



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

**Annual Report**  
**2012-13**

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# **Company Information**

## **Board of Directors:**

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

## **Statutory Auditor:**

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

## **Bankers:**

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

## **Registered Office:**

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



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

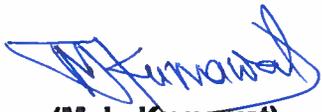
**NOTICE**

Notice is hereby given that the Sixth Annual General Meeting of the REC Power Distribution Company Limited will be held on Monday, the 9<sup>th</sup> day of September, 2013 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 31<sup>st</sup> March, 2013 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 2012-13.
3. To appoint a Director in the place of Shri Prakash Thakkar, 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: 05.09.2013

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.

## DIRECTORS' REPORT

To  
The Shareholders,

Your Directors have pleasure in presenting the Sixth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2013.

### 1. PERFORMANCE HIGHLIGHTS

- 1.1 A summary of financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2013 is as under:

(Figures in Hundreds)

Particulars	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Gross Income	30,61,159	23,27,520
Profit before Tax	15,98,105	12,85,984
Provisions for Taxation	5,17,008	4,19,074
Profit after Tax	10,81,097	8,66,910

### 1.2 Financial Performance

The performance of the company has improved and the financial performance of the company is on the fast trajectory growth path. The company's gross income during the financial year 2012-13 has increased to by 56.80% to Rs.30.61 crore compared to the previous year income of Rs.23.28 crore. The Profit Before Tax (PBT) during the financial year 2012-13 has increased by 55.40% to Rs.15.98 crore as compared to Rs. 12.86 crore in the previous year. The Profit After Tax (PAT) during the financial year 2012-13 has also increased by 55.49% to Rs. 10.81 crore from Rs. 8.67 crore during the previous year.

### 2. CAPITAL STRUCTURE

(₹ in Hundred)

Description	As at 31 <sup>st</sup> March, 2013
Authorized Capital	20,00,000
Issued, Subscribed and Paid up Capital*	5,000

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

### 3. TRANSFER TO RESERVES

The Company proposes to transfer Rs. 8,00,00,000/- to General Reserve out of the amount available for appropriations.

### 4. 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 2012-13.

## **5. REVIEW OF OPERATIONS**

### **5.1 Work Executed and Under Execution**

The company has excelled in the area of Third Party Inspection (TPI) of works executed in electricity distribution network and set its Quality benchmark. Its reports have been widely appreciated at various platforms in general and our valued customers in particular. During the financial year 2012-13, the company has executed work of Third Party Inspection as follows:

- 7049 nos. villages under RGGVY X plan for Uttrakhand & Manipur distribution utilities;
- 24249 nos. villages under RGGVY XI plan for Maharashtra, Gujarat, West Bengal, Meghalaya, Andhra Pradesh, Rajasthan Discoms;
- 3 Rural Co-operative societies of Andhra Pradesh;
- 452 nos. of Feeder Renovation Program (FRP) of Ajmer Discom;
- 50 nos. villages of RGGVY works for NESCL;
- 120 division substation Infra plan works for M/s Maharashtra State Electricity Distribution Company Limited (MSEDCL);

Executed other works like Material Inspection, Cost Data Preparation, Project Management Consultant work under RGGVY, MRI based billing are also executed during the Financial Year 2012-13.

RECPDCL is rendering various consultancy services with highest quality standard. The Company has Pan India presence in 18 Distribution Companies (DISCOMS) spread across 13 States and 4 RE Co-operative Societies of Andhra Pradesh.

### **5.2 New Initiatives**

- TPI of works & workmanship executed by Turnkey Contractor under Infra Plan of 120 Div. of Maharashtra by MSEDCL (Work awarded to RECPDCL based on competitive bidding) - RECPDCL has completed the work within scheduled time which involved TPI of distribution substation & associated lines and gained appreciation from MSEDCL.
- Project Management Consultancy (PMC) of PuVVNL (U.P.) Project (Work awarded to RECPDCL based on competitive bidding)-Work involves following major activities:-
  - a) Revalidation of approved DPR by re-surveys of villages and habitations using GPS instrument (Work has been completed).
  - b) Bidding and award of contract (Work is under progress).
  - c) Project Monitoring & Supervision
  - d) Closure of DPR.

RECPDCL has successfully completed the Stage-1 and gained the appreciation from PuVVNL (U.P.).

- Detailed Project Report (DPR) preparation and PMC work under National Electricity Fund (NEF) Scheme of DHBVN & UHBVN, with reference to their commitment towards the improvement in performance for respective Discoms and proposed most optimal solutions to the Discoms.
- DPR Preparation of Rajasthan under RGGVY XII Plan- by carrying out physical survey of each and every habitation, your Company has developed its own model based on

GPS and survey is under progress for about 1,20,000 habitations and DPRs are being prepared in time bound manner.

**6. BOARD OF DIRECTORS**

Sl. No.	Name	Designation	Date of appointment
1.	Shri Rajeev Sharma	Chairman	29.11.2011
2.	Shri Prakash Thakkar	Director	24.08.2011
3.	Shri Sanjiv Garg	Director	29.08.2012

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

**7. HUMAN RESOURCE DEVELOPMENT**

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

**8. TRAINING & DEVELOPMENT**

The Officers of REC posted at RECPDCL have been imparted training on various leadership development program, Management Development Program and other training program in core areas from the premier training institutes, which has helped for their self-development and paved the way for Organizational development. During the FY 2012-13, 30 man days of training was given and MoU target have been achieved.

**9. RESERVATION POLICY**

RECPDCL has followed the reservation policy in recruitment of manpower. During the FY 2012-13, RECPDCL has hired 11 nos. of manpower on fixed tenor in RECPDCL's roll and reservation policy has been followed as per the Govt. rules.

**10. DEPOSIT**

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

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

RECPDCL remains a responsible corporate entity mindful of social responsibilities to all stakeholders in general and society at large. RECPDCL has significantly contributed for the social development. During the FY-2012-13, RECPDCL has implemented a Corporate Social Responsibility project viz., "Distribution of wheel chairs and calipers to Polio and born disabled children" at a cost of Rs. 4,34,000/- which has helped 180 polio affected / born disabled children.

Further, RECPDCL has implemented a Sustainable Development project Viz., "Solar Photovoltaic (SPV) based street lighting system" at a cost of Rs. 4,38,900/- in two

villages viz., Sikabadi and Tuduriju in Kandhamal District in the state of Orissa. About 160 members of households, who are in the Base of Pyramid (BoP) have benefitted in getting lighting of their homes, illuminated lighting based on SPV technology and Solar Charging Station (SCS) and significantly contributed for the sustainable development.

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

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as your company does not own any manufacturing facility. However, the with respect to technology absorption, the computerization of material inspection is achieved.

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

**13. PARTICULAR OF EMPLOYEES**

During the financial year 2012-13, no employee in the Company was drawing remuneration exceeding the limit as prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**14. 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 31<sup>st</sup> March, 2013, 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.

**15. STATUTORY AUDITORS**

M/s Amod Agrawal & Associates, Chartered Accountants were appointed by the Comptroller and Auditor General of India, as Statutory Auditors of the Company, for the financial year 2012-13. The Statutory Auditors have audited the Accounts of the Company for the financial year 2012-13 and there are no adverse comments or reservation in the Statutory Auditors' Report on the Accounts of the Company except the following observation, as mentioned in Point No. 1(b) of the Auditor's Report, reproduced hereunder:

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

**16. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA**

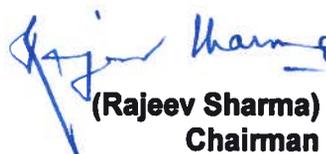
Comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of the Company for the period ended 31<sup>st</sup> March, 2013 are being enclosed in the Annual Report. The information/explanation to the comments of the Comptroller and Auditor General of India are submitted as under:-

<b>C&amp;AG observations</b>	<b>Management Reply</b>
<p>a) Para V of the Annexure referred to in the Auditor's report expressing the opinion that the transactions that were needed to be entered in the register maintained under section 301 of the Companies Act, 1956 had been so entered is incorrect since there were no transactions of any value (even below Rs. 5 lakh) that had to be entered in such register.</p>	<p>As the observation is regarding disclosures and Auditor's opinion expressed in their report, having no impact on Balance Sheet and Profit &amp; Loss A/c, the same is "noted for compliance in future"</p>
<p>b) A reference is invited to Comment No. A (ii) of C&amp;AG of India on the accounts of the Company for 2011-12 regarding no disclosure of movement of provisions as required in Accounting Standard 29. The desired disclosure about additions, usage and movement of provisions in Note.6 in accordance with AS-29 has not been made.</p>	

**17. ACKNOWLEDGEMENTS**

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

**On behalf of the Board**

  
**(Rajeev Sharma)**  
**Chairman**

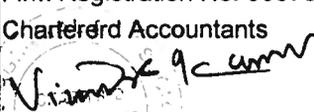
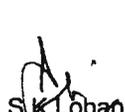
**Place: New Delhi**

**Date: 3<sup>rd</sup> September, 2013**

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

BALANCE SHEET AS AT 31st March'2013		(Rs. in Hundred)	
Particulars	Note No.	As at 31.3.2013	As at 31.3.2012
<b>I. EQUITY AND LIABILITY</b>			
<b>(1) Shareholder's Funds:</b>			
(a) Share Capital	1	5,000	5,000
(b) Reserve & Surplus	2	2,682,958	1,607,672
<b>(2) Share application money pending allotment</b>			
<b>(3) Non- Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)	3	-	2,649
(b) Other long term liabilities	4	31,540	31,390
<b>(4) Current Liabilities</b>			
(a) Trade payables		387,150	410,560
(b) Other current liabilities	5	894,210	1,153,314
(c) Short term provisions	6	5,811	5,811
<b>TOTAL</b>		<b>4,006,669</b>	<b>3,216,396</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	7		
(i) Tangible Assets		47,109	29,296
(ii) Intangible Assets		6,023	234
(b) Deferred Tax Assets (Net)	3	13,148	-
(c) Long Term Loans and Advances	8	362,409	263,260
(d) Other Non Current Assets	9	165,000	-
<b>(2) Current Assets</b>			
(a) Trade Receivable	10	2,632,541	2,100,827
(b) Cash and Cash Equivalents	11	617,114	701,751
(c) Short Term Loans and Advances	12	135,544	42,245
(d) Other Current assets	13	27,781	78,783
<b>TOTAL</b>		<b>4,006,669</b>	<b>3,216,396</b>
The Significant Accounting Policies and Notes to Accounts 1 to 35 are an integral part for these financial statements			
<p><b>In terms of our report of even date.</b>  For Amod Agarwal &amp; Associates  Firm Registration no. 005780N  Chartered Accountants</p>			
<p><i>Virendra Kumar</i>  Virendra Kumar  Partner  M. No. 85380</p>		<p>For and on behalf of the Board</p>	
		<p><i>S.K. Lohani</i>  S.K. Lohani  CEO</p>	<p><i>Sanjiv Garg</i>  Sanjiv Garg  Director</p>
		<p><i>Prakash Thakkar</i>  Prakash Thakkar  Director</p>	
<p>Place : New Delhi  Date : 25/04/2013</p>			

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

Profit & Loss statement for the Year ended as on 31st March 2013		(Rs. in Hundred)	
Particulars	Note No.	Year ended 31.3.2013	Year ended 31.3.2012
Revenue from Operation	14	2,982,078	2,277,138
Other Income	15	79,081	50,382
<b>(I) Total Revenue</b>		<b>3,061,159</b>	<b>2,327,520</b>
<b>Expenses</b>			
Employee Benefit Expenses	25	274,240	311,352
Project Expenses	16	443,693	303,456
Finance Cost	17	184	2,623
Depreciation	7	10,754	3,068
Manpower Hired		534,513	343,977
Other Expenses	18	67,772	60,158
Provision for Doubtful Debt		55,944	-
<b>(II) Total Expenses</b>		<b>1,387,100</b>	<b>1,024,634</b>
<b>(III) Profit before Exceptional items and Tax (I-II)</b>		<b>1,674,059</b>	<b>1,302,886</b>
<b>(IV) Exceptional items</b>		-	-
<b>(V) Profit before extra ordinary item and tax (III-IV)</b>		<b>1,674,059</b>	<b>1,302,886</b>
<b>(VI) Prior Period Adjustment (net)</b>	19	75,954	16,902
<b>(VII) Profit before Tax (V-VI)</b>		<b>1,598,105</b>	<b>1,285,984</b>
<b>(VIII) Income Tax Expenses:</b>			
-Previous Period		-1,497	-4,536
-Current Period		534,302	422,153
-Deferred tax	3	-15,797	1,457
<b>Profit for the Period (VII-VIII)</b>		<b>1,081,097</b>	<b>866,910</b>
<b>Earning per share</b>			
<b>Basic of Rs.10/- each</b>		22	17
<b>Diluted of Rs.10/- each</b>		22	17
The Significant Accounting Policies and Notes to Accounts 1 to 35 are an integral part for these financial statements			
<b>In terms of our report of even date.</b>			
For Amod Agarwal & Associates			
Firm Registration No. 005780N			
Chartered Accountants			
 Virendra Kumar Partner M. No. 85380		For and on behalf of the Board   S.K. Lohani CEO  Sanjiv Garg Director  Prakash Thakkar Director	
Place : New Delhi			
Date : 25/04/2013			

Note 1 - SHARE CAPITAL			
(Rs. in Hundred)			
Description		As at 31.03.2013	As at 31.03.2012
<b>Authorised shares</b> 2,00,00,000 (previous year: 2,00,00,000) Equity shares of Rs. 10 each		2,000,000	2,000,000
<b>Issued, Subscribed and Paid up shares</b> 50,000 (previous year: 50,000) fully paid up Equity shares of Rs 10 each		5,000	5,000
<b>Total</b>		<b>5,000</b>	<b>5,000</b>

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

The Company has equity shares having a par value of Rs. 10 per share. Each equity shareholder is entitled for one vote per share and also entitle for dividend per share.

The shareholders of the equity shares of the company are entitled to receive dividends as and when declared by the company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and our Memorandum of Association and Articles of Association

Shareholders holding more than 5% of fully paid-up equity shares :			
Name of Shareholders	No. of Share	As at 31.03.2013	As at 31.03.2012
		Percentage	Percentage
Corporation Ltd through its CMD and balance 6 equity through other as nominee. (Previous year 50,000) equity shares of Rs. 10 each fully paid.	50,000	100%	100%

Note 2 - RESERVES & SURPLUS			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
<b>General reserve</b>			
Opening Balance	1,125,000		
Add: Amount transferred from Surplus Account	800,000		
<b>Closing Balance</b>		1,925,000	1,125,000
<b>Surplus Account</b>			
Balance as at the beginning of the year	482,672		
Add: Profit during the year	1,081,097		
<b>Less: Appropriations</b>			
Transfer to General Reserve	800,000		
Proposed Dividend	5,000		
Dividend tax	811		
<b>Net Surplus</b>		757,958	482,672
<b>Total</b>		<b>2,682,958</b>	<b>1,607,672</b>

*Vinod*

Note 3-Deferred Tax		(Rs. in Hundred)	
	Details	As on 31.03.2013	As on 31.03.2012
<b>Opening Deferred Tax liability:</b> on account of Written down value of Fixed Asset as per Income Tax Act and total of net block of Tangible and Intangible assets as per Financial Statement.			
		2,649	Nil
<b>Deferred Tax Asset:</b> on account of Provision for Doubtful Debt			
		55,944	Nil
<b>Deferred Tax liability:</b> on account of Written down value of Fixed Asset as per Income Tax Act and total of net block of Tangible and Intangible assets as per Financial Statement.			
		-40,522	2,649
<b>Net Deferred Tax Liability /(Asset)</b>			
		-13,148	2,649
<b>Deferred Tax Liability /(Asset) for the period</b>			
		-15,797	1,457

Note 4 - Other Long Term Liability		Figures in Hundred	
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Security Deposits		31,540	31,390
<b>Total</b>		<b>31,540</b>	<b>31,390</b>

Note 5 -Other current Liabilities		(Rs. in Hundred)	
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Other Liabilities		4,706	3,820
(ii) Payable to REC		158,842	51,930
(iii) TDS payable		39,009	15,458
(iv) Service tax due but not payable	10,274		
less: Service tax on Book Advances	443	9,831	65,384
(v) Advances from customers	570,951		
less: Book Advances	4,303	566,648	986,292
(vi) Creditor for Expenses		115,174	30,430
<b>Total</b>		<b>894,210</b>	<b>1,153,314</b>

Note 6 - Short Term Provisions		(Rs. in Hundred)	
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Proposed Dividend		5,000	5,000
(ii) Dividend tax payable		811	811
<b>Total</b>		<b>5,811</b>	<b>5,811</b>

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Note 7 - Fixed Assets

(Rs. In Hundred)

As at 31.03.2013

	FIXED ASSETS			GROSS BLOCK					DEPRECIATION				NET BLOCK	
		Rate	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance	Opening Balance	Dep for the period ending 31.03.2013	Disp / Written off	Closing Balance	As at 31.03.13	As at 31.03.12		
Tangible Assets	Cameras	4.75%	11440	5215	0	16655	1722	5765	0	7487	9168	9718		
	Furniture & Fitting	6.33%	2090	64	0	2154	1928	77	0	2005	150	162		
	Computers	16.21%	5747	15291	0	21038	2106	2728	0	4833	16204	3641		
	GPS	4.75%	15155	6228	0	21383	1765	868	0	2633	18750	13390		
	Inspection Equipments	4.75%	2778	802	0	3580	393	350	0	743	2837	2385		
	<b>Sub- Total</b>		<b>37209</b>	<b>27601</b>	<b>0</b>	<b>64810</b>	<b>7913</b>	<b>9787</b>	<b>0</b>	<b>17700</b>	<b>47109</b>	<b>29296</b>		
Intangible Asset	Computer Software	20%	661	6756	0	7417	427	967	0	1394	6023	234		
	<b>Sub- Total</b>		<b>661</b>	<b>6756</b>	<b>0</b>	<b>7417</b>	<b>427</b>	<b>967</b>	<b>0</b>	<b>1394</b>	<b>6023</b>	<b>234</b>		
	<b>Grand Total</b>		<b>37870</b>	<b>34357</b>	<b>0</b>	<b>72226</b>	<b>8340</b>	<b>10754</b>	<b>0</b>	<b>19094</b>	<b>53132</b>	<b>29530</b>		

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Note 8 - Long Term Loans and Advances			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Security Deposit		5,089	5,089
(ii) Works contract Tax		601	601
(iii) Security for Rent		3,475	3,535
(v) Advance Income -Tax(Net of Provisions)		281,141	208,734
(vi) Service Tax (CENVAT)		72,103	45,301
<b>Total</b>		<b>362,409</b>	<b>263,260</b>

Note 9 - Other Non-Current Assets			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Deposits With Bank having maturity more than 12 months		165,000	-
<b>Total</b>		<b>165,000</b>	<b>-</b>

Note 10 - Trade Receivable			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Trade Receivables outstanding for a period exceeding 6 months from the date they are due payment			
> Unsecured considered good		1,583,638	968,647
(ii) Trade Receivables outstanding for a period of less than six months - considered good		1,173,143	1,201,239
(iii) Less : Book Advance		4,746	5,509
(iv) Less: Provision for doubtful debts		119,494	63,550
<b>Total</b>		<b>2,632,541</b>	<b>2,100,827</b>

Note 11 - Cash and Cash Equivalents			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) In current account			
> Balances with Scheduled Bank		177,804	254,336
(ii) Others		604,310	
(a) Deposits with Scheduled Banks (having maturity less than 3 months)	324,310		163,000
(b) Deposits with Scheduled Banks (having maturity between 3 to 12 months)	115,000		284,415
(c) Deposits With Bank having maturity more than 12 months	165,000		-
		<b>782,114</b>	<b>701,751</b>
Less: Transfer to other non current asset	-165,000		-
<b>Total</b>		<b>617,114</b>	<b>701,751</b>

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Note 12 - Short Term Loans and Advances			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
Advances:			
(Unsecured considered good)			
(i) Advance to Employees		2,230	1,843
(ii) Earnest Money Deposits (EMD)		1,089	339
(iii) Advance to Suppliers		24,755	40,063
(iv) Service Tax (CENVAT)		107,470	
<b>Total</b>		<b>135,544</b>	<b>42,245</b>

Note 13 - Other Current Asset			
(Rs. in Hundred)			
Description	Details	As at 31.03.2013	As at 31.03.2012
(i) Interest accrued on term deposits		27,781	7,962
(ii) Income accrued but not due		-	70,821
<b>Total</b>		<b>27,781</b>	<b>78,783</b>

Note 14 - Revenue from Operation			
(Rs. in Hundred)			
Description	Details	Year ended 31.03.2013	Year ended 31.03.2012
(i) Inspection Fee		2,309,083	2,044,487
(ii) Consultancy Fee		672,995	232,651
(iii) Others		-	-
<b>Total</b>		<b>2,982,078</b>	<b>2,277,138</b>

Note 15 - Other Income			
(Rs. in Hundred)			
Description	Details	Year ended 31.03.2013	Year ended 31.03.2012
Interest from Bank		64,731	26,986
Liquidated Damages		4,705	20,865
Other Misc Income		9,645	-
-Non refundable Earnest Money Deposit	9,590		-
-Others	55		2,495
Profit on sale of Assets		-	36
<b>Total</b>		<b>79,081</b>	<b>50,382</b>

Note 16 - Project Expenses			
(Rs. in Hundred)			
Description	Details	Year ended 31.03.2013	Year ended 31.03.2012
Hiring of Computer		14,733	14,185
Printing and Stationery Charges		9,580	14,786
Electricity Charges		5,508	5,295
Advertisement Expenses		6,892	-
Other project expenses		17,858	16,877
Fee for consultancy obtained		362,436	192,045
Hiring of Vehicle and Diesel Charges		3,244	31,641
Travelling Expense		23,442	28,627
<b>Total</b>		<b>443,693</b>	<b>303,456</b>

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Note 17 - Finance Cost			
(Rs. in Hundred)			
Description	Details	Year ended 31.03.2013	Year ended 31.03.2012
Interest Charges		-	2,303
Others		184	320
<b>Total</b>		<b>184</b>	<b>2,623</b>

Note 18 - Other Expenses			
(Rs. in Hundred)			
Description	Details	Year ended 31.03.2013	Year ended 31.03.2012
Payment to Auditors			
-Statutory Audit Fees		750	750
-Tax Audit Fee		250	250
Internal Audit Fee		214	227
Meeting & Conference Exp.		-	241
Other Misc Expenses		18,093	13,763
ROC Fees		15	71
Loss on Fixed Assets		-	1,036
Corporate Social Responsibility		4,335	2,020
Sustainable Development		4,335	2,020
Corporate Office Rent		39,780	39,780
<b>Total</b>		<b>67,772</b>	<b>60,158</b>

Note 19 - Prior Period Adjustments			
(Rs. in Hundred)			
Description	Details	Year ended 31.03.2013	Year ended 31.03.2012
<b>A) Income</b>			
- Provision written back			
a) Income Tax		-	-
b) Others		-	-
- Others		-	104
<b>Total</b>		-	104
<b>B) Expenses</b>			
- Provision made for Expenses			
a) Income Tax		-	-
b) Others		-	-
- Salary		-	-
- Income Written Back		65,021	15,666
- Others		10,933	1,340
		75,954	17,006
<b>Total</b>		<b>75,954</b>	<b>16,902</b>

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

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March'13**

(Rs. in Hundred)

Particulars	Year ended 31.3.2013	Year ended 31.3.2012
<b>A. Cash Flow from Operating Activities:</b>		
Net profit before Tax	1,598,105	1,285,984
Adjustment for		
Interest Expenses	184	2,303
Depreciation	10,754	3,068
Provision for Doubtful Debt	55,944	
Interest income	-64,731	-26,986
	-	1,000
Operating profit before working capital changes	1,600,256	1,265,369
<b>Increase/(Decrease)</b>		
Trade Receivable	-587,658	-354,707
Other current assets	51,002	71,505
Short Term Loans and Advances	-93,299	-10,539
Long Term Loans & Advances	-26,742	105
Trade payables	-23,410	23,765
Other current liabilities	-259,104	-356,277
Other long term liabilities	150	2,608
<b>Net Inflow from Operating Activities</b>	<b>661,195</b>	<b>641,829</b>
Less:		
Income tax paid/Advance	-393,000	-311,761
Income tax Refund	-	2,123
Increase in TDS	-212,191	-165,295
<b>Net Inflow from Operating Activities</b>	<b>56,004</b>	<b>166,895</b>
		166,895
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	-34,357	-2,692
Sale of fixed assets	-	134
Interest income	64,731	26,986
<b>Net Cash used in Investing Activity</b>	<b>30,374</b>	<b>24,428</b>
<b>C. Cash Flow from Financing Activities:</b>		
Payment of Dividend	-5,000	-5,000
Payment of Dividend Tax	-831	-831
Interest Expenses	-184	-2,303
<b>Net Cash used in Financing Activity</b>	<b>-6,015</b>	<b>-8,134</b>
<b>Net Increase/ Decrease in Cash &amp; equivalents (A+B+C)</b>	<b>80,363</b>	<b>183,189</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>701,751</b>	<b>518,562</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>782,114</b>	<b>701,751</b>
Less: Fixed Deposit Not considered as Cash and Equivalents		
Fixed Deposit having maturity more than 12 months	-165,000	-
	<b>617,114</b>	<b>701,751</b>
Fixed Deposit having maturity between 3 months and 12 Months	-115,000	-284,415
	<b>502,114</b>	<b>417,336</b>

In terms of our report of even date

For Anand Agarwal & Associate

Chartered Accountants

Virendra Kumar  
Partner

M. No. 85380

Place : New Delhi

Date : 25/04/2013

For and on behalf of the Board

S.K. Lohani  
CEO

Sanjiv Garg  
Director

Prakash Thakkar  
Director

13

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

**20. SIGNIFICANT ACCOUNTING POLICIES**

**20.1 Nature of Business**

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

**20.2 ACCOUNTING CONVENTION**

**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 standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.

**20.3 FIXED ASSETS**

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

**20.4 DEPRECIATION**

- a) Depreciation on assets is provided on pro-rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- b) Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.
- c) Depreciation on assets purchased during the year up to Rs 5,000/- is provided @ 100%.

**20.5 CURRENT LIABILITIES**

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.

**20.6 BORROWING COST :**

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

**20.7 REVENUE RECOGNITION**

- a) Income and expenses are accounted for on accrual basis.
- b) Revenue is recognised based on proportionate completion method as per clause 7.1(i) of Accounting Standard-9.
- c) Income for services rendered commensurate with the work completed under the contract is accounted for :

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

- (i) As per invoice (bill) raised in accordance with contractual stipulations:
  - (ii) As per proportionate revenue for works completed but invoices not raised.
- d) Consultancy fees are taken as income excluding the amount of Service Tax collected as payable under the Service Tax Act 1994.

**20.8 CASH FLOW STATEMENT**

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

**20.9 CURRENT TAX AND DEFERRED TAX**

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

**20.10 TERMINAL BENEFIT**

RECPDCL recruits Fixed Tenure Employee for a period not more than 3 years and since are being paid more than the minimum threshold prescribed in the respective Law, hence there is no case where any provisions need be made for the terminal benefits e.g. Gratuity, PF, ESI, Leave Encashment etc. during the financial year ended on 31<sup>st</sup> March 2013 or in earlier years.

**20.11 SEGMENT REPORTING**

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

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

**OTHER NOTES ON ACCOUNTS**

21. The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
22. In compliance to the Accounting Standard – 29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India, Contingent liabilities has been disclosed as below:

Particulars	(Rs. in Hundred)	
	For the Year ended 31.03.2013	For the Year ended 31.03.2012
Claims against the Company not acknowledged as debts	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
Others- Bank Guarantee for contract performance	61,254	Nil

23. 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. The details of such Key Management Personnel are as follows:-

Sl.	Name	Designation	Date of Appointment	Date of Separation
1	Sh. Rajeev Sharma	Chairman & Director	29-11-2011	Continuing
2	Sh. Prakash J. Thakkar	Director	23-04-2010	Continuing
3	Sh. Sanjiv Garg	Director	27-08-2010	Continuing

- a) Wherever any expenditure is incurred or payment made by the Holding Company on behalf of the Company, procedural and statutory requirements with regard to deduction of Tax at source and other statutory compliances, as applicable, are complied by the Holding Company.
- b) The employee benefit expenses has been accounted for as apportioned by Holding Company on the following basis:
- c) For employees of Holding Company working of Subsidiary Company (RECPDCL), proportionate Cost to the Company (CTC) of employees have been charged to RECPDCL as salary/establishment expenditure according to the estimated time spent by these employees on the basis of cost ratio details provided by Holding Company on per project per month basis.
- d) Administrative overheads allocation of Holding Company has been taken on the basis of basic salary of employees of Holding Company working for Subsidiary Company multiplied by ratio of total overhead cost and the total basic salary of the Holding Company according to the estimated time spent by these employees on per project per month basis.
24. Interest on cost incurred by Holding Company on behalf of Subsidiary Company is provided on the basis of general market rate of 13% p.a.
25. 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

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

(Rs. in Hundred)

Name of related party: <b>REC Limited</b>	Year ending <b>31.03.2013</b>	Year ending <b>31.03.2012</b>
Employee Benefit Expenses	2,74,240	3,11,352
Dividend on Equity	5,000	5,000

Name of Related Party	Year ending 31.03.2012		Year ending 31.03.2012	
	Balance at year end	Maximum Balance during the year	Balance at year end	Maximum Balance during the year
<b>REC Ltd.</b>	1,58,842 *	3,14,832	51,930	2,56,497

\* Out of Closing Balance of Rs.1,58,84,200/- an extra ordinary booking of Rs.1,07,47,000/- is for arrears of Service Tax as per Note No.30. No amount has been provided for or written off.

26. Company has charged to profit and loss account, the following lease rentals against the cancellable operating leases :

(Rs. In Hundred)

Nature of Lease	Year ending 31.03.2013	Year ending 31.03.2012
Hiring of Computers & Other Hardware	7,670	9,820
Corporate Office Premises	39,780	39,780

27. 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:-

(Rs. In Hundred)

Particulars	As on 31.03.2013	As on 31.03.2012
<b>Opening Deferred Tax Liability:</b> on account of Written down value of Fixed Asset as per Income Tax Act and total of net block of Tangible and Intangible assets as per Financial Statement.	2,649	Nil
<b>Deferred Asset:</b> Provision for Doubtful Debt	55,944	Nil
<b>Deferred liability:</b> on account of Written down value of Fixed Asset as per Income Tax Act and total of net block of Tangible and Intangible assets as per Financial Statement.	-40,522	2,649
Net Deferred Tax Liability /(Asset) as at period end	(13,148)	2,649
Deferred Tax Liability /(Asset) for the period	(15,797)	1,457

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

(Rs. In Hundred)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Numerator</b>		
➤ Profit after tax as per P&L Account	10,81,097	8,66,910
<b>Denominator</b>		
➤ Weighted average numbers of Equity Shares	500	500

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

Earnings per Share		
Basic	22	17
Diluted	22	17

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

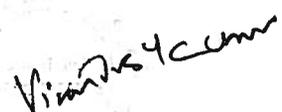
Designation Category Officer	As on 31.03.2013	Maximum Amount Outstanding During the Year ending 31.03.2013	As on 31.03.2012	Maximum Amount Outstanding During the Year ending 31.03.2012
Chairman	Nil	Nil	Nil	Nil
Company Secretary	Nil	Nil	Nil	Nil

30. In view of change in Service Tax law making sharing of administrative expenses of staff deputed by REC to the Company a taxable service retrospectively, REC has raised its invoice on 26<sup>th</sup> March 2013 for arrears of Service Tax on all such charges charged since 2007-08 to 30.06.2012. the same is being accounted for, the CENVAT claim of the same shall be available in the Financial Year of 2013-14.
31. Information regarding foreign currency transactions disclosure as required under Schedule VI of the Companies Act, 1956 is nil.
32. As per the information available with the Company, there is no due to Micro, Small and Medium Enterprise.
33. Figures have been rounded off to the nearest Hundred.
34. The corresponding period's figures have been regrouped/ recasted/ rearranged, wherever necessary.
35. The Management review 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.55.94,448/- in the Profit & Loss Account for the current period which is 5% of PAT of current period.

In terms of our report of even date.

**For Amod Agarwal & Associate**

Chartered Accountants

  
Virendra Kumar

Partner

M. No. 85380

Firm Regd. No.: 005780N

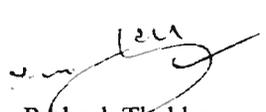
**For and on behalf of the Board**

  
S. K. Lohani

CEO

  
Sanjiv Garg

Director

  
Prakash Thakkar

Director

Place: New Delhi

Date: 25/04/2013



*Amod Agrawal & Associates*  
*Chartered Accountants*

To The Members of  
REC Power Distribution Company Ltd.

**Report on the Financial Statements**

We have audited the accompanying financial statements of REC Power Distribution Company Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

- a) In the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2013 ;
- b) In the case of the Profit & Loss Account, of the profit for the year ended on that date ; and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Place : New Delhi

Dated : 25.04.2013

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

  
VIRENDRA KUMAR  
Partner  
Membership No. 85380

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of REC Power Distribution Company Ltd. on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.

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

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) Fixed assets of the company have been physically verified by the Management during the year and minor discrepancies between the book records and the physical verification have been noticed, for which corrective entries are *not made in the books of account, pending approval of competent authority*. In our opinion the frequency of physical verification is reasonable having regard to the size of the Company.
- (c) Since a substantial part of fixed assets have not been disposed off during the year so as to effect the going concern principle, paragraph 4(1)(c) of the Companies (Auditor's Report) Order 2003 (hereinafter referred to as the Order) is not applicable.
- II. The Company does not have any stocks accordingly provisions of clause II(a), (b), (c) of the order are not applicable.
- III (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956, paragraph 4(iii) of the order is not applicable.
- (b) The Company has not taken any loan from parties covered under section 301 of the Companies Act 1956.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of fixed assets, and with regard to the sale, services. During the course of our audit, no major weakness has been noticed in the internal controls. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- V (a) According to the information and explanations given to us, we are of the opinion that the transactions that need 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 Company has not made any transaction in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year.
- VI. In our opinion and according to the information & explanation given to us, the Company has not accepted any deposits from the public.
- VII. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with its size of the Company and nature of its business.
- VIII. In our opinion and according to the information & explanation given to us maintenance of cost records has not been prescribed by the Central Government under clause (d) of subsection (I) of section 209 of the Act.
- IX. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues as applicable to the Company including Provident Fund, Investor Education and Protection Funds, Employee's State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Custom duty, Excise Duty, Cess, Service tax and other material statutory dues with the appropriate authorities during the year.
- (b) According to the information & explanation given to us, no undisputed amounts payable in respect of Provident fund, Investor Education and Protection Funds, Employee's State Insurance, Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty, and Cess, Service tax and other undisputed statutory dues were in arrears, as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
- X. The Company has no accumulated losses at the end of the financial year. It has not incurred Cash losses in the current year, and immediately preceding financial year.
- XI. Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial institutions & banks.
- XII. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the provisions of Clause 4(XII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIII. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.



- XIV. The Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(XIV) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanations given to us the company did not raise any long term loan during the year.
- XVII. According to the records examined by us and according to the information and explanations given to us, on overall examination of the balance sheet of the Company, we report that prima facie no funds raised on short term basis have been used for long-term investment.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956.
- XIX. According to the information and explanation given to us and the records examined by us, the Company has not issued debentures.
- XX. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Place : New Delhi

Dated : 25.04.2013

For AMOD AGRAWAL & ASSOCIATES  
Chartered Accountants

Firm Registration No.-005780N



(VIRENDRA KUMAR)

Partner

Membership No. 85380

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS  
OF REC POWER DISTRIBUTION COMPANY LIMITED, NEW DELHI FOR THE  
YEAR ENDED 31 MARCH 2013**

The preparation of financial statements of REC Power Distribution Company Limited for the year ended 31 March 2013 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 25 April 2013.

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 2013. 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 matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report:

**A. Auditor's Report**

Para V of the Annexure referred to in the Auditor's report expressing the opinion that the transactions that were needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 had been so entered is incorrect since there were no transactions of any value (even below the stated limit of ₹ 5 lakh) that had to be entered in such register.

**B. General**

A reference is invited to Comment No. A (ii) of C&AG of India on the accounts of the Company for 2011-12 regarding non disclosure of movement of provisions as required in Accounting Standard 29. The desired disclosure about additions, usage and movement of provisions in Note No. 6 in accordance with AS-29 has not been made.

Place: New Delhi  
Dated: 15 July 2013

  
(Naina A. Kumar)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board – III,  
New Delhi



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

**PROXY FORM**

I/We.....s/o/d/o.....in the district of .....being a member/members of REC Power Distribution Company Limited, hereby appoint.....of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 6<sup>th</sup> Annual General Meeting of the Company to be held at 11:30 A.M. on Monday, the 9<sup>th</sup> day of September, 2013, and at any adjournment thereof.

Signed this.....Day of .....2013.

\_\_\_\_\_  
(Signature)

Affix revenue  
Stamp of  
Appropriate  
Value