
Company Information

Board of Directors:

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

Statutory Auditors:

M/s S. S. Poddar & Co.
Chartered Accountants
204-205, Ansal Imperial Tower
C-Block Community Centre,
Naraina Vihar
New Delhi-110028

Bankers:

HDFC Bank Limited
State Bank of Hyderabad

Registered Office:

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

CONTENTS

1. Notice of AGM	1
2. Directors' Report	2
3. Balance Sheet	7
4. Statement of Profit & Loss	8
5. Significant Accounting Policies	15
6. Notes on Accounts	17
7. Cash Flow Statement	21
8. Auditors' Report	22
9. Comments of the C & AG of India	26



REC POWER DISTRIBUTION COMPANY LIMITED

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

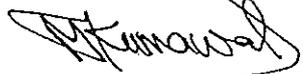
NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the REC Power Distribution Company Limited will be held on Wednesday, the 29th day of August, 2012 at 5.00 P.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, 2012 and the Statement of Profit & Loss for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare Dividend for the Financial Year 2011-12.
3. To appoint a Director in the place of Shri Sanjiv Garg, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors.

By order of the Board of Directors


(M. L. Kumawat)
Company Secretary

Place: New Delhi

Dated: 28.08.2012

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 Fifth Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March, 2012.

FINANCIAL PERFORMANCE

A summary of financial performance of the Company for the financial year ended 31st March, 2012 is as under:

Particulars	(Figures in Hundreds)	
	As at 31 st March, 2012	As at 31 st March, 2011
Gross Income	23,27,520	20,44,660
Profit before Tax	12,85,984	6,16,627
Provisions for Taxation	4,19,074	2,12,655
Profit after Tax	8,66,910	4,03,972

A. CAPITAL STRUCTURE

Description	(Figures in Hundreds)
	As at 31 st March, 2012
Authorized Capital	20,00,000
Issued, Subscribed and Paid up Capital	5,000

B. TRANSFER TO RESERVES

The Company proposes to transfer Rs. 6,50,00,000/- 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 Rs. 10/- per equity share (100% on par value of Rs. 10/- per equity share) for the financial year 2011-12.

REVIEW OF OPERATIONS

• Financial Performance

The performance of the company has improved drastically and the financial performance of the company is on the trajectory growth path. The company's gross income during the financial year 2011-12 has increased to Rs. 23.28 crore compared to the previous year income of Rs. 20.45 crore. The Profit Before Tax (PBT) during the financial year 2011-12 has doubled to Rs. 12.86 crore as compared

to Rs. 6.17 crore in the previous year. The Profit After Tax (PAT) during the financial year 2011-12 has also doubled to Rs. 8.67 crore as compared to Rs. 4.04 crore during the previous year.

- **Third Party Inspections (TPI) of RGGVY, Feeder Renovation Programmes (FRP) and High Voltage Distribution System (HVDS):**

During the financial year 2011-12, the company has completed the milestone of third party inspection of 9634 nos. of villages (out of which 4606 nos. of Villages under 10th plan and 5028 nos. of villages under 11th plan), 212 nos. of feeders under HVDS and 1277 nos. of Feeders under FRP. This is a mile stone achievement in TPI works.

Your company has executed various consultancy assignments in Power sector viz. TPI works of RGGVY, FRP and HVDS works with the highest quality standards. 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 report pertaining to the above work has been very positive.

- **Material Inspection:**

During the financial year 2011-12 the Company has carried out the material inspection under RGGVY under XIth Five Year Plan in 15 DISCOMs and material inspection of HVDS project of Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) at manufacturers 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.

- **Lenders Engineer Assignment :**

During the financial year 2011-12, the Company has carried out the Lender's Engineer Assignment for 1 MW Solar Power Generation Plant Installed In Bolangir District of Orissa by M/s Raajratna Energy Holding Private Limited, 5 MW Solar Power Generation Plant installed in Tinwari Village, Jodhpur, Rajasthan by M/s Swiss Park Vanijya Pvt Ltd. and 1 MW Solar Power Generation Plant installed in Anantpur District of Andhra Pradesh by M/s Amrit Jal Ventures Private Limited.

NEW INITIATIVES

- **MRI based Billing and Data Analysis:** During the financial year 2011-12, REC PDCL has initiated the MRI based Billing and Data Analysis works of Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) for EUDC Noida, Saharanpur Zone, EDC Hapur, EUDD-II Ghaziabad and EDC Ghaziabad. The Company also complete billing for the month of November '11 to March '12 successfully for EUDC Noida, EUDD-II Ghaziabad and EDC Ghaziabad.
- **Revised Cost Estimation works of RGGVY Phase-II:** During the financial year 2011-12, RECPDCL has initiated the works of Revised Cost Estimate for Phase-II of

RGVY Scheme in Districts of Bihar, Jharkhand, Orissa, Chattisgarh, Madhya Pradesh and Uttar Pradesh.

- **Participation in Tenders:** Your company has widened its business horizon in order to provide value added services to various clients viz. Discoms/State Government/SERC/CERC & other agencies. During the financial year 2011-12, RECPDCL has started bidding for several tenders like Preparation of Cost Data Book & Capex Review & Physical Verification of Assets for Delhi Electricity Regulatory Commission (DERC), Compliance Auditor for Renewable Energy for Central Electricity Regulatory Commission (CERC), Capex Review & Physical Verification of Assets for Haryana Electricity Regulatory Commission (HERC), AT&C Loss Assessment for Power Finance Corporation Limited.

BOARD OF DIRECTORS

Sl. No.	Name	Designation	Date of Appointment / Last Re-	Date of Cessation
1.	Shri Rajeev Sharma	Chairman	29.11.2011	Continuing
2.	Shri Hari Das Khunteta	Chairman	16.04.2011	29.11.2011
3.	Shri Prakash Thakkar	Director	24.08.2011	Continuing
4.	Shri Sanjiv Garg	Director	27.08.2010	Continuing

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

STATUTORY AUDITORS

M/s S. S. Poddar & Co., Chartered Accountants were appointed by the Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2011-12. The Statutory Auditors have audited the Accounts of the Company for the financial year 2011-12 and 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 2011-12, RECPDCL has taken all efforts for energy conservation. During the Year, as regards to technology absorption, the computerization

During the Financial Year 2011-12, RECPDCL has taken all efforts for energy conservation. During the Year, as regards to technology absorption, the computerization of material inspection is achieved.

No Export initiatives/ activities were carried out and 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 for the period ended 31st March, 2012, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCE

- Main business of RECPDCL during the year 2011-12 has been Third Party Quality Inspection of works executed under RGGVY, Feeder Renovation Programme and HVDS Projects. Other portfolios of the company included preparation of DPRs for R-APDRP Part-B, Material Inspection, Energy Audit and MRI billing. All these activities are professional manpower oriented with quality as an objective. Quality of output is given highest importance and human resources were developed to imbibe quality consciousness through regular training and guidance.
- During the year under review more than 100 Electrical Engineering Graduates with first division were hired on flexi basis to carry out the quality inspection. These engineers were equipped with GPS (Global Positioning System as data capturing equipment), digital cameras, laptops and other electronic instruments etc. to meet the best bench mark TPI practices.
- Training was given for 36 man-days to the officers of RECPDCL to get exposure on various subjects like Smart Grids in India, Power Transmission & Distribution Harmony, Exploring Total Rewards and Global Solar Scenario etc.

APPRECIATION

The Board places on record its deep appreciation for all valuable contributions and guidance made by Shri Hari Das Khunteta during his tenure as Chairman of the Company in the financial year 2011-12.

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

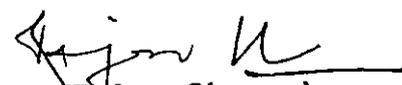
Comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of the Company for the period ended 31st March, 2012 are being enclosed in the Annual Report. The information/explanation to the comments of the Comptroller and Auditor General of India are submitted as under:-

<u>C&AG observations</u>	<u>Management Reply</u>
The accounts of the Company do not disclose: a) Working of Earning per Share in accordance with AS-20 b) Details of provisions and movement thereof in accordance with AS-29	As the observation is for disclosure, having no impact on Balance Sheet and Profit & Loss A/c the same is "noted for compliance in future."

ACKNOWLEDGEMENTS

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

On behalf of the Board


(Rajeev Sharma)
Chairman

Place: New Delhi

Date: 27th August, 2012

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

BALANCE SHEET AS AT 31st March 2012

(Rs. in Hundred)

Description	Note No.	Figures as at the end of Current reporting period	Figures as at the end of Previous reporting period
EQUITY AND LIABILITY			
(1) Shareholder's Funds:			
(a) Share Capital	1	5,000	5,000
(b) Reserve & Surplus	2	16,07,672	7,89,923
(2) Share application money pending allotment			
(3) Non- Current Liabilities			
(a) Long term borrowing		-	-
(b) Deferred Tax Liability		2,649	1,192
(c) Other long term liabilities	3	31,390	28,782
(d) Long term provisions		-	-
(4) Current Liabilities			
(a) Short term borrowings		-	-
(b) Trade payables		4,10,560	3,86,795
(c) Other current liabilities	4	11,53,314	15,09,592
(d) Short term provisions	5	4,27,964	2,12,218
		36,38,549	29,33,502
ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	6	29,296	30,673
(ii) Intangible Assets		234	367
(iii) Capital Work in Progress		-	-
(iv) Intangible assets under development		-	-
(b) Long Term Loans and Advances	7	8,624	8,729
(2) Current Assets			
(i) Trade Receivable	8	21,00,827	17,89,470
(ii) Cash and Cash Equivalents	9	7,01,751	5,18,562
(iii) Short Term Loans and Advances	10	7,19,034	4,35,413
(v) Other Current assets	11	78,783	1,50,288
Total		36,38,549	29,33,502

In terms of our report of even dated.

For S.S. Poddar & Co
Chartered Accountants

S.S. Poddar
Partner
M. No. 15018



S.K. Lohani
CEO

Sanjiv Garg
Director

Prakash Thakkar
Director

Place : New Delhi

Date : 14-5-2012

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

Statement of Profit & Loss
For the year ended 31st March 2012

(Rs. in Hundred)

Description	Note No.	Figures as at the end of Current reporting period	Figures as at the end of Previous reporting period
Revenue from Operation	12	22,77,138	19,83,501
Other Income	13	50,382	61,159
(I) Total Revenue		23,27,520	20,44,660
Expenses			
Project Expenses	14	3,03,456	7,37,491
Depreciation	6	3,068	2,906
Corporate Social Responsibility		2,020	-
Sustainable Development		2,020	-
Salary to REC Employees		3,11,352	2,72,048
Interest Expenses		2,303	470
Manpower Hired		3,43,977	3,90,344
Other Expenses	15	56,438	19,729
(II) Total Expenses		10,24,634	14,22,988
(III) Profit before exceptional and extra ordinary item and tax (I-II)		13,02,886	6,21,671
(IV) Exceptional Items		-	-
(V) Profit before extra ordinary item and tax (III-IV)		13,02,886	6,21,671
(VI) Prior Period Adjustment (net)	16	16,902	5,044
(VII) Profit before Tax (V-VI)		12,85,984	6,16,627
(VIII) Income Tax Expenses:			
-Previous Period		-4,536	5,845
-Current Period		4,22,153	2,06,388
-Deferred tax		1,457	422
Profit for the Period (VII-VIII)		8,66,910	4,03,972
Earning per share (basic & diluted of Rs.10/- each)		17	8

In terms of our report of even date

For S.S. Poddar & Co
Chartered Accountants

S.S. Poddar
Partner
M. No. 15018



S.K. Lohani
CEO

Sanjiv Garg
Director

Prakash Thakkar
Director

Place : New Delhi
Date : 14-05-2012

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

'1' - SHARE CAPITAL			
(Rs. in Hundred)			
Description		As at 31.03.2012	As at 31.03.2011
Authorized 20000000 Equity shares of Rs. 10 each		2,000,000	2,000,000
Issued, Subscribed and Paid up 50,000 fully paid up Equity shares of Rs 10 each		5,000	5,000
Total		5,000	5,000

50,000 fully paid up Equity shares of Rs 10 each held by Rural Electrification Corporation Ltd, the Holding Company.

Name of Shareholder	As at 31st march 2012		As at 31st march 2011	
	No. of shares Held	% of holding	No. of shares Held	% of holding
Rural Electrification Corporation Ltd	50,000	100	50,000	100

'2' - RESERVES & SURPLUS			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
General reserve			
Opening Bal	475,000		175,000
Add: Transfer during the year	650,000	1,125,000	300,000
Surplus			
Opening Bal	314,923		236,982
Add: Transfer during the year	866,910		403,972
Less: Transfer to General Reserve	650,000		300,000
Transfer to Provision for Doubtful Debts	43,350		20,200
Proposed Dividend	5,000		5,000
Dividend tax	811	482,672	831
Total		1,607,672	789,923



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

'3' – Other Long Term Liability			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
(i) Earnest money Deposits		31,390	28,782
Total		31,390	28,782

'4' -Other current Liabilities			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
(i) Other Liabilities		3,820	449
(ii) Payable to REC		51,930	43,951
(iii) TDS payable		15,458	43,585
(iv) Service tax due but not payable	65,898		
less: Service tax on Book Advance	514	65,384	170,884
(v) Advances from customers	991,287		
less: Book Advance	4,995	986,292	1,247,329
(vi) Creditor for Expenses		30,430	3,394
Total		1,153,314	1,509,592

'5' - Short Term Provisions			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
Income Tax		422,153	206,388
Proposed Dividend		5,000	5,000
Dividend tax payable		811	830
Total		427,964	212,218

'7' - Long Term Loans and Advances			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
(i) Security Deposit		5,089	5,089
(ii) Security for Rent		3,535	3,640
Total		8,624	8,729



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

REC Power Distribution Company Limited : NEW DELHI													
Fixed Assets for the period ending 31.3.2012													
FIXED ASSETS		GROSS BLOCK						DEPRECIATION				NET BLOCK	
	Rate	Opening	Additions during the half year	Sales/ adjustment during the half year	Closing	Opening	Dep for the period ending 31.3.2012	Disp / Written off	Closing	As at 31.3.2012	As at 31.03.11		
		11713	192	466	11440	1056	717	52	1722	9718	10657		
		2137	179	225	2090	1746	407	225	1928	162	391		
Tangible Assets	6.33%	6566	156	975	5747	1486	1003	384	2106	3641	5080		
	4.75%	13254	2037	136	15155	1076	697	8	1765	13390	12178		
	4.75%	2649	129		2778	281	112		393	2385	2368		
		36319	2692	1802	37209	5646	2936	669	7913	29296	30673		
Intangible Asset	20%	661	0		661	294	132		427	234	367		
		661	0	0	661	294	132	0	427	234	367		
		36980	2692	1802	37870	5940	3068	669	8340	29530	31040		
		0	0	0	0	0	0	0	0	0	0		
		29710	8098	828	36980	3153	2906	119	5940	31040	0		



REC POWER DISTRIBUTION COMPANY LIMITED
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'8' - Trade Receivable			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
(i) Trade Receivables outstanding for a period of more than six months from the			
Unsecured considered good		968,647	189,948
Unsecured considered doubtful		-	-
(ii) Trade Receivables outstanding for a period of less than six months - considered good			
		1,201,239	2,101,766
(iv) Less : Book Advance		5,509	482,044
(v) Less: Provision for doubtful debts		63,550	20,200
Total		2,100,827	1,789,470

'9' - Cash and bank balances:			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
(i) In current account			
with Scheduled Bank	254,336		78,562
(ii) In Deposit Accounts with Scheduled Banks			
	447,415	701,751	440,000
Total		701,751	518,562

'10' - Short Term Loans and Advances			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
Advances:			
(Unsecured considered good)			
(i) Advance Income -Tax		466,345	245,366
(ii) TDS Recoverable		164,542	112,439
(iii) Works contract Tax		601	601
(iv) Service Tax (CENVAT)		45,301	43,120
(vi) Advance to Employee		1,843	407
(vii) EMD		339	-
(viii) Advance to Supplier		40,063	33,480
Total		719,034	435,413



REC POWER DISTRIBUTION COMPANY LIMITED
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'11' - Other Current Asset			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
(i) Interest accrued on term deposits		7,962	6,526
(ii) Income accrued but not due		70,821	143,762
Total		78,783	150,288

'12' - Project Revenue/ Consultancy			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
Inspection Fee		2,044,487	1,290,602
Consultancy Fee		232,651	692,573
Others		-	326
Total		2,277,138	1,983,501

'13' - Other Income			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
Interest from Bank		26,986	14,284
Liquidated Damages		20,865	46,144
Other Misc Income		2,495	676
Profit on sale of Assets		36	55
Total		50,382	61,159

'14' - Project Expenses			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
Fee for consultancy obtained		192,045	541,319
Hiring of Vehicle and Diesel Charges		31,641	35,963
T/DA		28,627	52,510
Hiring of Computer		14,185	17,921
Printing and Stationery Charges		14,786	26,572
Electricity Charges		5,295	5,968
Other project expenses		16,877	57,238
Total		303,456	737,491



REC POWER DISTRIBUTION COMPANY LIMITED
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'15' - Other Expenses			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
Payment to Auditors			
-Statutory Audit Fees	750		500
-Tax Audit Fee	250	1,000	250
Internal Audit Fee		227	325
Meeting & Conference Exp.		241	7
Corporate Office Rent		39,820	-
Other Misc Expenses		14,043	18,596
ROC Fees		71	48
Loss on Fixed Assets		1,036	3
Total		56,438	19,729

'16' - Prior Period Adjustments			
(Rs. in Hundred)			
Description	Details	As at 31.03.2012	As at 31.03.2011
A) Income			
- Provision written back			
a) Income Tax		-	-
b) Others		-	19
- Others		104	98
Total		104	117
B) Expenses			
- Provision made for Expenses			
a) Income Tax		-	-
b) Others		-	-
- Salary		-	-
- Income Written Back		15,666	4,669
- Others		1,340	492
		17,006	5,161
Total		16,902	5,044



REC POWER DISTRIBUTION COMPANY LIMITED
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17 SIGNIFICANT ACCOUNTING POLICIES

1. CHANGE IN ACCOUNTING POLICIES:

Presentation and disclosure of financial statements: During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. 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.

3. 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.

4. 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.

5. 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.



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

6. CASH FLOW STATEMENT

Cash flows are reported using the indirect method.

7. 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.

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)

18 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 suppliers as Micro, Small & Medium undertakings. Hence there is no outstanding liability regarding Micro, Small & Medium Undertakings
5. Letters of confirmation of Balances as on 31st March 2012 have been sent to the Debtors, Advance from Customers and Creditor but their letters of confirmation are still awaited in most of the cases.
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 Hundred.



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 31.03.2012	Year ending 31.03.2011
REC Ltd.	Expenses allocated by REC for Deployment of Employees	307.75 Lacs	271.60 Lacs
	Interest Charges paid to REC Ltd	2.30 Lacs	0.47 Lacs
	Other transactions	3.60 Lacs	0.45 Lacs

Name of related party	Year ending 31.03.2012		Year ending 31.03.2011	
	Balance at year end	Maximum Balance during the period	Balance at year end	Maximum Balance during the period
REC Ltd.	51.93 Lacs	256.49 Lacs	43.95 Lacs	280.41 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 31.03.2012	As on 31.03.2011
Deferred Tax Assets	Nil	Nil
Deferred Tax Liability	264,,900	1,19,212
➤ Depreciation		
Net Deferred Tax Liability	264,,900	1,19,212
Deferred Tax Exp for the period	1,45,710	42,192



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

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

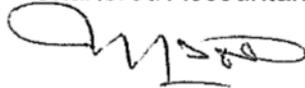
Designation Category Officer	As on 31.03.2012	Maximum Amount Outstanding During the Year ending 31.03.2012	As on 31.03.2011	Maximum Amount Outstanding During the Year ending 31.03.2011
Chairman	Nil	Nil	Nil	Nil
Company Secretary	Nil	Nil	Nil	Nil

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. In view of the above the Management has decided to make a provision of Rs 43,35,000/- for the current year. and also decided to transfer the reserve for Doubtful debt created in the previous year of Rs 20,20,000 /- to the Provision for Doubtful Debt and which is shown in the note of Trade Receivables.

In terms of our report of even date.

For S.S. Poddar & Co
Chartered Accountants



S.S. Poddar
Partner
M. No.15018




S.K. Lohani
CEO

For and on behalf of the Board


Sanjiv Garg
Director


Prakash Thakkar
Director

Place: New Delhi

Date: 14-05-2012

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	2012
	Date	Month	Year
	Amount (Rs. in lacs)		

2. CAPITAL RAISED DURING THE YEAR :

	0
--	---

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	3639	Total Assets	3639
SOURCES OF FUNDS			
PAID UP CAPITAL	5	Reserves & Surplus	1608
Long term borrowing	0	Short term borrowings	0
Deffered Tax Liability	3	Other long term liabilities	31
Current Liabilities and Provisions	1992		
APPLICATIONS OF FUNDS:			
Net Fixed Assets (incl. Capital WIP)	30	Investments	0
Long Term Loans and Advances	9	Deferred Tax Assests	0
Short Term Loans and Advances	719	Current Assets	2881

4. PERFORMANCE OF COMPANY

Turnover including other income	2328	Total Expenditure	1025
Profit before Tax	1303	Profit after Tax	867
EPS in Rs. (On a share of Rs.10/-)	1734	Dividend Rate	100%

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

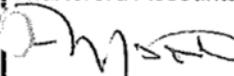
	Consultancy	
Item Code No..	N.A.	Signature to all Notes 1 to 16

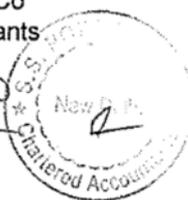
Signatures to the schedules forming part of the Balance Sheet and Profit and Loss and to the above notes.

In terms of our report of even date

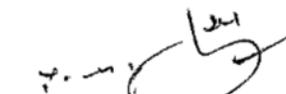
For and on behalf of the Board

For S.S. Poddar & Co
Chartered Accountants


S.S. Poddar
Partner
M. No. 15018
Place : New Delhi




S.K. Lohani
CEO


Prakash Thakkar
Director


Sanjiv Garg
Director

Date : 14-05-2012

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

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March,2012

(Rs. in Hundred)

Description	Period ended 31.03.2012	Period ended 31.03.2011
A. Cash Flow from Operating Activities:		
Net profit before Tax	12,85,984	6,16,627
Adjustment for		
Interest Expenses	2,303	-
Depreciation	3,068	2,906
Interest income	-26,986	-14,284
Loss / profit on sale of Assets	1,000	-51
Operating profit before working capital changes	12,65,369	6,05,198
Increase/(Decrease)		
Debtors	-3,54,707	-11,46,339
Other current assets	71,505	-1,14,734
Short Term Loans and Advances	-10,539	-12,111
Long Term Loans & Advances	105	-43
Trade payables	23,765	3,31,971
Other current liabilities	-3,56,277	6,91,364
Income tax Refund	2,123	-
Increase in TDS	-1,65,295	-1,12,459
Other long term liabilities	2,608	-950
Net Inflow from Operating Activities	4,78,657	2,41,898
Less:		
Corporate tax paid	-3,11,761	-1,10,000
Dividend tax Prov Adjusted for Earlier years		-19
Net Inflow from Operating Activities	1,66,895	1,31,879
B. Cash Flow from Investing Activities:		
Purchase of fixed assets	-2,692	-8,098
Sale of fixed assets	134	759
Interest income	26,986	14,284
Net Cash used in Investing Activity	24,428	6,945
C. Cash Flow from Financing Activities:		
Payment of Dividend	-5,000	-5,000
Payment of Dividend Tax	-831	-831
Interest Expenses	-2,303	-
Net Cash used in Financing Activity	-8,134	-5,831
Net Increase/ Decrease in Cash & equivalents (A+B+C)	1,83,189	1,32,993
Cash and Cash Equivalents at the beginning of the period	5,18,562	3,85,569
Cash and Cash Equivalents at the end of the period	7,01,751	5,18,562

In terms of our report of even dated.

In terms of our report of even date

For S.S. Poddar & Co

Chartered Accountants

S.S. Poddar
Partner

M. No. 15018

Place : New Delhi

Date : 14-05-2012



S.K. Lohani
CEO

Sanjiv Garg
Director

Prakash Thakkar
Director



Dated :

Auditors' Report

TO THE MEMBERS OF
REC Power Distribution Company Limited
New Delhi

We have audited the attached balance sheet of "REC Power Distribution Company Limited" as on 31st March, 2012 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 the 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 statement. 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 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 and 5 of the said Order to the extent applicable to the Company.
- 2) Further to our comments as above and in the Annexure referred to the above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the requirement of the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;



- (e) In terms of Department of Company Affairs Notification No. GSR 829 (E), dated 21st October, 2003, Government Companies are exempt from applicability of provisions of Section 274(1)(g) of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and given a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2012;
 - ii. In the case of the profit and loss account, of the profit for the year ended on that date, and
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.



For S.S. Poddar & Company
Chartered Accountants


(S.S. Poddar)
Partner
M. No. 15018

Place : New Delhi
Date : 14-05-2012

Annexure to Auditors' Report
Referred to in paragraph 1 of our report of even date

Re.: **REC POWER DISTRIBUTION COMPANY LIMITED**

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) Fixed assets of the company have been physically verified by the management during the year and minor discrepancies between the book records and the physical verification have been noticed, for which corrective entries have been made. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company.
(c) Since a substantial part of fixed assets have not been disposed off during the year so as to 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls of the company.
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 as 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 CA. Firm for performing the internal audit.
8. 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, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in



respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable .

9. The company does not have any accumulated losses and hence Provisions of clause (X) of the companies (Auditor's report) order, 2003 are not applicable to the company.
10. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
11. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, the provisions of Clause 4 (XII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
12. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. The company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(XIV) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
15. The company did not raise any long term loan during the year.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have used for long-term investment. No long-term funds have been used to finance short-term assets.
17. On the basis of records available and represented made before us, the company has not made any preferential allotment of shares to any party.
18. During the period covered by our audit report, the company has not issued any debentures.
19. During the period covered by our audit report, the company has not raised any money by public Issue.
20. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.



For S.S. Poddar & Company
Chartered Accountants

A handwritten signature in black ink, appearing to be "S.S. Poddar".

(S.S. Poddar)
Partner
M.No. 15018

Place : New Delhi
Date : 14-05-2012

**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 2012**

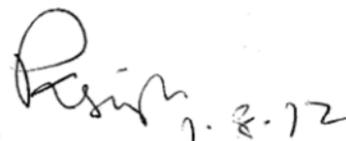
The preparation of financial statements of REC Power Distribution Company Limited, New Delhi for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed 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 14 May 2012.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of REC Power Distribution Company Limited for the year ended 31 March 2012. The supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit I would like to highlight the following significant matter under Section 619(4) of the Companies Act, 1956, which has come to my attention and which in my view, is necessary for enabling a better understanding of the financial statements and the related Audit Report:

A. General

The Accounts of the Company do not disclose:

- (i) The working of Earnings Per Share in accordance with AS-20.
- (ii) The details of provisions and movement thereof in accordance with AS- 29.



(Praveen Kumar Singh)

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

Place: New Delhi
Dated: 07 August 2012

