



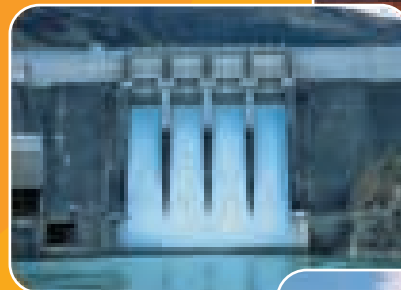
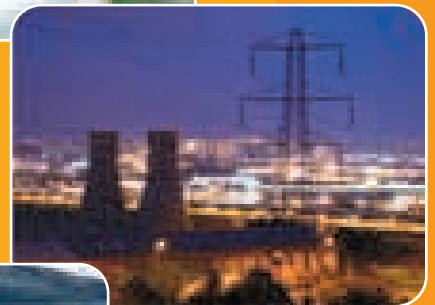
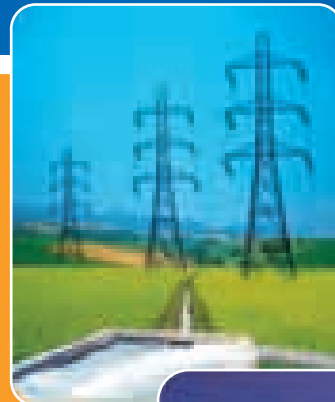
Exploring new
definitions of power...

Growth

Development

Progress

Prosperity



Company Information

CORPORATE OFFICE

Dr. J.M. Phatak
Chairman & Managing
Director

Shri H.D. Khunteta
Director (Finance)

Shri Guljit Kapur
Director (Technical)

Shri Rajesh Verma
Chief Vigilance Officer

Shri Vinod Behari
Executive Director
(HR)

Shri B.P. Yadav
Executive Director
(IT/CC/Estate)

Shri Kamal Dayani
Executive Director
(RGGVY/CP/Law/Admn.)

Shri V.K. Arora
Executive Director
(Finance)

Shri P.J. Thakkar
Executive Director
(RGGVY/T&D)

Shri B.R. Raghunandan
Executive Director &
Company Secretary

Shri Subodh Garg
General Manager
(DDG/HR)

Shri Ajeet Kumar Agarwal
General Manager
(Finance)

Shri Ashok Awasthi
General Manager
(IC & D/Admn.)

Shri Sanjiv Garg
General Manager
(Generation)

Shri Sunil Kumar
General Manager
(RGGVY)

Shri S.N. Gaikwad
General Manager
(Generation)

Shri R.K. Mittal
General Manager
(Law)

Shri S.K. Gupta
General Manager
(T & D)

ZONAL OFFICES

Western Zone, Mumbai

Shri D.S. Ahluwalia
Zonal Manager

Eastern Zone, Kolkata

Shri S. Ghosh Dastidar
Zonal Manager

Northern Zone, Panchkula

Shri G.S. Bhati
Zonal Manager

Southern Zone, Hyderabad

Shri Ramesh Kode
Zonal Manager

East Central Zone, Patna

Shri K.D. Chaudhary
Zonal Manager

REGISTERED OFFICE

Core-4 SCOPE Complex, 7, Lodhi Road, New Delhi-110003
Tel: 91 11 24365161, Fax: 91 11 24360644, E-mail: reccorp@recl.nic.in
Website: www.recindia.nic.in

COMPANY SECRETARY

Shri B.R. Raghunandan

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Plot 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500081, India, Tel: 91 40 23420815-824
Fax: 91 40 23420814, E-mail: einward.ris@karvy.com, Website: www.karvy.com

SHARES LISTED AT

National Stock Exchange of India Limited

Bombay Stock Exchange Limited

DEPOSITORIES

National Securities Depository Limited

Central Depository Services (India) Limited

JOINT STATUTORY AUDITORS

K.G. Somani & Co.
Chartered Accountants

Bansal & Co.
Chartered Accountants

BANKERS

Reserve Bank of India
State Bank of India
State Bank of Hyderabad
Vijaya Bank

Dena Bank
Corporation Bank
HDFC Bank
ICICI Bank

IDBI Bank
Indus Ind Bank
Axis Bank

YES Bank
Union Bank of India

SUBSIDIARY COMPANIES OF REC

REC Transmission Projects Company Limited
REC Power Distribution Company Limited
Raichur Sholapur Transmission Company Limited

CONTENTS

1. Chairman's letter to Shareholders	5
2. Notice of AGM	9
3. Directors' Profile	17
4. Directors' Report	20
5. Management Discussion and Analysis Report	39
6. Report on Corporate Governance	42
7. Auditors' Certificate on Corporate Governance	51
8. Balance Sheet	52
9. Profit & Loss Account	53
10. Schedules	54
11. Significant Accounting Policies	73
12. Cash Flow Statement	76
13. Auditors' Report	78
14. Non-Banking Financial Companies Auditors' Report	81
15. Comments of C & AG of India	82
16. Statement Pursuant to Section 212 (1) (e) of Companies Act, 1956	83
17. Consolidated Financial Statements	84
18. Addresses of REC Offices	108
19. Proxy Form/Attendance Slip	111

PERFORMANCE HIGHLIGHTS

CONSISTENT GROWTH OVER 10 YEARS

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
RESOURCES										
(at the end of the year)										
Equity Capital (Rs. Lacs)	98746	85866	85866	78060	78060	78060	78060	78060	78060	73060
BORROWINGS (Rs. Lacs)										
From Govt. of India	4942	6474	8192	10048	11997	14017	118336	220341	480947	566779
By issue of bonds	4086101	3263148	2408962	2248372	1675724	1360591	1197511	1049404	671927	372068
From LIC	320000	335000	350000	350000	350000	350000	150000	—	—	—
Foreign currency borrowings	207637	149368	104845	87209	—	—	—	—	—	—
Commercial Papers	245000	129500	—	—	—	—	—	—	—	—
Other Banks	644143	610105	556280	332471	366200	213200	44000	20000	21000	—
Reserves & Surplus (Net)	1009288	533142	450904	323211	341773	299830	248377	208105	168570	141769
From IIFCL	87000	—	—	—	—	—	—	—	—	—
FINANCING OPERATIONS										
(During the year) (Rs. Lacs)										
Number of projects approved	492	506	881	748	661	1523	1322	1060	979	1301
Financial assistance sanctioned	*4535736	*4074584	*4676976	*2862985	*1659689	1631636	1597791	1212534	676394	630809
Disbursements	2712714	2227786	1630370	1373299	800658	788509	601704	660664	472193	410922
Repayments by borrowers	580654	511936	560024	403444	350646	468324	358732	471594	266998	216262
Outstanding at the end of the year	6597875	5065281	3861483	3126218	2456368	2106218	1830470	1593565	1418534	1218919
ACHIEVEMENTS										
Villages electrified										
During the year	^53370	^^48533	#38262	+40233	181	765	122	—	207	581
Upto the end of the year	496577	443207	394674	+356412	306010	305829	305064	304942	304942	304735
Pumpsets energised										
During the year	240020	188743	181244	174750	182239	175772	132914	134583	139917	206071
Upto the end of the year	9350250	9110230	8921487	8740243	8565493	8383254	8207482	8074568	7939985	7800068
Working Results										
(For the year) (Rs. Lacs)										
Total income	670760	493128	353766	285399	224506	230209	199671	205389	166466	141961
Personnel & Admn. Expenses	14467	10924	11110	6416	5770	4434	4659	5866	4972	3141
Interest on borrowings	389607	288735	206365	174089	133913	120475	114220	120274	109879	93216
Depreciation	216	136	139	113	110	115	103	104	151	621
Profit Before Tax	264919	192011	131242	100619	82983	103665	80154	76663	50120	44647
Provision for Tax	64778	64803	45228	34593	19232	23590	18915	18811	11355	10958
Profit After Tax	200142	127208	86015	66026	63751	80075	61239	57852	38765	33690
Dividend on Equity	60321	38640	25760	17700	19126	23450	18300	17400	12000	6700
Net Worth	1108033	619008	536771	401271	419833	377890	326437	286165	246630	214829

* Excluding subsidy under RGGVY.

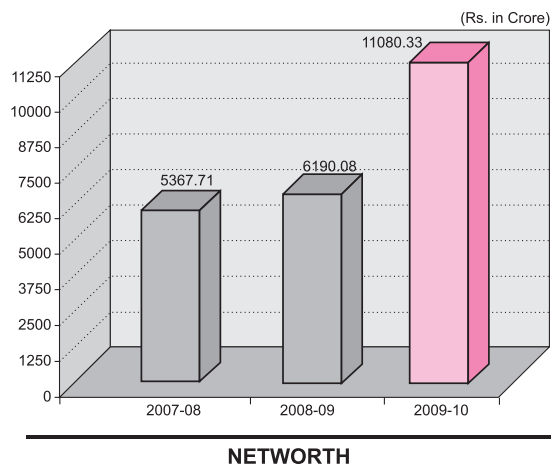
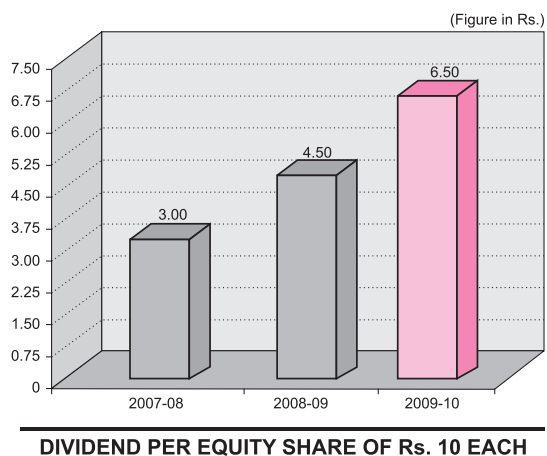
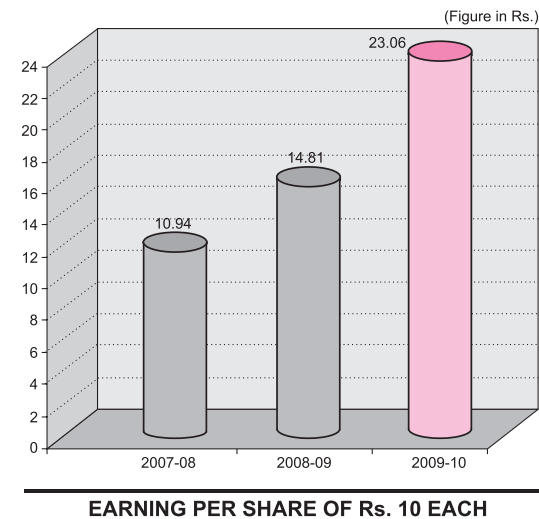
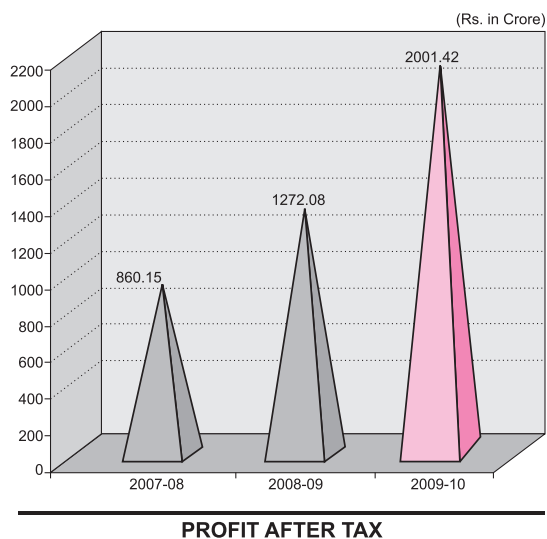
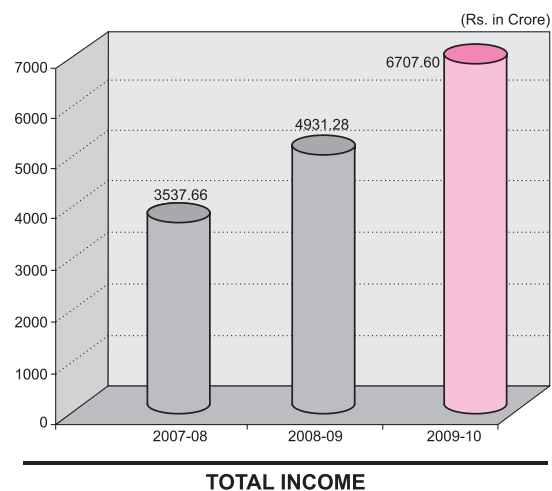
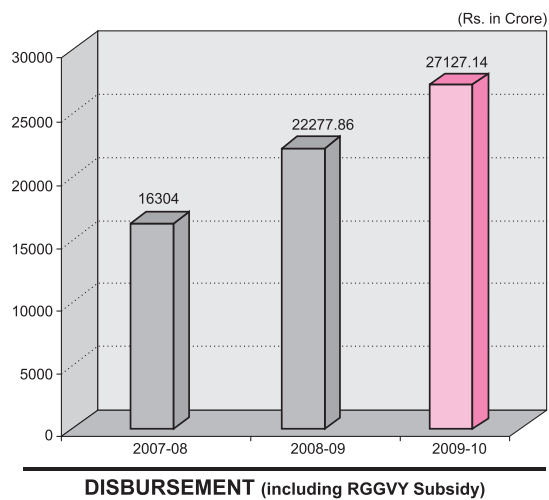
^ The number of villages where electrification works completed during the year 2009-10 under RGGVY. This includes intensive electrification of 34996 villages.

^^ The number of villages where electrification works completed during the year 2008-09 under RGGVY. This includes intensive electrification of 36477 villages.

The number of villages where electrification works completed during the year 2007-08 under RGGVY. This includes intensive electrification of 28961 villages.

+ The no. of villages where electrification works completed during the year 2006-07 under RGGVY. This includes intensive electrification of 11,527 villages.

^ During 2005-06, works in 10,169 villages (including intensive electrification in 350 electrified villages) completed under RGGVY, are also included.



Mission & Objectives

MISSION

- To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.
- To act 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.

OBJECTIVES

In furtherance of the Mission, the main objectives to be achieved by the Corporation are listed below :

- To promote and finance projects aimed at integrated system improvement, power generation, promotion of decentralized and non-conventional energy sources, energy conservation, renovation and maintenance, power distribution with focus on pumpset energisation, implementation of Rajiv Gandhi Gramin Vidyutikaran Yojana, a Government of India scheme for rural electricity infrastructure and household electrification.
- To expand and diversify into other related areas and activities like financing of decentralized power generation projects, use of new and renewable energy sources, consultancy services, transmission, sub-transmission and distribution systems, renovation, modernization & maintenance, etc. for optimization of reliability of power supply to rural and urban areas including remote, hill, desert, tribal, riverine and other difficult / remote areas.
- To mobilize funds from various sources including raising of funds from domestic and international agencies and sanction loans to the State Electricity Boards Power Utilities, State Government, Rural Electric Cooperatives, Non-Government Organizations (NGOs) and private power developers.
- To optimize the rate of economic and financial returns for its operations while fulfilling the corporate goals viz. (i) laying of power infrastructure; (ii) power load development; (iii) rapid socio-economic development of rural and urban areas, and (iv) technology up-gradation.
- To ensure client satisfaction and safeguard customers' interests through mutual trust and self respect within the organization as well as with business partners by effecting continuous improvement in operations and providing the requisite services.
- To assist State Electricity Boards/Power Utilities/State Governments, Rural Electric Cooperatives and other loanes by providing technical guidance, consultancy services and training facilities for formulation of economically and financially viable schemes and for accelerating the growth of rural and urban India.

Chairman's letter to Shareholders



Ladies and Gentlemen,

On behalf of the Board of Directors of Rural Electrification Corporation Ltd. (REC) and on my own behalf, I am happy to welcome you on the occasion of the Forty First Annual General Meeting of the Company.

I assumed charge as the Chairman and Managing Director of the Company on 15th June 2010 and I am privileged to be heading a Nav Ratna Company which has many more accolades to its credit besides establishing a record of excellent all-round performance, consistent growth and profitability, especially over the last three years. I am happy to inform you that your Company is now amongst top fifty companies of the country based on market cap with YTD performance till July 9, 2010.

I wish to recall, in retrospect, that the Company was set up 41 years ago in July 1969, in the backdrop of a critical draught situation facing the country in the late sixties. The Company's initial mandate was mainly to finance rural electrification schemes in the country to accelerate the pace of rural electrification in the overall context of planned programmes for increased agricultural production. Thus, from its humble

beginnings of financing rural/village electrification and pumpset energisation schemes, the Company has grown in geometric progression, especially in the last decade, to become one of the leading public financial institutions in the country, financing all kinds of power projects without any restrictions.

The tremendous growth in the size, volume and scale of operations of the Company in such magnitude would not have been possible but for the untiring efforts put in by all my predecessors over the years, including my immediate predecessor Shri P. Uma Shankar, to steer the Company in a dedicated manner with great sense of vision, mission and farsightedness, with active and consistent support from all the concerned agencies of the Government of India, led by the Ministry of Power, with the support and cooperation of all employees and other stakeholders of the Company. I would like to take this opportunity to sincerely thank and applaud all their efforts in making this Company a 'behemoth' organisation in its own way, with Gross Loan Assets of around Rs.66,000 crore as on 31.3.2010 and current market capitalisation hovering around Rs.30,000 crore, to be reckoned with by domestic as well as global investing community and all other stakeholders.

FURTHER PUBLIC OFFERING (FPO)

Within two years of receiving phenomenal response to the Initial Public Offering (IPO) of the Company, REC went for a Further Public Offering (FPO) of 17,17,32,000 Equity Shares in February 2010, which also included Offer for Sale of 4,29,33,000 Equity Shares by the Government of India, at a price determined through the Alternate Book Building Method as per SEBI Regulations, to further increase the Company's net worth and expand its lending capacity. In spite of the uncertain conditions in the capital market, there was overwhelming response for the FPO also, especially from Qualified Institutional Buyers (QIBs) including Foreign Institutional Investors (FIIs), and the FPO got subscribed 3.14 times. The total amount raised by the Company, including premium, from the Fresh Issue of Shares in FPO was Rs. 2647.53 crore, which has been utilised for the business of the Company as mentioned in the Prospectus.

ECONOMIC ENVIRONMENT

The world economy has been through a severe recession marked by financial turmoil, large-scale destruction of wealth, and declines in global output and trade. The global crisis, which began in the financial sector in the developed countries, exposed a number of fragilities within the increasingly integrated financial system and affected the economy. Global economic conditions however appear to have improved on the strength of co-ordinated fiscal and monetary policy measures taken by governments and central banks across the world. With stimulant packages introduced by various governments the world economic situation is steadily improving since the second quarter of 2009 with an increasing number of countries registering positive quarterly growth in their Gross Domestic Product (GDP).

In the case of Indian economy, there is a trend of strong GDP growth expected at 7.2% in FY 2010, rising to over 8% in FY 2011 and moving on to 9-10% in the medium term. At the same time, inflation is rising. This complex global and domestic economic backdrop has posed its own set of challenges for policymakers including maintaining interest rates in sync with global rates, while supporting the growth momentum and also keeping a check on inflation.

POWER SECTOR

During the first three years of the XI Five Year Plan, the installed generation capacity has grown from 132.33 GW at the end of fiscal 2007 to 159.4 GW at the end of fiscal 2010 representing an addition of 27068 MW. The target of capacity addition during the XI Plan has been kept at 78700 MW.

According to the Report of the Working Group on Power for XI Plan of the Government of India, the overall requirement of funds for the power sector has been estimated at Rs. 10,316,000 million. For the XII Plan period, CEA estimates that in order to meet the projected demand requirement by 2017, capacity addition of 100,000 MW would be required; and including additions required in expanding transmission and distribution systems, the total fund requirement for the plan period would be about Rs. 11,000,000 million.

Investments for transmission system development and related schemes during the XI Plan period is estimated at Rs. 1,400,000 million, with Rs. 750,000 million being required for the central sector and Rs. 650,000 million being required for the state sector. Further, CEA estimates that in the XII Plan the funds requirement for transmission sector would be about Rs. 2,400,000 million, with Rs. 1,400,000 million being required for the central sector and Rs. 1,000,000 million being required for the state sector.

The total fund requirement for sub-transmission and distribution system development for urban and rural areas, during the XI Plan period is estimated at Rs. 2,870,000 million inclusive of APDRP and RGGVY schemes. Further, CEA estimates that for the XII Plan period, the total fund requirement for the Distribution sector would be about Rs. 3,710,000 million.

The power sector is thus poised to remain vibrant and attract significant investments in the foreseeable future.

PERFORMANCE HIGHLIGHTS

The Company continued to register higher growth and record performance for the year 2009-10, in key areas of Disbursements of Loans, Recoveries, Operating Income and Profits. A total sum of Rs.27127.14 crore was disbursed during the year 2009-10, **up by 22%**, as against Rs.22277.86 crore in the previous year, including subsidy under RGGVY. A sum of Rs.12496.12 crore was recovered during the year as against Rs.9796.97 crore in the previous year. The Gross Non-Performing Assets (NPAs) were negligible and stood at Rs.19.54 crore (i.e. 0.03% of Gross Loan Assets). The Operating Income went up to Rs.6549.76 crore, **up by 38%**, from Rs. 4757.17 crore in the previous year. The profit after tax increased to Rs.2001.42 crore, **up by 57%**, from Rs.1272.08 crore for the previous year.

DIVIDEND

The directors have recommended payment of final dividend of Rs.3.50 per share for the year 2009-10 in addition to interim dividend of Rs.3.00 per share paid in January, 2010. The total dividend for the year 2009-10 would work out to Rs.6.50 per share, **up by 44%**, as against total dividend amount of Rs.4.50 per share paid last year.

RESOURCE MOBILISATION

The Company mobilized Rs.24028.24 crore from the market during the year 2009-10. This includes loans from Commercial Banks, issue of Capital Gain Tax Exemption Bonds, Non-Priority Sector Bonds and Commercial Paper, Official Development Assistance (ODA) Loan from Kreditanstalt für Wiederaufbau (KfW), Germany, and Japan International Cooperation Agency (JICA). The domestic debt instruments of the Company continued to enjoy “AAA” rating- the highest credit rating assigned by CRISIL, CARE, FITCH & ICRA Credit Agencies. The Company also enjoys International Credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody’s and FITCH which is “Baa3” and “BBB-” respectively.

FINANCING POWER PROJECTS

The Company has been funding power generation, transmission and distribution projects besides electrification of villages and pumpset energisation. It continued to play an active role in creating new infrastructure and improving the existing ones under the transmission and distribution network in the country. In line with the country’s objective to provide “power for all” by the year 2012 and also reduce the AT&C losses, the Company has been laying special thrust in expansion and strengthening of existing transmission network and more importantly modernising of the distribution system by financing investment in transformers, meters, capacitors etc. and for conversion of Low Voltage Distribution to High Voltage Distribution System (HVDS).

RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY)

Government of India, in April 2005, launched the scheme ‘Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)–Scheme of Rural Electricity Infrastructure and Household Electrification’ for the attainment of the National Common Minimum Programme (NCMP) goal of providing access to electricity to all households in 5 years. REC has been designated as nodal agency for the scheme. Under the scheme 90% capital subsidy is being provided by Govt. of India for overall cost of the projects. Under this RGGVY programme, cumulatively up to 31.03.2010, works in 190858 villages (78256 un-electrified and 112602 electrified villages) have been completed and connections to 100.97 Lakh BPL households have been released. During the year 2009-10, the Company disbursed a total sum of Rs.6583 crore (including Government Subsidy of Rs.5995 crore).

SUBSIDIARY COMPANIES

The Company had five subsidiary companies as on 31.03.2010 for undertaking specific business activities namely -

1. REC Transmission Projects Company Limited (RECTPCL);
2. REC Power Distribution Company Limited (RECPDCL);
3. North Karanpura Transmission Company Limited (NKTCL) -(a wholly owned subsidiary of RECTPCL);
4. Talcher II Transmission Company Limited (TTCL) - (a wholly owned subsidiary of RECTPCL);
5. Raichur Sholapur Transmission Company Limited (RSTCL) (a wholly owned subsidiary of RECTPCL);

Out of the above, two subsidiaries namely NKTCL and TTCL have been transferred to successful bidder M/s Reliance Power Transmission Limited on 20.05.2010 and 27.04.2010 respectively.

JOINT VENTURE WITH OTHER PSUs.

REC, along with three other PSUs namely NTPC, Power Grid Corporation Ltd. and Power Finance Corporation Ltd. as partners, has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL). The total equity requirement for EESL is Rs.190 crore to be shared equally by the four PSUs. The business plan of EESL envisages taking up projects in Energy Conservation and Building Codes, Agriculture Demand Side Management (DSM), Municipal DSM, Bachat Lamp Yojana besides taking up other activities.

CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION (CIRE)

The Company has established a National Institute in Hyderabad 31 years ago, called CIRE, to cater to the training and development needs of engineers and managers of Power and Energy Sector and other organisations concerned with Power and Energy. CIRE conducts regular programmes on various aspects of Transmission and Distribution for national and international Power Sector Executives, as well as in-house training programmes for the Company’s employees. In keeping with the needs of the twenty first century, we need to modernise the CIRE, along with establishment of an ‘Energy Park’ in its premises to give a practical orientation to the training.

HUMAN RESOURCES MANAGEMENT

Training and HRD continued to receive a place of priority as a means of equipping employees with a range of skills including their

renewal, to enable them perform their responsibilities in an effective manner. Based on the assessed needs and as means to satisfy them, the Company sponsors its officers and staff to various training programmes, workshops etc. within the country and abroad. In addition, training programmes are conducted in-house also, including in the Company's CIRE at Hyderabad.

ERP BASED INTEGRATED INFORMATION SYSTEM

The Company has implemented an integrated Oracle based ERP system covering all major business functions. The ERP system was put into operation on the Company's Raising day i.e. 24.07.2009. It covers all important business areas of the Company like Central Accounting, Project Appraisal and sanction, disbursement and management of Loan Accounts, Cash Management & Treasury functions, payroll and purchases etc. This enables capturing of data and information at the point of origin across all offices of the Company and flow of the same up to the appropriate level depending on the defined workflow hierarchy.

PRUDENTIAL EXPOSURE NORMS FOR LENDING

The Company believes in adopting prudent management and lending practices matching with other similar organisations. As a Government owned Non-Banking Finance Company (NBFC), the Company is exempted from the applicability of the Prudential Norms prescribed by RBI for other NBFCs. The Company has however formulated and adopted its own Prudential Norms with the approval of the Board. Based on the requirement of RBI, as a Government-owned NBFC, the Company had submitted to RBI, with the approval of the Ministry of Power, a Road Map for compliance with various elements of NBFC Regulations till the end of XII Plan. RBI has recently advised on 29th June 2010 that it is agreeable to grant REC exemption from prudential exposure norms in respect of lending to Central and State entities in the power sector till March 31, 2012 subject to certain reporting compliances and further review at the end of XI Plan. This has enabled the Company to increase the lending capacity to Central and State power entities.

REGISTRATION AS IFC

RBI has, in its Circular dated 12th February 2010, introduced a new category of NBFCs called "Infrastructure Finance Company" (IFC), to include NBFCs which are engaged predominantly in Infrastructure financing, subject to fulfilling certain criteria. Such IFCs are inter alia allowed to have additional exposure for lending purposes. As the Company fulfils all the criteria prescribed for IFC, it has recently applied to RBI for registration as IFC to have the advantage of additional lending exposure.

CORPORATE GOVERNANCE

As a listed company, REC has been complying with the requirements of Corporate Governance as stipulated in the Listing Agreement and also the provisions notified by the Department of Public Enterprises, Government of India in this regard. The Company has also obtained a Certificate from the Joint Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as per Listing Agreement.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Board of Directors of the Company has laid down CSR Policy. As per the Policy, the Company envisages to remain a responsible corporate entity mindful of its social responsibilities to all stakeholders. To start with, the Company has allocated an amount equivalent to 0.5% of Profit after Tax every year for implementation of programmes as per the CSR Policy of the Company.

MOU WITH MINISTRY OF POWER

The performance of the Company in terms of MOU signed with the Government of India in the Ministry of Power for the financial year 2008-09 has been rated as "Excellent". This is the 16th year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MOU was signed with the Government. For the year 2009-2010 also, the performance of the Company is poised to receive "Excellent" rating.

PATTERN OF SHAREHOLDING IN REC

It is a happy and welcoming trend that the Foreign Institutional Investors (FIIs) have been particularly showing significant interest to invest in the Company's Equity Shares from the time the Company first went public in February 2008 and even more after its Further Public Offer (FPO) in February this year, by recognising the strong fundamentals of the Company and its potency for future growth. The shareholding by FIIs, which was 7.68% of the paid-up capital of the Company, prior to FPO, has increased to a present level of around 20% or more, and hence the Company has sought the approval of the Shareholders to increase the limit of shareholding by FII in REC from the existing level of 24% to 35%.

AWARDS FOR EXCELLENCE, BEST HEALTH CREATOR & BEST MANAGEMENT

It is a matter of great honour to the Company that it received India Pride Award for "Excellence in Rural Electrification" and also Second DSIJ PSU Award in the category of "The Best Wealth Creator". One more feather in the cap was added when the Company was conferred Gold Trophy of SCOPE Meritorious Award for the "Best Managed Financial Institution – 2008-09" from Smt. Pratibha Patil, Honorable President of India.

LOOKING AHEAD

In the backdrop of XI Plan's targeted investments in power infrastructure at Rs.10316 Billion, and the total amount estimated for funding the growth during the XII Plan period at Rs.11,000 Billion based on CEA's estimates for addition of 1,00,000 MW generation capacity together with related transmission and distribution infrastructure, the power sector has enormous potential to attract colossal investments in the coming years. The Company, on its part, will continue to harness all its energies and resources to capture optimal share of funding business out of the above ambitious plans, and strive to sustain and maintain consistent growth rate and surge ahead to attain still greater heights of performance, to match the expectations of all its stakeholders.

ACKNOWLEDGEMENTS

I express my gratitude to the immense support and guidance received for the Company from the Hon'ble Minister for Power, the Hon'ble Minister of State for Power, the Secretary (Power), the Joint Secretary (Rural Electrification) and other officers in the Ministry of Power. I am also grateful to the officers in the Ministry of Finance, Planning Commission and the Reserve Bank of India, the Comptroller & Auditor General of India and the Joint Statutory Auditors of the Company for all their support and guidance extended in ensuring smooth and successful operations of the Company.

I would also like to express my thanks and appreciation to my esteemed colleagues on the Board and to all employees at REC for their unwavering commitment to their work.

I convey my special thanks to all the other stakeholders of the Company for their valuable support and cooperation, and reposing continued confidence in the Company's performance.

With best wishes,

Dr. J.M. Phatak

(Dr. J.M. Phatak)
Chairman & Managing Director



Shri P. Uma Shankar, CMD, REC receiving Gold Trophy of SCOPE Meritorious Award for the Best Managed Bank, Financial Institution 2008-09 from Smt. Pratibha Devi Singh Patil, H.E. President of India.

NOTICE

Notice is hereby given that the Forty First Annual General Meeting of the Rural Electrification Corporation Limited will be held at 11 A.M. on Wednesday, the 8th September, 2010 in the Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010 to transact the following business:-

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the Financial Year ended on that date along with the Report of the Board of Directors and Auditors thereon.
- 2) To note the payment of interim dividend and declare final dividend for the financial year 2009-10.
- 3) To appoint a Director in place of Shri Venugopal N. Dhoot, Director, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Dr. Devi Singh, Director, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To fix the remuneration of Auditors.

SPECIAL BUSINESS

- 6) To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:-**

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company under the provisions of Section 293(1) (d) of the Companies Act, 1956, for increasing the total borrowing limit of the Company from Rs. 75,000 crore (Rupees Seventy Five Thousand crore only) to Rs. 100,000 crore (Rupees One Lakh crore only) for the purpose of the business of the Company notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves.”

- 7) To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:-**

“RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293 (1) (a) of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and / or create charge on all or any of the immovable and / or movable properties of the Company, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company for securing loans upto a total amount of Rs. 100,000 crore (Rupees One Lakh crore only) for the purpose of the business of the Company.”

- 8) To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:-**

RESOLVED THAT consent of the Company be and is hereby accorded subject to obtaining necessary approval of the Reserve Bank of India and any other Statutory/regulatory authorities as per applicable provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations 2000, the Master Circular No. 01/2009-10 dated July 1, 2009 issued by the Reserve Bank of India and all other applicable statutes, rules, regulations, guidelines and procedures (including any amendments or re-enactments or re-notification thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions of the Foreign Investment Promotion Board, and other concerned authorities and such conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, for increasing the limit of total holdings of all Foreign Institutional Investors (FIIs) including their sub-accounts, either by subscription, direct purchase or acquisition from the open market under the Portfolio Investment Scheme under FEMA, in the paid up equity share capital of the Company from 24% to 35%, subject to the condition that the holding of any single FII or each SEBI approved sub-account of a FII or the concerned FII group does not exceed 10% of the paid up capital of the company.

- 9) To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:-**

“RESOLVED THAT in terms of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded for substitution of the existing Articles 82(2) and 82(3) of the Articles of Association of the Company reading as under:

Quote

82(2): Appointment of Vice Chairman/ Managing Director and other Directors who are not liable to retire by rotation:

In addition to the Chairman/ Chairman and Managing Director, President may also appoint Vice Chairman/ Managing Director, whole time functional Director and other Directors in consultation with Chairman/ Chairman and Managing Director. No such consultation will however be necessary in case of appointment of Directors representing the Govt. **The total number of Directors including Chairman/ Chairman and Managing Director/ Vice Chairman/ MD/ whole-time functional directors and other Directors appointed under this Article shall not exceed 1/3rd of the total number of Directors of the Company and they shall not be liable to retire by rotation.**

82(3): Appointment of Directors who are liable to retire by rotation:

The remaining Directors constituting 2/3rd of the Directors, whether whole time functional Directors or Part time official/ part time Non Official Directors will be appointed in the General Meeting, in accordance with the provisions of the Act. The Directors so appointed shall be liable to retire by rotation.

Unquote

with the following revised/amended Articles:-

Quote

82(2): Appointment of Vice Chairman/ Managing Director / other Directors:

In addition to the Chairman/ Chairman and Managing Director, President may also appoint Vice Chairman/ Managing Director, whole time functional Director and other Directors in consultation with Chairman/ Chairman and Managing Director. No such consultation will however be necessary in case of appointment of Directors representing the Govt.

82(3): Appointment of Directors who are liable to retire by rotation:

Two-third (any fraction to be rounded off to the next number) Directors of the Company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided in the Act, be appointed by the company in General Meeting.

By order of the Board of Directors



(B.R. Raghunandan)
ED & Company Secretary

Registered Office:

Core-4, SCOPE Complex,
7, Lodi Road,
New Delhi-110003.

Dated: 22nd July, 2010

NOTES:-

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and such proxy need not be a Member of the Company. Proxies, in order to be effective, must be deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. Blank proxy form is enclosed.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the relevant details of Shri Venugopal N. Dhoot and Dr. Devi Singh, Directors retiring by rotation and seeking re-appointment under Item Nos. 3 and 4 of the Notice, in accordance with applicable provisions of the Articles of Association of the Company, are annexed. The tenures of Shri Venugopal N. Dhoot and Dr. Devi Singh are for a period of three years each w.e.f. 20th December, 2007 and 7th January 2008 respectively i.e. date of their appointment or until further orders from the Ministry of Power, whichever event occurs earlier.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 26, 2010 to September 8, 2010 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the members at the Annual General Meeting, will be paid on or after September 15, 2010 to the Members or their mandates whose names appear on the Company's Register of Members on September 8, 2010 in respect of physical shares. In respect of Dematerialised shares, the dividend will be payable to the "beneficial owners" of the shares whose name 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 August 25, 2010.

5. Corporate Members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. Members are requested to:-
 - a. **note that copies of Annual Report will not be distributed at the Annual General Meeting and they will have to bring their copies of Annual Report;**
 - b. **deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip;**
 - c. quote their Folio / Client ID & DP ID Nos. in all correspondence;
 - d. **note that due to security reasons brief cases, eatables and other belongings are not allowed inside the Auditorium; and**
 - e. **note that no gifts / coupons will be distributed at the Annual General Meeting.**
7. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Registrar and Share Transfer Agent (R & TA) of the Company i.e. Karvy Computershare Private Limited, at Plot No. 17- 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, India. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company /Registrar and Share Transfer Agent / DP with complete details need not send it again.

The Members who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company to enable them to print these details on the dividend warrant.

8. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and / or change in address and bank account, to Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company.
9. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, members are advised to encash their Dividend warrants immediately on receipt.
10. Pursuant to Section 619(2) of Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and, in terms of Section 224 (8) (aa) of the Companies Act, 1956, their remuneration shall be fixed by the company in general meeting or in such manner as the company in general meeting may determine. In pursuance of the same, C&AG of India had appointed M/s Bansal & Co. and M/s K.G.Somani & Co., Chartered Accountants, as Joint Statutory Auditors for the financial year 2009-10.

In the 38th Annual General Meeting (AGM) held on 27th September, 2007 the Board of Directors was authorized for fixation of annual audit fee to the Statutory Auditors on year to year basis as and when the appointment of Statutory Auditors is notified by the C & AG of India in pursuance of Section 224 (8) (aa) of the Companies Act, 1956. Accordingly, the Board of Directors in their 352nd Meeting held on 1st September 2009 approved payment of remuneration of Rs. 6,25,000/- (Rupees Six Lakh Twenty Five Thousand Only) for each of the joint Statutory Auditors plus service tax as applicable, for the financial year 2009-10. Further, the Board also approved that in addition to the above remuneration, the Statutory Auditors may be paid such actual reasonable traveling allowance and out of pocket expenses for outstation audit work, as may be decided by CMD/ Director (Finance).

The Auditors for the financial year 2010-11 are yet to be appointed by the C&AG of India. As a better Corporate Governance practice, it is proposed to obtain approval of the Company in general meeting on year to year basis to fix the remuneration of Auditors from the financial year 2010-11 onwards. Approval of the Company in general meeting is therefore requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors/ Joint Statutory Auditors of the Company, as it deems fit, as and when the Auditors are appointed by the C&AG of India for the financial year 2010-11.

11. Annual Listing fee for the year 2010-11 has been paid to the Stock Exchanges where the shares of the Company are listed.
12. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to write to Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company in Form- 2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956. In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective Depository Participant (DP).
13. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent of the Company, and, in case shares are held in electronic mode, to their respective depository participants.
14. **Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at the Registered Office of the Company at least ten days prior to the date of the meeting, so that the information required can be made available at the time of the meeting.**
15. The Statutory Registers of the Company and the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and other holidays) between 11.00 A.M. and 1.00 P.M. prior to the date of Annual General Meeting.
16. Ministry of Corporate Affairs, Government of India vide its letter dated 19th May, 2010 has granted exemption under Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet etc. of Subsidiary Companies to the Balance Sheet of the holding Company. However full details of accounts of individual Subsidiary Companies along with the entire text of Annual Report are available at the Company's web-site www.recindia.nic.in.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE NOTICE.

ITEM NO. 6

As per the provisions of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company shall not except with the consent of the Company in General Meeting borrow moneys, together with the moneys already borrowed by the Company, in excess of the paid-up capital and free reserves of the Company. At the 40th Annual General Meeting of the Company held on 19th September, 2009, the Members of the Company had by resolution granted powers to the Board of Directors of the Company to borrow moneys upto a total amount of Rs. 75,000 crore (Rupees Seventy Five Thousand crore only). The total borrowings of the Corporation is Rs. 55948 crore as on 31st March 2010 and a sum of Rs. 28000 crore is likely to be borrowed during the financial year 2010-11, while repayment obligation for the current financial year is Rs. 11,600 crore approximately.

The overall borrowings at the end of the financial year 2010-11 may be within the existing approved limit of Rs. 75000 crore. However the borrowings may exceed this limit in the first quarter of the next financial year 2011-12 (before the next Annual General Meeting). Therefore the consent of the Members is sought under Section 293(1) (d) of the Companies Act, 1956, for increasing the limit from Rs. 75,000 crore to Rs. 100,000 crore to cover the further requirement of borrowings.

The Board of Directors of the Company at the 365th Meeting held on 7th July, 2010 has approved the above proposal and recommends the passing of the proposed Ordinary Resolution by members of the Company as contained in the Notice.

None of the Directors is interested or concerned in the proposed Ordinary Resolution.

ITEM NO. 7

As per the provisions of Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of the Company shall not except with the consent of the Company in General Meeting create mortgage and/or charge on all or any of the immovable and/or movable properties of the Company, both present and future, or of the whole or substantially the whole of the undertaking or undertakings of the Company.

The operations of the Company have increased substantially and in order to meet the growing fund requirement of the Company additional funds are required to be raised by creation of security on the immovable/movable properties of the Company. Therefore it is proposed to authorise the Board of Directors of the Company to mortgage/create charge on immovable and/or movable properties of the Company, both present and future, for securing loan upto Rs. 100,000 crore for the purpose of the business of the Company.

The Board of Directors of the Company at the 365th Meeting held on 7th July, 2010 has approved the above proposal and recommends the passing of the proposed Ordinary Resolution by members of the Company as contained in the Notice.

None of the Directors is interested or concerned in the proposed Ordinary Resolution.

ITEM NO. 8

In the month of March, 2008, the Company made an Initial Public Offer (IPO), which comprised of a fresh issue of up to 7,80,60,000 equity shares and an Offer for Sale of up to 7,80,60,000 equity shares by the President of India acting through Ministry of Power, Government of India. In the Post- IPO scenario, the shareholding of the Government of India reduced from 100% to 81.82% and the balance was held by the others. Subsequently, in the month of March, 2010, the Company made a Further Public Offer (FPO), which comprised of a fresh issue of up to 12,87,99,000 equity shares and an Offer for Sale of up to 4,29,33,000 equity shares by the President of India acting through Ministry of Power, Government of India. In the Post- FPO scenario, the Shareholding of the Government of India has reduced from 81.82% to 66.80% and the balance 33.20% is held by the others.

Before FPO of the Company, the Foreign Institutional Investors (FIIs) held 7.68 % of paid-up capital of the Company which increased to 16.38 % of paid-up capital after allotment/ allocation (on 05.03.2010) of Equity Shares in FPO of the Company. Presently the FIIs holding is 19.90 % (as on 16.07.2010) of increased paid up capital of Company.

As per the Master Circular No.1/2009-10 dated July 1, 2009, the Reserve Bank of India has inter alia given general permission to SEBI registered FIIs/sub-accounts to invest under the Portfolio Investment Scheme (PIS) as under:-

(i) Shareholding-

- Total shareholding of each FII /sub-account under this Scheme shall not exceed 10 per cent of the total paid-up capital or 10 per cent of the paid-up value of each series of convertible debentures issued by the Indian company.
- Total holdings of all FIIs /sub-accounts put together shall not exceed 24 per cent of the paid-up capital or paid-up value of each series of convertible debentures. This limit of 24 per cent can be increased to the sectoral cap / statutory limit, as applicable to the Indian company concerned, by passing a resolution of its Board of Directors followed by a Special Resolution to that effect by its General Body.

As per Sector-specific policy for foreign investment provided in Annex-I of the Master Circular of RBI dated July 1, 2009, the sectoral cap/statutory limit applicable for NBFCs like REC is 100% of Equity under Automatic Route subject to certain conditions prescribed therein.

As mentioned above, the total holdings of all FIIs /sub-accounts put together shall not exceed 24 per cent of the paid-up capital at any time without passing a resolution of the Board of Directors of REC followed by a Special Resolution to that effect by its General Body.

The Reserve Bank of India monitors the ceilings on FII/NRI/PIO investments in Indian companies on a daily basis. For effective monitoring of foreign investment ceiling limits, the Reserve Bank has fixed cut-off points that are two percentage points lower than the actual ceilings. The cut-off point, for instance, is fixed at 8 per cent for companies in which NRIs/ PIOs can invest up to 10 per cent of the company's paid up capital. The cut-off limit for companies with 24 per cent ceiling is 22 per cent.

Further, RBI vide its Press Release and letter dated 7th July, 2010 has notified that the aggregate net purchase of equity share holdings in REC by FIIs under Portfolio Investment Scheme (PIS) has reached the trigger limit i.e. 22% and further purchase of equity shares of REC in the primary/secondary market would be allowed only after obtaining prior approval of the RBI and in keeping with the present free float of 33.20% of total paid-up capital of REC, it is proposed to seek approval of the General Meeting for increase in ceiling of holdings of FIIs in REC's Paid-up capital from 24% to 35% so that FIIs can stretch their investment/holding limit up to 33%, against REC's present free-float of 33.20%, without any trigger limit or restriction from RBI.

As already stated above, any such increase in total shareholding by FIIs beyond 24% of the paid-up capital of REC requires approval of the Board of Directors of REC, approval of the General Body by passing a Special Resolution, and also approval of RBI.

The Board of Directors have accorded their consent to the above proposal in its 366th Meeting held on 21st July, 2010 and recommends the passing of the proposed Special Resolution by members of the Company as contained in the Notice.

None of the Directors is interested or concerned in the proposed Ordinary Resolution.

ITEM NO. 9

The existing provisions of Section 255 of the Companies Act, 1956 relating to "**Appointment of directors and proportion of those who are to retire by rotation**", are reproduced hereunder:

- (1) **Unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-third of the total number of directors of a public company, or of a private company which is a subsidiary of a public company, shall-**
 - (a) be persons whose period of office is liable to determination by retirement of directors by rotation; and**
 - (b) save as otherwise expressly provided in this Act, be appointed by the company in general meeting.**
- (2) **The remaining directors in the case of any such company, and the directors generally in the case of a private company which is not a subsidiary of a public company, shall, in default of and subject to any regulations in the articles of the company, also be appointed by the company in general meeting.**

Existing Article 82 (1) of the Articles of Association (AoA) of REC provides that the Chairman/ Chairman and Managing Director of the Company shall be appointed by the President on such terms and conditions, remuneration and tenure as the President may determine from time to time. The Chairman/ Chairman and Managing Director so appointed shall not be liable to retire by rotation under Section 255 of the Act.

Further, existing Article 82 (2) of the AoA of REC provides that in addition to the Chairman/ Chairman and Managing Director, President may also appoint Vice Chairman/ Managing Director, Whole-time Functional Director and other Directors in consultation with Chairman/ Chairman and Managing Director. No such consultation will however be necessary in case of appointment of Directors representing the Govt. The total number of Directors including Chairman/ Chairman and Managing Director/ Vice Chairman/ MD/ Whole-time Functional Directors and other Directors appointed under this Article shall not exceed 1/3rd of the total number of Directors of the Company and they shall not be liable to retire by rotation.

The existing Article 82 (3) of the AoA of REC provides that the remaining Directors constituting 2/3rd of the Directors, whether Whole-time Functional Directors or Part-time Official/ Part-time Non Official Directors will be appointed in the General Meeting, in accordance with the provisions of the Act. The Directors so appointed shall be liable to retire by rotation.

Prior to the Initial Public Offer (IPO) of shares of REC in March 2008, the entire paid up share capital of REC was held by the Central Government, and in terms of Govt. Notification No. GSR 906 dated 30-07-1981, Sections 255, 256 and 257 of the Companies Act, 1956 dealing with Appointment of Directors, Ascertainment of Directors retiring by rotation and filling of vacancies thereof were not applicable to REC.

The Chairman and Managing Director, other Whole-time Functional Directors i.e Director (Finance) and Director (Technical) are appointed by the President of India through the Ministry of Power. Further the Director representing the Government is also appointed by the President under this Article. In addition to the Whole-time Functional Directors and Director representing the Government, all other Directors including the Independent Directors are also appointed by the President. Thus, all Directors of REC are currently appointed by the President only.

However the Article 82 (2) states that the total number of Directors including CMD/ Functional Directors, and other Directors shall not exceed 1/3rd of the total number of Directors of the Company. The same is not practical as the number of Directors appointed under this Article exceeds 1/3rd of the total number of Directors. The said Article 82(2) also states that the Directors appointed under this Article shall not be liable to retire by rotation. This is also not practical as the provisions of Section 255 of the Companies Act, 1956 require that at least 2/3rd of the Directors should be those who are liable to retire by rotation.

Though the Articles provide for appointment of 2/3rd of Directors by the Company in General Meeting, such appointments are also made by the President; subsequently such appointments are placed before the General Body for its approval/ regularization in the post-IPO scenario. However, the Directors retiring by rotation are re-appointed by the Company in General Meeting.

In the post-IPO scenario, since some inconsistency is observed in the provisions contained in the existing Articles 82(2) and 82(3) vis-à-vis the statutory provisions of Section 255 of the Companies Act, 1956, it is proposed to amend the existing Articles 82(2) and 82(3) of AoA of REC to make it consistent with the provisions of the Companies Act, 1956.

Such an amendment to AoA requires approval of the Company in a General Meeting by passing a Special Resolution as per Section 31 of the Companies Act, 1956. The Board of Directors of the Company at the 365th Meeting held on 7th July, 2010 has approved the above proposal and recommends the passing of the proposed Special Resolution by members of the Company as contained in the Notice.

None of the Directors is interested or concerned in the proposed Special Resolution.

By order of the Board of Directors



(B.R.Raghunandan)
ED & Company Secretary

Registered Office:

Core-4, SCOPE Complex,
7, Lodi Road,
New Delhi-110003.

Dated: 22nd July, 2010

BRIEF RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT AT THE 41ST ANNUAL GENERAL MEETING

Name	Date of Birth	Date of Appointment	Qualifications	Expertise in specific Functional area	Directorship held in other companies	Membership/Chairmanship of Committees across all public Companies other than REC
Shri Venugopal N. Dhoot	30.09.1951	20.12.2007	Bachelor's Degree in Engineering, Pune University.	He is one of the Promoters of Videocon Group of Companies with diverse interests in the fields of Consumer Electronics and Home Appliances, Oil & Gas, Power and Telecommunications. He is instrumental in the growth of Videocon group with his rich and diverse experience of over 31 years. He was the President of the Associated Chambers of Commerce and Industry in India. He is also holding the post of the President of the Electronic Industries Association of Marathwada. He is also an Advisor to the Govt of Orissa on issues of Industrial Development in Orissa. He is a Member of the Executive Committee of Marthwada Export Association. A Member of Advisory Committee of Poona University Information Employment and Guidance and a Member of Assam Investment Advisory Board.	<u>Public Limited Companies</u> 1. Videocon Industries Limited. 2. Value Industries Limited. 3. KAIL Limited 4. Next Retail India Limited. 5. Videocon Realty And Infrastructures Limited 6. Videocon International Electronics Limited 7. Bharat Hotels Limited 8. Videocon Oil Ventures Limited. 9. Videocon Power Ventures Limited. 10. Videocon Energy Ventures Limited. 11. Evans Fraser & Co. (India) Limited. <u>Private Limited Companies</u> 1. Solitaire Appliances Private Limited. 2. TekCare India Private Limited 3. Nippon Investment and Finance Company Private Limited. 4. Dome-bell Electronics India Private Limited. 5. Bharat Broadcasting Corporation Private Limited. 6. Eshwar Home Appliances Private Limited. 7. Jumbo Techno Services Private Limited. 8. Senior Consulting Private Limited. <u>Section 25 Companies</u> 1. Marathwada Medical Research and Rural Development Institution	1. KAIL Limited- Chairman: Audit Committee 2. Videocon International Electronics Limited- Member: Audit Committee
Dr. Devi Singh	02.09.1952	07.01.2008	Bachelor's Degree in Economics Master's Degree in Economics, Rajasthan University. Fellow at the IIM, Ahmedabad.	He has a total work experience of more than 32 years with an experience in International Finance, Financial Management and International Business. He is currently, the Director of the IIM, Lucknow. He has also served as a Director of the Management Development Institute, Gurgaon. He has been the visiting professor at faculty of Management, McGill University, Montreal and the International Centre for Public Enterprises in Developing Countries, Ljubljana, Slovenia. He has also been a professor at the International Management Institute, New Delhi. He was awarded by the American Biographical Institute, USA with the "Man of the Millennium Award" in 2000.	1. Energy Infratech Private Limited 2. Munjal Showa Limited.	Nil

DIRECTORS' PROFILE



DR. JAIRAJ MORESHWAR PHATAK *Chairman & Managing Director*

Dr. Jairaj Moreswar Phatak, 55 years, is Chairman and Managing Director of REC since 15th June, 2010. Prior to joining REC, he was working as Additional Secretary in the Ministry of Panchayati Raj, Government of India.

Dr. Phatak is an IAS officer of 1978 batch from Maharashtra cadre with 32 years service. He holds a Doctorate in Management from University of Mumbai, a Masters in Public Administration from John F. Kennedy School of Government, Harvard University and an M.Sc. degree from the Department of Physics, IIT Bombay (1975). He was Edward Mason Fellow in Harvard University and has been recipient of K.K.Birla Fellowship in Economics.

He has an extensive experience in city governance as the Municipal Commissioner of Mumbai (BMC) from 2007-09 in addition to his earlier assignments at Pimpri Chinchwad Municipal Corporation (Pune's suburbs) and Navi Mumbai Municipal Corporation. Dr. Phatak has served as the Principal Secretary in Urban Development, Maharashtra Government. He has also been Secretary of Rural Development, School Education and Food & Civil Supply Departments in Maharashtra. His tenure as Secretary, School education was lauded for his efforts to improve education. He has also worked in Government of India for five years - four years in Department of Personnel & Training and seven months in Ministry of Panchayati Raj. He is also a Visiting Professor to the All India Institute of Local Self-government, Mumbai.

Dr. Phatak was a member of the IIT Bombay Chess Team that won the All India Inter-University Chess Tournament in 1974. He has also been President of Maharashtra Chess Association.

Dr. Jairaj Moreswar Phatak was holding Nil equity shares in the Company at the time of joining on 15th June, 2010.

SHRI HARI DAS KHUNTETA *Director (Finance)*

Shri Hari Das Khunteta, 58 years, is Director (Finance) since May, 2004. He holds a Bachelor's Degree in Commerce from the University of Rajasthan. He is also a Associate Member of the Institute of Chartered Accountants of India (ICAI). Shri Khunteta has 33 years of professional experience in the area of financial management including resource mobilization from domestic and international markets, investor servicing and corporate governance. Prior to his appointment as Director (Finance), he held the position of Executive Director (Finance and Accounts) in National Hydroelectric Power Corporation Limited (NHPC), He was also Non Executive Director on the Board of the Narmada Hydroelectric Development Corporation, a joint venture of NHPC and Government of Madhya Pradesh.

He is responsible for formulating financial strategies and plans to enable the company in achieving its vision. He provides directions with respect to Financial Management and Operations of the organization encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.

Shri Hari Das Khunteta was holding 14000 equity shares in the Company as on 31st March 2010.



SHRI GULJIT KAPUR *Director (Technical)*

Shri Guljit Kapur, 59 years, is Director (Technical) since December 1, 2008. He holds a Bachelor's Degree in Electrical Engineering in first division from Punjab Engineering College, Chandigarh. He is in charge of all technical and operational aspects of various projects in the generation, transmission and distribution sectors as well as rural electrification projects under the RGGVY scheme. Shri Kapur has over 39 years of experience in various Power Sector utilities namely BBMB, PSEB, POWERGRID, NHPC, THDC and REC. Prior to his taking over as Director (Technical) of the Company, he was working as General Manager (Transmission & Distribution) of the Company. He Joined the Company on Deputation on September 14, 2005 and he was permanently absorbed in the Company on September 15, 2007. Before joining the Company, he was working as Deputy General Manager in Power Grid Corporation of India Limited (PGCIL).

Shri Guljit Kapur was holding Nil equity shares in the Company as on 31st March 2010.

SHRI DEVENDER SINGH *Government Nominee Director*



Shri Devender Singh, 48 years, currently the Joint Secretary in the Ministry of Power, where he is incharge of Rural Electrification, Energy Conservation, International Cooperation, Vigilance, Demand Side Management and Distribution. He holds a Bachelor's Degree in Electronics and Communication from the Delhi College of Engineering, Delhi and Master's Degree in Business Administration from the Indian Institute of Management (IIM), Ahmedabad. He has been a part of the IAS since 1987 in the Haryana cadre and has been in the Civil Services for about 22 years. Prior to joining Ministry of Power, Government of India, he has also served as Deputy Commissioner, Gurgaon, Haryana, Deputy Commissioner Karnal, Director Industries and Managing Director, Haryana Supply and Marketing Federation. He was Managing Director, Haryana Dairy Development Cooperative Federation Limited. He joined the Board of REC on August 29, 2007.

Shri Devender Singh was holding Nil equity shares in the Company as on 31st March 2010.

SHRI VENUGOPAL N. DHOOT *Independent Director*



Shri Venugopal N. Dhoot, 59 years, is an Independent Director on the Board of REC since December 20, 2007. Mr. Venugopal N. Dhoot is an Engineering Graduate from Pune University. He is one of the Promoters of Videocon Group of Companies with diverse interests in the fields of Consumer Electronics and Home Appliances, Oil & Gas, Power and Telecommunications. He is instrumental in the growth of Videocon group with his rich and diverse experience of over 31 years. He was the President of the Associated Chambers of Commerce and Industry in India. He is also holding the post of the President of the Electronic Industries Association of Marathwada. He is also an Advisor to the Government of Orissa on issues of industrial development in Orissa. He is a Member of the Executive Committee of Marathwada Export Association, a Member of Advisory

Committee of Poona University Information Employment and Guidance and a Member of Assam Investment Advisory Board.

Shri Venugopal N.Dhoot was holding Nil equity shares in the Company as on 31st March 2010.

DR. M. GOVINDA RAO *Independent Director*



Dr. M. Govinda Rao, aged 63 years, is an Independent Director on the Board of REC since December 20, 2007. He has a Doctoral Degree in Economics. He is a Member of the Economic Advisory Council to the Prime Minister of India. He is presently the Director, National Institute of Public Finance and Policy (NIPFP). Prior to this, Dr. Rao was Director, Institute for Social and Economic Change, Bangalore (1998-2002), Fellow, Research School of Pacific and Asian Studies, Australian National University (1995-1998), Professor at NIPFP(1985-1995) and Economic Advisor to the Finance Commission, Government of India (1987-1990). He is a Member of Board of Governors of Institute of Economic Growth, New Delhi, Institute for Social and Economic Change, Bangalore and Madras School of Economics, Chennai. He has been a Consultant to the World Bank, International Monetary Fund, Asian Development Bank and UNDP and worked in several developing countries on various development issues. He is an Independent Director on the Board of National Thermal Power Corporation (NTPC) as well. Dr. Rao is also a Member of the Local Board of Reserve Bank of India for the Southern Region. He has authored 13 Books and Monographs and a number of research papers in national and international journals on various economic policy issues.

Dr. M. Govinda Rao was holding Nil equity shares in the Company as on 31st March 2010.

**SHRI P.R. BALASUBRAMANIAN** *Independent Director*

Shri P.R. Balasubramanian, 66 years, is an Independent Director on the Board of REC since December 20, 2007. He holds a Bachelor's Degree in Mechanical Engineering from the University of Kerala. He is Fellow of the Institution of Engineers, Kolkata and Fellow of the Indian Council of Arbitration, New Delhi. Shri Balasubramanian has 40 years of experience in the power and industrial sector and has served for five years as Director (Power) of Neyveli Lignite Corporation Limited. Prior to joining our Board, he was the Chairman and Managing Director of Fertilizers and Chemicals Travancore Limited. He has also served as the Executive Director in Gas Authority of India Limited and has also worked with the Atomic Energy Establishment and Engineers India Limited. He is also

an Independent Director on the Board of Indian Rare Earths Limited (a PSU under the Department of Atomic Energy).

Shri P.R. Balasubramanian was holding Nil equity shares in the Company as on 31st March 2010.

DR. DEVI SINGH *Independent Director*

Dr. Devi Singh, 58 years, is an Independent Director on the Board of REC since January 7, 2008. He holds a Bachelor's Degree and a Master's Degree in Economics from Rajasthan University. He was also a Fellow at the Indian Institute of Management at Ahmedabad. He has a total work experience of more than 32 years with an expertise in International Finance, Financial Management and International Business. He is the Director of the Indian Institute of Management, Lucknow. He has also served as a Director of the Management Development Institute, Gurgaon. He has been a Visiting Professor at the Faculty of Management, McGill University, Montreal and the International Centre for Public Enterprises in Developing Countries, Ljubljana, Slovenia. He has also been a Professor at the International Management Institute, New Delhi. He has been honoured by the American Biographical Institute, USA with the "Man of the Millennium Award" in 2000.

Dr. Devi Singh was holding Nil equity shares in the Company as on 31st March 2010.

DIRECTORS' REPORT

To
The Shareholders,

The Directors have the pleasure in presenting the Forty First Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

1. PERFORMANCE HIGHLIGHTS

- 1.1** The highlights of performance of the Company for the year 2009-10 were as under with comparison of previous year's performance:-

Parameter	2009-10 (Rs. in crore)	2008-09 (Rs. in crore)
Loans sanctioned	45357.36*	40745.84*
Disbursements (including subsidy under RGGVY)	27127.14	22277.86
Recoveries	12496.12	9796.97
Total Operating Income	6549.76	4757.17
Profit before tax	2649.19	1920.11
Profit after tax	2001.42	1272.08

* Excluding subsidy under RGGVY.

1.2 Financial Performance

The total operating income of the company for the year increased by 38% to Rs. 6549.76 crore from Rs. 4757.17 crore during the previous year. The profit before tax increased by 38% to Rs.2649.19 crore from Rs. 1920.11 crore for the previous year and the profit after tax increased by 57% to Rs. 2001.42 crore from Rs. 1272.08 crore for the previous year.

1.3 Dividend

In addition to interim dividend of Rs.3.00 per share paid in January, 2010, your Directors are happy to recommend a final dividend of Rs.3.50 per share for the year 2009-10. The total dividend for the year will work out to Rs. 6.50 per share as against Rs. 4.50 per share paid last year. The total dividend pay-out for the year will amount to Rs.603.21 crore.



REC declares final dividend of Rs. 214.67 crore for financial year 2008-09. The dividend cheque is handed over by Shri P. Uma Shankar, CMD, REC to Hon'ble Union Minister of Power, Shri Sushilkumar Shinde on 25th September, 2009.

1.4 Further Public Offering (FPO) of Shares

In February 2010 the Company made Further Public Offering (FPO) of 171,732,000 equity shares of face value of Rs. 10 each for cash at prices determined through the alternate book-building method under Part D of Schedule XI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Issue comprised of a fresh issue of 128,799,000 equity shares by the company and an Offer for Sale of 42,933,000 equity shares by the President of India, acting through Ministry of Power, Government of India, as selling shareholder. The Shares were issued to Non-Institutional/ Retail Individual Investors at Rs. 203/- per equity shares, to employees of the Company at Rs.193/- per equity shares and to QIB category including mutual funds at Rs. 206/- & above as per bids submitted by them. The Issue got a phenomenal response and it was oversubscribed by 3.14 times. The total number of applications received were 57858. The fresh equity shares were allotted on 5th March 2010 and the total amount raised by the Company through FPO was Rs. 2647.53 crore. The proceeds of the fresh issue of equity shares have been utilized for the purpose of the business of the Company as mentioned in the offer document. Trading in equity shares of the Company issued under FPO commenced on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited on 8th March 2010, and requisite Listing Fees have been paid to each of these Stock Exchanges.

In the Post-FPO scenario, the shareholding of the Government of India has reduced from 81.82% to 66.80% and the balance 33.20% is held by public.

1.5 Share Capital

The Issued and Paid up Share Capital increased from Rs. 858.66 crore to Rs.987.46 crore as on 31.03.2010 after FPO, against the Authorized Capital of Rs.1200 crore, and an amount of Rs.2499.18 crore (net of Issue expenses of Rs.19.55 crore) has been taken to Security Premium Account.

2. LOANS SANCTIONED

The Company sanctioned loans worth Rs.45357.36 crore during the year 2009-10, as against Rs.40745.84 crore in the previous year excluding subsidy under RGGVY. The state and category-wise break-up of loans sanctioned during the year are given in enclosed **Tables-1 and 2** respectively. The cumulative amount of sanctions made since inception upto 31.3.2010 was Rs.266775.59 crore including subsidy under RGGVY. The cumulative state-wise position of sanctions up to the end of 2009-10 is given in enclosed **Table-3**.

3. DISBURSEMENTS

A total sum of Rs.27127.14 crore was disbursed during the year 2009-10 as against Rs. 22277.86 crore in the previous year including subsidy under RGGVY. The cumulative amount disbursed since inception upto 31.3.2010 was Rs.113533.13 crore excluding subsidy under RGGVY. The state-wise disbursements and repayment by borrowers during the year together with cumulative figures and outstandings as on 31.3.2010 are given in enclosed **Table-4**.

4. RECOVERIES

- 4.1 The amount due for recovery during the year 2009-10 was Rs.12461.02 crore as compared to Rs.9788.90 crore during the previous year. The overdues from defaulting borrowers were Rs.166.60 crore as on 31.3.2010. The Company recovered a total sum of Rs.12496.12 crore during the year 2009-10 against Rs. 9796.97 crore during the previous year. The details are given below:

Particulars	Total (Rs. in crore)
Overdues as on 1.4.2009	201.70
Dues receivable during the year	12461.02
Received during the year	12496.12
Overdues as on 31.03.2010	166.60

- 4.2 Out of the overdues of Rs.166.60 crore as on 31.03.2010, a sum of Rs.30.32 crore stands recovered till 31.05.2010.
- 4.3 The company has also been making efforts to bring down Non-Performing Assets (NPAs) to Zero level. As on 31.03.2010 the Gross NPAs of the company stood at Rs.19.54 crore (i.e. 0.03% of Gross Loan Assets), as compared to Rs.68.89 crore (0.14% of Gross Loan Assets) as on 31.03.2009.

5. FINANCIAL REVIEW

5.1 A summary of Financial Results

The summary of financial results of the Company for the year ended 31st March, 2010 is given below:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	2009-10	2008-09	2009-10	2008-09
Gross Income	6707.60	4931.28	6747.63	4936.55
Profit before tax	2649.19	1920.11	2680.76	1922.36
Depreciation	2.16	1.36	2.18	1.37
Provision for Income Tax & Deferred Tax	647.77	648.03	658.51	648.83
Net Profit / Profit after Tax	2001.42	1272.08	2022.25	1273.53
Appropriations :				
Transfer to Special Reserve	458.03	340.00	458.03	340.00
Transfer to Reserve for Bad & Doubtful Debts	107.60	80.00	107.60	80.00
Interim Dividend	257.60	171.73	257.60	171.73
Dividend Tax on Interim Dividend	43.77	29.19	43.77	29.19
Proposed Final Dividend	345.61	214.67	345.66	214.72
Dividend Tax on proposed Final Dividend	57.40	36.48	57.41	36.49
Transfer to General Reserve	500.00	255.00	500.75	256.00
Balance carried forward	557.17	145.01	577.20	145.40

5.2 Resource Mobilization

The Company mobilized Rs.24028.24 crore from the market during the year 2009-10. This includes Rs.3055 crore by way of loan from commercial banks, Rs.3057.77 crore by way of capital gain tax exemption bonds, Rs.13529.50 crore by way of non-priority sector bonds, Rs.3150 crore through Commercial Paper(CP), Rs.630 crore by way of Short Term Loan from Commercial Banks and Rs.605.97 crore by way of Official Development Assistance (ODA) loan from Kreditanstalt für Wiederaufbau (KfW), Germany & Japan International Cooperation Agency (JICA), Japan. The domestic debt instruments of REC continued to enjoy “AAA” rating – the highest rating assigned by CRISIL, CARE, FITCH & ICRA-Credit Rating Agencies.

Cash Credit Facilities

For day to day operations, the Company also arranged cash credit limits to the tune of Rs. 1200 crore from various banks.

5.3 Sovereign rating

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody's and FITCH which is “Baa3” and “BBB-” respectively.

5.4 Cost of borrowing.

As per the Finance Act 2006, only REC and National Highway Authority of India (NHAI) were eligible to raise money through bonds issued under Section 54 EC of the Income Tax Act, 1961. This helped in keeping the cost of borrowing at a low level. The overall annualized average cost of funds was 7.31% during the year 2009-10. As a result REC is able to deliver debt financing at competitive rates.

5.5 Redemption and Pre-Payment

During the year, the Company repaid a sum of Rs. 15.32 crore to the Government of India. It also redeemed a total sum of Rs.838.92 crore owed to non- priority/ priority sector bond holders. In addition, Rs.7414.99 crore worth of Capital Gain Tax Exemption Bonds and Rs.13.46 crore of Infrastructure Bonds were also redeemed. The company also redeemed long term and short term loans from Banks of Rs.2624.62 crore and Commercial Paper of Rs.1995 crore.

5.6 Particulars regarding Conservation of Foreign Exchange Earnings & Outgo

The particulars regarding foreign exchange outgo during the year under review are given in point 16 of Schedule 17 to the “Notes on the Accounts” forming part of the Annual Accounts. No foreign exchange was earned during the year under review.

5.7 Financial status at the close of the year

At the close of the financial year 2009-10, the total resources of the Company stood at Rs.67028.56 crore. Out of this sum, Equity Share Capital contributed Rs.987.46 crore, Reserve and Surplus stood at Rs.10092.87 crore, Loans from LIC, Commercial Banks and Market Borrowings accounted for Rs.55948.23 crore. These funds were deployed as Long / Short Term Loans of Rs.66452.61

crore and Fixed Assets of Rs.89.91 crore (including Capital Work in Progress), Investments of Rs.909.86 crore, Deferred Tax Asset of Rs.7.37 crore and balance of Rs.(-) 431.19 crore in Net Current Assets.

During the year 2009-10 an amount of Rs.3068.39 lacs was written back to income as provision for Bad & Doubtful Debts made in earlier years, which were no longer required due to realisation / upgradation of Loan Assets.

6. DIRECTORS' RESPONSIBILITY STATEMENT

With reference to Section 217 (2AA) of the Companies Act,1956, it is confirmed as under : –

- (i) that in the preparation of the Yearly Accounts for the period ended 31.03.2010, the applicable Accounting Standards had been followed and no material departures have been made from the same;
- (ii) that such accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.

7. FINANCING ACTIVITIES

REC has been funding power generation, transmission & distribution projects besides electrification of villages. Various initiatives in this regard are enumerated below:

7.1 Generation

During the year 2009-10, the Company sanctioned 26 nos. of generation / R&M loans including 5 nos. additional loan assistance with total financial outlay of Rs.24031.32 crore. Since 2002-03 and upto 31.03.2010, REC has sanctioned financial assistance of Rs.103804 crore for R&M, thermal, wind and hydro generation projects. REC has disbursed Rs.8349 crore during 2009-10 against the on-going generation projects.

The sector wise break up of loans sanctioned including additional loan assistance is as below:

	No. of Loans	Loan Amount (Rs. in crore)
STATE SECTOR		
Fresh Loan	9	12282.37
Additional Loan	4	
PRIVATE SECTOR		
Fresh Loan	12	11749.95
Additional loan	1	
Total : Fresh Loan+Additional Loan	21+5=26	24031.32

7.2 Transmission & Distribution

REC continued to play an active role in creating new infrastructure and improving the existing ones under the transmission and distribution network in the country under its T&D portfolio. In line with the country's objective to provide power for all by the year 2012 and also reduce the AT&C losses, REC has been financing schemes for expansion and strengthening of the transmission network and more importantly, modernizing of the distribution system.

7.3 System Improvement & Bulk Loan

During the year 2009-10, a total of 289 system improvement schemes and bulk loan schemes were sanctioned involving a loan outlay of Rs.15421.64 crore. This included: (i) 30 schemes involving a loan assistance of Rs. 1177.75 crore for financing investment in the distribution system by way of installation of essential equipments like transformers, meters, capacitors etc. (ii) 29 schemes involving a loan assistance of Rs.1705.48 crore for conversion of Low Voltage Distribution to High Voltage Distribution System (HVDS), (iii) 122 schemes for Rs.3466.33 crore for improving the distribution system, and (iv) 108 schemes for Rs.9072.07 crore for improving the transmission network.

7.4 Pumpset energization

During the year, 240020 electric irrigation pumpsets were reported energized under REC financed schemes. 103 new schemes for a loan assistance of Rs.964.74 crore were sanctioned during the year under this category. The state-wise details and cumulative position up to 31.3.2010 are given in the enclosed **Table-5**

7.5 Activities in North Eastern (NE) States

A loan assistance of Rs.30.83 crore was disbursed to the NE states under T&D programme during the year 2009-10 as compared to Rs.25 crore during the previous year. 1 scheme for a loan assistance of Rs.32.54 crore was sanctioned to Nagaland during 2009-10 under System Improvement category.

8. RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY)

Government of India, in April 2005, launched the scheme 'Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)– Scheme of Rural Electricity Infrastructure and Household Electrification' for the attainment of the National Common Minimum Programme (NCMP) goal of providing access to electricity to all households in 5 years. The scheme is being implemented through REC. Under the scheme 90% capital subsidy is being provided by Govt. of India for overall cost of the projects.

8.1 Electrification of villages and BPL Households

Initial approval was for implementation of Phase I of the scheme for capital subsidy of Rs.5000 crore during X-Plan period. 235 projects covering 180699 villages (68763 un-electrified and 111936 electrified villages) with the total sanctioned project cost of Rs. 9733 crore were sanctioned for implementation by the Ministry of Power in X-Plan period.

Further approval has been accorded for capital subsidy of Rs.28000 crore for continuation of the scheme in XI-Plan for attaining the goal of providing access to electricity to all households, electrification of about 1.15 lakh un-electrified villages and electricity connections to 2.34 crore BPL households. 338 projects covering 292767 villages (49736 un-electrified and 243031 electrified villages) costing Rs. 16621 crore have been sanctioned by Ministry of Power for implementation in XI-Plan.

The state-wise details of projects sanctioned in X-Plan and XI-Plan periods under RGGVY are furnished in the enclosed **Table-6**.

Under the scheme, it has been reported that works have been completed in 53370 villages (including 18374 un-electrified and 34996 electrified villages) and connections to 49.49 Lakh rural households including 47.18 Lakh BPL households have been provided during 2009-10.

Cumulatively, works in 190858 villages (78256 un-electrified and 112602 electrified villages) have been completed and connections to 100.97 Lakh BPL households have been released under the scheme up to 31.03.2010.

The state-wise details of Achievements of Electrification works in Un-electrified villages & Release of free electricity connections to BPL households upto 2008-09, during 2009-10 and Cumulative Achievements upto 31.03.2010 are furnished in the enclosed **Table-7**.

9. RGGVY - DECENTRALISED DISTRIBUTED GENERATION (DDG)

RGGVY provides for DDG projects from conventional or renewable non-conventional sources such as biomass, bio-gas, mini hydro, wind and solar etc. for villages where grid connectivity is either not feasible or not cost effective.

DDG Systems are small power generation units near the load centers.

Ninety per cent capital subsidy would be provided under RGGVY towards overall cost of the DDG projects under the scheme, excluding the amount of state or local taxes, which will be borne by the concerned State/State Utility. 10% of the project cost would be contributed by states through own resources/loan from financial institutions.

A provision of Rs. 540 crore has been kept as subsidy for DDG projects under XI-Plan.

The Guidelines for DDG projects under RGGVY have been issued by Ministry of Power on 12.01.2009. Many States have appointed implementing agencies for DDG projects and are in the process of appointing consultants for preparation of DPRs for DDG projects.

10. CONTRIBUTION OF REC IN PROMOTION OF RENEWABLE/DDG PROJECTS

So far the Company has financed various Renewable Projects as per details given below as on 31.03.2010:

Projects under Implementation and Projects Commissioned.

Sl. No.	Description	Projects under Implementation	Projects Commissioned	TOTAL
(i)	Value of Loan sanctioned (Rs. crore)	1504.58	132.96	1637.54
(ii)	Disbursement made so far (Rs crore)	267.73	126.10	393.83
(iii)	Value of Projects Sanctioned (Rs crore)	2096.05	378.61	2474.66
(iv)	MW of Projects	332.70	61.46	394.16
(v)	No. of Projects	12	11	23

11. STANDARDISATION, QUALITY CONTROL & MONITORING

The Company has continually provided technical expertise in the distribution system to State Power Utilities. The technical specifications and construction standards issued by the Company are used extensively by the State Power Utilities. The Company, in order to promote new technologies, has been continuously looking for innovations using latest R&D in the field of power distribution and has recently issued / updated technical specifications on Insulation Piercing Connectors for LT Aerial Bunched Cables of Voltage upto 1100 volts and Anchor (Dead end) and Suspension Assemblies for LT Aerial Bunched Cables of working voltage upto and including 1100 volts.

In line with the Three-Tier Quality Control Mechanism for ensuring proper quality of materials and works in implementation of RGGVY XI - Plan schemes, REC Quality Monitors (RQM) have been appointed during the financial year covering 332 projects in 24 states of the country. And these RQMs have undertaken 1245 Nos. of RGGVY project materials inspections during the year under review for ensuring quality of equipments and an amount of Rs.1,35,27,230/- has been released to the RQMs.

12. ENERGY EFFICIENCY SERVICES LIMITED

REC along with three other PSUs namely Powergrid, NTPC, and PFC as partners has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL). The total equity requirement for EESL is Rs. 190 crore to be shared equally by the four PSUs. EESL shall take a lead in implementing energy efficiency projects, play a market creation role in promoting usage of energy efficient appliances, promote the concept of Energy Service Companies (ESCOs) and performance contracting, manage a partial risk guarantee fund to provide risk mitigation to ESCOs etc, besides taking over the current commercial roles being discharged by the Bureau of Energy Efficiency (BEE). Thus EESL is expected to implement the recommendations under the National Mission for Enhanced Energy Efficiency (NMEEE) which is part of the National Action Plan for Climate Change (NAPCC). The business plan of EESL envisages taking up projects in Energy Conservation and Building Codes, Agriculture Demand Side Management

(DSM), Municipal DSM, Bachat Lamp Yojana, besides taking up other functions.

13. INTERNATIONAL COOPERATION & DEVELOPMENT

13.1 Japan International Cooperation Agency (JICA)

(i) REC had entered into a loan agreement with JICA on 31.03.2006 for loan assistance of 20.0629 Billion Japanese Yen (approx. Rs. 784 crore with an exchange rate of 100 yen = Rs. 38.01- As on 31.03.2006) under the Official Development Assistance (ODA) loan package for the Rural Electricity Distribution Backbone (REDB) Project of REC envisaging implementation of 749 nos. 33/11 KV new substations and augmentation of 510 nos. of substations. The project is being implemented in the states of Andhra Pradesh, Maharashtra and Madhya Pradesh. The project implementation is at advanced stages, and REC has disbursed a cumulative sum of Rs. 680.55 crore to the sub-borrowers as on 31.03.2010 (Previous Year - Rs. 446.60 crore). Loan amount to the tune of 13.47 Billion JPY has been drawn from JICA as on 31.03.2010 (Previous Year – 9.38 Billion JPY). With the financial assistance provided by REC, JICA, 618 nos. of 33/11 KV new substations (Previous Year – 405 nos.) and augmentation of 337 nos. of substations (Previous Year – 270 nos.) have been completed as on 31.03.2010.

(ii) REC entered into a second loan agreement with JICA on 10.03.2008 for ODA loan of 20.902 Billion Japanese Yen (approx. Rs. 833 crore with an exchange rate of 100 yen = Rs. 39.86 - As on 10.03.2008) for implementation of transmission system project in the state of Haryana for strengthening intra-state transmission systems in the state. The project implementation is in progress, and REC has disbursed a cumulative sum of Rs. 249.39 crore to the sub-borrowers as on 31.03.2010 (Previous Year - Rs. 28.07 crore). Loan amount to the tune of 3.28 Billion JPY has been drawn from JICA as on 31.03.2010 (Previous Year – 0.55 Billion JPY).

13.2 Indo-German Bilateral Cooperation Programme

(i) REC entered into a loan agreement with KfW on 08.08.2006 for ODA loan of 70 Million Euro (approx. Rs. 418 crore with an exchange rate of 1 Euro = Rs. 59.74 – As on 08.08.2006) for implementation of High Voltage Distribution System (HVDS) Project under KfW- Energy Efficiency Programme-I in the Chittoor and Kadapa Districts in the state of Andhra Pradesh. The project is nearing completion and REC has disbursed a cumulative sum of Rs. 448.43 crore to the sub-borrowers as on 31.03.2010 (Previous Year - Rs. 224.57 crore). Loan amount to the tune of 67.84 Million Euro has been drawn from KfW as on 31.03.2010 (Previous Year – 35.28 Million Euro).

(ii) REC entered into a second loan agreement with KfW on 16.03.2009 for ODA loan of 70 million Euro (approx. Rs. 466.13 crore with an exchange rate of 1 Euro = Rs. 66.59 – As on 16.03.2009) for implementation of Energy Efficiency and Reliability Project in the state of Haryana. KfW has engaged international consultant to assist UHBVN in preparation of Detailed Project Reports and Bid documents. The procurement activities have commenced and the drawal of funds from KfW in respect of this loan is expected to commence in the financial year 2010-11.

(iii) During the annual bilateral consultation between Government of India & Government of Germany, KfW has committed a third line of credit to REC to the tune of Euro 100 Million for financing Renewable Energy & Energy Efficiency Projects. The loan agreement is expected to be signed during financial year 2010-11.

13.3. Asian Development Bank (ADB)

ADB has approved a line of credit amounting to US \$ 225 million to REC on 27.11.2008 to finance transmission and distribution networks in rural sector. Further negotiations with ADB for availing the loan are under progress.

13.4 Agency Francaise De Development (AFD)

REC's proposal for financing Energy Efficiency Project (HVDS & Pumpset Replacement) in the state of Rajasthan has been recommended by Ministry of Power, Government of India to Ministry of Finance for consideration under Official Development Assistance from AFD, France, under Indo French Co-operation, for financial assistance to the tune of Euro 80 million. Further negotiations with AFD are expected to fructify during financial year 2010-11.

13.5. Clean Development Mechanism (CDM)

The four nos. of Project Design Documents (PDDs) on HVDS Project of APSPDCL financed by REC under REC-KfW Energy Efficiency Programme-I, which received Host Country Approval from MoEF in January 2009 for availing carbon credits under CDM, are under validation by the UNFCCC accredited validators. This activity has been undertaken as a pilot project for CDM in Distribution Sector with the assistance of KfW, Germany.

14. ERP BASED INTEGRATED INFORMATION SYSTEM

14.1 REC has put the on-going ERP project into operation on its raising day i.e. 24.07.2009. The launching Go-Live was done by Shri Sushilkumar Shinde, Hon'ble Minister of Power, in the presence of Shri Bharatsinh Solanki, Hon'ble Minister of State for Power, Shri H.S. Brahma, Secretary, Ministry of Power and Shri P. Uma Shankar, CMD, REC.

14.2 ERP covers all important business areas of REC like Central Accounting, Project Appraisal and sanction, disbursement and management of Loan Accounts, Cash Management & Treasury functions, payroll and purchases etc. This enables capturing of data and information at the point of origin across all offices of REC and flow of the same upto the appropriate level depending on the defined workflow hierarchy.

14.3 An internal assessment estimate has shown that the average time of disbursement of claims to power utilities has reduced from 12.2 days to 1.46 days after implementation of ERP.

14.4 As a part of ERP implementation, a corporate-wide secured IT infrastructure with State-of-art Tier-3 Centralized Data Centre and an MPLS based VPN network (WAN Connecting all offices of REC) has been created. The ERP project has also been audited by 3rd party viz. Pricewaterhouse Coopers.

14.5 Corporate Intranet has been further revamped for more features and information, and faster dissemination of

- information within REC. The spread of computerization has also increased during the financial year.
- 14.6 With the implementation of ERP, more desks have been provided with Computer Systems. The present population of desktop systems against total employees stands around 90% (excluding class IV employees)
- 15. CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION (CIRE)**
- 15.1 CIRE was established at Hyderabad in 1979 under the aegis of REC to cater to the training and development needs of engineers and managers of Power and Energy Sector and other organizations concerned with Power and Energy. CIRE conducts regular training programmes on various aspects of Generation, Transmission and Distribution for National and International Power Sector Executives.
- 15.2 Franchising of Distribution Management throughout the country in RGGVY villages is a mandatory requirement. In this connection, Ministry of Power, Govt. of India has chosen CIRE as a Nodal Agency for coordination and monitoring of "National Franchisee Training Programme". Under this programme, it is proposed to train 40,000 Franchisees. CIRE has entered into MOUs with 41 Power Utilities/Institutes for organizing the programmes by them. This training activity will continue upto 2011-12. During the year 2009-10, 257 Franchisee Programmes with 9,349 participants were conducted by various utilities wherein CIRE was also involved in conducting programmes at the location of Power Utilities.
- 15.3 CIRE was also given by the Ministry of Power, Government of India the mandate as Nodal Agency to implement "National Training Programme for C&D Employees." The supporting staff in technical, non-technical areas working in distribution sector, who are the first interface with the consumers were to be provided training and skill development to effectively deliver their responsibilities and improve the customer satisfaction. Under this programme, 75,000 C&D employees in the country will be trained during the period of XI Five Year Plan. 45 Power Utilities/Institutes have entered into MOUs for organizing programmes by them. During the year 2009-10, 691 C&D Programmes with 17,873 participants were conducted by various utilities.
- 15.4 Six International Training Programmes under ITEC/SCAAP, sponsored by Ministry of External Affairs, Govt. of India were also conducted. 97 participants from various countries, such as Afghanistan, Philippines, Myanmar, Bangladesh, Zimbabwe, Ivory Coast, Zambia, Tajikistan, Thailand, Mauritius, Tanzania, Nigeria, Sudan, Iraq, Egypt, Senegal, Mali, Georgia, Guyana, Syria, Indonesia, Kenya, Malawi, Uzbekistan, Papua New Guinea, Ukraine, Mozambique, Oman, Iran, etc., took part in the following programmes :-
- Modern Practices in Generation and Transmission Systems
 - Innovative Technologies in Transmission & Distribution Systems
 - Planning & Financial Management of Power Projects
 - Modernization of Power Distribution
 - Decentralised Distributed Generation & Rural Power Distribution Management
- (vi) Financial Management & Accounting Systems for Power Companies
- The programmes were of 4/8 weeks duration.
- 15.5 CIRE also conducted two programmes with 71 participants under the sponsorship of KfW, Germany on "High Voltage Distribution System (HVDS).
- 15.6 In addition, 10 Customised Programmes on Pilferage of Electricity - Technical & Legal Remedies, Best Practices in Distribution Loss Reduction, Customer Management & Information Systems in Power Sector, Best Practices in Distribution Systems O & M, Finance for Non-finance Executives, Energy Audit, Accounting & Load Management, were also conducted. 353 Officers took part in these programmes.
- 15.7 CIRE also conducted three R-APDRP programmes sponsored by Ministry of Power/PFC for the executives of power utilities and 79 participants attended the programmes.
- 15.8 CIRE also conducted Three programmes with 48 participants on Finance for Non-Finance Executives, Human Resource Management in Power Sector, and Strategic Financial Management for Power Sector in collaboration with the Institute of Public Enterprise (IPE), a reputed business school located in Hyderabad, and availed the services of the best faculty resources of the Institute for the benefit of the participants.
- 15.9 CIRE also conducted 32 programmes with 968 participants under Distribution Reforms Upgrades and Management (DRUM), with financial assistance of USAID. The topics covered included Best Practices in Distribution Loss Reduction, Best Practices in Distribution System Operation & Maintenance, Change Management in Power Distribution, Distribution Efficiency and Demand Side Management, Training of Trainers (TOT) covering topics of Rural Electricity Distribution Franchising, Communication Skills, Employees Motivation & Morale Development, Financial Management of Distribution Business, Electrical Safety Procedures, Accident Prevention and Disaster Management.
- 15.10 Ten Regular/Open Programmes were organised with 171 participants on topics such as Pilferage of Electricity - Technical & Legal Remedies, Power Purchase Agreement, Energy Audit, Accounting and Load Management, Specifications, Standards & Construction Practices in Distribution System, Power & Distribution Transformers for Efficient Operation, New Developments in Metering, Billing & Collection, Power Sector Accounting with reference to ESAAR & GAAP, Change Management in Power Sector, Power Factor Improvement - Reactive Power Compensation and Safety Management in Power Sector.
- 15.11 Nine In-house Training Programmes with 134 participants were organised for the employees of REC to upgrade their knowledge and skills on various topics.
- 15.12 In all, during the year 2009-10, CIRE conducted 80 programmes and trained 2139 participants as per details given below:

Sl. No.	Programme	No. of Programmes	No. of Participants
1	Regular Programmes	10	171
2	Programmes with IPE	3	48
3	DRUM Programmes	32	968
4	National Franchisee Training Programmes organised by CIRE	5	218
5	International Programmes	6	97
6	Sponsored/Customised Programmes	12	424
7	R-APDRP Programmes	3	79
8	In-house Programmes	9	134
	Total	80	2139

16. RISK MANAGEMENT

16.1 Asset Liability Management

The Company has a Risk Management Policy which covers inter alia Asset Liability Management and Derivative Instruments. An Asset Liability Management Committee (ALCO) is currently functioning under the leadership of CMD, REC and it comprises of one Independent Director, Director (Finance), Director (Technical), Executive Director (Finance) and General Managers in Finance, Generation and T&D Division. ALCO monitors risk related to liquidity, interest rates and currency rates. The liquidity risk is being monitored with the help of liquidity gap analysis and the Committee manages the liquidity risk through a mix of strategies, like a forward looking resource raising program based on projected disbursement and maturity obligations. The interest rate risk is monitored through interest rate sensitivity analysis and managed through review of lending rates and cost of borrowings and the terms of lending and borrowing.

16.2 Foreign Currency Risk Management

The Company manages foreign currency risk associated with exchange rate and interest rate risk through various derivative instruments. As on 31st March 2010 the total foreign currency liabilities outstanding are JPY 40.32 billion and Euro 64.16 million which are fully hedged.

17. ISO 9001:2000 QUALITY ASSURANCE CERTIFICATION

REC has implemented Quality Management Systems as per ISO 9001:2000 standards in six major Divisions of Corporate Office and all Project Offices across the country, (except the newly formed Ranchi Project Office).

18. HUMAN RESOURCES MANAGEMENT

In order to professionalize the Executive strength of REC and also to infuse fresh blood, 09 Executives were appointed in REC through open advertisement and 16 Executives through campus recruitment during the period 01-04-2009 to 31-03-2010.

The total manpower at the close of the financial year 2009-10 i.e. on 31-03-2010 was 673 which include 370 executives and 303 Non-executives.

18.1 Scheduled Caste/Scheduled Tribe Reservations

The directives issued by the Government regarding reservations for SC/ST in appointment and promotion to various posts were complied with. The group wise details of SC and ST employees out of the total strength as on 31-03-2010 are given below:

Group	Total No. of employees	SC	ST
A	332(316)	30(25)	9(6)
B	153(148)	19(22)	3(4)
C	87(112)	17(19)	0(1)
D	101(105)	31(31)	3(4)
Grand Total:	673(681)	97(97)	15(15)

(Figures in bracket give the corresponding position in the previous year)

18.2 Training & Human Resource Development

As a means of equipping employees with a range of skills including their renewal, to enable them perform their responsibilities, Training and HRD continued to receive a place of priority during the year. Based on the assessed needs and as means to satisfy them, the company sponsored 95 employees to various training programmes, workshop etc. within the country and abroad. In addition, 18 training programmes were conducted in-house, which were attended by 479 employees including seven programmes conducted at CIRE, Hyderabad exclusively for REC employees. In order to enable them develop global exposure, several officers were sent to attend various programmes abroad viz. Japan, Geneva, Bangladesh etc. Taken together, these initiatives enabled the company to significantly out-perform MOU targets. As against the target of 1300 man-days, REC achieved a figure of 2342 for the year.

18.3 Staff Welfare

In order to provide better medical facilities to the employees / their dependent family members at Corporate Office and Zonal/Project Offices (including CIRE, Hyderabad), the Company has expanded the list of empanelled Hospitals covering 26 more Hospitals under the "Direct Payment" Scheme.

18.4 Women Cell

REC's Women Cell celebrated the International Women's Day on Monday, the 8th March, 2010.

18.5 Industrial Relations

The Industrial Relations continued to be healthy, cordial and harmonious. The process of consultation with the REC Employees and REC Officers' Association on important issues governing employees benefits and welfare etc. continued and on majority of the issues, consensus could be achieved which is a reflection of the atmosphere of mutual trust and harmonious relations that prevail in the Company. Motivated employees worked in team spirit and excelled the previous year's records.

18.6 Public Grievance Redressal Machinery

In accordance with the guidelines issued by the Govt. of India, the Company has constituted a Grievance Redressal Committee to redress the grievances of officers and staff. The scope of the Committee has further been enlarged to cover Public Grievance also. One day during a week has been fixed as meeting day to attend the grievances by the Heads of Divisions at Corporate Office as well as Zonal / Project Offices.

18.7 Sports Activities

REC sponsored its Team to the Inter-CPSU Table Tennis / Chess / Carrom- Tournaments organised by various CPSUs of Power Sector under the aegis of Power Sports Control Board (PSCB).

19. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

The requisite information for the Financial Year 2009-10 or part thereof is given below :

(Figures in Rupees)

Sl. No.	Name	Salary & Allowances	Other Perks/ Benefits	Performance Linked Incentive/ Ex-Gratia	Total
1.	Shri P. Uma Shankar, CMD	22,07,758	3,90,716	25,000	26,23,474
2.	Shri H.D. Khunteta, Director (Finance)	27,70,562	1,92,862	3,10,151	32,73,575
3.	Shri Guljit Kapur, Director (Technical)	20,35,531	1,66,909	2,03,702	24,06,142
4.	Shri Rama Raman, Executive Director	18,47,581	6,73,694	2,71,022	27,92,297
5.	Shri R. Anbalagan, Chief Manager	22,85,499	9,53,502	6,96,964	39,35,965

20. VIGILANCE ACTIVITIES

- 20.1 The Vigilance Division headed by the Chief Vigilance Officer (of the rank of Functional Director) constantly endeavoured to emphasize on "Preventive Vigilance" so as to improve upon systems and procedures and leaving minimum scope for discretion. It also ensured to enforce discipline in exercising power in a judicious way in matters relating to administrative and financial functions.
- 20.2 The Vigilance set up in REC consisting of one CVO, one AGM and three Managers / Sr. Officer, though small, has been an effective managerial tool in enhancing the performance of the Corporation by way of pursuation with functional Divisions to systematize /document the policies/procedures. Presently, there is no CBI case against any employee of the Corporation. Two disciplinary cases and two complaints are pending.
- 20.3 The Vigilance Awareness Week 2009 was organized during 3-7 November, 2009. Various programmes/lectures were arranged in all offices of REC with a view to create awareness about preventive measures through system improvement and use of information technology.

- 20.4 In compliance with the instructions of CVC, the sensitive posts in the Corporation have been identified and informed to CVC. HR Deptt. has been advised to rotate the officers working on these posts for a long time.
- 20.5 Information with a vigilance angle was scrutinized carefully. As a measure for preventive vigilance, policies/ procedures etc. relating to various divisions were reviewed and suggestions were given for improvement. Vigilance Division initiated measures to streamline and strengthen office systems and procedures. All important circulars as and when received from CVC and circulars issued by Vigilance Division from time to time are regularly placed on REC intranet for information of all the Zonal Offices, Project Offices/Central Institute for Rural Electrification.
- 20.6 Agreed lists were finalized in respect of all Zonal Offices/ Project Offices/Central Institute of Rural Electrification in addition to its Corporate Office at Delhi after close interaction with local branches of CBI except in case of Mumbai. Prescribed periodical statistical returns were sent to CVC and MOP on time.
- 20.7 As a surveillance measure, inspections were carried out by the officers of Vigilance Division in various Zonal/ Project Offices. More than 95% Annual Property Returns of the employees were subjected to systematic scrutiny and clarifications were sought wherever necessary. Phase I of computerization of Annual Property Returns has been completed in which employees will continue to submit APRs in hard copy to HR Division and then HR Division will feed the data in the software.
- 20.8 Performance of Vigilance Division was reviewed regularly by the CVC, Board of Directors of REC and CMD, REC in addition to constant reviews undertaken by the CVO, REC in accordance with the prescribed norms.

21. IMPLEMENTATION OF OFFICIAL LANGUAGE

- 21.1 In compliance with the directives of Department of Official Languages, strenuous efforts were made to achieve Annual Programme 2009-10. During the year, usage of Hindi has increased in day to day working of REC. In order to encourage employees, all the incentives schemes introduced by the Government of India have been implemented in REC.
- 21.2
- The Corporation organised nine Hindi competitions separately for General Managers/Executive Directors, Middle level Managers and Non-Executives as well as Sulekh competition for Class IV employees during Hindi Pakhwara from 16.9.2009 to 30.9.2009.
 - A Noting/Drafting competition was also organized on 16.9.2009 under the aegis of NARAKAS (Upkrum) Delhi.
 - A Prize Distribution Function was organised on 20.11.2009. Winners of these competitions were awarded prizes by Shri P.Uma Shankar, CMD, REC, Dr. P.C.Tandan, Senior Reader and Shri Saraswat Mohan Manishi, Famous Poet.
 - Mr. Manishi and other wellknown Hindi Poets enthralled the audience with their poetic talents and presentations at a function organised by REC.
 - Cash Prizes and Certificates were given to encourage employees for doing their Original Work in Hindi.

- 21.3 Four quarterly review meetings of Official Language Implementation Committee were held during the year under the Chairmanship of CMD, in which detailed discussions were held to review the progress and suggest measures to overcome any difficulties in order to achieve the targets.
- 21.4 Six periodical inspections were carried out to assess the progressive use of Hindi in various divisions of Corporate Office and suggestions were given to improve the shortcomings. During the year, seven Project Offices were also inspected. Ministry of Power's officials have also been associated during inspection in some Project Offices. The Officers of Ministry of Power as well as Department of Official Language (Rajbhasha Vibhag) inspected REC's progress of Hindi work at Corporate Office on 21.10.2009 and 28.1.2010. The progress of Hindi at Corporate office was also reviewed by Ministry of Power in their Official Language Implementation Committee meeting held on 13.8.2009.
- 21.5 The Corporation has been honoured with RAJBHASHA SHRI SAMMAN by Bharatiya Rajbhasha Vikas Sansthan, Dehradun. Zonal office, Panchkula has been awarded second prize by NARAKAS, Chandigarh for doing excellent work in Hindi for the year 2008-09.
- 21.6 In order to increase the use of Hindi by all in official work, 8 Hindi workshops were organized in Corporate Office in which 111 officers/employees participated.
- 21.7 A meeting on the topic of "Shabdavali Nirman related to Power Sector" was also organized by the Corporation in its premises under the aegis of Ministry of Power from 16th to 18th November, 2009.
- 21.8 Maintenance of required ratio in purchase of Hindi & English books for Library was ensured and the library has been equipped with a large number of Hindi literary books, magazines & reference publications.
- 21.9 REC's website is available both in Hindi and English and is being updated from time to time. Bilingual working facilities have been made available on all computers. All publications, reports, memoranda, press releases, MOUs, tenders, annual report etc. were issued bilingually. To give impetus to the correspondence in Hindi, standard formats have also been made available on Intranet. Seven books of CIRE's Training material were translated into Hindi and made available for the benefit of trainees.



Shri P. Uma Shankar, CMD, REC exchanging MoU 2010-11 documents with Shri Hari Shankar Brahma, Secretary, Ministry of Power, Govt. of India.

22. MOU WITH MINISTRY OF POWER

The performance of REC in terms of Memorandum of Understanding signed with the Government of India in the Ministry of Power for the financial year 2008-09 has been rated as "Excellent". This is the 16th year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MOU was signed with the Government. For the Fiscal 2010 also, the performance of the Company is poised to receive "Excellent" rating.

23. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Following is the CSR Policy as approved by the Board of Directors of REC in May, 2008.

"To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including consumers, shareholders, employees, local community and society at large."

The details of the policy are posted on the REC's website i.e. www.recindia.nic.in.

23.1 CSR Activities

For the second year in a row, REC set aside a sum equivalent to 0.25 % of Profit after Tax (PAT) of previous fiscal, i.e Rs. 318 Lakh as allocation towards CSR activities for fiscal 2010. A separate society by the name "REC Foundation" has been constituted to take up the CSR work in a strategic and exclusive manner. A number of proposals are in various stages including a project to support children who are/have been victims of communal disruption across the country. Called "Project Assist" this project is being implemented by the National Foundation for Communal Harmony (NFCH). In another initiative, REC sponsored construction of a Training Centre for physically handicapped persons, to provide vocational training to them. The project is being implemented by Amar Seva Sangam, Chennai. In another project, REC has contributed three vehicles for distribution of food under the mid-day meal program for children of government schools.



Hon'ble Minister of State for Power Shri Bharatsinh Solanki visits the REC pavilion of India Electricity 2009 exhibition at Pragati Maidan on 11th September, 2009.

24. BOARD OF DIRECTORS

Government of India, Ministry of Power, has appointed Dr. J. M. Phatak, IAS (MH:78), as Chairman and Managing Director (CMD) of the Company with effect from the afternoon of 15th June, 2010 and Shri P.Uma Shankar has relinquished charge as CMD, REC w.e.f. 15th June, 2010 (forenoon).

In accordance with the provisions of Articles 82 (4) of the Articles of Association of the Company, two Independent Directors i.e. Shri V.N. Dhoot and Dr. Devi Singh shall retire by rotation at the ensuing Annual General Meeting of the company and, being eligible, offer themselves for re-appointment.



Board Meeting in Progress

25. SUBSIDIARY COMPANIES

Your Company has formed five subsidiary companies for undertaking specific business activities. The names of these companies, dates of their formation and the percentage of ownership interest in these Companies are as follows:-

Sl. No.	Name of Subsidiary Company	Date of Formation	Percentage of ownership interest
1.	REC Transmission Projects Company Limited (RECTPCL) (a wholly owned subsidiary of REC)	08.01.2007	100%
2.	North Karanpura Transmission Company Limited (NKTCL)* (a wholly owned subsidiary of RECTPCL)	23.04.2007	100%
3.	Talcher II Transmission Company Limited (TTCL)* (a wholly owned subsidiary of RECTPCL)	01.05.2007	100%
4.	REC Power Distribution Company Limited (RECPDCL) (a wholly owned subsidiary of REC)	12.07.2007	100%
5.	Raichur Sholapur Transmission Company Limited (RSTCL) (a wholly owned subsidiary of RECTPCL)	19.11.2009	100%

*NKTCL and TTCL have been transferred to M/s Reliance Power Transmission Limited on 20.05.2010 and 27.04.2010 respectively.

25.1 REC Transmission Projects Company Ltd. (RECTPCL)

RECTPCL had issued Letters of Intent on 18.12.2009 to successful bidder i.e. M/s. Reliance Power Transmission Ltd. for transfer of North Karanpura Transmission Company Ltd. (NKTCL) and Talcher-II Transmission Company Ltd. (TTCL). These two subsidiary companies / SPVs viz. TTCL and NKTCL were handed over to M/s. Reliance Power Transmission Limited on 27.4.2010 and 20.05.2010 respectively.

RECTPCL has taken up the task of selection of developer for the third transmission project i.e. 765 KV S/C Line-I Raichur-Sholapur Transmission System entrusted to REC. Technical Consultants and Bid Process Consultants have already been appointed to assist RECTPCL in this process. Global Invitation for submission of response to Request for Qualification (RfQ) was issued on 26.2.2010. Response to RfQ was opened on 26.4.2010. 35 bidders have submitted their response, which are under evaluation.

25.2 Financial Performance during 2009-10

The summary of Financial Operations in respect of REC Transmission Projects Company Limited (RECTPCL) is appended below :

Particulars	For the year ended 31.3.2010 (Rs.)	For the year ended 31.3.2009 (Rs.)
Total Income	300,034,552	-
Total Expenditure	22,542,251	21,297,234
Less: Expenses allocated to the three wholly owned subsidiaries -		
(a) North Karanpura Transmission Company Limited (NKTCL)	10,199,137	12,114,371
(b) Talcher II Transmission Company Limited (TTCL)	9,154,380	9,182,863
(c) Raichur Sholapur Transmission Company limited (RSTCL)	3,124,417	-
(d) Unallocated absorbed by Company	64,317	-
Profit Before Tax	299,970,235	-
Provision for Tax	101,959,883	-
Profit after Tax carried to Balance Sheet	198,010,352	-

Since the three subsidiaries of RECTPCL, namely NKTCL, TTCL and RSTCL were yet to commence its commercial operations, no Profit & Loss Account was prepared for those subsidiaries for the financial year ended 31st March, 2010. In place thereof, a Statement of Incidental Expenditure during Construction Period was prepared. The total expenditure of Rs.1,02,89,726/-, Rs.92,11,685/- and Rs.31,06,104/- was incurred during the year ended 31st March, 2010 for NKTCL, TTCL and RSTCL respectively which has been shown under Capital Work in Progress of the subsidiaries.

25.3 REC Power Distribution Company Limited (RECPDCL).

During the year 2009-10, RECPDCL secured orders from 4 Discoms namely MSEDCL, WBSEDCL, BESCOM, and

Electricity Department of Manipur for third party inspections of 24755 villages in 30 districts of 4 states which will accrue Rs.21 crore gross income to the company. The company has established its material inspections wing to inspect material under RGGVY & FRP works at manufacturers' facilities. The company has also taken new initiatives by empanelling 16 business associates / agencies for taking projects in IT implementation and consultancy.

During the year ended 31st March, 2010, third party inspection of about 15000 villages and 990 feeders were completed by the company. In addition to this, material inspections of more than 45000 Distribution Transformers were completed.

25.4 Financial Performance during 2009-10

During the year ended 31st March, 2010, RECPDCL has been able to generate an Income of Rs. 10.01 crore and Profit before Tax & Profit after Tax is Rs. 1.57 crore & Rs. 1.03 crore respectively. It is worthwhile to mention that turnover of the company has doubled this year and net worth reached to Rs.4.18 crore against initial capital injected by REC of Rs.0.05 crore. For the year 2008-09, the company had declared a dividend @ 100% on par value and for the year 2009-10 also, the Board of Directors have proposed a dividend @ 100%.

26. DETAILS OF UNCLAIMED SHARES

The Company went for a maiden 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.

The details of unclaimed shares as on 31st March, 2010 is given as under :

Sl. No.	Particulars	No. of cases	No. of shares involved
IPO – 1.4.2009 to 31.3.2010			
1.	Aggregate number of shareholders and the outstanding unclaimed shares as on 1.4.2009	659	56019
2.	No. of shareholders who approached for transfer of unclaimed shares during the year.	242	21509
3.	Number of shareholders to whom unclaimed share were transferred.	242	21509
4.	Aggregate number of shareholders and the outstanding unclaimed shares as on 31.3.2010.	417	34510

Sl. No.	Particulars	No. of cases	No. of shares involved
FPO – 6.3.2010 to 31.3.2010			
1.	Aggregate number of shareholders and the outstanding unclaimed shares as on 6.3.2010	205	50790
2.	No. of shareholders who approached for transfer of unclaimed shares during the year.	119	32370
3.	Number of shareholders to whom unclaimed share were transferred.	119	32370
4.	Aggregate number of shareholders and the outstanding unclaimed shares as on 31.3.2010.	86	18420

27. FINANCIAL STATEMENTS / DOCUMENTS UNDER SECTION 212 OF THE COMPANIES ACT, 1956.

On an application made by the Company, the Ministry of Corporate Affairs, Government of India, vide its letter dated 18.5.2010 has granted exemption to your Company from attaching the financial statements of its subsidiary companies for the financial year 2009-10, pursuant to Section 212(8) of the Companies Act, 1956. Accordingly, copies of the balance sheet, profit and loss account and reports of the board of directors and auditors of the subsidiaries have not been attached with the balance sheet of the Company. However, these documents will be made available upon request by any member of the Company interested in obtaining the same. As directed by the Central Government, the financial data of the subsidiaries has been furnished in the Notes on consolidated financial statements, which forms part of the Annual Report. The annual accounts of the Company including that of subsidiaries will be kept for inspection by any member. 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 subsidiaries.

28. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock Exchanges, Government guidelines etc. **is annexed to this report as under :-**

Particulars	Annexure
Management Discussion & Analysis Report	I
Company's Report on Compliance with Corporate Governance	II
Certificate on Corporate Governance issued by the Joint Statutory Auditors of the Company	III
Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to subsidiary companies.	IV

29. STATUTORY AUDITORS

M/s K.G. Somani & Co., Chartered Accountants, New Delhi and M/s Bansal & Co., Chartered Accountants, New Delhi, were appointed as Joint Statutory Auditors of your Company for the financial year 2009-10 by the Comptroller and Auditor General of India (C & AG). The Joint Statutory Auditors have audited the Accounts of the Company for the year ended 31st March, 2010 and they have not made any qualifications in their Report on the Audited Accounts. **Following documents are annexed to this Report:**

- a) Auditors' Report on the Audited Accounts of the Company for the year ended 31st March 2010;
- b) Auditors' Report on the Consolidated Financial Statements of the Company and its Subsidiaries;
- c) Non-Banking Financial Companies Auditors' Report.
- d) Audited Accounts and Cash Flow Statement of the Company for the year ended 31st March 2010;
- e) Annexure to be enclosed with the audited Balance Sheet for NBFC Companies as prescribed by RBI;
- f) Audited consolidated Financial Statements of the Company for the year ended 31st March 2010;

30. COMMENTS OF C&AG OF INDIA

Comments of the Comptroller and Auditor General of India dated 09.07.2010 on the Accounts of the Company for the year ended 31st March, 2010 **is enclosed**. It is reported therein that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

31. RIGHT TO INFORMATION ACT, 2005

Necessary action has been taken by the Corporation towards implementation of Right To Information (RTI) Act, 2005 in REC. An independent RTI Cell has been created to ensure compliance of the provisions of the RTI Act and attending to the requests for information. REC website has been updated and contains information on all the 17 items as required under Clause 4.1(b) of RTI Act, 2005.

RTI MACHINERY IN REC**CORPORATE OFFICE:**

- (A) **Asstt. Public Information Officer**
Shri Vinay Kumar Kesarwani,
Manager (Law)
- (B) **Public Information Officer**
Shri B.R.Raghunandan,
Executive Director & Company Secretary
- (C) **Appellate Authority**
Shri Kamal Dayani,
Executive Director

32. ACKNOWLEDGEMENTS

The Directors are grateful to the Government of India particularly the Ministries of Power & Finance, the Planning Commission and the Reserve Bank of India for their continued co-operation, support and guidance in effective management of Company's affairs and resources.

The Directors thank the State Governments, State Electricity Boards, State Power Utilities and other Borrowers for their continued interest and trust in the Company.

The Directors also place on record their sincere appreciation for the continued support and goodwill of the esteemed Investors in REC Bonds, Banks, Life Insurance Corporation, KfW of Germany, JICA of Japan and Asian Development Bank (ADB) in the fund raising programmes of the Company.

The Directors also thank the Joint Statutory Auditors M/s K.G. Somani & Co. and M/s Bansal & Co., and the Comptroller & Auditor General of India for their valued cooperation.

The Directors also sincerely appreciate and thank the employees of the Company at all levels for their valuable contribution and dedicated efforts in steering the Company to excellent performance for yet another year in succession.

For and on behalf of the Board of Directors



New Delhi
July 22, 2010

(Dr. J.M. Phatak)
Chairman & Managing Director

TABLE - 1
PROJECTS SANCTIONED DURING 2009-10 UNDER REC FINANCED SCHEMES

Sl. No.	State	No. of Projects	Loan Amount (Rs. in Lakh)	Coverage in Numbers			
				Pumpsets	Dalit Bastis	Villages	Households
A.	T & D Projects						
1	Andhra Pradesh	78	143978.87	—	—	—	—
2	Chattisgarh	10	48291.11	—	—	—	—
3	Haryana	52	208952.48	—	—	—	—
4	Himachal Pradesh	22	54110.04	—	—	—	—
5	Jammu and Kashmir	11	2851.16	—	—	—	—
6	Maharashtra	36	340839.51	—	—	—	—
7	Nagaland	1	3253.51	—	—	—	—
8	Orissa	5	28017.83	—	—	—	—
9	Punjab	27	254919.44	—	—	—	—
10	Rajasthan	54	88763.29	—	—	—	—
11	Tamil Nadu	65	68524.60	—	—	—	—
12	Uttar Pradesh	59	286227.89	—	—	—	—
13	West Bengal	3	48050.16	—	—	—	—
14	Puducherry - UT	2	12506.79	—	—	—	—
15	Private	2	98868.00	—	—	—	—
	Sub-Total-(A)	427	1688154.68	—	—	—	—
B	Generation Projects						
1	Andhra Pradesh	1	168900.00	—	—	—	—
2	Arunachal Pradesh	1	230000.00	—	—	—	—
3	Bihar	1	374675.00	—	—	—	—
4	Chattisgarh	2	269700.00	—	—	—	—
5	Gujarat	2	181468.00	—	—	—	—
6	Haryana	1	80000.00	—	—	—	—
7	Himachal Pradesh	1	2437.00	—	—	—	—
8	Jammu and Kashmir	0	67000.00	—	—	—	—
9	Jharkhand	1	100000.00	—	—	—	—
10	Maharashtra	2	207500.00	—	—	—	—
11	Orissa	2	165000.00	—	—	—	—
12	Punjab	3	57552.00	—	—	—	—
13	Rajasthan	1	176000.00	—	—	—	—
14	Sikkim	1	21800.00	—	—	—	—
15	Tamil Nadu	1	211400.00	—	—	—	—
16	Uttanchal - PSU	1	74700.00	—	—	—	—
17	West Bengal	0	15000.00	—	—	—	—
	Sub-Total-(B)	21	^2403132.00	—	—	—	—
C	Short Term Loan						
1	Haryana	2	60000.00	—	—	—	—
2	Kerala	2	30000.00	—	—	—	—
3	Punjab	2	35000.00	—	—	—	—
4	Rajasthan	3	59000.00	—	—	—	—
5	Tamil Nadu	3	75000.00	—	—	—	—
6	Uttar Pradesh	15	150000.00	—	—	—	—
	Sub-Total-(C)	27	409000.00	—	—	—	—
D	RGVY Projects						
1	Karnataka	1	3839.09	—	—	296	96394
2	Kerala	6	11457.34	—	—	592	68937
3	Manipur	5	20202.98	—	—	1038	115881
	Sub-Total-(D)	12	*35499.41	—	—	**1926	***281212
E	IC&D Projects						
1	Andhra Pradesh	0	979.08	—	—	—	—
2	Haryana	5	30920.73	—	—	—	—
	Sub-Total (D)	5	31899.81	—	—	—	—
Grand Total (A+B+C+D+E)		492	4567685.90	—	—	**1926	***281212
Less: Subsidy under RGGVY (equal to 90% of sanctions under RGGVY)			31949.47				
Net Sanctions excluding subsidy under RGGVY			4535736.43				

^ Includes additional loan assistance against already sanctioned 5 no. of projects of Andhra Pradesh, Jammu & Kashmir, Maharashtra, Punjab & West Bengal.

* The project cost sanctioned under RGGVY comprises of capital subsidy and loan.

** Includes both un-electrified, de-electrified and electrified villages (This includes 387 unelectrified / de-electrified villages)

*** Including BPL households

TABLE-2
CATEGORY-WISE PROJECTS SANCTIONED DURING 2009-10 UNDER REC FINANCED SCHEMES

Sl. No.	Category	Category Code	No. of Projects	Loan Amount (Rs. In Lakh)	Coverage in Numbers			
					Pumpsets	Dalit Bastis	Villages	Households
A	T&D Projects							
1	Project: Intensive Electrification	P:IE	35	49517.29	—	—	—	—
2	Special Project Agriculture: Pumpset Energisation	SPA:PE	103	96473.52	—	—	—	—
3	Project: System Improvement	P:SI-Distribution	122	346633.00	—	—	—	—
4	Project: System Improvement	P:SI-Distribution (HVDS)	29	170548.46	—	—	—	—
5	Project :System Improvement: Bulk Loan	P:SI:Bulk	30	117775.42	—	—	—	—
6	Project System Improvement: Transmission	P:SI-Transmission	108	907206.99	—	—	—	—
	Sub-Total		427	1688154.68	—	—	—	—
B	Project : Generation	P:Gen	21	[^] 2403132.00	—	—	—	—
C	RGVY	P:RHhE	12	*35499.41	—	—	**1926	***281212
D	Short Term Loan	STL	27	409000.00	—	—	—	—
E	IC&D Projects	IC&D	5	31899.81	—	—	—	—
	Grand Total		492	4567685.90	—	—	**1296	***281212
	Less: Subsidy under RGGVY							
	(equal to 90% of sanctions under RGGVY)			31949.47	—	—	—	—
	Net Sanctions excluding subsidy under RGGVY			4535736.43	—	—	—	—

[^] Includes additional loan assistance against already sanctioned 5 no. of projects of Andhra Pradesh, Jammu & Kashmir, Maharashtra, Punjab & West Bengal.

* The project cost sanctioned under RGGVY comprises of capital subsidy and loan.

** Includes both un-electrified, de-electrified and electrified villages.(This includes 387 unelectrified / de-electrified villages)

*** Including BPL households

TABLE-3
CUMULATIVE STATEWISE SANCTIONS UNDER REC PROJECTS DURING THE LAST 40 YEARS UPTO 31-03-2010

(Rs. In lakh)

Sl.No.	State	No. of Projects	Loan Sanctioned
1	Andhra Pradesh	6161	2465501.00
2	Arunachal Pradesh	229	425816.00
3	Assam	446	213585.00
4	Bihar	1753	773202.00
5	Chhatisgarh	49	800355.00
6	Delhi	31	441806.00
7	Goa	16	2007.00
8	Gujarat	1927	1489327.00
9	Haryana	1498	1059433.00
10	Himachal Pradesh	513	253163.00
11	Jammu & Kashmir	599	321999.00
12	Jharkhand	40	503184.00
13	Karnataka	2932	1096699.00
14	Kerala	1762	550273.00
15	Madhya Pradesh	5281	981236.00
16	Maharashtra	5662	3282155.00
17	Manipur	156	59731.00
18	Meghalaya	114	75364.00
19	Mizoram	76	38583.00
20	Nagaland	119	31914.00
21	Orissa	1714	765642.00
22	Punjab	1603	1690343.00
23	Rajasthan	3881	2056866.00
24	Sikkim	45	35937.00
25	Tamil Nadu	3793	2566614.00
26	Tripura	181	63295.00
27	Uttar Pradesh	3306	1961967.00
28	Uttaranchal	92	421550.00
29	West Bengal	1486	1197948.00
30	DVC	1	48726.00
31	Generation Pvt.	25	880443.00
32	CCI-Pvt. Party	0	1519.00
33	Pvt. Party Transmission	2	98868.00
34	NEEPCO	0	10000.00
35	Puducherry-UT	2	12507.00
	Total	45495	26677559.00

TABLE-4
STATEMENT SHOWING STATE-WISE AND PROGRAMME-WISE DISBURSEMENTS AND REPAYMENT BY BORROWERS DURING
THE YEAR 2009-10 AND OUTSTANDINGS AS ON 31-03-2010

(Rs. In Lacs)

Sl. No.	Name of State	Transmission & Distribution	Generation	RGVY	STL/Debt Ref	Total disbursement for the year 2009-10	Disbursed upto the end of the year	Repayments		Outstanding at the end of the year 2009-10
								During the year	upto the end of year	
1	Andhra Pradesh	99608	54306	506	0	154420	1439350	63463	639387	799963
2	Arunachal Pradesh	385	0	203	0	588	22597	4330	13843	8754
3	Assam	0	0	4959	0	4959	37870	21832	26477	11393
4	Bihar	0	0	7536	0	7536	65054	12	22348	42706
5	Chhattisgarh	5274	19480	0	0	24754	310815	30557	79276	231539
6	Goa	0	0	0	0	0	1479	0	1479	0
7	Gujarat	1634	28148	808	0	30590	642679	24255	464084	178595
8	Haryana	163830	21547	673	60000	246050	625340	35480	166494	458846
9	Himachal Pradesh	5789	10892	1232	0	17913	209766	19983	95757	114009
10	Jammu & Kashmir	2491	16500	3620	0	22611	115031	7317	47434	67597
11	Jharkhand	3704	0	6369	0	10073	134757	0	15334	119423
12	Karnataka	14783	0	445	0	15228	417257	15216	284156	133101
13	Kerala	0	2633	121	30000	32754	371422	22061	307027	64395
14	Madhya Pradesh	8335	25648	3318	0	37301	263768	6571	146038	117730
15	Maharashtra	176432	203236	1927	0	381595	1536191	32332	619807	916384
16	Manipur	0	0	606	0	606	16446	26	3095	13351
17	Meghalaya	0	0	1255	0	1255	42655	54	12221	30434
18	Mizoram	0	611	799	0	1410	25345	10495	15153	10192
19	Nagaland	2698	0	580	0	3278	17693	562	6904	10789
20	Orissa	5581	5638	10917	0	22136	138879	451	92004	46875
21	Punjab	58514	11984	0	35000	105498	844335	76915	409312	435023
22	Rajasthan	151162	500	1813	29000	182475	1311707	50607	515504	796203
23	Sikkim	0	53986	444	0	54430	123930	153	2979	120951
24	Tamil Nadu	67172	163678	1329	75000	307179	950648	52206	236264	714384
25	Tripura	0	0	481	0	481	11871	508	11055	816
26	Uttar Pradesh	45463	64934	1995	150000	262392	960151	78441	440447	519704
27	Uttanchal	6080	6000	978	0	13058	252005	14715	48410	203595
28	West Bengal	16781	150027	5870	0	172678	461259	10979	31858	429401
29	Wind Energy	0	0	0	0	0	3013	1133	1291	1722
	Total	835716	839748	58784	379000	2113248	11353313	580654	4755438	6597875
	RGVY Subsidy					599466				
	Grand Total					2712714				

TABLE-5
PUMPSETS ENERGISED UNDER THE PROJECTS FINANCED BY REC DURING 2009-10 AND
CUMULATIVE POSITION UPTO 31.3.2010

(Provisional)

Sl.No.	State	Achievement during 2009-10	Cumulative Achievement upto 31.3.2010
1	Andhra Pradesh	88604	1823233
2	Arunachal Pradesh	—	—
3	Assam	—	1922
4	Bihar	—	113354
5	Delhi	—	—
6	Goa	—	—
7	Gujarat	—	420456
8	Haryana	6313	230241
9	Himachal Pradesh	—	5935
10	Jammu & Kashmir	2082	12709
11	Jharkhand	—	—
12	Karnataka	—	862387
13	Kerala	—	340882
14	Madhya Pradesh	—	1054106
15	Chhatisgarh	—	—
16	Maharashtra	95409	1890468
17	Manipur	—	29
18	Meghalaya	—	58
19	Mizoram	—	—
20	Nagaland	—	164
21	Orissa	—	63015
22	Punjab	18021	501847
23	Rajasthan	1168	491075
24	Sikkim	—	—
25	Tamil Nadu	28423	1075093
26	Tripura	—	1530
27	Uttar Pradesh	—	379544
28	Uttarakhand	—	—
29	West Bengal	—	82202
	Total:	240020	9350250

TABLE-6
DETAILS OF PROJECTS SANCTIONED IN X PLAN AND XI PLAN UNDER RGGVY

Sl. No.	State	Projects Sanctioned in X Plan							Projects Sanctioned in XI Plan							Total Projects Sanctioned							Amount in Rs. crore		
		No. of Projects	No. of Districts	No. of un-electrified villages covered	No. of electrified villages covered	No. of un-electrified b/h covered (Incl. BPL)	No. of BPL households covered	Total Project Cost	No. of Projects	No. of Districts**	No. of un-electrified villages covered	No. of electrified villages covered	No. of un-electrified b/h covered (Incl. BPL)	No. of BPL households covered	Total Project Cost	No. of Projects	No. of Districts	No. of un-electrified villages covered	No. of electrified villages covered	No. of un-electrified b/h covered (Incl. BPL)	No. of BPL households covered	Total Sanctioned Project Cost			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23			
1	Andhra Pradesh	17	17	0	21623	3166161	2114317	648.15	9	5	0	5858	787967	477823	191.94	26	22	0	27481	3954128	2592140	840.09			
2	Arunachal Pradesh	2	2	237	321	7230	4377	43.30	14	14	1892	1435	69177	36433	494.39	16	16	2129	1756	76407	40810	537.69			
3	Assam	3	3	903	1746	190663	148971	158.03	20	20	7622	11584	1224165	842685	1501.97	23	23	8525	13330	1414828	991656	1660.00			
4	Bihar	26	25	17125	0	843499	843499	1495.80	17	13	6086	6651	5178537	1918956	1480.09	43	38	23211	6651	6022036	2762455	2975.89			
5	Chhattisgarh	3	3	117	3504	270085	122326	148.94	11	11	1015	12829	1015460	654839	956.27	14	14	1132	16333	1285545	777165	1105.21			
6	Gujarat	3	3	0	2409	243397	188471	60.84	22	22	0	15525	1352456	766679	299.59	25	25	0	17934	1595853	955150	360.43			
7	Haryana	4	4	0	1075	116814	49198	48.48	14	14	0	4910	452872	174875	148.92	18	18	0	5985	569686	224073	197.40			
8	Himachal Pradesh	1	1	0	1118	2531	647	25.02	11	11	93	9548	33948	11801	180.23	12	12	93	10666	36479	12448	205.25			
9	J & K	3	3	103	1444	99088	59731	97.62	11	11	180	4606	196133	76999	538.31	14	14	283	6050	295221	136730	635.93			
10	Jharkhand	13	13	8727	4379	1469520	942319	1287.67	9	9	11010	3243	1456740	749478	1374.94	22	22	19737	7622	2026260	1691797	2662.61			
11	Karnataka	17	17	49	21152	1319939	631828	375.39	8	8	83	7039	612858	260111	224.71	25	25	132	28191	1932797	891939	600.10			
12	Kerala	1	1	0	38	23799	17834	19.75	6	6	0	592	68937	38517	114.57	7	7	0	630	92736	56351	134.32			
13	Madhya Pradesh	8	8	115	9653	565912	311295	395.57	24	24	691	24441	2087624	1064947	1137.77	32	32	806	34094	2653536	1376242	1533.34			
14	Maharashtra	4	4	0	4052	355590	262538	78.86	30	30	6	36240	2278152	1613853	634.58	34	34	6	40292	2633742	1876391	713.44			
15	Manipur	2	2	186	270	25136	14447	64.07	7	7	696	1108	167012	92922	293.72	9	9	882	1378	192148	107369	357.79			
16	Meghalaya	2	2	174	797	41495	23676	45.99	5	5	1769	2739	147153	92771	244.42	7	7	1943	3536	188648	116447	290.41			
17	Mizoram	2	2	90	209	15331	8618	41.75	6	6	47	361	29003	18799	62.50	8	8	137	570	44334	27417	104.25			
18	Nagaland	2	2	12	279	21701	14290	16.25	9	9	93	873	121291	55610	94.92	11	11	105	1152	142992	69900	111.17			
19	Orissa	4	4	2602	4637	598625	335080	434.10	27	26	15293	24355	4259667	2850783	3141.01	31	30	17895	28892	4858292	3185863	3575.11			
20	Punjab	0	0	0	0	0	0	0	17	17	0	11840	405023	148860	154.59	17	17	0	11840	405023	148860	154.59			
21	Rajasthan	25	24	1705	15608	1009310	699951	453.23	15	9	2749	19233	1220132	1050167	801.26	40	33	4454	34841	2229442	1750118	1254.49			
22	Sikkim	2	2	16	158	10320	3724	26.09	2	2	9	260	17846	7734	31.01	4	4	25	418	28166	11458	57.10			
23	Tamil Nadu	0	0	0	0	0	0	0	26	26	0	12416	1692235	545511	447.41	26	26	0	12416	1692235	545511	447.41			
24	Tripura	1	1	48	72	20548	13119	19.57	3	3	112	570	208211	181611	111.89	4	4	160	642	228759	194730	131.46			
25	Uttar Pradesh	64	65	30802	3287	1694075	1120648	2719.51	0	0	0	0	0	0	0.00	64	65	30802	3287	1694075	1120648	2719.51			
26	Uttaranchal	13	13	1469	14105	357309	281615	643.89	0	0	0	0	0	0	0.00	13	13	1469	14105	357309	281615	643.89			
27	West Bengal	13	13	4283	0	145918	97847	385.03	15	4	290	24775	3828087	2601887	1959.60	28	17	4573	24775	3974005	2699734	2344.63			
	Total	235	234	68763	111936	12613906	8310366	9732.90	338	312	49736	243031	28910686	16334651	16620.61	573	546	118499	354967	41524682	24645017	26333.51			

** Districts covered under 10th plan projects have not been considered.

TABLE-7
STATE WISE DETAILS OF ACHIEVEMENT OF ELECTRIFICATION WORKS IN UN-ELECTRIFIED VILLAGES & RELEASE OF FREE ELECTRICITY CONNECTIONS TO BPL HOUSEHOLDS UNDER RGGVY.

Sl. No.	State	Achievement up to 2008-09		Achievement in 2009-10		Cumulative Achievement	
		Un-electrified Villages	BPL HH	Un-electrified Villages	BPL HH	Un-electrified Villages	BPL HH
1	2	3	4	5	6	7	8
1	Andhra Pradesh	0	1778772	0	566518	0	2345290
2	Arunachal Pradesh	0	0	215	967	215	967
3	Assam	735	32718	1198	189816	1933	222534
4	Bihar	16460	542097	2584	560985	19044	1103082
5	Chhattisgarh	50	90894	48	145990	98	236884
6	Gujarat	0	194627	0	85931	0	280558
7	Haryana	0	23837	0	69453	0	93290
8	Himachal Pradesh	0	392	0	148	0	540
9	Jammu & Kashmir	46	7986	22	14163	68	22149
10	Jharkhand	6192	246656	7088	555289	13280	801945
11	Karnataka	58	600782	0	134949	58	735731
12	Kerala	0	9990	0	6131	0	16121
13	Madhya Pradesh	84	77125	5	75477	89	152602
14	Maharashtra	0	202002	0	429026	0	631028
15	Manipur	93	3356	35	1640	128	4996
16	Meghalaya	90	1264	47	17832	137	19096
17	Mizoram	0	0	0	378	0	378
18	Nagaland	0	0	14	4368	14	4368
19	Orissa	1427	144128	5870	650678	7297	794806
20	Punjab	0	0	0	19507	0	19507
21	Rajasthan	1786	493105	773	208695	2559	701800
22	Sikkim	0	0	0	66	0	66
23	Tripura	0	0	13	22085	13	22085
24	Tamil Nadu	0	296	0	383533	0	383829
25	Uttar Pradesh	27680	698839	56	157263	27736	856102
26	Uttanchal	1401	133292	80	72382	1481	205674
27	West Bengal	3780	96400	326	345198	4106	441598
	Total	59882	5378558	18374	4718468	78256	10097026

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

[Pursuant to Clause 49 (IV) (F) of the Listing Agreement]

1. INDUSTRY STRUCTURE

During the fiscal 2010 a total of 9585 MW of generation capacity was added. The country's power deficit was marginally lower than that of previous year at 10.1 per cent of the total demand. The peak power deficit during the fiscal year was, however, marginally higher than previous year at 12.7% of the peak demand.

So far during the first three years of the 11th five year plan, the installed generation capacity has grown from 132.33 GW at the end of fiscal 2007 to 159.4 GW at the end of fiscal 2010 representing an addition of 27068 MW. The target capacity addition during the 11th plan has been kept at 78700 MW. According to the Report of the Working Group on Power for Eleventh Plan of the GoI (fiscal 2008 to fiscal 2012), the overall requirement of funds for the power sector has been estimated at Rs. 10,316,000 million. For the Twelfth Plan period, CEA estimates that in order to meet the projected demand requirement by 2017, capacity addition of 100,000 MW would be required; and including additions required in expanding transmission and distribution systems, the total fund requirement for the plan period would be about Rs. 11,000,000 million.

Generation

The installed generation capacity increased by 9585 MW during fiscal 2010 with 2180 MW added in the Central sector, 3118 MW added in the State sector and 4287 MW added in the Private sector. The total installed generation capacity was 159398 MW at the end of March 2010.

(Units in MW)

Sector	Installed Capacity at the end of 10 th Plan (2007)	Installed Capacity as on 31.10.2010	Increase in Installed Capacity so far in 11 th plan	Target Capacity Addition during 11 th Plan (2012)
State	70096	79392	9296	26783
Central	45121	50992	5871	36874
Private	17113	29014	11901	15043
Total	132330	159398	27068	78700

*Source CEA report

In addition to the above there is a captive generating capacity of 19509 MW, connected to the grid.

Transmission

About 15583 ckm of transmission lines were added in the fiscal 2010 in the country with total length aggregating about 2.36 lakh ckm at the end of fiscal 2010. The installed length of transmission lines at the end of 10th plan i.e. fiscal 2007 was about 1.98 lakh ckt kms. The substation transformation capacity at 400 kV and 220 kV level aggregated 3.06 lakh MVA excluding 4500 MVA of 765kV transformation capacity, at the end of fiscal 2010.

Investments for transmission system development and

related schemes during the Eleventh Plan period is estimated at Rs. 1,400,000 million, with Rs. 750,000 million being required for the central sector and Rs. 650,000 million being required for the state sector. Further, CEA estimates that in the 12th plan the funds requirement for transmission sector would be about Rs. 2,400,000 million, with Rs. 1,400,000 million being required for the central sector and Rs. 1,000,000 million being required for the state sector.

The focus of transmission system development is to provide adequate inter-regional and intra-regional transmission capacity so as to consolidate and strengthen the national grid network towards a strong all-India grid. GoI's transmission perspective plans focus on the creation of a national grid in a phased manner by adding over 60,000 ckm of transmission network by 2012.

Distribution

The total fund requirement for sub-transmission and distribution system development for urban and rural areas, during the eleventh Plan period is estimated at Rs. 2,870,000 million inclusive of APDRP and RGGVY schemes. Further, CEA estimates that for the 12th five year plan period, the total fund requirement for the Distribution sector, would be about Rs.3,710,000 million.

The R-APDRP scheme (Restructured APDRP) seeks to address the issue of limited resources with the SEBs and State Public Utilities and their resultant inability to upgrade the distribution network. R-APDRP focuses on actual, demonstrable performance in terms of sustained loss reduction and proposes to cover urban areas - towns and cities with population of more than 30,000 (10,000 in case of special category states). In addition, in certain high-load density rural areas with significant loads, works of separation of agricultural feeders from domestic and industrial ones, and of High Voltage Distribution System (11kV) will also be taken up. The **Part-A** of R-APDRP aims at preparation of Base-line data for the project area covering Consumer Indexing, GIS Mapping, Metering of Distribution Transformers and Feeders, and Automatic Data Logging for all Distribution Transformers and Feeders and SCADA / DMS system etc. **Part-B** aims at renovation, modernization and strengthening of 11 kV level Substations, Transformers/Transformer Centers, Re-conductoring of lines at 11kV level and below and upgradation of the entire last mile distribution infrastructure.

GoI provides 100% Loan for part-A of the R-APDRP schemes and upto 25% (90% for special category States) Loan for part-B of the R-APDRP schemes for which funds would be channelized through PFC / REC. The entire amount of GoI loan for part-A of the project is converted into grant after establishment of the required base-line data system within a stipulated time frame and duly verified by third party inspection agencies. Part-B loans to the extent of 50% (90% for special category States) are converted into grant in five equal tranches on achieving 15% AT&C loss in the project area duly verified by third party inspection agencies, on a sustainable basis for a period of five years.

The performance orientation built into the R-APDRP is expected to incentivise and accelerate investments in distribution infrastructure, and result in faster accomplishment of loss reduction goals.

Policy Environment in Power Sector

The power sector reforms have evolved over a period of time. The introduction of Electricity Act, 2003 modified the legal framework governing the electricity sector, and set the stage for attracting capital for large scale power projects. The National Electricity Policy, was notified in February 2005, which defined the broad goals with the following key features (i) access to Electricity for all households in the next five years; (ii) energy and peaking shortages to be overcome and power demand to be fully met by 2012 (iii) Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates (iv) Minimum lifeline consumption of 1 unit / household / day as a merit good by year 2012 (v) Financial turnaround and commercial viability of the electricity sector; and (vi) Protection of consumer interests. The National Tariff Policy was notified in January 2006, which aimed to ensure financial viability of the power sector, attract investments, ensure availability of electricity to consumers at reasonable rates, and promote transparency and consistency in regulatory approach for tariff setting. An Appellate Tribunal for electricity also became functional since July 2005. Further, distribution reforms were identified as the key area to bring about the efficiency and improve financial health of the power sector. Among other various initiatives, the GoI approved a scheme called “Accelerated Power Development and Reforms Programme (APDRP)” in March 2003 which has been re-launched as R-APDRP by making it more performance-based and financially attractive. The Rural Electrification Policy was notified in August 2006, with the objective of improving access and quality of electricity supply in rural areas to ensure rapid economic development by providing electricity as an input for productive uses in agriculture, rural industries etc. The Rajiv Gandhi Grameen Vidyutthikaran Yojana (RGGVY) which was launched by the Government of India in April 2005 aimed to establish (i) Rural Electricity Distribution Backbone (REDB) with at least a 33/11 KV sub-station; (ii) Village Electrification Infrastructure (VEI) with at least one Distribution transformer in a village or hamlet; and (iii) Stand alone grids with generation where grid supply is not feasible. Subsidy towards capital expenditure to the tune of 90% is canalised through REC, which is a nodal agency for implementation of the scheme. Electrification of un-electrified Below Poverty Line (BPL) households is financed with 100% capital subsidy @ Rs. 1500/- per connection in all rural habitations as per Kutir Jyoti norms. The Management of Rural Distribution is undertaken through franchisees. A three-tier quality monitoring has been built into the scheme. RGGVY has thus resulted in huge investments in providing electricity connections in rural India.

The regulatory environment has been quite dynamic in enabling the power infrastructure sector. During the year CERC amended the interstate Open Access regulations keeping in view its importance in carrying forward reforms in power sector. CERC also notified the Transmission License Regulations, 2009 which stipulate that the empowered committee shall identify the projects to be developed under the competitive bidding guidelines, as well as specify the

eligibility criteria, procedure and the terms and conditions for the grant of transmission license. CERC also notified Tariff Regulations for electricity generated from Renewable Energy sources, which are expected to promote new investments so that renewable electricity supply could expand. The normative Return on Equity has been specified at 19% (pre-tax) per annum for the first 10 years and 24% (pre-tax) per annum from 11th years onwards. Steps have also been taken to address the issue of mismatch between renewable resources availability in the local region and the renewable purchase obligations, as also to implement the Renewable Energy Certificate (REC) mechanism as an alternative route for fulfilling renewable purchase obligations.

The above policy initiatives have addressed multifarious issues concerning the power sector in India and will continue to guide it to higher levels.

2. OPPORTUNITIES

The 11th plan period (fiscal 2008-2012) target investments in power infrastructure stand at 10316 Billion INR. CEA estimates addition of 100000 MW generation capacity during the 12th plan period (fiscal 2013- 2017) which together with related transmission and distribution infrastructure is estimated to require funding of over 11000 Billion INR. Therefore the power sector is expected to remain vibrant and attract significant investments in the foreseeable future. As a nodal agency for monitoring and channelizing funds under the RGGVY programme REC continues to take up the socio-economic responsibility of village electrification and contribute to the mission of ‘Power for all by 2012’.

3. PRODUCT-WISE PERFORMANCE

REC as a leading Public Financial Institution provides interest bearing loans to SEBs, State Power Utilities/State Power Departments and Private sector for development of all segments of Power infrastructure. The Company has already devised and continuously modifies/updates/extends loan portfolios to suit the emerging requirements of the borrowing power utilities.

During the year, the Company has sanctioned loan assistance of Rs.45,357 crore and disbursed Rs.27,127 crore (including subsidy of Rs. 5,995 crore under RGGVY) in line with the mandate given by the Govt. enlarging the areas of operation of the Company to cover financing of all projects in Power Sector. The major component of the sanctions of the Company was for Generation schemes with total sanction amount of Rs.24,031 crore. In addition an amount of Rs. 16,881 crore under Transmission and Distribution (T & D) schemes, Rs.4,090 crore under Short Term Loan, Rs.319 crore under IC & D projects and Rs.35 crore under RGGVY were sanctioned. The disbursement includes Rs. 8,349 crore under Generation, Rs.8,405 crore under T & D schemes, Rs.3,790 crore under Short Term Loan and Rs. 6,583 crore (including subsidy of Rs. 5,995 crore) under RGGVY.

4. THREATS, RISKS AND CONCERNS

Our company has a significant concentration of outstanding loans to State Electricity Boards and State Utilities and if our loans to these borrowers become non-performing, the quality of our asset portfolio may be adversely affected. Our ability to borrow from various banks may be restricted by

changes in guidelines issued by the RBI imposing restrictions on banks in relation to their exposure on NBFCs, including us, that may adversely affect our growth and margins. The power sector financing industry is also becoming increasingly competitive and our profitability and growth will depend on our ability to compete effectively and maintain a low effective cost of funds.

5. OUTLOOK

Record capacity additions have been targeted in the 11th plan at 78700 MW and CEA estimates addition of 100000 MW in the 12th plan. Thus in the 10 year period of the 11th and 12th plans put together power infrastructure is likely to see investments of over INR 21,316 Billion. The thrust on rural electrification, renewable energy and decentralised distributed generation continues. As the economy continues to grow, the energy consumption in the country is also growing. Therefore the outlook for the sector continues to remain bright and vibrant

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has formulated various policies and procedures, as part of its Internal Control System, for orderly and efficient conduct of its business, including adherence to management's policies, safeguarding of assets, prevention and detection of fraud and error, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has a separate Internal Audit Division which verifies compliance to the policies and procedures framed by the management. The Internal Audit Division covers all areas of operations of REC as per the Annual Internal Audit Programme. The Division helps in improving accuracy and efficiency of transactions and operations by undertaking review of controls in built, scrutiny of payments and expenditure, and examination of financial and technical records of the Company.

The audit of various Zonal Offices / Project Offices / CIRE located in different parts of the country and various divisions of the Company at the Corporate Office are also carried out on bi-annual, annual and biennial basis.

7. DISCUSSION ON FINANCIAL PERFORMANCE IN RESPECT OF OPERATIONAL PERFORMANCE

The loan sanctioned during the year 2009-10 was Rs.45357.36 crore as compared to Rs.40745.84 crore during the year 2008-09 (excluding subsidy under RGGVY). The disbursement during the year also increased to Rs.27127.24 crore as compared to Rs.22277.86 crore during the year 2008-09 (including subsidy under RGGVY).

The amount due for recovery during the year 2009-10 was Rs.12461.02 crore as compared to Rs. 9788.90 crore during the previous year. The overdues from defaulting Borrowers was Rs.166.60 crore as on 31.3.2010. The Company recovered a total sum of Rs.12496.12 crore during the year 2009-10 as against Rs. 9796.97 crore during the previous year.

During the financial year, the Company registered an increase of Rs.1792.59 crore in operational income which went up to Rs. 6549.76 crore in 2009-10 from Rs. 4757.17 crore during the year 2008-09. Profit before tax was at Rs.2649.19 crore in 2009-10 in comparison to Rs.1920.11 crore in 2008-09. Net profit of the company in 2009-10 is Rs.2001.42 crore, an increase of Rs.729.34 crore over the previous year. Net worth of the Company as on 31st March, 2010 is Rs.11080.33 crore.

8. MATERIAL DEVELOPMENT IN HUMAN RESOURCE / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

In order to professionalize the Executive strength of REC and also to infuse fresh blood, 09 Executives were appointed in REC through open advertisement and 16 Executives through campus recruitment during the year / period from 1.4.2009 to 31.3.2010.

The total manpower at the close of the financial year 2009-10 i.e. on 31.3.2010 was 673 which includes 370 Executives and 303 Non-executives.

The company sponsored 95 employees to various training programmes, workshop etc. within the country and abroad. In addition, 18 training programmes were conducted in house, which were attended by 479 employees including 7 programmes at CIRE, Hyderabad exclusively for REC employees. Taken together, these initiatives enabled the Company to significantly out-perform MOU targets (as against 1300 man days we achieved a figure of 2342 for the year). In order to develop global exposure, several officers were sent to attend various programmes abroad to countries viz. Japan, Geneva, Bangladesh etc.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Following is the CSR Policy as approved by the Board of Directors of REC in May, 2008.

"To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including consumers, share holders, employees, local community and society at large."

Towards the above objective, REC set aside a sum equivalent to 0.25 % of Profit after Tax (PAT) of previous fiscal, i.e Rs 318 lakh as allocation towards CSR activities for fiscal 2010. A separate society by the name "REC Foundation" has been constituted to take up the CSR work in a strategic and exclusive manner. A number of proposals are in various stages including a project to support children who are/have been victims of communal disruption across the country. Called "Project Assist" this project is being implemented by the National Foundation for Communal Harmony (NFCH). In another initiative, REC sponsored construction of a Training Centre for physically handicapped persons", to provide vocational training to them. The project is being implemented by Amar Seva Sangam, Chennai. In another project, REC has contributed three vehicles for distribution of food under the mid-day meal program for children of government schools.

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 Corporate Governance as per Listing Agreement, as a Government Company- Guidelines on Corporate Governance issued by Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India, are also followed by the Company.

A brief report on Corporate Governance is given below and the Auditors Certificate in compliance with the provisions of Corporate Governance is also enclosed separately:-

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE.

REC is committed to good Corporate Governance supported by appropriate transparent systems and practices to protect promote and safeguard the interests of all its stakeholders.

REC is also committed to facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.

REC is committed to act 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.

2. BOARD OF DIRECTORS

(A) Composition of Board:

The Board of Directors of REC comprises of **Eight** Members out of which **Three** are Executive Directors including the Chairman and Managing Director and there are Five Non Executive Directors out of which one is the nominee of the Government of India and Four are Independent Directors. The Directors bring to the Board wide range of experience, knowledge and skills. Brief profile of the Directors is set out elsewhere in the Annual Report.

The composition of the Board as on the date of the Report is as follows:

Executive Directors

Dr. J.M. Phatak	- Chairman and Managing Director (CMD)
Shri H.D. Khunteta	- Director (Finance)
Shri Guljit Kapur	- Director (Technical)

Non-Executive Directors

Shri Devender Singh	- Government Nominee Director
Shri Venugopal N. Dhoot	- Independent Director
Dr. M. Govinda Rao	- Independent Director
Shri P.R. Balasubramanian	- Independent Director
Dr. Devi Singh	- Independent Director

(B) Non Executive Directors compensation and disclosures

The Board of Directors in its Meeting held on 23.03.2009, decided to pay following as sitting fees to non-Executive/ Independent Directors:-

Sl No.	Meetings	Amount (in Rs)
1.	Board Meetings	15,000
2.	Committees Meetings	15,000

(C) Other provisions as to Board and Committees

(i) Details of Board Meetings held during the Financial Year 2009-10

During the Financial Year 2009-10, 15 Board Meetings were held i.e on 20.04.2009, 25.05.2009, 15.07.2009, 28.07.2009, 01.09.2009, 19.09.2009, 16.10.2009, 29.10.2009, 24.11.2009, 01.12.2009, 30.12.2009, 13.01.2010, 23.01.2010, 16.02.2010 and 19.03.2010.

The maximum time gap between two Board Meetings was less than four months. The Board has complete access to all the relevant information within the Company including those prescribed in the Listing Agreement. The Company

(ii) Details of Number of Board Meetings attended by Directors, attendance at last AGM, number of other Directorships (in Public Limited Companies) /Committee Memberships (viz Audit Committee and Shareholders Grievance Committee) (other than REC), held by Directors during the year 2009-10 are tabled below:-

Sl. No.	Name of Director	Board Meetings		Attendance at Last AGM (held on 19.09.2009)	No. of other Directorships as on 31.03.2010	No. of other Committee Memberships as on 31.03.2010	
		Held during the tenure	Attended			As Chairman	As Member
1.	Shri P. Uma Shankar, Chairman & Managing Director*	15	15	Yes	3	Nil	Nil
2.	Shri H.D. Khunteta, Director (Finance)	15	15	Yes	Nil	Nil	Nil
3.	Shri Guljit Kapur, Director (Technical)	15	15	Yes	Nil	Nil	Nil
4.	Shri Devender Singh, Govt. Nominee Director	15	12	Yes	1	Nil	Nil

5.	Shri Venugopal N. Dhoot, Independent Director	15	3	No	11	1	1
6.	Dr. M. Govinda Rao, Independent Director	15	13	Yes	1	Nil	Nil
7.	Shri P.R. Balasubramanian, Independent Director	15	13	Yes	1	1	Nil
8.	Dr. Devi Singh, Independent Director	15	14	Yes	1	Nil	Nil

* Shri P. Uma Shankar relinquished charge as CMD, REC w.e.f. 15-06-2010 (FN). Dr. J.M. Phatak was appointed as Chairman and Managing Director of the Company w.e.f. 15th June, 2010 (AN).

None of the Directors on the Board is a member of more than 10 Committees.

has defined procedures for meetings of the Board of Directors and Committees thereof so as to facilitate decision making in an informed and efficient manner.

(iii) Compliance with Applicable Laws:

The Board of Directors in their Meeting held on 29.03.2007 perused an indicative list of laws applicable to the Company and identified the Officers responsible for compliance with such applicable laws. Further, in the Board Meeting held on 21.02.2009, Board reviewed the format thereby including the factual details of nature of statutory compliance as applicable and the dates/details of the compliance of the same during the quarter. The Board had reviewed the compliance with the applicable laws based on quarterly report submitted to it and there have been no case of non-compliance as on 31.03.2010.

(D) Code of Conduct

The Board of Directors has laid down a code of conduct for the Board members and Senior Management Personnel 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 Conduct is available on the website of the Company i.e. www.recindia.nic.in.

Declaration required under Clause 49 of the Listing Agreement

All the members covered under the "Code of Conduct for Board Members and Senior Management" have affirmed compliance with the said code for the Financial year 2009-10.

Sd/-
P. Uma Shankar
 Chairman and Managing Director

(E) Code for Prevention of Insider Trading

In terms of Securities and Exchange Board of India (Insider Trading) Regulations, 1992, the Company has formulated a comprehensive Code for Prevention of Insider Trading 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 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'. A Copy of the Code has been posted on the Company's website i.e. www.recindia.nic.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.

3. COMMITTEES OF THE BOARD OF DIRECTORS

3.1 The Committees constituted by the Board are as follows:

- Audit Committee
- Sub-Committee for Borrowings other than Debentures
- Sub-Committee for review of lending rates for REC Loans.
- Shareholders/Investors Grievances Committee
- Loan Committee
- HR Sub-Committee
- Remuneration Committee
- FPO Committee
- Sub-Committee for considering and recommending proposals for Equity Investment in Power Projects.

3.1.1 Audit Committee

(i) The current composition of the Audit Committee is as under:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Dr. M. Govinda Rao	Independent Director	Chairman
2.	Shri P.R. Balasubramanian	Independent Director	Member
3.	Dr. Devi Singh	Independent Director	Member

Director (Finance), Executive Director (Internal Audit) and the Joint Statutory Auditors are standing invitees in the Audit Committee meetings. Senior functional executives are also invited as and when required to provide inputs to the Committee.

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

- to comply with the requirements in accordance with Section 292A of the Companies Act;
- to comply with the requirements relating to the Audit Committee as envisaged in Clause 49 of the Listing Agreement and also to comply with the Guidelines on Corporate Governance issued by the Department of Public Enterprise (DPE), 2007 for CPSEs in a phased manner;
- to take on record and/or to review unaudited/audited quarterly/half-yearly/annual financial statements of the Company.

During the year 2009-10, seven Audit Committee Meetings were held on 24.05.2009, 15.07.2009, 28.07.2009, 01.09.2009, 29.10.2009, 12.11.2009 and 13.01.2010. Meetings attended by individual members during the year 2009-10 are detailed below:-

Name of the Director, Designation	Position in the Committee	No. of meetings held during his tenure	Meetings attended
Dr. M. Govinda Rao, Independent Director	Chairman	7	6
Shri P. R. Balasubramanian, Independent Director	Member	7	6
Dr. Devi Singh, Independent Director	Member	7	7

Dr. M. Govinda Rao, Chairman of the Audit Committee, was present at the last AGM held on 19.09.2009 to answer Shareholders queries.

3.1.2 Sub-Committee for Borrowings other than Debentures

The Sub-Committee of Board of Directors for Borrowings other than Debentures was constituted by the Board of Directors in their Meeting held on 29.04.2005. The current composition of Sub-Committee of Board of Directors for Borrowings other than Debentures is as follows:

Sl. No.	Name of the Director	Designation	Position in Committee
1	Dr. J.M. Phatak	CMD	Chairman
2.	Shri H.D Khunteta	Director (Finance)	Member
3.	Shri Guljit Kapur	Director (Technical)	Member

Quorum of the meeting is minimum 2 directors including CMD. During the year no Meeting was held.

3.1.3 Sub-Committee for review of lending rates for REC Loans

The Sub- Committee for review of lending rates was constituted by the Board of Directors in their Meeting held on 21.07.2006 for reviewing the lending rates of short term loans. Further the scope of work of the Committee was enlarged by the Board of Directors in their meeting held on 26.10.2006 to review the lending rates on term loans also. The current composition of Sub-Committee for review of lending rates is as follows:

Sl. No.	Name of the Director	Designation	Position in Committee
1	Dr. J.M. Phatak	CMD	Chairman
2.	Shri H.D Khunteta	Director(Finance)	Member
3.	Shri Guljit Kapur	Director (Technical)	Member

The quorum for the meetings is 2 directors including CMD. During the year Eight Meetings of the Sub-Committee were held on 16.04.2009, 20.05.2009, 11.08.2009, 10.09.2009, 18.09.2009, 23.09.2009, 21.10.2009, 09.12.2009.

3.1.4 Shareholders/Investors Grievances Committee

(i) Constitution of Shareholders/Investors Grievances Committee

This Committee specifically looks into the redressal of Shareholders and Investors complaints like transfer of shares, non receipt of Balance sheet, non receipt of declared dividend etc. The Committee is chaired by Shri Devender Singh, Government Nominee Director. The current composition of Shareholders/ Investors Grievances Committee is as under:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Shri Devender Singh	Government Nominee Director	Chairman
2.	Shri H.D Khunteta	Director(Finance)	Member
3.	Shri Guljit Kapur	Director(Technical)	Member

Registrar & Share Transfer Agents (RTAs) appointed by the Company are standing invitees at the Meetings of Shareholders/Investors Grievances Committee. During the year 2009-10, four meetings of the Shareholders/Investors Grievances Committee were held on 20.05.2009, 27.07.2009, 20.10.2009 and 13.01.2010 to review the grievance procedure and status of pending Shareholders/Investors grievances. Shri B.R.Raghuveer, ED & Company Secretary is the Compliance Officer of the Company in terms of clause 47 of the Listing Agreement.

(ii) Status of Shareholders/Investors Grievances

During the financial year ended 31st March, 2010, Company has attended to investors grievances expeditiously and promptly. Status of Shareholders/Investors Grievances for the Period from 01.04.2009 to 31.03.2010 related to Equity Shares/Listed Debt Securities is as follows:-

Pending at the beginning of the year	Nil
Received during the year	1832
Disposed off during the year	1832
Lying unresolved as on 31.03.2010	Nil

3.1.5 Loan Committee

The Loan Committee was constituted by the Board of Directors in its Meeting held on 26.05.2008. It has been constituted for sanction of loans:

- to Central/State Government Power utilities in excess of Rs. 150 crore but upto Rs 500 crore in each case, with an annual ceiling of upto Rs. 20,000 crore; and

- (ii) to Private Sector Power utilities in excess of Rs. 100 crore but upto Rs. 500 crore in each case, with an annual ceiling of upto Rs. 4000 crore.

The current composition of Loan Committee is as under:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Dr. J.M. Phatak	CMD	Chairman
2.	Shri H.D Khunteta	Director (Finance)	Member
3.	Shri Guljit Kapur	Director (Technical)	Member
4.	Shri Devender Singh	Government Nominee Director	Member

Quorum of the Committee is three Directors including Chairman and Government nominee Director. During the year 12 Meetings were held on 20.04.2009, 20.05.2009, 13.07.2009, 17.08.2009, 01.09.2009, 19.09.2009, 16.10.2009, 24.11.2009, 30.12.2009, 13.01.2010, 25.02.2010 and 19.03.2010.

3.1.6 HR Sub-Committee

The HR Sub-Committee was constituted by the Board of Directors in their Meeting held on 09.07.2008. It 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 such as Power Finance Corporation, NTPC etc. and submit the recommendations for approval of the Board.

The current composition of HR Sub- Committee is as follows:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Shri H.D Khunteta	Director (Finance)	Chairman
2.	Shri P.R. Balasubramanian	Independent Director	Member
3.	Dr. Devi Singh	Independent Director	Member

Shri Vinod Behari, ED (HR) is a standing invitee to the Committee. The quorum for the Committee is 2 members including chairman of the Committee. During the year no Meeting was held.

3.1.7 (i) Remuneration Committee as Per Listing Agreement

REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by President of India. Hence the Board does not decide the remuneration of Directors. **Therefore the Remuneration Committee of this kind is not constituted in the Company.** Independent Directors are paid only sitting fees at the rate fixed by the Board within the ceiling prescribed under the Companies Act, 1956 for attending the Board Meetings as well as Committee Meetings.

However, as required under the Corporate Governance Code, necessary disclosures with regard to remuneration of directors are made as follows:

- (A) Details of remuneration of Executive Directors of the Company during the financial year 2009-2010 are given below:

(Amount in Rupees)

Sl. No.	Name	Salary & Allowances	Other Benefits Incentive	Performance linked /Ex-gratia	Total
1.	Shri P. Uma Shankar, CMD	22,07,758	3,90,716	25,000	26,23,474
2.	Shri H.D. Khunteta, Director (Finance)	27,70,562	1,92,862	3,10,151	32,73,575
3.	Shri Guljit Kapur, Director (Technical)	20,35,531	1,66,909	2,03,702	24,06,142

- (B) Details of Payments towards sitting fees to Independent Directors during the Financial Year 2009-10 are given below:

(Amount in Rupees)

Sl. No.	Name of Part-time non-official Directors	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri Venugopal N. Dhoot*	3/-	—	3/-
2.	Dr. M. Govinda Rao	1,95,000	90,000	2,85,000
3.	Shri P.R. Balasubramanian	1,95,000	90,000	2,85,000
4.	Dr. Devi Singh	2,10,000	1,05,000	3,15,000

* Shri V.N. Dhoot is taking only Rupee One per meeting attended by him during the year as honorary payment.

- (C) Shri Devender Singh, Director being a Government nominee is not entitled to any remuneration and sitting fees by the Company.

(ii) Remuneration Committee as per DPE:

The Department of Public Enterprises (DPE) have vide Office Memorandum dated 26.11.2008, 9.2.2009 and 2.4.2009 notified the revision of pay scales for Board level and below Board level executives and Non-Unionised Supervisors w.e.f. 01.01.2007. DPE vide the aforesaid Office Memorandums has also directed that each CPSE will constitute a Remuneration Committee headed by an Independent Director which will decide the annual bonus/variable pool and policy for its distribution across the executives and Non Unionised Supervisors within the prescribed limits.

In accordance with the directions of DPE, the Board of REC has constituted a Remuneration Committee on 20.04.2009 to decide the Performance Related Payment for the year 2009-10 onwards.

The current composition of this Remuneration Committee is as follows:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Shri P.R. Balasubramanian	Independent Director	Chairman
2.	Shri H.D. Khunteta	Director (Finance)	Member
3.	Shri Guljit Kapur	Director (Technical)	Member

Quorum of the Committee is two Directors including Chairman and ED(HR) as Standing Invitee. During the year no Meeting was held.

3.1.8 FPO Committee

During the year under review the FPO Committee was constituted by Board of Directors in their Meeting held on 16.10.2009 to take all decisions relating to the Follow-on Public Offering .

The composition of the FPO Committee was as follows:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Shri P.Uma Shankar	CMD	Chairman
2.	Shri H.D. Khunteta	Director (Finance)	Member
3.	Shri Guljit Kapur	Director (Technical)	Member

Quorum of the Committee was two Directors including Chairman. During the year 5 Meetings were held on 25.01.2010, 14.02.2010, 25.02.2010 (two meetings on same day) and 05.03.2010. Subsequently the FPO Committee was dissolved by the Board of Directors at their meeting held on 19th May 2010.

3.1.9 Sub-Committee for considering and recommending proposals for Equity Investment in Power Projects.

During the year under review a Sub-Committee of the Board was formed in the 362nd Board Meeting held on 19th March, 2010 to examine and look into various aspects of the proposals of equity investment on detailed terms and conditions as considered appropriate and make recommendations to the Board for further consideration.

The composition of the Sub-Committee for considering and recommending proposals for Equity Investment in Power Projects is as follows:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Shri H.D. Khunteta	Director (Finance)	Chairman
2.	Shri Guljit Kapur	Director (Technical)	Member
3.	Dr. Devi Singh	Independent Director	Member

Quorum of the Committee is two members including Chairman. During the year no Meeting was held.

3.2 Committee constituted by CMD

The Board of Directors at its Meeting held on 20.04.2009 had authorized CMD to constitute a Committee of Directors to consider the following terms of reference:

- To work out the details and modalities regarding the revision of Perks and Allowances, Superannuation Benefits and Other items not specifically covered in the proposal to the Board of Directors in its 348th Meeting held on 20th April 2009.

- To make recommendations to the CMD with regard to revision of items mentioned in Sl. No. (i) above in line with the guidelines issued by the Department of Public Enterprises in respect of each of them.

Accordingly CMD has constituted a Committee of Directors to consider the aforesaid terms of reference with the following composition:

Sl. No.	Name of the Director	Designation	Position in Committee
1.	Shri P.R. Balasubramanian	Independent Director	Chairman
2.	Shri H.D. Khunteta	Director(Finance)	Member
3.	Shri Guljit Kapur	Director (Technical)	Member

Quorum of the Committee is two Directors including Chairman and ED(HR) as Standing Invitee. During the year no Meeting was held.

4. SHARE TRANSFER COMMITTEE

In addition to the Committees of the Board as detailed from 3.1.1 to 3.1.9 above there is a Share Transfer Committee comprising of Senior Officers. The Share Transfer Committee was reconstituted by Board of Directors in their Meeting held on 28.07.2008. The Committee has been 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.

The current composition of Share Transfer Committee is as follows:

Sl.No.	Name of the Officer	Designation
1.	Shri B.R. Raghunandan	ED & Company Secretary
2.	Shri Ajeet Kumar Agarwal	GM (Fin)- Resources

Registrar and Share Transfer Agent 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. The Minutes of the Board Meetings of Unlisted Subsidiary Companies were placed before the Board of REC for information. The Financial Results of Subsidiary Companies were reviewed by the Audit Committee of Board of Directors of REC. Further all significant transactions and arrangements entered into by the Subsidiary Companies were brought to the attention of Board of Directors of the Company.

6. ANNUAL GENERAL MEETINGS

No.	Year	Location	Date & Time	Whether any Special Resolution passed
38 th	2006-07	Registered Office, Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	27.09.2007 3.00 P.M.	No
39 th	2007-08	Air Force Auditorium Subroto Park Dhaula Kuan New Delhi-110010	24.09.2008 10.00 A.M	No
40 th	2008-09	Air Force Auditorium Subroto Park Dhaula Kuan New Delhi-110010	19.09.2009 11.00 A.M.	Yes

7. POSTAL BALLOT

The Company passed with requisite majority a Special Resolution through Postal Ballot for amendment to the Main Objects Clause of the Memorandum of Association(MOA) of REC for insertion of following additional Sub- clause No. 10 after existing Sub- clause 9 in Clause III(a) of the MOA.

“(10) To finance and to provide assistance for those activities having a forward and/ or backward linkage with power projects, (including but not limited to), such as development of coal and other mining activities for use as fuel in power projects, development of other fuel supply arrangements for the power sector, and to meet other enabling infrastructure facilities that may be required for the speedy and effective development of power sector.”

Mr. Sanjay Grover, FCA, FCS, Practicing Company Secretary, New Delhi, was appointed as Scrutinizer to conduct Postal Ballot voting process in a fair and transparent manner and to receive and scrutinize the completed Ballot Forms from the members.

The results of voting through Postal Ballot was declared at the 40th AGM of the Company held on 19th September 2009 in New Delhi. The details of voting through Postal Ballot are as under:

Sl. No.	Description	No. of Shareholders	No. of Shares	No. of votes
1.	Votes in favour	3,815	73,10,79,018	73,10,79,018
2.	Votes against	66	5,759	5,759
3.	Invalid votes	279	27,318	27,318

8. DISCLOSURES

- (i) There are no materially significant transactions with related parties i.e. promoters, directors or the management,

conflicting with the Company's interest. 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 passed against the Company by the statutory authorities in this regard.

- (ii) Whistle Blower policy is not a mandatory requirement. Company is yet to frame a policy in this regard.
- (iii) The Company affirms that no personnel have been denied access to the Audit Committee.
- (iv) The Company has adopted all suggested items to be included in the Report on Corporate Governance.
- (v) 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).
- (vi) There is no inter-se relationship between directors of the Company, as per declarations received.

Additional Disclosures as required under the Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises:

- (i) Items of expenditure debited in books of accounts, which are not for the purpose of the business: NIL
- (ii) Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management: NIL
- (iii) Administrative and office expenses as a percentage of total expenses for the year 2009-10 is 0.68% (Previous year 0.74%) and as a percentage of financial expenses for the year 2009-10 is 0.71% (Previous year 0.77%).

Information on adoption/non-adoption of non-mandatory requirements is given hereunder:

Non-Mandatory Requirements

- i. **The Board:** The Company is headed by an Executive Chairman. All the Independent Directors on the Board of the Company were appointed for the first time in December 2007/ January 2008 and the question of their tenure exceeding, in aggregate, a period of nine years does not arise.
- ii. **Remuneration Committee:** The appointment of Directors and payment of their remuneration are decided by the President of India as per the Articles of Association of the Company. There was no Remuneration Committee of the Company in the Financial Year 2009-10. However in accordance with the directions of DPE vide O.M. dated 26.11.2008, 9.2.2009 and 2.4.2009, the Board of REC has constituted a Remuneration Committee on 20.04.2009 to decide the annual bonus/variable pool and policy for its distribution across the executives and Non Unionised Supervisors within the prescribed limits.
- iii. **Shareholders Rights:** As of now there is no system of sending half yearly financial performance including summary of the significant events in the last six months to each household of shareholders. However the quarterly financial results of

the Company are published in leading newspapers and also hosted on the website of the Company.

- iv. **Audit Qualification:** There are no audit qualifications.
- v. **Training to Board Members:** It is need based.
- vi. **Mechanism for evaluating non-executive Board Members:** No mechanism in place.
- vii. **Whistle Blower Policy:** The Company has not accepted any separate “Whistle Blower” policy. However, under the provisions of “Policy for Prevention of Frauds” adopted by the Company, a Whistle Blower mechanism is in place for detection, prevention and reporting of fraud. This policy applies to any fraud or suspected fraud involving employees as well as shareholders, consultants, vendors, lenders, borrowers, contractors, outside agencies doing business with the Company, employees of such agencies, and/or any other parties with a business relationship with the Company. All reports of fraud or suspected fraud are investigated with utmost speed by the nodal officer(s) nominated for the purpose.

9. Means of Communication

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 Accounts, 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.

The Company also communicates with its institutional shareholders through investor conferences.

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, The Times of India, Hindustan Times, Hindustan Times (Hindi), Navbharat Times, Business Standard, Mint, Financial Express, Hindu etc. These results are also made available on Company’s Website at www.recindia.nic.in.

10. CEO/CFO certification

As required by Clause 49 of the Listing Agreement, a Certificate duly signed by Shri P. Uma Shankar, Chairman and Managing Director and Shri H.D. Khunteta, Director (Finance) was placed before the Board of Directors in its Meeting held on 19th May 2010 while consideration of the Audited Annual Accounts of the Company for the period ended 31.03.2010.

11. General Shareholder Information

(i) Annual General Meeting for 2009-10

Date	Time	Venue
8 th September, 2010	11.00 A.M.	Air Force Auditorium, Subroto Park, Dhaura Kuan, New Delhi- 110010

(ii) Financial Calendar for Year 2010-11:

Particulars	Date
Accounting Period	April, 1, 2010 to March, 31, 2011
Unaudited Financial Results for the first three Quarters	Announcement within 45 days from the end of the each quarter
Fourth Quarter Results	Announcement of Audited Annual Accounts within 60 days from the end of financial year
AGM (next year)	September 2011 (Tentative)

(iii) Payment of Dividend

A. Dividend for the financial year 2009-10

(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), the Company paid an Interim Dividend of Rs.3 per Equity Share (on the face value of Rs. 10/- each) in the month of January 2010 for the financial year 2009-10.

(2) Final Dividend Details:

The Board of Directors in its meeting held on 19.05.2010 has recommended a final dividend of Rs.3.50 per Share (on the face value of Rs.10/-each) for the year 2009-10 for approval of the shareholders in the ensuing Annual General Meeting to be held on 08.09.2010. The total dividend (including interim dividend) for the financial year 2009-10 will be Rs.6.50/- per share (on the face value of Rs.10/- each)

B. Dividend History for the last five years

Year	Total Paid –up Capital (Rs. in crore)	Total Amount of Dividend Paid (Rs. in crore)	Rate of Dividend (%)	Date of Payment (Interim & Final)
2004-05	780.60	234.50	30.04%	24 th February, 2005 (Interim) & 29 th September, 2005 (Final)
2005-06	780.60	191.26	24.50%	2 nd March, 2006 (Interim) & 25 th September, 2006 (Final)
2006-07	780.60	177	22.67%	5 th October, 2007 (Final)
2007-08	858.66	257.60	30%	1 st October, 2008 (Final)
2008-09	858.66	386.40	45%	5 th March, 2009 (Interim) & 25 th September, 2009 (Final)

(iv) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 26th August 2010 to 8th September 2010 (both days inclusive).

(v) Record Date for Payment of Final Dividend

The Record date for the Payment of Final Dividend for the Financial Year 2009-10 is 25th August 2010.

(vi) Listing on Stock Exchange

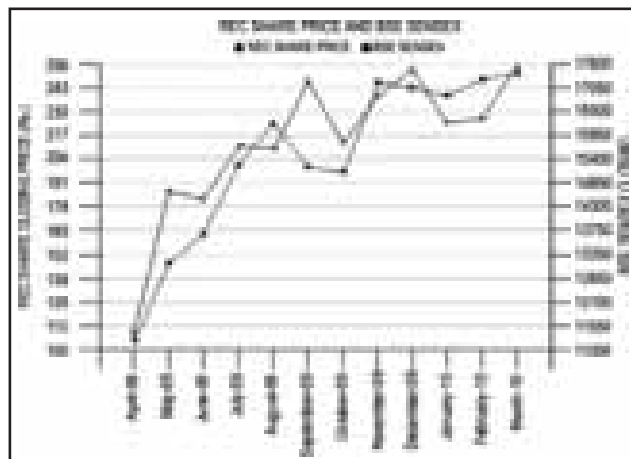
REC shares are listed on the following Stock Exchanges:

Sl. No	Name of the Stock Exchange	Scrip Code
1.	National Stock Exchange of India Limited (NSE)	RECLTD
2.	Bombay Stock Exchange Limited (BSE)	532955

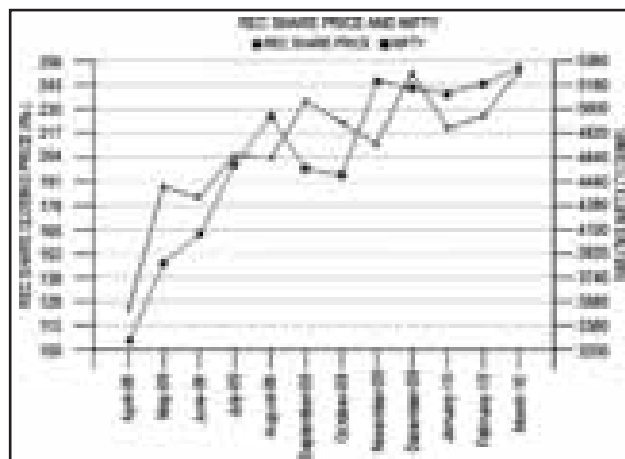
(vii) Stock Code: INE020B01018

(viii) Market Price Data**BSE**

Month	High (Rs.)	Low (Rs.)	Closing Price (Rs.)
April, 09	114.70	94.10	103.15
May, 09	154.20	104.50	147.20
June, 09	173.25	142.10	163.10
July, 09	207.80	147.20	203.05
August, 09	224.75	178.05	222.40
September, 09	225.00	191.30	201.65
October, 09	215.50	188.30	200.05
November, 09	247.00	192.15	244.80
December, 09	266.00	225.70	243.50
January, 10	274.50	232.20	240.20
February, 10	251.00	205.15	244.00
March, 10	257.20	225.05	249.90

**NSE**

Month	High (Rs.)	Low (Rs.)	Closing Price (Rs.)
April, 09	114.65	94.50	103.10
May, 09	154.20	104.20	146.50
June, 09	173.50	142.05	163.45
July, 09	207.80	147.05	202.70
August, 09	224.50	178.00	222.10
September, 09	224.65	190.60	201.40
October, 09	215.35	188.15	200.05
November, 09	247.35	198.00	244.95
December, 09	265.90	225.05	242.80
January, 10	274.80	232.20	239.65
February, 10	251.85	206.15	243.20
March, 10	257.10	230.00	250.65

**(ix) Registrar and Transfer Agents**

Karvy Computershare Private Limited
 Plot 17 to 24, Vittalrao Nagar, Madhapur,
 Hyderabad- 500081, India, Tel: 91 40 23420815-824
 Fax: 91 40 23420814, E-mail: einward.ris@karvy.com
 Website: www.karvy.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 M/s 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, Certificate 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.

(xi) Distribution of Shareholding

• Distribution of shareholding as on 31st March, 2010

Number of shares	Number of shareholders	% of shareholders	Total No. of shares	Amount (Rs.)	% of shares
1-5000	269338	97.72	25366362	253663620	2.57
5001-10000	3845	1.39	2596920	25969200	0.26
10001-20000	982	0.36	1414017	14140170	0.14
20001-30000	378	0.14	932458	9324580	0.10
30001-40000	195	0.07	687491	6874910	0.07
40001-50000	141	0.05	646038	6460380	0.07
50001-100000	225	0.08	1595990	15959900	0.16
100001 & Above	522	0.19	954219724	9542197240	96.63
Total	275626	100	987459000	9874590000	100

• Shareholding pattern as on 31st March, 2010

Category	Total no. of Shares	% to Equity
President of India	659607000	66.80
Banks	906411	0.09
HUF	1703013	0.17
Foreign Institutional Investor	176033824	17.83
Bodies Corporate	46503203	4.70
Non-Resident Indians	553542	0.06
Resident Individuals	34859233	3.53
Trusts	171482	0.02
Clearing Members	485702	0.05
Mutual Funds	48490447	4.91
Indian Financial Institutions	18144822	1.84
Foreign Nationals	200	Negligible
Overseas Corporate Bodies	121	Negligible
Total	987459000	100

(xii) Dematerialization of shares

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

Secretarial Audit Report which confirms that the total issued /paid-up 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 as on 31st March 2010 was obtained from Practicing Company Secretary and submitted to the Stock Exchanges within stipulated time.

Number of shares held in dematerialized and physical mode as on 31st March, 2010.

Category	No. of Holders	No. of shares	% of total Shares issued
Physical	6898	9301	Negligible
NSDL	195866	977563339	99
CDSL	72862	9886360	1
Total	275626	987459000	100

(xiii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversions date and likely impact on equity.

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

(xiv) Plant Locations: Not Applicable

(xv) Address for correspondence

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

(xvi) Company Secretary and Public Spokesperson

Shri B.R Raghunandan
Tel: 91 11 24367305
Fax: 91 11 24362039
E-mail: brraghu@recl.nic.in.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Rural Electrification Corporation Limited.

We have examined the compliance of conditions of Corporate Governance by Rural Electrification Corporation Limited, ("the Company") for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges and Clause 7.2.1 of Guidelines on Corporate Governance issued by the Department of Public Enterprises for Central Public Sector Enterprises (CPSEs).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Clause 7.2.1 of Guidelines on Corporate Governance issued by the Department of Public Enterprises for Central Public Sector Enterprises (CPSEs).

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have reviewed and found that no investor grievances were pending for a period exceeding one month as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bansal & Co.
Chartered Accountants

(D.S. Rawat)
Partner
Membership No. 83030
Firm Regn. No. 001113N

For K.G.Somani & Co.
Chartered Accountants

(Bhuvnesh Maheshwari)
Partner
Membership No. 88155
Firm Regn. No. 006591N

Date: June 10, 2010
Place: New Delhi

BALANCE SHEET AS AT 31ST MARCH 2010

(Rs. in Lacs)			
	Sch. No.	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds:			
Capital	1	98,745.90	85,866.00
Reserves and Surplus	2	10,09,287.59	5,33,142.00
		11,08,033.49	6,19,008.00
Loan Funds:			
Secured Loans	3	46,24,473.81	37,61,365.25
Unsecured Loans	4	9,70,349.03	7,32,230.45
		55,94,822.84	44,93,595.70
Deferred Tax Liability/ (-) Assets	8	-736.76	95,668.52
Total		67,02,119.57	52,08,272.22
APPLICATIONS OF FUNDS			
Fixed Assets:	5		
Gross Block		8,337.61	7,110.87
Less Depreciation		1,628.10	1,447.62
Net Block		6,709.51	5,663.25
Capital Work in Progress		2,281.41	2,427.04
Investments	6	90,985.87	1,00,486.36
Loans	7	66,45,261.38	51,38,144.58
Current Assets, Loans & Advances:	9		
Cash and Bank Balances		1,39,031.22	1,88,604.14
Other Current Assets		57,929.02	45,843.37
Loans and Advances		11,409.90	5,698.35
		2,08,370.14	2,40,145.86
Less: Current Liabilities & Provisions:	10		
Liabilities		1,96,134.15	2,44,645.91
Provisions		55,354.59	33,948.96
		2,51,488.74	2,78,594.87
Net Current Assets		-43,118.60	-38,449.01
Total		67,02,119.57	52,08,272.22

Notes on accounts 17
Schedule 1 to 17 and Significant Accounting Policies form an integral part of Accounts.

In terms of our Report of even date
For K.G.Somani & Co.
Chartered Accountants

For Bansal & Co.
Chartered Accountants

For and on behalf of the Board

Bhuvnesh Maheshwari
Partner
M.No. : 88155
Firm Reg. No.: 006591N

D.S.Rawat
Partner
M.No. : 83030
Firm Reg. No.: 001113N

B. R. Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman & Managing Director

Place: New Delhi
Date: 19th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Sch. No.	Year ended 31.03.2010	Year ended 31.03.2009
(Rs. in Lacs)			
INCOME			
Operating Income (Net)	11	6,54,975.79	4,75,717.01
Other Income	12	15,784.49	17,410.79
Total		6,70,760.28	4,93,127.80
EXPENSES			
Interest and Other Charges	13	3,89,607.06	2,88,734.95
Establishment Expenses	14	11,710.10	8,722.35
Administration Expenses	15	2,767.61	2,240.55
Bond/ Debt Instrument Issue Expenses	16	1,507.73	979.50
Provision for bad & doubtful debts		22.18	237.05
Provision for Diminution in Investments		-	105.34
Depreciation		215.50	136.16
Total		4,05,830.18	3,01,155.90
PROFIT BEFORE PRIOR PERIOD ITEMS		2,64,930.10	1,91,971.90
Prior period adjustment - expenses/ (Income) (net)		10.67	(38.73)
PROFIT BEFORE TAX		2,64,919.43	1,92,010.63
Provision for Tax:			
Tax -Current Year		69,558.67	50,688.31
- Earlier year		2.83	2.15
- Adjustment for earlier years		-4,835.11	-
- Deferred tax - Current Year		51.46	13,960.70
Fringe Benefit Tax		-	151.71
Total		64,777.85	64,802.87
PROFIT AFTER TAX AND AVAILABLE FOR APPROPRIATION		2,00,141.58	1,27,207.76
Add: Reversal of Deferred Tax Liability - Earlier Years		32,576.87	-
TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		2,32,718.45	1,27,207.76
Appropriations:			
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961		45,803.00	34,000.00
Reserve u/s 36(1)(viii) of the Income Tax Act,1961 for Bad & Doubtful Debts		10,760.00	8,000.00
Interim Dividend		25,759.80	17,173.20
Corporate Dividend Tax			
- Interim Dividend		4,377.03	2,918.58
Proposed Dividend		34,561.07	21,466.50
Dividend Tax on Proposed Dividend		5,740.16	3,648.23
Transfer to General Reserve		50,000.00	25,500.00
Surplus carried to Balance Sheet		55,717.39	14,501.25
Total		2,32,718.45	1,27,207.76
Basic & diluted Earning Per Share of Rs 10/- each- Amount in Rs. [refer note on accounts (Schedule-17)]		23.06	14.81

Schedule 1 to 17 and Significant Accounting Policies form an integral part of Accounts.

In terms of our Report of even date

For K.G.Somani & Co.
Chartered Accountants

Bhuvnesh Maheshwari
Partner
M.No. : 88155
Firm Reg. No.: 006591N

Place: New Delhi
Date: 19th May, 2010

For Bansal & Co.
Chartered Accountants

D.S.Rawat
Partner
M.No. : 83030
Firm Reg. No.: 001113N

For and on behalf of the Board

B. R. Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman & Managing Director

SCHEDULE '1' CAPITAL

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
Authorised		
1200,000,000 (Previous Year 1200,000,000) Equity shares of Rs.10 each	1,20,000.00	1,20,000.00
Issued, Subscribed and Paid up		
987459000 (Previous Year 858660000) fully paid up Equity shares of Rs. 10 each	98,745.90	85,866.00
Total	98,745.90	85,866.00

SCHEDULE '2' RESERVES AND SURPLUS

	(Rs. in Lacs)			
	Opening Balance as on 01.04.2009	Additions/ adjustments during the year	Deductions/ adjustments during the year	Closing Balance as at 31.03.2010
(A) Capital Reserves				
i) Capital Reserve (Grant from USAID)	10,500.00	-	-	10,500.00
ii) Security Premium*	72,216.48	2,51,940.52	1,955.19	3,22,201.81
Sub Total (A)	82,716.48	2,51,940.52	1,955.19	3,32,701.81
(B) Other Reserves				
i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act,1961	2,83,779.77	45,803.00	-	3,29,582.77
ii) Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act,1961	34,369.13	10,760.00	-	45,129.13
iii) General Reserve**	1,04,887.38			1,04,887.38
<u>Additions: During the year</u>				
- Transferred from Profit & Loss A/C		50,000.00		50,000.00
- Reversal of Deferred Tax Liability		63,879.87		63,879.87
	1,04,887.38	1,13,879.87	-	2,18,767.25
iv) Profit & Loss Account**	27,389.24	55,717.39	-	83,106.63
Sub Total (B)	4,50,425.52	2,26,160.26	-	6,76,585.78
Total (A+B)	5,33,142.00	4,78,100.78	1,955.19	10,09,287.59

* Additions represent amount transferred from Profit after Tax and the amount of Share Premium received on Further Public Offering net of amount written back in respect of liability excess provided in previous years for Initial Public Offering. Deductions/ adjustments represent REC's share of Issue expenses relating to Further Public offering of shares.

** Addition to Profit & Loss Account include Rs.32,576.87 lakhs and General Reserve Rs.63,879.87 lakhs on account of reversal of De-ferred Tax Liability created Special Reserves as explained in note no. 21(B) of Schedule-17, Notes to the accounts.

SCHEDULE '3' SECURED LOANS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
TERM LOANS FROM BANKS/ INSTITUTIONS		
(Secured against the receivables)	1,66,842.86	2,05,325.00
LOAN FROM LIFE INSURANCE CORPORATION OF INDIA	3,20,000.00	3,35,000.00
(Secured against receivables)		
LOAN FROM IIFCL	87,000.00	-
(Refinance facility availed secured against pooling of security of present and future receivables on pari-passu basis)		
LOAN THROUGH BONDS		
(Cumulative & Non- Cumulative)		
(Secured by charge against receivables and/ Immovable property at Maharashtra & Delhi as per the terms of the private placement and to the satisfaction of the respective trustees).		
a) Long Term		
I TAXFREE SECURED BONDS		
41st Series - 8.25% Redeemable at par on 22.02.2010	-	7,500.00
53rd Series - 7.10% Redeemable at par on 23.03.2011	5,000.00	5,000.00
II TAXABLE SECURED BONDS		
64th Series - 6.90% Redeemable at par on 27.09.2009	-	15,000.00
66th Series - 6.00% Redeemable at par on 31.01.2010	-	13,900.00
69th Series - 6.05% Redeemable at par on 23.01.2014	53,536.00	66,920.00
72nd Series - 6.60% Redeemable at par on 18.08.2011	11,370.00	38,570.00
73rd Series - 6.90% Redeemable at par on 08.10.2014	23,390.00	23,390.00
75th Series - 7.20% Redeemable at par on 17.03.2015	50,000.00	50,000.00
77th Series - 7.30% Redeemable at par on 30.06.2015	98,550.00	98,550.00
78th Series - 7.65% Redeemable at par on 31.01.2016	1,79,570.00	1,79,570.00
79th Series - 7.85% Redeemable at par on 14.03.2016	50,000.00	50,000.00
80th Series - 8.20% Redeemable at par on 20.03.2016	50,000.00	50,000.00
81st Series - 8.85% Redeemable at par on 20.01.2017	31,480.00	31,480.00
82nd Series - 9.85% Redeemable at par on 28.09.2017	88,310.00	88,310.00
83rd Series - 9.07% Redeemable at par on 28.02.2018	68,520.00	68,520.00
84th Series - 9.45% Redeemable at par on 04.04.2013	1,00,000.00	1,00,000.00
85th Series - 9.68% Redeemable at par on 13.06.2018	50,000.00	50,000.00
86th Series - 10.75% Redeemable at par on 24.07.2013	72,790.00	72,790.00
86-A Series - 10.70% Redeemable at par on 29.07.2018	50,000.00	50,000.00
86-B-I Series - 10.95% Redeemable at par on 14.08.2011	92,420.00	92,420.00
86-B-II Series - 10.90% Redeemable at par on 14.08.2013	35,410.00	35,410.00
86-B-III Series - 10.85% Redeemable at par on 14.08.2018	43,200.00	43,200.00
87-I Series - 10.90% Redeemable at par on 30.09.2013	37,020.00	37,020.00
87-II Series - 10.85% Redeemable at par on 30.09.2018	65,740.00	65,740.00
87-A-I Series - 11.35% Redeemable at par on 24.10.2013	24,970.00	24,970.00
87-A-II Series - 11.20% Redeemable at par on 24.10.2018	3,640.00	3,640.00
87-A-III Series - 11.15% Redeemable at par on 24.10.2018	6,180.00	6,180.00
87-B Series - 11.75% Redeemable at par on 03.11.2011	94,090.00	94,090.00
87-C-I Series - 11.45% Redeemable at par on 26.05.2010	22,910.00	22,910.00
87-C-II Series - 11.45% Redeemable at par on 26.11.2010	59,150.00	59,150.00
87-C-III Series - 11.50% Redeemable at par on 26.11.2013	86,000.00	86,000.00

88th Series	- 8.65% Redeemable at par on 15.01.2019	1,49,500.00	1,49,500.00
89-I Series	- 7.00% Redeemable at par on 02.06.2012	67,150.00	-
89-II Series	- 7.70% Redeemable at par on 02.06.2014	25,500.00	-
90 th Series	- 8.80% Redeemable at par on 03.08.2019	2,00,000.00	-
90-A-I Series	- 7.15% Redeemable at par on 05.08.2012	1,00,000.00	-
90-A-II Series	- 8.00% Redeemable at par on 05.08.2014	1,00,000.00	-
90-B-I Series	- 8.35% Redeemable at par on 04.09.2014	88,390.00	-
90-B-II Series	- 8.72% Redeemable at par on 04.09.2019	86,820.00	-
90-C-I Series	- 7.90% Redeemable at par on 06.10.2012	1,41,750.00	-
90-C-II Series	- 8.80% Redeemable at par on 06.10.2019	1,04,000.00	-
91-I Series	- 7.75% Redeemable at par on 17.11.2012	94,300.00	-
91-II Series	- 8.80% Redeemable at par on 17.11.2019	99,590.00	-
92-I Series	- 7.60% Redeemable at par on 22.01.2013.	92,460.00	-
92-II Series	- 8.65% Redeemable at par on 22.01.2020	94,530.00	-
93-I Series	- 7.65% Redeemable at par on 19.02.2013	14,150.00	-
93-II Series	- 8.45% Redeemable at par on 19.02.2015	44,310.00	-
CAPITAL GAINS BONDS (Redeemable at par)			
Series-I		-	1,552.60
Series-II		-	1,639.40
Series-III		-	6,502.30
Series-IV		131.80	20,638.20
Series-V		42,481.60	81,013.50
Series-VI		53,628.50	4,49,421.30
Series-VI A		-	2,85,867.00
Series-VII		3,40,274.40	3,40,274.40
Series-VIII		2,52,523.30	2,52,523.30
Series-VIII (2009-10)		3,05,777.60	-
INFRASTRUCTURE BONDS (Redeemable at par)			
Series-I & II		-	924.70
Series-III		-	533.55
Series-IV		-	420.00
Interest Accrued & Due on Capital Gain Bonds		117.75	-
Total Secured Loans		46,24,473.81	37,61,365.25
Due for repayment/redemption within one year		6,40,702.59	9,90,348.69

Notes to Schedule No 3 :-

a) Secured loan of Rs. 46,24,473.81 lakhs include :-

Taxable secured bonds of Series 91 to 93 onwards amounting to Rs. 4,39,340 lakhs for which registration of charge is in process.

- b) (i) 64th Series of bonds have been redeemed on 27th September 2009.
 (ii) 66th Series of bonds have been redeemed on 31st January 2010.
 (iii) 41st Series of bonds have been redeemed on 22nd February 2010.
 (iv) Charge vacation for bond series 64th, 66th & 41st in under process.
 (v) 69th Series of bonds (20% 1st instalment) have been redeemed on 23rd January 2010.
 (vi) 87 A-II Series of bonds have put/call option at the end of 5 years, i.e. 24.10.2013. Rs. 272 crores of 72nd bond series were redeemed on 18.08.2009 on put option exercised by Bond holders and balance of Rs. 11,370 lacs is redeemable on 18.08.2011.
- c) 69th, 73rd and 77th series are redeemable at par in 5 equal instalments at par at the end of 6th, 7th, 8th, 9th and 10th year respectively. (Rs. 133.84 crores - 20% of 1st instalment of bonds 69th series has been redeemed on 23rd January 2010.

- d) 75th series of bonds shall be redeemed at par in 10 equal instalments at half yearly intervals from 5 -1/2 years to 10 years by way of STRPPs.
- e) 78th, 79th, 80th, 81st, 82nd, 83rd, 85th , 86 A, 86 B-III, 87-II, 87 A-II, 87 A-III, 88th, 90th, 90 B-II, 90 C-II, 91-II & 92-II series are redeemable at par at the end of 10 years i.e. 31.01.2016, 14.03.2016, 20.03.2016, 20.01.2017, 28.09.2017 , 28.02.2018, 13.06.2018, 29.07.2018, 14.08.2018, 30.09.2018, 24.10.2018, 24.10.2018, 15.01.2019, 03.08.2019, 04.09.2019, 06.10.2019, 17.11.2019 & 22.01.2020 respectively.
- f) 84th, 86th, 86B-II, 87-I, 87 A-I, 87 C -III, 89-II, 90 A-II, 90 B -I & 93-II series are redeemable at par at the end of 5 years i.e. 04.04.2013, 24.07.2013, 14.08.2013, 30.09.2013, 24.10.2013, 26.11.2013, 02.06.2014, 05.08.2014, 04.09.2014 & 19.02.2015 respectively.
- g) 86 B-I, 87 B, 89-I, 90 A-I, 90 C-I, 91-I, 92-I & 93-I series are redeemable at par at the end of 3 years i.e. 14.08.2011, 03.11.2011, 02.06.2012, 05.08.2012, 06.10.2012, 17.11.2012, 22.01.2013 & 19.02.2013 respectively.
- h) 87 A-I series of bonds have put/call options at the end of 3 years i.e. 24.10.2011.
- i) 87 C-I series is redeemable at par at the end of 18 months i.e. 26.05.2010.
- j) 87 C-II series is redeemable at par at the end of 24 months i.e. 26.11.2010.
- k) Capital Gains Tax Exemption Bonds are issued for a tenure of 3/5/7 years at the rates of 5.15% to 8.70% payable semiannually/ annually & with cumulative options. These bonds have put/call option at the end of 3/5 years. In the current year(09-10) Capital Gain Exemption Bond Issue Sr VIII(09-10) has a 3 years tenor at 6.25% payable annually. Infrastructure bonds have been issued for a tenure of 3 to 5 years at different interest rates varying between 6.00% to 9.00% payable annually. These bonds have put option at the end of 3/5 years from the date of allotment.

SCHEDULE '4' UNSECURED LOANS

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
LOAN FROM GOVERNMENT OF INDIA	4,941.84	6,474.48
TERM LOANS		
(a) Long term Loan from Banks	4,14,300.00	2,74,780.00
(b) Short term Loan from Banks	-	1,30,000.00
CASH CREDIT	63,000.00	-
FOREIGN CURRENCY BORROWINGS		
(a) Long term		
ECB- Syndicated Loan from Banks	87,026.32	87,026.32
JBIC Loan- Govt. of India Guaranteed	78,839.17	43,941.29
Kfw Loan- Govt. of India Guaranteed	41,771.66	18,400.36
COMMERCIAL PAPER	2,45,000.00	1,29,500.00
LOAN THROUGH BONDS		
Long term		
(A) Non- Cumulative ,Guaranteed by Government of India		
21st Series - 11.5% Redeemable at par on 29.12.2009	-	6,908.00
22nd Series - 11.5% Redeemable at par on 27.12.2010	4,900.00	4,900.00
23rd Series-1 - 12% Redeemable at par on 05.12.2011	2,265.00	2,265.00
23rd Series-2 - 12% Redeemable at par on 21.02.2012	3,035.00	3,035.00
(B) Other Bonds		
74th Series - 7.22% Redeemable at par on 31.12.2014	25,000.00	25,000.00
Interest Accrued & Due	270.04	-
Total Unsecured Loans	9,70,349.03	7,32,230.45
Due for repayment/ redemption within one year	3,60,828.16	3,25,388.00

Note:- Bonds for Rs.2.00 lacs are held as on 31.03.2010 by REC Ltd. CP Fund Trust.

SCHEDULE- '5' FIXED ASSETS AS AT 31ST MARCH, 2010

(Rs in Lacs)

FIXED ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2009	Additions during the year ending 31.03.2010	Sales/ adjustment during the year ending 31.03.2010	Closing as on 31-03-2010	Upto 31-03-2009	Dep during the year ending 31.03.2010	Depreciation as on 31.03.2010	As at 31.03.2009 As at 31.03.2010
Freehold Land	3,188.87	223.07	-	3,411.94	-	-	-	3,188.87 3,411.94
Leasehold Land	145.51	-	-	145.51	14.19	1.41	15.60	129.91 131.32
Buildings	2,216.12	9.58	-	2,225.70	498.24	34.74	532.98	1,692.72 1,717.88
Furniture & Fixtures	565.12	18.12	1.60	581.64	283.06	31.63	313.52	268.12 282.06
EDP Equipments	528.76	551.47	2.05	1,078.18	350.55	79.26	427.76	650.42 178.21
Office Equipments	331.92	24.96	4.68	352.20	194.14	14.64	207.32	144.88 137.78
Vehicles	107.00	0.43	33.92	73.51	82.14	4.09	55.89	17.62 24.86
Minor Value Assets-Furniture	9.11	3.09	-	12.20	9.11	3.09	12.20	- -
Minor Value Assets-EDP	1.37	5.19	-	6.56	1.37	5.19	6.56	- -
Minor Value Assets-Office Equipments	12.24	5.03	-	17.27	12.24	5.03	17.27	- -
Other Intangible Assets (Computer Software)	4.85	428.05	-	432.90	2.58	36.42	39.00	393.90 2.27
Grand Total	7,110.87	1,268.99	42.25	8,337.61	1,447.62	215.50	1,628.10	6,709.51 5,663.25
Previous Period	8,383.36	271.19	1,543.69	7,110.87	1,357.78	136.16	1,447.62	5,663.25
Capital WIP	2,427.04	821.60	967.23	2,281.41	-	-	-	2,281.41 2,427.04
Previous Period	764.49	1,764.59	102.04	2,427.04	-	-	-	2,427.04

Note:- Other Intangible Assets include ERP software/ other computer software purchased from outside and in terms of AS-26 these are amortized over a period of 5 years.
 - Capital WIP consists of mainly land pending possession from the authorities and other civil works.

SCHEDULE '6' INVESTMENTS

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
(A) Long Term (Unquoted)		
Non-Trade Investments		
8% Government of Madhya Pradesh Power Bonds-II Maturing in 30 equal half yearly Installments w.e.f. 1.04.05 (19 Bonds of Face Value of Rs 4716 Lacs each) (Previous period 21 Bonds of Face Value of Rs 4716 Lacs each)	89,604.00	99,036.00
KSK Energy Ventures Limited	1,184.37	1,315.36
1,20,85,400 units of "Small is Beautiful" Fund at Net assets Value (NAV) of Rs. 9.80 per unit (Previous Period 1,44,70,381 units of "Small is Beautiful" Fund at Net assets Value (NAV) of Rs. 9.09 per unit) (Face Value per unit is Rs 10/-)		
Investment in Indian Energy Exchange Ltd.	125.00	125.00
12,50,000 Equity shares of Rs. 10/- each		
Investment in Energy Efficiency Service Ltd	62.50	-
625,000 equity shares of Rs 10 each paid up		
Sub Total (A)	90,975.87	1,00,476.36
(B) Investment in Subsidiaries		
Investment in REC Power Distribution Co.Ltd, Subsidiary Co. 50,000 equity shares of Rs 10 each paid up	5.00	5.00
Investment in REC Transmission Project Co. Ltd, Subsidiary Co. 50,000 equity shares of Rs 10 each paid up	5.00	5.00
Sub Total (B)	10.00	10.00
Total (A+B) (Unquoted)	90,985.87	1,00,486.36

SCHEDULE '7' LOANS

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
(i) State Electricity Boards/Corpn., Co-operatives and State Governments		
(a) Unsecured, considered good (Guaranteed by respective State Governments)	21,34,314.13	20,93,859.39
(b) Classified Doubtful	231.76	1,753.81
Less: Prov. for Bad & doubtful debts	32.18 199.58	1,717.68 36.13
(ii) State Electricity Boards/Corpn. (Secured by hypothecation of materials with respective State Electricity Boards/ Corpn.)		
Considered Good	37,08,522.50	23,90,960.36
(iii) Others (Secured by hypothecation of tangible assets)		
(a) Considered Good	4,59,178.64	2,91,026.32
(b) Classified Doubtful	1,722.33	5,135.42
Less: Prov. for Bad & doubtful debts	1,722.33 -	3,083.04 2,052.38
(iv) Others (Unsecured)- Considered good	2,93,905.45	2,82,546.15
Sub Total (i to iv)	65,96,120.30	50,60,480.73
(i) Interest accrued and due on Loans	5,887.74	1,827.98
(ii) Interest accrued on rescheduled loans	43,253.34	75,835.87
Grand Total	66,45,261.38	51,38,144.58

SCHEDULE '8' DEFERRED TAX LIABILITY/(-) ASSETS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
Opening Balance	95,668.52	81,707.82
Less: Reversed up to 31.03.2009	96,456.74	-
	-788.22	81,707.82
Add: Addition during the Year	51.46	13,960.70
Total	-736.76	95,668.52

Refer Note No. 21 of Schedule 17, Notes on Accounts

SCHEDULE '9' CURRENT ASSETS, LOAN & ADVANCES

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
I CURRENT ASSETS		
A) Cash and bank balances :		
(i) Cash/Cheque in hand/transit (incl.Postage & imprest)	0.61	0.29
(ii) In current accounts		
- with RBI	1.87	1.85
- with Scheduled Banks	63,671.45	32,170.79
- with Scheduled Banks (for RGGVY Scheme)	418.07	659.89
- with Scheduled Banks (Funds for AG & SP Sch.)	3,466.58	55.95
(iii) In Deposit accounts with Scheduled Banks		
- RGGVY	-	97,649.98
- AG&SP	-	3,590.66
- Others	71,472.64	54,474.73
Total - (A)	1,39,031.22	1,88,604.14
B) Other Current Assets		
(i) Interest accrued but not due on term deposits	92.22	136.16
(ii) Interest accrued but not due		
- on Loans	48,796.72	45,169.58
- on loans to employees	281.73	222.38
(iii) Recoverable from SEB /Govt. Deptts./Others	659.00	106.32
(iv) Recoverable from GOI		
- RGGVY Expenses	295.04	208.93
- RGGVY Grant	7,804.31	-
Total - (B)	57,929.02	45,843.37
II LOANS AND ADVANCES		
A) Loans		
(i) Employees (Secured)	177.58	238.53
(ii) Employees (Unsecured)	515.90	853.41
B) Advances		
(Unsecured considered good)		
(i) Advances recoverable in cash or in kind or for value to be received	2,387.54	522.37
(ii) Prepaid financial charges on Commercial Paper	5,174.37	4,083.72
(iii) Income Tax recoverable	3,154.51	0.32
Total - (C)	11,409.90	5,698.35
Total - (A+B+C)	2,08,370.14	2,40,145.86

SCHEDULE '10' CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lacs)

	As at 31.03.2010		As at 31.03.2009	
A) CURRENT LIABILITIES				
(a) Advance Receipts		912.07		2,525.41
(b) Other Liabilities		5,940.00		4,226.04
- Dues of creditors other than Micro, Small and Medium Enterprises				
(c) (i) Grant from Government of India for disbursement	19,61,406.91		14,60,887.62	
(ii) Interest on Grant	5,090.52		3,633.68	
Total	19,66,497.43		14,64,521.30	
Less: Disbursed to Beneficiaries	-19,59,821.07		-13,59,454.04	
Un-disbursed Grant	6,676.36			1,05,067.26
(d) Interest accrued but not due				
- on bonds	1,56,827.23		1,17,683.76	
- Government/ LIC Loans	13,839.41	1,70,666.64	12,841.89	1,30,525.65
(e) Unclaimed Interest & Principal on Bonds				
- Interest	1,523.38		1,243.49	
- Principal	9,950.98	11,474.36	83.10	1,326.59
(f) Gratuity payable		464.72		974.96
Total - (A)		1,96,134.15		2,44,645.91
B) PROVISIONS				
(a) Income Tax	1,79,170.80		1,09,648.13	
Less : Advance Income-Tax & TDS	1,76,205.63		1,08,775.66	
Balance Provision for Income Tax		2,965.17		872.47
(b) Staff Benefits		5,703.46		4,819.63
(c) Provision for Incentive & Ex Gratia		3,975.17		1,791.40
(d) Wage Revision		3,306.24		1,280.00
		7,281.41		3,071.40
Less : Adjustable advance		-968.77		-
Balance Provision for Incentive, Ex-Gratia & Wage Revision		6,312.64		3,071.40
(e) Wealth Tax		36.00		33.82
(f) Fringe Benefit Tax		36.09		36.09
(g) Proposed Dividend		34,561.07		21,466.50
(h) Dividend Tax on Proposed Dividend		5,740.16		3,648.23
(i) Contingencies		-		0.82
Total - (B)		55,354.59		33,948.96
Total - (A+B)		2,51,488.74		2,78,594.87

SCHEDULE '11' OPERATING INCOME

	(Rs. in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. On Lending Operations		
Interest on Loans		
- Long term financing	6,08,425.48	4,38,541.59
Less: Rebate for timely payments/completion etc	977.48	1,346.05
-Short term financing	35,637.42	29,297.94
	6,43,085.42	4,66,493.48
B. Long Term Lease Revenue	-	544.60
C. Processing, Upfront, Lead fees, LC Commission etc	4,253.88	1,343.18
D. Prepayment Premium	1,784.80	353.64
E. Agency Charges for RGGVY Implementation/Others	5,851.69	6,982.11
Total	6,54,975.79	4,75,717.01

SCHEDULE '12' OTHER INCOME

	(Rs. in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. On Investment/ Deposit Operations		
Dividend on Mutual Fund	978.98	-
Interest on deposits	2,035.78	3,718.69
Interest on Govt. Securities	7,734.24	8,704.32
(TDS Rs. 448.83 lac, Previous Year Rs. 961.78 lac)		12,423.01
B. Other Income		
Difference in exchange rate	-	1,142.17
Excess Provision written back	3,476.05	3,610.99
Interest on Income Tax Refund	855.06	-
Interest on staff advances	66.22	49.62
Interest from Subsidiary Companies	39.93	16.21
Dividend on Investment in Venture Fund	67.11	11.02
Miscellaneous Income	527.93	156.70
Profit on sale of assets	3.19	1.07
Total	15,784.49	17,410.79

SCHEDULE '13' INTEREST AND OTHER CHARGES

	(Rs. in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Interest on -		
- Govt. Loans	421.27	534.07
- REC Bonds	2,93,774.77	2,03,485.20
- Banks/Fin Insts.	69,780.32	73,794.15
- External Commercial Borrowings	10,956.78	7,712.49
- Commercial Paper	13,680.74	2,134.76
	3,88,613.88	2,87,660.67
Interest on AREP Subsidy	64.26	122.22
Guarantee Fee	442.10	797.45
Other Finance Charges	486.82	154.61
Total	3,89,607.06	2,88,734.95

SCHEDULE '14' ESTABLISHMENT EXPENSES

	(Rs. in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Salaries and Allowances	8,707.29	5,226.13
Expenses on Leaves & Post Retirement Medical	1,109.41	1,144.31
Contribution to Provident and Other Funds	897.54	1,466.36
Staff Welfare expenses	995.86	885.55
Total	11,710.10	8,722.35

SCHEDULE '15' ADMINISTRATION EXPENSES

	(Rs. in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Rent- office	163.13	175.16
Rates and Taxes	89.12	40.68
Electricity and Water Charges	64.96	54.91
Insurance Charges	2.93	4.44
Repairs and Maintenance		
- Building	159.30	242.32
- ERP & Data Centre	121.99	-
- Others	58.04	29.53
Printing and Stationary	155.01	192.50
Travelling and Conveyance		
- Directors	81.88	55.53
- Others	533.76	468.24
Postage, Telegram and Telephone	183.61	106.56
Publicity & Promotion Expenses	222.01	202.75
Auditors' Remuneration	26.51	23.11
Miscellaneous Expenses	746.26	324.66
Consultancy Charges	147.58	73.53
Donations & Charity	10.00	246.59
Loss on Sale of Assets	1.52	0.04
Total	2,767.61	2,240.55

SCHEDULE '16' BOND/ DEBT INSTRUMENT ISSUE EXPENSES

	(Rs. in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Bonds Handling Charges	439.91	321.29
Bonds Brokerage A/c	667.04	366.68
Bonds Stamp Duty	157.33	21.05
Others	243.45	270.48
Total	1,507.73	979.50

SCHEDULE '17' NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for in respect of:-

(Rs. in lacs)			
S.No.	Particulars	As at 31.03.2010	As at 31.03.2009
(a)	Claims against the Corporation not acknowledged as debts, including Rs. 406.36 lacs pending in various courts including arbitration cases as on 31.03.2010 (Previous year Rs.3,460.53 lacs) and	494.49	3,469.37
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	599.26	1,165.97
(c)	Others	1,76,559.67	1,34,263.00

The amount referred to in (a) above are dependent upon the outcome of settlement of court/arbitration cases.

The amount under 1 (c) include Rs. 1,73,970 lacs against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers, Rs 1,557.65 lacs pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers, Rs.668.50 lacs against demand raised by the Income tax Department for Assessment Year 2008-09 against Notice u/s 143(1) of Income Tax Act and Rs. 363.52 lacs which was paid to the Income Tax Dept. against the demand raised by them on completion of assessment for AY 2006-07 for which appeal has been filed with CIT (Appeals) and the amount paid has been shown as Advance Income Tax in Current Liabilities and Provisions schedule in the Balance Sheet.

2. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/ D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
3. In order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. However, the RBI had noted that the date from which our Corporation was required to comply with such regulations would be decided later. While our Corporation has submitted the said 'road map', to Ministry of Power for onward submission/approval of RBI, it has sought exemption from compliance with the regulations governing NBFCs till the period of the 12th Five Year Plan (FY2017).

Further, on December 13, 2006 and February 21, 2009, our Board of Directors approved our adoption of prudential norms. Our prudential norms limit our exposure, separately, for private and state sector borrowers. For private sector borrowers, our exposure is restricted to any single borrower for up to 25% of our Corporation's owned funds and to a single group of companies for up to 50% of our Corporation's owned funds. In respect of loans to state sector borrowers, our maximum credit exposure varies from 100% to 250% of our Corporation's net worth, depending on entity appraisal and status of on bundling of the respective state utilities.

4. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to Rs. 301.45 lacs (Previous year Rs.500.89 lacs) and the societies are pursued to create the required Special Fund.
5. Balance confirmation has been received from most of the borrowers.

6. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
7. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to Rs. 3,630.58 lacs (Previous year Rs. 3,996.51 lacs) are in the process of completion.
8. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC & Infra bonds) as on 31.03.2010 held in specified banks are Rs. 3,431.32 lacs (previous year Rs.5,025.32 lacs).
9. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
10. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
11. The company has no outstanding liability towards Micro, Small and Medium undertakings.
12. No Bond Redemption Reserve (BRR) has been created since in terms of clarifications issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR is not required to be created in the case of privately placed debentures issued by NBFC's registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997.
13. During the year, the Corporation has reduced cost of borrowing to the extent of Rs.765.69 lacs (Previous year Rs. 420.16 lacs) on account of swap (coupon only) transaction linked to rupee borrowing.

The Corporation had entered into various coupons only swap transactions and cross currency swap transactions. The Net Mark to Market position in respect of the above swap transactions as on 31.03.2010 is of Rs. 16,544.12 lacs (favourable) (Previous year Rs.24,271.25 lacs favourable).

14. Directors' Remuneration:

(Rs. in lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Salaries and Allowances	75.53	44.33
Perquisites/reimbursement	10.10	15.18
Retirement Benefits	Nil	6.70
Total	85.63	66.21

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of Rs. 780/- per month as per DPE guidelines.

Loans and Advances include Rs. 4.38 lacs (Previous year Rs.10.66 lacs) due from Directors of the Corporation, maximum amount outstanding during the year Rs.10.66 lacs (Previous year Rs.14.17 lacs).

15. Auditors' Remuneration includes:

(Rs. in lacs)

S.No.	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
a)	Audit fees – Current year	18.75	16.79
b)	Tax Audit Fee (*exclusive of Rs.2 lacs paid to Tax auditors for Tax Audit of FY 2008-09)	4.00*	2.25
c)	Reimbursement of expenses	0.39	1.75
d)	Payment for Other services (**including for FPO certification which has been set off against Securities Premium A/c)	16.37**	2.32
	Total	39.51	23.11

16. Expenditure in Foreign Currency:

(Rs. In lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Royalty, Know-how, Professional, consultation fees	70.58	Nil
Interest	28.87	161.66
Finance Charges	411.95	79.03
Others Expenses	61.54	53.22
Total	572.94	293.91

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

17. Investment include Rs. 1,208.54 Lacs (previous year Rs. 1,447.04 lacs) representing company's contribution in the units of Joint venture 'Small is Beautiful fund (SIB Fund) Venture Capital fund' promoted by KSK Energy Ventures Limited

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	Rs. 1,208.54 Lacs	India	9.74 %

There is no further commitment for contribution.

18. Related Party Disclosure:

A. Key Management Personnel:

Sh. P. Uma Shankar	Chairman cum Managing Director
Sh. H.D Khunteta	Director (Finance)
Sh. Guljit Kapoor	Director (Technical)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.14.

Advance due from whole time Directors including Chairman & Managing Directors have been disclosed in Note No.14.

B. Other Related Parties with whom transaction exist:

Subsidiary Companies :	Relationship
1. REC Transmission Projects Company Ltd.	Subsidiary
2. REC Power Distribution Company Ltd.	Subsidiary

Wholly owned Subsidiary of REC Transmission Projects Company Ltd :

Subsidiary Companies :	Relationship
1. North Karanpura Transmission Company Ltd. (Since sold after March 31, 2010)	Fellow Subsidiary
2. Talcher II Transmission Company Ltd (Since sold after March 31, 2010)	Fellow Subsidiary
3. Raichur Sholapur Transmission Company Ltd.	Fellow Subsidiary (w.e.f. 19.11.2009)

C. Loans and advances due from subsidiaries:

Rs. In lacs

S. No.	Name of Subsidiary	Outstanding Balance 31.03.10	31.03.09	Maximum Amount 31.03.10	31.03.09
1.	REC Transmission Projects Company Limited	1432.78	193.16	1432.78	193.16
2.	REC Power Distribution Company Limited	-6.76	3.78	-6.76	71.85
3.	North Karanpura Transmission Company Limited	3.61	3.27	3.61	3.27
4.	Talcher-II Transmission Company Limited	0.49	0.44	0.49	0.44

Transactions during the period with related parties.

Rs. In lacs

Nature of transaction	Subsidiaries	Key Mang. Personnel
1. Loans & advances	1229.47 (P.Y. 111.21)	Nil Nil
2. Unsecured Loans	Nil (PY. NIL)	Nil (PY. 8.01)
3. Remuneration	Nil (PY Nil)	85.63 (PY. 66.21)

19. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and period in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment of the eligible schemes.

The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

20. Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets":-

- a. Amortisation Rate 20%;
100% in case of cost of asset is Rs 5,000 or less
- b. Amortisation Method Straight Line

Reconciliation Statement

(Rs. in Lacs)

S. No.	Particulars	As at 31.03.2010	As at 31.03.2009
i)	Gross Carrying Amount	432.90	4.86
ii)	Accumulated depreciation	39.00	2.59
iii)	Gross carrying amount-Opening Balance	4.85	3.54
iv)	Less: - Accumulated Depreciation	2.58	1.98
v)	Carrying amount	2.27	1.56
vi)	Additions during the period	428.05	1.31
vii)	Less: Amortization during the year	36.42	0.60
viii)	Carrying amount as on Balance sheet Date	393.90	2.27

21. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

(A) Components of deferred tax liability/ (assets) as on 31.03.2010 are given as under:-

(Rs. In lacs)

Particulars	As at 31/03/2010	As at 31/03/2009
Deferred Tax Assets (+)		
Provision for Earn Leave Encashment	623.54	482.37
Provision for Sick Leave	251.12	198.29
Provision for Post Retirement Medical Benefits (deduction not claimed pertaining to period prior to 2006-07)	263.28	263.28
Provision for fall in investments	8.21	44.76
Provision for Others	0.00	144.68
Total	1146.15	1133.38
Deferred Tax Liabilities (-)		
Depreciation	-409.39	-345.15
Reserve under section36(i)(viii) of I.T Act	-	-96456.74
Total	-409.39	-96801.89
Net Deferred Tax Asset /(Liabilities)	736.76	-95668.51

(B) The Company has started creating deferred tax liability (DTL) on special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, from financial year 2006-07 onwards. DTL for the special Reserve created till financial year 2005-06 was also created in FY 2006-07 by transferring the amount from General Reserve.

The Company has passed a Board Resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS 22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the Company is not creating any deferred tax liability on the said reserve.

Now, considering the opinions given by the various concerned authorities and also the practice followed by the other similarly placed institutions of not creating deferred tax liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, the Corporation is of the view that there is no requirement of DTL as per AS22 of ICAI. Accordingly, the Corporation has not created deferred tax liability (DTL) of Rs. 15,564.67 lacs on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, for the year ended on 31st March, 2010 and has also reversed the DTL of Rs. 96,456.74 lacs created in earlier years on this account. The reversal of DTL is done by crediting General reserve by Rs. 63,879.87 lacs for the FYs up-to 2005-06 and through Profit and Loss Appropriation by Rs.32,576.87 lacs for the FY 2006-07 to FY 2008-09.

Had the Company followed the same Accounting treatment as in the earlier years, the Profit after Tax for the year ended 31.03.2010 would have been Rs. 184,576.91 lacs against reported profit of Rs. 200,141.58 lacs and the Reserve and Surplus would have been Rs. 8,97,266.18 lacs as against reported reserve and surplus of Rs. 10,09,287.59 lacs as on 31.03.2010.

22. In line with the decisions of Authority for Advance Ruling and Income Tax Appellate Tribunal for different assessment years, the Corporation has accounted for Rs. 5,690.16 lacs towards refund of Income Tax and interest thereon due from the Income Tax Department out of which Rs. 2,562.12 lacs has been received during this year.

23. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants, Earning per share (Basic and Diluted) is worked out as under: -

(Rs In Lacs)

Particulars	As at 31/03/2010	As at 31/03/2009
Numerator		
Profit after Tax as per Profit and Loss Account	200,141.58	127,207.76
Denominator		
Weighted average number of equity shares	86,78,34,723	85,86,60,000
Basic & Diluted Earning per share (Rs./per share)	23.06	14.81

24. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in most of the cases are to be executed amongst the Corporation, new entities and the State Governments.

25. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. Rs.16,000 lacs plus interest which if accrues shall be payable by MPSEB.
26. The expenses of Rs.643.98 lacs incurred up to 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
27. The pay revision of the employees of the Corporation is due w.e.f. 1st January 2007. Pending final calculation of revised pay scales (including perks) as notified by Govt. of India and approved by Board of Directors an estimated additional provision Rs. 2,026.24 lacs based on average salary (Previous year Rs. 463.16 lacs) had been made towards wage revision arrears during the year and accordingly Rs. 3,306.24 lacs (previous year Rs. 1,280 lacs) is cumulatively available toward provision for wage revision including for non executive employee for whom no such notification is available but there arrear have also been considered in line with such notification. Actuarial valuation of employees benefits and incentive have been carried out considering the estimated revised wages.
28. Details of provision as required in AS-29

(Rs. In lacs)

	As at 31/03/2010	As at 31/03/2009
(a) Interim Dividend		
As per last Balance Sheet	-	-
Addition during the year	25759.80	17173.20
Amounts paid/utilized during the year	25759.80	17173.20
Closing Balance	-	-
(b) Proposed Dividend		
As per last Balance Sheet	21466.50	25759.80
Addition during the year	34561.07	21466.50
Amounts paid/utilized during the year	21466.50	25759.80
Closing Balance	34561.07	21466.50
(c) Corporate Dividend Tax		
As per last Balance Sheet	3648.23	4377.88
Addition during the year	10117.19	6566.81
Amounts paid/utilized during the year	8025.26	7296.46
Closing Balance	5740.16	3648.23

29. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March, 2010 is greater than the obligation under the defined contribution plan.

b. Gratuity

The Corporation has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act. The scheme is funded by the Corporation and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule. This is recognized in the profit & loss account on the basis of actuarial valuation.

d. Leave Travel Concession (LTC)

The Corporation has a scheme of providing LTC to employees and their dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

e. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

The summarized position of various **defined benefit** recognized in the Profit & Loss Account, Balance sheet and the funded status are as under :

Expense recognized in P&L A/c:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Current Service Cost	139.91	116.14	57.10	46.79	0.78	0.72
b) Interest Cost	198.00	110.43	168.36	128.48	1.31	1.07
c) Expected Return on Plan Assets	(243.67)	(135.04)	NIL	NIL	NIL	NIL
d) Actuarial (Gain) Loss recognized in P&L A/c	277.02	(65.04)	452.80	385.24	3.26	3.26
e) Past Service Cost	NIL	948.48	NIL	NIL	NIL	NIL
f) Expense recognized in P&L A/c	371.26	974.96	678.25	560.51	5.36	5.05

Expenses to be recognized in P&L A/c as per Actuary : Rs. 371.26 lacs

Less : Contributions received by the Gratuity Trust from other organizations for new employees : Rs. 8.17 lacs

Add : Amount recognized on account of employees exited from services from 01/01/2007 to 31/03/2009 on estimation basis : Rs. 101.63 lacs

Net Expenses recognized in P&L A/c : Rs. 464.72 lacs

Amounts recognized in Balance Sheet:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Present value of obligation as at the end of year	3142.92	2640.04	2742.05	2244.78	19.16	17.48
b) Fair value of Plan Assets as at the end of the year	2779.83	1672.62	NIL	NIL	NIL	NIL
c) Difference (b - a)	(363.09)	(967.42)	(2742.05)	(2244.78)	(19.16)	(17.48)
d) Net Assets/ (Liability) recognized *(of gratuity trust)	(363.09)	(967.42)*	(2742.05)	(2244.78)	(19.16)	(17.48)

Liability to be recognized in Balance Sheet as per Actuary : Rs.363.09 lacs

Add : Liability recognized on account of employees exited from services from 01/01/2007 to 31/03/2009 on estimation basis : Rs.101.63 lacs

Total Liability recognized in Balance Sheet : Rs.464.72 lacs

Changes in the Present value of defined benefit/ Obligation:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Present value of obligation as at the beginning of the period	2640.04	1577.53*	2244.78	1835.43	17.49	15.29
b) Interest Cost	198.00	110.42	168.36	128.48	1.31	1.07
c) Past Service Cost	Nil	948.48	NIL	NIL	NIL	NIL
d) Current Service Cost	139.91	116.14	57.10	46.79	0.78	0.72
e) Benefit Paid	(105.42)	(41.29)	(180.98)	(151.17)	(3.68)	(2.86)
f) Net Actuarial (Gain)/ Loss	270.39	(71.24)	452.80	385.24	3.27	3.26
g) Present Value of defined benefit/ obligation as at the end of the period *(of gratuity trust)	3142.92	2640.04*	2742.05	2244.77	19.16	17.48

Changes in the Fair value of Plan Assets:-

Particulars	Rs. In Lacs					
	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Fair value of Plan Assets as at the beginning of the period *(of the gratuity trust)	2640.04	1577.53*	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	243.68	135.03	NIL	NIL	NIL	NIL
c) Actual Company Contribution	8.17	7.54	NIL	NIL	NIL	NIL
d) Benefit Paid	(105.42)	(41.29)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(6.63)	(6.19)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the period *(of gratuity trust)	2779.84	1672.62*	NIL	NIL	NIL	NIL

During the year, the corporation has provided Liability towards Contribution to the Gratuity Trust of Rs.464.72 lacs (Previous Year Rs.974.69 lacs), PRMF of Rs.497.27 lacs (Previous Year Rs. 409.34lacs) and ODRB of Rs.1.67 lacs (Previous Year Rs.2.19lacs)

OTHER EMPLOYEE BENEFITS :-

During the year, Provision for Earned Leave Encashment amounting to Rs.209.69 lacs (Rs.182.20lacs as per actuarial valuation and Rs.27.49 lacs on account of employees exited from service from 01.01.2007 to 31.03.2009) (Previous Year Rs.160.09 lacs) and for sick leave Rs.155.44 lacs (Previous year Rs. 583.36 lacs) have been made on the basis of Actuarial Valuation and charged to P&L A/c.

In terms of AS-15 (revised 2005) on 'Employees benefits', LTC has been accounted for on the basis of Actuarial valuation. Accordingly, an amount of Rs.19.77 lacs (Previous year Rs.21.22 lacs) for the year has been made on the basis of Actuarial Valuation and charged to P&L A/c.

The effect of an increase/ decrease of one percent point on PRMF :-

Rs. in lacs

Particulars	1% (+)	1% (-)
a) Service & interest Cost	24.71 (P.Year 22.64)	(20.69) (P. Year (19.10))
b) PBO (Closing)	369.61 (P.Year 174.70)	(309.62) (P. Year (152.05))

Actuarial Assumptions :-

Particulars	Gratuity	PRMF	ODRB
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	7.50 (P.Year 7.00)	7.50 (P.Year 7.00)	7.50 (P.Year 7.00)
c) Expected Rate of Return on Assets	9.23 (P.Year 8.56)	NIL (P.Year Nil)	NIL (P.Year Nil)
d) Future salary/ cost increase	5.50 (P.Year 5.50)	5.50 (P.Year 5.50)	5.50 (P.Year 5.50)

- The Expected Rate on Return on Assets over the accounting period is assumed rate of return.

- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the accounting date with a term that matches of the liabilities and the salary Growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

- (A) Government of India has appointed REC as a nodal agency for implementation of RGGVY. The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.

(B) During current year interest earned of Rs.880.73 lacs (previous year Rs.2,933.95lacs) including TDS of Rs.154.34 lacs (previous year Rs.658.95 lacs) has been taken to RGGVY grant account and such TDS credits are being taken by REC for ultimately passing off the benefit of same to the credit of Govt. Funds.

(C) During the year the company has started recognizing the Income of Agency Charges (i.e.1% of project cost (inclusive of Service Tax) on RGGVY Schemes on the basis of the amount sanctioned by the Ministry of Power as per Accounting Policy 2.1.b. as against the earlier policy of recognition on the basis of disbursement of subsidy/loan. The change in the Accounting Policy has resulted in decrease of profit of current year by Rs. 118.36 lacs (net of service tax).

- During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself.

- The Corporation has come up in February 2010 with Further Public Offering (FPO) of 17,17,32,000 Equity shares of Rs. 10 each at prices determined through the Alternate Book Building method. The issue comprised a fresh issue of upto 12,87,99,000 Equity shares and an offer for sale of 4,29,33,000 Equity shares by the President of India acting through Ministry of Power, Govt. of India. The fresh Equity shares were allotted in March 2010. Accordingly, Issued and Paid

up Share Capital has increased from Rs.85,866 lacs to Rs.98,745.90 lacs and an amount of Rs.249,918.17 lacs (net of Issue expenses of Rs.1,955.19 lacs) has been taken to Securities Premium Account. Proceeds of the fresh issue of Equity shares have been utilized for the purposes mentioned in the Offer Document.

33. The Expenditure amounting to Rs.912.77 lacs incurred on ERP system has been capitalized during the year w.e.f. 24th October 2009. The life of the Software has been considered as five years taking into consideration the fast technological developments for amortization. The residual value is considered as Nil.
34. For Segment Reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India (ICAI), the Corporation's operations are classified into three business segments viz. Generation Loans, transmission & Distribution Loans and Others. The corporation does not have any geographical segments. The Corporation operates only in domestic geographical segments. Segment report for the year ended 31st March 2010 is as under :

(Rs. in Lacs)

Sl. No.	Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
a.	Segment Revenue		
	1. Generation Loans	2,51,383.31	1,50,698.45
	2. T & D Loans	3,43,912.46	2,72,254.16
	3. Others	75,464.51	70,175.19
	Total	6,70,760.28	4,93,127.80
b.	Segment Results		
	1. Generation Loans	1,13,713.91	49,569.10
	2. T & D Loans	1,33,679.24	1,17,796.74
	3. Others	32,252.34	36,047.51
	Total	2,79,645.49	2,03,413.35
c.	Unallocated Expenses	14,726.06	11,402.72
d.	Profit Before Tax.	2,64,919.43	1,92,010.63
e.	Provision for Tax	64,777.85	64,802.87
f.	Profit After Tax	2,00,141.58	1,27,207.76
g.	Segment Assets		
	1. Generation Loans	23,84,757.07	18,59,147.42
	2. T & D Loans	36,41,732.67	28,39,523.12
	3. Others	7,48,536.22	6,27,398.33
	Total	67,75,025.96	53,26,068.87
h.	Segment Liabilities		
	1. Generation Loans	20,38,372.36	15,89,107.23
	2. T & D Loans	31,12,772.91	24,27,083.87
	3. Others	6,39,811.73	5,36,269.05
	Total	57,90,957.00	45,52,460.15

35. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of these amounting to Rs.177.97 lacs is shown under the head 'Administration Expenses' in Schedule 15 . Future lease payments in respect of these lease agreements are as under:

(Rs. in lacs)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP	For Accommodation
Not later than one year	39.89	136.67
Later than one year and not later than 5 years	154.93	601.27
Later than 5 years	Nil	376.66
Total	194.82	1114.60

36. As part of hedging strategy, the company has executed in some cases Interest Rate Swap on fixed interest rate domestic rupee borrowings to lower cost by taking benefit of interest rate movement. The INR value of the outstanding borrowings on which such Swaps have been executed is Rs. 125,000 lacs. as on 31.03.2010.

In respect of foreign currency borrowings, the company has executed cross currency swaps to fully hedge the risk of exchange rate and interest rate variation. The outstanding position of such cross currency swaps as at 31st March 2010.

No. of Contracts	Borrowings outstanding as on 31.03.2010 in foreign currency	INR Equivalent
3	JPY 40,319 Million	165,865 Lacs
1	Euro 64.16 Million	41,772 lacs

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

37. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 25th January 2008. However, certain specific receivables of Rs.4,30,509 lacs are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of Rs.,87,000 lacs availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-passu charge on the receivables charged to these Trustees.
38. The Capital Adequacy Ratio of the Corporation as on 31st March 2010 is 16.05% (previous year 11.60%)
39. No loan has been rescheduled during the current year. The movement of the loans rescheduled in the earlier years are as under:-

Rs. In Lacs.

Particulars	As at 31.03.2010	No. of accounts	As at 31.03.2009	No. of accounts
Opening balance		9		11
Principal	2,28,029.89		2,33,649.93	
Interest	1,01,169.91		1,10,172.55	
Additions during the year		0		0
Interest accrued	30,237.55		34,630.97	
Received during the year *				
Principal	29,681.03		5,620.05	
Interest	55,150.67		43,633.61	
Closing balance		8		9
Principal	1,98,348.86		2,28,029.88	
Interest	76,256.79		1,01,169.91	

* Also includes one (previous year two) fully prepaid cases.

40. Previous year figures have been regrouped/rearranged/recasted, wherever necessary, to make them comparable with the current year figures.
41. Figures have been rounded off to the nearest lacs.
42. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.
43. Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956.

1. REGISTRATION DETAILS:

Registration No.	005095	State Code	55
Balance Sheet Date:	31	03	2010
	Date	Month	Year
	Amount (Rs. in lacs)		

2. CAPITAL RAISED DURING THE YEAR 12,879.90

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities 6702856.33 Total Assets 6702856.33

SOURCES OF FUNDS

Paid up Capital	98,745.90	Reserves and Surplus	10,09,287.59
Secured Loans	46,24,473.81	Unsecured Loans	9,70,349.03

Deferred Tax Liability NIL

APPLICATIONS OF FUNDS:

Net Fixed Assets (Incl. Capital WIP)	8,990.92	Investments	90,985.87
Net Current Assets	(43,118.60)	Loans	66,45,261.38
Deferred Tax Assets	736.76	Misc. Expenditure	NIL
Accumulated Losses	NIL		

4. PERFORMANCE OF COMPANY (Rs. In Lacs)

Turnover	670,760.28	Total Expenditure	405,840.85
Profit before Tax	264,919.43	Profit after Tax	200,141.58
EPS in Rs.	23.06	Dividend Rate	Rs. 6.50 per share

(On an equity share of Rs. 10/- face value)

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

Item Code No. N.A. Financial Services

Signatures to all Schedules 1 to 17

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

B.R.Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman and
Managing Director

In terms of our Report of even date

Bansal & Co.
Chartered Accountants

(D.S.Rawat)
Partner
M.No.83030
Firm Reg. No.: 001113N

For K.G.Somani & Co.,
Chartered Accountants

(Bhuvnesh Maheshwari)
Partner
M.No. 88155
Firm Reg. No.: 006591N .

Place: New Delhi
Dated: 19th May, 2010

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2010

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.
- (b) **Use of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. REVENUE RECOGNITION

The Corporation has formulated its own detailed Prudential Norms which are broadly based on the Prudential Norms prescribed by RBI for NBFCs. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

- a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any, and (iv) repayment of principal, the oldest being adjusted first.

In respect of loans whose terms are renegotiated / rescheduled / restructured, income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and a legally binding Memorandum of Agreement has been executed and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms till a period of at least one year from the effective date of the corresponding MOU.

- b. Income of Agency Charges on RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.

c. Income from investments

- (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis:

Provided that the income from dividend on shares of corporate bodies may be taken into account on accrual basis when such dividend has been declared by the corporate body

in its annual general meeting and REC's right to receive payment is established.

- (2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis:

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

- (3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) **Standard Assets:** 'Standard assets' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business, or a deemed standard asset which is defined below;

and

'a deemed standard asset' means

A facility made to a state utility against state government undertaking for deduction from central plan allocation for making payment to REC against its unpaid dues.

- (ii) **Sub-Standard Assets:** 'Sub-standard asset' means:

- (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
- (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
- (c) The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

- (iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.

- (iv) **Loss Assets:** Loss assets means –

- a) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.
- b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of application of Prudential Norms and provisioning Norms,

- i. Facilities granted to State/Central Sector entities are considered loan wise.
- ii. Facilities granted to other entities are considered borrower wise.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

- (i) **Loss Assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:
- (ii) **Doubtful assets** –
 - (a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/ State Govt. guarantee or State Govt. Undertaking for deduction from Central Plan Allocation or loans to any State Govt. shall be treated as secured;
 - (b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	% of provision
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

- (iii) **Sub-standard assets** - A provision of 10% shall be made.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

3. FIXED ASSETS

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

4. DEPRECIATION

- 4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.
- 4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than

15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

- 4.3. Depreciation on assets purchased during the year up to Rs 5,000/- is provided @ 100%.
- 4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. INVESTMENTS

Long term investments are carried at cost less provisions, if any (except mutual funds which are valued at NAV) for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX

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

8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE

- 10.1. Expenditure on rising of funds by way of bonds is charged to revenue in the year of issue of such bonds.
- 10.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the

amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.

- 10.3. Expenditure incurred on raising of funds is charged to the Profit and Loss Account in the year in which it is incurred except the discount/interest on the Commercial Papers, which are amortized proportionately over the period of its tenure.
- 10.4. Gain or loss on Interest rate swaps on domestic borrowing is adjusted against the interest cost as on the settlement date.

11. CASH FLOW STATEMENT

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

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

- 12.1. Considering the nature of business, interest income/ expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.
- 12.2. Other items not exceeding Rs.5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

- 13.1. The liability for employees benefit in respect of Gratuity is ascertained on actuarial valuation is provided and funded separately.

- 13.2. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.

- 13.3. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit & loss account.

14. TRANSACTION IN FOREIGN CURRENCY

- 14.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end and the resultant exchange fluctuation is charged to Profit & Loss account.

- 14.2. The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is either credited to respective grant account if terms of the grant so requires or to "other income".

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	(Rs. in Lacs)	
PARTICULARS	Year ended 31.03.2010	Year ended 31.03.2009
A. Cash Flow from Operating Activities :		
Net Profit before Tax	2,64,919.43	1,92,010.63
Adjustments for:		
1. Profit / Loss on Sale of Fixed Assets	-1.67	-1.03
2. Depreciation	215.50	136.16
3. Provision for fall in value of investments	-	105.34
4. Provision for Bad & doubtful debts	22.18	237.05
5. Excess Provision written back	-107.51	-0.37
6. Profit on sale/income of investment in units of "small is Beautiful Fund"	-67.11	-11.02
7. Loss/(Gain) on Exchange Rate fluctuation	-	-1,142.17
8. Dividend from Subsidiary Co.- REC PDCL	-5.00	-
9. Dividend and Dividend tax paid in excess of provision	0.90	-
Operating profit before working Capital Charges :	2,64,976.72	1,91,334.59
Increase / Decrease :		
1. Loans	-15,07,138.98	-12,06,730.45
2. Other Current Assets	-12,090.02	4,072.99
3. Other Loans & Advances	1,73,283.98	-4,330.83
4. Current Liabilities	-1,22,135.08	64,032.91
Cash outflow from Operations	-12,03,103.38	-9,51,620.79
1. Advance Income Tax Paid	-67,429.97	-48,109.26
2. Income Tax refund	2,049.58	-
3. Wealth Tax paid	-36.65	-2.15
4. Fringe Benefit tax paid	-	-132.62
Net Cash used in Operating Activities	-12,68,520.42	-9,99,864.82
B. Cash Flow from Investing Activities		
1. Sale of Fixed Assets	8.90	13.40
2. Purchase of Fixed Assets (incl. Advance for Capital exp.)	-1,123.36	-448.74
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	9,432.00	14,148.00
4. Redemption of units of "Small is Beautiful" Fund	238.50	-
5. Income on Investments in units of "Small is Beautiful" Fund	67.11	11.02
6. Investment in Shares of EESL	-62.50	-
7. Dividend from REC Power Distribution Company Limited	5.00	-
Net Cash used in investing Activities	8,565.65	13,723.68
C. Cash Flow from Financial Activities		
1. Issue of Bonds	16,59,115.39	13,80,733.12
2. Redemption of Bonds	-8,36,162.65	-5,26,546.00
3. Raising of Term Loans/STL from Banks/Fis (Net)	1,06,037.86	38,825.00
4. Raising of Foreign Currency Loan	58,269.18	45,665.12
5. Grants received from GOI (Net of refund)	5,01,976.13	5,44,621.74
6. Disbursement of grants	-6,00,367.03	-5,11,410.03
7. Repayment of Govt. Loan	-1,532.64	-1,718.00
8. Final Dividend paid	-21,467.27	-25,759.80
9. Corporate Dividend Tax paid on Final Dividend	-3,648.36	-4,377.88
10. Issue of Shares	12,879.90	-
11. Security Premium on issue of Shares	2,49,918.17	-
12. Issue of Commercial Paper	3,15,000.00	1,29,500.00
13. Repayment of Commercial Paper	-1,99,500.00	-
14. Interim Dividend paid	-25,759.80	-17,173.20
15. Corporate Dividend Tax paid on Interim Dividend	-4,377.03	-2,918.58
Net Cash in-flow from Financing Activities	12,10,381.85	10,49,441.49
Net Increase/Decrease in Cash & Cash Equivalents	-49,572.92	63,300.35
Cash & Cash Equivalents as at 1st April, 2009	1,88,604.14	1,25,303.79
Cash & Cash Equivalents as at 31st March, 2010	1,39,031.22	1,88,604.14
Net Increase/Decrease in Cash & Cash Equivalents	-49,572.92	63,300.35

Note : Previous year figures have been rearranged and regrouped wherever necessary.

In terms of our Report of even date

For K.G.Somani & Co.
Chartered Accountants

For Bansal & Co.
Chartered Accountants

For and on behalf of the Board

Bhuvnesh Maheshwari
Partner
M.No. : 88155
Firm Reg. No.: 006591N

D.S.Rawat
Partner
M.No. : 83030
Firm Reg. No.: 001113N

B. R. Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman & Managing Director

Place: New Delhi
Date: 19th May, 2010

ANNEXURE TO BE ENCLOSED WITH BALANCE SHEET AS AT 31ST MARCH 2010.

(As prescribed by RBI)

(Particulars as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, in so far as they are applicable to REC Ltd.)

(Rs. in Lakh)

Particulars	Amount Outstanding	Amount Overdue	(Rs. in Lakhs)
LIABILITY SIDE:			
Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:			
(a) Debentures/Bonds :			
(i) Secured	40,50,630.95	-	
(ii) Unsecured	35,470.04	-	
(b) Foreign Currency Loan	2,07,637.15	-	
(c) Term Loan from Govt. of India	4,941.84	-	
(d) Term Loan from Financial Institution	4,07,000.00	-	
(e) Term Loan from Banks	5,81,142.86	-	
(f) Overdrafts from Bank	-	-	
(g) Cash Credit from Banks	63,000.00	-	
(h) Commercial Paper	2,45,000.00	-	
ASSET SIDE :			
Break-up of Loans and Advances including bills receivable			
(a) Secured	41,67,701.14		
(b) Unsecured	24,77,560.24		
Borrower Group-wise classification of all leased assets,stock-on-hire and loans and advances :			
AMOUNT NET OF PROVISIONS			
Category	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	1430.12	1,430.12
(b) Companies in the same Group	-	-	-
(c) Other related Parties	-	-	-
2. Other than Related Parties	41,67,701.14	24,77,560.24	66,45,261.38
Total	41,67,701.14	24,78,990.36	66,46,691.50
Other Information			
Particulars	Amount		
(i) Gross Non-Performing Assets			
(a) Related Parties			
(b) Other than related Parties	1,954.09		
(ii) Net Non-Performing Assets			
(a) Related Parties	-		
(b) Other than related Parties	199.58		
(iii) Asset acquired in satisfaction of debts			

In terms of our Report of even date
 For K.G.Somani & Co.
 Chartered Accountants

For Bansal & Co.
 Chartered Accountants

For and on behalf of the Board

Bhuvnesh Maheshwari
 Partner
 M.No. : 88155
 Firm Reg. No.: 006591N

D.S.Rawat
 Partner
 M.No. : 83030
 Firm Reg. No.: 001113N

B. R. Raghunandan
 Company Secretary

H.D.Khunteta
 Director (Finance)

P. Uma Shankar
 Chairman & Managing Director

Place: New Delhi
 Date: 19th May, 2010

AUDITORS' REPORT

To

The Members of

Rural Electrification Corporation Ltd,

1. We have audited the attached Balance Sheet of RURAL ELECTRIFICATION CORPORATION LIMITED as at 31st March 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to be best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - iii) The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - v) Vide notification No. 2/5/2001-CL.V dated 22.03.2002 of the Department of Company Affairs, Government of India, Government Companies have been exempted from applicability of the provisions of Section 274(1)(g) of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to explanations given to us, the said financial statements read together with Note No. 21(B) in schedule 17 of Notes on Accounts regarding Deferred Tax Liability that after considering the opinion given by various concerned authorities, and also the practice followed by other similarly placed Institutions of not creating Deferred Tax Liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of the Income Tax Act 1961, the Company is of the opinion that there is no requirement for DTL as per AS 22 of ICAI. Accordingly, the Company has not created Deferred Tax Liability (DTL) of Rs. 155.65 Crore on account of special reserve created and maintained under Section 36(1)(viii) of the Income Tax Act, 1961, for the year ended on 31st March, 2010 and has also reversed the DTL of Rs. 964.57 Crore created in earlier years on this account as per Notes on Accounts, note no. 21(B). The reversal of DTL is done by crediting General Reserve by Rs. 638.80 Crore for the financial years upto 2005-06 and through Profit and Loss Appropriation by Rs. 325.77 Crore for the financial year 2006-07 to financial year 2008-09. Had the company followed the same accounting treatment regarding creation of DTL as in earlier years, the profit after tax for the year ended 31.03.2010 would have been Rs. 1845.77 Crore against reported profit of Rs. 2001.42 Crore and Reserve & Surplus would have been Rs. 8,972.66 Crore against reported Reserve & Surplus of Rs. 10,092.88 Crore as on 31.03.2010, together with other notes and accounting policies thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March 2010.
- b) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For Bansal & Co.
Chartered Accountants
Firm Regn. No. 001113N

For K.G. Somani & Co.
Chartered Accountants
Firm Regn. No. 006591N

(D.S Rawat)
Partner
M. No.83030

(Bhuvnesh Maheshwari)
Partner
M. No. 88155

Place: New Delhi
Date : 19.05.2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of Our Report of even date on the Accounts of Rural Electrification Corporation Limited for The Year Ended on 31st March, 2010

- | | |
|---|---|
| <p>(i) (a) The Company has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.</p> <p>(b) The Company has a phased programme of physical verification of its fixed assets, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, substantial assets were physically verified by the management during the year. Discrepancies noticed on such verification have been properly dealt with in the books of account.</p> <p>(c) In our opinion and according to the explanations given to us, during the year, the Company has not disposed off substantial part of fixed assets therefore going concern is not affected. Hence this clause of the order is not applicable.</p> <p>(ii) The company being Non Banking Financial Company, does not has any inventory.</p> <p>(iii) (a) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to any company, firm or other parties covered in register maintained under section 301 of Companies Act, 1956. Accordingly clause 4(iii)(a), the clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the order are not applicable.</p> <p>(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from any company, firm, or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly clause 4(iii)(e), the clause 4(iii)(f) and 4(iii)(g) of the order are not applicable.</p> <p>(iv) In our opinion and according to information & explanations given to us, internal controls are generally commensurate with the size of the Company and the nature of its business. <i>However in certain areas internal control needs further strengthening like loan accounting, loan pricing being not linked to rating linked policy in certain cases, control records regarding status of loan documents including formulation of legal manual; Receipt, disbursement & utilization of grants/subsidy received under various schemes; monitoring and supervision of loans given to various SEBs/DISCOMS/TRANSCOS/GENCOS including obtaining search reports for charges created against the loans given.</i></p> | <p>During the course of audit we have not come across any major failure in internal control system.</p> <p>(v) According to information and explanations given to us, the Company has not entered into any contract with the Companies or Entities covered u/s 301 of the Companies Act, 1956. Accordingly this clause of the order is not applicable.</p> <p>(vi) According to the information and explanations given to us, the Company has not accepted any deposit from public to which the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under, apply.</p> <p>(vii) Company is having internal audit department responsible for carrying out the internal audit of various departments at head office and at project office at periodical intervals as per the approved audit plan. <i>The internal audit has been carried out for part of the accounting year. In our opinion internal audit needs to be further strengthened with identification of critical areas for risk based audit and frequency of coverage in respect of loan department.</i></p> <p>(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956, for the products/services of the company. Accordingly, this clause of the order is not applicable to the Company.</p> <p>(ix) (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor's education protection fund, employees state insurance, income tax, wealth tax, service tax and other material statutory dues applicable to it.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, wealth tax were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.</p> <p>(c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax and cess which has not been deposited on account of dispute.</p> <p>(x) The Company does not have any accumulated losses as at 31st March, 2010. The Company has also not incurred cash losses during the financial year covered</p> |
|---|---|

by our audit and in the immediate preceding financial year. Accordingly, this clause of the order is not applicable.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank, bond holders as at the Balance Sheet date.
- (xii) In our opinion and according to the information and explanations given to us, the Company has maintained records and documents in respect of loan granted by it to various State Electricity Board, Transmission, Distribution and Generation Companies including independent power producers on the basis of security including collateral security by way of pledge of share and other security.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi or mutual benefit fund or society, therefore, this clause of the order is not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debenture and other investment, therefore this clause of the order is not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly this clause of the order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on the overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to companies, firms or other parties needs to be listed in the register maintained u/s 301 of the Companies Act.

(xix) According to the information and explanations given to us, during the year covered by our audit report, the company had issued 1,35,295 institutional bonds of Rs. 10 Lacs each and 30,57,776 capital gain bonds of Rs. 10000/-. The Company has created security in respect of Institutional and capital gain tax exemption bonds in the form of charge on current assets (book debts) and legal mortgage on the immovable properties of the Company at Mumbai & Delhi except in case of 43934 institutional bonds of 91 to 93 series for which registration of charge is in process.

(xx) The Company has raised monies by issue of fresh equity share of 12,87,99,000 of Rs. 10 each at a premium of about Rs. 195/- during the year. The management has disclosed the end use of money raised in notes on accounts.

(xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Bansal & Co.
Chartered Accountants
Firm Regn. No. 001113N

For K.G. Somani & Co.
Chartered Accountants
Firm Regn. No. 006591N

(D.S Rawat)
Partner
M. No.83030

(Bhuvnesh Maheshwari)
Partner
M. No. 88155

Place: New Delhi
Date : 19.05.2010

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

The Board of Directors
Rural Electrification Corporation Limited.
SCOPE Complex, Core-IV
Lodi Road,
New Delhi-110003

Dear Sir,

As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India, on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

- 1) The Corporation had applied for registration as provided in section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and has been granted certificate of registration by Reserve Bank of India on 10/02/1998 having Registration No. 14000011.
- 2) As per amendments to NBFC Regulations vide notification no.s 134 to 140, dated 13/01/2000, the Government Companies have been exempted from applicability of provisions of RBI Act relating to maintenance of liquid assts and creation of Reserve Funds and the directions relating to acceptance of public deposits and prudential norms. The exemption of Non Banking (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 was also notified vide RBI Master Circular No. 145 dated 1st July 2009.
- 3) The Corporation has not accepted any public deposits during the year 2009-10.
- 4) For the Financial year 31st March 2010, the Corporation has complied with the Accounting Standards, Income recognition, Provisioning for Bad and Doubtful debts, Capital Adequacy & Exposure Norms are as per the prudential norms formulated by the Company and referred to/ as stated in the Significant Accounting Policies.

For Bansal & Co.
Chartered Accountants

(D.S. Rawat)
Partner
Membership No. 83030
Firm Regn. No. 001113N

For K.G.Somani & Co.
Chartered Accountants

(Bhuvnesh Maheshwari)
Partner
Membership No. 88155
Firm Regn. No. 006591N

Date: June 10, 2010
Place: New Delhi

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE RURAL ELECTRIFICATION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountant of India. This is stated to have been done by them vide their Audit Report dated 19th May 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

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

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

Place: New Delhi
Dated: 09.07.2010

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sl. No.	Name of the subsidiary	REC Transmission Projects Company Limited	REC Power Distribution Company Limited	North Karanpura Transmission Company Limited#	Talcher-II Transmission Company Limited#	Raichur Sholapur Transmission Company Limited#
1.	Financial year of the Subsidiary ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
2.	Date from which they became subsidiary	08.01.2007	12.07.2007	23.04.2007	01.05.2007	19.11.2009
3.	Share of the subsidiary held by the company as on 31 st March, 2010.					
(a)	Number & face value	50,000 equity shares of Rs. 10/- each	50,000 equity shares of Rs. 10/- each	50,000 equity shares of Rs. 10/- each	50,000 equity shares of Rs. 10/- each	50,000 equity shares of Rs. 10/- each
(b)	Extent of holding	100%	100%	100%	100%	100%
4.	The net aggregate amount of the Subsidiary Companies Profit/(Loss) so far as it concerns the members of the holding Company.					
(a)	Not dealt with in the holding Company's accounts:-					
(i)	For the financial year ended 31 st March, 2010.	Rs. 198,010,352	Rs. 10,365,029	No Profit earned by the Company	No Profit earned by the Company	No Profit earned by the Company
(ii)	up to the previous financial year of the subsidiary company.	Nil	Rs.32,003,084	Nil	Nil	Nil
(b)	Dealt with in the holding Company's accounts:-					
(i)	For the financial year ended 31 st March, 2010.	Nil	Nil	Nil	Nil	Nil
(ii)	For the previous financial year of the subsidiary Company since they became the holding Company's Subsidiaries.	Nil	Nil	Nil	Nil	Nil

#Note 1: 100% shares of North Karanpura Transmission Company Limited, Talcher-II Transmission Company Limited and Raichur Sholapur Transmission Company Limited are held by REC Transmission Projects Company Limited which is a direct subsidiary of the Company. In pursuance of provision of Section 4 (1) (c) of the Companies Act, 1956, these companies are also subsidiaries of Rural Electrification Corporation Limited as on 31.03.2010.

Note 2: In case of REC Transmission Projects Company Limited, the process of selection of the successful bidders for transfer of, North Karanpura Transmission Company Limited and Talcher II Transmission Company Limited has been completed during the year.

B.R. Raghunandan
Company Secretary

H.D. Khunteta
Director (Finance)

P. Uma Shankar
Chairman & Managing Director

CONSOLIDATED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

	Sch. No.	As at 31.03.2010	As at 31.03.2009
(Rs. in Lacs)			
SOURCES OF FUNDS			
Shareholders' Funds:			
Capital	1	98,745.90	85,866.00
Reserves and Surplus	2	10,11,679.67	5,33,456.18
		11,10,425.57	6,19,322.18
Loan Funds:			
Secured Loans	3	46,24,473.81	37,61,365.25
Unsecured Loans	4	9,70,349.03	7,32,230.45
		55,94,822.84	44,93,595.70
Deferred Tax Liability/ (-) Assets	8	-735.99	95,668.55
Total		67,04,512.42	52,08,586.43
APPLICATIONS OF FUNDS			
Fixed Assets:	5		
Gross Block		8,367.32	7,121.48
Less Depreciation		1,631.26	1,448.53
Net Block		6,736.06	5,672.95
Capital Work in Progress		2,733.20	2,652.75
Investments	6	90,975.87	1,00,476.36
Loans	7	66,45,261.38	51,38,144.58
Current Assets, Loans & Advances:	9		
Cash and Bank Balances		1,39,422.80	1,88,827.09
Sundry Debtors		4,467.49	110.71
Other Current Assets		57,934.55	45,845.95
Loans and Advances		10,047.20	5,522.32
		2,11,872.04	2,40,306.07
Less: Current Liabilities & Provisions:	10		
Liabilities		1,97,848.63	2,44,762.83
Provisions		55,219.19	33,904.86
		2,53,067.82	2,78,667.69
Net Current Assets		-41,195.78	-38,361.62
Misc Exp. To the extent not written off		1.69	1.41
Total		67,04,512.42	52,08,586.43

Notes on accounts

17

Schedule 1 to 17 and Significant Accounting Policies form an integral part of Accounts.

In terms of our Report of even date

For K.G.Somani & Co.
Chartered Accountants

For Bansal & Co.
Chartered Accountants

For and on behalf of the Board

Bhuvnesh Maheshwari
Partner
M.No. : 88155
Firm Reg. No.: 006591N

D.S.Rawat
Partner
M.No. : 83030
Firm Reg. No.: 001113N

B.R. Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman & Managing Director

Place: New Delhi
Date: 19th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Sch. No.	Year ended 31.03.2010	(Rs. in Lacs) Year ended 31.03.2009
INCOME			
Operating Income (Net)	11	6,54,975.79	4,75,717.01
Other Income	12	19,786.71	17,937.88
Total		6,74,762.50	4,93,654.89
EXPENSES			
Interest and Other Charges	13	3,89,607.06	2,88,734.95
Establishment Expenses	14	12,205.38	8,909.75
Administration Expenses	15	3,115.60	2,353.83
Bond/ Debt Instrument Issue Expenses	16	1,507.73	979.50
Provision for bad & doubtful debts		22.18	237.05
Provision for Diminution in Investments		-	105.34
Depreciation		217.76	137.07
Total		4,06,675.71	3,01,457.49
PROFIT FOR THE YEAR BEFORE PRIOR PERIOD ITEMS		2,68,086.79	1,92,197.40
Prior period adjustment - expenses/ (Income) (net)		10.60	-38.73
PROFIT BEFORE TAX		2,68,076.19	1,92,236.13
Provision for Tax:			
Tax -Current Year		70,630.93	50,768.00
- Earlier year		2.83	2.15
- Adjustment for earlier years		-4,835.11	-
- Deferred tax - Current Year		52.20	13,960.73
Fringe Benefit Tax		-	152.70
Total		65,850.85	64,883.58
PROFIT AFTER TAX AND AVAILABLE FOR APPROPRIATION		2,02,225.34	1,27,352.55
Add: Reversal of deferred Tax Liability - Earlier Years		32,576.87	-
AMOUNT AVAILABLE FOR APPROPRIATION		2,34,802.21	1,27,352.55
Appropriations:			
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961		45,803.00	34,000.00
Reserve u/s 36(1)(viiia) of the Income Tax Act,1961 for Bad & Doubtful Debts		10,760.00	8,000.00
Interim Dividend Paid		25,759.80	17,173.20
Corporate Dividend Tax			
- Interim Dividend		4,377.03	2,918.58
Proposed Dividend		34,566.07	21,471.50
Dividend Tax on Proposed Dividend		5,741.01	3,649.08
Transfer to General Reserve		50,075.00	25,600.00
Surplus carried to Balance Sheet		57,720.30	14,540.19
Total		2,34,802.21	1,27,352.55
Basic & diluted Earning Per Share of Rs 10/- each- Amount in Rs.			
[refer note on accounts (Schedule-17)]		23.30	14.83

Schedule 1 to 17 and Significant Accounting Policies form an integral part of Accounts.

In terms of our Report of even date

For K.G.Somani & Co.
Chartered Accountants

Bhuvnesh Maheshwari
Partner
M.No. : 88155
Firm Reg. No.: 006591N

For Bansal & Co.
Chartered Accountants

D.S.Rawat
Partner
M.No. : 83030
Firm Reg. No.: 001113N

For and on behalf of the Board

B.R. Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman & Managing Director

Place: New Delhi
Date: 19th May, 2010

CONSOLIDATED
SCHEDULE '1' CAPITAL

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
Authorised		
1200,000,000 (Previous Year 1200,000,000) Equity shares of Rs.10 each	1,20,000.00	1,20,000.00
Issued, Subscribed and Paid up		
858,660,000 (Previous Year 858660000) fully paid up Equity shares of Rs. 10 each	98,745.90	85,866.00
Total	98,745.90	85,866.00

SCHEDULE '2' RESERVES AND SURPLUS

	(Rs. in Lacs)			
	Opening Balance as on 01.04.2009	Additions/ adjustments during the year	Deductions/ adjustments during the year	Closing Balance as at 31.03.2010
(A) Capital Reserves				
i) Capital Reserve (Grant from USAID)	10,500.00	-	-	10,500.00
ii) Security Premium*	72,216.48	2,51,940.52	1,955.19	3,22,201.81
Sub Total (A)	82,716.48	2,51,940.52	1,955.19	3,32,701.81
(B) Other Reserves				
i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act,1961	2,83,779.77	45,803.00	-	3,29,582.77
ii) Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act,1961	34,369.13	10,760.00	-	45,129.13
iii) General Reserve**	1,04,987.38	-	-	1,04,987.38
Additions: During the year				
- Transferred from Profit & Loss A/C	-	50,075.00	-	50,075.00
- Reversal of Deferred Tax Liability	-	63,879.87	-	63,879.87
	1,04,987.38	1,13,954.87	-	2,18,942.25
iv) Profit & Loss Account**	27,603.42	57,720.29	-	85,323.71
Sub Total (B)	4,50,739.70	2,28,238.16	-	6,78,977.86
Total (A+B)	5,33,456.18	4,80,178.68	1,955.19	10,11,679.67

* Additions represent amount transferred from Profit after Tax and the amount of Share Premium received on Further Public Offering net of amount written back in respect of liability excess provided in previous years for Initial Public Offering. Deductions/ adjustments represent REC's share of Issue expenses relating to Further Public offering of shares.

** Addition to Surplus Account include Rs. 32,576.87 lakhs and General Reserve Rs. 63,879.87 lakhs on account of reversal of Deferred Tax Liability created on Special Reserves as explained in note no. 21(b) of Schedule-17, Notes to the accounts.

SCHEDULE '3' SECURED LOANS

			(Rs. in Lacs)	
			As at 31.03.2010	As at 31.03.2009
TERM LOANS FROM BANKS/ INSTITUTIONS			1,66,842.86	2,05,325.00
(Secured against the receivables)				
LOAN FROM LIFE INSURANCE CORPORATION OF INDIA			3,20,000.00	3,35,000.00
(Secured against receivables)				
LOAN FROM IIFCL			87,000.00	-
(Refinance facility availed secured against pooling of security of present and future receivables on pari-passu basis)				
LOAN THROUGH BONDS				
(Cumulative & Non- Cumulative)				
(Secured by charge against receivables and/ Immovable property at Maharashtra & Delhi as per the terms of the private placement and to the satisfaction of the respective trustees).				
a) Long Term				
I TAXFREE SECURED BONDS				
41st Series	-	8.25% Redeemable at par on 22.02.2010	-	7,500.00
53rd Series	-	7.10% Redeemable at par on 23.03.2011	5,000.00	5,000.00
II TAXABLE SECURED BONDS				
64th Series	-	6.90% Redeemable at par on 27.09.2009	-	15,000.00
66th Series	-	6.00% Redeemable at par on 31.01.2010	-	13,900.00
69th Series	-	6.05% Redeemable at par on 23.01.2014	53,536.00	66,920.00
72nd Series	-	6.60% Redeemable at par on 18.08.2011	11,370.00	38,570.00
73rd Series	-	6.90% Redeemable at par on 08.10.2014	23,390.00	23,390.00
75th Series	-	7.20% Redeemable at par on 17.03.2015	50,000.00	50,000.00
77th Series	-	7.30% Redeemable at par on 30.06.2015	98,550.00	98,550.00
78th Series	-	7.65% Redeemable at par on 31.01.2016	1,79,570.00	1,79,570.00
79th Series	-	7.85% Redeemable at par on 14.03.2016	50,000.00	50,000.00
80th Series	-	8.20% Redeemable at par on 20.03.2016	50,000.00	50,000.00
81st Series	-	8.85% Redeemable at par on 20.01.2017	31,480.00	31,480.00
82nd Series	-	9.85% Redeemable at par on 28.09.2017	88,310.00	88,310.00
83rd Series	-	9.07% Redeemable at par on 28.02.2018	68,520.00	68,520.00
84th Series	-	9.45% Redeemable at par on 04.04.2013	1,00,000.00	1,00,000.00
85th Series	-	9.68% Redeemable at par on 13.06.2018	50,000.00	50,000.00
86th Series	-	10.75% Redeemable at par on 24.07.2013	72,790.00	72,790.00
86-A Series	-	10.70% Redeemable at par on 29.07.2018	50,000.00	50,000.00
86-B-I Series	-	10.95% Redeemable at par on 14.08.2011	92,420.00	92,420.00
86-B-II Series	-	10.90% Redeemable at par on 14.08.2013	35,410.00	35,410.00
86-B-III Series	-	10.85% Redeemable at par on 14.08.2018	43,200.00	43,200.00
87-I Series	-	10.90% Redeemable at par on 30.09.2013	37,020.00	37,020.00
87-II Series	-	10.85% Redeemable at par on 30.09.2018	65,740.00	65,740.00
87-A-I Series	-	11.35% Redeemable at par on 24.10.2013	24,970.00	24,970.00
87-A-II Series	-	11.20% Redeemable at par on 24.10.2018	3,640.00	3,640.00
87-A-III Series	-	11.15% Redeemable at par on 24.10.2018	6,180.00	6,180.00
87-B Series	-	11.75% Redeemable at par on 03.11.2011	94,090.00	94,090.00
87-C-I Series	-	11.45% Redeemable at par on 26.05.2010	22,910.00	22,910.00
87-C-II Series	-	11.45% Redeemable at par on 26.11.2010	59,150.00	59,150.00
87-C-III Series	-	11.50% Redeemable at par on 26.11.2013	86,000.00	86,000.00

CONSOLIDATED

(Rs. in Lacs)

		As at 31.03.2010	As at 31.03.2009
88th Series	- 8.65% Redeemable at par on 15.01.2019	1,49,500.00	1,49,500.00
89-I Series	- 7.00% Redeemable at par on 02.06.2012	67,150.00	-
89-II Series	- 7.70% Redeemable at par on 02.06.2014	25,500.00	-
90 th Series	- 8.80% Redeemable at par on 03.08.2019	2,00,000.00	-
90-A-I Series	- 7.15% Redeemable at par on 05.08.2012	1,00,000.00	-
90-A-II Series	- 8.00% Redeemable at par on 05.08.2014	1,00,000.00	-
90-B-I Series	- 8.35% Redeemable at par on 04.09.2014	88,390.00	-
90-B-II Series	- 8.72% Redeemable at par on 04.09.2019	86,820.00	-
90-C-I Series	- 7.90% Redeemable at par on 06.10.2012	1,41,750.00	-
90-C-II Series	- 8.80% Redeemable at par on 06.10.2019	1,04,000.00	-
91-I Series	- 7.75% Redeemable at par on 17.11.2012	94,300.00	-
91-II Series	- 8.80% Redeemable at par on 17.11.2019	99,590.00	-
92-I Series	- 7.60% Redeemable at par on 22.01.2013.	92,460.00	-
92-II Series	- 8.65% Redeemable at par on 22.01.2020	94,530.00	-
93-I Series	- 7.65% Redeemable at par on 19.02.2013	14,150.00	-
93-II Series	- 8.45% Redeemable at par on 19.02.2015	44,310.00	-
CAPITAL GAINS BONDS (Redeemable at par)			
Series-I		-	1,552.60
Series-II		-	1,639.40
Series-III		-	6,502.30
Series-IV		131.80	20,638.20
Series-V		42,481.60	81,013.50
Series-VI		53,628.50	4,49,421.30
Series-VI A		-	2,85,867.00
Series-VII		3,40,274.40	3,40,274.40
Series-VIII		2,52,523.30	2,52,523.30
Series-VIII (2009-10)		3,05,777.60	-
INFRASTRUCTURE BONDS (Redeemable at par)			
Series-I & II		-	924.70
Series-III		-	533.55
Series-IV		-	420.00
Interest Accrued & Due on Capital Gain Bonds		117.75	-
Total Secured Loans		46,24,473.81	37,61,365.25
Due for repayment/redemption within one year		6,40,702.59	9,90,348.69

Notes to Schedule No 3 :-

- a) Secured loan of Rs. 46,24,473.81 lakhs include :-
Taxable secured bonds of Series 91 to 93 onwards amounting to Rs. 4,39,340 lakhs for which registration of charge is in process.
- b) (i) 64th Series of bonds have been redeemed on 27th September 2009.
(ii) 66th Series of bonds have been redeemed on 31st January 2010.
(iii) 41st Series of bonds have been redeemed on 22nd February 2010.
(iv) Charge vacation for bond series 64th, 66th & 41st in under process.
(v) 69th Series of bonds (20% 1st instalment) have been redeemed on 23rd January 2010.
(vi) 87 A-II Series of bonds have put/call option at the end of 5 years, i.e. 24.10.2013. Rs. 272 crores of 72nd bond series were redeemed on 18.08.2009 on put option exercised by Bond holders and balance of Rs. 11,370 lacs is redeemable on 18.08.2011.
- c) 69th, 73rd and 77th series are redeemable at par in 5 equal instalments at par at the end of 6th,7th,8th,9th and 10th year respectively. (Rs. 133.84 crores - 20% of 1st instalment of bonds 69th series has been redeemed on 23rd January 2010.

CONSOLIDATED

- d) 75th series of bonds shall be redeemed at par in 10 equal instalments at half yearly intervals from 5 –1/2 years to 10 years by way of STRPPs.
- e) 78th, 79th, 80th, 81st, 82nd, 83rd, 85th , 86 A, 86 B-III, 87-II, 87 A-II, 87 A-III, 88th, 90th, 90 B-II, 90 C-II, 91-II & 92-II series are redeemable at par at the end of 10 years i.e. 31.01.2016, 14.03.2016, 20.03.2016, 20.01.2017, 28.09.2017, 28.02.2018, 13.06.2018, 29.07.2018, 14.08.2018, 30.09.2018, 24.10.2018, 24.10.2018, 15.01.2019, 03.08.2019, 04.09.2019, 06.10.2019, 17.11.2019 & 22.01.2020 respectively.
- f) 84th, 86th, 86B-II, 87-I, 87 A-I, 87 C -III, 89-II, 90 A-II, 90 B -I & 93-II series are redeemable at par at the end of 5 years i.e. 04.04.2013, 24.07.2013, 14.08.2013, 30.09.2013, 24.10.2013, 26.11.2013, 02.06.2014, 05.08.2014, 04.09.2014 & 19.02.2015 respectively.
- g) 86 B-I, 87 B, 89-I, 90 A-I, 90 C-I, 91-I, 92-I & 93-I series are redeemable at par at the end of 3 years i.e. 14.08.2011, 03.11.2011, 02.06.2012, 05.08.2012, 06.10.2012, 17.11.2012, 22.01.2013 & 19.02.2013 respectively.
- h) 87 A-I series of bonds have put/call options at the end of 3 years i.e. 24.10.2011.
- i) 87 C-I series is redeemable at par at the end of 18 months i.e. 26.05.2010.
- j) 87 C-II series is redeemable at par at the end of 24 months i.e. 26.11.2010.
- k) Capital Gains Tax Exemption Bonds are issued for a tenure of 3/5/7 years at the rates of 5.15% to 8.70% payable semiannually/ annually & with cumulative options. These bonds have put/call option at the end of 3/5 years. In the current year(09-10) Capital Gain Exemption Bond Issue Sr VIII(09-10) has a 3 years tenure at 6.25% payable annually. Infrastructure bonds have been issued for a tenure of 3 to 5 years at different interest rates varying between 6.00% to 9.00% payable annually. These bonds have put option at the end of 3/5 years from the date of allotment.

SCHEDULE '4' UNSECURED LOANS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
LOAN FROM GOVERNMENT OF INDIA	4,941.84	6,474.48
TERM LOANS		
(a) Long term Loan from Banks	4,14,300.00	2,74,780.00
(b) Short term Loan from Banks	-	1,30,000.00
CASH CREDIT	63,000.00	-
FOREIGN CURRENCY BORROWINGS		
(a) Long term		
ECB- Syndicated Loan from Banks	87,026.32	87,026.32
JBIC Loan- Govt. of India Guaranteed	78,839.17	43,941.29
Kfw Loan- Govt. of India Guaranteed	41,771.66	18,400.36
COMMERCIAL PAPER	2,45,000.00	1,29,500.00
LOAN THROUGH BONDS		
Long term		
(A) Non- Cumulative ,Guaranteed by Government of India		
21st Series - 11.5% Redeemable at par on 29.12.2009	-	6,908.00
22nd Series - 11.5% Redeemable at par on 27.12.2010	4,900.00	4,900.00
23rd Series-1 - 12% Redeemable at par on 05.12.2011	2,265.00	2,265.00
23rd Series-2 - 12% Redeemable at par on 21.02.2012	3,035.00	3,035.00
(B) Other Bonds		
74th Series - 7.22% Redeemable at par on 31.12.2014	25,000.00	25,000.00
Interest Accrued & Due	270.04	-
Total Unsecured Loans	9,70,349.03	7,32,230.45
Due for repayment/ redemption within one year	3,60,828.16	3,25,388.00

Note:-

Bonds for Rs.2.00 lacs are held as on 31.03.2010 by REC Ltd. CP Fund Trust.

CONSOLIDATED

SCHEDULE- '5' CONSOLIDATED SUMMARY OF FIXED ASSETS AS AT 31ST MARCH, 2010

(Rs in Lacs)

FIXED ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01.04.2009	Additions during the Period	Sales/ adjustment during the Period	As at 31-03-2010	As on 31-03-2009	Depreciation during the Period	Depreciation adjustment during the Period	As at 31.03.2010	As at 31.03.2009
Freehold Land	3,188.87	223.07	-	3,411.94	-	-	-	3,411.94	3,188.87
Leasehold Land	145.51	-	-	145.51	14.19	1.41	-	129.91	131.32
Buildings	2,216.12	9.58	-	2,225.70	498.24	34.74	-	1,692.72	1,717.88
Furniture & Fixtures	565.94	18.77	1.60	583.11	283.74	32.29	1.17	314.86	282.20
EDP Equipments	528.76	553.16	2.05	1,079.87	350.55	79.81	2.05	428.31	178.21
Office Equipments	341.37	41.62	4.90	378.09	194.32	15.58	1.47	208.43	147.05
Vehicles	107.00	0.43	33.92	73.51	82.14	4.09	30.34	55.89	24.86
Minor Value Assets-Furniture	9.11	3.09	-	12.20	9.11	3.09	-	12.20	-
Minor Value Assets-EDP	1.37	5.19	-	6.56	1.37	5.19	-	6.56	-
Minor Value Assets-Office Equipments	12.24	5.03	-	17.27	12.24	5.03	-	17.27	-
Other Intangible Assets (Computer Software)	5.19	428.37	-	433.56	2.63	36.53	-	394.40	2.56
	7,121.48	1,288.31	42.47	8,367.32	1,448.53	217.76	35.03	6,736.06	5,672.95
Capital WIP (inclusive of Capital Advances)	2,652.75	1,047.68	967.23	2,733.20	-	-	-	2,733.20	2,652.75

Note:- Other Intangible Assets include computer software purchased from outside and in terms of AS-26 these are amortized over 5 years
 - Capital WIP consists of mainly land pending possession from the authorities and other civil works.

SCHEDULE '6' INVESTMENTS

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
Long Term (Unquoted)		
Non-Trade Investments		
8% Government of Madhya Pradesh Power Bonds-II Maturing in 30 equal half yearly Installments w.e.f. 1.04.05 (21 Bonds of Face Value of Rs 4716 Lacs each) (Previous year 24 Bonds of Face Value of Rs 4716 Lacs each)	89,604.00	99,036.00
KSK Energy Ventures Limited	1,184.37	1,315.36
1,44,70,381 units of "Small is Beautiful" Fund at Net assets Value (NAV) of Rs. 9.09 per unit (Previous Year 1,44,70,381 units of "Small is Beautiful" Fund at Net assets Value (NAV) of Rs. 9.818 per unit) (Face Value per unit is Rs 10/-)		
Investment in Indian Energy Exchange Ltd. 12,50,000 Equity shares of Rs. 10/- each	125.00	125.00
Investment in Energy Efficiency Service Ltd. 625,000 equity shares of Rs 10 each paid up	62.50	-
Total (Unquoted)	90,975.87	1,00,476.36

SCHEDULE '7' LOANS

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
(i) State Electricity Boards/Corpn., Co-operatives and State Governments		
(a) Unsecured, considered good and guaranteed by respective State Governments	21,34,314.13	20,93,859.39
(b) Classified Doubtful Less: Prov. for Bad & doubtful debts	231.76 32.18 199.58	1,753.81 1,717.68 36.13
(ii) State Electricity Boards/Corpn. (Secured by hypothecation of materials with respective State Electricity Boards/ Corpn.) Considered Good	37,08,522.50	23,90,960.36
(iii) Others (Secured by hypothecation of tangible assets)		
(a) Considered Good	4,59,178.64	2,91,026.32
(b) Classified Doubtful Less: Prov. for Bad & doubtful debts	1,722.33 1,722.33 -	5,135.42 3,083.04 2,052.38
(iv) Others (Unsecured)- Considered good	2,93,905.45	2,82,546.15
Sub Total (i to iv)	65,96,120.30	50,60,480.73
(i) Interest accrued and due on Loans	5,887.74	1,827.98
(ii) Interest accrued on rescheduled loans	43,253.34	75,835.87
Grand Total	66,45,261.38	51,38,144.58

CONSOLIDATED
SCHEDULE '8' DEFERRED TAX LIABILITY/(-) ASSETS

	As at 31.03.2010	As at 31.03.2009
Opening Balance	95,668.55	81,707.82
Less: Reversed up to 31.03.2009	96,456.74	-
	-788.19	81,707.82
Add: Addition during the half Year	52.20	13,960.73
Total	-735.99	95,668.55

Refer Note No.: 22 (B) of Schedule 17, Notes on Accounts

SCHEDULE '9' CURRENT ASSETS, LOAN & ADVANCES

	As at 31.03.2010	As at 31.03.2009
I CURRENT ASSETS		
A) Cash and bank balances :		
(i) Cash/Cheque in hand/transit (incl. Postage & imprest)	0.61	0.29
(ii) In current accounts		
- with RBI	1.87	1.85
- with Scheduled Banks	63,679.03	32,177.74
- with Scheduled Banks (for RGGVY Scheme)	418.07	659.89
- with Scheduled Banks (Funds for AG & SP Sch.)	3,466.58	55.95
(iii) In Deposit accounts with Scheduled Banks		
- RGGVY	-	97,649.98
- AG&SP	-	3,590.66
- Others	71,856.64	54,690.73
Total - (A)	1,39,422.80	1,88,827.09
B) Sundry Debtors	4,467.49	110.71
C) Other Current Assets		
(i) Interest accrued but not due on term deposits	97.75	138.74
(ii) Interest accrued but not due		
- on Loans	48,796.72	45,169.58
- on Govt. Securities	-	-
- on loans to employees	281.73	222.38
(iii) Recoverable from SEB /Govt. Deptts.	659.00	106.32
(iv) Recoverable from GOI		
- RGGVY Expenses	295.04	208.93
- RGGVY Grant	7,804.31	-
Total - (C)	57,934.55	45,845.95
II LOANS AND ADVANCES		
A) Loans		
(i) Employees (Secured)	177.58	238.53
(ii) Employees (Unsecured)	515.90	853.47
B) Advances		
(Unsecured considered good)		
(i) Advances recoverable in cash or in kind or for value to be received	1,024.84	346.28
(ii) Prepaid financial charges on Commercial Paper	5,174.37	4,083.72
(iii) Income Tax recoverable	3,154.51	0.32
Total - (D)	10,047.20	5,522.32
Total - (A+B+C+D)	2,11,872.04	2,40,306.07

SCHEDULE '10' CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lacs)

	As at 31.03.2010		As at 31.03.2009	
A) CURRENT LIABILITIES				
(a) Advance Receipts		1,551.65		2,525.41
(b) Other Liabilities		7,014.90		4,342.96
- Dues of creditors other than Micro, Small and Medium Enterprises				
(c) (i) Grant from Government of India for disbursement	19,61,406.91		14,60,887.62	
(ii) Interest on RGGVY Grant	5,090.52		3,633.68	
Total	19,66,497.43		14,64,521.30	
Less: Disbursed to Beneficiaries	-19,59,821.07		-13,59,454.04	
Un-disbursed Grant	6,676.36			1,05,067.26
(d) Interest accrued but not due				
- on bonds	1,56,827.23		1,17,683.76	
- Government/ LIC Loans	13,839.41	1,70,666.64	12,841.89	1,30,525.65
(e) Unclaimed Interest & Principal on Bonds				
- Interest	1,523.38		1,243.49	
- Principal	9,950.98	11,474.36	83.10	1,326.59
(f) Gratuity payable		464.72		974.96
Total - (A)		1,97,848.63		2,44,762.83
B) PROVISIONS				
(a) Income Tax	1,80,243.06		1,09,727.82	
Less : Advance Income-Tax & TDS	1,77,419.14		1,08,906.05	
Balance Provision for Income Tax		2,823.92		821.77
(b) Staff Benefits		5,703.46		4,819.63
(c) Provision for Incentive & Ex Gratia		3,975.17		1,791.40
(d) Wage Revision		3,306.24		1,280.00
		7,281.41		3,071.40
Less : Adjustable advance		-968.77		-
Balance Provision for Incentive, Ex Gratia & Wage Revision		6,312.64		3,071.40
(e) Wealth Tax		36.00		33.82
(f) Fringe Benefit Tax		36.09		36.84
(g) Proposed Dividend		34,566.07		21,471.50
(h) Dividend Tax on Proposed Dividend		5,741.01		3,649.08
(i) Contingencies		-		0.82
Total - (B)		55,219.19		33,904.86
Total - (A+B)		2,53,067.82		2,78,667.69

CONSOLIDATED
SCHEDULE '11' OPERATING INCOME

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. On Lending Operations		
Interest on Loans		
-Long term financing	6,08,425.48	4,38,541.59
Less: Rebate for timely payments/ completion etc	977.48	1,346.05
-Short term financing	35,637.42	29,297.94
	6,43,085.42	4,66,493.48
B. Long Term Lease Revenue	-	544.60
C. Processing fees, Upfront fees, Service charges etc	4,253.88	1,343.18
D. Prepayment Premium	1,784.80	353.64
E. Agency Charges for RGGVY		
Implementation / Others	5,851.69	6,982.11
Total	6,54,975.79	4,75,717.01

SCHEDULE '12' OTHER INCOME

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. On Investment/Deposit Operations		
Dividend on Mutual Fund	978.98	-
Interest on deposits	2,036.13	3,718.69
Interest on Govt. Securities	7,734.24	10,749.35
(TDS Rs. 448.83 lac, Previous Year Rs. 961.78 lac)		8,704.32
12,423.01		
B. Other Income		
Difference in exchange rate	-	1,142.17
Excess Provision written back	3,476.05	3,610.99
Interest on Income Tax Refund	855.06	-
Interest on staff advances	66.22	49.62
Dividend on Investment in Venture Fund	67.11	11.02
Miscellaneous Income	4,569.73	700.00
Profit on sale of assets	3.19	1.07
Total	19,786.71	17,937.88

SCHEDULE '13' INTEREST AND OTHER CHARGES

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Interest on -		
- Govt. Loans	421.27	534.07
- REC Bonds	2,93,774.77	2,03,485.20
- Banks/Fin Insts.	69,780.32	73,794.15
- External Commercial Borrowings	10,956.78	7,712.49
- Commercial Paper	13,680.74	2,134.76
	3,88,613.88	2,87,660.67
Interest on AREP Subsidy	64.26	122.22
Guarantee Fee	442.10	797.45
Other Finance Charges	486.82	154.61
Total	3,89,607.06	2,88,734.95

SCHEDULE '14' ESTABLISHMENT EXPENSES

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Salaries and Allowances	9,202.57	5,413.53
Post Retirement Medical expenses	1,109.41	1,144.31
Contribution to Provident and Other Funds	897.54	1,466.36
Staff Welfare expenses	995.86	885.55
Total	12,205.38	8,909.75

SCHEDULE '15' ADMINISTRATION EXPENSES

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Rent- office	163.13	175.16
Rates and Taxes	89.12	40.68
Electricity and Water Charges	64.96	54.91
Insurance Charges	2.93	4.44
Repairs and Maintenance		
Building	159.30	259.50
ERP & Data Centre	121.99	-
Others	107.18	29.53
Printing and Stationary	167.72	193.50
Travelling and Conveyance		
- Directors	81.88	55.53
- Others	569.15	468.24
Postage, Telegram and Telephone	183.61	105.56
Publicity & Promotion Expenses	222.01	202.75
Auditors' Remuneration	27.06	23.76
Miscellaneous Expenses	977.15	376.22
Consultancy Charges	166.89	117.42
Donations & Charity	10.00	246.59
Loss on Sale of Assets	1.52	0.04
Total	3,115.60	2,353.83

SCHEDULE '16' BOND/ DEBT INSTRUMENT ISSUE EXPENSES

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Bonds Handling Charges	439.91	321.29
Bonds Brokerage A/c	667.04	366.68
Bonds Stamp Duty	157.33	21.05
Others	243.45	270.48
Total	1,507.73	979.50

SCHEDULE '17' CONSOLIDATED NOTES ON ACCOUNTS

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
- REC Transmission Projects Co. Ltd. (RTPCL)	India	100%
- REC Power Distribution Co. Ltd. (RPDCL)	India	100%
- North Karanpura Transmission Co. Ltd. (NKTCL) (A wholly owned subsidiary of RTPCL) (Since sold after March 31, 2010)	India	100%
- Talcher II Transmission Company Ltd. (TTCL) (A wholly owned subsidiary of RTPCL) (Since sold after March 31, 2010)	India	100%
- Raichur Sholapur Transmission Company Ltd. (A wholly owned subsidiary of RTPCL)	India	100%

2. EARNING PER SHARE (EPS)

Particulars	2009-10	2008-09
Net profit after tax (Rs. in lacs)	2,02,225.34	1,27,352.55
Net Profit attributable to equity shareholders (Rs. in lacs)	2,02,225.34	1,27,352.55
Weighted Average number of equity shares	86,78,34,723	85,86,60,000
Basic and diluted earning per share (Rs.)	23.30	14.83
Face Value per equity shares (Rs.)	10	10

3. Contingent Liabilities not provided for in respect of:-

(Rs. in lacs)

S. No.	Particulars	As at 31.03.2010	As at 31.03.2009
(a)	Claims against the Corporation not acknowledged as debts, including Rs. 406.36 lacs pending in various courts including arbitration cases as on 31.03.2010 (Previous year Rs.3,460.53 lacs) and	494.49	3,469.37
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	599.26	1,247.75
(c)	Others	1,76,559.67	1,34,263.00

The amount referred to in (a) above are dependent upon the outcome of settlement of court/arbitration cases.

The amount under 1 (c) include Rs. 1,73,970 lacs against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers, Rs 1,557.65 lacs pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers, Rs.668.50 lacs against demand raised by the Income tax Department for Assessment Year 2008-09 against Notice u/s 143(1) of Income Tax Act and Rs. 363.52 lacs which was paid to the Income Tax Dept. against the demand raised by them on completion of assessment for AY 2006-07 for which appeal has been filed with CIT (Appeals) and the amount paid has been shown as Advance Income Tax in Current Liabilities and Provisions schedule in the Balance Sheet.

4. Auditors' Remuneration includes:

(Rs. in lacs)

S. No.	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
a)	Audit fees – Current year	20.34	*** 17.91
b)	Tax Audit Fee (*exclusive of Rs.2 lacs paid to Tax auditors for Tax Audit of FY 2008-09)	* 4.85	2.50
c)	Reimbursement of expenses	0.39	*** 1.88
d)	Payment for Other services (**including for FPO certification which has been set off against Securities Premium A/c)	** 16.76	2.32
	Total	42.34	*** 24.61

*** Payment to auditors for RTPCL, NKTCL & TTCL (total amounting Rs.0.85 Lacs) has been taken in CWIP

5. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
6. In order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. However, the RBI had noted that the date from which our Corporation was required to comply with such regulations would be decided later. While our Corporation has submitted the said 'road map',

to Ministry Of Power for onward submission/approval of RBI, it has sought exemption from compliance with the regulations governing NBFCs till the period of the 12th Five Year Plan (FY2017).

Further, on December 13, 2006 and February 21, 2009, our Board of Directors approved our adoption of prudential norms. Our prudential norms limit our exposure, separately, for private and state sector borrowers. For private sector borrowers, our exposure is restricted to any single borrower for up to 25% of our Corporation's owned funds and to a single group of companies for up to 50% of our Corporation's owned funds. In respect of loans to state sector borrowers, our maximum credit exposure varies from 100% to 250% of our Corporation's net worth, depending on entity appraisal and status of on bundling of the respective state utilities.

7. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to Rs. 301.45 lacs (Previous year Rs.500.89 lacs) and the societies are pursued to create the required Special Fund.
8. Balance confirmation has been received from most of the borrowers.
9. Income Tax as applicable in respect of Interest Accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are transferable.
10. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to Rs. 3,630.58 lacs (Previous year Rs. 3,996.51 lacs) are in the process of completion.
11. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC & Infra bonds) as on 31.03.2010 held in specified banks are Rs. 3,431.32 lacs (previous year Rs.5,025.32 lacs).
12. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
13. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
14. The company has no outstanding liability towards Micro, Small and Medium undertakings.
15. Bond Redemption Reserve (BRR) has been created since in terms of clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR is not required to be created in the case of privately placed debentures issued by NBFC's registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997.
16. During the year, the Corporation has reduced cost of borrowing to the extent of Rs.765.69 lacs (Previous year Rs.420.16lacs) on account of swap (coupon only) transaction linked to rupee borrowing.

The Corporation had entered into various coupons only swap transactions and cross currency swap transactions. The Net Mark to Market position in respect of the above swap transactions as on 31.03.2010 is of Rs. 16,544.12 lacs (favourable) (Previous year Rs.24, 271.25 lacs favourable).

17. Directors' Remuneration:

(Rs. in lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Salaries and Allowances	75.53	44.33
Perquisites/reimbursement	10.10	15.18
Retirement Benefits	Nil	6.70
Total	85.63	66.21

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of Rs. 780/- per month as per DPE guidelines.

Loans and Advances include Rs. 4.38 lacs (Previous year Rs.10.66 lacs) due from Directors of the Corporation, maximum amount outstanding during the year Rs.10.66 lacs (Previous year Rs.14.17 lacs).

18. Expenditure in Foreign Currency:

(Rs. In lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Royalty, Know-how, Professional, consultation fees	70.58	Nil
Interest	28.87	161.66
Finance Charges	411.95	79.03
Others Expenses	61.54	53.22
Total	572.94	293.91

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

19. Investment include Rs. 1,208.54 Lacs (previous year Rs. 1,447.04 lacs) representing company's contribution in the units of Joint venture 'Small is Beautiful fund (SIB Fund) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	Rs. 1,208.54 Lacs	India	9.74 %

There is no further commitment for contribution.

20. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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21. Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets":-

- a. Amortisation Rate 20%;
100% in case of cost of asset is Rs 5,000 or less
- b. Amortisation Method Straight Line

Reconciliation Statement (Rs. in Lacs)

S. No.	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
i)	Gross Carrying Amount	433.56	4.86
ii)	Accumulated depreciation	39.16	2.59
iii)	Gross carrying amount-Opening Balance	5.19	3.54
iv)	Less: - Accumulated Depreciation	2.63	1.98
v)	Carrying amount	2.56	1.56
vi)	Additions during the period	428.37	1.31
vii)	Less: Amortization during the year	36.53	0.60
viii)	Carrying amount as on Balance sheet Date	394.40	2.27

22. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

- (A) Components of deferred tax liability/ (assets) as on 31.03.2010 are given as under:-

(Rs. In lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Deferred Tax Assets (+)		
Provision for Earn Leave Encashment	623.54	482.37
Provision for Sick Leave	251.12	198.29
Provision for Post Retirement Medical Benefits (deduction not claimed pertaining to period prior to 2006-07)	263.28	263.28
Provision for fall in investments	8.21	44.76
Provision for Others	0.00	144.68
Total	1146.15	1133.38
Deferred Tax Liabilities (-)		
Depreciation	-410.16	-345.15
Reserve under section 36(i)(viii) of I.T Act	-	-96456.74
Total	-410.16	-96801.89
Net Deferred Tax Asset /(Liabilities)	735.99	-95668.51

- (B) The Company has started creating deferred tax liability (DTL) on special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, from financial year 2006-07 onwards. DTL for the special Reserve created till financial year 2005-06 was also created in FY 2006-07 by transferring the amount from General Reserve.

The Company has passed a Board Resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS 22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the Company is not creating any deferred tax liability on the said reserve.

Now, considering the opinions given by the various concerned authorities and also the practice followed by the other similarly placed institutions of not creating deferred tax liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, the Corporation is of the view that there is no requirement of DTL as per AS 22 of ICAI. Accordingly, the Corporation has not created deferred tax liability (DTL) of Rs.15,564.67 lacs on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, for the year ended on 31st March. 2010 and has also reversed the DTL of Rs. 96,456.74 lacs created in earlier years on this account.

The reversal of DTL is done by crediting General reserve by Rs. 63,879.87 lacs for the FYs up-to 2005-06 and through Profit and Loss Appropriation by Rs.32,576.87 lacs for the FY 2006-07 to FY 2008-09.

Had the Company followed the same Accounting treatment as in the earlier years, the Profit after Tax for the year ended 31.03.2010 would have been Rs. 186,660.67 lacs against reported profit of Rs. 2,02,225.34 lacs and the Reserve and Surplus would have been Rs. 8,99,658.26 lacs as against reported reserve and surplus of Rs. 10,11,679.67 lacs as on 31.03.2010.

23. In line with the decisions of Authority for Advance Ruling and Income Tax Appellate Tribunal for different assessment years, the Corporation has accounted for Rs. 5,690.16 lacs towards refund of Income Tax and interest thereon due from the Income Tax Department out of which Rs. 2,562.12 lacs has been received during this year.
24. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. Rs.16,000 Lacs plus interest which if accrues shall be payable by MPSEB.
25. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in most of the cases are to be executed amongst the Corporation, new entities and the State Governments.
26. The pay revision of the employees of the Corporation is due w.e.f.1st January 2007. Pending final calculation of revised pay scales (including perks) as notified by Govt. of India and approved by Board of Directors an estimated additional provision Rs.2,026.24 lacs based on average salary (Previous year Rs. 463.16 lacs) had been made towards wage revision arrears during the year and accordingly Rs. 3,306.24 lacs (previous year Rs. 1,280 lacs) is cumulatively available

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toward provision for wage revision including for non executive employee for whom no such notification is available but there arrear have also been considered in line with such notification. Actuarial valuation of employees benefits and incentive have been carried out considering the estimated revised wages.

27. The expenses of Rs.643.98 lacs incurred up to 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.

28. Details of provision as required in AS-29

(Rs. In lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
(a) Interim Dividend		
As per last Balance Sheet	-	-
Addition during the year	25,759.80	17,173.20
Amounts paid/utilized during the year	25,759.80	17,173.20
Closing Balance	-	-
(b) Proposed Dividend		
As per last Balance Sheet	21,466.50	25,759.80
Addition during the year	34,566.07	21,466.50
Amounts paid/utilized during the year	21,466.50	25,759.80
Closing Balance	34,566.07	21,466.50
(b) Corporate Dividend Tax		
As per last Balance Sheet	3,648.23	4,377.88
Addition during the year	10,118.04	6,566.81
Amounts paid/utilized during the year	8,025.26	7,296.46
Closing Balance	5,741.01	3,648.23

Expense recognized in P&L A/c:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Current Service Cost	139.91	116.14	57.10	46.79	0.78	0.72
b) Interest Cost	198.00	110.43	168.36	128.48	1.31	1.07
c) Expected Return on Plan Assets	(243.67)	(135.04)	NIL	NIL	NIL	NIL
d) Actuarial (Gain) Loss recognized in P&L A/c	277.02	(65.04)	452.80	385.24	3.26	3.26
e) Past Service Cost	NIL	948.48	NIL	NIL	NIL	NIL
f) Expense recognized in P&L A/c	371.26	974.96	678.25	560.51	5.36	5.05

Expenses to be recognized in P&L A/c as per Actuary : Rs. 371.26 lacs

Less : Contributions received by the Gratuity Trust from other organizations for new employees : Rs. 8.17 lacs

Add : Amount recognized on account of employees exited From services from 01/01/2007 to 31/03/2009 on estimation basis : Rs. 101.63 lacs

Net Expenses recognized in P&L A/c : Rs. 464.72 lacs

29. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March, 2010 is greater than the obligation under the defined contribution plan.

b. Gratuity

The Corporation has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act. The scheme is funded by the Corporation and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule. This is recognized in the profit & loss account on the basis of actuarial valuation.

d. Leave Travel Concession (LTC)

The Corporation has a scheme of providing LTC to employees and their dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

e. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

The summarized position of various **defined benefit** recognized in the Profit & Loss Account, Balance sheet and the funded status are as under :

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Amounts recognized in Balance Sheet:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Present value of obligation as at the end of year	3142.92	2640.04	2742.05	2244.78	19.16	17.48
b) Fair value of Plan Assets as at the end of the year	2779.83	1672.62	NIL	NIL	NIL	NIL
c) Difference (b - a)	(363.09)	(967.42)	(2742.05)	(2244.78)	(19.16)	(17.48)
d) Net Assets/ (Liability) recognized *(of gratuity trust)	(363.09)	(967.42)*	(2742.05)	(2244.78)	(19.16)	(17.48)

Liability to be recognized in Balance Sheet as per Actuary : Rs.363.09 lacs

Add : Liability recognized on account of employees exited from services from 01/01/2007 to 31/03/2009 on estimation basis : Rs.101.63 lacs

Total Liability recognized in Balance Sheet : Rs.464.72 lacs

Changes in the Present value of defined benefit/ Obligation:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Present value of obligation as at the beginning of the period	2640.04	1577.53*	2244.78	1835.43	17.49	15.29
b) Interest Cost	198.00	110.42	168.36	128.48	1.31	1.07
c) Past Service Cost	NIL	948.48	NIL	NIL	NIL	NIL
d) Current Service Cost	139.91	116.14	57.10	46.79	0.78	0.72
e) Benefit Paid	(105.42)	(41.29)	(180.98)	(151.17)	(3.68)	(2.86)
f) Net Actuarial (Gain)/ Loss	270.39	(71.24)	452.80	385.24	3.27	3.26
g) Present Value of defined benefit/ obligation as at the end of the period *(of gratuity trust)	3142.92	2640.04*	2742.05	2244.77	19.16	17.48

Changes in the Fair value of Plan Assets:-

Rs. In Lacs

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Fair value of Plan Assets as at the beginning of the period *(of the gratuity trust)	2640.04	1577.53*	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	243.68	135.03	NIL	NIL	NIL	NIL
c) Actual Company Contribution	8.17	7.54	NIL	NIL	NIL	NIL
d) Benefit Paid	(105.42)	(41.29)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(6.63)	(6.19)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the period *(of gratuity trust)	2779.84	1672.62*	NIL	NIL	NIL	NIL

During the year, the corporation has provided Liability towards Contribution to the Gratuity Trust of Rs.464.72 lacs (Previous year Rs.974.69 lacs), PRMF of Rs.497.27 lacs (Previous year Rs.409.34 lacs) and ODRB of Rs.1.67 lacs (Previous year Rs.2.19 lacs)

OTHER EMPLOYEE BENEFITS :-

During the year, Provision for Earned Leave Encashment amounting to Rs.209.69 lacs (Rs.182.20 lacs as per actuarial valuation and Rs.27.49 lacs on account of employees exited

from service from 01.01.2007 to 31.03.2009) (Previous Year Rs.160.09 lacs) and for sick leave Rs.155.44 lacs (Previous year Rs. 583.36 lacs) have been made on the basis of Actuarial Valuation and charged to P&L A/c.

In terms of A.S-15 (revised 2005) on 'Employees benefits', LTC has been accounted for on the basis of Actuarial valuation. Accordingly, an amount of Rs.19.77 lacs (Previous year Rs.21.22 lacs) for the year has been made on the basis of Actuarial Valuation and charged to P&L A/c.

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The effect of an increase/ decrease of one percent point on PRMF :-

Rs. in lacs

Particulars	1% (+)	1% (-)
a) Service & interest Cost	24.71 (P.year 22.64)	(20.69) (P.year (19.10))
b) PBO (Closing)	369.61 (P.year 174.70)	(309.62) (P. year (152.05))

Actuarial Assumptions :-

Particulars	Gratuity	PRMF	ODRB
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	7.50 (P.Year 7.00)	7.50 (P.Year 7.00)	7.50 (P.Year 7.00)
c) Expected Rate of Return on Assets	9.23 (P.Year 8.56)	NIL (P.Year Nil)	NIL (P.Year Nil)
d) Future salary/ cost increase	5.50 (P.Year 5.50)	5.50 (P.Year 5.50)	5.50 (P.Year 5.50)

- a. The Expected Rate on Return on Assets over the accounting period is assumed rate of return.
- b. The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the accounting date with a term that matches of the liabilities and the salary Growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.
30. (A) Government of India has appointed REC as a nodal agency for implementation of RGGVY. The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.

 (B) During current year interest earned of Rs.880.73 lacs (previous year Rs.2,933.95lacs) including TDS of Rs.154.34 lacs (previous year Rs.658.95 lacs) has been taken to RGGVY grant account and such TDS credits are being taken by REC for ultimately passing off the benefit of same to the credit of Govt. Funds.

 (C) During the year the company has started recognizing the Income of Agency Charges (i.e.1% of project cost (inclusive of Service Tax) on RGGVY Schemes on the basis of the amount sanctioned by the Ministry of Power as per Accounting Policy 2.1.b. as against the earlier policy of recognition on the basis of disbursement of subsidy/loan. The change in the Accounting Policy has resulted in decrease of profit of current year by Rs. 118.36 lacs (net of service tax).
31. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself.
32. The Corporation has come up in February 2010 with Further Public Offering (FPO) of 17,17,32,000 Equity shares of Rs.

10 each at prices determined through the Alternate Book Building method. The issue comprised a fresh issue of upto 12,87,99,000 Equity shares and an offer for sale of 4,29,33,000 Equity shares by the President of India acting through Ministry of Power, Govt. of India. The fresh Equity shares were allotted in March 2010. Accordingly, Issued and Paid up Share Capital has increased from Rs.85,866 lacs to Rs.98,745.90 lacs and an amount of Rs.249,918.17 lacs (net of Issue expenses of Rs.1,955.19 lacs) has been taken to Securities Premium Account. Proceeds of the fresh issue of Equity shares have been utilized for the purposes mentioned in the Offer Document.

33. The Expenditure amounting to Rs.912.77 lacs incurred on ERP system has been capitalized during the year w.e.f. 24th October 2009. The life of the Software has been considered as five years taking into consideration the fast technological developments for amortization. The residual value is considered as Nil.
34. For Segment Reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India (ICAI), the Corporation's operations are classified into three business segments viz. Generation Loans, transmission & Distribution Loans and Others. The corporation does not have any geographical segments. The Corporation operates only in domestic geographical segments. Segment report for the year ended 31st March 2010 is as under :

(Rs. in Lacs)

Sl. No.	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
a.	Segment Revenue		
	1. Generation Loans	2,51,383.31	1,50,698.45
	2. T & D Loans	3,43,912.46	2,72,254.16
	3. Others	79,466.73	70,702.28
	Total	6,74,762.50	4,93,654.89
b.	Segment Results		
	1. Generation Loans	1,13,813.79	49,575.77
	2. T & D Loans	1,33,831.77	1,17,806.92
	3. Others	35,156.69	36,253.56
	Total	2,82,802.25	2,03,636.25
c.	Unallocated Expenses	14,726.06	11,400.12
d.	Profit Before Tax.	2,68,076.19	1,92,236.13
e.	Provision for Tax	65,850.85	64,883.58
f.	Profit After Tax	2,02,225.34	1,27,352.55
g.	Segment Assets		
	1. Generation Loans	23,84,757.07	18,59,147.42
	2. T & D Loans	36,41,732.67	28,39,523.12
	3. Others	7,53,455.13	6,27,749.60
	Total	67,79,944.87	53,26,420.14
h.	Segment Liabilities		
	1. Generation Loans	20,37,496.54	16,53,888.88
	2. T & D Loans	31,11,435.46	25,26,026.53
	3. Others	6,43,739.47	5,58,443.12
	Total	57,92,671.47	47,38,358.53

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35. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of these amounting to Rs.177.97 lacs is shown under the head 'Administration Expenses' in Schedule 15. Future lease payments in respect of these lease agreements are as under:

(Rs. in lacs)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP	For Accommodation
Not later than one year	39.89	136.67
Later than one year and not later than 5 years	154.93	601.27
Later than 5 years	Nil	376.66
Total	194.82	1114.60

36. As part of hedging strategy, the company has executed in some cases Interest Rate Swap on fixed interest rate domestic rupee borrowings to lower cost by taking benefit of interest rate movement. The INR value of the outstanding borrowings on which such Swaps have been executed is Rs. 125,000 lacs. as on 31.03.2010.

In respect of foreign currency borrowings, the company has executed cross currency swaps to fully hedge the risk of exchange rate and interest rate variation. The outstanding position of such cross currency swaps as at 31st March 2010.

No. of Contracts	Borrowings outstanding as on 31.03.2010 in foreign currency	INR Equivalent
3	JPY 40,319 Million	165,865 Lacs
1	Euro 64.16 Million	41,772 lacs

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

37. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 25th January 2008. However, certain specific receivables of Rs.4,30,509 lacs are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of Rs.87,000 lacs availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-passu charge on the receivables charged to these Trustees.
38. The Capital Adequacy Ratio of the Rural Electrification Corporation Ltd. as on 31st March 2010 is 16.05% (previous year 11.60%).
39. No loan has been rescheduled during the current year. The movement of the loans rescheduled in the earlier years are as under:-

Rs. In Lacs.

Particulars	As at 31.03.2010	No. of accounts	As at 31.03.2009	No. of accounts
Opening balance		9		11
Principal	2,28,029.89		2,33,649.93	
Interest	1,01,169.91		1,10,172.55	
Additions during the year		0		
Interest accrued Received during the year *	30,237.55		34,630.97	
Principal	29,681.03		5,620.05	
Interest	55,150.67		43,633.61	
Closing balance		8		9
Principal	1,98,348.86		2,28,029.88	
Interest	76,256.78		1,01,169.91	

* Also includes one (previous year two) fully prepaid cases.

40. REC Transmission projects Ltd. has not yet commenced commercial operation.
41. The subsidiary companies are wholly owned by the holding company. The Key Management Personnel of these companies are employees of the holding company deployed on part time basis.

The details of such key management personnel are as follows:

REC Transmission Projects Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. P. Uma Shankar	Chairman & Director	01.03.2008	Continuing
2.	Sh. Rama Raman	Director	08.01.2007	Continuing
3.	Sh. Ajeet Kumar Agarwal	Director	27.12.2008	Continuing
4.	Sh. Prakash J Thakkar	Director	08.01.2007	Continuing

North Karanpura Transmission Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. Prakash J Thakkar	Chairman & Director	30.12.2008	Continuing
2.	Ms. Valli Natrajan	Director	23.04.2007	Continuing
3.	Ms. Harinder Kaur Chani	Director	23.04.2007	Continuing
4.	Sh. T.S.C. Bosh	Addl. Director	09.09.2009	Continuing
5.	Sh. V.K.Singh	Addl. Director	09.09.2009	Continuing

CONSOLIDATED

Talcher II Transmission Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. Prakash J Thakkar	Chairman & Director	01.05.2007	Continuing
2.	Ms. Valli Natrajan	Director	01.05.2007	Continuing
3.	Ms. Harinder Kaur Chani	Director	01.05.2007	Continuing
4.	Sh. T.S.C. Bosh	Addl. Director	09.09.2009	Continuing
5.	Sh. V.K. Singh	Addl. Director	09.09.2009	Continuing

Raichur Sholapur Transmission Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. Prakash J Thakkar	Chairman & Director	19.11.2009	Continuing
2.	Sh. Subodh Garg	Director	19.11.2009	Continuing
3.	Sh. Salil Kumar	Director	19.11.2009	Continuing

REC Power Distribution Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. P. Uma Shankar	Chairman & Director	01.03.2008	Continuing
2.	Sh. Rama Raman	Director	12.07.2007	Continuing
3.	Sh. Sanjiv Garg	Director	10.08.2007	Continuing
4.	Sh. D.S. Ahluwalia	Director	04.04.2008	29.09.2009
5.	Sh. Rakesh K Arora	Director	29.09.2009	Continuing

42. Pursuant to the Ministry of power, Govt. of India approval vide letter no. 15/2/2010-Trans dated 17th March 2010, two subsidiary companies of REC Transmission Projects Company Ltd. namely North Karanpura Transmission Company Ltd. and Talcher II Transmission company Ltd. will be transferred to the successful bidder M/s. Reliance Power Transmission Ltd. during the next financial year. The successful bidder shall acquire 100% of the Equity shares of the respective companies alongwith all respective companies assets and liabilities.

43. (a) In the case of a Subsidiary, REC Power Distribution Company Ltd., the accounting policy in respect of "Revenue Recognition" has been changed. Accordingly, Mobilization Advance is excluded from Revenue recognition and the work completed but not billed is accounted for. This resulted in decrease in Income recognition by Rs.599.78lacs.

(b) In the case of a Subsidiary, the REC Transmission Projects Company Ltd. Accounting policy provides that Professional charges to be charged from each of the selected bidders/ developers for Transmission projects put on Tariff based bidding will be accounted for in the year of transfer of projects specific subsidiary company to them. As the controlling point of revenue recognition in such transactions, the point of time when it is reasonably certain that the ultimate collection of professional charges will be made, the said accounting policy has been modified during the year. Accordingly, professional charges of Rs. 3,000 lacs received/ receivable during the current year has been accounted for.

44. Figures have been rounded off to the nearest Rupees lacs.
45. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

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

B.R.Raghunandan
Company Secretary

H.D.Khunteta
Director (Finance)

P. Uma Shankar
Chairman and
Managing Director

In terms of our Report of even date

For Bansal & Co.
Chartered Accountants

For K.G.Somani & Co.,
Chartered Accountants

(D.S.Rawat)
Partner
M.No.83030
Firm Reg. No.: 001113N

(B. Maheshwari)
Partner
M.No. 88155
Firm Reg. No.: 006591N .

Place: New Delhi
Dated: 19th May, 2010

CONSOLIDATED

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2010

1. Principles of consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Corporation's separate financial statements.

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the standalone Financial Statements of Rural Electrification Corporation Ltd. and its subsidiaries and fellow subsidiaries.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. in Lacs)

PARTICULARS	Year ended 31.03.2010	Year ended 31.03.2009
A. Cash Flow from Operating Activities :		
Net Profit before Tax	2,68,076.18	1,92,233.49
Adjustments for:		
1. Profit / Loss on Sale of Fixed Assets	-1.67	-1.03
2. Depreciation	217.75	137.07
3. Provision for fall in value of investments	-	105.34
4. Provision for Bad & doubtful debts	22.18	237.05
5. Excess Provision written back	-107.51	-0.37
6. Profit on sale/income of investment in units of "small is Beautiful Fund"	-67.11	-11.02
7. Gain on Exchange Rate fluctuation	-	-1,142.17
8. Dividend from Subsidiary Co.- REC PDCL	-5.00	-
9. Dividend and Dividend tax paid in excess of provision	0.90	-
10. Preliminary Expenses written off	0.13	11.68
Operating profit before working Capital Charges :	2,68,135.85	1,91,570.04
Increase / Decrease :		
1. Loans	-15,07,138.98	-12,06,730.45
2. Sundry Debtors	-4,356.78	-110.71
3. Other Current Assets	-12,090.02	4,072.68
4. Other Loans & Advances	1,72,022.06	-4,480.45
5. Current Liabilities & Provisions	-1,18,146.39	64,336.37
Cash outflow from Operations	-12,01,574.26	-9,51,342.52
1. Advance Income Tax Paid	-68,544.87	-48,211.25
2. Income Tax refund	2,049.58	-
3. Wealth Tax paid	-36.65	-2.15
4. Fringe Benefit tax paid	-	-132.62
Net Cash used in Operating Activities	-12,68,106.20	-9,99,688.54
B. Cash Flow from Investing Activities		
1. Sale of Fixed Assets	9.10	13.40
2. Purchase of Fixed Assets (incl. Advance for Capital exp.)	-1,368.74	-664.46
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	9,432.00	14,148.00
4. Investments in units of "Small is Beautiful" Fund	238.50	-
5. Income on Investments in units of "Small is Beautiful" Fund	67.11	11.02
6. Investment in Shares of EESL	-62.50	-
7. Preliminary Expenses	-0.41	-
8. Dividend from REC Power Distribution Company Limited	5.00	-
Net Cash used in investing Activities	8,320.06	13,507.96
C. Cash Flow from Financial Activities		
1. Issue of Bonds	16,59,115.39	13,80,733.12
2. Redemption of Bonds	-8,36,162.65	-5,26,546.00
3. Raising of Term Loans/STL from Banks/Fis (Net)	1,06,037.86	38,825.00
4. Raising of Foreign Currency Loan	58,269.18	45,665.12
5. Grants received from GOI (Net of refund)	5,01,976.13	5,44,621.74
6. Disbursement of grants	-6,00,367.03	-5,11,410.03
7. Repayment of Govt. Loan	-1,532.64	-1,718.00
8. Final Dividend paid	-21,467.27	-25,759.80
9. Corporate Dividend Tax paid on Final Dividend	-3,648.36	-4,377.88
10. Issue of Shares	12,879.90	-
11. Security Premium on issue of Shares	2,49,918.17	-
12. Issue of Commercial Paper	3,15,000.00	1,29,500.00
13. Repayment of Commercial Paper	-1,99,500.00	-
14. Interim Dividend paid	-25,759.80	-17,173.20
15. Corporate Dividend Tax paid on Interim Dividend	-4,377.03	-2,918.58
Net Cash in-flow from Financing Activities	12,10,381.85	10,49,441.49
Net Increase/Decrease in Cash & Cash Equivalents	-49,404.29	63,260.91
Cash & Cash Equivalents as at 1st April, 2009	1,88,827.09	1,25,566.18
Cash & Cash Equivalents as at 31st March, 2010	1,39,422.80	1,88,827.09
Net Increase/Decrease in Cash & Cash Equivalents	-49,404.29	63,260.91

Note : Previous years figures have been rearranged and regrouped wherever necessary.

In terms of our Report of even date

 For K.G.Somani & Co.
 Chartered Accountants

 For Bansal & Co.
 Chartered Accountants

For and on behalf of the Board

Bhuvnesh Maheshwari
 Partner
 M.No. : 88155
 Firm Reg. No.: 006591N
 Place: New Delhi
 Date: 19th May, 2010

D.S.Rawat
 Partner
 M.No. : 83030
 Firm Reg. No.: 001113N

B.R. Raghunandan
 Company Secretary

H.D.Khunteta
 Director (Finance)

P. Uma Shankar
 Chairman & Managing Director

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of **M/s RURAL ELECTRIFICATION CORPORATION LIMITED (THE COMPANY) AND ITS SUBSIDIARIES** as at 31st March 2010 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India.
4. We did not audit the financial statements of subsidiaries of the Company. These companies are audited by other auditors whose reports were furnished to us. The audited financial statements of these companies reflects total assets of Rs. 54.10 Crore (Previous year Rs. 5.96 Crore) as at March 31st 2010, total revenue of Rs. 40.02 Crore (Previous year Rs. 5.27 Crore) for the year ended on that date. Our opinion, in so far as it relates to the amounts included in respects of these subsidiaries, is based solely on the audit reports of the auditors of the subsidiaries companies.
5. Subject to our comments, and based on our audit and on consolidation of report of other auditors on separate financial statements of the subsidiaries and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements of Rural Electrification Corporation Limited and its Subsidiary Companies read with note 22(B) in Schedule 17 of Notes on Accounts regarding Deferred Tax Liability that after considering the opinion given by various concerned authorities, and also the practice followed by other similarly placed Institutions of not creating Deferred Tax Liability (DTL) on account of special reserve created and maintained

under Section 36(1)(viii) of the Income Tax Act 1961, the Company is of the opinion that there is no requirement for DTL as per AS 22 of ICAI. Accordingly, the Company has not created Deferred Tax Liability (DTL) of Rs. 155.65 Crore on account of special reserve created and maintained under Section 36(1)(viii) of the Income Tax Act, 1961, for the year ended on 31st March, 2010 and has also reversed the DTL of Rs. 964.57 Crore created in earlier years on this account as per Notes on Accounts, note no. 22(B). The reversal of DTL is done by crediting General Reserve by Rs. 638.80 Crore for the financial years upto 2005-06 and through Profit and Loss Appropriation by Rs. 325.77 Crore for the financial year 2006-07 to financial year 2008-09. Had the Company followed the same accounting treatment regarding creation of DTL as in earlier years, the Profit After Tax for the year ended 31.03.2010 would have been Rs. 1866.60 Crore against reported Profit of Rs. 2022.25 Crore and Reserve & Surplus would have been Rs. 8996.58 Crore against reported Reserve & Surplus of Rs. 10116.80 Crore as on 31.03.2010, together with other notes and accounting policies thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet of the State of Affairs of the Rural Electrification Corporation Limited and its Subsidiary Companies as at 31st March 2010.
- b) In the case of Consolidated Profit & Loss Account, of the Profit of the Rural Electrification Corporation Limited and its Subsidiary Companies for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the Cash flows of Rural Electrification Corporation Limited and its Subsidiary Companies for the year ended on that date.

For Bansal & Co.
Chartered Accountants
Firm Regn. No. 001113N

(D.S Rawat)
Partner
M. No.83030

Place: New Delhi
Date : 19.05.2010

For K.G. Somani & Co.
Chartered Accountants
Firm Regn No. 006591N

(Bhuvnesh Maheshwari)
Partner
M. No. 88155

STATEMENT / INFORMATION IN AGGREGATE IN RESPECT OF EACH SUBSIDIARY COMPANY OF RURAL ELECTRIFICATION CORPORATION LIMITED

(As advised by the Ministry of Corporate Affairs vide its letter No. 47/350/2010-CI-II dated 18th May, 2010 while conveying approval under Section 212 (8) of the Companies Act, 1956)

S.No.	Particulars	REC Transmission Projects Company Limited	REC Power Distribution Company Limited	North Karanpura Transmission Company Limited	Talcher II Transmission Company Limited	Raichur Sholapur Transmission Company Limited
(a)	Capital	5.00	5.00	5.00	5.00	5.00
(b)	Reserves	1,980.10	411.98	-	-	-
(c)	Total assets	5,248.95	1,379.04	232.49	189.20	31.66
(d)	Total liabilities	5,248.95	1,379.04	232.49	189.20	31.66
(e)	Details of investments (except in case of investment in subsidiaries)	-	-	-	-	-
(f)	Turnover	3,000.35	1,001.87	-	-	-
(g)	Profit before taxation	2,999.70	157.05	-	-	-
(h)	Provision for taxation	1,019.60	53.40	-	-	-
(i)	Profit after taxation	1,980.10	103.65	-	-	-
(j)	Proposed dividend	-	5.00	-	-	-

ADDRESSES OF REC OFFICES

Sl. No.	REC Offices	Addresses	Telephone numbers	Fax / E-mail
1	2	3	4	5
	Corporate Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	41020101	Fax : 011-24360644 E-mail : reccorp@recl.nic.in
	Zonal Offices			
Sl. No.	Zone/Location of Zonal Offices/ States & UTs under the jurisdiction of Zonal Offices	Address	Telephone numbers	Fax / E-mail
1	Southern Zone Hyderabad Andhra Pradesh, Karnataka, Kerala, Pondicherry & Tamil Nadu	Shivrampally Post NPA, Near Aramghar, National Highway No. 7 Hyderabad - 500052	24014034 24016023 24018587	Fax : 040-24014235 E-mail : zmhyderabad@recl.nic.in
2	Eastern Zone Kolkata West Bengal, North-Eastern States, Andaman & Nicobar Islands, Sikkim & Orissa	ICMARD Building, 7 th Floor, Block 14/2, CIT Scheme-VIII(M), Ultadanga Kolkata - 700067	23566989 23567017 23567018	Fax : 033-23566991 E-mail : zmkolkata@recl.nic.in
3	East Central Zone Patna Bihar, Uttar Pradesh, Uttaranchal & Jharkhand	Maurya Lok Complex, Block C, 4 th Floor, New Dak Bangalow Road, Patna - 800001	2221131 2224596	Fax : 0612-2224596 E-mail : recpatna@yahoo.co.in popatna@recl.nic.in
4	Western Zone Mumbai Maharashtra, Gujarat, Dadara & Nagar Haveli, Madhya Pradesh, Chattisgarh, Goa, Daman & Diu	51-B, Mittal Tower, 5 th Floor, Nariman Point, Mumbai - 400021	22831004 22830985 22833055	Fax : 022-22831004 E-mail : zmmumbai@recl.nic.in
5	Northern Zone Panchkula Haryana, Delhi, Rajasthan, Jammu & Kashmir, Punjab, Himachal Pradesh	BAY No. 7-8, Sector-2, Panchkula - 134112	2563864 2563863 2563822	Fax : 0172-2567692 E-mail : popanchkula@recl.nic.in zmpanchkula@recl.nic.in
	Project Offices			
1	Andhra Pradesh	Shivrampally Post NPA, Near Aramghar, National Highway No. 7, Hyderabad - 500052	24014034 24016023 24018587	Fax : 040-24014235 E-mail : zmhyderabad@recl.nic.in
2	Assam, Nagaland & Arunachal Pradesh	“SRADDHA” M.G. Road-G.S. Road Crossing (SOHUM/ HDFC Point) Christian Basti, Guwahati - 781005	2450485	Fax : 0361-2343712 E-mail : cpmmpog@sify.com poguwahati@recl.nic.in

Sl. No.	REC Offices	Addresses	Telephone numbers	Fax / E-mail
1	2	3	4	5
3	Bihar	Maurya Lok Complex, Block C, 4 th Floor, New Dak Bangalow Road, Patna - 800001	2221131 2224596	Fax : 0612-2224596 E-mail : recpatna@yahoo.co.in popatna@recl.nic.in
4	Jharkhand	A-101 & D-104, Om Shree Enclave, Near Loyola School, Airport Road, HINOO, Ranchi - 834002	2253123	Fax : 0651-2251320 E-mail : rec_ranchi@yahoo.com poranchi@recl.nic.in
5	Gujarat, Dadara & Nagar Haveli	Plot No. 585, T.P. Scheme No. 2, Behind Pusti Complex, Opp. VMC Ward Office, Atma Jyoti Ashram Road, Subhanpura, Vadodara - 390023	2386760 2397487 2252473 (R)	Fax : 0265-2397652 E-mail : recbaroda@gmail.com recvadodara@gmail.com povadodara@recl.nic.in
6	Haryana, Delhi, Chandigarh & Punjab	BAY No. 7-8, Sector-2, Panchkula - 134112	2563864 2563863 2563822	Fax : 0172-2567692 E-mail : popanchkula@recl.nic.in zmpanchkula@recl.nic.in
7	Himachal Pradesh	Pt. Padamdev Commercial Complex, Phase-II, First Floor, The Ridge, Shimla - 171001	2653411 2804077	Fax : 0177-2804077 poshimla@recl.nic.in
8	Jammu & Kashmir	157-A, Gandhi Nagar, Behind Apsara Cinema, Jammu - 180004	2450868 2566701(R)	Fax : 0191-2450868 E-mail : pojammu@recl.nic.in
9	Karnataka	No. 1/5, Ulsore Road, Bangalore - 560042	25598243 25550240	Fax : 080-25598243 E-mail : pobangalore@recl.nic.in ruralblr_cpm@dataone.in
10	Kerala & Lakshadweep	'O', 4 th Floor, "Saphallyam" Commercial Complex, TRIDA Building Palayam, Thiruvananthapuram - 695034	2328662 2328579	Fax : 0471-2328579 E-mail : tvmrec@dataone.in recpotvm@dataone.in potrivandrum@recl.nic.in
11	Madhya Pradesh & Chattisgarh	E-3/15, Arera Colony, Bhopal	2460006 2460061	Fax : 0755-2460008 E-mail : zmjabalpur@recl.nic.in reccempralzone@yahoo.com
12	Maharashtra, Goa, Daman & Diu	51-B, Mittal Tower, 5 th Floor, Nariman Point, Mumbai - 400021	22831004 22830985 22833055	Fax : 022-22831004 E-mail : zmmumbai@recl.nic.in
13	Meghalaya, Manipur & Mizoram	Rinadee Old Jowai Road, Lachumire, Shillong - 793001	2210190 2225687 2536860(R)	Fax : 0364-2225687 E-mail : poshillong@recl.nic.in

Sl. No.	REC Offices	Addresses	Telephone numbers	Fax / E-mail
1	2	3	4	5
14	Orissa	Deen Dayal Bhawan, 5 th Floor, Ashok Nagar, Janpath, Bhubaneswar - 751009	2536649 2393206	Fax : 0674-2536669 E-mail : recpobbsr@yahoo.co.in pobhubaneswar@recl.nic.in
15	Rajasthan	J-4-A, Jhalana Dungari, Institutional Area, Jaipur - 302004	2706986 2707840	Fax : 0141-2706986 E-mail : pojaipur@recl.nic.in
16	Tamil Nadu & Pondicherry	No. 12 & 13 T.N.H.B Complex, Luz Church Road, 180 (Luz Corner) Mylapore, Chennai - 600004	24672376 24987960	Fax : 044-24670595 E-mail : pochennai@recl.nic.in
17	Uttar Pradesh & Uttaranchal	19/8, Indira Nagar Extension, Ring Road, Lucknow - 226016	2716324 2717376 2716446	Fax : 0522-2716815 E-mail : recuppo@yahoo.in zmlucknow@recl.nic.in
18	West Bengal, Tripura, Sikkim & A & N Islands	ICMARD Building, 7 th Floor, Block 14/2, CIT Scheme-VIII (M), Ultadanga, Kolkata - 700067	23566989 23567017 23567018	Fax : 033-23566991 E-mail : zmkolkata@recl.nic.in
Sub-Offices				
1	Chattisgarh	KH No. 185/17, Shanti Vihar Colony, (Opposite Viveka Nand School), Dauganiya, Raipur - 492013		
2	Dehradun	7, New Road, Opposite MKP College, Dehradun - 248001	2650766 2650799	Fax : 0135-2650799
Training Centre				
	Central Institute for Rural Electrification	Shivrampally, Post NPA, Near Aramghar, National Highway No. 7, Hyderabad - 500052	24018583 24015901	Fax : 040-24015896 E-mail : cire@recl.nic.in



RURAL ELECTRIFICATION CORPORATION LIMITED
Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

PROXY FORM

DP ID No.	<input type="text"/>	Client ID No.	<input type="text"/>
No. of share held	<input type="text"/>	*Regd. Folio No.	<input type="text"/>

I/We s/o, d/o.....in the district of being a member/
members of Rural Electrification Corporation Limited, hereby appointas my/our proxy
to attend and vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held at
11.00 A.M. on Wednesday, the 8th day of September, 2010, and at any adjournment thereof.

Signed this Day of, 2010.

(Signature)

Affix revenue
stamp of
appropriate value

* Applicable for investors holding shares in Physical Form.

Note: The Proxy form duly completed and signed should be deposited at the registered office of the Company, not
later than 48 hours before the commencement of the Annual General Meeting.



RURAL ELECTRIFICATION CORPORATION LIMITED
Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

ATTENDANCE SLIP

Member or their proxies are requested to present this form for admission, duly signed in accordance with their specimen
signature registered with the Company.

NAME OF ATTENDING PERSON : _____
(IN BLOCK LETTERS)

* Regd. Folio no. : _____

No. of Shares held : _____

DP ID No. _____ Client ID No. _____

I HEREBY RECORD MY PRESENCE AT THE 41ST ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON
WEDNESDAY THE 8TH DAY OF SEPTEMBER, 2010 AT 11.00 A.M. AT AIR FORCE AUDITORIUM, SUBROTO PARK,
DHAULA KUAN, NEW DELHI- 110010.

Please (✓) in the box

☐

Member

☐

Proxy

Member's / Proxy's Signature

* Applicable for investors holding shares in Physical Form.



Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110 003, Tel. : 24365161
Fax: 24360644, E-mail: reccorp@recl.nic.in, Website: www.recindia.nic.in