease in Cash & equivalents (A+B+C)	13,299,369	16,390,202
Cash and Cash Equivalents at the begining of the period	38,556,855	22,166,653
Cash and Cash Equivalents at the end of the period	51,856,224	38,556,855

In terms of our report of even dated.

For Satyendra Jain & Associates
Chartered Accountants

Anil Kumar Jain
M. No. 072783
Partner

Place : New Delhi

Date :

1.6 MAY 2011



(Signature)
B.P. Yadav
C.E.O.

(Signature)
Prakash Thakkar
Director

(Signature)
Sanjiv Garg
Director

For and on behalf of the Board

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

Balance Sheet Abstract and Company's General Business Profile as per Part IV of the Companies Act 1956 :

1. REGISTRATION DETAILS :			
Registration No.	U40101DL2007G01165779		
Balance Sheet Date :	31	3	2011
	Date	Month	
			Amount (Rs. in lac)
2. CAPITAL RAISED DURING THE YEAR :			0
3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS			
Total Liabilities	816	Total Assets	816
SOURCES OF FUNDS			
PAID UP CAPITAL	5	Reserves & Surplus	810
Secured Loans	0	Unsecured Loans	0
Deffered Tax Liability	1		
APPLICATIONS OF FUNDS:			
Net Fixed Assets (Incl. Capital WIP)	31	Investments	0
Net Current Assets	785	Loans	0
Deferred Tax Assests	0		
Accumulated Losses	0	Misc. Expenditure	0
4. PERFORMANCE OF COMPANY			
Turnover including other income	2045	Total Expenditure	1423
Profit before Tax	622	Profit after Tax	404
EPS in Rs. (On a share of Rs.10/-)	808	Dividend Rate	100%
5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY			
	Consultancy		
Item Code No..	N.A.	Signature to all Schedules 1 to 9	

Signatures to the schedules forming part of the Balance Sheet and Profit and Loss and to the above notes.



B. R. Yadav
C.E.O.

Prakash Thakkar
Director

Sanjeev Garg
Director

Dated:

16 MAY 2011

AUDITOR'S REPORT

TO THE MEMBERS OF
REC Power Distribution Company Limited
1016-1023, 10th Floor,
Devika Tower, Nehru Place,
New Delhi 110019

We have audited the attached Balance Sheet of **M/S REC Power Distribution Company Limited** as on 31st March 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003 ('Order') and as amended by the Company's Auditors report (Amendment) Order, 2004 issued by the Central Government of India, in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the annexure a statement on the matters specified in Paragraphs 4 & 5 of the said Order to the extent applicable to the Company.
- 2) We report that considering the point no.4 of Schedule No. 12 on the **Notes on Accounts** in respect of small scale industrial undertakings and section 22 of the "THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006" respectively, Company sent the letters to various creditors but no confirmation received. We are unable to comment whether there will be any effect on the account of the Company.

- 3) We report that considering the point no.5 of Schedule No. 12 on the **Notes on Accounts** stating that major balances of debtors have been confirmed. But other debtors and debit/credit balances appearing in Creditors and Loans and Advances are subject to confirmation. The position of total balances, confirmed balances and percentage of unconfirmed balances are given below.

S.No.	Particulars	Amount as per Books.	Amount for which confirmation received by Statutory Auditor/reconciled.	% of unconfirmed amount.
1	Bank Balances in Current Account	7856224	7856224	0
2	Bank Balances in Fixed Deposit Account	44000000	44000000	0
3	Account Receivables	180967050	135935897	24.88
4	Account Payables	8940082	4395065	50.83
5	Loans and Advances	4261563	4261563	0
	Total	246024919	192187186	

NOTE:

- i) In case of fixed deposit receipts, we have been provided with original FDRs only and we confirmed the FDR balances with those receipts only.
- ii) Apart from the figure as shown at sl. no 4 of the above table, accounts payable also contains an amount of Rs. 12,47,32,899 received as advance from customers which is yet to be confirmed and provisional liability of Rs. 3,22,26,786 provided for consultancy obtained corresponding to income booked (accrued but not due).

Further to our comments as above and in the Annexure referred to the above, we report that:

- 1) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- 3) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

- 4) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the requirements of the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
- 5) In our opinion, and based on the information and explanations given to us, none of the directors are disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of the sub-section(1) of section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,
- I. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - II. in the case of profit and Loss Account, of the Profit for the year then ended;
 - III. in the case of Cash Flow Statement, of the cash flows during the year then ended .
-

For Satyendra Jain & Associates
CHARTERED ACCOUNTANTS
Firm No. 012018N


(Anil Kumar Jain)
Partner
Membership No. 072783



PLACE: NEW DELHI
DATED: 19.05.2011

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT TO
THE MEMBERS OF REC POWER DISTRIBUTION COMPANY LIMITED**

This is the Annexure referred to in our report on the balance sheet of **REC POWER DISTRIBUTION COMPANY LIMITED**, as at 31ST March 2011.

- (1) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) Since a substantial part of fixed assets have not been disposed off during the year so as to affect the going concern principle, paragraph 4(l)(c) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- (2) The company does not have any stocks accordingly provisions of clause II(a),(b),(c) of the Order are not applicable.
- (3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, paragraph 4(iii) of the Order is not applicable.
- (b) The company has not taken any loan from parties covered under section 301 of the Companies Act, 1956.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
- (5) (a) Based upon the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Companies Act 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act 1956 aggregating during the year to Rs. 5,00,000/- or more in respect of each party have been

made at prices which are reasonable having regard to market price for such transactions, prevailing at the relevant time, where such market price are available.

- (6) Since the Company has not accepted deposits from the public, paragraph 4(vi) of the Order is not applicable.
- (7) During the year under audit, the company has hired services of independent C.A. Firm for performing the internal audit.
- (8) We were informed that the maintenance of cost records has not been prescribed for the company by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
- (9) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' state Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March 2011 for a period more than six months from the date they become payable.
- (10) The Company does not have accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses in the financial year as well as in the immediately preceding financial year.
- (11) The company has not defaulted in repayment of its dues to the financial institution and banks and debenture holders.
- (12) Since the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities, paragraph 4(xii) of the Order is not applicable.
- (13) Since the provision of special statute applicable to chit fund, nidhi or mutual benefits fund / societies are not applicable to the Company; paragraph 4(xiii) of the Order is not applicable.
- (14) In our opinion the company is not dealing or trading in shares, securities, debentures or other investments and hence, paragraph 4 (xiv) is not applicable.
- (15) As informed to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (16) The company did not raise any long term loan during the year.

- (17) On the basis of our examination, the funds raised on short- term basis have not been used for long- term investments and vise-versa.
- (18) The Company has not made any preferential allotments of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (19) Since the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
- (20) Since the company has not raised any money by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (21) As informed to us, there has not been any fraud on or by the Company noticed or reported during the year.

FOR SATYENDRA JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm No.012018N


(Anil Kumar Jain)
PARTNER
M. NO. 072783



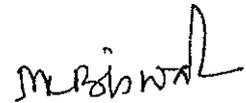
Place : NEW DELHI
Dated : 19.05.2011

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
REC POWER DISTRIBUTION COMPANY LIMITED, NEW DELHI, FOR THE YEAR
ENDED 31 MARCH 2011**

The preparation of financial statements of REC Power Distribution Company Limited, New Delhi for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of REC Power Distribution Company Limited, New Delhi for the year ended 31 March 2011 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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



(M.K. BISWAS)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place: New Delhi
Dated: 16 June 2011