

ANNEXURE-IV TO DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

Section A : General Information about the Company

1. **Corporate Identity Number (CIN) of the Company** : L40101DL1969GOI005095
2. **Name of the Company** : Rural Electrification Corporation Limited
3. **Registered address** : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India
4. **Website** : www.recindia.gov.in
5. **E-mail id** : complianceofficer@rec.nic.in
6. **Financial year reported** : 2013-14
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Group: 649 Class: 6492 Sub class: 64920

Description: This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation (such as venture capital companies, industrial banks, investment clubs), where the granting of credit can take a variety of forms, such as loans, mortgages, credit cards etc.

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

REC is engaged in financing projects / schemes of power generation, transmission, distribution, rural electrification, system improvement, renovation and modernization of power plants in both public and private sectors. Its key product includes Term Loans, Medium Term Loans, Short Terms Loans etc. REC is also designated as Nodal Agency for implementation of "Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)- Scheme of Rural Electricity Infrastructure and Household Electrification" for providing electricity access to all rural households. Further, REC is also a Nodal Agency for National Electricity Fund (NEF), an Interest Subsidy Scheme to provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies (DISCOMs)-both in public and private sector, to improve the infrastructure in distribution sector.

9. **Total number of locations where business activity is undertaken by the Company**

- i. **Number of International Locations (Provide details of major five):**

None

- ii. **Number of National Locations:**

REC has offices at 21 National locations namely New Delhi, Kolkata, Chennai, Jaipur, Panchkula, Shimla, Jammu, Lucknow, Bhopal, Mumbai, Vadodara, Bangalore, Thiruvananthapuram, Bhubaneswar, Hyderabad (Project Office as well as Central Institute for Rural Electrification (CIRE)), Shillong, Guwahati, Ranchi, Dehradun, Patna and Raipur.

10. **Markets served by the Company - Local/State/National/International:**

REC serves the Indian markets only and its business extends throughout India.

Section B : Financial Details of the Company

1. **Paid up Capital (₹):** 987.46 crore
2. **Total Turnover (₹):** 17,120.80 crore
3. **Total Profit after Taxes (₹):** 4,683.70 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

During the financial year 2013-14, REC has spent an amount of ₹ 38.40 crore which is more than 1.00 % of its Profit after Tax of previous year on CSR and Sustainable Development Initiatives.

5. **List of activities in which expenditure in 4 above has been incurred:**

The major areas on which the above expenditure has been incurred includes:

- a. Job Oriented Skill Development Programs
- b. Education
- c. Promotion of Non-Conventional Energy Sources

- d. Promotion of Health Care including care for elderly and persons with disabilities and others (which includes Rural Development and Women Empowerment)
- e. Sustainability and other heads.

Section C : Other Details

1. Does the Company have any Subsidiary Company/ Companies?

The Company has following two Wholly Owned Subsidiary Companies as on March 31, 2014:

- (i) REC Power Distribution Company Limited; and
- (ii) REC Transmission Projects Company Limited

Further, in order to initiate development of each independent Inter State transmission projects allocated by Ministry of Power, Government of India, REC Transmission Projects Company Limited (RECTPCL) has incorporated a Project Specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after the selection of successful bidder through Tariff Based Competitive Bidding Process notified for transmission projects, the respective Project Specific SPV along with its all assets and liabilities is to be transferred to the successful bidder. As on March 31, 2014, the following project specific Special Purpose Vehicles (SPVs) existed as Subsidiary Companies of RECTPCL:

- (i) Nellore Transmission Limited (NTL)
- (ii) Baira Siul Sarna Transmission Limited (BSSTL)
- (iii) NRSS XXIX Transmission Limited*
- (iv) NRSS XXXI (A) Transmission Limited*
- (v) NRSS XXXI (B) Transmission Limited*

* Transferred to selected bidder after March 31, 2014.

After selection of successful bidder through Tariff Based Competitive Bidding Process, the project specific SPVs i.e. NRSS XXXI (A) Transmission Limited and NRSS XXXI (B) Transmission Limited have been transferred to M/s Power Grid Corporation of India Limited & M/s Essel Infraprojects Limited, respectively, on May 12, 2014. Further, after the selection of successful bidder, for Northern Region System Strengthening Scheme, NRSS-XXIX, through Tariff Based Competitive Bidding Process, the project specific SPV i.e. NRSS XXIX Transmission Limited has also been transferred to M/s Sterlite Display Technologies Private Limited (investing affiliate of Sterlite Grid Limited) on August 4, 2014.

In addition to the above, during the current financial year i.e. 2014-15, the Ministry of Power has also allocated the following five transmission projects to RECTPCL:

- i. Transmission system associated with Gadawara STPS (2x800 MW) of NTPC (Part-A);
- ii. Transmission system associated with Gadawara STPS (2x800 MW) of NTPC (Part-B);
- iii. Connectivity lines for Maheshwaram (Hyderabad) 765/400kV Pooling S/s;
- iv. Transmission System for LTA of 400 MW for 2x500 MW Neyveli Lignite Corporation Ltd. TS-I (Replacement) (NNTPS) in Neyveli; and
- v. Transmission System Strengthening associated with Vindhyachal-V.

In order to initiate development of each of the above listed transmission systems, RECTPCL has incorporated two Wholly Owned Subsidiary (WOS) Companies namely "Gadawara (A) Transco Limited" and "Gadawara (B) Transmission Limited" on August 5, 2014 and July 30, 2014 respectively, relating to transmission projects detailed at Sl. No. (i) and (ii) above and the incorporation of other three subsidiary companies is under process.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

Yes, REC encourages its subsidiary companies to participate in its Business Responsibility (BR) initiatives on a wide range of topics. Number of such subsidiary company(s) is one i.e. REC Power Distribution Company Limited.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No.

Section D : BR Information

1. Details of Director/Directors responsible for BR

- a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

DIN: 01120152

Name: Shri Prakash Thakkar

Designation: Director (Technical)

- b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN(if applicable)	01120152
2.	Name	Shri Prakash Thakkar
3.	Designation	Director (Technical)
4.	Telephone number	011-24367479
5.	e-mail id	thakkar@recl.nic.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The Ministry of Corporate Affairs, Government of India, in July 2011, came out with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. These guidelines contain the following 9 Principles which need to be adopted by companies as part of their business practices and a structured business responsibility reporting format requiring certain specified disclosures, demonstrating the steps taken by companies to implement the said principles.

- P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 - Businesses should promote the well-being of all employees.
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect, protect and make efforts to restore the environment.
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 - Businesses should support inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The principle wise responses are mentioned below:

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

The relevant explanation/ information/links are mentioned in the Annexure to this report.

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Not Applicable.

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6months, Annually, More than 1 year.**
On quarterly basis.
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes. REC publishes the Business Responsibility Report as part of its Annual Report. The hyperlink for viewing the Annual Report for the financial year 2013-14 is <http://recindia.gov.in/download/ar2013-14.pdf>

Section E : Principle-wise performance

Principle 1- ETHICS, TRANSPARENCY & ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures Suppliers/Contractors/ NGOs/ Others?

REC is committed to act professionally, fairly and with integrity in all its dealings and has put in place a "Policy for prevention of Fraud" and "Whistle Blower Policy" which set forth obligations on part of every employee for prevention, detection and reporting of any act of fraud, bribery or corruption. REC has also framed Conduct, Discipline and Appeal (CDA) Rules which define code of conduct for employees and the acts of bribery, corruption etc. are included as misconducts on the part of employees. Central Vigilance Commission's (CVC) guidelines/instructions etc. are also followed in this regard. The above policies, rules, guidelines/instructions etc. are also applicable to the subsidiaries of REC and these (except CDA Rules) are available to other stakeholders like borrowers, banks, public, etc. Further, REC has adopted "Code of Business Conduct & Ethics for Board Members and Senior Management" which captures the behavioral and ethical standards. Further, in compliance of guidelines on Fair Practices Code of Reserve Bank of India (RBI), REC has also developed the Fair Practices Code (FPC) for its lending operations which intends to provide assurance to all the borrowers of the Company's commitment to fair dealing and transparency in its business transactions.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Under the Whistle Blower Policy and Fair Practices Code, the Company had not received any complaint during the financial year 2013-14. Further, the Company had received 8 general complaints during the year, relating to ethics, bribery and corruption and out of these, 4 complaints (50 %) were closed for want of verifiable facts and 4 complaints are under investigation.

The Company had received 604 and 2,997 complaints from Shareholders and Bondholders (Listed/Un-listed Debt Securities) respectively. All complaints of shareholders and Bondholders received during the year have been satisfactorily resolved and no complaint is pending at the end of financial year.

Principle 2- SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

REC is conscious of the need for sustainable development in the country and our Project Finance business incorporates social and environmental concerns in its lending operations. The Company is also addressing the environmental concerns by way of providing finance for Clean & Renewable Energy projects. The Company also provides concessional interest rate loans and other financial support under RGGVY- initiative of Government of India, to meet the mission of 'electricity for all'. Further, the Company focuses on development of North-Eastern states under T&D, Generation & RGGVY programme.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Considering the nature of business of the Company and the products/initiatives referred to above, the questions below are not applicable to REC:

- i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

As our products are financial services, the major resource consumed is paper. During the year, REC focused on reducing consumption of paper through printing and managing its paper procurement practices. REC has also outsourced the mechanism to collect waste papers from premises of the Company for recycling of the same.

- ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

As the REC's products are financial services, resource consumption, like energy and water by consumers was minimal and efforts were made to further reduce it.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

REC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipments. Despite the limited scope of our procurement needs, we continue to take initiatives to ensure responsible sourcing in our supply chain. We have detailed procurement guidelines prescribing the procedure for our major procurements.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

REC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. However, we prefer locally available goods and services, other considerations being comparable. We are also following the Government of India's directives in respect of reservation for Small, Medium and Micro Enterprises in procurements.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company, being a financial institution, has limited applicability of mechanism to recycle products and waste. However, the Company has outsourced the mechanism to collect waste papers from premises of the Company for recycling of the same.

Further, we have also followed e-Waste (Management and Handling) Rules 2011 as notified by the Ministry of Environment & Forests (MoEF), Government of India, vide its notification dated May 12, 2011 with the specific aim of minimising and responsible disposal of the entire quantum of e-waste only through Government/ Pollution Control Board registered E-waste recyclers.

Principle 3- EMPLOYEE WELL-BEING

1. **Please indicate the Total number of employees.**

As on March 31, 2014 the Company had 631 employees.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

During the financial year 2013-14, the Company had not hired any employees on temporary/contractual/casual basis. However, the Company utilizes the services of temporary staff through placement agencies based on requirements from time to time.

3. **Please indicate the Number of permanent women employees.**

As on March 31, 2014, the Company had 102 permanent women employees.

4. Please indicate the Number of permanent employees with disabilities

As on March 31, 2014, the Company had 10 permanent employees with disabilities.

5. Do you have an employee association that is recognized by management?

Yes, REC has recognized the Union of its non-supervisory permanent employees and the Association comprising of REC Executives.

6. What percentage of your permanent employees is members of this recognized employee association?

Eligible employees of the Company are members of the two representative bodies i.e REC Employees Union or REC Officers Association.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Company has not received any complaints relating to child labour/forced labour/involuntary labour or sexual harassment in the last financial year and no complaint was pending as on March 31, 2014. Further, the Company neither engages in any form of child labour/forced labour/involuntary labour nor adopts any discriminatory employment practices. The Company has a proper framework for dealing with instances relating to sexual harassment and an NGO has also been included in the Committee as per Government's Directives.

8. What safety & skill up-gradation training was provided in the last year?

Permanent Employees

Permanent Women Employees

Casual/Temporary/Contractual Employees

Employees with Disabilities

Considering the nature of business of the Company the question has limited relevance in respect of safety.

Employee training and development is an essential element of the Company's strategy. REC has a proper training procedure and it does not differentiate on any parameters in terms of identifying and imparting training to its employees. REC's 58 % permanent employees, 68 % permanent women employees and 55 % permanent employees with disabilities, received skill up-gradation, health and attitudinal training during the financial year 2013-14 which amounts to 1,542 training man days.

The Company also has a training institute, "Central Institute for Rural Electrification" (CIRE) in Hyderabad, where various training programmes designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives.

Principle 4- STAKEHOLDER ENGAGEMENT

1. Has the company mapped its internal and external stakeholders?

Yes.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

REC has adopted employee oriented policies relating to dependents of officials and staff deceased while in service, in line with the general laws and regulations and sound ethical practices followed Nationally, covering areas such as employee benefits, commitment to equal opportunity in recruitment and prevention of sexual harassment at the workplace which endeavour to provide an environment of care, nurturing and opportunity to accomplish professional aspiration. The Company is also following the guidelines/ directions issued by Government of India from time to time in respect of reservation for women and persons belonging to OBC/SC/ST/PH categories in recruitment.

Further, under Corporate Social Responsibility and Sustainability initiatives, the Company has also laid emphasis on providing Skill Development Training programmes for enhancing the employability of the rural youth from marginalized sections of the community, programmes for improving access to education to children from families from economically weaker sections of society, improving health care services for the poor and marginalized sections, including for the elderly and persons with disabilities and up-liftment and empowerment of women from underprivileged sections of society, in various parts of the country.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, the Company regularly undertakes initiatives to engage with its internal and external disadvantaged, vulnerable and marginalized stakeholders.

REC also broadly follows the principles of “The UN Global Compact” in the areas of human rights, labour, environment and anti-corruption, which enjoy universal consensus.

Each year, the Company sets aside a percentage of its PAT, for CSR activities which engage the disadvantaged, vulnerable and marginalized stakeholders with the aim of social and economic upliftment of above mentioned stakeholders, helping them to lead lives of dignity and economic empowerment. Some of such initiatives undertaken during the financial year 2013-14, are as under:

1. Development of class room infrastructure in school for children from weaker sections in a village in a backward district of Uttar Pradesh;
2. Supporting children’s education, including deployment of a mobile ‘School on Wheels’ for bringing primary education to the doorstep of children of migrant workers at two construction sites in Maharashtra;
3. Supporting Installation of around 2,400 nos. of LED based Solar Street Lighting Systems in over 500 un-electrified and poorly electrified villages in Arunachal Pradesh and Madhya Pradesh;
4. Various projects for promotion of health care including for old age and persons with disabilities, drinking water and sanitation.

Principle 5- PROMOTION OF HUMAN RIGHTS

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

REC is an active member of “The UN Global Compact” and follows its principles in the areas of human rights, labour, the environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and United Nations Convention Against Corruption.

Considering the nature of business of the Company, human rights cover only the Company and its subsidiary companies and further to protect the human rights of employees, REC has adopted employee oriented policies, in line with the general laws and regulations and sound ethical practices followed Nationally, covering areas such as employee benefits and prevention of sexual harassment at the workplace which endeavour to provide an environment of care, nurturing and opportunity to accomplish professional aspiration.

Further, the Company believes that a sustainable organization rests on a foundation of ethics and respect for human rights and the Company ensures diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse candidate pool. It upholds the principle that advancement is based on talent and performance and there is a commitment to equal opportunity. The Company also emphasizes on safe social environment, human well-being including a safe natural environment. It discourages conducts that implies granting or withholding favors or opportunities as a basis for decisions affecting an individual, in return for that individual’s compliance.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company did not receive any complaint in the area of human rights violations from stakeholders.

Principle 6- ENVIRONMENTAL PROTECTION

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

The policy of Company pertaining to environmental protection is applicable to all our group companies. Furthermore, clients (borrowers) are required to be compliant to Environment & Social conditions in their operations.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

REC is an active member of “The UN Global Compact” and follows its principles in the areas of human rights, labour, the environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, Rio Declaration

on Environment & Development and United Nations Convention Against Corruption. All relevant policies are available on Company's website i.e. www.recindia.gov.in

REC has diversified its business activities by introducing special scheme for financing to promote Renewable Energy projects across the country with a view to address global environmental issues such as climate change, global warming etc.

REC initiated a project to estimate the sources of GHG emission from its operations, to quantify the emission levels and to identify the possible mitigation measures. The assignment was conducted by M/s Energy Efficiency Services Limited (EESL) as per ISO 14064 norms and also included "Energy Audit" of the Corporate building. The data was collated and analysed for 24 month period i.e. fiscal 2012 & 2013 for REC Corporate Office building and conversion parameters used were as per internationally accepted norms and databases. For the 24 month period, the GHG emission level for REC Corporate Office has been assessed as aggregate of 5,236 tons CO₂-equivalent, comprising of Direct Emissions (874), Energy Indirect Emissions (1,845) and Other Indirect Emissions (2,517). Credits /offsets were also provided for the 16,400 non-solar Renewable Energy Certificates (equivalent to 15,458 tons of CO₂), purchased on voluntary basis by REC as part of sustainable development expenditure in fiscal 2013. Thus, REC Corporate Office can be deemed to be 'carbon-neutral' as emissions are less than the mitigation measures.

3. Does the Company identify and assess potential environmental risks? Y/N

The above question is not applicable to the Company as it is not a manufacturing Company. However, REC identifies and assesses potential environmental and social risks in all the infrastructure projects which are financed by REC. REC has been in the forefront of integrating environmental risk assessment and mitigation into its overall investment risk assessment process. As part of the project appraisal, environment related issues are identified and detailed due diligence is carried out that includes site visits, secondary information collection and analysis, review of applicable compliances and consents.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

REC has diversified its business activities by introducing special scheme for financing to promote Renewable Energy projects across the country with a view to address global environmental issues such as climate change, global warming, reduction of greenhouse gas emissions etc. However, the above question is not applicable directly to the Company as it is not a manufacturing Company.

5. Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. During the financial year 2013-14, under Sustainable Development, assistance was sanctioned for 7 projects aggregating ₹ 23.20 crore out of which ₹ 13.10 crore was incurred during the year itself. The projects inter alia include setting up a collaborative "Bhagidari" model for processing of Jute end-products in the Jute Cluster in Purnea, Bihar, installing Solar PV Smart Mini Grids in 5 Off-grid locations in Dhenkanal, Odisha, providing 4,000 Solar-Lanterns to affected households and installation of 100 Mobile-charging Solar Stations in Uttarakhand etc. The benefit of initiatives under Sustainable Development is expected to reach directly to about 1,60,000 beneficiaries. Indirect benefits may accrue to beneficiaries several times this number. The projects are in various stages of implementation by expert implementing agencies.

Further, REC initiated a project to estimate the sources of GHG emission from its operations, to quantify the emission levels and to identify the possible mitigation measures and the GHG emission level for REC Corporate Office has been assessed as aggregate of 5,236 tons CO₂-equivalent, comprising of Direct Emissions (874), Energy Indirect Emissions (1,845) and Other Indirect Emissions (2,517). Credits /offsets were also provided for the 16,400 non-solar Renewable Energy Certificates (equivalent to 15,458 tons of CO₂), purchased on voluntary basis by REC as part of sustainable development expenditure in fiscal 2013. Thus REC Corporate Office can be deemed to be 'carbon-neutral' as emissions are less than the mitigation measures.

For details of the Companies Sustainability initiatives, please refer to 'Report on Corporate Social Responsibility and Sustainability Activities', which forms part of this Annual Report.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The above question has limited relevance to the Company as it is not a manufacturing Company. However, the Company complies with applicable environmental regulations in respect of the premises and operations.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.

REC has not received any show cause/legal notices from CPCB/SPCB.

Principle 7- RESPONSIBLE PUBLIC POLICY ADVOCACY

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

Yes. REC is a member of World Energy Council, The Federation of Indian Chambers of Commerce and Industry (FICCI), Central Board of Irrigation & Power (CBIP), Standing Conference of Public Enterprises (SCOPE), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Power HR Forum, India CFO Forum, All India Management Association (AIMA), Institute of Public Enterprises (IPE) and Global Compact.

The CMD and Whole-time Directors of the Company participate in various committees/ working groups constituted by the Ministry of Power, Government of India.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company has raised issues relating to clean technology, energy efficiency, and renewable energy at different platform of above associations from time to time.

The Company is also working on several CSR initiatives for creation of infrastructure for public good like school building, sanitation facilities in school, sewage treatment plant in Government hospital, auditorium, girls hostel etc. besides initiatives in the field of job oriented Skill Development, Rural Electricity Delivery Model, Education, Health Care including initiatives for care of elderly and persons with disabilities, Rural Industry Promotion and Promotion of Non-conventional Energy sources etc. Further, the Company also provides funding for research & development work.

Principle 8- INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

REC has a CSR policy, formulated in terms of Guidelines on 'Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises' issued by the Department of Public Enterprises (DPE) that reflects its objective of economic and social development. The specific programme/ initiatives/ projects have been undertaken in pursuit of the REC CSR Policy. Detailed information about the specified programmes and initiatives undertaken during the financial year 2013-14 in pursuit of the policy, has been given in 'Report on Corporate Social Responsibility and Sustainability Activities', which forms part of this Annual Report.

Further, REC is the Nodal Agency for overseeing the implementation of Government of India's flagship program i.e. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), which is aimed at providing Rural Electricity Infrastructure and access to electricity to all rural households. It also provides for free of cost connections to all rural households living below poverty line.

RGGVY also provides grants for Decentralised Distributed Generation (DDG) projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar etc. for villages where grid connectivity is either not feasible or not cost effective. In XII five year plan, DDG will also be extended to grid connected areas to supplement the availability of power in areas where power supply is less than six hours a day.

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**

Most of the CSR projects/initiatives of the Company are being carried out with the help of specialized agencies in line with their focus areas of operations, which are either Government Organization/Semi-Government/ PSU/ Autonomous Organization/Section 25 Companies or empanelled Agencies with the DPE designated National CSR Hub, and/or have past work experience with Government/Semi-Government/PSU/ Autonomous Organizations for similar works.

3. **Have you done any impact assessment of your initiative?**

REC under its CSR Policy, has a system of reviewing its initiatives wherein progress of major initiatives is monitored and evaluated along with its impact.

Further, REC continuously seeks feedback to understand the impact of its select initiatives which also includes visits by its own teams to the various projects funded by the Company.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the financial year 2013-14, a budget @ 1 % of Profit After Tax (PAT) of previous year was allocated towards CSR and SD activities. During the year, the Company has undertaken various CSR & SD initiatives in the fields of Skill Development/ Up-gradation programmes, education, promotion of non-conventional sources of energy, promotion of Health care including for old age and persons with disabilities, drinking water and sanitation, installing Solar PV Smart Mini Grids, providing Solar-Lanterns to affected households and installation of Mobile-charging Solar Stations at various locations/ districts across the country. During the financial year 2013-14, under Corporate Social Responsibility and Sustainable Development, financial assistance aggregating to ₹ 66.61 crore was sanctioned and ₹ 38.40 crore was disbursed for various projects.

For details of projects undertaken, please refer to 'Report on Corporate Social Responsibility and Sustainability Activities', which forms part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

The Company, under its CSR initiatives, encourages the active engagement of key stakeholders such as the community, Government Agency/Department, NGOs and other local institutions in the project planning and implementation to facilitate developing and building community ownership while ensuring the sustainability of the programmes. Feedback of the community is suitably incorporated in developing further such programmes in same or other locations.

Principle 9- CUSTOMER VALUE

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

All the complaints (including two investors' complaints pending at the beginning of the year) received from various stakeholders in the reporting period have been resolved and there are no complaints pending as at the end of financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

The above is not applicable, as the Company is not a manufacturing Company. However, the Company ensures that adequate disclosures are made relating to its products and services with respect to financing of projects.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There is no case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last 5 years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company believes in providing best services to its customers. Time to time meeting(s) with customers is organized to understand their expectations and essentially to gauge our competitiveness in the business. Feedbacks received from customers are implemented to enhance quality of service.

For and on behalf of the Board of Directors



(Rajeev Sharma)

Chairman & Managing Director
(DIN 00973413)

ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

P1	<p>Sl. No. 3-The Company has a Policy for Prevention of Fraud in REC, Code of Business Conduct and Ethics and Whistle Blower Policy. The Policy for Prevention of Fraud is broadly to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. Further, as per the requirement of corporate governance under the Listing Agreement, the Company framed Code of Business Conduct and Ethics based on professional and ethical standards, which the Company believes all its employees should adopt. The Whistle Blower Policy broadly conforms to the standards set by the Office of CVC.</p> <p>Sl. No. 6- The Policy for Prevention of Fraud and Code of Business Conduct and Ethics are available on the website http://recindia.gov.in/download/prevention_fraud_policy.pdf and http://recindia.gov.in/download/code_conduct.pdf. The other policies are internal documents and accessible only to employees of the organization.</p>
P2	<p>Considering the nature of the Company's business, this Principle has limited applicability to the Company. The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability.</p>
P3	<p>Sl. No. 3- In line with the general laws and regulations and sound ethical practices followed Nationally, the Company has adopted employee oriented policies covering areas such as employee benefits and prevention of sexual harassment at the workplace which endeavour to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.</p> <p>Sl. No. 6- These policies can be viewed physically or online only by the employees of the organization.</p>
P4	<p>The principle enunciates the aspect of being responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized and the Company does not have a specific policy in place for this. The Company has set processes in place to achieve the objectives. In addition, the Company works towards inclusive growth through interventions in areas like Skill Development leading to creation of employment opportunities, Rural Electricity Delivery Model, Education, Health Care including initiatives for care of elderly and persons with disabilities, Rural Industry Promotion and Promotion of Non-Conventional Energy sources etc.</p>
P5	<p>Sl. No. 3- The Code of Business Conduct & Ethics (Code) which has been adopted by the Company addresses the requirements of this principle. The Code emphasizes fair employment practices & diversity, fair competition, prohibition of harassment & intimidation and safety at the workplace.</p> <p>Sl. No. 6- The Code of Business Conduct and Ethics is available on the website at http://recindia.gov.in/download/code_conduct.pdf.</p>
P6	<p>The aspects outlined under this Principle are not relevant to the nature of business of the Company. The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. The Company also requires the borrowers of project loans to comply with the various national environmental standards/ requirements.</p>
P7	<p>While there is no specific policy outlined for this principle, the Company is working with the state governments and other organisations to promote initiatives in the field of Skill Development leading to creation of employment opportunities, Rural Electricity Delivery Model, Education, Health Care including initiatives for care of elderly and persons with disabilities, Rural Industry Promotion and Promotion of Non-Conventional Energy sources. Further, the Company provides funding for research & development.</p> <p>The CMD and Whole-time Directors of the Company participate in various committees/ working groups constituted by the Ministry of Power, Government of India.</p>
P8	<p>While there is no specific policy outlined for this principle, REC has incurred expenditure under CSR Initiatives on various projects pertaining to Skill Development leading to creation of employment opportunities, Rural Electricity Delivery Model, Education, Health Care including initiatives for care of elderly and persons with disabilities, Rural Industry Promotion and Promotion of Non-Conventional Energy sources etc.</p>
P9	<p>Sl. No. 3- The Company has Fair Practices Code and Grievance Redressal Form for Loans which conforms to the guidelines issued by Reserve Bank of India in this regard.</p> <p>Sl. No. 6- The above Code /Form can be viewed online on http://recindia.gov.in/download/fair_practice_code.pdf and http://recindia.gov.in/download/griev_redressal_form_loans.pdf ; respectively.</p>
	<p><i>All policies and processes are subject to audits and reviews done internally in the Company from time to time.</i></p>