

ANNEXURE-II TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

As a listed Company and a good corporate entity, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability paving the way in building confidence among all its stakeholders for achieving sustainable long term growth and profitability.

Besides adhering to the provisions of Listing Agreement, we are also following Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 issued by Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India. A report regarding compliance of conditions of Corporate Governance is given below along with the Auditors' Certificate.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance at Rural Electrification Corporation Limited (REC), is managing the business in an ethical and responsible manner geared to sustainable value creation for stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices that are followed in the area of Corporate Governance across the globe. The Company has strong legacy of fair, transparent and ethical government practices. REC is also committed to facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population and acts as a competitive, client-friendly and development-oriented organization for financing and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

The premise of Corporate Governance framework at REC is based on the following guiding principles:

- Compliance of law, rules & regulations in true letter and spirit;
- Appropriate transparent systems and practices to protect, promote and safeguard the interests of all its stakeholders; and
- Establishing a climate of trust and confidence among various stakeholders by means of transparent and timely disclosure of all material information.

In recognition of good Corporate Governance practices followed by the Company, the Institute of Company Secretaries of India (ICSI), a statutory body constituted under the Company Secretaries Act, 1980 has adjudged your Company as one of the 'Best Governed Company' and conferred 13th ICSI National Award for Excellence in Corporate Governance for the year 2013.

2. BOARD OF DIRECTORS

The Board of Directors provides leadership and strategic guidance, objective judgment and at the same time monitors the strategic direction of the Company. The Company is headed by an Executive Chairman. None of the Part-time Non-official Independent Director has held office of Director in the Company for a period of ten years or more and all Part-time Non-official Independent Directors have adequate qualifications, expertise and experience which enables them to contribute effectively to the management of the Company.

(A) Composition of the Board

We are a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013 as the President of India presently holds 65.64% of the total paid-up share capital of the Company and as per Articles of Association of REC, the power to appoint Directors vests in the President of India. Further, in terms of Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen.

As on March 31, 2014, the Board of the Company comprised of seven (7) members out of which three (3) are Executive Directors including the Chairman and Managing Director, one (1) Government Nominee Director and three (3) Independent Directors.

The composition of Board of Directors as on March 31, 2014 is as follows:

Sl. No.	Name	Director Identification Number (DIN)	Position
Whole Time Directors (Executive Directors)			
1	Shri Rajeev Sharma	00973413	Chairman and Managing Director
2	Shri Prakash Thakkar	01120152	Director (Technical)
3	Shri Ajeet Kumar Agarwal	02231613	Director (Finance)

Sl. No.	Name	Director Identification Number (DIN)	Position
Government Nominee Director (Non-Executive Director)			
4	Shri Badri Narain Sharma	01221452	Director (Government Nominee)
Independent Directors (Non-Executive Directors)			
5	Dr. Devi Singh	00015681	Independent Director
6	Shri Venkataraman Subramanian	00357727	Independent Director
7	Dr. Sunil Kumar Gupta	00948089	Independent Director

During the financial year 2013-14, there was no change in the composition of the Board of the Company. However, during the year, in absence of requisite number of Independent Directors on the Board of the Company, the composition of the Board of Directors was not in conformity with the provisions of sub-clause (I) (A) of Clause 49 of the Listing Agreement and Clause 3.1.4 of DPE Guidelines on Corporate Governance for CPSEs issued by DPE. Further, the tenure of three years of Dr. Devi Singh and Shri Venkataraman Subramanian, Part Time Non Official Independent Directors, has completed on June 9, 2014 and both of them ceased to be directors from that date. Hence, as on date, the number of Independent Directors has fallen short by three.

The Company has already requested the Ministry of Power, Government of India, the appointing authority, for appointment of three Independent Directors including One Woman Director on the Board of the Company and the same is under process. After appointment of three Independent Directors including One Woman Director on the Board of the Company, the Company would be in compliance with the provisions of the Companies Act, 2013, Listing Agreement and Guidelines on Corporate Governance for CPSEs, regarding composition of the Board of Directors.

(B) Other provisions as to Board and its Committees

(i) Details of Board Meetings held during the financial year 2013-14

The Company follows a methodized process of decision-making by the Board and its Committees. The meeting dates are usually finalized in consultation with all Directors in order to ensure presence of full Board in its Meeting. All the Agenda and Explanatory Notes are given to the Directors well in advance for the Meetings of the Board and Committees thereof. To address specific urgent needs, Meetings are also called at shorter notice but utmost efforts are made to adhere the minimum notice period. In some instances, resolutions are passed by circulation which is confirmed in the next Board Meeting. The Chairman & Managing Director of the Company decides inclusion of any matter in the Agenda for discussion in the Meeting of the Board. Head of Divisions (HoDs)/Senior Management officials are also called to provide additional inputs on the matters being discussed in the Meetings of the Board/ Committees of the Board. The Board is also given detailed presentation on certain Agenda Items, if required. The Meetings of the Board of Directors are normally held at Registered Office of the Company during office hours.

During the financial year 2013-14, eight (8) meetings of Board of Directors of the Company were held viz. (i) May 28, 2013; (ii) July 4, 2013; (iii) August 8, 2013; (iv) September 20, 2013; (v) November 13, 2013; (vi) December 20, 2013; (vii) February 14, 2014; and (viii) March 28, 2014.

The minimum and maximum interval between any two Board Meetings was thirty five (35) days and fifty six (56) days, respectively. The quantum and quality of information supplied by the Management to the Board goes well beyond the minimum requirement stipulated in Clause 49 of the Listing Agreement.

(ii) Information placed before Board of Directors

The Board has complete access to all the information available with the Company. The information regularly provided to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Proposals relating to raising of funds and sanctions of financial assistance.
4. Quarterly results for the Company and its operating divisions or business segments.
5. Minutes of meetings of audit committee and other committees of the board.
6. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
7. Show cause, demand, prosecution notices and penalty notices which are materially important.
8. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

9. Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
10. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
11. Details of any joint venture or collaboration agreement.
12. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
13. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
14. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
15. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
16. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
17. Major investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
18. Quarterly Report on Investment of Funds.
19. Quarterly compliance on Reconciliation of Share Capital Audit.
20. Quarterly report on compliance of various laws.
21. Action Taken Report on all pending matters.
22. Any other information required to be presented to the Board for information or approval.

(iii) **Directors attendance at Board Meeting and last Annual General Meeting (AGM), number of other Directorships (in Public Limited Companies)/ Committee Memberships (viz Audit Committee and Shareholders/Investors Grievance Committee) (other than REC), held by Directors during the financial year 2013-14 are tabled below:-**

Sl. No.	Name of Director	Board Meetings			Attendance at Last AGM (held on September 13, 2013)	As on March 31, 2014		
		Held during the tenure	Attended	Percentage		No. of other Directorships	No. of other Committee Memberships ^{\$}	
							As Chairman	As Member
1.	Shri Rajeev Sharma	8	8	100	Present	2	Nil	Nil
2.	Shri Prakash Thakkar	8	8	100	Present	3	Nil	Nil
3.	Shri Ajeet Kumar Agarwal	8	8	100	Present	2	Nil	1
4.	Shri Badri Narain Sharma	8	7	87.50	Absent	1	Nil	Nil
5.	Dr. Devi Singh	8	8	100	Present	4	1	Nil
6.	Shri Venkataraman Subramanian	8	8	100	Present	4	Nil	2
7.	Dr. Sunil Kumar Gupta	8	2	25	Present	1	Nil	1

Notes:

In accordance with the provisions of Companies Act, 2013 and Articles 82 (4) of the Articles of Association of the Company, Shri Ajeet Kumar Agarwal, Director shall retire by rotation at the 45th Annual General Meeting of the Company and, being eligible, offer himself for re-appointment.

^{\$} In line with Clause 49 of Listing Agreement, for reckoning the number of Committee memberships, only the Chairmanship Membership in Audit Committee and Stakeholders Relationship Committee (erstwhile Shareholders Investors Grievance Committee) in public companies have been taken into consideration.

None of the Directors is a member of more than 10 Board-level Committees of Indian Public Limited Companies nor are they Chairman of more than five Committees of such companies in which they are Members.

None of the Directors of the Company is in any way related to each other.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board functions either as full Board or through various committees constituted to oversee specific operational areas. Each Committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the Committee. The Committees meet at regular intervals and focus on specific areas and make informed decisions within the authority delegated to them.

As on March 31, 2014, the Board had following committees:

1. Audit Committee;
2. Remuneration Committee;
3. Shareholders/Investors Grievance Committee;
4. Risk Management Committee;
5. Loan Committee;
6. Executive Committee;
7. Bond Committee;
8. Sub-Committee for review of lending rates for Short Term Loans/ Term Loans;
9. Sub-Committee for review and updation of HR Policies;
10. Sub-Committee for Borrowings other than Debentures;
11. Corporate Social Responsibility Committee (earlier Corporate Social Responsibility and Sustainability Committee); and
12. Committee on Investment of Surplus Funds.

The Minutes of the Meetings of the Committees are placed before the Board for information in terms of Article 93 of the Articles of Association of the Company.

3.1 Audit Committee

(i) As on March 31, 2014, the Audit Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Dr. Devi Singh	Independent Director	Chairman
2.	Shri Venkataraman Subramanian	Independent Director	Member
3.	Shri Prakash Thakkar	Director (Technical)	Member

The quorum of the Audit Committee is two independent members including Chairman of the Committee. Director (Finance), Head of Internal Audit and representatives of Joint Statutory Auditors are standing invitees in the Meetings of Audit Committee. Senior Functional Executives are also invited as and when required to provide inputs to the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

(ii) The terms of reference of the Audit Committee are as under:

- (a) to comply with the requirements in accordance with Section 292A of the Companies Act, 1956;
- (b) to comply with the requirements relating to Audit Committee as envisaged in Clause 49 of the Listing Agreement;
- (c) to comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, as notified by the DPE; and
- (d) to comply with any other applicable provisions relating to the Audit Committee.

Further, the Board of Directors of the Company in its 404th Meeting held on May 26, 2014 has revised the terms of reference of the Audit Committee, to align the same with the provisions of the Companies Act, 2013, Rules made thereof and the revised Listing Agreement (to be effective from October 1, 2014).

During the financial year 2013-14, six (6) meetings of the Audit Committee were held i.e. (i) May 28, 2013; (ii) June 24, 2013; (iii) August 8, 2013; (iv) November 13, 2013; (v) February 14, 2014; and (vi) March 28, 2014. The maximum gap between the two Meetings was not more than 4 months.

Meetings attended by individual member during the financial year 2013-14 are detailed below:-

Name of the Committee Members/ Attendees	Position in the Committee	Meeting			Attendance at last AGM
		Held during tenure of Director/Invitee	Attended	In Percentage	
Dr. Devi Singh	Chairman/ Member	6	6	100	Yes
Shri Venkataraman Subramanian	Member	6	6	100	Yes
Shri Prakash Thakkar	Member	6	5	83.33	Yes

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 13, 2013 to answer shareholder queries.

The Chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the Audit Committee are financially literate.

3.2 Remuneration Committee

REC, being a Central Public Sector Undertaking, the appointment of Chairman & Managing Director and Directors, tenure and remuneration are decided by the President of India as per the Articles of Association of the Company. However, as per the provisions of Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs, the Company has constituted a Remuneration Committee comprising of three Independent Directors. The terms of reference of Remuneration Committee shall be mainly to decide on Performance Related Payment, annual bonus/ variable pay pool and policy for its distribution across the Executives and Non-unionized Supervisors within the prescribed limits.

As on March 31, 2014, the Remuneration Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Dr. Devi Singh	Independent Director	Chairman
2.	Shri Venkataraman Subramanian	Independent Director	Member
3.	Dr. Sunil Kumar Gupta	Independent Director	Member

Quorum of the Remuneration Committee is two members including Chairman of the Committee. Director (Finance), Director (Technical) and ED (HR)/GM (HR) are standing invitees to the Meetings of the Remuneration Committee. During the financial year 2013-14, one Meeting of the Remuneration Committee was held on July 4, 2013.

In accordance with the provisions of the Companies Act, 2013, Rules made thereof and the revised Listing Agreement (to be effective from October 1, 2014), the Board of Directors of the Company in its 404th Meeting held on May 26, 2014 has changed the name of the Remuneration Committee as 'Nomination and Remuneration Committee' and also the terms of reference of the Committee has been revised as per the requirement of the Companies Act, 2013.

Remuneration of Whole Time Directors

The remuneration paid to Whole Time Directors including the Chairman & Managing Director was as per the terms and conditions of their appointment. The details of remuneration paid to Whole Time Directors of the Company during the financial year 2013-14 are given below:

(Amount in ₹)								
Sl. No.	Name	Salary & Allowances	Other Benefits	Incentive	CPF contribution	Pension Fund Contribution	Retiral Benefits	Total
1.	Shri Rajeev Sharma, CMD	23,85,102	2,91,107	26,48,881	2,24,668	1,68,501	0	57,18,259
2.	Shri Prakash Thakkar, Director (Technical)	23,30,090	1,98,140	21,01,918	2,19,470	1,64,603	0	50,14,221
3.	Shri Ajeet Kumar Agarwal, Director (Finance)	24,09,888	4,39,554	16,66,953	2,01,058	1,50,793	0	48,68,246

Remuneration of Independent and Government Nominee Directors

Independent Directors are paid only sitting fees at the rate of ₹ 20,000/- for each Meeting of the Board and Committee thereof as fixed by the Board in its 395th Meeting held on May 28, 2013 within the ceiling prescribed under the Companies

Act, 1956 for attending the Board Meetings as well as Committee Meetings. Details of Payments towards sitting fees to Independent Directors during the financial year 2013-14 is as under:

(Amount in ₹)

Sl. No.	Name of Part-time Non-official Independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Dr. Devi Singh	1,60,000	3,55,000	5,15,000
2.	Shri Venkataraman Subramanian	1,60,000	2,40,000	4,00,000
3.	Dr. Sunil Kumar Gupta	40,000	NIL	40,000
	Total			9,55,000

The Government Nominee Director is not entitled to any remuneration/ sitting fee from the Company.

3.3 Shareholders/Investors Grievance Committee

(i) Constitution of Shareholders / Investors' Grievance Committee

The Company has constituted a Shareholders/Investors' Grievance Committee. This Committee specifically looks into the redressal of Shareholders and Investors complaints like transfer of shares, non- receipt of Balance Sheet and declared dividend etc. The Committee is chaired by an Independent Director.

As on March 31, 2014, the Shareholders'/Investors' Grievance Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Venkataraman Subramanian	Independent Director	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

In accordance with the provisions of the Companies Act, 2013, Rules made thereof and the revised Listing Agreement (to be effective from October 1, 2014), the Board of Directors of the Company in its 404th Meeting held on May 26, 2014 has changed the name of the Shareholders'/Investors' Grievance Committee as 'Stakeholders Relationship Committee' and also the terms of reference of the Committee has been revised as per the requirement of the Companies Act, 2013.

The quorum of meeting of the Shareholders/Investors Grievance Committee is two members including the Chairman of the Committee. Further, the representatives of Registrar & Share Transfer Agents (R&TAs) appointed by the Company are Standing invitees at the Meetings of Shareholders/Investors' Grievances Committee. During the financial year 2013-14, four (4) Meetings of Shareholders/Investors Grievance Committee were held on (i) May 28, 2013; (ii) August 8, 2013; (iii) November 13, 2013; and (iv) February 14, 2014 to review the grievance procedure and status of pending Shareholders/Investors grievances.

The Company Secretary is the Convener of the Meetings of the Shareholders/Investors Grievance Committee and is the Compliance Officer of the Company in terms of Clause 47(a) of the Listing Agreement.

(ii) Status of Shareholders/Investors Grievances

The Company has been attending to all investor grievances expeditiously and promptly. Status of Shareholders/ Investors Grievances pursuant to Clause 49 of the Listing Agreement for the period from April 1, 2013 to March 31, 2014 related to Equity Shares/Listed Debt Securities is as follows:-

Pending at the beginning of the financial year.	2
Received during the financial year.	3,601
Disposed during the financial year.	3,603
Remaining unresolved as on March 31, 2014.	0

The Company has established three layers to handle Investor Grievances including Support Service from respective Registrars, In-house Investor Cell and direct Supervision by Shareholders/Investors Grievance Committee which has resulted in timely resolution of all the grievances.

3.4 Risk Management Committee

The Risk Management Committee has been constituted to manage the integrated risk. The main function of Risk Management Committee is to monitor various risks likely to arise and to review the various risk management policies and practices adopted by the Company and to initiate action for mitigation of risks arising in the operation and other related matters of the Company.

As on March 31, 2014, the Risk Management Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Dr. Devi Singh	Independent Director	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The operational heads of Finance Division (Resource Mobilization) and Asset Liability Management Division are the standing invitees at Risk Management Committee Meeting. During the financial year 2013-14, two (2) Meetings of the Risk Management Committee were held on (i) August 16, 2013; and (ii) March 28, 2014.

3.5 Loan Committee

The Loan Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan subject to following limits:

Type of Entity	Limit for individual scheme/project	Overall Annual limit (₹ in crore)
Central/State Government Power utilities or Central/State PSUs	In excess of ₹ 150 crore but upto ₹ 500 crore	25,000
Private Sector Power utilities	In excess of ₹ 100 crore and upto ₹ 500 crore	6,000

As on March 31, 2014, the Loan Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
4.	Shri Badri Narain Sharma	Government Nominee Director	Member

The quorum of meeting of the Loan Committee is three Members including CMD and Government Nominee Director. During the financial year 2013-14, nine (9) meetings of Loan Committee were held viz. (i) April 23, 2013; (ii) June 6, 2013; (iii) July 16, 2013; (iv) July 29, 2013; (v) September 20, 2013; (vi) December 20, 2013; (vii) February 14, 2014; (viii) March 3, 2014; and (ix) March 24, 2014.

3.6 Executive Committee

The Executive Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan subject to following limits:

Type of Entity	Limit for individual scheme/project	Overall Annual limit (₹ in crore)
Central/State Government Power utilities or Central/State PSUs	Up to ₹ 150 crore	20,000
Private Sector Power utilities	Up to ₹ 100 crore	5,000

As on March 31, 2014, the Executive Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum of the Executive Committee of the Board of Directors is two Members including CMD. During the financial year 2013-14, fifteen (15) meetings of the Executive Committee were held on (i) April 30, 2013; (ii) May 7, 2013; (iii) May 21, 2013; (iv) May 31, 2013; (v) July 8, 2013; (vi) July 25, 2013; (vii) August 19, 2013; (viii) September 10, 2013;

(ix) October 18, 2013; (x) November 13, 2013; (xi) December 11, 2013; (xii) December 20, 2013; (xiii) January 23, 2014; (xiv) February 10, 2014; and (xv) March 12, 2014.

3.7 Bond Committee

The Bond Committee of the Directors was constituted to finalize and approve the detailed terms and conditions including issue size, number of bonds to be issued, nature, type, pricing, timing, period, coupon rate, annual interest payment date of the issue etc. as may be required by the prevailing market conditions, consortium members for marketing of the issue and other terms and conditions of the issue etc. for Public Issue of Tax Free Secured Redeemable Non-convertible Bonds of the Company in the financial year 2013-14.

The Bond Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

Quorum of the Bond Committee of the Board of Directors is two members. During the financial year 2013-14, five (5) Meetings of the Bond Committee were held on (i) August 16, 2013; (ii) August 26, 2013; (iii) September 12, 2013; (iv) September 24, 2013; and (v) March 24, 2014.

3.8 Sub-Committee for review of lending rates for Short Term Loans/ Term Loans.

The Sub-Committee of Directors for review of lending rates for Short Term Loans/ Term Loans was constituted for reviewing the lending rates of Short Term Loans and Term Loans.

As on March 31, 2014, the Sub-Committee for review of lending rates for Short Term Loans/ Term Loans comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum for the meeting of Sub-Committee for review of lending rates for Short Term Loans/ Term Loans is two Members including CMD. During the financial year 2013-14, fifteen (15) meetings of Sub-Committee for review of lending rates for Short Term Loans/ Term Loans were held (i) May 16, 2013; (ii) May 31, 2013; (iii) June 19, 2013; (iv) June 25, 2013; (v) July 16, 2013; (vi) August 19, 2013; (vii) September 12, 2013; (viii) September 23, 2013; (ix) October 8, 2013; (x) November 6, 2013; (xi) November 12, 2013; (xii) November 26, 2013; (xiii) December 23, 2013; (xiv) February 25, 2014; and (xv) March 13, 2014.

3.9 Sub-Committee for review and updation of HR Policies

The Sub-Committee of Directors for review and updation of HR Policies has been constituted for development, review and revision of Human Resources Policies including benefits / facilities of employees broadly in line with comparable Public Sector Enterprises and to submit the recommendations for approval of the Board.

As on March 31, 2014, the Sub-Committee for review and updation of HR Policies comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Ajeet Kumar Agarwal	Director (Finance)	Chairman
2.	Dr. Devi Singh	Independent Director	Member
3.	Shri Venkataraman Subramanian	Independent Director	Member

The quorum for the Meeting of the Sub-committee is two Members including Chairman of the Sub-committee and ED (HR)/GM (HR) are the standing invitee to the Meetings of the Sub-Committee for review and updation of HR Policies. During the financial year 2013-14, no Meeting of the Sub-Committee of Directors for review and updation of HR Policies was held.

3.10 Sub-Committee for Borrowings other than Debentures

The Sub-Committee of Directors for Borrowings other than Debentures was constituted by the Board of Directors to decide pricing, timing, mode, source of borrowing and marketing in respect of borrowings otherwise than on debentures such as term loans etc. from Life Insurance Corporation, Commercial Banks etc. depending upon prevailing market conditions within the overall size of market borrowings programme.

As on March 31, 2014, the Sub-Committee for Borrowings other than Debentures comprised of the following Members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum of the meeting of the Sub-Committee for Borrowings other than Debentures is two Members including CMD. During the financial year 2013-14, no Meeting of the Sub-Committee of Directors for Borrowings other than Debentures was held.

3.11 Corporate Social Responsibility Committee (earlier Corporate Social Responsibility and Sustainability Committee)

In terms of revised Guidelines on Corporate Social responsibility and Sustainable Development issued by DPE and applicable w.e.f April 1, 2013, the Board of Directors in its 395th Meeting held on May 28, 2013 had constituted a Committee by the name of "Corporate Social Responsibility and Sustainability Committee" and dissolved two Committees namely "Committee for review of CSR Initiatives/ Projects" and "Committee of Directors on Sustainable Development".

Further, in order to align with the provisions of the Companies Act, 2013 and rules made thereof, Listing Agreement entered with Stock Exchanges and DPE Guidelines on Corporate Governance, the Board of Directors of the Company in its 402nd Meeting held on March 28, 2014, changed the name from 'Corporate Social Responsibility and Sustainability Committee' to 'Corporate Social Responsibility Committee' and also the terms of reference of the Committee have been revised in above Meeting.

As on March 31, 2014, the "Corporate Social Responsibility Committee" comprised of the following Members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Dr. Devi Singh	Independent Director	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum of the meeting of the Corporate Social Responsibility Committee is two Members including Chairman of the Committee. During the financial year 2013-14, four(4) meetings of Corporate Social Responsibility Committee were held on (i) June 24, 2013; (ii) October 31, 2013; (iii) February 14, 2014; and (iv) March 28, 2014.

The revised terms of reference of the Corporate Social Responsibility Committee include the following:

- to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to monitor the Corporate Social Responsibility Policy of the Company from time to time;
- to recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- to recommend/review CSR projects / programs / proposals, falling within the purview of Schedule VII of the Companies Act, 2013;
- to institute a transparent monitoring mechanism for implementation of the CSR projects / programs / activities undertaken by the Company;
- to assist the Board of Directors to formulate strategies on CSR initiatives of the Company;
- to approve the content of annual report on CSR activities as per proforma given in the Rules, inter-alia covering responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company;
- to periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and
- to comply with the other requirements on Corporate Social Responsibility Policy as amended from time to time.

3.12 Committee on Investment of Surplus Funds

The Company has an Investment Committee of Directors for the purpose of investments of surplus funds. As on March 31, 2014, the composition of “Committee on Investment of Surplus Funds” is as under:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum of the meeting of the Committee is two Directors including CMD. The Committee is empowered to approve the investment of surplus funds within the maximum outstanding limit at any time, upto ₹ 1,000 crore in mutual funds and upto ₹ 2,000 crore in fixed deposit.

During the financial year 2013-14, no Meeting of the Committee on Investment of Surplus Funds was held.

4. SHARE TRANSFER COMMITTEE

In addition to the Committees of the Directors constituted by the Board from time to time, as detailed at 3.1 to 3.12 above, there is a Share Transfer Committee comprising of Senior Officers constituted to consider and approve requests received from shareholders for splitting/ consolidation and transfer of physical shares exceeding 500 equity shares per individual in each case.

As on March 31, 2014, the Share Transfer Committee comprised of the following Members:

Sl. No.	Name of the Officer	Designation
1.	Shri J. S. Amitabh	Company Secretary
2.	Shri B. K. Johar	Deputy General Manager (F&A)- Resources

To facilitate splitting/consolidation/transfer process of Securities within the prescribed time limit, the Registrar and Share Transfer Agent (R&TA) has been authorized to consider and approve requests received from shareholders for splitting/ consolidation and transfer of physical shares upto 500 equity shares per individual in each case.

5. SUBSIDIARY COMPANIES

The Company does not have any “material non-listed Indian subsidiary” as defined in Clause 49 of the Listing Agreement in the immediately preceding financial year. The Minutes of Meetings of the Board of other unlisted Subsidiary Companies are placed before the Board of the Company for information. The Financial Results of other unlisted Subsidiary Companies were reviewed by the Audit Committee of Directors of the holding Company. Further, all significant transactions and arrangements entered into by the other unlisted Subsidiary Companies were brought to the attention of Board of Directors of the holding Company. The Company had following unlisted 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 Interstate transmission project allocated by Ministry of Power, Government of India, 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.

Besides the above, RECTPCL has also incorporated two more Wholly Owned Subsidiary (WOS) Companies namely “Gadarwara

(A) Transco Limited” and “Gadarwara (B) Transmission Limited” on August 5, 2014 and July 30, 2014 respectively and the incorporation of other three subsidiary companies is under process.

The Audited Financial Statements and related information of all Subsidiary Companies of REC are available on the website of the Company www.recindia.gov.in under the head “Subsidiary Companies”. As directed by the Central Government, a statement containing the financial data of the subsidiaries has been furnished along with the consolidated financial statements, which forms part of this Annual Report. Further, pursuant to Accounting Standard-21 (AS-21) prescribed under the Companies (Accounting Standard) Rules, 2006, Consolidated Financial Statements presented by the Company include financial information about its subsidiary companies. However, those subsidiary companies which are incorporated by the Company for the purpose of subsequent disposal have not been consolidated in the accounts of the Company.

6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are given below:

Meeting No.	Financial Year	Date	Time	Venue	Whether any Special Resolution passed
42 nd	2010-11	September 17, 2011	11.00 A.M.	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	Yes
43 rd	2011-12	September 20, 2012	11.00 A.M.		Yes
44 th	2012-13	September 13, 2013	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010	No

No Resolution was passed through Postal Ballot in the financial year 2013-14. However, three Special Resolutions related to borrowings in the financial year 2014-15, as detailed in Postal Ballot Notice dated April 30, 2014, have been passed through Postal Ballot on June 10, 2014. None of the business proposed to be transacted in the 45th Annual General Meeting require passing a Special Resolution through Postal Ballot.

7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

The new Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses, besides sending the same in physical form.

As a responsible Corporate Citizen, your Company has actively supported the implementation of ‘Green Initiative’ of Ministry of Corporate Affairs (MCA) and effected electronic delivery of Notice of Annual General Meeting (AGM) and Annual Report for the last three year(s) i.e. 2010-11 to 2012-13 and Postal Ballot Notice alongwith annexures to those shareholders whose email ids were already registered with the respective Depository Participants (DPs) and downloaded from the depositories viz. NSDL/CDSL and who have not opted for receiving Annual Report in physical form. The intimation of Final/Interim Dividend paid, after April, 2011, were also sent electronically to those shareholders whose email ids were registered.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with their Depository Participant (DP) or with the Registrar and Share Transfer Agent (R&TA) of the Company, for receiving electronic communications.

8. SECRETARIAL AUDIT

The Secretarial Audit for the financial year 2013-14 has been conducted by M/s Chandrasekaran Associates, Practicing Company Secretaries, Delhi and they have submitted an unqualified Secretarial Audit Report dated May 20, 2014 to the Company. A copy of Secretarial Audit Report is set out elsewhere in this Annual Report for information of the shareholders.

9. DISCLOSURES

- The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners.
- All members of Senior Management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.).

- (iii) There were also no instances of non-compliance on any matter related to the Capital Markets during the last three years. There were no penalties imposed or strictures imposed on the Company by any statutory authorities in this regard. All returns/ reports were filed within stipulated time with stock exchanges/ other authorities.
- (iv) There are no materially significant transactions with related parties i.e. Promoters, Directors or the management, conflicting with the Company's interest.
- (v) The Company has laid down the procedure to inform the Board about the risk assessment and minimization. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework.
- (vi) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the financial year 2013-14 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (vii) The Company affirms that no personnel have been denied access to the Audit Committee.
- (viii) The Company has adopted all suggested items to be included in the Report on Corporate Governance.
- (ix) During the financial year 2013-14, no Presidential Directives were issued by the Central Government to the Company.
- (x) The Company has not incurred any expenditure which is not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.
- (xi) Administrative and office expenses as a percentage of total expenses for the financial year 2013-14 is 1.00 % (Previous year 0.77 %) and as a percentage of financial expenses for the financial year 2013-14 is 1.05 % (Previous year 0.80 %). The administrative and office expenses for the financial year 2013-14 have increased to ₹ 105.47 crore as compared to ₹ 64.69 crore. The increase in Administrative and office expenses in financial year 2013-14 as compared to financial year 2012-13 is mainly on account of higher expenses towards CSR & Sustainable Development of ₹ 38.40 crore during 2013-14 as against ₹ 17.50 crore during 2012-13. Under various other heads, there is a marginal increase in the expenses.
- (xii) In pursuance to Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, Compliance Report is being submitted to Ministry of Power within 15 days of the end of quarter:

Quarter ended	Date of submission of report
June 30, 2013	July 2, 2013
September 30, 2013	October 7, 2013
December 31, 2013	January 7, 2014
March 31, 2014	April 4, 2014

Also Report containing Annual Score (consolidated score of four quarters) was submitted to Ministry of Power on May 23, 2014 against the due date May 31, 2014.

- (xiii) Audit Qualification: The audit observations/comments and reply of the management for the financial year 2013-14 has been given in para 31.1 of Directors' Report. The Company will be submitting the requisite form duly signed by Chairman & Managing Director, Director (Finance), Joint Statutory Auditors and Chairman of the Audit Committee of the Company as per the provisions of Clause 31(a) of the Listing Agreement.
- (xiv) Training to Board Members: The Board members based on their requirement attended various seminars, conferences, training programmes from time to time. Further, as per the requirement of Corporate Governance Guidelines issued by Department of Public Enterprises (DPE), the Company has framed a policy of Training to Board Members.

During the financial year, one day training programme on 'Corporate Governance for Board level / Senior Executives' was also organised, which was attended by most of the Directors of the Company.

10. COMPLIANCE WITH APPLICABLE LAWS

The Company has a robust system in place for monitoring of various statutory and procedural compliances. The Board periodically reviews the status of Statutory, Policy and procedural compliances to ensure proper compliances of all laws applicable to the Company.

11. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors of the Company in its 318th Meeting held on July 10, 2007, has approved Code of Business Conduct for Board Members and Senior Management. Subsequently, the Board of Directors of REC in its 367th Meeting held on September 8, 2010 has revised the Code in line with DPE Guidelines and adopted "Code of Business Conduct and Ethics for Board Members and Senior Management" in supersession of the existing Code of Conduct.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors and Members of Senior Management of the Company. It has been laid down in alignment with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Business Conduct and Ethics is available on the website of the Company i.e. www.recindia.gov.in. Based on the affirmation received from the Board Members and Senior Management Personnel, declaration regarding Compliance of Code of Conduct from Chairman and Managing Director of the Company is as under:

Declaration required under Clause 49 of the Listing Agreement

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the financial year ended March 31, 2014.

Sd/-

(Rajeev Sharma)

Chairman and Managing Director

Date: June 23, 2014

Place: New Delhi

Further, the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises has issued "Roles and Responsibilities of Non-official Directors on the Board of Central Public Sector Enterprises (CPSEs)" which describe the various roles, functions and duties of Independent Directors thereby leading to a transparent environment of decision making and fulfilling their assigned responsibilities in an efficient and effective manner. The same was submitted to the Board of Directors in its 395th Meeting held on May 28, 2013 for information and needful compliance by Independent Directors.

12. CODE FOR PREVENTION OF INSIDER TRADING IN REC EQUITY SHARES/SECURITIES

In terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has formulated a comprehensive Code for Prevention of Insider Trading in REC Equity Shares/Securities to preserve the confidentiality and to prevent misuse of unpublished price sensitive information. Every Director, officer and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in course of his or her work at the Company and not to misuse his or her position or information regarding the Company to gain personal benefit or to provide benefit to any third party. The Code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares/securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for the adherence to 'Code of Prevention of Insider Trading in REC Equity Shares/Securities'. A Copy of the Code has been posted on the Company's website i.e. www.recindia.gov.in.

In line with the requirement of the said Code, the trading window was closed from time to time, whenever some price sensitive information was submitted to the Board. Notice of the Closure of trading window was issued to all employees well in advance and proper announcements were also made, restraining the designated employees under the Code not to deal in shares of the Company when the window is closed.

"Designated Employee" under the Code for Prevention of Insider Trading in REC Equity Shares/Securities mean:-

- The Chairman and Managing Director, Whole-time and Part-time Directors (Official and Non-official) and Chief Vigilance Officer.
- All Executives and Non-Executives of the Company.
- The Directors and Employees of the Subsidiary Companies.
- Such other employees of the Company including of Subsidiary Companies, temporary/adhoc employees designated by the Board from time to time to whom trading restrictions shall be applicable.

In case any of the Designated Employee leaves the services of the Company, he/she shall continue to be considered as Designated Employee for a further period of six months subsequent to the date of his/her leaving the Company, as envisaged under SEBI (Prohibition of Insider Trading) Regulations, 1992.

13. POLICY FOR PREVENTION OF FRAUD

Policy for Prevention of Fraud in REC has been framed 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. The policy covers the following provisions:-

- to ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs;
- to provide a clear guidance to employees and others dealing with REC forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity;
- to conduct investigations into fraudulent activities; and
- to provide assurances that any and all suspected fraudulent activity will be fully investigated.

14. WHISTLE BLOWER POLICY

REC has adopted Whistle Blower Policy (PIDPI Resolution) as issued by Central Vigilance Commission vide Office Order No.33/5/2004 dated May 17, 2004 and the same has also been incorporated in "Vigilance Hand Book" issued by Vigilance Division in October, 2010.

Further, in terms of Clause 49 of the Listing Agreement and Clause 8 of Guidelines on Corporate Governance for CPSEs issued by DPE, the Board of Directors of the Company in its 380th Meeting held on November 10, 2011 had approved the Whistle Blower Policy of the Company, to support "The Code of Business Conduct and Ethics for Board Members and Senior Management". This policy is designated to enable Employees, Directors, Auditors, Consultants and Contractors ("individuals") to raise "concerns" internally to disclose information which the individual believes to be alleged malpractice or wrongdoing which could affect the business or reputation of the Company.

A declaration by the Chairman and Managing Director that he has not denied any personnel access to the Competent Authority, and that he has provided protection to Complainant from adverse personnel action for the financial year ended March 31, 2014 is as under:

Annual Affirmation by the Chairman & Managing Director in terms of Whistle Blower Policy of the Company

During the financial year 2013-14, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Sd/-

(Rajeev Sharma)

Chairman and Managing Director

Date: July 1, 2014

Place: New Delhi

Further, in order to align with the provisions of the Companies Act, 2013, rules made thereof and the Listing Agreement entered with Stock Exchanges, the Board of Directors of the Company, in its 405th Meeting held on July 15, 2014, has approved a revised 'Whistle Blower Policy' of REC.

15. FEE PAID/PAYABLE TO JOINT STATUTORY AUDITORS

The details of fee paid/payable to Joint Statutory Auditors during the financial year 2013-14, are as under:

		(₹ in crore)
Sl. No.	Particulars	Amount
1.	Statutory Audit Fees-Annual	0.32
2.	Tax Audit Fees	0.06
3.	Limited Review Report	0.06
4.	Payment to Statutory Auditors for Certification and any other matters	0.22
	Total	0.66

16. MEANS OF COMMUNICATION

- The Company recognizes the rights of shareholders & communications as key elements of the overall Corporate Governance framework and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders.
- The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through website. All important information pertaining to the Company is also mentioned in the Annual Report for each financial year containing inter alia Audited Financial Statements (Standalone & Consolidated), Directors' Report, Auditors' Report, Report on Corporate Governance and Non-Banking Financial Companies Auditors' Report which is circulated to the members and others entitled thereto.
- Quarterly/Half yearly/Annual Financial Results of the Company are communicated to the Stock Exchange and published in financial and national newspapers like The Economic Times, Hindustan Times, Mint, The Financial Express, Business Standard (English & Hindi), Jansatta (Hindi), etc. These results are also made available on Company's Website at www.recindia.gov.in.
- The Company also communicates with its institutional shareholders through investor conferences and one to one Meetings.

17. CEO/CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, a Certificate on financial reporting and internal controls to the Board, duly signed by Shri Rajeev Sharma, Chairman & Managing Director and Shri Ajeet Kumar Agarwal, Director (Finance) was placed before the Board of Directors in its 404th Meeting held on May 26, 2014 while consideration of the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2014.

18. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting for the financial year 2013-14

Day and Date	Time	Venue
Thursday, September 18, 2014	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010

ii. Financial Calendar for financial year 2014-15 vis-à-vis financial year 2013-14

Particulars	Financial Year 2013-14		Financial Year 2014-15	
Accounting Period	April 1, 2013 to March 31, 2014		April 1, 2014 to March 31, 2015	
Announcement of Financial Results	1 st Quarter	August 8, 2013	First three Quarters	Announcement within 45 days from the end of the each quarter.
	2 nd Quarter	November 13, 2013		
	3 rd Quarter	February 14, 2014		
	4 th Quarter	May 26, 2014	4 th Quarter & Annual Financial Results	Announcement within 60 days from the end of financial year.
Annual General Meeting	Thursday, September 18, 2014		September 2015	

iii. Payment of Dividend

A. Dividend for the financial year 2013-14

(1) Interim Dividend Details:

In pursuance of Article 104 of the Articles of Association of the Company read with Section 205 of the Companies Act, 1956 and Companies (Transfer of Profits to Reserves) Rules, 1975 the Company has paid an Interim Dividend of ₹ 7.75 per Equity Share (on the face value of ₹ 10/- each) on February 28, 2014 for the financial year 2013-14.

(2) Final Dividend Details:

The Board of Directors of the Company in its 404th Meeting held on May 26, 2014 has recommended a Final Dividend of ₹ 1.75 per Equity Share (on the face value of ₹ 10/-each) for the financial year 2013-14 for approval of the shareholders in the 45th Annual General Meeting to be held on September 18, 2014. The total dividend (including Interim Dividend) for the financial year 2013-14 will be ₹ 9.50 per Equity Share (on the face value of ₹ 10/- each).

B. Dividend History for the last five financial years

(₹ in crore)

Financial Year	Total Paid-up Capital	Total Amount of Dividend Paid	Rate of Dividend (%)	Date of Payment	
				Interim	Final
2008-09	858.66	386.40	45	March 5, 2009	September 25, 2009
2009-10	987.46	603.21	65	January 12, 2010	September 15, 2010
2010-11	987.46	740.59	75	February 24, 2011	September 28, 2011
2011-12	987.46	740.59	75	February 7, 2012	October 4, 2012
2012-13	987.46	814.65	82.50	February 18, 2013	September 27, 2013

C. Unpaid/Unclaimed Dividend and Share Application Money due for transfer to Investor Education Protection Fund

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amount and share application money which remains unpaid/ unclaimed for a period of seven years, is required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government.

Accordingly, the Unpaid/Unclaimed amount, relating to share application money received at the time of Initial Public Offer (IPO) in February/ March 2008, will be due for transfer to the IEPF in the financial year 2014-15. Further, the Unpaid/ Unclaimed amount of final dividend for the financial year 2007-08 will be due for transfer to IEPF in the financial year 2015-16.

Therefore, it is advised to encash warrants relating to unpaid/ unclaimed share application money and /or dividend immediately or write to R&TA of the Company for revalidation or issue of DDs in place of old Warrants.

iv. Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 4, 2014 to Thursday, September 18, 2014 (both days inclusive).

v. Pay-out Date for Payment of Final Dividend

The Final Dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of 123 of the Companies Act, 2013 (erstwhile Section 206A of the Companies Act, 1956), if approved by the Members of the Company at the 45th Annual General Meeting, will be paid on Wednesday, October 1, 2014 to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the Company/ R&TA, on or before Wednesday, September 3, 2014, in respect of physical shares. In respect of Dematerialized shares, the final dividend shall be payable to the “beneficial owners” of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on Wednesday, September 3, 2014.

vi. Listing on Equity Shares

REC shares are listed on the following Stock Exchanges:

Name & Address	Telephone / Fax / E-mail ID / Website	Scrip Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.	Telephone: (022) 26598100 - 8114 Fax: (022) 26598120 E-mail ID: cmist@nse.co.in Website: www.nseindia.com	RECLTD
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	Telephone: (022) 22721233/4 Fax: (022) 22721919 E-mail ID: corp.relations@bseindia.com Website: www.bseindia.com	532955

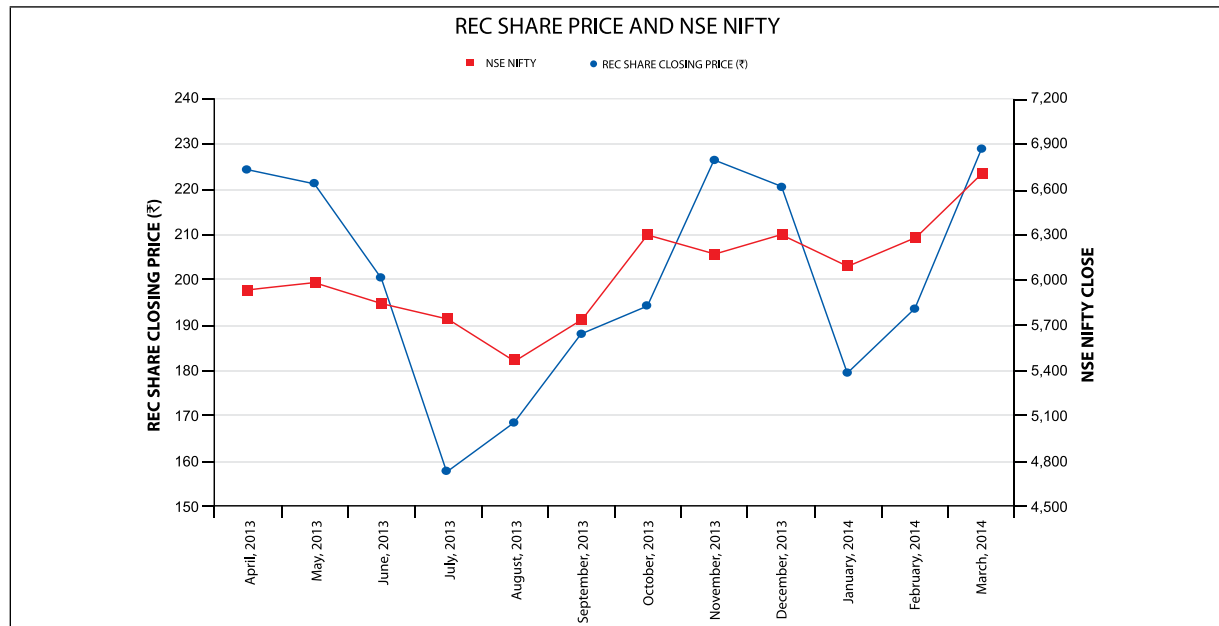
vii. International Securities Identification Number (ISIN)

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized securities of the Company. ISIN of Equity Shares of the Company is INE020B01018.

viii. Market Price Data for the financial year 2013-14

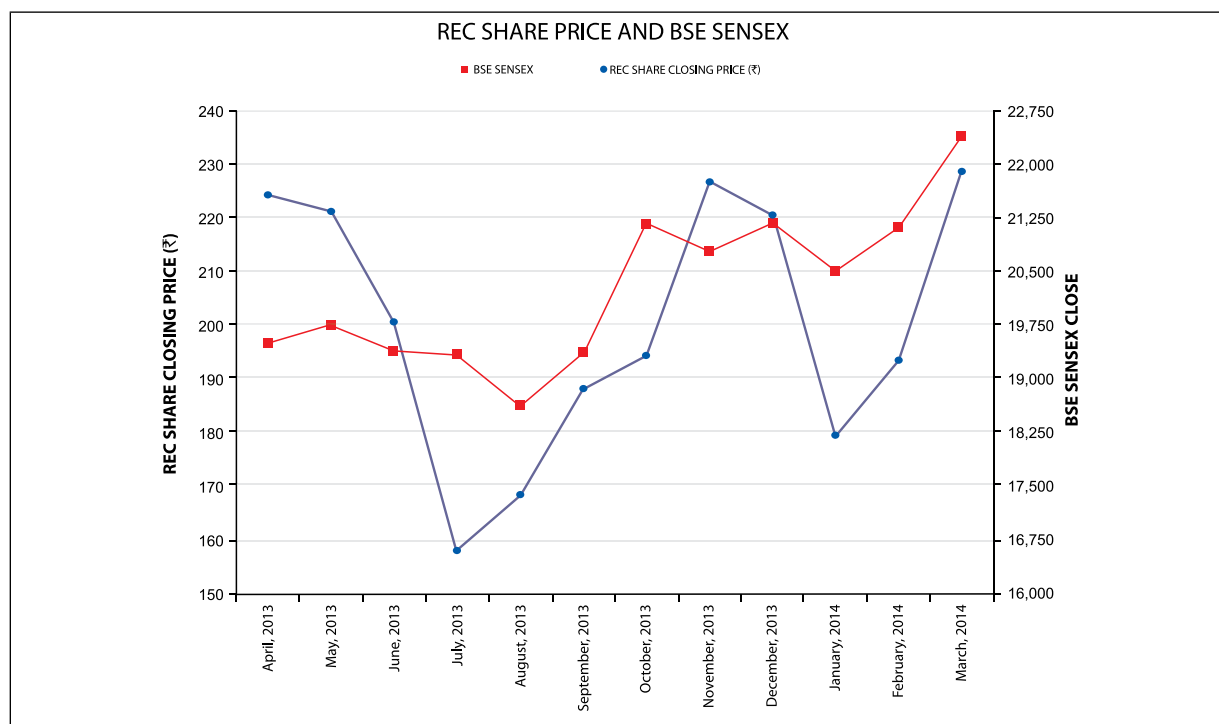
Performance of REC Share vis-à-vis NSE NIFTY

Performance of REC Share at NSE				Movement of NSE NIFTY		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 13	228.50	199.30	224.40	5,962.30	5,477.20	5,930.20
May, 13	245.50	216.25	221.10	6,229.45	5,910.95	5,985.95
June, 13	226.90	182.80	200.75	6,011.00	5,566.25	5,842.20
July, 13	212.00	151.60	158.50	6,093.35	5,675.75	5,742.00
August, 13	191.55	146.10	168.85	5,808.50	5,118.85	5,471.80
September, 13	204.90	161.10	188.05	6,142.50	5,318.90	5,735.30
October, 13	198.45	180.10	194.25	6,309.05	5,700.95	6,299.15
November, 13	228.00	193.00	226.85	6,342.95	5,972.45	6,176.10
December, 13	231.90	200.60	220.60	6,415.25	6,129.95	6,304.00
January, 14	223.25	166.50	179.75	6,358.30	6,027.25	6,089.50
February, 14	195.00	175.00	193.60	6,282.70	5,933.30	6,276.95
March, 14	233.30	186.00	229.70	6,730.05	6,212.25	6,704.20



Performance of REC Share vis-à-vis BSE SENSEX

Performance of REC Share at BSE				Movement of BSE SENSEX		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 13	228.55	199.25	224.30	19,622.68	18,144.22	19,504.18
May, 13	245.20	216.35	221.10	20,443.62	19,451.26	19,760.30
June, 13	226.60	182.95	200.50	19,860.19	18,467.16	19,395.81
July, 13	212.00	151.80	158.05	20,351.06	19,126.82	19,345.70
August, 13	191.60	146.15	168.50	19,569.20	17,448.71	18,619.72
September, 13	204.50	161.50	188.10	20,739.69	18,166.17	19,379.77
October, 13	198.00	180.60	194.25	21,205.44	19,264.72	21,164.52
November, 13	227.80	193.50	226.60	21,321.53	20,137.67	20,791.93
December, 13	231.80	201.10	220.50	21,483.74	20,568.70	21,170.68
January, 14	223.20	166.60	179.55	21,409.66	20,343.78	20,513.85
February, 14	194.80	175.15	193.50	21,140.51	19,963.12	21,120.12
March, 14	233.00	186.10	228.80	22,467.21	20,920.98	22,386.27



ix. Registrar and Share Transfer Agent

Karvy Computershare Private Limited
 Plot 17 to 24, Vittal Rao Nagar,
 Madhapur, Hyderabad- 500081, India
 Tel: 91 40 44655000

Fax: 91 40 23420814

E-mail: raju.sv@karvy.com; balaji.reddy@karvy.com; einward.ris@karvy.com

Website: www.karvycomputershare.com

x. Share Transfer System

The shares under physical segment are transferred through Karvy Computershare Private Limited. Karvy receives the shares to be transferred along with the transfer deed from transferee, verifies it, prepares the Memorandum of transfer etc. Request for splitting/ consolidation and transfer of physical shares upto 500 equity shares per individual in each case are approved directly by Karvy Computershare Private Limited.

Pursuant to Clause 49 of the Listing Agreement, a Share Transfer Committee has also been constituted to consider and approve requests received from shareholders for splitting/consolidation transfer of physical shares, exceeding 500 equity shares per individual in each case.

Further pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificates on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time. Further, it is also confirmed that all transfer of shares were completed within the prescribed time period.

xi. Distribution of Shareholding

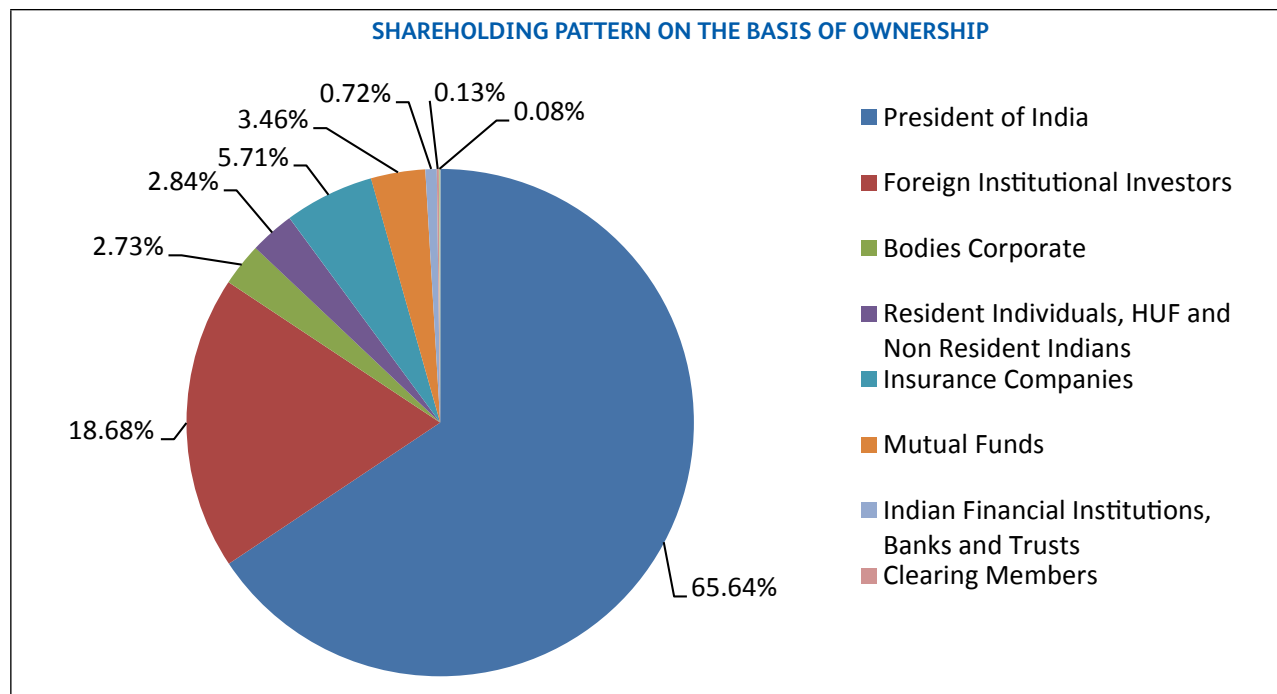
DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014

Number of shares	Number of share - holders	Percentage of share-holders	Total Shares	Amount (₹)	Percentage of shares
1-5000	2,24,779	97.11	2,04,40,355	20,44,03,550	2.07
5001-10000	3,996	1.73	28,63,346	2,86,33,460	0.29
10001-20000	1,203	0.52	17,48,049	1,74,80,490	0.18
20001-30000	365	0.16	9,22,255	92,22,550	0.09
30001-40000	169	0.07	6,01,331	60,13,310	0.06
40001-50000	148	0.06	6,84,901	68,49,010	0.07
50001-100000	201	0.09	14,40,972	1,44,09,720	0.15
100001 & Above	608	0.26	95,87,57,791	9,58,75,77,910	97.09
Total	2,31,469	100	98,74,59,000	9,87,45,90,000	100

SHAREHOLDING PATTERN ON THE BASIS OF OWNERSHIP

Category	As on March 31, 2014		As on March 31, 2013	
	Number of Shares	Percentage of total	Number of Shares	Percentage of total
President of India*	64,81,68,218	65.64	65,96,07,000	66.80
Foreign Institutional Investors	18,44,92,738	18.68	20,41,96,515	20.68
Bodies Corporate	2,69,38,990	2.73	2,68,16,276	2.72
Resident Individuals	2,62,55,532	2.66	2,94,00,306	2.98
Insurance Companies	5,63,88,536	5.71	3,84,11,126	3.89
Mutual Funds	3,41,35,283	3.46	2,06,33,558	2.09
Indian Financial Institutions	55,35,285	0.56	7,78,011	0.08
Clearing Members	13,10,192	0.13	30,60,010	0.31
H U F	12,11,477	0.12	13,55,492	0.14
Banks	12,76,714	0.13	12,66,867	0.13
Non Resident Indians	6,18,401	0.06	6,90,259	0.07
Trusts	3,11,711	0.03	3,18,480	0.03
Employees	8,15,923	0.08	9,25,100	0.09
Total	98,74,59,000	100	98,74,59,000	100

* During the financial year 2013-14, the President of India disinvested/sold 1,14,38,782 equity shares i.e. 1.16 % of total paid up capital of your Company through Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF).



xii. Dematerialization of shares

The shares of the Company are in compulsory dematerialized segment and available for trading under systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The names and addresses of the Depositories are as under:

National Securities Depository Limited Trade World, 4th Floor, Kamala Mills Compound Senapathi Bapat Marg, Lower Parel, Mumbai-400 013	Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers 28th Floor, Dalal Street, Mumbai-400 023
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The Details of Number of shares held in dematerialized and physical mode as on March 31, 2014 was as under:

Category	Number of Shareholders	Number of Shares	Percentage of total Shares issued
Physical	7,345	12,147	Negligible
NSDL (Demat)	1,58,590	97,94,58,771	99.19
CDSL (Demat)	65,534	79,88,082	0.81
Total	2,31,469	98,74,59,000	100.00

xiii. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2013-14, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad carried out audits to reconcile the total admitted, issued and listed share capital with NSDL and CDSL and issued the Reconciliation of Share Capital Audit Report for every quarter of the financial year 2013-14. The report confirms that the total issued / paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and the same was submitted to the Stock Exchanges within the stipulated time.

xiv. Details of Demat Suspense Account

The Company went for a Initial Public Offer of 15,61,20,000 equity shares in February, 2008, which comprised fresh issue of 7,80,60,000 equity shares by the Company and an offer for sale of another equal number of shares by the President of India. Further, the Company went for a Follow on Public Offer of 17,17,32,000 equity shares in February, 2010 which comprised fresh issue of 12,87,99,000 equity shares by the Company and offer for sale of 4,29,33,000 by the President of India.

As per Clause 5A of the Listing Agreement, the details of unclaimed shares as on March 31, 2014 in the Demat Suspense Account is given as under:-

Sl. No.	Particulars	April 1, 2013 to March 31, 2014			
		Initial Public Offer		Further Public Offer	
		Number of cases	Number of shares involved	Number of cases	Number of shares involved
1.	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on April 1, 2013.	300	24,490	6	510
2.	No. of shareholders who approached the Company for transfer of unclaimed shares during the financial year.	25	1,899	1	60
3.	Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.	25	1,899	1	60
4.	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2014.	275	22,591	5	450

The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

xv. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity.

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xvi. Annual Listing Fee to Stock Exchanges

The Company has paid Annual Listing Fee for the financial year 2014-15 to NSE and BSE.

xvii. Annual Custodial Fee to Depositories

The Company has paid Annual Custodial Fee for the financial year 2014-15 to NSDL and CDSL.

xviii. Plant Locations

Not applicable. However, there are 5 Zonal Offices, 18 Project Offices, 2 Sub-Offices and 1 Training Centre.

xix. Address for correspondence

Rural Electrification Corporation Limited
Core-4, SCOPE Complex, 7, Lodhi Road,
New Delhi-110003, India

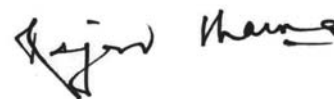
xx. Corporate Identification Number (CIN)

L40101DL1969GOI005095

xxi. Compliance Officer and Public Spokesperson

Shri J. S. Amitabh
General Manager & Company Secretary
Tel: 91 11 24367305, Fax: 91 11 24362039
E-mail: jsamitabh@recl.nic.in

For and on behalf of the Board of Directors



(Rajeev Sharma)
Chairman & Managing Director
(DIN 00973413)