

Powering India... Transforming Lives... Moving Forward...



44TH ANNUAL REPORT 2012 - 13



आरईसी
REC

असीमित ऊर्जा, अनन्त संभावनाएँ
Endless energy. Infinite possibilities.

MISSION & OBJECTIVES

MISSION

- (i) To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.
- (ii) 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:-

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

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Company Information

CORPORATE OFFICE

FUNCTIONAL DIRECTORS

Shri Rajeev Sharma Chairman & Managing Director	Shri Prakash Thakkar Director (Technical)	Shri Ajeet Kumar Agarwal Director (Finance)
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CHIEF VIGILANCE OFFICER

Smt. Abha Anand Kishore

EXECUTIVE DIRECTORS

Shri Vinod Behari Executive Director (HR & CC)	Shri V. K. Arora Executive Director (Finance)	Shri Sushil Kumar Lohani Executive Director (RGGVY & CEO-RECPDCL)	Shri D. S. Ahluwalia Executive Director (Finance)	Shri Ashok Awasthi Executive Director (Admn./REN. & SD/ IT/Estate/PM)
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GENERAL MANAGERS

Shri Sanjiv Garg General Manager (Generation)	Shri Sunil Kumar General Manager (RGGVY)	Shri S. N. Gaikwad General Manager (PM)	Shri S. K. Gupta General Manager (T&D) & CEO-RECTPCL)
Shri Rakesh Kumar Arora General Manager (Resource/CP/CSR)	Shri T. S. C. Bosh General Manager (RGGVY)	Shri Dinesh Kumar General Manager (REN)	Shri M. K. Mittal General Manager (EAP/CA&T/ALM)
Shri G. S. Bhati General Manager (RGGVY)	Shri V. K. Govil General Manager (Generation)	Shri L. M. Verma General Manager (Vigilance)	Smt. Kalpana Kaul General Manager (HR & CC)
			Shri J. S. Amitabh General Manager & Company Secretary

ZONAL MANAGERS

Western Zone, Mumbai C. P. Bhatia Zonal Manager	Eastern Zone, Kolkata Shri Jai Dev Banerjee Zonal Manager	Northern Zone, Panchkula Shri Rakesh Sareen Zonal Manager
Southern Zone, Hyderabad Shri P. S. Hariharan Zonal Manager	East Central Zone, Patna Shri N. K. Maurya 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.gov.in

COMPANY SECRETARY

Shri J. S. Amitabh

REGISTRAR & SHARE TRANSFER AGENT

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

National Securities Depository Limited	Central Depository Services (India) Limited
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JOINT STATUTORY AUDITORS

Bansal & Co. Chartered Accountants	P. K. Chopra & Co. Chartered Accountants
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SECRETARIAL AUDITOR

Grover Ahuja & Associates, Company Secretaries

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 Bank of India Ratnakar Bank	Yes Bank Union Bank of India Axis Bank
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Board of Directors



SHRI RAJEEV SHARMA
Chairman & Managing Director



SHRI PRAKASH THAKKAR
Director (Technical)



SHRI AJEET KUMAR AGARWAL
Director (Finance)



SHRI B. N. SHARMA
Government Nominee Director



DR. DEVI SINGH
Part-time Non-official Independent
Director



SHRI V. SUBRAMANIAN
Part-time Non-official Independent
Director



DR. SUNIL KUMAR GUPTA
Part-time Non-official Independent
Director

PERFORMANCE HIGHLIGHTS

CONSISTENT GROWTH OVER 10 YEARS

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
SHAREHOLDERS' FUND										
(at the end of the year)										
Equity Capital (₹ Lacs)	98746	98746	98746	98746	85866	85866	78060	78060	78060	78060
Reserves & Surplus (Net)	1646692	1375746	1180116	1009288	533142	450904	323211	341773	299830	248377
Net Worth	1745438	1474492	1278862	1108033	619008	536771	401271	419833	377890	326437
BORROWINGS (₹ Lacs)										
From Govt. of India	1514	2464	3613	4942	6474	8192	10048	11997	14017	118336
By issue of bonds	8524904	7137220	5119525	4086101	3263148	2408962	2248372	1675724	1360591	1197511
From LIC	215000	250000	285000	320000	335000	350000	350000	350000	350000	150000
Foreign currency borrowings	1523819	1069809	758332	207637	149368	104845	87209	–	–	–
Commercial Papers	98000	–	–	245000	129500	–	–	–	–	–
Other Banks	78880	109154	646914	644143	610105	556280	332471	366200	213200	44000
From IIFCL	187000	187000	187000	87000	–	–	–	–	–	–
Working Capital Drawal Limit from Banks	–	250000	–	–	–	–	–	–	–	–
FINANCING OPERATIONS										
(During the year) (₹ Lacs)										
Number of projects approved	1031	1091	658	492	506	881	748	661	1523	1322
Financial assistance sanctioned	*7947049	*5129677	*6641998	*4535736	*4074584	*4676976	*2862985	*1659689	1631636	1597791
Disbursements	4018306	3059330	2851711	2712714	2227786	1630370	1373299	800658	788509	601704
Repayments by borrowers	1334592	811969	877258	580654	511936	560024	403444	350646	468324	358732
Outstanding at the end of the year	12735552	10142626	8172545	6597875	5065281	3861483	3126218	2456368	2106218	1830470
ACHIEVEMENTS										
Villages electrified										
During the year	+44171	**66898	@95293	^53370	^^48533	#38262	*40233	181	765	122
Upto the end of the year	692770	648599	581701	486408	433038	384505	^346243	306010	305829	305064
Pumpsets energised										
During the year	254993	329022	318176	240020	188743	181244	174750	182239	175772	132914
Upto the end of the year	10252441	9997448	9668426	9350250	9110230	8921487	8740243	8565493	8383254	8207482
Working Results										
(For the year) (₹ Lacs)										
Total income	1359867	1050907	849527	670760	493128	353766	285399	224506	230209	199671
Personnel & Admn. Expenses	21653	22932	16436	14467	10924	11110	6416	5770	4434	4659
Interest on borrowings	787725	626879	478092	389120	288735	206365	174089	133913	120475	114220
Depreciation	375	327	304	216	136	139	113	110	115	103
Profit Before Tax	516395	379286	347663	264919	192011	131242	100619	82983	103665	80154
Provision for Tax	134633	97583	90670	64778	64803	45228	34593	19232	23590	18915
Profit After Tax	381762	281703	256993	200142	127208	86014	66026	63751	80075	61239
Dividend on Equity	81465	74059	74059	60321	38640	25760	17700	19126	23450	18300

* Excluding sanctions under RGGVY.

+ This includes electrification of 2587 un-electrified villages and intensive electrification of 41584 partially electrified villages under RGGVY.

** This includes electrification of 7934 un-electrified villages and intensive electrification of 58964 partially electrified villages under RGGVY.

@ The number of villages where electrification works completed during the year 2010-11 under RGGVY. This includes intensive electrification of 76987 villages.

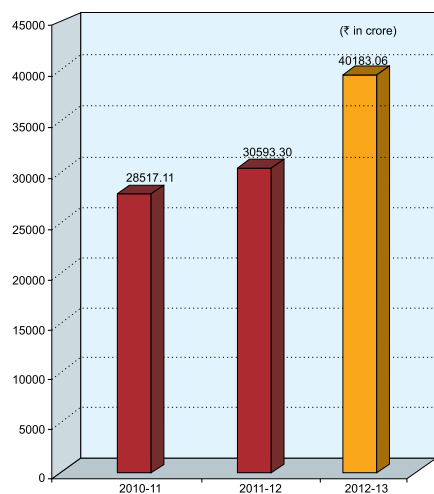
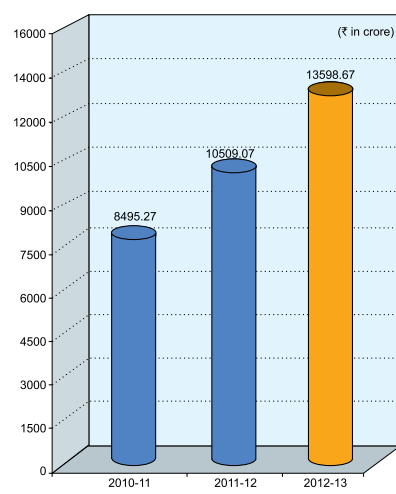
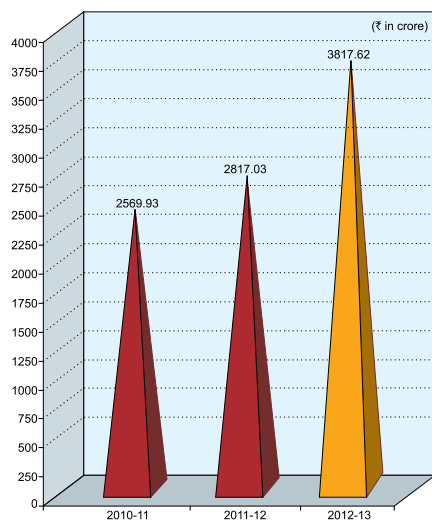
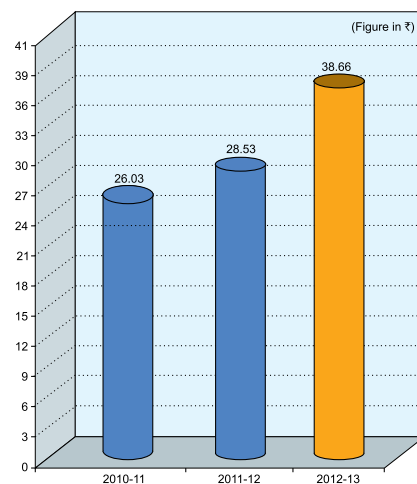
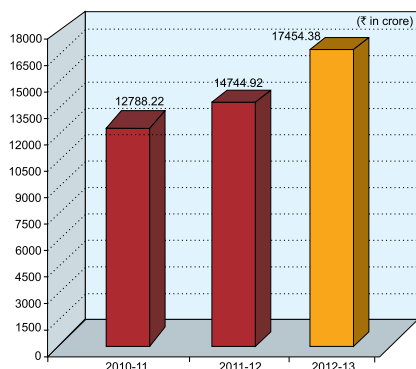
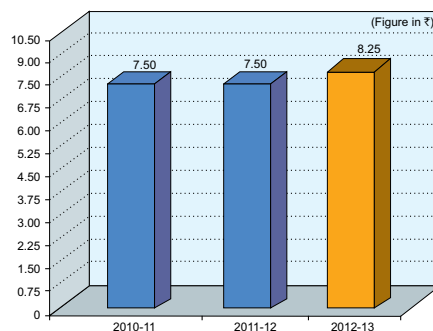
^ The number of villages where electrification works completed during the year 2009-10 under RGGVY. This includes intensive electrification of 34996 villages.

^^ 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.


DISBURSEMENT (including RGGVY Subsidy)

TOTAL INCOME

PROFIT AFTER TAX

EARNING PER SHARE OF ₹ 10 EACH

NETWORK

DIVIDEND PER EQUITY SHARE OF ₹ 10 EACH

CHAIRMAN'S LETTER TO SHAREHOLDERS



Ladies and Gentlemen,

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

I am privileged to head a "Navratna" Company having a consistent record of excellent all-round performance, growth and profitability over the last decade. From the formative years beginning in 1969 when the Company financed mainly pumpset Energisation and village electrification schemes, your Company has come a long way and today it is one of the leading public financial institutions in the country, funding almost all needs of entire Power Infrastructure space.

I take this opportunity to share my views on the economic scenario and to present the performance highlights of the Company.

ECONOMIC ENVIRONMENT

The Global economy is still reeling under the effect of recession with marked slowdown in the Industrial activity. The European economy crisis combined with the turmoil in the oil producing Middle East countries has further precipitated the growth prospects and continue to remain uncertain. The green shoots of improvement in US economy have started and the efforts of ECB to mitigate the immediate pressures on the financial markets in the euro area have been made by injecting the liquidity. Still, the recovery in

the euro zone has not shown sustained signals of economy stabilisation. As a result, fiscal concerns have been a matter of worry around the Globe. The coordinated efforts of respective governments and central banks across the nations in fiscal and monetary policy calling for vigilant financial discipline have shown the improvement in the state of world economy.

The Indian economy has not been spared either by the cascading effect of global turmoil with GDP growth slipping to sub six levels in the financial year 2012-13 after a run of good growth in the last few years. The long term fundamentals like rising incomes, increasing consumption base, favourable demographics and huge infrastructural growth coupled with Indian economy pattern of consumption nature continue to be broadly intact and expected to be sustained over medium to long term. The growth is primarily being driven by domestic investment and consumption with positive impact of rising rural economic activity. However, concerns like containing inflationary pressures on the back of rising food prices and commodities have been the top priority of the Government. Based on strong fundamentals and the mitigative measures taken by the Government of India, we expect Indian economy to sustain high growth rate over medium to long term overcoming the impact of such periodic volatility in the short term.

POWER SECTOR

Power Sector forms one of the key constituents of Infrastructure and driver of economic activity and growth. Despite the visible signs of stagflation affecting the core sector growth, the performance of the Power Sector stood out during the fiscal 2013. A record 20,623 MW was added to the installed capacity in the financial year 2012-13 against a capacity addition target of 17,956 MW witnessing a growth of 15%. The majority addition came from thermal stream accounting for around 98% of the total capacity addition during the fiscal of which capacity addition from Private sector was 11188 MW. At the end of first year of XII Five Year Plan period, the total installed generation capacity stands at 223.34 GW which was 11.7% increase over that at the end of XI Plan. Renewable energy has seen an unprecedented growth towards the end of the XI Plan. The share of renewable energy is itself an indication of major shift imminent in the fuel mix for generation sources in the Country.

But for the major challenges faced by the Indian Power Sector currently viz. slippages of long term Coal linkages to the projects identified, failure to achieve planned targets from captive coal mine blocks, rising imported fuel prices, land acquisition, R & R, Environment and water related issues, shortage of qualified BOP suppliers and Delay in Financial Closure etc, the capacity addition would have been much higher.

The XII Five Year Plan targets for power envisage capacity addition of 88,425 MW. The overall funds requirement for the power sector for XII Five Year Plan period has been estimated at around ₹ 14 lakh crore. For the XIII Plan period, Planning Commission estimates that in order to meet the projected demand requirement by 2022 at a GDP growth rate of 9%, capacity addition of 94,000 MW would be required along with matching expansion required in transmission and distribution systems.

The Power generation has grossly suffered owing to shortage of Coal and failure to achieve planned targets from captive coal mine blocks. Shortage of coal is likely to the tune of 238 MT out of the total estimated coal requirement of 842 MT in the XII Plan. The share of coal based generation is planned to be around 80 % of the projected capacity addition programme. To mitigate the coal problem, use of state of the art technology for mining with competent manpower, improved coal beneficiation techniques, R&R policy for coal mining companies, task force creation for ironing out problems relating to land acquisition, forest clearance, progress monitoring of coal mining projects and fixing new linkages for higher efficiency projects are being looked into by GoI. These bottlenecks have resulted in slipping planned capacity addition targets and increased dependence of generating companies on imported coal having a cascading effect on production cost of electricity.

Distribution Sector, the revenue generating link in the Generation - Transmission-Distribution chain is clearly the weakest link in the power sector value chain and is threatening to derail the entire process of power sector reforms as also jeopardize the India's growth story. While the power generation sector in the Country is struggling to meet burgeoning demand, the Distribution Sector has been reeling under losses and has been in focus with various measures being taken by the Govt. of India to make the State DISCOMs/Utilities viable.

Though most of the SEBs have been unbundled, distribution is still largely under the control of Government Utilities. Post unbundling, their operations on sound commercial principles under the regulatory supervision has not yielded the desired results. Worsening financial condition of power distribution utilities owing to high Aggregate Technical & Commercial (AT&C) losses, inability to revise tariffs strictly in principle and spirit despite respective ERCs directive for revision in most of the states since long, increasing Subsidy burden, cross subsidization by the industry to domestic consumer and farmers, billing inefficiencies and more importantly need to buy expensive power to tide over short-term deficits are eating away the benefits of the policy initiatives. The combined annual losses of all SEBs add up to about ₹ 1.9 lakh crore.

To turnaround State DISCOMs and ensure their long term viability, a financial restructuring scheme for the State owned DISCOMs viz Transitional Finance Mechanism (TFM) has been formulated by the Government of India. The mechanism includes measures such as approval of Financial restructuring plan (FRP) from State Govt. and the respective State Electricity Regulatory Commission (SERC), revision of tariff, thereby reducing the gap between Average revenue Realised (ARR) and Average Cost of Supply (ACS), release of subsidies only to State Govt. to be later adjusted in the ARR, posting of Audited Accounts on regular basis, incentivisation through technology interventions in R-APDRP and NEF, devising utility wise turnaround plan and monitoring its implementation at the highest level.

Further, Ministry of Power has developed an integrated rating methodology covering the State Power Distribution Utilities with the objective to rate all utilities based on their performance and ability to sustain commercially viable operations in the long run. The focus is on ranking and incentivizing/dis-incentivising the entities for stimulating and improving their operational & financial performance. This is expected to facilitate Banks/FIs adopt a uniform and realistic assessment of the risks associated with funding needs of different Utilities and enable funding with appropriate loan covenants for stimulating and enhancing operational, financial and managerial performance.

For the XII Five Year Plan, the Planning Commission estimates investment of ₹ 3.14 lakh crore for the sector inclusive of Restructured Accelerated Power Development and Reforms Programme (R-APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) schemes. The focus of the R-APDRP is on actual, demonstrable performance in terms of sustained loss reduction, establishment of reliable and automated systems for sustained collection of accurate base line data and the adoption of Information Technology in the areas of energy accounting. RGGVY Scheme seeks Rural Electricity Infrastructure and Household Electrification for providing access to electricity to all rural households. Under the scheme, 90 % capital subsidy is being provided by Government of India for overall cost of the projects. REC is the Nodal Agency for overseeing the implementation of the Programme. The performance orientation built into the R-APDRP and NEF is expected to attract and accelerate investments in distribution infrastructure, thus resulting in faster accomplishment of loss reduction goals.

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

PERFORMANCE HIGHLIGHTS

Your Company continued to register higher growth and record performance for the financial year 2012-13, in key areas of Disbursements of Loans, Recoveries, Operating Income and Profits. A total sum of ₹ 40,183 crore (including TFL component of ₹ 9,570 crore and subsidy of ₹ 907.89 crore under RGGVY) was disbursed during the financial year 2012-13 as against ₹ 30,593.30 crore in the previous year. Your Company's Non-performing Assets (NPAs) continued to be at low levels. The total Operating Income of your Company for the financial year 2012-13 increased by 30 % to ₹ 13,518.86 crore from ₹ 10,423.75 crore during the previous year. The profit after tax increased to ₹ 3,817.62 crore, up by 36 %, from ₹ 2,817.03 crore for the previous year.

Your Company enjoys international credit rating from International Credit Rating Agencies Moody's and Fitch and the same are "Baa3" and "BBB-" respectively equivalent to sovereign rating of India. "Baa3" rated obligations denote moderate credit risk and "BBB-" rated obligations denote that expectations of default risk are currently low. Further, during the financial year 2012-13 also, your Company continued to get the highest rating AAA from domestic rating agencies like CRISIL, CARE, India Ratings & Research and ICRA for its specific Resource Mobilization programme. Consistent high ratings bear testimony to REC's stature as an institution with strong fundamentals and inherent financial strength.

Your Company mobilized ₹ 30759.16 crore from the market during the financial year 2012-13 for its operational requirements. This includes ₹ 4903.25 crore raised by way of Capital Gains Tax Exemption Secured Redeemable Non-convertible Taxable Bonds, under Section 54EC of the Income Tax Act, 1961, ₹ 2648.41 crore raised by way of Tax Free Secured Redeemable Non-convertible Bond u/s 10(15)(iv)(h) of the Income Tax Act, 1961, out of which ₹ 500 crore raised through private placement and remaining raised through public issue in two tranches in line with terms of notification, ₹ 2117.18 crore through Commercial Paper (CP), ₹ 16378.90 crore through issue of Institutional Bonds, ₹ 4464.40 crore by way of External Commercial Borrowings and ₹ 247.02 crore by way of Official Development Assistance (ODA) loan from KfW, Germany and Japan International Cooperation Agency (JICA), Japan.

DIVIDEND

In addition to interim dividend of ₹ 6.75 per share paid in February, 2013, Directors of your Company have recommended a final dividend of ₹ 1.50 per share for the financial year 2012-13, which is subject to your approval. The total dividend for the financial year 2012-13 will work out to ₹ 8.25 per share of ₹ 10/- representing 82.50 % of the paid up capital of the Company and 21.34 % of Profit After Tax, against 75 % of the paid up capital of the Company and 26.29 % of Profit After Tax paid in the previous year. The total dividend pay-out for the financial year will amount to ₹ 814.65 crore (excluding dividend tax).

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 of Bharat Nirman to provide "Power for all" 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).

FINANCING GENERATION PROJECTS

During the financial year 2012-13, your Company sanctioned 41 nos. of generation / R&M loans including 13 no. of additional loan assistance with total financial outlay of ₹ 26,854.79 crore including consortium financing with other financial institutions and has disbursed ₹ 12,496.87 crore against the ongoing generation projects.

FINANCING TRANSMISSION & DISTRIBUTION PROJECTS

Your Company 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 national objective of providing power for all by the year 2012 and also reduce the AT&C losses, your Company has been financing schemes for expansion and strengthening of the transmission network and more importantly, modernising of the distribution system. During the financial year 2012-13, the company sanctioned a total sum of ₹ 47,845.64 crore and disbursed a total sum of ₹ 22,287.16 crore for transmission and distribution projects.

FINANCING RENEWABLE ENERGY AND OTHER PROJECTS

During the financial year 2012-13, besides financing to Generation and T&D projects, your Company has also sanctioned loan assistance of ₹ 580.06 crore for 11 grid-connected Renewable Energy projects with installed generation capacity aggregating 126.60 MW and sanctioned Short Term Loan (STL) of ₹ 4190 crore to various state power utilities.

RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY)

The Government of India is according topmost priority to rural electrification to realise the objectives of "Power to all villages" and "Power for all" through its flagship programme Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). 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 31.03.2013, works in 107083 un-electrified villages have been completed and connections to 2.07 crore BPL households have been released. During the financial year 2012-13, the Company disbursed a total sum of ₹ 980.03 crore (including Government Subsidy of ₹ 907.89 crore).

SUBSIDIARY COMPANIES & JOINT VENTURE

To focus on additional business of consultancy in the areas of distribution, transmission etc. following wholly owned subsidiaries have been incorporated by your Company as on date:

- (i) REC Power Distribution Company Limited (RECPDCL)
- (ii) REC Transmission Projects Company Limited (RECTPCL)

Further, REC Transmission Projects Company Limited (RECTPCL) is designated by the Ministry of Power, Government of India as “Bid Process Coordinator” for different independent transmission projects. As on date the following Project Specific Special Purpose Vehicles (SPVs) have been incorporated as Subsidiary Companies:

- (i) Vizag Transmission Limited (VTL)
- (ii) Kudgi Transmission Limited (KTL)
- (iii) Nellore Transmission Limited (NTL)
- (iv) Unchahar Transmission Limited (UTL)
- (v) Baira Siul Sarna Transmission Limited (BSSTL)
- (vi) NRSS XXIX Transmission Limited*
- (vii) NRSS XXXI (A) Transmission Limited*
- (viii) NRSS XXXI (B) Transmission Limited*

*Incorporated after 31st March, 2013.

For each of the transmission system, a two stage Bidding process featuring separate Request for Qualification (RFQ) and Request for Proposal (RFP) has been initiated in accordance with tariff based competitive bidding guidelines of Ministry of Power, GoI for selection of developer as Transmission Service Provider. The bidding process for selection of developer for respective transmission projects is expected to conclude within the financial year 2013-14.

Further, during the financial year 2012-13, RECTPCL concluded the process of selection of developer for Transmission System associated with IPPs of Vemagiri Area: Package-A project specific SPV namely Vemagiri Transmission System Limited was transferred to M/s Power Grid Corporation of India Limited, who had emerged as the successful bidder on 18th April, 2012 on payment of acquisition price amounting to ₹ 182.79 million which includes professional fee of ₹ 150 million.

Further, your Company along with three other PSUs namely NTPC, PGCIL and PFC as equal partners, had formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. The business plan of EESL envisages taking up projects in Energy Conservation Building Codes, Agriculture Demand Side Management, Municipal DSM, Bachat Lamp Yojana, promoting usage of energy efficient appliances and concept of Energy Service Companies (ESCOs) etc, besides taking over the current commercial roles being discharged by the Bureau of Energy Efficiency (BEE).

CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION

The Company had established a National Institute in Hyderabad 32 years ago, called Central Institute for Rural Electrification (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 21st century, we plan to further modernise the CIRE, along with establishment of an 'Energy Park' in its premises to give a practical orientation to the training.

HUMAN RESOURCE MANAGEMENT

Training and HRD continued to receive a place of priority as a means of equipping employees with aim of sharpening business skills and competence required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. 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 including CIRE training institute owned by REC.

ERP BASED INTEGRATED INFORMATION SYSTEM

Your Company has been making continuous efforts at upgrading and implementing state-of-the-art IT enabled and IT based systems for improving internal systems and processes. Your Company has already implemented an integrated Oracle based ERP system covering all major business functions. It covers all important business functions of the Company like Central accounting, project appraisal and sanctions, Disbursement and Management of loan accounts, Cash Management, Treasury functions, payroll,

purchases etc. In addition to that your Company has already implemented a number of other systems also including Document Management System, e-procurement system, Intranet etc. for greater transparency and better e-governance. Further during the financial year 2012-13, your Company has established Disaster Recovery Centre for ERP operation, a Work-Flow Management system for electronic movement of decision making in selected divisions and offices. All these have led to improvement of internal efficiency and greater customer satisfaction. Your Company has also initiated implementation of HR-ERP system for transformation of HR practices from stand-alone HR system to an integrated HR system.

CORPORATE GOVERNANCE

As a listed Public Sector Enterprise, your Company has been complying with the requirements of Corporate Governance as stipulated in the Listing Agreements and also the provisions of Guidelines notified by the Department of Public Enterprises (DPE), Government of India in this regard. Corporate Governance at Rural Electrification Corporation Limited (REC), is managing the business in an ethical and responsible manner for sustainable value creation of various stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices that are followed in the area of Corporate Governance across the globe.

Further, as a responsible Corporate Citizen, your Company has actively supported the implementation of 'Green Initiative' circulars issued by Ministry of Corporate Affairs (MCA) and effected electronic delivery of Annual Report and intimation of Final/ Interim Dividend was sent electronically to those shareholders whose email ids were registered.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2012-13, the Corporate Social Responsibility (CSR) initiatives were pursued with a view to integrate REC's business operations with social processes while recognizing the interests of all stakeholders. CSR projects were linked with the principle of sustainable development. The strategic focus was aimed at CSR initiative towards fulfilling the National Plan goals and objectives including Millennium Development Goals ensuring the gender sensitivity, skill enhancement, entrepreneurship and employment generation by co-creating value with local institutions/people. While identifying CSR initiatives the Company has adopted an integrated approach to address the community, societal and environmental concerns measured in terms of triple bottom line approach. CSR strategy has been developed with action plan in project-based accountability approach. Most of the CSR activities have been implemented in project-mode with baseline survey and specified time-frame and identified milestones and periodic monitoring. Disbursement of allocated funds under CSR was linked with achievement of the milestones and deliverables.

During the financial year 2012-13, @0.5 % of Profit After Tax (PAT) of previous year was allocated towards CSR Budget. During the year, many CSR initiatives were undertaken inter-alia "Skill development/up-gradation and job-oriented training leading to creation of livelihood opportunities" to 1000 rural/semi urban youth from SC/ST/OBC/ economically weaker section of society including women from backward areas of UP, Bihar, Jharkhand, Chhattisgarh and Madhya Pradesh states, providing 4 Nos. customized vehicles for providing cooked food to Government Schools in Rajasthan State, setting up of 42 libraries in the government schools of Uttarakhand, Delhi and Chhattisgarh States, supporting solar lighting service to 30 villages each in Assam and Odisha States, and Distributed Aids and Appliances to persons with disabilities in UP, MP, AP, Tamil Nadu, Maharashtra and Assam States, etc.

MoU RATING & AWARD

The performance of your Company in terms of MoU signed with the Government of India in the Ministry of Power for the financial year 2011-12 has been rated as "Excellent". This is the 19th 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 financial year 2012-13 also, the performance of the Company is poised to receive "Excellent" rating.

It is a matter of great honour to your Company that it was awarded IPE-CSR award for Corporate Governance from Institute of Public Enterprises (IPE), Hyderabad for the financial year 2012-13. Your Company has also received Award in the category of "Non Banking Financial Services" by India Pride Awards, Dainik Bhaskar & DNA, DSIJ PSU Award 2012 for 'Fastest Growing Operational Matrix' and 5th CIDC Vishwakarma Award, 2013.

OTHER INITIATIVES

Your Company has adopted the "Whistle Blower Policy" which is in terms of non mandatory requirement of Clause 49 of the Listing Agreement and Clause 8 of Guidelines on Corporate Governance for CPSEs issued by DPE in order to enable Employees, Directors, Auditors etc. to disclose information which the individual believes to be alleged malpractice or wrongdoing affecting the business or reputation of the Company, as a major move towards achieving better Corporate Governance Practices.

Another important initiative was voluntarily getting the Secretarial Audit conducted by Practising Company Secretary for the financial year 2012-13, as done in previous years and they have issued un-qualified Secretarial Audit Report.

Your Company has also adopted the “Sustainable Development” policy issued by the DPE, which is applicable from the current financial year. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility and a budget of approximately ₹ 3.23 crore has been allocated for the same. To begin with, broadly five projects have been identified to be implemented in the campus of Central Institute of Rural Electrification, Hyderabad, which include energy audit, installation of solar lighting, solar/wind hybrid power plant, greenery and tree plantation and rain water harvesting measures.

FUTURE STRATEGY

Your Company offers a wide range of products to target customer segments to satisfy their specific financial needs. REC will strive to strengthen its core financing activities and explore new business areas in the allied fields also viz Power equipment financing, energy efficiency related activities, equity financing etc.

Your Company is planning to enhance its presence in the Green Energy financing, such as Solar, Biomass and Wind Power, which shall help in mitigating the problem of power scarcity, carbon emissions and fuel supply. Further, your Company constantly reviews and revises its lending and operational policies/ procedures to suitably align with market requirements as also with its corporate objectives.

Your Company has formed a “Strategic Business Group” comprising of senior officers to explore new business opportunities and look for the new products with regard to the business development of the Company.

Your Company is committed to accelerate growth and will continue to achieve the best standards of Corporate Governance with emphasis on authority and freedom of management coupled with transparency, accountability and professionalism in their working with the aim of enhancing long term economic value of all the stakeholders and society at large.

LOOKING AHEAD

In the backdrop of XI Five Year Plan’s achievements, the achievement made during the first year of XII Plan in power infrastructure and the amount estimated for funding the growth during the XII Five Year Plan period by Planning Commission for addition of 88,425 MW generation capacity together with matching transmission and distribution infrastructure, the power sector will continue to provide one of the biggest avenues to make significant contribution towards the development of Country’s infrastructure. The Asset size of the Company in the financial year 2012-13 stands at ₹ 1.30 Lakh crore. Your Company, on its part, will make all efforts and harness all resources to capture optimal share of funding business of the estimated debt requirement of ₹ 9-10 lakh crore for XII Five Year Plan. The Company shall 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.

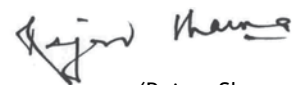
ACKNOWLEDGEMENTS

I take this opportunity to express my sincere gratitude for the immense support and guidance received by your Company from the Hon’ble Minister for Power/ Hon’ble Minister of State for Power (Independent Charge), the Secretary (Power), the Additional 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, the Joint Statutory Auditors of the Company, and the Secretarial Auditors for all their support and guidance extended in ensuring smooth and successful operations of the Company. I also express my gratitude to our lenders and investors for having reposed their trust in us.

I would also like to express my thanks and appreciation to my esteemed colleagues on the Board and to all employees of REC for their unswerving 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.

I am confident that with a dedicated and committed resource of employees and valuable support of our esteemed shareholders, your Company will continue to deliver its responsibilities and enhance value to its stakeholders.

With best wishes,



(Rajeev Sharma)
Chairman & Managing Director

NOTICE

Notice is hereby given that the Forty Fourth Annual General Meeting of **Rural Electrification Corporation Limited** will be held on **Friday, September 13, 2013 at 11.00 A.M.** at **Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010** to transact the following businesses:-

ORDINARY BUSINESS

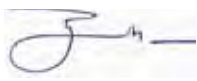
- 1) To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2013 and Statement of Profit and Loss for the Financial Year ended on that date along with the Reports of the Board of Directors and Auditors thereon.
- 2) To confirm the payment of Interim Dividend and declare Final Dividend on equity shares for the Financial Year 2012-13.
- 3) To appoint a Director in place of Shri Venkataraman Subramanian, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Dr. Sunil Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To fix the remuneration of Auditors for the Financial Year 2013-14.

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 Shri Badri Narain Sharma, be and is hereby appointed as Director of the Company, whose period of office shall be liable to retire by rotation.

**By order of the Board of Directors
For Rural Electrification Corporation Limited**



(J. S. Amitabh)

General Manager & Company Secretary

Registered Office:

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

Dated: August 8, 2013

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. The proxy form duly completed and signed must be deposited at the

Registered Office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. Proxy so appointed shall not have any right to speak at the meeting. **Blank proxy form is enclosed** and also available on Company's website i.e. www.recindia.gov.in.

2. **An Explanatory Statement** pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is **annexed hereto**.
3. Brief Resume of the Directors seeking re-appointment and appointed since last Annual General Meeting, as required under Clause 49 of the Listing Agreement executed with the Stock Exchanges is annexed hereto and forms part of Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, August 30, 2013 to Friday, September 13, 2013 (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 Friday, September 27, 2013 to the Members or their mandates whose names appear on the Company's Register of Members on Friday, September 13, 2013 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 to be obtained from National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on Thursday, August 29, 2013.**
5. Corporate Members are requested to send/attach 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, along with the Proxy Form/ Attendance Slip.
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. **produce Attendance Slip, as sent herewith, at the venue duly filled-in and signed for attending the meeting as entry to the Auditorium will be strictly on the basis of the Entry Slip, which is available at the counters at the meeting venue in exchange of the Attendance Slip;**
 - c. quote their Folio / Client ID & DP ID Nos. in all correspondence;

- d. **note that due to security reasons briefcases, 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. As SEBI has made usage of electronic payment modes for making cash payments to the investors mandatory, therefore members are advised to submit their National Electronic Clearing System (NECS)/NEFT/Direct Credit mandates, to enable the Company to make payment of dividend by means of NECS/NEFT/Direct Credit/Warrants. Those holding shares in physical form may obtain and send the NECS/NEFT/Direct Credit 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 NECS/NEFT/Direct Credit Mandate Form directly to their Depository Participant (DP). Those who have already furnished the NECS/NEFT/Direct Credit Mandate Form to the Company/ Registrar and Share Transfer Agent / DP with complete details need not send it again.
 8. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members who do not wish to opt for NECS/NEFT/Direct Credit facility are advised to submit particulars of their bank account, viz., name(s) and address of the branch of the bank, Bank Account Number, 9 digit MICR code of the branch, IFSC Code, type of account etc. latest by **September 13, 2013** to Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company to enable them to print these details on the Dividend Warrant.
 9. **SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies. Accordingly, members holding shares in physical mode should attach a copy of their PAN card for every transfer request sent to Company/RTA.**
 10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent along with relevant Share Certificates. In case of Joint Holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 11. The Board of Directors in its Meeting held on February 4, 2013 had declared an interim dividend of ₹ 6.75/- per share on the paid-up equity share capital of the Company which was paid on February 18, 2013. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amount which remains unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investor Education & Protection Fund (IEPF) 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 or write to R&TA for revalidation or issue of DDs in place of old Dividend Warrants.
 12. Members who have not received/ encashed their dividend warrants within its validity period may write to the Company at its Registered Office or Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft. Members who hold shares in physical form 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 and in case of shares are held in electronic mode, to their respective Depository Participants.
 13. Pursuant to Section 619(2) of Companies Act, 1956, the Auditors of a Government Company are to be appointed/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 a General Meeting or in such manner as the company in a General Meeting may determine. In pursuance of the same, C&AG of India had appointed Bansal & Co. and P. K. Chopra & Co., Chartered Accountants, as Joint Statutory Auditors of the Company for the Financial Year 2012-13.

In the 43rd Annual General Meeting (AGM) held on September 20, 2012 the Board of Directors were authorized by Shareholders in pursuance of Section 224 (8) (aa) read with Section 619 (2) of the Companies Act, 1956 to fix and approve the remuneration of Statutory Auditors/Joint Statutory Auditors of the Company for the Financial Year 2012-13, on the recommendation of the Audit Committee. Accordingly, the Board of Directors in their Meeting held on November 2, 2012 approved the payment of remuneration of ₹ 17,00,000/- (Rupees Seventeen Lacs Only) plus service tax as applicable to be shared equally by the Joint Statutory Auditors, for the Financial Year 2012-13. 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 the CMD/ Director (Finance).

Further, Raj Har Gopal & Co., Chartered Accountants and P. K. Chopra & Co., Chartered Accountants have been appointed as Joint Statutory Auditors of the Company for the Financial Year 2013-14 by the C&AG of India. therefore, it is proposed to obtain approval of the Members of the Company in Annual General Meeting to fix the remuneration of Auditors for the Financial Year 2013-14, on similar lines as done for the last Financial Year. **Accordingly, the Members are 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, for the Financial Year 2013-14.**

14. 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).
15. **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 Annual General Meeting, so that the information required can be made available at the time of the meeting.**
16. Ministry of Corporate Affairs, Government of India vide its General Circular dated February 8, 2011 granted general 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, subject to compliance of certain conditions by the Companies as prescribed in this Circular. Accordingly, your Company has provided full details of accounts of individual Subsidiary Companies along with the entire text of Annual Report at its website www.recindia.gov.in.

17. The Ministry of Corporate Affairs, Government of India vide its General Circular dated April 21, 2011 and April 29, 2011 has taken "Green Initiative in Corporate Governance" allowing paperless compliances of law through electronic mode. These Circulars, inter-alia, permit the Companies to send various Notices/ Documents to its shareholders through electronic mode to the registered e-mail addresses of the shareholders. This move by the Ministry is welcome since it benefits society at large on account of reduction in consumption of paper and it also contributes towards greener planet. It will facilitate prompt receipt of communications and thereby reducing postal transit losses. In continuation of the initiatives of the Company in this regard, the Company proposes to send all documents to the shareholders viz Notice, Audited Financial Statements, Directors' and Auditors' Report etc. henceforth to the shareholders in electronic form to their registered e-mail addresses. These documents would also be available on the website of the Company. Please note that as a Member of the Company you are entitled to receive above mentioned and all other documents required under the law free of cost in physical on receipt of requisition by the Company from you.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar and Share Transfer Agent (R & TA) of the Company / Depository Participant (DP) of respective Member and take part in the Green Initiative of the Company.

18. The Register of Directors' Shareholding, maintained under Section 307, the Register of Contracts, maintained under Section 301 of the Companies Act, 1956 and all other documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company on all working days (except Saturday and Sunday) between 11.00 A.M. to 1.00 P.M till three (3) days after the conclusion of the Annual General Meeting and the same will also be available at the time of AGM of the Company at the venue of the meeting.
19. The Company is not providing Video Conferencing facility for this meeting.
20. The entire Annual Report is also available on the Company's website www.recindia.gov.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**

Ministry of Power, Government of India, vide its Order No. 46/04/2007-RE dated August 23, 2012 in pursuance of Article 82(2) of the Articles of Association of the Company has appointed Shri Badri Narain Sharma as Government Nominee Director on the Board of the Company until further orders vice Shri Devender Singh, Joint Secretary, who was nominated on the Board of REC.

The above appointment of Shri Badri Narain Sharma as Government Nominee Director on the Board of the Company, being liable to retire by rotation in terms of Section 255 of the Companies Act, 1956 read with Article 82 (3) of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Shri Badri Narain Sharma is annexed.

No other Directors except Shri Badri Narain Sharma are interested or concerned in the proposed Ordinary Resolution.

**By order of the Board of Directors
For Rural Electrification Corporation Limited**



(J. S. Amitabh)

General Manager & Company Secretary

Registered Office:

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

Dated: August 8, 2013

BRIEF RESUME OF THE DIRECTOR APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON SEPTEMBER 20, 2012

Name	Shri Badri Narain Sharma
Date of Birth	July 31, 1959
Date of Appointment	August 23, 2012
Qualifications	• Bachelor's in Financial Management; • Master's degree in Financial Management
Expertise in specific Functional area	He has been a part of the IAS since 1985 in the Rajasthan cadre and has been in the Civil Services for about 27 years. He is currently the Joint Secretary in the Ministry of Power, where he is in-charge of Rural Electrification and Distribution. Prior to joining Ministry of Power, Government of India, he has served as Principal Secretary in Medical & Health and Family Welfare Department, Rajasthan. He has also served as Commissioner, Commercial Taxes Department, Rajasthan, Managing Director of Rajasthan State Industrial and Investment Corporation Limited (RIICO), Chairman & Managing Director of Rajasthan Financial Corporation (RFC), Secretary of Finance (Expenditure) Department and Elementary, Secondary & Sanskrit Education Department in Rajasthan. Prior to that he has worked as Collector & District Magistrate of Jaipur, Alwar and Tonk districts in Rajasthan, Chairman & Managing Director of M/s Jaipur Vidhyut Vitran Nigam Limited, Jaipur, Secretary, Rajasthan State Electricity Board, Jaipur. Shri Sharma has also served as Director / Nominee Director on the Board of various companies.
Directorship held in other Companies	Power Finance Corporation Limited
Membership/Chairmanship of Committees across all Public Companies other than REC	Nil
Number of shares held in the Company	Nil

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 44th ANNUAL GENERAL MEETING

Name	Shri Venkataraman Subramanian	Dr. Sunil Kumar Gupta
Date of Birth	June 17, 1948	November 15, 1966
Date of Appointment	June 10, 2011	March 16, 2012
Qualifications	• Commerce Graduate, University of Madras • Qualified Banker	• Bachelor's degree in Commerce; • Fellow Member of the Institute of Chartered Accountants of India; • Fellow Member of The Institute of Cost & Accountants of India; and • Ph. D. on the topic "Study of Internal Audit System" from Chaudhary Charan Singh University, Meerut
Expertise in specific Functional area	He joined the Indian Administrative Service, the premier service of the Government of India in 1971. Till his retirement in June, 2008 as the Secretary to the Government in the Ministry of New and Renewable Energy, he occupied various important positions in the Government of West Bengal and the Government of India. His rich experience both at the implementation level and policy making level cuts across various sectors like Finance, Aviation, Energy, Labour etc. Shri Subramanian was instrumental in the creation of the External Commercial Borrowings Division in the Ministry of Finance in the eighties and structured many innovative financial deals for Indian Public Sector Enterprises. He was also the Adviser to the Government of Mozambique for three years (1990-1993). He was also the Secretary to the State Government in the Departments of Power and Labour. As Additional Secretary and Financial Adviser in the Ministry of Civil Aviation and Tourism (2000-2005) he was closely involved in policy formulation on Aviation and Tourism. He was on the Boards of Air India, Indian Airlines, Airports Authority of India, Helicopters Corporation of India, Indian Tourism Development Corporation and a host of other PSEs. He was also the Member-Secretary of the High level Committee to recommend a roadmap for the growth of aviation in India. Most of the recommendations are being acted upon now. As Secretary in the Ministry of New and Renewable Energy, he undertook path breaking initiatives that resulted in more than doubling the grid connected renewable power generation capacity in less than three years. Presently, he is the Secretary General of the Indian Wind Energy Association. He was also the Business Development Adviser to the Council for Scientific and Industrial Research, till recently. He is Director on the board of leading Public and Private Sector Companies. He is also a freelance consultant and well known speaker on "Renewable Energy" in various international conferences.	He has been as a Shareholders' Director on the board of Dena bank. In Dena Bank he was co-opted as Chairman/ member of various committees. The Government of India has nominated him as Director of General Insurance Corporation of India and as Member of Steel Consumers' Council, Ministry of Steel (GoI). He is also on the Board of several private companies. He is the elected member of National Executive Council of FICCI. He is also an associate member ASSOCHAM, CII and PHD Chambers of Commerce and Industry & Press Club of India, besides being member of several social organizations, educational societies and clubs.
Directorship held in other Companies	• Sundaram Clayton Limited • TVS Energy Ltd. • PTC Energy Limited • Mount Everest Mineral Water Ltd. • Titan Energy System Limited.	• Punjab National Bank; • General Insurance Corporation of India
Membership/ Chairmanship of Committees across all Public Companies other than REC	• Sundaram Clayton Ltd. - Member, Audit Committee • PTC Energy Limited - Member, Audit Committee • Titan Energy Systems Limited - Member, Audit Committee • TVS Energy Ltd. - Chairman, Audit Committee	• General Insurance Corporation of India- Member, Audit Committee
Number of shares held in the Company	Nil	Nil


SHRI RAJEEV SHARMA, Chairman & Managing Director (CMD)

Shri Rajeev Sharma, 53 years, is the Chairman & Managing Director (CMD) of our Company since November 29, 2011. He holds a Bachelor's degree in Electrical Engineering from Govind Ballabh Pant University, Pantnagar, a Post Graduate Diploma (Electronics and Communication Engineering) and a Masters degree in Engineering (Electrical Engineering) from Indian Institute of Technology, Roorkee. He also holds a Masters degree in Business Administration from University of Delhi. He has rich and varied experience of more than 28 years in Power Sector. Under his guidance and leadership REC has excelled in all fields and surpassed all its previous targets and performance. Prior to joining REC, Shri Sharma was Director (Projects), Power Finance Corporation Limited, where he was responsible for all functions of Projects Division including appraisal of the projects financed by the Company. During his tenure as Executive Director in PFC, he was Director (in-charge) for development of Krishnapatnam

Ultra Mega Power Project and was responsible for implementation of R-APDRP in India. He has also worked in Central Electricity Authority (CEA), where he was involved in design, engineering and consultancy of Nathpa Jhakri Hydro-electric Project (1500 MW). During his stint in the Ministry of Power, he was also looking after operations of Power Grid Corporation of India Limited, THDC, SJVNL, BBMB and NEEPCO, Public Sector Undertakings (PSUs) under administrative control of Ministry of Power. He was also instrumental in formulating the policies for APDRP and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

Shri Rajeev Sharma was holding 60 equity Shares in the Company as on March 31, 2013.

SHRI PRAKASH THAKKAR, Director (Technical)

Shri Prakash Thakkar, 57 years, is Director (Technical) of our Company since May 2, 2011. He holds a Bachelor's degree in Electrical Engineering from Maharaja Sayajirao University, Baroda. Shri Thakkar has over 33 years of rich and diversified experience of power sector which includes Generation and Substation Engineering. He is in charge of all technical and operational aspects of various projects financed by our Company in the generation, transmission and distribution sectors as well as rural electrification projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

Prior to taking over charge as Director (Technical), he was working in the Company as Executive Director (Transmission and Distribution/RGGVY). He joined our Company as General Manager (Technical) on deputation on September 19, 2005 and subsequently he was permanently absorbed in the Company on September 18, 2007. Prior to joining our Company, he has worked for about 11 years in NHPC (Installation of Hydrogenerators and Operation & Maintenance of Hydro Stations) and 15 years on different posts in Power Grid Corporation of India Limited. He was a member of India's first 400 kV Thyristor Controlled Series Compensation (TCSC) project implementation team. He was also a core member for switchgear equipment specifications for 800/400/220/132 kV. He has also served as Advisor to Government of Nepal for operation & maintenance of Devighat Hydro Electric Project during the year 1985-86.

He is a member of AIMA and also served as nominee Director on the Boards of various companies. He has authored/co-authored various technical papers in National and International seminars.

Shri Prakash Thakkar was holding 4030 equity Shares in the Company as on March 31, 2013.


SHRI AJEET KUMAR AGARWAL, Director (Finance)

Shri Ajeet Kumar Agarwal, 53 years, is Director (Finance) of our Company since August 1, 2012. He has done B. Com (Hons.) from Shri Ram College of Commerce, University of Delhi. He is also a Fellow Member of the Institute of Chartered Accountants of India. Mr. Agarwal has 30 years experience in Public Sector Undertakings. During his tenure in REC as General Manager/ Executive Director (Finance), he had handled various finance functions including Resource Mobilisation, Loan Disbursement and Corporate Accounts & Taxation. Prior to joining our company on March 29, 2007, he was General Manager in Telecommunications Consultants India Limited.

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 Ajeet Kumar Agarwal was holding 242 equity Shares in the Company as on March 31, 2013.

SHRI B. N. SHARMA, *Nominee Director*

Shri B. N. Sharma, 54 years, is the Government Nominee Director of our Company since August 23, 2012. He holds a Bachelor's and Master's degree in Financial Management. He has been a part of the IAS since 1985 in the Rajasthan cadre and has been in the Civil Services for about 27 years. He is currently the Joint Secretary in the Ministry of Power, where he is in-charge of Rural Electrification and Distribution. Prior to joining Ministry of Power, Government of India, he has served as Principal Secretary in Medical & Health and Family Welfare Department, Rajasthan. He has also served as Commissioner, Commercial Taxes Department, Rajasthan, Managing Director of Rajasthan State Industrial and Investment Corporation Limited (RIICO), Chairman & Managing Director of Rajasthan Financial Corporation (RFC), Secretary of Finance (Expenditure) Department and Elementary, Secondary & Sanskrit Education Department in Rajasthan. Prior to that he has worked as Collector & District Magistrate of Jaipur, Alwar and Tonk districts in Rajasthan, Chairman & Managing Director of M/s Jaipur Vidhyut Vitran Nigam Limited, Jaipur, Secretary, Rajasthan State Electricity Board, Jaipur. Shri Sharma has also served as Director / Nominee Director on the Board of various companies. He was also Chairman of Rajasthan Drugs and Pharmaceuticals Limited, Rajasthan Medical Services Corporation Limited, Rajasthan Asset Management Company Private Limited, Rajasthan Trustee Company Private Limited and Rajasthan Electronics and Instruments Limited.



Shri B. N. Sharma is holding "NIL" equity shares in the Company as on March 31, 2013.



SHRI DEVI SINGH, *Part-time Non-official Independent Director*

Dr. Devi Singh, 60 years, is a Part-time Non-official Independent Director of our Company since June 10, 2011. He was earlier appointed as Part-time Non-official Independent Director on the Board of the Company on January 7, 2008 and completed tenure of three years on January 6, 2011. He holds a Bachelor's degree and a Masters degree in Economics from Rajasthan University. He holds a Ph.d (Fellow) in International Finance from the Indian Institute of Management at Ahmedabad and is a well known professor of International Finance and Business. He has a total work experience of more than 34 years in teaching, training, research and academic administration and recognized as a leading institution builder. He has been Director of the Indian Institute of Management, Lucknow for more than nine years. He has also served as Director of the Management Development Institute, Gurgaon

during 1999-2003. He has been a Ford Foundation and UNDP Fellow (International Management Education). He has been a Visiting Faculty at the International Centre for Public Enterprises, Slovenia, ESCAP Europe and SKK Graduate School of Business, Seoul. He is an alumnus Fellow of the Institute of World Affairs, Connecticut. He has taught leading Business Schools in India. He has been honored with many prestigious awards including 'ISTE National Fellow 2007', 'UP Ratan 2008' and the 'Ishan National Award for Best Director of a Business School' in 1999 among others. He was also honored by the American Biographical Institute, USA with the 'Man of the Millennium Award' in 2000. Dr. Devi Singh has been honoured with the Bharat Asmita Acharya Shreshtha Award-2013 by MIT School of Government, Pune. Besides REC, he has been on the Board of leading Indian Corporates. He is also on the Board/Executive Council of leading Institutions/Universities.

Dr. Devi Singh was holding Nil equity shares in the Company as on March 31, 2013.

SHRI VENKATARAMAN SUBRAMANIAN, Part-time Non-official Independent Director


Shri Venkataraman Subramanian, 65 years, is a Part-time Non-official Independent Director of our Company since June 10, 2011. He joined the Indian Administrative Service, the premier service of the Government of India in 1971. Till his retirement in June, 2008 as the Secretary to the Government in the Ministry of New and Renewable Energy, he occupied various important positions in the Government of West Bengal and the Government of India. His rich experience both at the implementation level and policy making level cuts across various sectors like Finance, Aviation, Energy, Labour etc. Shri Subramanian was instrumental in the creation of the External Commercial Borrowings Division in the Ministry of Finance in the eighties and structured many innovative financial deals for Indian Public Sector Enterprises. He was also the Adviser to the Government of Mozambique for three years (1990-1993). He was also the Secretary to the State Government in the Departments of Power and Labour. As Additional Secretary and Financial Adviser in the Ministry of Civil Aviation and Tourism (2000-2005) he was closely involved in policy formulation on Aviation and Tourism. He was on the Boards of Air India, Indian Airlines, Airports Authority of India, Helicopters Corporation of India, Indian Tourism Development Corporation and a host of other PSEs. He was also the Member-Secretary of the High level Committee to recommend a roadmap for the growth of aviation in India. Most of the recommendations are being acted upon now. As Secretary in the Ministry of New and Renewable Energy, he undertook path breaking initiatives that resulted in more than doubling the grid connected renewable power generation capacity in less than three years. Presently, he is the Secretary General of the Indian Wind Energy Association. He was also the Business Development Adviser to the Council for Scientific and Industrial Research, till recently. He is Director on the board of leading Public and Private Sector Companies. He is also a freelance consultant and well known speaker on "Renewable Energy" in various international conferences.

Shri Venkataraman Subramanian was holding Nil equity shares in the Company as on March 31, 2013.


SHRI SUNIL KUMAR GUPTA, Part-time Non-official Independent Director

Dr. Sunil Kumar Gupta, 46 years, is a Part-time Non-official Independent Director on the Board of our Company since March 16, 2012. He is a Chartered Accountant by profession and is senior partner at M/s Sunil Ram & Co. Ghaziabad. He is a commerce graduate, Fellow Member of the 'The Institute of Chartered Accountants of India' and 'The Institute of Cost Accountants of India' and holds a Ph.D. on the topic 'Study of Internal Audit System'.

He is the elected Shareholders' Director on the board of Punjab National Bank since March 21, 2012 and has been co-opted as member of "Risk Management Committee" and "IT committee" of the board. He has completed tenure of 3 years as a Shareholders' Director on the board of Dena bank

on March 16, 2012. In Dena Bank also, he was co-opted as Chairman/ member of various committees namely Management Committee, Audit Committee and Risk Management Committee.

The Government of India has nominated him as Director of General Insurance Corporation of India and as Member of Steel Consumers' Council, Ministry of Steel. He is the elected member of National Executive Council of FICCI. He is also an associate member ASSOCHAM, CII and PHD Chambers of Commerce and Industry & Press Club of India, besides being member of several social organizations, educational societies and clubs.

Dr. Sunil Kumar Gupta has been the Founder Secretary of Ghaziabad Chapter of 'The Institute of Cost Accountants of India' and also Chairman, Vice-Chairman, Secretary of Ghaziabad branch of The Institute of Chartered Accountants of India at different times. Dr. Sunil Kumar Gupta remained the elected member to Central India Regional Council of The Institute of Chartered Accountants of India from 1998-2000.

Adding to his versatility, he has authored books and written articles for various newspapers and magazines. Inquisitive and analytical by nature, he never hesitates to take out time to share knowledge through personal-interviews and panel discussions. One quality, which outshines the rest of his achievements is his urge to give back to the society and serve the nation and is thus associated with various social organizations and encourages everybody around to do so.

Dr. Sunil Kumar Gupta was holding Nil equity shares in the Company as on March 31, 2013.

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Forty Fourth Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31st March, 2013.

1. PERFORMANCE HIGHLIGHTS

- 1.1** The highlights of performance of the Company for the financial year 2012-13 were as under with comparative position of previous year's performance:-

(₹ in crore)

Parameter	2012-13	2011-12
Loans sanctioned (excluding sanctions under RGGVY)	79470.49	51296.77
Disbursements (including subsidy under RGGVY & DDG)	40183.06	30593.30
Recoveries (including interest)	26728.86	18440.09
Total Operating Income	13518.86	10423.75
Profit before tax	5163.95	3792.86
Profit after tax	3817.62	2817.03

1.2 Financial Performance

The total operating income of your Company for the financial year 2012-13 increased by 30% to ₹ 13518.86 crore from ₹ 10423.75 crore during the previous year. The profit after tax increased by 36% to ₹ 3817.62 crore from ₹ 2817.03 crore for the previous year.

Loan asset book of your Company as on 31st March, 2013 has increased by a healthy 26% to reach a historic high of ₹ 127356 crore from ₹ 101426 crore in the previous year. The outstanding borrowings as on 31st March, 2013 were ₹ 107791 crore.

Earnings Per Share (EPS) for the financial year ended 31st March, 2013 was ₹ 38.66 per share of ₹ 10/- each as compared to ₹ 28.53 per share in the previous year. Net worth of the Company as on 31st March 2013 has increased by 20% to ₹ 17454 crore from ₹ 14563 crore in the previous year.

1.3 Dividend

In addition to interim dividend of ₹ 6.75 per share paid in February, 2013, Directors of your Company have recommended a final dividend of ₹ 1.50 per share for the financial year 2012-13, which is subject to approval of the Shareholders in the ensuing Annual General Meeting. The total dividend for the financial year 2012-13 will work out to ₹ 8.25 per share of ₹ 10/- representing 82.50% of the paid up capital of the Company and 21.34% of Profit After Tax, against 75% of the paid up capital of the Company and 26.29% of Profit After Tax paid in the previous year. The total dividend pay-out for the financial year will amount to ₹ 814.65 crore (excluding dividend tax).



Shri Rajeev Sharma, CMD, REC presenting interim dividend cheque of ₹ 445.23 crore to Shri Jyotiraditya M. Scindia, Hon'ble Minister of State for Power, Government of India.

1.4 Share Capital

The Issued and Paid up Share Capital as on 31st March, 2013 was ₹ 987.46 crore divided into 98,74,59,000 equity shares of ₹ 10/- each against the Authorized Share Capital of ₹ 1200 crore. The Government of India holds 66.80% of the paid up equity share capital.

2. LOANS SANCTIONED

Your Company sanctioned loans worth ₹ 79470.49 crore during the financial year 2012-13, as against ₹ 51296.77 crore in the previous year, excluding sanctions under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). The state and category-wise break-up of loans sanctioned during the financial year are given in **Table-1** and **2** respectively. The cumulative amount of sanctions made since inception up to 31.03.2013 was ₹ 483847.28 crore, as details given in **Table-3**.

3. DISBURSEMENTS

A total sum of ₹ 40183.06 crore was disbursed during the financial year 2012-13 as against ₹ 30593.30 crore in the previous year including subsidy under RGGVY & DDG. The cumulative amount disbursed since inception up to 31.03.2013 was ₹ 205148.08 crore excluding subsidy under RGGVY & DDG. The state-wise disbursements and repayment of loan by borrowers during the year together with cumulative figures and outstandings as on 31.03.2013 are given in **Table-4**.

4. RECOVERIES

- 4.1** The amount due for recovery including interest during the financial year 2012-13 was ₹ 26881.04 crore as compared to ₹ 18528.61 crore in the previous year. The Company recovered a total sum of ₹ 26728.86 crore during the year 2012-13 against ₹ 18440.09 crore in the previous year. The overdues from defaulting borrowers as on 31.03.2013 were ₹ 435.82 crore. The Recovery Rate for the Financial Year 2012-13 was 99.04% as against MoU target of 98.50% for same:

4.2 Your Company's Non-Performing Assets (NPAs) continue to be at the low levels. As on 31.03.2013, the Gross NPAs of the Company remained unchanged at ₹ 490.40 crore due to which the percentage of NPA declined / decreased to 0.39% as on 31.03.2013 as compared to 0.48% of Gross Loan Assets as on 31.03.2012.

5. FINANCIAL REVIEW

5.1 A summary of Financial Results

The summary of audited financial results of the Company for the financial year ended 31st March, 2013 is given as under:

(₹ in crore)

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Revenue from operations	13518.86	10423.75	13525.70	10429.39
Other Income	79.81	85.32	110.88	124.23
Total Income	13598.67	10509.07	13636.58	10553.62
Finance Costs	8006.25	6378.80	8005.86	6378.84
Other Operating Expenses	220.28	232.59	235.76	244.16
Allowance against Loan Assets	130.68	52.27	131.24	52.27
Foreign Currency Exchange Fluctuation Loss	77.51	52.55	77.51	52.55
Total Expenses	8434.72	6716.21	8450.37	6727.82
Profit Before Tax	5163.95	3792.86	5186.21	3825.80
Provision for Taxation	1346.33	975.83	1353.43	987.14
Profit After Tax	3817.62	2817.03	3832.78	2838.66

5.1.2 Contribution to National Exchequer

During the financial year 2012-13, the Company contributed an amount of ₹ 2164.25 crore as compared to ₹ 1729.69 crore in the previous year to National Exchequer in the form of payment of Dividend paid to the Government of India against its holding in the company, Direct Taxes, Dividend Tax and Service Tax, as detailed below:

(₹ in crore)

Particulars	2012-13	2011-12
Dividend paid to the GoI	610.14	593.65
Direct Taxes	1376.21	981.58
Dividend Tax*	148.16	144.17
Service Tax collected and paid during the year including the CENVAT credit availed.	29.74	10.29
Total	2164.25	1729.69

*Includes final dividend tax for the previous year paid during the current year and for interim dividend for the current year.

5.1.3 Ratio Analysis

A comparative statement of important ratios of the Company for the financial year 2012-13 vis-à-vis 2011-12, are mentioned below:

Particulars	2012-13	2011-12
Earnings per Share (₹)	38.66	28.53
Return on Average Net Worth (%)	23.85	20.60
Book Value per Share (₹)	176.76	147.48
Debt to Equity Ratio (times)	6.18	6.18
Price Earnings Ratio (times)	5.39	7.20
Interest Coverage Ratio (times)	1.59	1.64

5.2 Resource Mobilization

Your Company mobilized ₹ 30759.16 crore from the market during the financial year 2012-13 for its operational requirements. This includes ₹ 4903.25 crore raised by way of Capital Gains Tax Exemption Secured Redeemable Non-convertible Taxable Bonds, under Section 54EC of the Income Tax Act, 1961, ₹ 2648.41 crore raised by way of Tax Free Secured Redeemable Non-convertible Bond u/s 10(15)(iv)(h) of the Income Tax Act, 1961, out of which ₹ 500 crore raised through private placement and remaining raised through public issue in two tranches in line with terms of notification, ₹ 2117.18 crore through Commercial Paper (CP), ₹ 16378.90 crore through issue of Institutional Bonds, and ₹ 4464.40 crore by way of External Commercial Borrowings and ₹ 247.02 crore by way of Official Development Assistance (ODA) loan from Kreditanstalt für Wiederaufbau (KfW), Germany, & Japan International Cooperation Agency (JICA), Japan.



Shri Rajeev Sharma, CMD, REC exchanging the Loan Facility Agreement with the officials of State Bank of India, Hong Kong for bilateral term-loan.

Utilization of proceeds of Tax Free Bonds

Your Company mobilised ₹ 2648.41 crore from the market during financial year 2012-13 by way of Tax Free Secured Redeemable Non-convertible Bond u/s 10(15)(iv)(h) of the Income Tax Act, 1961, (₹ 500 crore through private placement and ₹ 2148.41 crore

through public issues). As on date, the entire proceeds of the fund mobilised through these bonds was utilised for lending and other operational business of the company.

External Commercial Borrowings

Your Company mobilized USD 830 million (₹ 4464.40 crore) as Term Loans from international markets during the financial year 2012-13.

Cash Credit Facilities

Your Company has an approved cash credit /WCDL limit of ₹ 2500 crore for availment from various banks for its day to day operations.

5.3 Domestic and International Credit Rating

Domestic

During the financial year 2012-13, the domestic debt instruments of REC continued to enjoy “AAA” or equivalent rating-the highest ratings assigned by CRISIL, CARE, India Ratings & Research and ICRA Credit Rating Agencies.

International

Your Company enjoys international credit rating from International Credit Rating Agencies Moody's and Fitch which are “Baa3” and “BBB-” respectively equivalent to sovereign rating of India. “Baa3” rated obligations denote moderate credit risk and “BBB-” rated obligations denote that expectations of default risk are currently low.

5.4 Cost of borrowing

The overall weighted average annualized cost of funds raised during the financial year 2012-13 was 7.52 % p.a. and Interest Coverage Ratio was 1.64. As a result your Company was able to deliver debt financing at competitive rates.

5.5 Redemption and Pre-Payment

During the financial year 2012-13, the Company repaid a total sum of ₹ 10775.84 crore which includes ₹ 7055.82 crore to Institutional Bond Holders, Term Loans of ₹ 652.74 crore to Banks / FIs, ₹ 9.50 crore of loan from Government of India, ₹ 3057.78 crore to bond holders of Capital Gains Tax Exemption Secured Redeemable Non-convertible Taxable Bonds u/s 54 EC of Income Tax Act, 1961 and ₹ 228.29 crore of Official Development Assistance (ODA) loan have also been redeemed during the financial year 2012-13.

5.6 Deployment of Resources at the close of the year

At the close of the financial year 2012-13, the total resources of your Company stood at ₹ 130507.29 crore. Out of this, Equity Share Capital contributed ₹ 987.46 crore, Reserve and Surplus stood at ₹ 16466.92 crore, Loans from Financial Institutions, Commercial Banks and market borrowings through Bonds and Commercial Papers accounted for ₹ 107791.17 crore and other liabilities & provisions stood at ₹ 5261.74 crore. These funds were deployed as Long / Short Term Loans of ₹ 127266 crore (net

of allowances ₹ 89.54 crore), Fixed Assets (net of depreciation) of ₹ 80.05 crore (including Capital Work in progress & Intangible Assets under development), Investments of ₹ 660.61 crore, Deferred Tax Assets of ₹ 9.51 crore, Cash & Bank Balance of ₹ 1484.26 crore and other assets of ₹ 1006.86 crore.

5.7 Policy Initiative

Your Company constantly reviews and revises its lending and operational policies/ procedures to suitably align with market requirements as also with its corporate objectives.

In spite of growing competition in the market as well as concerns on account of factors like high government borrowings etc., your Company has been able to maintain healthy spreads, balancing its objectives of business growth and profitability during the year.

Further, your company has formed a “Strategic Business Group” comprising of senior officers to explore new business opportunities and look for the new products with regard to the business development of the company.

6. PRESENT DISTRIBUTION SCENARIO AND MAJOR CHALLENGES

The present scenario of Transmission and Distribution (T&D) industry is much more challenging in comparison to the past since we had achieved highest ever Generation Capacity addition during XI plan and further set a target for addition of another 88425 MW during XII plan. For transmission and distribution of such huge magnitude of power, a reliable & efficient system is required for transfer of power from generation facilities to sub-stations or between sub-stations and up to the consumer end.

The T&D system basically comprises of transmission lines (inter-state and intra-state), Sub- stations, switching stations, transformers and distribution lines etc. of various voltage levels. Distribution has been identified as the weakest link in the power value chain and most difficult to deal with due to various reasons. The ever increasing demand of affordable, reliable and quality power by various class of consumers makes distribution all the more challenging task. Your Company has always strived to play an active role in creation of new infrastructure and augmentation/ strengthening of the existing ones. Your company encourages the DISCOMs to expedite various reform measures and to adopt best practices including modernization and automation of systems/smart grid, IT-enabled systems for metering and consumer services, other technology interventions in the distribution sector & helps them in improving their operational and financial performance. Distribution is gateway for all the revenue coming into the power sector and hence plays a pivotal role in development and sustainability of the Power sector.

Major challenges presently being faced by distribution sector includes accumulated losses of most of DISCOMs & their poor net worth, long exposed LT

lines resulting in pilferage & theft causing dent on their cash flow, high AT&C losses, limited capability to implement capital expenditure plans, delay in tariff order which results in creation of regulatory assets, carrying cost of these regulatory assets, lack of tariff rationalisation leading to cross subsidy, open access issues, timely release of subsidy by State Government, delayed revenue collection cycle etc. The overall performance of the state distribution utilities has been an issue of concern due to the above factors. Keeping in tune with the times and dynamic environment wherein utilities are struggling and striving hard to meet the consumer expectation, your company today finances entire gamut of distribution projects broadly with the objectives of system improvement & augmentation, Loss reduction measures, IT-enabling, consumer satisfaction etc. Your company is always ready to meet and consider special dispensation/requirements of DISCOMs based on the prudence/merit and sound appraisal mechanism. A dedicated strategic management group has been set up in company for this purpose.

Further, your company is playing a pivotal role in partnering with MoP, GoI in all major initiative and its commitment to improve and turn around the power distribution sector in the country, by its deep involvement in programme like RGGVY (Nodal Agency), R-APDRP, NEF (Nodal Agency), FRP (Financial Restructuring Plan), Feeder Separation Programme, Smart Grid task force etc. With all these major interventions your company is optimistic that distribution scenario would be much better in not too distant future when the results and effect of above massive programmes in conjunction with the reforms measure by the respective states starts trickling in and transform the entire landscape of distribution.

6.1 Major reforms in Distribution sector

Government of India has made all effort to intervene in the sector for ensuring overall development by way of Electricity Act 2003 and various other policy measures such as National Tariff Policy, National Electricity Policy, Rural Electrification Policy etc., to provide a comprehensive framework and also the blueprint for power sector reforms. The sector has shown sign of improvement in operational and financial performance during last few years which have still to go a long way. The process of un-bundling, corporatisation, instituting regulatory commission etc, has already been completed in most of the states giving accountability and more autonomy to the DISCOMs. Further some of the DISCOMs have gone ahead for appointing franchisees on case to case basis in order to improve operational efficiency in a particular area.

In the past decade, Government of India (GoI) through Ministry of Power has launched several programmes to extend the benefits to these ailing

DISCOMs such as APDRP with an objective to strengthen the infrastructure and to reduce the losses, RGGVY to ensure last mile connectivity and to release service connections to BPL, R-APDRP for undertaking improvements in urban pockets and to introduce IT enabling of distribution systems, NEF- Interest Subsidy Scheme to promote capital investment & expedite the reform process in distribution sector, FRP to restructure of loans to provide liquidity to the DISCOMs with joint participation of Central & State Government.

In a major initiative Ministry of Power (MoP) has come up with Integrated Rating System for all the state DISCOMs in the country which would facilitate realistic assessment of performance. The system would enable these DISCOMs to weigh their strength & weakness and facilitate a focused approach for achieving further improvements in their operational and financial performance. It will also aid in adoption of consistent approach by Banks/FIs while considering funding proposals of distribution companies.

REC has been providing counterpart funding for a large number of R-APDRP projects which aim to reduce the Aggregate Technical and Commercial (AT&C) losses considerably in urban areas. To further expedite the reform process GoI has recently launched National Electricity Fund (NEF) – Interest Subsidy Scheme which will act as catalyst for incentivising capital investment in power distribution infrastructure. MoP is also working toward ensuring technological intervention through introduction of Smart Grid and has already extended financial assistance to several pilot projects. The information & communication technology in power Distribution Sector shall enable the electric system to become “SMART”- & Near-real-time information allows utilities to manage the entire system as an integrated framework, actively sensing and responding to changes in power demand, supply, costs, quality of power. Similarly, better information enables consumers to manage energy use to meet their needs. A technology enabled electric system will be more efficient, will enable applications that can reduce greenhouse gas emissions, and improve power reliability. Development of intelligent grid at local distribution level shall however be crucial for ensuring efficient & seamless flow of power, up to last mile access by embedding IT/Internet/Communication Technologies in the existing grid for data acquisition on real time and supervisory control throughout the network. This will include integrated communication system, sensing and measurement technology, advance components for control & determining electrical behaviour & online management of the grid upto Distribution Transformer level and eventually up to consumer point. The on-going R-APDRP programme will set a stepping stone equipping the DISCOMs to integrate with further technical advancement and to make the grid smarter.

With all above measures the GoI is basically working on two different fronts one to provide power to all and second to improve operational & financial performance of the utility by extending reform incentives. The results of these measures have already started to show effect in terms of timely notification of tariff by regulator in many states, filing of MYT petitions, claiming of Return of Equity in the ARR, release of revenue subsidy by state government, updation of annual accounts, etc

The operational performance of the utility in terms of availability of systems shall improve by providing, metering upto distribution transformer level for better energy accounting resulting in reduction of commercial losses, segregation of feeders for ensuring reliable power to rural households as well as agriculture in many states, reduction in AT&C losses because of proper energy accounting and capital expenditure towards reduction of technical losses. Further, the utilities are reducing their GAP between Average Cost of Supply and Average Revenue Realised by timely filing of tariff / truing up petition which in turn results in timely notification of tariff.

6.2 National Electricity Fund

Your Company is the Nodal Agency for National Electricity Fund (NEF) - Interest Subsidy Scheme set up by Ministry of Power, Government of India to provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies (DISCOMs) – both in public and private sector, to improve the infrastructure in distribution sector. The scheme is aimed to incentivize much needed investment into distribution. The scheme is reform linked and interest subsidy is payable to the DISCOMs on achievement of reforms parameters outlined in NEF guidelines issued by Ministry of Power in July 2012. This interest subsidy (3% to 7%) would be provided on loans taken by private and public power utilities in distribution sector for all Distribution Sector Infrastructure capital works, not covered under on-going Government Programmes like R-APDRP or RGGVY schemes.

NEF provides interest subsidy aggregating ₹ 8466 crore spread over 14 years for loan disbursement amounting to ₹ 25,000 crore for distribution schemes sanctioned during the 2 years viz., 2012-13 and 2013-14. Your company during financial year 2012-13 has sanctioned NEF proposals amounting to ₹ 10953 crore to 11 DISCOMs of 8 states for taking benefits under NEF and respective state DISCOMs will start taking benefits of (3% to 7%) subsidy on interest rate based on their achievement mainly on two major efficiency benchmark parameters i.e., reduction of AT&C losses & reduction in revenue gap (ARR & ACS).

7. FINANCING ACTIVITIES

Your Company has been providing funding assistance for power generation, transmission & distribution projects besides for electrification of villages. Details of major financing activities during the financial year 2012-13 are as under:

7.1 Generation

During the financial year 2012-13, your Company sanctioned 41 nos. of generation / R&M loans including 13 no. of additional loan assistance with total financial outlay of ₹ 26854.79 crore including consortium financing with other financial institutions and has disbursed ₹ 12496.87 crore against the ongoing generation projects.



2x50 MW Malana-II Hydro Electric Project, financed by REC.

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

(₹ in crore)

Particulars	No. of Loans	Loan Amount
STATE SECTOR		
Fresh Loan	19	19228.87
Additional Loan	2	
PRIVATE SECTOR		
Fresh Loan	9	7625.92
Additional loan	11	
Total	41	26854.79

7.2 Renewable Energy

During the financial year 2012-13, REC sanctioned loan assistance of ₹ 580.06 crore to 11 grid-connected Renewable Energy projects with installed generation capacity aggregating 126.60 MW which included 4 Solar photo-voltaic projects of 50 MW, 1 Solar Thermal Project of 25 MW, 1 Biomass project of 10 MW, 1 Wind Project of 6.8 MW and 4 Small Hydro projects of 34.8 MW. Total cost of above projects aggregates to ₹ 1824.75 crore. During the year, total disbursement



5 MW Small Hydro Power Project of Belij Hydro Power Private Limited, located in District Chamba, finance by REC.

was ₹ 240.51 crore for renewable energy projects as detailed below:

Assistance to Renewable Energy Projects (Grid-Connected)	Unit	2012-13	2011-12
No. of Projects Sanctioned	Nos.	11	8
Capacity of Sanctioned Projects	MW	126.60	70.00
Cost of Projects	₹ Crore	1824.75	685.47
Loan Sanctioned*	₹ Crore	580.06	342.19
Loan Disbursed*	₹ Crore	240.51	144.54

*Includes one additional loan of ₹ 4.66 crore sanctioned to existing project with additional project cost of ₹ 7.45 crore.

7.3 Transmission & Distribution

Your Company continued to play an active role in creation of new infrastructure and improvement of the existing ones under the transmission and distribution network in the country under its T&D portfolio. In line with the GoI's objective to provide power for all by creation of infrastructure and also to reduce the AT&C losses, your Company has been financing schemes

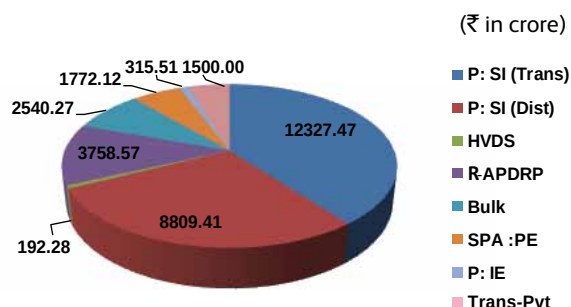


Switchyard of VTPS power Evacuation project in Andhra Pradesh, financed by REC.

for expansion and strengthening of the transmission network and more importantly, modernizing the distribution system.

During the financial year 2012-13, your Company sanctioned 955 nos. of Transmission and Distribution schemes involving a total loan assistance of ₹ 31215.63 crore. This includes primary power evacuation schemes associated with generating plants, system improvement schemes including R-APDRP projects, feeder segregation schemes, bulk loan schemes, intensive electrification schemes and pumpset energisation schemes.

The state-wise and category-wise details of the projects sanctioned are as per **Table 1 & 2** respectively. The major programmes covered by your company under T&D sanctions in brief are as under:



7.3.1 System Improvement & Bulk Loan

To overcome the system deficiencies and to improve the quality and reliability of power supply, REC finances System Improvement schemes, based on system studies of an electrical distribution network considering present status of system capacities, connected demand, voltage profiles and level of losses, together with scope for future load growths.

The system improvement programme also includes Bulk loan schemes meant for procurement and installation of meters, transformers, capacitors etc, HVDS schemes meant for conversion of LVDS to HVDS so as to improve the HT: LT ratio. System Improvement schemes reduce the AT&C losses to a great extent.

During the financial year 2012-13, a total of 814 system improvement schemes and bulk loan schemes were sanctioned involving a loan outlay of ₹ 29128 crore. This included: (i) 58 schemes involving a loan assistance of ₹ 2540.27 crore for financing investment in the distribution system by way of installation of essential equipments like transformers, meters, capacitors etc. (ii) 1 scheme involving a loan assistance of ₹ 192.27 crore for conversion of Low Voltage Distribution to High Voltage Distribution System (HVDS), (iii) 316 schemes for ₹ 8809.41 crore for improving the distribution system, (iv) 234 schemes involving loan assistance of ₹ 3758.55 crore towards

counterpart funding of part B of R-APDRP projects, and (v) 205 schemes for loan assistance of ₹ 13827.50 crore for improving the transmission network.

7.3.1 Intensive Electrification

Schemes under this activity mainly aim at intensive electrification of already electrified villages. During the financial year 2012-13, a total of 17 intensive electrification schemes were sanctioned involving a loan outlay of ₹ 315.51 crore.

7.3.2 Pumpsets Energisation

REC's loan portfolio also includes extension of loan assistance for energisation of agricultural pumpsets. During the financial year 2012-13, under REC financed schemes 254993 Nos. electric irrigation pumpsets were reported to be energized. A loan assistance of ₹ 1772.12 crore was sanctioned for 124 new schemes during the year under this category. The state - wise details and cumulative position of pumpset energized up to 31.3.2013 are given in Table-5.

7.4 Financing Activities in North Eastern States

During the financial year 2012-13, a loan assistance of ₹ 1543.45 crore was sanctioned to North Eastern States for Generation schemes which include ₹ 995 crore for Teesta Urja-III project at North Sikkim, ₹ 61.45 crore for Dans Energy project at South Sikkim and ₹ 487 crore to M/s Gati Infrastructure Limited for its 2X55 MW Hydro Power Project at Chuzachen in Sikkim on the tributaries of Teesta Rivers Rangpo & Rangoli in East Sikkim.

Further a loan assistance of ₹ 509.78 crore was disbursed to North Eastern states for Generation projects which include ₹ 431.58 crore to M/s Teesta Urja Private Limited, ₹ 26.70 crore to M/s Lanco Energy Private Limited, ₹ 51.50 to M/s Dans Energy Private Limited. A loan assistance of ₹ 9.97 crore was also disbursed to North Eastern states under T&D schemes, during the financial year 2012-13.

8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC has signed its third loan agreement with KfW, Germany on 30th March, 2012 for availing ODA loan of EUR 100 million (approx ₹ 700 crore) for financing Renewable Energy Projects in the areas of Wind Power / Small Hydro Power / Biomass Cogeneration / Biomass Power / Solar PV / Solar Thermal & Energy Efficiency. The loan shall be drawn over the next five years i.e. upto December, 2017. Under KfW-I & KfW-II ODA loan of EUR 70 million each (approx. ₹ 454.02 crore & ₹ 480.97 crore each) has been fully drawn as on 31.03.2013 & KfW-III cumulative amounts of EUR 25 million (approx. ₹ 180.31 crore) has been drawn as on 31.03.2013. Under JICA-I & II ODA loans, cumulative amounts of JPY 16,949.38 million (approx. ₹ 820.12 crore) and JPY 10,102.61 million (approximately ₹ 545.40 crore) respectively has been drawn as on 31.03.2013.

Further, during the Financial year 2012-13 the project activities under the 1st Line of Credit with Japan International Cooperation Agency (JICA) signed on 31st March 2006 for refinancing the Rural Electricity Distribution Backbone (REDB) Programme with the objective of improving the sub transmission system in rural areas in the states of Andhra Pradesh, Maharashtra and Madhya Pradesh, came to a close, and cumulative amount of JPY 16949.38 million (approx. ₹ 820.12 crore) has been drawn under the JICA-I line of credit.

Implementation of identified projects under the 2nd Line of Credit with JICA signed on 10th March, 2008 for refinancing the 'Haryana Transmission System Project' with the objective of achieving stability in power supply by strengthening intra-state transmission systems in the State of Haryana is in under progress, and cumulative amount of JPY 10102.61 million (approx. ₹ 545.40 crore) has been drawn from JICA under this line of credit as on 31.03.2013. The loan amount under the JICA-II line of credit was revised from the initial outlay of JPY 20902 million to JPY 13000 million, mainly due to excess INR amount becoming available on account of exchange rate fluctuations.

Besides the above, for the first time in the country, the Company has successfully registered with United Nations Framework Convention for Climate Change (UNFCCC), under Clean Development Mechanism (CDM), the following two nos. of REC financed Energy Efficiency Projects of Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL), refinanced under the earlier ODA lines of credit from KfW Germany.

1. Energy Efficiency Programme in electricity distribution network in Tirupati and Puttur operational division of Andhra Pradesh.
2. Energy Efficiency Programme in electricity distribution network in Chittoor and Madanapalle operational division of Andhra Pradesh.

9. RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA

Government of India, launched the scheme "Rajiv Gandhi Grameen Vidyutikaran Yojana" (RGGVY)- Scheme of Rural Electricity Infrastructure and Household Electrification for providing access to electricity to all rural households. Under the scheme, 90 % capital subsidy is being provided by Government of India for overall cost of the projects. REC is the Nodal Agency for overseeing the implementation of the Programme.

9.1 Electrification of villages and BPL Households

The initial approval was for implementation of the scheme for capital subsidy of ₹ 5000 crore during the last 2 financial years of X Plan period, vide Office

Memorandum dated 18th March, 2005 by the Ministry of Power. Further, sanction for continuation of the scheme in XI Plan was conveyed by Ministry of Power vide Office Memorandum dated 6th February, 2008 with an outlay of ₹ 28000 crore as capital subsidy. In addition, a capital subsidy of ₹ 6000 crore was sanctioned in July, 2011 for phase II of RGGVY Programme in XI Plan.

Cumulatively upto 31st March, 2013, 648 projects covering electrification of 112795 un-electrified / de-electrified villages, intensive electrification of 396336 partially electrified villages and for providing free electricity connections to 2.74 crore BPL households costing ₹ 42475.41 crore have been sanctioned by the Ministry of Power, based on the recommendation of REC, for implementation. The state-wise details are furnished at **Table-6**.

Cumulatively, works in 107083 un-electrified villages, 290137 partially electrified villages have been completed and free electricity connections to 2.07 crore BPL households have been provided under the scheme up to 31.03.2013. The state-wise details are furnished at **Table-7**. Cumulatively, 503 new 33/11Kv substations have been commissioned under the scheme.

During the financial year 2012-13, it has been reported that works have been completed in 2587 un-electrified villages, 41584 partially electrified villages and free electricity connections to 1296541 BPL households have been provided and 63 new 33/11Kv substations have been commissioned. Further, during the financial year under review, RGGVY Subsidy of ₹ 697.94 crore was disbursed by the Ministry of Power, Government of India, to REC.

9.2 Supplementary projects sanctioned under Phase-II of RGGVY

The details of supplementary projects sanctioned under Phase-II of RGGVY during the financial year 2012-13 are given below:

(₹ in crore)

Sl. No.	Name of Project	Date of sanction by REC	Project Sanction Cost (Revised)			Fund Released as on 11.07.2013
			Loan	Subsidy	Total	
1.	Kishanganj	11.05.2012	17.36	156.27	173.63	Nil
2.	Nalanda		34.81	313.30	348.11	
3.	Patna		39.21	352.90	392.11	
	Total		91.38	822.47	913.85	

9.3 Achievement of MoU Targets of RGGVY

During the financial year 2012-13, Franchisees were deployed in 4410 villages under RGGVY project by the State Power utilities and Web based Monitoring of RGGVY projects was fully operationalised on 15th November, 2012. Further for the development of Franchisee, 4 workshops were carried out in Kolkata, Panchkula, Bhopal & Bangaluru, as per the requirement of the MoU.

10. RGGVY - DECENTRALISED DISTRIBUTED GENERATION (DDG)

10.1 RGGVY provides grants for DDG projects from conventional or renewable non-conventional sources such as biomass, biogas, micro hydro, wind, solar etc. for villages where grid connectivity is either not feasible or not cost effective. Under the scheme, 90 % capital subsidy is provided towards overall cost of the DDG projects under the RGGVY scheme, excluding the amount of state or local taxes, which is borne by the concerned State/State Utility. 10 % of the project cost is to be contributed by states through own resources/ loan from financial institutions. A provision of ₹ 540 crore has been kept as subsidy under XI Five Year Plan.

10.2 The Guidelines for DDG projects under RGGVY were issued by Ministry of Power (MoP) on 12.01.2009. Amendments to DDG Guidelines were issued by Ministry of Power on 05.01.2011, 17.03.2011 and 18.03.2011 for more coverage and faster implementation of DDG projects and also for facilitation of DDG in Left Wing Extremism (LWE) affected districts.

10.3 During the financial year 2012-13, in the states of Andhra Pradesh and Uttarakhand, 21 DDG projects were sanctioned for total project cost of ₹ 7.58 crore. A total sum of ₹ 4.98 crore was disbursed for DDG projects during the financial year 2012-13. Most of the states are in the process of preparation of DPRs for DDG projects and some of the states are in the process of award and implementation of DDG projects. The state-wise details of DDG projects under RGGVY sanctioned and disbursed during the financial year 2012-13 are given below:

(₹ in crore)

Sl. No.	State	Sanction					Disbursement		
		No. of Projects	No. of District	No. of un-electrified villages / hamlets covered	No. of BPL Households covered	Total sanctioned Project Cost	Subsidy Amount	Loan Amount	Total Disbursement
1.	Andhra Pradesh	20	1	40	765	5.48	4.49	0.49	4.98
2.	Uttarakhand	1	1	3	68	2.10	-	-	-
	Total	21	2	43	833	7.58	4.49	0.49	4.98

11. STANDARDISATION, QUALITY CONTROL & MONITORING

Your 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.

In line with the Three-Tier Quality Control Mechanism for ensuring proper quality of materials and works in implementation of RGGVY XI-Plan schemes, (i) REC Quality Monitors (RQM) under Tier-II have

been appointed covering 341 projects in 25 states and (ii) National Quality Monitors (NQM), on behalf of Ministry of Power, have been appointed under Tier-III for the 332 projects covering 24 states of country. Further during the financial year 2012-13, RQMs have undertaken 117 Nos. of materials inspections and 6676 village / substation inspections and NQMs have undertaken 540 Nos. of village / substation inspections for ensuring quality of works.

12. PREFERRED CUSTOMER POLICY

As a part of business promotion strategy, a Preferred Customer Policy was formulated in 2008 with the basic purpose of offering an enhanced level of services to the Company customers and to have a long term mutually beneficial relationship with them. The policy lays down the eligibility criterion which takes into account various factors, such as, amount of loan outstanding, duration of loan relationship, repayment track record of the borrower etc, for determining preferred customers and sponsoring them for capacity building/domestic/ international seminars/training programmes organized by various external agencies as well as CIRE, Hyderabad.

13. JOINT VENTURE

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC, and PFC as equal partners, has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. Your Company has contributed ₹ 22.50 crore (being 25% of paid-up capital) upto 31st March, 2013. EESL is expected to 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.

14. ERP BASED INTEGRATED INFORMATION SYSTEM

14.1 All major business functions of the Corporation including Financials, Project, Disbursements, Management of Loan Accounts, Treasury functions, Payroll, CPF, Cash management, Banking, Purchases across all Offices are done through an integrated ERP system resulting in continuous & sustainable improvement of internal efficiency and greater customer satisfaction. During the period, the Scope of the system has been improved to include:

- a) Introduction of new project categories like Renewal Energy, DDG, TFL, MTL etc.;
- b) Interfacing of payment with RTGS system;
- c) Improving customer service through automated generation of mail alerts from the system;
- d) Improvement of IT setups by migrating the system to cluster based production environment for improved performance and availability; and
- e) Introducing improved internal control in the ERP system by carrying out internal assessment of the ERP system by a committee and incorporation of the suggestions in the system.

14.2 REC has implemented Document Management System (DMS) within the Corporation. This involves digitization of documents including scanning, cleaning, Quality Control, Indexing, uploading and retrieving. The system has been extended to divisions of Corporate Office and Zonal & Project offices.

14.3 REC has implemented Workflow Management System (WMS) for electronic movement of note sheet approval along with attached document. The WMS system has been implemented at 2 divisions of Corporate Office, 1 Zonal office and 1 Project office, against the MoU Target for the financial year 2012-13.

14.4 A full-fledged Disaster Recovery Centre (DRC) for ERP operation has been launched at Hyderabad on 20.11.2012 for replication of data within pre-defined time frame against the MoU Target for the financial year 2012-13. DRC has been audited during ISO 27001:2005 certification.

14.5 Towards achieving efficient e-governance and transparency, REC has implemented on-line 'E-procurement' system for procurement above ₹ 10 lakhs, web-based online submission of 'Annual Property Return' etc. across the organization and Bill Payment Tracking System for tracking timely payment of bills to vendors in IT, Admin and Finance Divisions.

14.6 Disaster Recovery Center (DRC) at CIRE Hyderabad has been certified ISO/IEC 27001:2005 security standard, by British Standards Institution (BSI). The Primary Data Centre (PDC) is already ISO/IEC 27001:2005 certified.

14.7 REC has initiated implementation of HR-ERP solution to automate HR function including Employee Self Service module and integration with existing ERP System.

14.8 REC has initiated redesigning and revamping of existing static Corporate Website to an interactive and dynamic website.

14.9 To enhance the credibility of IT systems implemented in REC for internal control, various types of audits are periodically done by the third party. During the financial year 2012-13, the External audit of ERP Data Centre and Disaster Recovery Centre was done by a Computer Emergency Response Team (CERT)- certified audit agency and surveillance audit of ISO was done

by ISO Certifying Agency-BSI India. In addition, after implementation of ERP system audit was also done by PricewaterhouseCoopers and Audit by Statutory Auditors, Audit by the office of CA & G, IT Asset verification and reconciliation audit, Internal IT audit etc. are done on periodical basis. Field level audit of IT system is also done on requirement basis.

15. CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION

Central Institute for Rural Electrification (CIRE) was established at Hyderabad in 1979 under the aegis of REC to cater the training and development needs of engineers and managers of Power and Energy Sector and other organisations concerned with Power and Energy. The following programmes are conducted on the state-of-art subjects of Power Generation, Transmission and Distribution:

15.1. National Training Programmes (NTP) under RGGVY

CIRE is designated as a nodal agency by MoP for implementation of National Training Programmes on Franchisee and C&D Employees under the Human Resources Development component of RGGVY programme. CIRE/REC has entered into MoUs with 30 Power Utilities/Training Institutes, to implement the training programme. During the financial year 2012-13, the following training programmes were conducted:

- i) 15 Franchisee Programmes with 648 participants;
- ii) 396 C&D Employee's programmes with 9251 participants;
- iii) 2 C&D Programmes with 50 participants for BSEB on "Distribution Transformers-Prevention of Failures and Repairs"; and
- iv) 1 programme on usage of "Web Portal" for nodal officers.

15.2. R-APDRP Programme

CIRE as partner training institute, organized R-APDRP programme sponsored by MoP, through PFC. CIRE has conducted 27 R-APDRP programmes on different themes, viz. Efficiency Improvement Measures in Distribution System, Best Practices in Distribution Operation & Management System, Communication and Customer Relations with 418 participants from different power utilities.

15.3. DRUM Programmes

CIRE is empanelled as a training institute to organise DRUM training programmes, sponsored by Ministry of Power, GoI under the financial support of USAID, through Power Finance Corporation. CIRE has organised 12 DRUM training programmes as offsite programs to trained 347 participants from various power utilities in the country on different themes, viz., Best Practices in Distribution Systems Operation and Maintenance; Distribution Efficiency and Demand Side Management; Best Practices in Distribution Loss Reduction; Communication Skills, Employee Motivation and Moral Development; Disaster Management,

Electrical Safety Procedures and Accident Prevention and Financial Management in Distribution Business.

15.4. International Programmes

CIRE is empanelled by Ministry of External Affairs, Govt. of India to organise training programmes in the area of power sector under ITEC/SCAAP. During the financial year 2012-13, CIRE has organised 9 International programmes with 125 participants, on the various topics viz Planning and Management of Power Transmission and Distribution System, Financial Management and Accounting Systems for Power Companies, Planning and Financial Management of Power Projects, Upgrades of Power Utility Management using IT/Automated Solutions, Best Practices in Power Distribution Sector, Solar Power Generation-Grid Enabling, Latest Trends in Design, Erection, Operation, Maintenance and Protection Systems of EHV Substations, Decentralised Distributed Generation and Rural Power Distribution Management and Trends and Developments in Generation and Transmission Systems.

The participations in above international programmes were from various countries, viz., Afghanistan, Bangladesh, Burundi, Sri Lanka, Syria, Iraq, Nepal, Malawi, Cameroon, Tanzania, Philippines, Rwanda, Sudan, Sierra Leone, Vietnam, Laos, Lithuania, Mexico, Cambodia, Costa Rica, Egypt, Gambia, Guinea, Mauritius, Nigeria, Niger, Myanmar, Namibia, Yemen, Ethiopia, Zambia, Zimbabwe, Kenya, etc.

15.5. Regular and In-house Training Programmes

CIRE has organised 25 Regular Training Programmes with 308 participants from various Power Utilities/ Distribution Companies and 10 In-house training programmes for 122 executives of REC on the different topics viz. Generation & Transmission, Distribution, Renewable Energy, Finance & Commercial Aspects and Management.

16. RISK MANAGEMENT

16.1 Asset Liability Management

The Company has a Risk Management Policy which covers Asset Liability Management Policy and Hedging Policy. ALM Policy provides a framework for defining, measuring and monitoring the mismatches and Hedging Policy covers the management of currency risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the Chairmanship of CMD and Director (Finance), Director (Technical), one Part-time Non Official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members.

ALCO monitors risks 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 such as forward looking resource raising program based on projected disbursement and maturity profile. The interest rate risk is monitored through interest rate sensitivity analysis and managed

through review of lending rates, cost of borrowings and the terms of lending & borrowing. Foreign currency risk associated with exchange rate and interest rate is managed through various derivative instruments.

16.2 Enterprise Risk Management

The Company has constituted a Risk Management Committee (RMC) which is currently functioning under the Chairmanship of Part-time Non Official Independent Director and Director (Finance) and Director (Technical) as its members, for monitoring the integrated risks of the Company. The main function of RMC is to monitor various risks likely to arise and to initiate action for mitigation of risk arising in the operation and other related matters of the Company. The company has identified its various risks and has taken various steps to mitigate them. The brief description of the same is as below:

i) Credit Risk

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. To mitigate the same, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures.

ii) Market Risk

Market risk is the potential loss arising from changes in market rates and market prices. Our primary market risk exposures result primarily from fluctuations in interest rates and foreign currency exchange rates. In order to mitigate the interest rate risk, company periodically review its lending rates based on our cost of borrowing. We then determine our lending rates based on prevailing market rates, our weighted average cost of funding and our post tax margins.

iii) Liquidity Risk

Liquidity risk is the risk of our potential inability to meet our liabilities as they become due. We face liquidity risks, which could require us to raise funds or liquidate assets on unfavourable terms. We manage our liquidity risk through a mix of strategies, including through forward-looking resource mobilization based on projected disbursements and maturing obligations.

iv) Foreign Currency Risk

Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. The Company manages foreign currency risk associated with exchange rate and interest rate through various

derivative instruments. For this, the Company has put in place a Hedging Policy to manage risk associated with foreign currency borrowings.

v) Legal risk

Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of our borrowers. This could be on account of delay in the process of enforcement or difficulty in the applicability of the contractual obligations. We seek to minimise the legal risk through legal documentation and forward-looking contractual provisions in the legal documents.

vi) Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. We have continually strengthened our systems and procedures to recognise and reduce operational risk in our business.

17. ISO 9001:2008 QUALITY ASSURANCE CERTIFICATION

Your Company has implemented Quality Management Systems as per ISO 9001:2008 standards in six major Divisions of Corporate Office and all Zonal / Project Offices across the country for claims processing.

18. HUMAN RESOURCE MANAGEMENT

In order to professionalize the Executive strength of REC and also to infuse fresh blood, 10 Executives were appointed through open advertisement and 2 Executives through campus recruitment drawn from premier Institutions empanelled for the purpose during the financial year. The total manpower of the Company as on 31.03.2013 was 648 employees which includes 430 executives and 218 Non-executives.

18.1 Reservation in Employment

The directives issued by the Government of India regarding reservations for SC/ST etc. 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 31.03.2013 are given below:

Group	Total No. of employees	SC	ST
A	372(378)	34 (36)	11(9)
B	141(123)	19 (15)	2(3)
C	46(83)	8 (15)	0(0)
D	89(94)	27 (28)	1(2)
Total:	648(678)	88 (94)	14(14)

(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 up-gradation and to enable them to perform their responsibilities, Training and HRD continued to receive priority during the financial year.

Training and Human Resource Development policy of the Company aims at sharpening business skills and competence required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. Training is provided to promote better understanding of professional requirements as well as to sensitize them to socio-economic and political environment in which business is carried out. Training also helps employees benefit in spiritual, health and attitudinal change process.

Based on the needs assessed and as a means to meet them, the Company sponsored 134 employees to various training programmes, workshop etc. within the country and abroad. In addition, 29 training programmes were conducted in house, which were attended by 518 employees. Taken together, these initiatives enabled the company to achieve 2236 training man days and also to achieve excellent rating on MoU targets on this parameter. In order to enable them develop global exposure, several officers were deputed to various programmes abroad to countries like U.K., Singapore, South Africa, USA, Japan etc.

18.3 Employee Welfare

In order to provide improved healthcare facilities to the employees and their dependent family members, the Company has expanded the list of empanelled hospitals under Direct Payment Scheme by adding 12 more hospitals. Further, part time services of three specialized doctors were engaged to providing onsite medical facilities to employees. Two preventive health check-up camps were also organized in the Corporate Office premises for benefit of REC employees during the financial year 2012-13. The Company has also been funding sports & recreation equipments (like carom board etc.) for use in office premises to promote health and well-being of employees.

Sports Activities

During the financial year 2012-13, REC hosted an Inter-CPSU Chess Tournament and also sponsored its employees for various Inter-CPSU sports tournament including but not limited to Badminton, Table Tennis and Kabaddi tournaments organized by various Power Sector CPSUs under the aegis of Power Sports Control Board (PSCB).

18.4 Representation of Women Employees

As on 31st March, 2013, the Company had 104 permanent women employees, which represent 16.05% of the total work force. There is no discrimination of employees on the basis of gender. A Women Cell has been in operation in the Company to look after welfare and all round development of women employees. International Women's Day was celebrated by REC Women Cell on 8th March, 2013.

18.5 Industrial Relations

The Industrial Relations continued to be cordial and harmonious in the financial year 2012-13 also. There was no loss of man days on account of industrial unrest. Regular discussions were held with REC Employees Union and REC Officers Association. They were consulted on major issues affecting employee welfare. Commitment towards participative management is

reflected by the fact that consensus could be reached on majority of issues. This has helped build an atmosphere of trust and cooperation resulting in the motivated workforce and continued improvement in business performance.

18.6 Public Grievance Redressal Machinery

In accordance with the guidelines issued by the Government 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 meetingless day to attend the grievances by the Heads of Divisions at Corporate Office as well as Zonal/ Project Offices and CIRE.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

19.1 Approaches to Corporate Social Responsibility

During the financial year 2012-13, the Corporate Social Responsibility (CSR) initiatives were pursued with a view to integrate REC's business operations with social processes while recognizing the interests of all stakeholders. CSR projects were linked with the principle of sustainable development. The strategic focus was aimed at CSR initiative towards fulfilling the National Plan goals and objectives including Millennium Development Goals ensuring the gender sensitivity, skill enhancement, entrepreneurship and employment generation by co-creating value with local institutions/people. While identifying CSR initiatives, the Company has adopted an integrated approach to address the community, societal and environmental concerns measured in terms of triple bottom line approach. CSR strategy has been developed with action plan in project-based accountability approach. Most of the CSR activities have been implemented in project-mode, with baseline survey and specified time-frame and identified milestones and periodic monitoring. Disbursement of allocated funds under CSR was linked with achievement of the milestones and deliverables.



Singing of MoU between REC and SMILE Foundation in the presence of Hon'ble Minister of State for Power, Government of India, Shri Jyotiraditya M. Scindia.

19.2 Implementation of CSR Initiatives

CSR Budget @ 0.5% of Profit After Tax (PAT) of the previous year was allocated for CSR activities for the financial year 2012-13, amounting to ₹ 14.09 crore

with the approval of the Board of Directors by passing a Board Resolution in their 385th Meeting held on 30th March 2012. Sustainable CSR projects were identified and sanctioned financial assistance aggregating to ₹ 18.87 crore in the five chosen heads, viz. Job oriented Skill Development, Rural Electricity Delivery Model, Education, Rural Industry Promotion and Promotional of Non-Conventional Energy sources and other heads.

Disbursement of an amount of ₹ 14.19 crore has been achieved during the financial year 2012-13 against the MoU target of ₹ 14.09 crore, thereby achieving the targets set under 'Excellent' category for CSR initiatives. Details of the CSR activities taken up during the financial year 2012-13 and estimated number of targeted beneficiaries are as under:

Sl. No.	Name of the Project Head	Amount Disbursed (₹ in lakh)	Estimated Targeted Beneficiaries (in Nos.)
1.	Skill Development leading to creation of employment opportunities	448.30	3900
2.	Rural Electricity Delivery model	58.80	2750
3.	Education	294.63	28870
4.	Rural Industry Promotion	59.42	1200
5.	Promotion of Non-conventional Energy sources	166.17	118000
6.	Promotion of Health care including for old age and persons with disabilities	306.81	95000
7.	Project Based Others	31.30	21200
8.	Misc. Expenditure -CSR Impact Evaluation / need assessment studies & CSR Training etc.	34.82	
9	Non-Project Based	49.76	3218
10	Grand Total	1418.71	274138

The following major project based CSR activities were initiated during the financial year 2012-13 with the help of specialised agencies in various parts of the country:

- Supporting "Skill development/up-gradation and job-oriented training leading to creation of livelihood opportunities" to 1000 rural/semi urban youth from SC/ST/OBC/economically weaker section of society including women from backward areas of UP, Bihar, Jharkhand, Chhattisgarh and Madhya Pradesh.
- Supporting "Purchase and Deployment of 4 Nos. customized vehicles for providing cooked food to Government Schools in rural areas of Jaipur District, Rajasthan" under Mid-Day meal scheme

towards achieving the millennium development goal of universal primary education.

- Supporting the "Every Child Counts Project for Parents Participation in Children's Education, including purchase and deployment of a mobile 'School on Wheels' for bringing primary education to the doorstep of children of migrant workers at construction sites in Pune.
- Supporting Setting up of 42 libraries in the government schools of Uttarkhand, Delhi and Chhattisgarh States.
- Supporting "Extending solar lighting service to 30 villages each in Assam and Odisha States" towards promoting greater environmental responsibility and encouraging development and diffusion of environmental friendly technologies.
- Supporting "Distribution of Aids and Appliances to persons with disabilities" by organizing 10 camps located at Dumariaganj, Kaushambi, Sant Kabir Nagar districts of UP, Guna, Jabalpur and Gwalior district in MP, Khammam district in AP, Trichy in Tamil Nadu, Shirur in Maharashtra and Guwahati in Assam.
- Supporting procurement and "Health Care Package i.e. Multi Facility Kit" to 40 Old Age Homes at 8 cities Mumbai, Kolkata, Chennai, Hyderabad, Bangalore, Lucknow, Chandigarh and Bhopal.
- Supporting "Setting up sanitation facilities in 7 government schools of Sonapat District, Haryana State".
- Supporting "Setting up Smart Green Power Project" in 22 un-electrified hamlets of Ratangarh & Sujangarh blocks, Churu district, Rajasthan.
- Supporting "Reviving Crafts Heritage and Providing Sustainable Livelihood to the Artisans in 5 districts in the State of Gujarat".
- "Funding fees, school uniforms school bags braille slate, Perkin brailers & Taylor frames etc. for visually impaired school children" towards bringing them into mainstream with their counterpart sighted students.

19.3 Documentation

Detailed documentation relating to selection, appraisal and approval within the identified thematic areas, CSR approaches, policies, programmes, implementation, monitoring, expenditures, etc., including publicity material, dissemination material, has been maintained for various CSR projects.

19.4 Institutional Framework for CSR

The Committee of Directors of the Company, headed by an Independent Director, oversees the CSR activities and reviews them periodically in line with the direction of the Board of Director. Before sanction of financial assistance under CSR, each project is scrutinized by

two levels of screening committees and progress report of the activities is submitted to the Committee of Directors for CSR and to the Board of Directors, REC.

Most of the CSR projects/initiatives of the Company are being carried out with the help of specialized agencies in line with their focus areas of operations, which are either empanelled with National CSR Hub/ any other accredited agencies and/or have past work experience with Government / semi-Government / autonomous organizations or through agencies which are PSUs / Government bodies, or by tying up with other PSUs.

During the financial year 2012-13, the Company also signed an MoU with the National CSR Hub, Tata Institute of Social Sciences (TISS); CSR activities of the Company and expenditures incurred during the year have been documented and made available to National CSR Hub, in compliance with DPE CSR Guidelines for CPSEs.

19.5 Monitoring and Evaluation of CSR Projects

With a view to ensuring completion of projects in line with achievement of the expected outcomes, project implementation is periodically monitored by the Company by various means including progress update reports, photographs, fund utilization certificates, site visits, interaction with the stakeholders, etc.

Evaluation of five chosen projects from the focus areas viz. Skill Development leading to creation of employment opportunities, Rural Electricity Delivery Model, Education, Rural Industry Promotion and Promotional of Non-Conventional Energy Sources, sanctioned during the financial year 2012-13 was conducted by Tata Institute of Social Sciences.

19.6 Awareness Creation and Capacity Building

The Company has taken several measures for generating awareness about CSR activities being undertaken amongst its employees, like involving them in monitoring of projects, supervising procurement and distribution of goods & services etc., and dissemination of information about CSR projects in their geographical areas. Posters/advertisements/ Press releases of CSR activities and success stories are disseminated across its offices from time to time. Information regarding CSR policies is also being posted on Company's website.

As part of dissemination exercise, a Corporate Brochure compiling details of CSR initiatives and activities undertaken by the Company during the financial year 2012-13 was published in the month of June, 2013 and circulated to various stake holders.

Officials engaged in the CSR function were provided with training and re-orientation and were periodically exposed to seminars / workshops / consultative meetings on CSR. Capacity building programmes were conducted for generating awareness about CSR amongst the employees of the Company by the Indian

Institute of Foreign Trade, an Institution accredited to National CSR Hub, as well as by Tata Institute of Social Sciences. An expenditure of ₹ 0.87 lakh has been incurred on training, etc. and was booked under the head of CSR Expenditure during the financial year 2012-13.

19.7 Awards & Recognition

During the financial year 2012-13, the Company was awarded the 'IPE-CSR Corporate Governance Award' by The Institute of Public Enterprises, Hyderabad, in recognition of its best practices in CSR and the contribution made by an organization which has made a difference to the people and the community and played a role of responsible citizen. The IPE -CSR awards are endorsed by World CSR Congress, CMO Asia & Asian Confederation of Business.

19.8 Way Forward

The Company has formulated its Policy on CSR and Sustainability, which is applicable from 1st April 2013, in pursuance of revised Guidelines on CSR and Sustainability for Central Public Sector Enterprises, issued by Department of Public Enterprises (DPE), and CSR & Sustainability initiatives during the financial year 2013-14 are being implemented accordingly.

20. SUSTAINABLE DEVELOPMENT INITIATIVES

20.1 In line with the recent focus of business organizations for adopting Sustainable Development (SD), the Corporation decided to undertake a few projects, in addition to its continuing obligations under the Corporate Social Responsibility, as mandated by the DPE Guidelines on Sustainable Development. These DPE Guidelines were issued before the beginning of this fiscal, based on which, the Board adopted a specific Sustainable Development Policy for REC and also constituted a three-member Designated Committee of Board of Directors to oversee the SD initiatives, in the first quarter of the financial year.

20.2 During the financial year 2012-13, SD projects in 5 broad categories were implemented in the campus of the Central Institute for Rural Electrification (CIRE) at Hyderabad, which is a training institute owned by REC. CIRE has a campus spread over about 14 acres of land out of which about 95185 sq.ft. is the constructed area. The projects implemented in CIRE covered broad areas of "Energy Audit", "Energy Management", "Bio-diversity Conservation", "Water Management" and "Training Programmes". All the projects were aimed at making CIRE campus energy efficient and eco-friendly in line with the principles of Sustainable Development. A brief of the five projects implemented at CIRE is as under:

- (i) **Energy Audit of CIRE Building** - The National Productivity Council (NPC) was engaged for conducting 'energy audit' of the entire CIRE campus. The NPC report has recommended a

number of measures for reduction of energy consumption of the campus.

- (ii) **Energy Management** - For the purpose of green energy generation and demonstration in the campus, projects viz. (a) 40 kWp Solar Photo Voltaic (SPV) power plant on the roof top, (b) 5 kWp Solar Water Pumping System (c) 25 Nos. Solar LED Street Lights and 1kWp Power pack were implemented at CIRE.
- (iii) **Bio-diversity Conservation** - Afforestation and greening of CIRE campus, including professional landscaping of 2500 Sq Mtr area and planting of 1400 saplings was undertaken.
- (iv) **Water Management**- In order to harvest rainwater, 2 nos large pits, each comprising of a percolation tank and sedimentation tank were constructed.
- (v) **Training Programmes under Sustainable Development** - Short duration training programs targeted at participants from various stakeholders were conducted by CIRE to create awareness about sustainable development. About 111 persons attended the 5 programs which were conducted on the subject.

In addition to getting these projects implemented by expert external agencies like National Productivity Council (NPC), CPWD and NREDCAP, CIRE has also retained two expert independent agencies viz CII and Tata Projects for concurrent monitoring and for conducting final impact assessment. A total amount of ₹ 82.08 lakh has been spent during the financial year 2012-13 on the projects in CIRE.

- 20.3** In addition to the projects at CIRE, your Company decided to purchase the Renewable Energy Certificates (RECs) on voluntary basis. The Company recognized that a large amount of non-solar RECs were remaining unsold in the power exchanges, for most part of financial year 2012-13. Voluntary purchase of RECs is an acceptable way of promotion of renewable energy and therefore, the Company has also purchased of 16400 non-solar Renewable Energy Certificates (RECs) on voluntary basis, through the Indian Energy Exchange, which is represented by neutralization of carbon foot print equivalent to 16.4 Million Units of conventional energy, or avoided Green House Gas (GHG) emission equivalent to 13120 tons carbon dioxide (CO₂) approximately. With this, the Company not only mitigated its own carbon foot-print but also lent a helping hand to the cause of green energy in the country.

Thus a total amount of ₹ 331.76 Lakh was spent by REC on the SD projects during fiscal 2012-13.

21. VIGILANCE ACTIVITIES

- 21.1** Vigilance Division continued its emphasis on "Preventive Vigilance" so as to enhance transparency and accountability in the systems and procedures. An

IT based Bill Tracking system has been implemented in the Corporation. Vigilance Division reviewed its efficacy and gave suggestions to optimize the effectiveness of the system.

- 21.2** Chief Technical Examiner (CTE) type inspection was undertaken for awarded contracts and various suggestions like floating of tenders three months in advance, publication of advertisements in leading newspapers, verification of documents/Bank Guarantee etc. were given for further improvement and streamlining of tender procedure.
- 21.3** On persuasion of Vigilance Division, Resource Mobilization Manual has been approved and fully equipped dealing/treasury room has been operationalized by the Finance Division.
- 21.4** The details of Immovable Property Returns (IPR) of all Executives have been uploaded on REC's Website and vigilance clearance has been linked with timely submission of IPRs. In addition to this, submission of Annual Property Returns has been computerized and employees now enter details of movable/immovable property online.
- 21.5** All HoDs of Corporate Office, Zonal Managers/CPMs were advised to strictly adhere to the instructions regarding centralized complaint handling system and forward any complaints received by them in original to the Vigilance Division in a sealed cover. HR Division was advised to expedite necessary action for implementation of HR Module (ERP).
- 21.6** As per directives of CVC, REC observed Vigilance Awareness Week from 29.10.2012 to 03.11.2012. Various activities were organized in the Corporate Office as well as at the Zonal Offices/ Project Offices and Central Institute for Rural Electrification, Hyderabad, to enlist the participation of the people at large. Quiz (Multiple Choice Questions) and Essay Writing Competitions were organized for executives as well as non-executives of the Corporate Office and dignitaries were invited to sensitize REC employees with various facets of vigilance.
- 21.7** Inspections and field visits were regularly conducted by the Vigilance Division. Audit Reports were scrutinized from vigilance point of view. Training programmes on vigilance related matters were also organized for vigilance and non-vigilance officers at Corporate Office as well as at field offices. Agreed Lists and list of Officers of Doubtful Integrity were finalized. Prescribed periodical statistical returns were sent to CVC and MoP on time.
- 21.8** With a view to create awareness amongst employees about various facets of vigilance, issue of a Vigilance Bulletin consisting of important instructions of CVC/ MoP, initiatives, write up etc. was started w.e.f. April, 2012 on quarterly basis.

21.9 The performance of Vigilance Division was reviewed regularly by CVC, Board of Directors and CMD of REC in addition to constant reviews undertaken by CVO, REC in accordance with prescribed norms.

22. IMPLEMENTATION OF OFFICIAL LANGUAGE

22.1 It was yet another year of achievements in the area of Rajbhasha Hindi. The Corporation excelled in most of the targets fixed by Department of Official Language, Home Ministry in its Annual Programme 2012-13.

22.2 In order to encourage employees, all Incentive Schemes introduced by the Govt. of India have been implemented in the Corporation. During the year, Officers & Employees of the Corporation have shown keen interest in Hindi with the result that its usage has increased in day to day working.

22.3 During Hindi pakhwara organized from 14th September to 28th September, 2012, the following programmes were conducted:-

- (i) The Corporation organized nine Hindi competitions separately for General Managers/ Executive Directors, Middle level Managers and Non-Executives as well as Sulekh Competition for Class IV employees.
- (ii) To award prizes to the participants in Hindi Pakhwara, a Prize Distribution Function was organized on 06.11.2012. Dr. P. C. Tandon, Sr. Reader, Delhi University was the Chief Guest. Winners of these competitions & those who had done maximum Original work in Hindi Scheme 2012-13, were awarded Certificates of Merits & cash prizes.
- (iii) Shri Surender Sharma and other Famous Hindi Poet Shri Hari Om Pawar, Smt. Sita Sagar charmed with their satirical poetry in Hindi and motivated all present to work in Rajbhasha. Dr. P. C. Tandon, Sr. Reader, Delhi University, in his address emphasized on the usage of Rajbhasha.

22.4 Inspections were carried out to assess the progressive use of Hindi in 11 Divisions of C.O. and suggestions were given to them to improve the shortcomings. During the year, inspection of 8 Project Offices has been carried out. A target of 25 % inspection of Zonal/ Project Offices was set out in Annual Programme 2012-13 by Department of Official Language. Against this, the corporation has achieved more than the target prescribed for inspections.

22.5 Maintaining 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.

22.6 Quarterly Hindi Magazine "REC Darpan" also launched/ published from June 2012.

22.7 REC's website is available both in Hindi and English and is regularly being updated from time to time. Bilingual working facility has been made available on all computers. All publications, reports, memorandums, 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.

22.8 The Company has been honoured with RAJBHASHA SHREE SAMMAN by Bhartiya Rajbhasha Vikas Sanshthan, Dehradun during the financial year 2012-13.

22.9 Four quarterly review meetings of Official Language Implementation Committee were held during the financial year 2012-13 under the chairmanship of CMD, in which detailed discussion were held to review the progress and suggestion were made to overcome the difficulties in order to achieve the targets.

22.10 In order to increase use of Hindi by all in official work, nine Hindi workshops were organized in corporate office in which 112 officers and 79 employees were participated. Further, a separate Hindi work shop for two days organized on 24th & 25th August, 2012 at Chail, Distt. Solan Himachal Pradesh for the members of O.L.I. Committee of the Corporation in which 22 officers participated. It was inaugurated by Director (Finance). The Joint Director (O.L.) of Ministry of Power also attended it.

22.11 Zonal office Panchkula has been awarded third prize by NARAKAS, Chandigarh for doing excellent work in Hindi.

22.12 A "Hindi Nibandh" Competition was organized by the Corporation in its premises under the aegis of NARAKAS (Upkarm), Delhi on 19th November, 2012 in which 32 officers of different undertakings participated and NARAKAS has awarded shield and certificate to corporation for successfully conducting the competition. NARAKAS (Upkram), Delhi has also awarded "Vishesh Prashanha Puraskar" to the corporation for doing excellent work in Hindi.

22.13 The Parliament Committee on Official Language inspected REC's Project Office, Hyderabad on 1st October 2012 to review the progress of Hindi made by Hyderabad office.

22.14 "A Dakshin Chhetriya Rajbhasha Sammelan" was organized on 6th July, 2012 at Amar Sewa Sangam, Aykudi, Tamilnadu for Zonal Managers/Chief Project Managers and Hindi nodal officers of southern region in which 12 officers participated in it.

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

The Ministry of Corporate Affairs, Government of India, vide its Circular dated 8th February, 2011 has granted general exemption to all Companies from attaching the financial statements of its subsidiary companies, pursuant to Section 212(8) of the Companies Act, 1956, subject to compliance of certain conditions by the Companies as prescribed in this circular. Accordingly, copies of the balance sheet, statement of profit and loss and reports of the Board of Directors and auditors of the subsidiaries have not been attached with the balance sheet of the Company. The Audited Financial Statements and related information of our other unlisted subsidiaries are available on the website of the Company

www.recindia.gov.in under the head 'Financial Highlights'. 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, a statement containing the financial data of the other unlisted subsidiaries has been furnished along with the consolidated financial statements, which forms part of the Annual Report. The annual accounts of the Company including that of other unlisted 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.

24. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO.

24.1 Conservation of Energy

There are no significant particulars relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as your Company does not own any manufacturing facility. However, the Company has made intensive use of technology in its operations during the year under review.

The Company's Registered Office is located at "SCOPE Complex" where all civil, electrical installation & maintenance is carried by SCOPE and for Energy Conservation, the following steps have been taken by them:-

1. All the 32 Elevators have been replaced with Microprocessor based drive resulting in 30% reduction of energy consumption.
2. Water based heating of complex through Hot Water Boilers operated on PNG during winter have been provided in place of Strip Heaters in AHUs, resulting in lot of electrical energy saving.
3. All the Chilling Units, AHUs, Exhaust Ventilation Blowers have been provided with most energy efficient having low consumption.
4. Most of the Common areas including Convention Centre, Compound Lighting, Lower & Upper Basement, and Staircase have been provided with energy efficient lighting with LED, CFL etc. In order to reduce the losses, Capacitor Panel with APFC Relay has been provided to maintain Power Factor.

24.2 Foreign Exchange Earnings & Outgo

No foreign exchange was earned during the financial year 2012-13. However, the Foreign exchange outgo aggregating ₹ 377.39 crore was made during the financial year on account of Interest, Finance Charges and other expenses:

25. SUBSIDIARY COMPANIES

To focus on additional business of consultancy in the areas of distribution, transmission etc. following wholly owned subsidiaries have been incorporated by your Company as on date:

- (i) REC Power Distribution Company Limited (RECPDCL)
- (ii) REC Transmission Projects Company Limited (RECTPCL)

Further, REC Transmission Projects Company Limited (RECTPCL) is designated by the Ministry of Power, Government of India as "Bid Process Coordinator" for different independent transmission projects. As on date the following project specific Special Purpose Vehicles (SPVs) have been incorporated as subsidiary Companies:

- (i) Vizag Transmission Limited (VTL)
- (ii) Kudgi Transmission Limited (KTL)
- (iii) Nellore Transmission Limited (NTL)
- (iv) Unchahar Transmission Limited (UTL)
- (v) Baira Siul Sarna Transmission Limited (BSSTL)
- (vi) NRSS XXIX Transmission Limited*
- (vii) NRSS XXXI (A) Transmission Limited*
- (viii) NRSS XXXI (B) Transmission Limited*

* Incorporated after 31st March, 2013.

25.1 REC Power Distribution Company Limited (RECPDCL)

During the financial year 2012-13, RECPDCL completed milestone of Third Party Inspection (TPI) of 31,348 villages and 452 feeders under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Feeder Renovation Programme (FRP) works respectively. The Company has carried out the TPI of 120 division substation Infra plan works for MSEDCL, Material Inspection for UHBVN, Cost Data Preparation for DERC, PMC work under RGGVY for PuVVNL, MRI based billing for PVVNL are also executed during the financial year 2012-13.

New Initiatives includes TPI of works & workmanship executed by Turnkey Contractor under Infra Plan of 120 Division of Maharashtra by MSEDCL (Work awarded to RECPDCL based on competitive bidding), Project Management Consultancy (PMC) of PuVVNL Project (Work awarded to RECPDCL based on competitive bidding), Detailed Project Report (DPR) preparation of Rajasthan under RGGVY XII Plan and PMC work under National Electricity Fund (NEF) Scheme of DHBVN & UHBVN.

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

25.2 REC Transmission Projects Company Limited (RECTPCL)

During the financial year 2012-13, RECTPCL concluded the process of selection of developer

for Transmission System associated with IPPs of Vemagiri Area: Package-A for which a project specific SPV namely Vemagiri Transmission System Limited was incorporated by RECTPCL as its wholly owned subsidiary. M/s Power Grid Corporation of India Limited, who had emerged as the lowest Bidder, acquired 100% shares of Vemagiri Transmission System Limited on 18.04.2012 on payment of acquisition price amounting to ₹ 182.79 million which includes professional fee of ₹ 150 million.

During the financial year 2012-13, the Ministry of Power, GoI vide Gazette Notification dated October 8, 2012 nominated RECTPCL as the Bid Process Coordinator for selection of developer for five inter-State transmission systems with aggregate estimated cost of ₹ 26,600 million. These transmission systems are essentially for evacuation of power from new generating stations and augmentation/strengthening of inter-State transmission network. The details of the transmission systems allocated to RECTPCL are given below:

1. System Strengthening in Southern Region for import of power from Eastern Region; (This scheme was evolved by changing the scheme name and elements of earlier allocated transmission scheme titled 'Evacuation System for Vizag - Vemagiri Projects - Hinduja 1040 MW');
2. Transmission System required for evacuation of power from Kudgi TPS (3x800 MW in Phase-I) of NTPC Limited;
3. Transmission System for Connectivity for NCC Power Projects Ltd. (1320 MW);
4. Baira Siul HEP- Sarna 220 kV line; and
5. ATS of Unchahar TPS

In order to initiate development of each of the above listed transmission systems, RECTPCL has incorporated project specific Special Purpose Vehicle (SPV) for each of the transmission system. These project specific SPVs, of which one hundred percent (100%) equity shares shall be acquired by the Selected Bidder for respective Transmission Projects pursuant to the bidding process, shall be responsible as the Transmission Service Provider, for ensuring that it undertakes ownership, financing, development, design, engineering, procurement, construction, commissioning, operation and maintenance of the Project, and to provide Transmission Service on a long term basis to the Long Term Transmission Customers.

For each of the transmission system, a two stage Bidding process featuring separate Request for Qualification (RFQ) and Request for Proposal (RFP) has been initiated in accordance with tariff based competitive bidding guidelines of Ministry of Power, GoI for selection of developer as Transmission Service Provider. The bidding process for selection of developer for above mentioned projects is expected to conclude within the financial year 2013-14.

During the financial year ended 31st March, 2013, REC Transmission Projects Company Limited has been

able to generate an income of ₹ 4.58 crore. The Profit before tax and Profit after tax for the year is ₹ 4.09 crore and ₹ 2.92 crore respectively. The Net Worth of RECTPCL has reached to ₹ 45.17 crore against initial capital injected by REC of ₹ 0.05 crore. For the year, the Board of Directors has recommended a dividend @ 200% on the par value of shares subject to approval of shareholders of the Company in the Annual General Meeting.

26. MoU RATING AND AWARDS

The performance of your Company in terms of Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India, for the financial year 2011-12 has been rated as "Excellent". This is the 19th year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MoU was signed with the Government.



Shri Rajeev Sharma, CMD, REC exchanging MoU 2013-14 documents with Shri P. Uma Shankar, Secretary, Ministry of Power, Government of India.

During the year, your Company received Award in the category of "Non-Banking Financial Services" by India Pride Awards, Dainik Bhaskar & DNA, DSIJ PSU Award 2012 for 'Fastest Growing Operational Matrix' and 5th CIDC Vishwakarma Award 2013 in the category of "Achievement Award for Industry Doyel".



Shri. Rajeev Sharma, CMD, REC receiving DSIJ PSU Award 2012 in the "Fastest Growing Operational Matrix" Non-Manufacturing Navratna category from Shri Ajit Singh, Hon'ble Union Minister of Civil Aviation.

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

During the financial year 2012-13, no employee of the Company was drawing remuneration either on monthly or annual basis exceeding the limit as prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975.

28. DIRECTORS' RESPONSIBILITY STATEMENT

With reference to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:-

- (i) in the preparation of the Annual Accounts for the financial year 2012-13, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- (ii) 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) 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) the annual accounts have been prepared on a going concern basis.

29. GREEN INITIATIVE IN CORPORATE GOVERNANCE

As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has also allowed companies to send official Notices/documents to their shareholders electronically.

As a responsible Corporate Citizen, your Company has actively supported the implementation of 'Green Initiative' circulars issued by Ministry of Corporate Affairs (MCA) on April 21, 2011 and April 29, 2011 and effected electronic delivery of Notice of Annual General Meeting (AGM) and Annual Report for the years ended March 31, 2011 and March 31, 2012 to those shareholders whose email ids were already registered with the respective Depository Participants (DPs) and downloaded from the depositories viz. NSDL/CDSL and who have not opted for receiving Annual Report in physical form. The intimation of Final/Interim Dividend paid after the issue of above circulars was also sent electronically to those shareholders whose email ids were registered.

Shareholders are requested to support the "THINK GREEN, GO GREEN" initiative of your Company by registering/ updating e-mails addresses for receiving electronic communications.

It is reiterated that upon receipt of requisition from the member including the members who have exercised the option of electronic delivery of these documents, every member of the Company is entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto, including the Statement of Profit and Loss and Auditors' Report etc.

30. RIGHT TO INFORMATION ACT 2005

The Company has taken necessary steps for the Implementation of "Right To Information Act 2005 (RTI)" in REC and independent RTI Cell has been set up for coordinating the work relating to receipt of applications and furnishing information thereto. RTI Handbook, both in English and Hindi, has been placed on REC website which is updated periodically. The status of RTI applications during the financial year 2012-13 is given under:

Sl. No.	Particulars	Nos.
1.	Applications received (upto 31.3.2013)	190
2.	Applications disposed off (upto 31.3.2013)	184
3.	Applications disposed off subsequently	6
4.	Appeals received by AA, REC	17
5.	Appeals disposed off by AA, REC	15
6.	Appeals received from CIC	Nil
7.	Appeals disposed off by CIC	1

31. STATUTORY AUDITORS

M/s Bansal & Co. Chartered Accountants, New Delhi and M/s P.K. Chopra & Co., Chartered Accountants, New Delhi, were appointed as Joint Statutory Auditors of your Company for the financial year 2012-13 by the Comptroller and Auditor General (C&AG) of India. The Joint Statutory Auditors have audited the Annual Financial Statements of the Company for the financial year ended 31st March, 2013.

31.1 Management's Comments on the Joint Statutory Auditors' Report

The Joint Statutory Auditors of the Company have given an unqualified report on the financial statements of the Company for the financial year 2012-13. However, they have suggested that internal Control System needs to be further strengthened. The Management's Reply to the suggestion / advice in respect of further strengthening the internal control system in certain areas, as mentioned in para (iv) of Annexure to the Independent Auditors Report are submitted as under:

Suggestions / Advice of Joint Statutory Auditors	Management's Reply
"In our opinion and according to information & explanations given to us, internal controls are generally commensurate with the size of the Corporation and the nature of its business. However in certain areas internal control needs further strengthening like 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, physical verification of assets charged to REC as security after Commercial Operations Date; regular updating of Loan module and generation of various reports from loan module in ERP to have better control over loan assets."	"Continuous efforts are being made to further strengthen the internal control in the said areas, wherever required."

32. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, through letter dated June 30, 2013 has given 'NIL' Comments on the Audited Financial Statements of your Company for the financial year ended March 31, 2013 under Section 619 (4) of the Companies Act, 1956. The Comments of C&AG for the financial year 2012-13 along with the Independent Auditors Report of Statutory Auditors of your Company have been placed elsewhere in this Annual Report.

33. SECRETARIAL AUDITORS

M/s Grover Ahuja & Associates, Practicing Company Secretaries, New Delhi, appointed as Secretarial Auditors by the Board of your Company for carrying out Secretarial Audit for the financial year 2012-13, have given an unqualified Secretarial Audit Report. A copy of the Secretarial Audit Report is annexed to this report.

34. 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
Report on Corporate Governance	II
Business Responsibility Report	III
Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to subsidiary companies.	IV
Secretarial Audit Report issued by the Secretarial Auditors of the Company	V
Auditor's Certificate on Corporate Governance,	VI

35. ACKNOWLEDGEMENTS

The Directors are grateful to the Government of India particularly the Ministry of Power & Ministry of 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 support and trust in the Company.

The Directors also place on record their sincere appreciation for the continued support and goodwill of the esteemed Shareholders, Investors in REC Bonds, domestic and overseas Banks, Life Insurance Corporation of India, KfW of Germany and JICA of Japan in the fund raising programmes of the Company.

The Directors also thank Joint Statutory Auditors M/s Bansal & Co. and M/s P.K. Chopra & Co. Chartered Accountants, the Secretarial Auditors M/s Grover Ahuja & Associates and the Comptroller & Auditor General of India for their valued cooperation.

The Directors also sincerely appreciate and thank all the employees of the Company 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



(Rajeev Sharma)

Chairman & Managing Director

New Delhi
August 8, 2013

TABLE - I : SCHEMES/PROJECTS SANCTIONED DURING 2012-13 UNDER REC FINANCED SCHEMES

(₹ In Lakh)

Sl. No.	State	No. of Schemes/Projects	Loan Amount
A.	T& D Projects		
1	Andhra Pradesh	108	180051.53
2	Gujarat	2	46224.00
3	Haryana	30	491248.84
4	Himachal Pradesh	22	35429.92
5	Jammu and Kashmir	11	3825.60
6	Karnataka	22	69277.61
7	Kerala	42	65410.03
8	Chattisgarh	11	59077.30
9	Madhya Pradesh	6	100110.29
10	Maharashtra	177	610145.88
11	Orissa	7	28259.71
12	Punjab	81	401884.40
13	Rajasthan	58	917770.71
14	Tamilnadu	32	620919.99
15	Uttar Pradesh	290	749229.60
16	Uttarakhand	12	34715.61
17	West Bengal	55	220982.74
18	Private (T&D)	1	150000.00
	Sub-Total-(A)	967	4784563.77
B	Generation Projects		
1	Andhra Pradesh*	2	136959.00
2	Chattisgarh*	1	109500.00
3	Jharkhand*	0	19600.00
4	Karnataka	1	374900.00
5	Madhya Pradesh*	0	10000.00
6	Maharashtra	10	27130.00
7	Orissa	5	698882.00
8	Punjab	5	7053.00
9	Sikkim*	1	154345.00
10	Tamil Nadu*	0	31990.00
11	Uttar Pradesh*	2	1059020.00
12	Uttarakhand	1	47500.00
13	West Bengal*	0	8600.00
	Sub-Total-(B)	28	2685479.00
C	Renewable Energy Projects		
1	Jammu & Kashmir	2	13970.00
2	Gujarat	5	33075.00
3	Haryana*	0	466.00
4	Himachal Pradesh	1	1305.00
5	Orissa	1	1040.00
6	Tamil Nadu	1	2616.00
7	West Bengal	1	5534.00
	Sub-Total-(C)	11	58006.00
D	Short Term Loan		
1	Andhra Pradesh	8	160000.00
2	Himachal Pradesh	2	25000.00
3	Karnataka	3	35000.00
4	Kerala	1	15000.00
5	Maharashtra	1	15000.00
6	Punjab	1	10000.00
7	Rajasthan	2	39000.00
8	Uttar Pradesh	2	25000.00
9	Uttarakhand	2	20000.00
10	West Bengal	3	75000.00
	Sub-Total-(D)	25	419000.00
	Grand Total (A+B+C+D)	1031	7947048.77

Note: The T&D sanctions include transitional financing loan of ₹ 183000 lakhs to Uttar Pradesh, ₹ 500000 lakhs to Tamil Nadu, ₹ 450000 lakhs to Rajasthan, ₹ 100000 lakhs to Punjab and ₹ 430000 lakhs to Haryana.

* It includes additional loan against already sanctioned projects also.

The above sanctions do not include sanctions under RGGVY.

**TABLE-2 : CATEGORY-WISE SCHEMES / PROJECTS SANCTIONED DURING 2012-13
UNDER REC FINANCED SCHEMES**

(₹ In Lakh)

SI. No.	Category	Category Code	No. of Schemes / Projects	Loan Amount
A	T&D			
1	Project: Intensive Electrification	P:IE	17	31551.38
2	Special Project Agriculture: Pumpset Energisation	SPA:PE	124	177212.19
3	Project: System Improvement	P:SI-Distribution	316	880941.20
4	Project: System Improvement	P:SI(HVDS)	1	19227.50
5	APDRP	P:SI(R_APDRP)	234	375857.25
6	System Improvement: BULK	BULK	58	254027.30
7	Project: System Improvement	P:SI-Transmission	205	1382746.95
8	Transitional Financing Loan	TFL	12	1663000.00
	Sub-Total (A)		967	4784563.77
B	Generation	P:Gen	28	2685479.00
C	Renewable Energy Projects			
1	Biomass/Bagasse	Biomass	1	1506.00
2	Small Hydro	SHP	4	20809.00
3	Solar	SPV	4	23575.00
4	Solar	Solar Thermal	1	9500.00
5	Wind	Wind	1	2616.00
	Sub-Total (C)		11	58006.00
D	Short Term Loan	STL	25	419000.00
	Grand Total (A+B+C+D)		1031	7947048.77

TABLE- 3: CUMULATIVE STATE WISE SANCTIONS UPTO 2012-13 UNDER REC FINANCED SCHEMES

(₹ in Lakh)

Sl.No.	STATE	Upto 2001-02		X Plan		XI Plan		2012-13		Cumulative upto 2012-13	
		No.of Projects	Sanctioned Amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount
1	Andhra Pradesh	4810	440263	1104	1209532	558	1300954	116	340052	6588	3290801
2	Arunachal Pradesh	159	29954	54	104020	16	73949	0	0	229	207923
3	Assam	393	32984	33	30404	20	150197	0	0	446	213585
4	Bihar	1664	55272	73	189857	78	1671582	0	0	1815	1916710
5	Chhatisgarh	0	0	22	516315	63	486756	11	115536	96	1118608
6	Delhi	2	817	6	47323	1	363707	0	0	9	411847
7	Goa	16	2007	0	0	0	0	0	0	16	2007
8	Gujarat	1784	253470	124	527966	42	726832	2	46224	1952	1554492
9	Haryana	1209	116989	148	395304	253	957795	30	491249	1640	1961337
10	Himachal	419	52240	37	116177	125	215489	24	60430	605	444336
11	Jammu & Kashmir	500	67243	34	93792	69	162057	13	17796	616	340887
12	Jharkhand	0	0	27	147602	12	255581	0	0	39	403183
13	Karnataka	2384	307390	472	388445	213	1276890	26	479178	3095	2451903
14	Kerala	1454	242741	297	241884	20	104897	43	80410	1814	669932
15	Madhya Pradesh	5111	236175	133	235711	255	971789	6	100110	5505	1543786
16	Maharashtra	4602	440595	833	1516910	418	2753167	188	652276	6041	5362948
17	Manipur	146	20696	3	9463	2	9169	0	0	151	39328
18	Meghalaya	105	19351	4	31571	10	44645	0	0	119	95567
19	Mizoram	46	7879	24	20360	7	14343	0	0	77	42582
20	Nagaland	71	7791	23	5648	36	28108	0	0	130	41547
21	Orissa	1624	77691	21	120627	55	408199	8	461285	1708	1067802
22	Punjab	1303	259737	216	657148	125	1161462	87	418937	1731	2497285
23	Rajasthan	3012	382940	597	556042	449	2902506	60	956771	4118	4798258
24	Sikkim	36	2910	4	5626	2	3101	0	0	42	11637
25	Tamil Nadu & Pondicherry	3003	175458	597	380610	364	2604368	31	144720	3995	3305156
26	Tripura	172	15732	6	36374	3	11189	0	0	181	63295
27	Uttar Pradesh	3027	223840	102	670277	557	2146380	290	2091750	3976	5132247
28	Uttaranchal	0	0	84	306792	20	172884	19	237716	123	717392
29	West Bengal	1256	59750	198	442875	78	1126536	59	301517	1591	1930678
30	Puducherry - UT	0	0	0	0	2	12507	0	0	2	12507
31	T&D Private	0	0	9	4955	10	107085	1	150000	20	262040
32	Generation Pvt.	6	3347	19	602003	64	5066680	9	762592	98	6434621.57
33	Renewable Pvt.							8	38502	8	38502
TOTAL:		38314	3535262	5304	9611614	3927	27290803	1031	7947049	48576	48384728

Note: Sanctioned amount includes RGGVY and DDG project cost (capital subsidy and Loan) upto XI Plan.

TABLE- 4: STATEMENT SHOWING STATE-WISE AND PROGRAMME-WISE DISBURSEMENTS AND REPAYMENT BY BORROWERS DURING THE FINANCIAL YEAR 2012-13 AND OUTSTANDINGS AS ON 31-03-2013

Sl. No.	Name of State	Transmission & Distribution	Generation	RGVY (including DDG)	STL/Debt Ref	Total disbursement for the financial year 2012-13	Disbursed upto the end of the financial year	Repayments		Outstanding at the end of the financial year 2012-13
								During the year	upto the end of year	
(₹ in Lakh)										
1	ANDHRA PRADESH	1,34,502	65,867	288	1,60,000	3,60,657	21,33,311	1,80,480	9,87,577.46	11,45,734
2	Arunachal Pradesh	-	-	-	-	-	24,302	1,312	17,302.16	7,000
3	Assam	-	-	528	-	528	50,766	188	26,665.12	24,101
4	Bihar	-	78,095	-	-	78,095	1,67,150	5,806	35,557.88	1,31,592
5	Chhattisgarh	12,139	1,21,105	-	-	1,33,244	6,35,467	36,699	1,19,390.72	5,16,076
6	Delhi	-	-	-	-	-	1,093	-	1,093	-
7	GOA	-	-	-	-	-	1,479	-	1,479	-
8	Gujarat	-	19,488	62	-	19,550	6,66,254	4,662	6,23,302.97	42,951
9	Haryana	1,45,259	9,890	-	-	1,55,149	11,38,056	90,928	3,59,154.70	7,78,902
10	Himachal Pradesh	28,556	1,699	-	25,000	55,255	3,32,959	21,226	1,89,100.66	1,43,859
11	Jammu & Kashmir	2,105	-	589	-	2,694	1,25,447	7,421	68,887.44	56,560
12	Jharkhand	-	12,813	775	-	13,588	2,14,080	5,340	82,091.40	1,31,988
13	Karnataka	12,893	33,459	452	33,600	80,404	5,02,049	16,725	3,60,607.86	1,41,441
14	Kerala	8,663	-	580	15,000	24,243	3,95,966	6,027	3,14,302.89	81,663
15	Madhya Pradesh	65,376	64,542	1,209	-	1,31,127	6,27,364	12,496	1,77,344.59	4,50,020
16	Maharashtra	2,98,003	3,47,082	112	15,000	6,60,197	32,46,624	1,20,386	8,69,303.70	23,77,323
17	Manipur	-	-	-	-	-	18,308	774	4,558.73	13,750
18	Meghalaya	-	-	279	-	279	46,073	50	12,390.14	33,683
19	Mizoram	-	-	-	-	-	26,519	108	23,666	2,853
20	Nagaland	996	-	177	-	1,173	22,443	1,012	9,467.28	12,976
21	Orissa	650	42,612	615	-	43,877	2,84,189	36,797	1,31,340.12	1,52,849
22	Puducherry	1,957	-	-	-	1,957	1,957	-	-	1,957
23	Punjab	2,42,583	6,731	-	10,000	2,59,314	15,33,461	1,43,016	6,87,717.15	8,45,743
24	Rajasthan	4,07,903	14,118	269	66,000	4,88,290	22,73,338	2,16,573	9,11,807.00	13,61,531
25	Sikkim	-	50,978	-	-	50,978	2,87,793	87	3,341.30	2,84,451
26	Tamil Nadu	4,05,437	1,80,299	57	-	5,85,793	23,72,296	1,60,678	5,89,488.92	17,82,807
27	Tripura	-	-	41	-	41	12,792	-	11,055	1,737
28	Uttar Pradesh	3,56,634	1,63,269	996	25,000	5,45,899	21,47,039	1,37,398	8,11,278	13,35,761
29	Uttaranchal	10,880	36,363	185	17,300	64,728	4,35,698	35,401	1,67,939.80	2,67,758
30	West Bengal	94,180	1,277	-	75,000	1,70,457	7,87,522	94,319	1,80,755.79	6,06,767
31	Wind Energy	-	-	-	-	-	3,013	-	1,291	1,722
	TOTAL	22,28,766	12,49,687	7,214	4,41,900	39,27,517	2,05,14,808	13,35,908	77,79,258	1,27,35,552
	RGVY SUBSIDY					90,341				
	DDG SUBSIDY (under RGVY)					448				
	GRAND TOTAL	22,28,716	12,49,687	7,214	4,41,900	40,18,306	2,05,14,808	13,35,908	77,79,258	1,27,35,552

TABLE- 5: PUMPSETS ENERGISED UNDER THE PROJECTS FINANCED BY REC DURING 2012-13 AND CUMULATIVE POSITION UPTO 31.3.2013

(Provisional)

Sl. No.	State	Achievement during 2012-13 (Nos.)	Cumulative Achievement (Nos.)
1	Andhra Pradesh	128183	2161910
2	Arunachal Pradesh		
3	Assam		1922
4	Bihar		113354
5	Delhi		
6	Goa		
7	Gujarat		420456
8	Haryana		233570
9	Himachal Pradesh	459	6394
10	Jammu & Kashmir	1351	15441
11	Jharkhand		
12	Karnataka		862387
13	Kerala		340882
14	Madhya Pradesh		1054106
15	Chhatisgarh		
16	Maharashtra	98993	2358563
17	Manipur		29
18	Meghalaya		58
19	Mizoram		
20	Nagaland		164
21	Orissa		63015
22	Punjab		501913
23	Rajasthan	8036	504743
24	Sikkim		
25	Tamil Nadu	17971	1150258
26	Tripura		1530
27	Uttar Pradesh		379544
28	Uttarakhand		
29	West Bengal		82202
	Total:	254993	10252441

TABLE- 6: DETAILS OF PROJECTS SANCTIONED UNDER RGGVY.

As on 31.03.2013

Sl. No.	State	Total Projects Sanctioned(X th and XI th Plan together)						
		No. of Projects	No. of Districts	No. of un-electrified villages covered	No. of Partially electrified villages covered	No. of BPL HH covered	Project cost (₹ crore)	No. of un-electrified h/h covered (Incl. BPL)
1	2	3	4	5	6	7	8	9
1	Andhra Pradesh	26	22	0	27477	2484665	907.95	3954128
2	Arunachal Pradesh	16	16	2106	1760	40726	983.77	76407
3	Assam	23	23	8326	12984	1150597	2760.98	1414828
4	Bihar	43	38	22512	6454	2761034	4495.75	6022036
5	Chhattisgarh	16	14	1475	16214	903500	1194.34	1285545
6	Gujarat	25	25	0	17667	742094	359.82	1595853
7	Haryana	18	18	0	5886	235841	208.73	569686
8	Himachal Pradesh	12	12	95	10650	13196	341.17	36479
9	J & K	14	14	239	4442	81217	933.22	295221
10	Jharkhand	22	22	19071	7106	1803377	3469.99	2926260
11	Karnataka	25	25	61	27532	950437	891.91	1932797
12	Kerala	7	7	0	629	55732	147.76	92736
13	Madhya Pradesh	32	32	665	33902	1320830	1895.32	2653536
14	Maharashtra	34	34	0	40600	1183603	816.54	2633742
15	Manipur	9	9	882	1378	107369	381.83	192148
16	Meghalaya	7	7	1866	3239	109696	442.01	188648
17	Mizoram	8	8	137	570	27417	317.22	44334
18	Nagaland	11	11	105	1140	69899	270.20	142992
19	Orissa	32	30	14715	29324	3046184	3810.86	4858292
20	Punjab	17	17	0	11840	148860	186.91	405023
21	Rajasthan	40	33	4339	34783	1224417	1339.00	2229442
22	Sikkim	4	4	25	418	11458	196.54	28166
23	Tamilnadu	26	26	0	10009	502865	447.41	1692235
24	Tripura	4	4	148	658	107506	199.08	228759
25	Uttar Pradesh	64	65	28182	2989	962903	3852.51	1694075
26	Uttanchal	13	13	1512	9160	238522	766.43	357309
27	West Bengal	28	17	4425	24020	2655566	2748.11	3974005
	Total	576	546	110886	342831	22939511	34365.39	41524682

New Projects Sanctioned Under Phase-II of RGGVY

1	Chhattisgarh	2	2	126	1077	84334	176.11	126554
2	Haryana	3	3	0	625	21432	17.01	32393
3	Karnataka	2	2	0	587	27782	119.38	41733
4	Kerala	7	7	0	643	18839	89.83	76427
5	Madhya Pradesh	16	16	41	14487	440049	840.45	1099561
6	Tamilnadu	3	3	0	729	24369	37.27	122236
	Sub-Total	33	33	167	18148	616805	1280.05	1498904

Supplementary Projects Sanctioned Under Phase-II of RGGVY

1	Bihar	11	11	1338	12790	2898328	3096.83	2898328
2	Madhya Pradesh	4	4	142	1148	56665	142.74	132280
3	Maharashtra	1	1	0	1139	19279	33.64	39407
4	West Bengal	1	1	17	289	24423	103.38	50746
5	Uttar Pradesh	22	22	245	19991	943641	3453.34	4427545
	Sub-Total	39	39	1742	35357	3942336	6829.93	7548306
	Total	72	72	1909	53505	4559141	8110.02	9047210
	Grand Total	648	579	112795	396336	27498652	42475.41	50571892

TABLE - 7 : STATE-WISE DETAIL OF CUMULATIVE ACHIEVEMENT

Sl. No.	State	Achievement upto 2012		Achievement in FY 2012-13		Cumulative Achievement (As on 31.03.2013)	
		UEV	BPL	UEV	BPL	UEV	BPL
1	2	3	4	5	6	7	8
1	Andhra Pr.	0	2702273	0	50570	0	2752843
2	Arunachal Pr.	1313	21646	387	7140	1700	28786
3	Assam	7829	807290	190	101260	8019	908550
4	Bihar	22029	2149834	701	201081	22730	2350915
5	Chhattisgarh	857	915407	214	64504	1071	979911
6	Gujarat	0	802818	0	26729	0	829547
7	Haryana	0	194442	0	19	0	194461
8	Himachal Pr.	78	10078	5	5200	83	15278
9	J & K	148	44014	28	9072	176	53086
10	Jharkhand	17905	1272755	181	26070	18086	1298825
11	Karnataka	61	834196	1	24640	62	858836
12	Kerala	0	17238	0	35755	0	52993
13	Madhya Pradesh	504	717394	92	244422	596	961816
14	Maharashtra	0	1160732	0	21148	0	1181880
15	Manipur	616	28814	0	37	616	28851
16	Meghalaya	1172	62768	482	22727	1654	85495
17	Mizoram	89	14743	5	401	94	15144
18	Nagaland	79	28514	9	9048	88	37562
19	Orissa	14226	2748137	119	78003	14345	2826140
20	Punjab	0	53925	0	26479	0	80404
21	Rajasthan	3999	1043522	138	97324	4137	1140846
22	Sikkim	25	9366	0	417	25	9783
23	Tamilnadu	0	502956	0	-1754	0	501202
24	Tripura	127	80986	16	18516	143	99502
25	Uttar Pradesh	27759	1044494	3	3037	27762	1047531
26	Uttanchal	1511	230558	0	4035	1511	234593
27	West Bengal	4169	1926383	16	220661	4185	2147044
	Total	104496	19425283	2587	1296541	107083	20721824

MANAGEMENT DISCUSSION AND ANALYSIS REPORT [Pursuant to Clause 49 (IV) (F) of the Listing Agreement]

The Management of the Company is pleased to present its report on Industry Scenario including Company's performance during the financial year 2012-13.

1. Industry Structure and Development

Industry Overview

The Financial Year 2012-13 witnessed the highest capacity addition of 20622.80 MW against target of 17956.30 MW translating into percentage achievement of 114.85. The majority addition came from Thermal stream accounting for around 98 % of the total capacity addition during the fiscal of which capacity addition from Private sector was 11188 MW, 54 % contribution of the total capacity added during the year. The electricity generation achieved during the year was 98 % of the target set for financial year 2012-13. This was 4 % higher than the achievement for the previous fiscal. Actual electric energy generation during the fiscal 2013 was 911.7 BUs against the generation of 876.9 BUs in the previous fiscal.

The total power supply deficit during the fiscal 2013 was 8.7 % whereas the peak power deficit stood at 9.0 %. In fiscal 2012, 2011 and 2010 total power deficit was 10.2 %, 7.5 % and 10.1 % respectively. Similarly peak power deficit in fiscal 2012 was 11.1 % compared to 10.3 % in fiscal 2011 and 12.7 % in fiscal 2010.

As on 31st March, 2013 the total installed capacity of country was 223344 MW. Further, during the XI Five Year Plan, 54,964 MW capacity had been added and in first year of XII Five Year Plan itself, 20,623 MW capacity has already been added.

The power generation capacity has increased substantially in recent years, however the level of achievement vis-à-vis targets till X Five Year Plan has been quite low. During the IX Five Year Plan (1997-2002), capacity addition achieved was 19,015 MW (47.5 % of target) and during the X Five Year Plan (2002 to 2007) capacity addition achieved was 21,180 MW (51.6 % of target). However, the achievement made in the XI Five Year Plan was much higher than the achievements in previous two five year plans put together. A capacity addition of 54,964 MW (88.1 %) was achieved with respect to revised target of 62,374 MW for XI Plan. The XII Five Year Plan target for power envisages adding around 88,425 MW of capacity. In light of the fact that more than 20000 MW has been added during the first year Plan, the target of the XII Plan seems achievable. The overall requirement of funds for the power sector for XII Five Year Plan period (fiscal 2013-2017) has been estimated at around ₹ 14 lakh crore. For the XIII Plan period, Planning Commission estimates that in order to meet the projected demand requirement by 2022 at a GDP growth rate of 9 %, capacity addition of 94,000 MW would be required along with matching expansion required in transmission and distribution systems.

Industry Structure

Generation

The installed generation capacity in the Country stood at 2,23,344 MW as on March 31, 2013 with 89,125 MW (39.90 %) in the State Sector, 65,360 MW (29.26 %) in the Central Sector and 68,859 MW (30.83 %) in the Private Sector.

In terms of the generation capacity by type as on March 31, 2013, 1,51,530 MW (67.84 %) was in Thermal, 4,780 MW (2.14 %) was in Nuclear, 39,491 MW (17.68 %) was in Hydro and 27,542 (12.33 %) MW was in Renewable Energy Sources. The nuclear capacity witnessed no new addition during the period.

Notwithstanding the increase in capacity, the Indian power generation sector is struggling to meet burgeoning demand due to major bottlenecks like slippages of long term coal linkages to the projects identified, failure to achieve planned targets from captive coal mine blocks, rising imported fuel prices, land acquisition, R & R and environmental issues etc.

The Planning Commission has projected that about 88.4 GW of generation capacity has to be added up by 2017 to support economic growth in the XII Five Year Plan. Further, to maintain a sustained economic growth of 8 %, through to fiscal 2032, as per the Planning Commission, India needs to increase its electricity generation several times over for which the power generation capacity must increase to around 8,00,000 MW by fiscal 2032.

Transmission and Distribution

Transmission

The transmission system planning in the country, in the past, has traditionally been linked to generation projects as part of the evacuation system. The ability of the power system to safely withstand a contingency without generation rescheduling or load-shedding was the main criteria for planning the transmission system. However, due to various reasons such as spatial development of load in the network, non-commissioning of load centre generating units originally planned and deficit in reactive compensation, certain pockets in the power system could not safely operate even under normal conditions. This had necessitated backing down of generation and operating at a lower load generation balance in the past. Transmission planning has therefore moved away from the earlier generation evacuation system planning to integrated system planning keeping in view the long term power perspective.

In India, the transmission and distribution system is a three-tier structure comprised of regional grids, State grids and distribution networks. The five regional grids, configured on a geographical contiguity basis, enable

transfer of power from a power surplus State to a power deficit State. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between power plants. Presently, these regional grids except southern grid are operating as an integrated unit of national grid with an inter-regional transfer capacity of more than 31,000 MW, whereby surplus power from a region could be redirected to another region facing power deficits thus allowing an optimal utilization of the national generating capacity. It is expected that Southern Grid which has not been a part of National grid till now shall be connected to the National grid by January 2014. Also proper checks and balances are being put in place to strengthen the grid discipline to avoid any major grid collapse. Efforts are on for making suitable amendments in Electricity Act 2003 thereby endowing special powers to RLDCs and NLDC for regulating the grid which may also include legal provisions for their empowerment. The RLDCs would then have the power to disconnect load to States not adhering to Grid discipline.

At the end of fiscal 2013 the total length of transmission lines aggregated about 2.74 lakh cKm as compared to about 2.68 lakh cKm at the end of previous year.

The breakup of installed transmission line system is as per the following table:

Transmission Lines	As on 31.03.2013 (cKm)	As on 31.03.2012 (cKm)	Increase (cKm)
765 kV	6459	5730	729
400 kV	118180	113367	4813
220 kV	140517	140164	353
+/- 500 kV HVDC	9432	9432	0
Total	274588	268693	5895

At the end of fiscal 2013, the aggregated substation transformation capacity at 765 kV, 400 kV and 220 kV level stood at 4.73 lakh MVA. The aggregated capacity was 3.99 lakh MVA at the end of fiscal 2012. During Fiscal 2013 the Sub Station Capacity addition was more than 200% of the 31669 MVA targeted addition.

As per the Planning Commission estimates for the XII Five Year Plan, the funds requirement for Transmission System development would be about ₹ 2 lakh crore including Central and State Sector share. The aim is to build a robust integrated grid network that will allow large transfers of power from one part of the country to another. The tariff-based competitive bidding for all the developers including State Owned Utilities like Power Grid, to bid for transmission projects in the Inter-State Transmission Sector (ISTS) has become mandatory. Further, Government of India has made the Competitive Bidding Route mandatory for intra-state sector from January, 2013. Also, the Standard Bidding guidelines for Case I and Case II bidding route are being revisited and may be modified suitably.

Distribution

Distribution Sector, the revenue generating link in the Generation - Transmission-Distribution chain is clearly the weakest link in the power sector value chain and is threatening to derail the entire process of power sector reforms as also jeopardize the India's growth story. While the power generation sector in the Country is struggling to meet rising demand the Distribution sector has been reeling under losses and has been in focus with various measures being taken by the Govt. of India to make the State Discoms/Utilities viable.

The issues pertaining to the Distribution sector are not similar to Generation and Transmission sector. Distribution provides the crucial last mile connectivity and has disparate, numerous and varied consumers. Though most of the SEBs have been unbundled, distribution is still largely under the control of Govt. Utilities. Post unbundling, their operations on sound commercial principles under the regulatory supervision has not yielded the desired results. Worsening financial condition of power distribution utilities owing to high Aggregate Technical & Commercial (AT&C), inability to revise tariffs strictly in principle and spirit, despite respective ERCs directive for revision in most of the States since long, increasing Subsidy burden, cross subsidization by the industry to domestic consumer and farmers, billing inefficiencies and more importantly need to buy expensive power to tide over short-term deficits are eating away the benefits of the policy initiatives. Distribution Utilities in the Country today suffer about 30 % losses due to unmetered and unaccounted supply. The gap between their Average Cost of Supply (ACS) and Average Revenue realized (ARR) is more than ₹ 1.45 per Kwh, as a result, the net worth of these utilities is continuously getting eroded. The combined annual losses of all SEBs add up to about 1.9 lakh crores.

In order to enable the turnaround of the State Discoms and ensure their long term viability, a financial restructuring scheme for the State owned Discoms viz Transitional Finance Mechanism (TFM) has been formulated by the Govt of India. The mechanism includes measures such as approval of Financial restructuring plan (FRP) from State Govt. and the respective State Electricity Regulatory Commission (SERC), revision of tariff, thereby reducing the gap between Average revenue Realised (ARR) and Average Cost of Supply (ACS), release of subsidies only to State Govt. to be later adjusted in the ARR, posting of Audited Accounts on regular basis, incentivisation through technology interventions in R-APDRP and NEF, devising utility wise turnaround plan and monitoring its implementation at the highest level. Therefore, it is necessary that all the interventions are dovetailed and integrated to overcome the major challenges like exorbitantly high transmission and distribution losses, suboptimal internal functioning of regulatory institutions, mismatch in tariffs, etc. so as to help turn around the power distribution sector.

On the Policy front Ministry of Power has developed an integrated rating methodology covering the State Power Distribution Utilities. The objective is to rate all utilities on the basis of their performance and their ability to sustain commercially viable operations in the long run. The mechanism focuses on ranking and incentivizing/dis-incentivizing the entities in order to stimulate and improve their operational & financial performance.

Marks would be assigned for both current levels of performance and relative improvement over the baseline parameters. This integrated rating methodology is expected to facilitate Banks/FIs adopt a uniform and realistic assessment of the risks associated with funding needs of different Utilities. It would enable funding with appropriate loan covenants for stimulating and enhancing operational, financial and managerial performance. The methodology may serve as a basis for Govt. assistance to the State Power Utilities through various schemes like APDRP, NEF etc. The New guidelines have been put in place to address the short term procurement of power in order to cut down on expenses, inflated by unplanned purchases.

To help Power utilities access funds the policy of subsidizing the interest on loans taken by them for cutting distribution losses as well as to incentivize investment in improvement of distribution infrastructure in the country, National Electricity Fund has been launched. The utilities/DISCOMS will get discount on interest rates depending on performance.

Technical interventions such as implementation of Feeder separation scheme, High Voltage Distribution Systems (HVDS) in the distribution network, installation of Smart energy meters such as Automatic Meter Reading (AMRs) with 100% coverage having two-way real-time digital communication and facility of remote metering, usage of information technology in operation & maintenance coupled with harnessing best management practices are the measures being undertaken to ensure safe and reliable delivery of power with minimal losses and at reduced costs.

Harnessing intelligent Smart-grid technologies for providing two way communications between the consumer and the utility would completely change the way electricity is used and delivered. Since Indian distribution sector is a weak link in the power value chain, the Smart-Grid projects to be implemented by the utilities for efficient, reliable and delivery of quality power would be a long term business opportunity.

Against an outlay of ₹ 3.26 lakh crore under the XI Five Year Plan, approximately 33% has been utilised for the sub-transmission and distribution system development inclusive of R-APDRP and RGGVY schemes. For the XII Five Year Plan, the Planning Commission estimates investment of ₹ 3.14 lakh crore inclusive of investments planned towards Demand Side Management (DSM) and energy efficiency for the sector.

The enormous capital expenditure together with equally huge operational infrastructure combining ample potential for future expansion in the distribution sector create a very optimistic business outlook for the Company. Further, the performance orientation built into the R-APDRP and NEF is expected to attract and accelerate investments in distribution infrastructure, thus resulting in faster accomplishment of loss reduction goals.

Power Sector Policy Environment

In past few years, owing to persistent power shortages and given the estimated rate of increase in demand for electricity in India, the GoI has taken significant measures to restructure the power sector, increase capacity, improve transmission, and sub-transmission & distribution network.

These major policy initiatives taken by Government of India have helped in enabling and redefining the power sector for making it an attractive investment destination.

With the advent of Electricity Act 2003 in its new shape and modified legal framework governing the Electricity sector, arranging capital and establishing large Power projects became a reality. The Act replaced the multiple legislations that previously governed the Indian electricity sector and introduced a multi-buyer and a multi-seller system. Furthermore, the regulatory regime was granted more autonomy in determining tariffs, without being constrained by rate-of-return regulations. This was followed by the notification of National Electricity policy. Subsequently, National Tariff Policy, RE Policy, National Hydro Policy and Mega Power Policy were notified.

With the objective of developing large capacity power projects in India, the GoI has introduced the concept of Ultra Mega Power Projects (UMPPs) involving each contracted capacity of 3,500 MW or above. The economies of scale in terms of large generation capacities based at a single location, utilization of super critical technology for reducing emissions and tariff based on international competitive bidding process adopted for the selection of developers have driven the electricity generating tariffs potentially downwards. To expedite the activities starting from preliminary site investigation to obtaining appropriate regulatory and other approvals (including for land, water, the environment and for power selling), conducting bidding process and finally handing over these projects, Special Purpose Vehicle (SPVs) are created. The role of the SPVs ends once the project is transferred to successful bidders. Four of these SPVs have already been transferred to successful bidders. Ministry of Power has also initiated a tariff based competitive bidding process for Independent Power Transmission Companies (IPTCs) for the development of Inter-state and Intra-state transmission systems on similar lines to that followed for UMPPs. The IPTCs aim to evacuate power from generating stations and

transmit the power from pooling stations to other grid stations, resulting in system strengthening across India. A number of transmission projects have been transferred to the developers in last 2-3 years.

In a bid to attract private funds in the development of hydroelectric projects, the Hydro Power Policy was implemented in the year 2008. The policy aimed at attracting private funds by encouraging joint ventures with private developers and the use of the IPP model, in addition to promoting power trading and speeding up the availability of statutory clearances. The policy provides guidelines for accelerated development of the hydropower industry in India, particularly in the Himalayan States.

National Electricity Fund (Interest Subsidy) Scheme has been set up by Ministry of Power to provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies (DISCOMs) – both in public and private sector, to improve the infrastructure in distribution sector. Under NEF scheme, interest subsidy would be provided on loans taken by private and public power utilities in distribution sector for all Distribution Sector Infrastructure capital projects provided that the proposed works have not been funded through the R-APDRP or RGGVY schemes. National Electricity Fund would provide interest subsidy aggregating ₹ 8,466 crore spread over 14 years for loan disbursement amounting to ₹ 25,000 crore for distribution schemes sanctioned during the 2 years viz., 2012-13 and 2013-14. Your Company is the designated nodal agency to operationalize the scheme for channelizing the interest subsidy amounts to the utilities, with the approval of Steering Committee constituted for National Electricity Fund (NEF) scheme. For financial assistance from NEF (Interest Subsidy) Scheme, the States have been categorized as “Special category and focused states”, and “States other than special category and focused states”. The preconditions for eligibility are linked to reform measures taken by the States and the amount of interest subsidy is linked to the progress achieved in reforms linked parameters.

In an attempt to tide over severe fuel shortage as well as funding issues hurting the power sector, the Government of India, in the Budget 2012-13 announced a slew of steps including customs duty exemption on imported fuel and lower levy on overseas funds for projects to provide relief to the power sector. Permitting power companies to tap External Commercial Borrowing (ECB) route to part re-finance rupee debt on power plants and increasing power sector’s tax-free bonds limit were notable inclusions. Further, withholding tax on ECB was cut to 5% from 20% for three years which may result in overall decrease in debt cost. Additional depreciation of 20% in the initial year has been extended to new assets acquired by power generation companies. This would incentivise the power sector and benefit the end consumer on one hand, and create more business opportunities for your company in the medium term.

Also, the recent opinion given by CERC in the matter of Adani Power has raised hopes that the same gets applied to other projects having component of imported fuel. In such a situation, the Borrowers would be able to run the plants uninterrupted at rated PLF and also payback the liabilities.

Renewable Energy Sources

To mitigate the challenges posed on climate, National Action Plan for Climate change (NAPCC) was announced in June 2008. The effort is to increase the share of renewable energy in total electricity consumption in the Country. To bring momentum to the initiative, purchase obligation of Renewable Energy Certificates (RECs) has been imposed mandatorily on the State Utilities. The mechanism will enable sale and purchase of renewable energy component across the State boundaries without being linked to carbon credits.

National Solar Mission

The MNRE has approved a new policy on development of solar energy in India by the Jawaharlal Nehru National Solar Mission. The mission recommends the implementation of an installed capacity of 20,000 MW in three stages by the end of the XIII Five Year Plan (2017-2022). It proposes to establish a single window investor-friendly mechanism, which reduces risk and at the same time, provides an attractive, predictable and sufficiently adequate tariff for the purchase of solar power from the grid. The key driver for promoting solar power would be through a renewable purchase obligation mandated for power utilities, with a specific solar component.

Accelerated Power Development & Reforms Programme

The Government of India approved a scheme called “Accelerated Power Development and Reforms Programme (APDRP)” in March 2003 which has been re-launched as Restructured APDRP (R-APDRP) by making it more performance-based and financially attractive.

The APDRP programme has been restructured by the Government of India, in order that reliable and verifiable baseline data of revenue and energy in APDRP Project areas is attained over an IT platform and that AT & C loss reduction is achieved on a sustained basis. The R-APDRP was launched by Ministry of Power, Government of India in July 2008 as a central sector scheme for the XI Five Year Plan.

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.

RGGVY

The Rajiv Gandhi Grameen Vidyutikaran 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. 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.

2. Opportunities

The XII plan period (fiscal 2013-2017) target of investments in power infrastructure stand at an estimated ₹ 14 lakh crore covering a capacity addition of 88,425 MW with associated Transmission and Distribution network. Further, green energy of 30,000 MW capacity is planned to be added in the period. An addition of almost 94,000 MW in Generation capacity (this apart from 30,000 MW green energy) with back to back expansion in T&D network for handling the increased capacity is envisaged in the XIII Five Year Plan. The National Electricity Fund (NEF) - an Interest Subsidy Scheme has been launched and would be a potential source of income in future. As planned, an amount of ₹ 25,000 crore has been earmarked to be sanctioned in the financial year 2012-13 and 2013-14. As a nodal agency for monitoring and channelizing funds under the RGGVY program the company continues to take up the socio-economic responsibility of village electrification and contribute to the mission of "Bharat Nirmaan" with the objectives of making Power availability to achieve GDP growth rate of 8% at an optimum cost and power for all. Therefore the power sector is expected to remain vibrant and offer significant investment opportunities in future also.

Further, the status of Infrastructure Finance Company (IFC) has put your Company in a better position than some of its competitors and has granted more flexibility to it in its operations. It has enhanced our Company's ability to raise funds on cost-competitive basis and increased its lending exposures to individual entities, corporations and groups etc. This classification would further enable your Company to effectively capitalize on the available financing opportunities in the power sector in India.

3. Threats, Risks and Concerns

The Power Sector financing industry has become increasingly competitive and broad based with entry of new players and Banks (mostly as Consortium) giving tough challenge to our Company.

The risks of financing power projects are quite high. The financial health of the State Electricity Boards and

State Power utilities across the country, barring a few, is in very bad shape. As the Company has a significant concentration of outstanding loans to these entities, the risk perception for our company is high. The failure of the entities in meeting their debt related obligations may adversely impact our company's ability to mobilise low cost funds.

Our Company is concerned about prevailing exposure norms, limit constraint of raising money from tax saving Bonds, financial position of State Distribution Utilities, entry of new players and competition from banks and multilateral agencies, unstable business environment, prevailing high interest rate scenario, fluctuation in rupee and likely increase in cost of capital due to volatile market conditions/ large requirement of funds.

Due to long gestation periods, large capital outlay, changes in various factors such as interest rates, statutory regulations and policies, the cost and availability of raw materials, other key inputs and general economic conditions may adversely affect projects' viability in the implementation and operational stages which may impact the ability of borrowers to service the loans.

In light of the above, efficient and innovative raising of resources at a low effective cost and ensuring most productive deployment of these funds would be a key determinant in sustaining our Company's profitability and growth.

4. Segment wise or Product-wise Performance

The principal products of REC as a leading Public Financial Institution are interest bearing loans to SEBs, State Power Utilities/State Power Departments and Private sector for all segments of Power infrastructure. Our Company does not have any separate reportable segment.

During the financial year 2012-13, the Company sanctioned loan assistance of ₹ 79470.49 crore. This included sanction of loans of ₹ 26854.79 crore for the Generation Sector, ₹ 580.06 crores for Renewable Energy Sector, ₹ 47845.64 for Transmission & Distribution Sector, and ₹ 4190.00 crores under Short Term Loan product. Decentralised Distributed Generation (DDG) Projects under RGGVY were sanctioned for a total project cost of ₹ 7.58 crore.

Aggregate disbursement of ₹ 40183.06 crore was achieved during the financial year 2012-13. This included ₹ 12496.87 crore under Generation, ₹ 22287.16 crore under T & D schemes, ₹ 4419.00 crore under Short Term Loan and ₹ 980.03 crore under RGGVY (including subsidy of ₹ 903.41 crore under RGGVY and ₹ 4.48 crore under DDG subsidy).

5. Outlook

Considering the continued shortages in electricity generation in the country, low levels of per capita energy consumption and significant growth projections for the Indian economy over the long term,

it is felt that the power infrastructure sector will be a significant beneficiary. Estimated, aggregate capacity addition of 180 GW during the XII and XIII Five Year Plans put together (fiscal 2013-2022) with estimated investments of over ₹ 34 lakh crore will continue to drive the prospects of power sector in the country. Thrust in rural electrification, renewable energy and decentralised distributed generation (DDG) will inter-alia increase the penetration of electricity in the country thereby driving the demand further. With the timely interventions by the Govt. of India in addressing the nagging issues affecting the Power Industry, the outlook for the sector is quite optimistic with ample market opportunities available for financial products.

The low per capita consumption of electricity in India compared to the world average presents significant potential for sustainable growth in the demand for electric power in India. The total energy consumption in India is estimated to grow rapidly creating huge potential for investments in Energy Sector in India.

6. Internal Control System and their adequacy

The company maintains an adequate system of Internal Control including suitable monitoring procedures which ensures accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegations of power and guidelines for accounting have been issued for uniform compliance. In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audit of various Divisions/offices are conducted by In-house Internal Audit Division and for some selected Project Offices by experienced firms of Chartered Accountants. The Internal Audit Division covers all the major areas of operations including identified critical/risk areas as per the Annual Internal Audit Programme. Audit Committee of Board of Directors periodically reviews the significant findings of different Audits as prescribed in the Companies Act and in the Listing Agreement.

7. Financial and operational performance

The loan sanctioned during the financial year 2012-13 was ₹ 79470.49 crore as compared to ₹ 51296.77 crore during the previous financial year 2011-12 (excluding subsidy under RGGVY). The disbursement during the financial year 2012-13 also increased to ₹ 40183.06 crore as compared to ₹ 30593.30 crore during the previous financial year 2011-12 (including subsidy under RGGVY and DDG).

The amount due for recovery during the financial year 2012-13 was ₹ 26881.04 crore as compared to ₹ 18528.61 crore during the previous financial year 2011-12. The overdues from defaulting Borrowers

were ₹ 435.83 crore as on 31.3.2013. The Company recovered a total sum of ₹ 26728.86 crore during the financial year 2012-13 as against ₹ 18440.09 crore during the previous year.

During the financial year, the Company registered an increase of ₹ 3095.11 crore in operational income which went up to ₹ 13518.86 crore in 2012-13 from ₹ 10423.75 crore during the year 2011-12. Profit before tax was at ₹ 5163.95 crore in 2012-13 in comparison to ₹ 3792.86 crore in 2011-12. Net profit of the Company in 2012-13 is ₹ 3817.62 crore, an increase of ₹ 1000.59 crore over the previous year. Net worth of the Company as on 31st March, 2013 is ₹ 17454.38 crore.

8. Human Resources / Industrial Relations

In order to professionalize the Executive strength of REC and also to infuse fresh blood, 10 Executives were appointed through open advertisement and 2 Executives through campus recruitment drawn from premier Institutions empanelled for the purpose during the year under review.

The total manpower as on 31.03.2013 was 648 which include 430 executives and 218 Non-executives.

Based on the needs assessed and as a means to meet them, the Company sponsored 134 employees to various training programmes, workshop etc. within the country and abroad. In addition, 29 training programmes were conducted in house, which were attended by 518 employees. Taken together, these initiatives enabled the company to achieve 2236 training man days and also to achieve excellent rating on MoU targets on this parameter. In order to enable them develop global exposure, several officers were deputed to various programmes abroad to countries like U.K., Singapore, South Africa, USA, Japan etc.

9. Corporate Social Responsibility (CSR) Policy

Corporate Social Responsibility (CSR) initiatives were pursued actively. Accordingly, CSR budget @ 0.5 % of Profit After Tax (PAT) was allocated for the financial year 2012-13, amounting to ₹ 14.09 crore. Sustainable CSR projects were identified and sanctioned financial assistance aggregating to ₹ 18.87 crore. Disbursement of an amount of ₹ 14.19 crore has been achieved during the financial year 2012-13 against the MoU target of ₹ 14.09 crore, thereby achieving the targets set under 'Excellent' category for CSR initiatives.

Cautionary Note

Certain statements in "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.

REPORT ON CORPORATE GOVERNANCE

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

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

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance at Rural Electrification Corporation Limited (REC), is managing the business in an ethical and responsible manner geared to sustainable value creation for stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices that are followed in the area of Corporate Governance across the globe. The Company has strong legacy of fair, transparent and ethical government practices. REC is also committed to facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population and 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.

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

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

2. BOARD OF DIRECTORS

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

(A) Composition of the Board

We are a Government Company within the meaning of Section 617 of the Companies Act, 1956 as the President of India presently holds 66.80% of the total paid-up share capital of the Company and as per Articles of Association of REC, the power to appoint Directors vests in the President of India. Further, in terms of Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen.

As on March 31, 2013, the Board of the Company comprised of seven (7) members out of which three (3) are Executive Directors including the Chairman and Managing Director, one (1) Government Nominee Director and three (3) Independent Directors.

The composition of Board of Directors as on March 31, 2013 is as follows:

Sl. No.	Name	Position
Whole Time Directors (Executive Directors)		
1	Shri Rajeev Sharma	Chairman and Managing Director
2	Shri Prakash Thakkar	Director (Technical)
3	Shri Ajeet Kumar Agarwal	Director (Finance)
Government Nominee Director (Non-Executive Directors)		
4	Shri Badri Narain Sharma	Director (Government Nominee)
Independent Directors (Non-Executive Directors)		
5	Dr. Devi Singh	Independent Director
6	Shri Venkataraman Subramanian	Independent Director
7	Dr. Sunil Kumar Gupta	Independent Director

The Board of Directors of the Company was in conformity with the requirements of Clause 49 of the Listing Agreement as well as Guidelines on Corporate Governance for Central Public Sector Enterprises till 4th February, 2013. Thereafter, due to resignation of Dr. M. Govinda Rao, Independent Director, consequent to his appointment as member of Fourteenth Finance Commission, the number of Independent Directors has fallen short by one. The Company has already requested the Ministry of Power, Government of India, the appointing authority for appointment of one Independent Director on the Board of the Company and the same is under process. After appointment of one Independent Director, the Company would be in compliance with the provisions of the Listing Agreement and Guidelines on Corporate Governance for Central

Public Sector Enterprises, regarding composition of the Board of Directors.

(B) Other provisions as to Board and its Committees

(i) Details of Board Meetings held during the Financial Year 2012-13

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

During the Financial Year 2012-13, nine (9) meetings of Board of Directors of the Company were held viz. (i) May 23, 2012, (ii) July 2, 2012, (iii), July 27, 2012, (iv) August 9, 2012, (v) September 17, 2012, (vi) November 2, 2012, (vii) December 21, 2012, (viii) February 4, 2013 and (ix) March 18, 2013.

The minimum and maximum interval between any two Board Meetings was thirteen (13) days and forty nine (49) days respectively. The quantum and quality of information supplied by the Management to the Board goes well beyond the minimum requirement stipulated in Clause 49 of the Listing Agreement.

(ii) Information placed before Board of Directors

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

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Major investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
17. Quarterly Report on Investment of Funds.
18. Quarterly report on compliance of various laws.
19. Action Taken Report on all pending matters.
20. Any other information required to be presented to the Board for information or approval.

(iii) Directors attendance at Board Meeting and last Annual General Meeting (AGM), number of other Directorships (in Public Limited Companies)/ Committee Memberships (viz Audit Committee and Shareholders/Investors Grievance Committee) (other than REC), held by Directors during the Financial Year 2012-13 are tabled below:-

Sl. No.	Name of Director	Board Meetings			Attendance at Last AGM (held on September 20, 2012)	As on March 31, 2013		
		Held during the tenure	Attended	Percentage		No. of other Directorships	No. of other Committee Memberships ⁵	
							As Chairman	As Member
1.	Shri Rajeev Sharma	9	9	100	Present	2	Nil	Nil
2.	Shri Hari Das Khunteta*	3	3	100	N.A.	N.A	N.A	N.A
3.	Shri Prakash Thakkar	9	9	100	Present	2	Nil	Nil
4.	Shri Ajeet Kumar Agarwal	6	6	100	Present	2	Nil	1
5.	Shri Devender Singh*	4	4	100	N.A.	N.A	N.A	N.A
6.	Shri Badri Narain Sharma	5	4	80	Present	1	Nil	Nil
7.	Dr. Devi Singh	9	9	100	Present	4	1	Nil
8.	Dr. Govinda Marapalli Rao *	8	8	100	Present	N.A	N.A	N.A
9.	Shri Venkataraman Subramanian	9	9	100	Present	5	1	3
10.	Dr. Sunil Kumar Gupta	9	7	77.77	Present	1	Nil	1

Notes:

- The tenure of Shri Hari Das Khunteta, Director (Finance) ended on July 31, 2012 on attaining the age of superannuation (i.e. 60 years).
- Shri Ajeet Kumar Agarwal, has been appointed as Director (Finance) on the Board of the Company, for a period of five years with effect from the date of his taking over charge of the post on or after August 1, 2012, or until the date of superannuation, or until further orders, whichever event occurs the earliest pursuant to MoP Order No. 46/9/2011-RE dated May 17, 2012. He has taken over charge of Director (Finance) of the Company w.e.f August 1, 2012.
- Shri Badri Narain Sharma, Joint Secretary, Ministry of Power, Government of India has been appointed as the Government Nominee Director on the Board of the Company w.e.f. August 23, 2012 pursuant to MoP Order No. 46/04/2007-RE dated August 23, 2012 vice Shri Devender Singh, Joint Secretary, who was on the Board of the Company from August 30, 2007 to August 22, 2012.
- Dr. M. Govinda Rao, Independent Director has resigned from his position as Independent Director on the Board of the Company and ceased to be Director with effect from February 5, 2013 consequent upon his nomination as member of Fourteenth Finance Commission vide Presidential Notification No. 10(2)- B(S)/2012.
- In accordance with the provisions of Articles 82 (4) of the Articles of Association of the Company, Shri Venkataraman Subramanian and Dr. Sunil Kumar Gupta, Directors shall retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

*N.A. indicates that concerned person was not a Director on REC's Board on the relevant date;

⁵In line with Clause 49 of Listing Agreement, only the Audit Committee and Shareholders/ Investors Grievance Committee have been taken into consideration in reckoning the number of committee memberships of Directors as Chairman or as Member and the Directorships/Committee Memberships are based on the latest disclosure received from respective Director. It does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.

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

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

(iv) Role and responsibilities of Independent Directors

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

3. COMMITTEES OF THE BOARD OF DIRECTORS

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

As on March 31, 2013, the Board had following committees:

1. Audit Committee;
2. Remuneration Committee
3. Shareholders/Investors Grievance Committee;
4. Risk Management Committee;
5. Loan Committee;
6. Executive Committee;
7. Bond Committee;
8. Sub-Committee for review of lending rates for Short Term Loans / Term Loans;
9. Sub-Committee for review and updation of HR Policies;
10. Sub-Committee for Borrowings other than Debentures;
11. Committee for review of CSR Initiatives/Projects (Dissolved on May 28, 2013);
12. Designated Committee of Directors on Sustainable Development (Dissolved on May 28, 2013).
13. Corporate Social Responsibility and Sustainability Committee (Constituted on May 28, 2013)

14. Committee on Investment of Surplus Funds.

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

3.1 Audit Committee

(i) As on March 31, 2013, the Audit Committee comprised of the following members:

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

* Consequent upon resignation of Dr. M. Govinda Rao w.e.f. February 5, 2013, the Committee was reconstituted on March 8, 2013 to appoint Dr. Devi Singh as Chairman and Shri Prakash Thakkar as member.

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

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

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

During the Financial Year 2012-13 seven (7) meetings of the Audit Committee were held i.e. (i) May 23, 2012, (ii) June 9, 2012, (iii) July 2, 2012, (iv) July 27, 2012, (v) November 2, 2012, (vi) February 4, 2013 and (vii) March 18, 2013. The maximum gaps between the two Meetings should not be more than 4 months as per statutory requirement.

Meetings attended by individual member during the Financial Year 2012-13 are detailed below:-

Name of the Committee Members/Attendees	Position in the Committee	Meeting			Attendance at last AGM
		Held during tenure of Director/ Invitee	Attended	In Percentage	
Dr. Devi Singh	Chairman*/ Member	7	7	100	Yes
Shri Venkataraman Subramanian	Member	7	7	100	Yes
Shri Prakash Thakkar	Member*	1	1	100	Yes
Dr. Govinda Marapalli Rao (up to February 4, 2013)	Chairman	6	6	100	Yes

*Chairman/ Member of the Committee w.e.f March 8, 2013 respectively.

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 20, 2012 to answer shareholder queries.

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

3.2 Remuneration Committee

REC, being a Central Public Sector Undertaking, the appointment of Chairman & Managing Director and Directors, tenure and remuneration are decided by President of India as per the Articles of Association of the Company. However, as per the provisions of Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs, the Company has constituted a Remuneration Committee comprising of three Independent Directors. The terms of reference of Remuneration Committee include deciding the quantum of annual bonus, variable pay and policy for ESOP scheme, pension scheme etc. within the prescribed limits across whole time directors, executive and non-unionized supervisors.

As on March 31, 2013, the Remuneration Committee comprised of the following members:

Remuneration of Whole Time Directors

The remuneration paid to Whole Time Directors including the Chairman & Managing Director was as per the terms and conditions of their appointment. The details of remuneration paid to Whole Time Directors of the company during the Financial Year 2012-13 are given below:

(Amount in ₹)

Sl. No.	Name	Salary & Allowances	Other Benefits ⁵	Incentive	CPF contribution	Pension Fund Contribution	Retiral Benefits	Total
1.	Shri Rajeev Sharma, CMD	2199837	259860	879322	196360	147269	0	3682648
2.	Shri Hari Das Khunteta, Director (Finance) upto 31.07.2012	848525	54291	2254738	67584	50688	2772859*	6048685
3.	Shri Prakash Thakkar Director (Technical)	2299914	175893	2032791	191821	143866	0	4844285
4.	Shri Ajeet Kumar Agarwal, Director (Finance) w.e.f. 01.08.2012	1484550	162153	718235	120546	90410	0	2575894

* Includes leave encashment amounting to ₹ 21,03,356 and Gratuity amounting to ₹ 6,69,503.

⁵ Includes reimbursement of medical expenses, entertainment, electricity and water charges and reimbursement of daily wages at office residence.

Remuneration of Independent and Government Nominee Directors

Independent Directors are paid only sitting fees at the rate of ₹ 15000/- for each Meeting of the Board and Committee thereof as fixed by the Board in its 347th Meeting held on March 29, 2009 within the ceiling prescribed under the Companies Act, 1956 for attending the Board Meetings as well as Committee Meetings. Details of Payments towards sitting fees to Independent Directors during the Financial Year 2012-13 is as under:

(Amount in ₹)

Sl No.	Name of Part-time Non-official Independent Director	Sitting Fees*		Total
		Board Meeting	Committee Meeting	
1.	Dr. Devi Singh	1,35,000	2,40,000	3,75,000
2.	Shri Venkataraman Subramanian	1,35,000	1,50,000	2,85,000
3.	Dr. Sunil Kumar Gupta	1,05,000	30,000	1,35,000
4.	Dr. Govinda Marapalli Rao	1,20,000	1,35,000	2,55,000
				10,50,000

* The Board has revised sitting fees from ₹ 15,000/- per meeting to ₹ 20,000/- per meeting for Board/Committee Meeting w.e.f. May 28, 2013.

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

3.3 Shareholders/Investors Grievance Committee

(i) Constitution of Shareholders / Investors Grievance Committee

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

As on March 31, 2013, the Shareholders/Investors Grievance Committee comprised of the following members:

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

Shri Devender Singh, Government Nominee Director was Chairman of Shareholders/ Investors Grievance Committee till August 23, 2012. Consequent upon his resignation, Shri Badri Narain Sharma, Government Nominee Director was appointed as the Chairman of the Committee up to March 7, 2013. The Committee has been re-constituted with effect from March 8, 2013 to appoint an Independent Director as Chairman of the Committee.

The quorum of meeting of the Shareholders/Investors Grievance Committee is two members including the Chairman of the Committee. Further, the representatives of Registrar & Share Transfer Agents (R&TAs) appointed by the Company are standing invitees at the Meetings of Shareholders/Investors Grievance Committee. During the Financial Year 2012-13, four (4) Meetings of Shareholders/Investors Grievance Committee were held on (i) May 23, 2012, (ii) July 27, 2012, (iii) November 2, 2012 and (iv) February 4, 2013 to review the grievance procedure and status of pending Shareholders/Investors grievances.

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

(ii) Status of Shareholders/Investors Grievances

The Company has been attending to all investor grievances expeditiously and promptly. Status of Shareholders/ Investors Grievances pursuant to Clause 49 of the Listing Agreement for the period from April 1, 2012 to March 31, 2013 related to Equity Shares/Listed Debt Securities is as follows:-

Pending at the beginning of the Financial Year.	1
Received during the Financial Year.	2181
Disposed during the Financial Year.	2180
Remaining unresolved as on March 31, 2013*.	2

*Complaints pending as on March 31, 2013 were pertaining to Equity Shares and were resolved by April 10, 2013.

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

3.4 Risk Management Committee

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

As on March 31, 2013, the Committee comprised of the following members:

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

The operational heads of Finance Division (Resource Mobilization) and Asset Liability Management Division are the standing invitees at Risk Management Committee Meeting. During the Financial Year 2012-13 two Meetings of the Risk Management Committee were held on July 2, 2012 and November 26, 2012.

3.5 Loan Committee

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

Type of Entity	Per case ceiling limit	Annual ceiling limit (₹ in crore)
Central/State Government Power utilities or Central/ State PSUs	In excess of ₹ 150 crore but upto ₹ 500 crore	25,000
Private Sector Power utilities	In excess of ₹ 100 crore and upto ₹ 500 crore	6000

As on March 31, 2013, the Loan Committee comprised of the following members:

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

The quorum of meeting of the Loan Committee is three Members including CMD and Government Nominee Director. During the Financial Year 2012-13, six (6) meetings of Loan Committee were held viz. (i) May 21, 2012, (ii) July 26, 2012, (iii) September 6, 2012, (iv) November 2, 2012, (v) January 11, 2013 and (vi) February 4, 2013.

3.6 Executive Committee

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

Type of Entity	Per case ceiling limit	Annual ceiling limit (₹ in crore)
Central/State Government Power utilities or Central/ State PSUs	Up to ₹ 150 crore	20,000
Private Sector Power utilities	Up to ₹ 100 crore	5,000

As on March 31, 2013, the Executive Committee comprised of the following members:

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

The quorum of the Executive Committee of the Board of Directors is two Members including CMD. During the Financial Year 2012-13, seventeen (17) meetings of the Executive Committee were held on (i) April 18, 2012, (ii) June 15, 2012, (iii) June 25, 2012, (iv) July 25, 2012, (v) August 14, 2012, (vi) September 5, 2012, (vii) September 14, 2012, (viii) October 9, 2012, (ix) November 15, 2012, (x) December 28, 2012, (xi) January 4, 2013, (xii) January 18, 2013, (xiii) January 30, 2013, (xiv) February 19, 2013, (xv) March 1, 2013, (xvi) March 25, 2013 and (xvii) March 28, 2013.

3.7 Bond Committee

The Bond Committee of the Directors was constituted in the 386th Meeting of Board of Directors of the Company held on 23rd May, 2012. The Committee is authorized to finalize and approve the detailed terms and conditions including issue size, number of bonds to be issued, nature, type, pricing, timing, period, coupon rate, annual interest payment date of the issue etc. as may be required by the prevailing market conditions, consortium members for marketing of the issue and other terms and conditions of the issue etc. for Public Issue of Tax Free Secured Redeemable Non-convertible Bonds of the Company in the Financial Year 2012-13.

As on March 31, 2013, the Bond Committee comprised of the following members:

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

Quorum of the Bond Committee of the Board of Directors is two members. During the Financial Year 2012-13, five (5) Meetings of the Bond Committee were held on (i) November 14, 2012, (ii) November 26, 2012, (iii) December 19, 2012, (iv) March 14, 2013 and (v) March 25, 2013.

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

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

As on March 31, 2013, the Sub-Committee for review of lending rates for Short Term Loans/ Term Loans comprised of the following members:

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

The quorum for the meeting of Sub-Committee for review of lending rates for Short Term Loans/ Term Loans is two Members including CMD. During the Financial Year 2012-13, thirteen (13) meetings of Sub-Committee for review of lending rates for Short Term Loans/ Term

Loans were held (i) May 9, 2012, (ii) July 20, 2012, (iii) August 7, 2012, (iv) August 17, 2012, (v) September 14, 2012, (vi) October 11, 2012, (vii) November 9, 2012, (viii) December 18, 2012, (ix) January 18, 2013, (x) January 30, 2013, (xi) February 6, 2013, (xii) February 14, 2013 and (xiii) February 26, 2013.

3.9 Sub-Committee for review and updation of HR Policies

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

As on March 31, 2013, the Sub-Committee for review and updation of HR Policies comprised of the following members:

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

The quorum for the committee is two Members including Chairman of the Committee and ED (HR)/ GM (HR) are the standing invitee to the Meetings of the Sub- Committee for review and updation of HR Policies. During the Financial Year 2012-13, no Meeting of the Sub- Committee of the Board of Directors for review and updation of HR Policies was held.

3.10 Sub-Committee for Borrowings other than Debentures

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

As on March 31, 2013, the composition of Sub-Committee of Board of Directors for Borrowings other than Debentures is as under:

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

The quorum of the meeting of the Sub-Committee for Borrowings other than Debentures is two Members including CMD. During the Financial Year 2012-13, no Meeting of the Sub-Committee of Directors for Borrowings other than Debentures was held.

3.11 Committee for review of CSR Initiatives/Projects

The Committee of Directors for review of CSR Initiatives/Projects was constituted by the Board to review the projects/ initiatives taken in CSR on periodical basis.

As on March 31, 2013, the composition of Committee for review of CSR Initiatives/Projects is as under:

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

The quorum of the meeting of the Committee for review of CSR Initiatives/Projects is two Members including Chairman. During the Financial Year 2012-13, two meetings of Committee for review of CSR Initiatives/Projects were held on (i) July 27, 2012 and (ii) February 6, 2013. After the revised Guidelines on Corporate Social Responsibility and Sustainable Development issued by DPE, the Committee has been dissolved by the Board on May 28, 2013, and a new Committee has been constituted by the name of "Corporate Social Responsibility and Sustainability Committee".

3.12 Committee of Directors on Sustainable Development

The Committee of Directors on Sustainable Development was constituted as per applicable DPE guidelines.

As on March 31, 2013, the composition of Committee of Directors on Sustainable Development is as under:

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

The quorum of the meeting of the Committee of Directors on Sustainable Development is two Members including Chairman. During the Financial Year 2012-13, one meeting of Committee of Directors on Sustainable

Development was held on September 17, 2012. After the revised Guidelines on Corporate Social Responsibility and Sustainable Development issued by DPE, the Committee has been dissolved by the Board on May 28, 2013, and a new Committee has been constituted by the name of "Corporate Social Responsibility and Sustainability Committee".

3.13 Corporate Social Responsibility and Sustainability Committee

As per revised Guidelines on Corporate Social responsibility and Sustainable Development issued by DPE and applicable w.e.f April 1, 2013, the Committee for review of CSR Initiatives/Projects and Committee of Directors on Sustainable Development have been dissolved by the Board of Directors in its 395th Meeting held on May 28, 2013 and have constituted new committee by the name of "Corporate Social Responsibility and Sustainability Committee".

As on date, the composition of "Corporate Social Responsibility and Sustainability Committee" is as under:

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

The quorum of the meeting of the Corporate Social Responsibility and Sustainability Committee is two Members including Chairman of the Committee.

The terms of reference of the Corporate Social Responsibility and Sustainability Committee shall be the following:

1. To review and oversee the Corporate Social Responsibility and Sustainability Development projects and initiatives of the Company on periodical basis
2. Implementation and monitoring of Corporate Social Responsibility and Sustainability Policy of the Company.
3. To assist the Board of Directors to formulate the Corporate Social Responsibility and Sustainability policies & strategies of the Company.
4. To periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.
5. To comply with the other requirements of DPE Guidelines on Corporate Social Responsibility and Sustainability as amended from time to time.

3.14 Committee on Investment of Surplus Funds

The Company has an Investment Committee of Directors for the purpose of investments of surplus funds. As on date, the composition of "Investment Committee" is as under:

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

The quorum of the meeting of the Committee is two Directors including CMD. The Committee is empowered to approve the investment of surplus funds within the maximum outstanding limit at any time, upto ₹ 1000 crore in mutual funds and upto ₹ 2000 crore in fixed deposit.

During the Financial Year 2012-13, four meetings of Committee on Investment of Surplus Funds were held on (i) April 12, 2012 (ii) June 4, 2012 (iii) June 19, 2012 and (iv) July 10, 2012.

4. SHARE TRANSFER COMMITTEE

In addition to the Committees of the Board as detailed from 3.1 to 3.14 above, there is a Share Transfer Committee comprising of Senior Officers constituted to consider and approve requests received from shareholders for splitting/ consolidation and transfer of physical shares exceeding 500 equity shares per individual in each case.

As on March 31, 2013, the composition of Share Transfer Committee is as under:

Sl. No.	Name of the Officer	Designation
1.	Shri J.S. Amitabh	Company Secretary
2.	Shri Rakesh Kumar Arora	General Manager (F&A)- Resources

Registrar and Share Transfer Agent (R&TA) has been authorized to consider and approve requests received from shareholders for splitting/consolidation and transfer of physical shares upto 500 equity shares per individual in each case.

5. SUBSIDIARY COMPANIES

The Company does not have any "material non-listed Indian subsidiary" as defined in Clause 49 of the Listing Agreement in the immediately preceding Financial Year. The Minutes of the Board Meetings of other unlisted Subsidiary Companies were placed before the Board of the Company for information. The Financial Results

of other unlisted Subsidiary Companies were reviewed by the Audit Committee of Directors of the Company. Further all significant transactions and arrangements entered into by the other unlisted Subsidiary Companies were brought to the attention of Board of Directors of the Company. The Company has following other unlisted Subsidiary Companies as on March 31, 2013:

- REC Transmission Projects Company Limited (RECTPCL),
- REC Power Distribution Company Limited (RECPDCL),

As on 31st March, 2013, RECTPCL has five Subsidiary Companies which were incorporated as Project Specific Special Purpose Vehicles (SPVs) for transmission projects allotted by Ministry of Power to RECTPCL to act as Bid Process Coordinator for selection of bidder as Transmission Service Provider through Tariff Based Competitive Bidding Process. These SPVs are namely (i) Vizag Transmission Limited (VTL), (ii) Kudgi Transmission Limited (KTL), (iii) Nellore Transmission Limited (NTL), (iv) Unchahar Transmission Limited (UTL), and (v) Baira Siul Sarna Transmission Limited (BSSTL).

The Audited Financial Statements and related information of our other unlisted subsidiaries are available on the website of the Company www.recindia.gov.in under the head 'Financial Highlights'.

6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010 as per details given below:

Meeting No.	Financial Year	Date	Time	Whether any Special Resolution passed
41 st	2009-10	September 8, 2010	11.00 A.M.	Yes
42 nd	2010-11	September 17, 2011	11.00 A.M.	Yes
43 rd	2011-12	September 20, 2012	11.00 A.M.	Yes

No Resolution was passed through Postal Ballot in the Financial Year 2012-13. Also, none of the business in the ensuing Annual General Meeting requires a Special Resolution to be passed through Postal Ballot.

7. INITIATIVES IN CORPORATE GOVERNANCE

(i) Green Initiative in Corporate Governance

As a responsible Corporate Citizen, your Company has actively supported the implementation of 'Green Initiative' circulars issued by Ministry of Corporate

Affairs (MCA) on April 21, 2011 and April 29, 2011 and effected electronic delivery of Notice of Annual General Meeting (AGM) and Annual Report for the years ended March 31, 2011 and March 31, 2012 to those shareholders whose email ids were already registered with the respective Depository Participants (DPs) and downloaded from the depositories viz. NSDL/CDSL and who have not opted for receiving Annual Report in physical form. The intimation of Final/Interim Dividend paid after the issue of above circulars was also sent electronically to those shareholders whose email ids were registered.

Shareholders are requested to support the “THINK GREEN, GO GREEN” initiative of your Company by registering/ updating e-mail addresses for receiving electronic communications.

(ii) Secretarial Audit

The Secretarial Audit for the Financial Year 2012- 2013 has been conducted by M/s Grover Ahuja & Associates, Practicing Company Secretaries, Delhi and they have submitted their Secretarial Audit Report dated May 21, 2013 to the Company. A copy of Secretarial Audit Report is set out elsewhere in the Annual Report for information of the shareholders.

8. DISCLOSURES

- (i) The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners.
- (ii) All members of Senior Management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in company shares, commercial dealings with bodies which have shareholding of management and their relatives etc).
- (iii) There were also no instances of non-compliance on any matter related to the Capital Markets during the last three years. There were no penalties imposed or strictures imposed on the Company by any statutory authorities in this regard. All returns/ reports were filed within stipulated time with stock exchanges/ other authorities.
- (iv) There are no materially significant transactions with related parties i.e. Promoters, Directors or the management, conflicting with the Company's interest.
- (v) The Company has laid down the procedure to inform the Board about the risk assessment and minimization. The Board of Directors of the Company reviews the procedures to ensure that the integrated risk are managed through a properly defined framework.

- (vi) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the Financial Year 2012-13 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (vii) The Company affirms that no personnel have been denied access to the Audit Committee.
- (viii) The Company has adopted all suggested items to be included in the Report on Corporate Governance.
- (ix) During the Financial Year 2012-13, no Presidential Directives were issued by the Central Government to the Company.
- (x) The Company has not incurred any expenditure which is not for the purpose of the business.
- (xi) The Company has not incurred any expenses which are personal in nature for the Board of Directors and top Management.
- (xii) Administrative and office expenses as a percentage of total expenses for the Financial Year 2012-13 is 0.77 % (Previous year 0.87 %) and as a percentage of financial expenses for the Financial Year 2012-13 is 0.81 % (Previous year 0.91 %). The administrative and office expenses for the financial year 2012-13 have increased to ₹ 64.69 crore as compared to ₹ 58.35 crore. However, on a percentage basis, there has been a decrease in Administrative and office expenses as a percentage of total expenses and financial expenses in Financial Year 2012-13 as compared to Financial Year 2011-12, since the finance costs and total expenses have increased due to higher level of operations whereas the administrative and office expenses have shown only marginal increase.”
- (xiii) In pursuance to Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, Compliance Report is being submitted to Ministry of Power within 15 days of the end of quarter:

Quarter ended	Date of submission of report
June 30, 2012	July 6, 2012
September 30, 2012	October 9, 2012
December 31, 2012	January 7, 2013
March 31, 2013	April 3, 2013

Also Report containing Annual Score (consolidated score of four quarters) was submitted to Ministry of Power on April 4, 2013 against the due date May 31, 2013.

- (xiv) **Audit Qualification:** The audit observations/comments and reply of the management for the Financial Year 2012-13 has been given in para 31.1 of Directors' Report. The Company will be submitting required Form signed by Chairman & Managing Director, Director (Finance), Joint Statutory Auditors and Chairman of the Audit Committee of the Company as per the provisions of Clause 31A of the Listing Agreement.

- (xv) **Training to Board Members:** The Board members based on their requirement attended various seminars, conferences, training programmes from time to time. Further, as per the requirement of Corporate Governance Guidelines issued by Department of Public Enterprises (DPE), the Company has framed a policy of Training to Board Members.

9. COMPLIANCE WITH APPLICABLE LAWS

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

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

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

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

Declaration required under Clause 49 of the Listing Agreement

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the Financial Year ended March 31, 2013.

Sd/-
(Rajeev Sharma)
Chairman and Managing Director

11. Code for Prevention of Insider Trading in REC Equity Shares/Securities

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

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

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

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

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

12. POLICY FOR PREVENTION OF FRAUD

Policy for Prevention of Frauds in REC has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. The policy covers the following provisions:-

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

13. WHISTLE BLOWER POLICY:

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

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

A declaration by the Chairman and Managing Director that he has not denied any personnel access to the Competent Authority, and that he has provided protection to Complainant from adverse personnel action for the Financial Year ended March 31, 2013 is as under:

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

During the Financial Year 2012-13, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Sd/-
(Rajeev Sharma)
Chairman and Managing Director

14. FEE PAID/PAYABLE TO JOINT STATUTORY AUDITORS

The details of fee paid/payable to Joint Statutory Auditors during the Financial Year 2012-13, are as under:

Sl. No.	Particulars	Amount (in ₹ crore)
1.	Statutory Audit Fees-Annual	0.27
2.	Tax Audit Fees	0.05
3.	Limited Review Report	0.06
4.	Payment to Statutory Auditors for Certification and any Other Matters	0.19
5.	Others	0.01
Total		0.58

15. MEANS OF COMMUNICATION

- The Company recognizes the rights of shareholders & communications as key elements of the overall Corporate Governance framework and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders.
- The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through website. All important information pertaining to the Company is also mentioned in the Annual Report for each Financial Year containing inter alia Audited Financial Statements (Standalone & Consolidated), Directors' Report, Auditors' Report, Report on Corporate Governance and Non-Banking Financial Companies Auditors' Report which is circulated to the members and others entitled thereto.

iii. Quarterly/Half yearly/Annual Financial Results of the Company are communicated to the Stock Exchange and published in financial and national newspapers like The Economic Times, Hindustan Times, Business Standard (English & Hindi), Mint, The Financial Express, Jansatta (Hindi) etc. These results are also made available on Company's Website at www.recindia.gov.in.

iv. The Company also communicates with its institutional shareholders through investor conferences and one to one Meeting.

15. CEO/CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, a Certificate duly signed by Shri Rajeev Sharma, Chairman

& Managing Director and Shri Ajeet Kumar Agarwal, Director (Finance) was placed before the Board of Directors in its 395th Meeting held on May 28, 2013 while consideration of the Annual Audited Financial Statements of the Company for the Financial Year ended on March 31, 2013.

16. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting for the Financial Year 2012-13.

Date	Time	Venue
September 13, 2013	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment New Delhi- 110010.

ii. Financial Calendar for Financial Year 2013-14 vis-à-vis Financial Year 2012-13:

Particulars	Financial Year 2012-13	Financial Year 2013-14
Accounting Period	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
Announcement of Financial Results	1 st Quarter	July 27, 2012
	2 nd Quarter	November 2, 2012
	3 rd Quarter	February 4, 2013
	4 th Quarter	May 28, 2013
Annual General Meeting	September 13, 2013	September 2014

iii. Payment of Dividend

A. Dividend for the Financial Year 2012-13

(1) Interim Dividend Details:

In pursuance of Article 104 of the Articles of Association of the Company read with Section 205 of the Companies Act, 1956 and Companies (Transfer of Profits to Reserves) Rules, 1975 the Company has paid an Interim Dividend of ₹ 6.75/- per Equity Share (on the face value of ₹ 10/- each) on February 18, 2013 for the Financial Year 2012-13.

(2) Final Dividend Details:

The Board of Directors of the Company in its 395th Meeting held on May 28, 2013 has recommended a Final Dividend of ₹ 1.50 per Equity Share (on the face value of ₹ 10/-each) for the Financial Year 2012-13 for approval of the shareholders in the ensuing Annual General Meeting to be held on September 13, 2013. The total dividend (including Interim Dividend) for the Financial Year 2012-13 will be ₹ 8.25 per Equity Share (on the face value of ₹ 10/- each).

B. Dividend History for the last five Financial Years

(₹ in Crore)

Financial Year	Total Paid-up Capital	Total Amount of Dividend Paid	Rate of Dividend (%)	Date of Payment	
				Interim	Final
2007-08	858.66	257.60	30	N.A.	October 1, 2008
2008-09	858.66	386.40	45	March 5, 2009	September 25, 2009
2009-10	987.46	603.21	65	January 12, 2010	September 15, 2010
2010-11	987.46	740.59	75	February 24, 2011	September 28, 2011
2011-12	987.46	740.59	75	February 7, 2012	October 4, 2012

iv. Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from August 30, 2013 to September 13, 2013 (both days inclusive).

v. Pay-out Date for Payment of Final Dividend

The Final Dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the members at the ensuing Annual General Meeting, will be paid on September 27, 2013 to the Members or their mandates whose names appear on the Company's Register of Members on September 13, 2013 in respect of physical shares. In respect of Dematerialised shares, the Final dividend will be paid to the "beneficial owners" of the shares whose name appear in the Statement of Beneficial Ownership obtained from National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on August 29, 2013.

vi. Listing on Equity Shares

REC shares are listed on the following Stock Exchanges:

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

vii. International Securities Identification Number (ISIN)

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

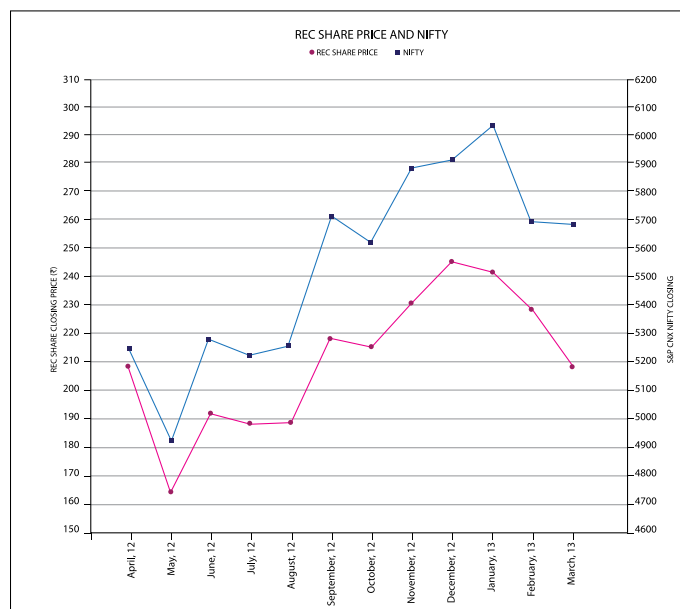
viii. Market Price Data for the Financial Year 2012-13.

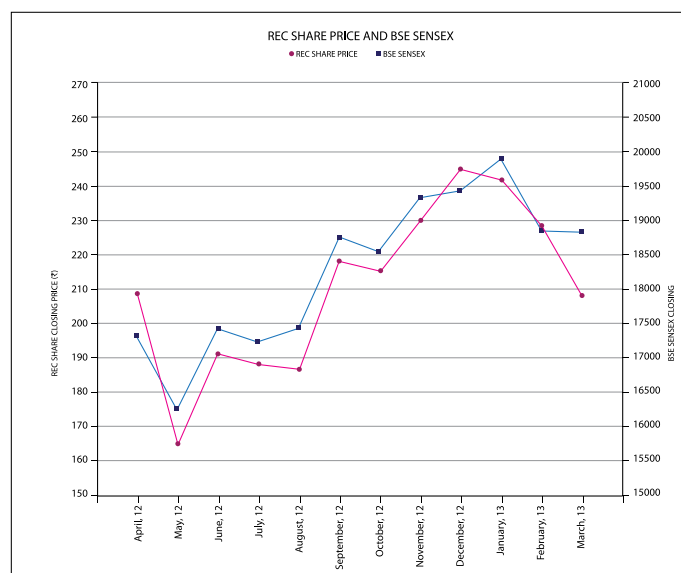
Performance of REC Share vis-à-vis NIFTY

Performance of REC Share at NSE				Movement of NIFTY		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 12	236.90	204.00	208.50	5378.75	5154.30	5248.15
May, 12	212.00	162.50	164.60	5279.60	4788.95	4924.25
June, 12	193.10	157.70	191.80	5286.25	4770.35	5278.90
July, 12	202.00	178.10	188.45	5348.55	5032.40	5229.00
August, 12	215.80	181.05	188.70	5448.60	5164.65	5258.50
September, 12	238.10	179.70	218.25	5735.15	5215.70	5703.30
October, 12	232.50	205.60	215.35	5815.35	4888.20	5619.70
November, 12	233.90	213.00	230.65	5885.25	5548.35	5879.85
December, 12	250.40	225.95	245.20	5965.15	5823.15	5905.10
January, 13	268.00	225.45	241.45	6111.80	5935.20	6034.75
February, 13	256.80	226.15	228.20	6052.95	5671.90	5693.05
March, 13	241.85	193.50	208.45	5971.20	5604.85	5682.55

Performance of REC Share vis-à-vis SENSEX

Performance of REC Share at BSE				Movement of SENSEX		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 12	236.90	204.10	208.75	17664.10	17010.16	17318.81
May, 12	211.00	162.85	164.75	17432.33	15809.71	16218.53
June, 12	192.55	142.00	191.35	17448.48	15748.98	17429.98
July, 12	202.00	178.10	188.05	17631.19	16598.48	17236.18
August, 12	215.60	181.10	186.55	17972.54	17026.97	17429.56
September, 12	238.00	180.00	218.15	18869.94	17250.80	18762.74
October, 12	232.45	205.70	215.35	19137.29	18393.42	18505.38
November, 12	234.00	213.30	230.35	19372.70	18255.69	19339.90
December, 12	250.00	226.15	244.90	19612.18	19149.03	19426.71
January, 13	267.50	225.85	241.80	20203.66	19508.93	19894.98
February, 13	256.65	225.00	228.45	19966.69	18793.97	18861.54
March, 13	241.60	194.00	208.15	19754.66	18568.43	18835.77





ix. Registrar and Share Transfer Agents

Karvy Computershare Private Limited
 Plot 17 to 24, Vittal Rao Nagar,
 Madhapur, Hyderabad - 500081, India,
 Tel: 91 40 44655134/44655141

Fax: 91 40 23420814

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

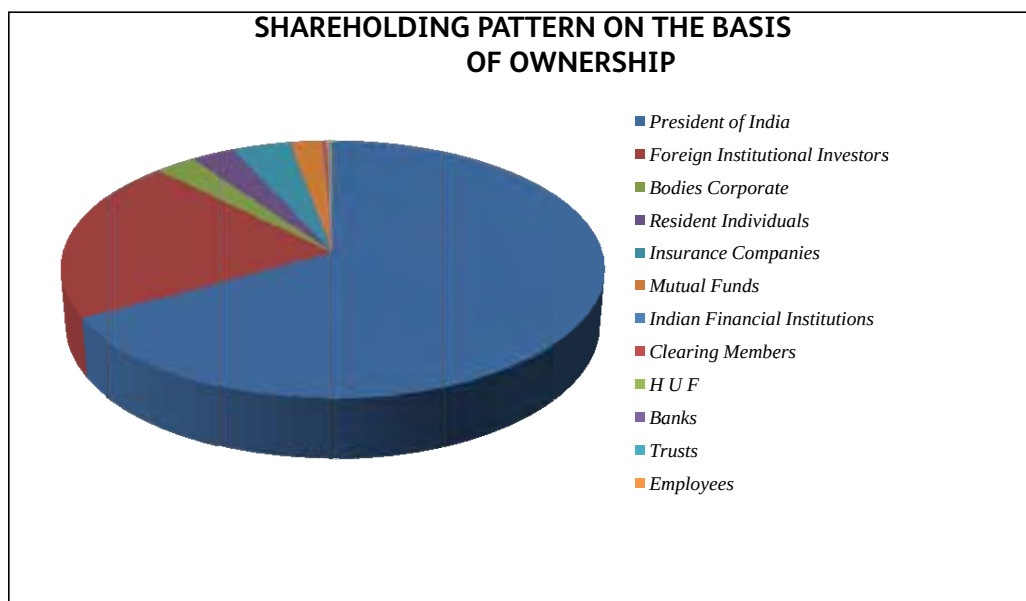
xi. Distribution of Shareholding

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013

Number of shares	Number of shareholders	Percentage of shareholders	Total Shares	Amount (₹)	Percentage of shares
1-5000	242597	96.93	22277274	222772740	2.26
5001- 10000	4533	1.81	3256139	32561390	0.33
10001- 20000	1396	0.56	2010564	20105640	0.20
20001- 30000	471	0.19	1172679	11726790	0.12
30001- 40000	197	0.08	701103	7011030	0.07
40001- 50000	162	0.06	749995	7499950	0.08
50001- 100000	268	0.11	1918033	19180330	0.19
100001& Above	667	0.27	955373213	9553732130	96.75
Total	250291	100	987459000	9874590000	100

SHAREHOLDING PATTERN ON THE BASIS OF OWNERSHIP

Category	As on March 31, 2013		As on March 31, 2012	
	Number of Shares	Percentage of total	Number of Shares	Percentage of total
President of India	659607000	66.80	659607000	66.80
Foreign Institutional Investors	204196515	20.68	192803883	19.53
Bodies Corporate	26816276	2.72	34004753	3.44
Resident Individuals	29400306	2.98	31826198	3.22
Insurance Companies	38411126	3.89	30049436	3.04
Mutual Funds	20633558	2.09	16845852	1.71
Indian Financial Institutions	778011	0.08	15141623	1.53
Clearing Members	3060010	0.31	2321284	0.24
H U F	1355492	0.14	1456227	0.15
Banks	1266867	0.13	1149900	0.12
Non Resident Indians	690259	0.07	811852	0.08
Trusts	318480	0.03	501454	0.05
Employees	925100	0.09	939538	0.10
Total	987459000	100	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).

The Details of Number of shares held in dematerialized and physical mode as on March 31, 2013 was as under:

Category	Number of Shareholders	Number of Shares	Percentage of total Shares issued
Physical	7057	11714	Negligible
NSDL (Demat)	172249	978467961	99.09
CDSL (Demat)	70985	8979325	0.91
Total	250291	987459000	100.00

xiii. Reconciliation of Share Capital Audit Report

For every quarter of the Financial Year 2012-13, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad carried out audits to reconcile the total admitted, issued and listed share capital with NSDL and CDSL and issued the Reconciliation of Share Capital Audit Report for every quarter of the Financial Year 2012-13. The report confirms that the total issued / paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and the same were submitted to the Stock Exchanges within the stipulated time. Further, it is also confirmed about completion of all transfer of shares in prescribed time period.

xiv. Details of Demat Suspense Account

The Company went for a Initial Public Offer of 15,61,20,000 equity shares in February, 2008, which comprised fresh issue of 7,80,60,000 equity shares by the Company and an offer for sale of another equal number of shares by the President of India.

Further, the Company went for a Follow on Public Offer of 17,17,32,000 equity shares in February, 2010 which comprised fresh issue of 12,87,99,000 equity shares by the Company and offer for sale of 4,29,33,000 by the President of India.

As per Clause 5A of the Listing Agreement, the details of unclaimed shares as on March 31, 2013 in the Demat Suspense Account is given as under:-

Sl. No.	Particulars	April 1, 2012 to March 31, 2013			
		Initial Public Offer		Further Public Offer	
		Number of cases	Number of shares involved	Number of cases	Number of shares involved
1.	Aggregate number of shareholders and the outstanding unclaimed shares as on April 1, 2012.	306	24937	6	510
2.	No. of shareholders who approached for transfer of unclaimed shares during the Financial Year.	6	447	NIL	NIL
3.	Number of shareholders to whom unclaimed share were transferred.	6	447	NIL	NIL
4.	Aggregate number of shareholders and the outstanding unclaimed shares as on March 31, 2013.	300	24490	6	510

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

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

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

xvi. Annual Listing Fee to Stock Exchanges

The Company has paid Annual Listing Fee for the Financial Year 2013-14 to NSE & BSE.

xvii. Annual Custodial Fee to Depositories

The Company has paid Annual Custodial Fee for the Financial Year 2013-14 to NSDL and CDSL.

xviii. Plant Locations:

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

xix. Address for correspondence

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

xx. Compliance Officer and Public Spokesperson

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

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. **Corporate Identification Number (CIN) of the Company:** L40101DL1969GOI005095
2. **Name of the Company:** Rural Electrification Corporation Limited
3. **Registered Address:** Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India
4. **Website:** www.recindia.gov.in
5. **E-mail id:** complianceofficer@recl.nic.in
6. **Financial Year reported:** 2012-13
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Code: 64920- Rural Electrification Corporation Limited (REC) was incorporated as a Company under the Companies Act, 1956 with the main objective of financing of all power projects including Generation, Transmission and Distribution. REC is a Public Financial Institution under Section 4A of the Companies Act, 1956. REC is also registered as a Non-Banking Financial Company (NBFC) under Section 45 IA of the RBI Act, 1934 and categorized by RBI as an Infrastructure Finance Company (IFC). REC has also been conferred "Navratna" status by Department of Public Enterprises (DPE), Government of India.

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

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

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

- i. Number of International Locations (Provide details of major 5):

NIL

- ii. Number of National Locations:

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

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

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

Section B: Financial Details of the Company

1. **Paid up Capital (INR):** 987.46 Crore
2. **Total Turnover (INR):** 13518.86 crore (Total turnover represents the sum of "Interest Income" and "other Income")
3. **Total Profit After Taxes (INR):** 3817.62 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

During the Financial Year 2012-13, REC has spent an amount of ₹ 14.187 crore equivalent to 0.50 % of its Profit after Tax of previous year on CSR Initiatives. In addition REC has also spent an amount of ₹ 331.76 Lakh on Sustainable Development projects.

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

The major areas on which the above expenditure has been incurred includes job oriented Skill Development, Rural Electricity Delivery Model, Education, Health Care including initiatives for care of elderly and persons with disabilities, Rural Industry

Promotion and Promotion of Non-conventional Energy sources etc.

Section C: Other Details

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

Yes. The number of subsidiary companies of REC as on March 31, 2013: 2 (Two). As on that date, the Company is also having 5 (Five) Project Specific Special Purpose Vehicles (SPVs) as subsidiary Companies, which will be transferred once successful bidder has been selected for respective transmission projects through tariff based competitive bidding process.

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

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

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

No

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

DIN: 01120152

Name: Shri Prakash Thakkar

Designation: Director (Technical)

b) Details of the BR Head

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

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

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

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 – Businesses should promote the well-being of all employees.

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 – Businesses should respect and promote human rights.

P6 – Businesses should respect, protect, and make efforts to restore the environment.

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 – Businesses should support inclusive growth and equitable development.

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The principle wise responses are mentioned below:

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for	Y	N	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	-	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? Please refer Note P1	Y	-	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	-	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? Please refer Note P1	Y	-	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	-	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	-	Y	Y	Y	Y	Y	Y	Y

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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	The Company has answered "No" for the principle P2 and the reasons for the same is mentioned in notes along with the relevant information on other principles in the Annexure to this report.								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BRI

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

This Business Responsibility Report is introduced first time in current Financial Year 2012-13 and the frequency to assess the BR performance of the Company would be annually.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This Business Responsibility Report is the first report being published by REC Limited as a part of Annual Report 2012-13 and the hyperlink for viewing the Annual Report is <http://recindia.gov.in/download/ar2012-13.pdf>.

Section E: Principle-wise performance

Principle 1 - ETHICS, TRANSPARENCY & ACCOUNTABILITY

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

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

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

During the Financial Year 2012-13, Company has received six complaints (including 3 anonymous complaints) relating to ethics, bribery and corruption and other 2181 investor complaints which pertains to relating REC Equity Shares/Listed Bonds. With respect to employees, the Company has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns.

Out of six complaints relating to ethics, bribery and corruption, four complaints (67 %) were closed for want of verifiable facts and two complaints are under investigation. Further, as specified in the Report on Corporate Governance, except two investors' complaints, all complaints received from investors have been resolved and a quarterly status report is being placed before the Board and Audit Committee. Status report on the concerns received from employees and the manner in which they are dealt with is periodically reported to the Board.

Principle 2 - SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT

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

Considering the nature of business of the company the question is not applicable to REC Limited.

However, the Company is addressing the environmental concerns by way of providing finance for Clean & Renewable Energy projects. The Company through RGGVY also implementing Government of India initiatives which provides concessional interest rate loans and other financial support under "electricity for all" mission. Further, the Company focuses on development of North-Eastern states under T&D, Generation & RGGVY programme.

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

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

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
NA
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?
NA

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

Not Applicable

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

Not Applicable

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

Not Applicable. However, the Company has outsourced the mechanism to collect waste papers from premises of the Company for recycling of the same.

Principle 3 - EMPLOYEE WELL-BEING

1. Please indicate the total number of employees.

As on 31st March, 2013 the Company had 648 employees.

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

During the Financial Year 2012-13, the Company had **not hired** any number of employees on temporary/ contractual/ casual basis.

3. Please indicate the Number of permanent women employees.

As on 31st March, 2013, the Company had 104 permanent women employees.

4. Please indicate the Number of permanent employees with disabilities

As on 31st March, 2013, the Company had 9 permanent employees with disabilities.

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

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

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

All the employees on regular rolls of the company are members of either Union or Association.

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

The Company has not received any complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and none are pending as on 31st March, 2013. Further, the Company neither engages in any form of child labour/forced labour/involuntary labour nor adopts any discriminatory employment practices. The Company has a proper framework for dealing with instances relating to sexual harassment.

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

Permanent Employees

Permanent Women Employees

Casual/Temporary/Contractual Employees

Employees with Disabilities

Considering the nature of business of the company the questions has limited relevance in respect of safety.

Employee training and development is an essential element of the Company's strategy. REC has a proper training procedure and it does not differentiate on any parameters in terms of identifying and imparting training to its employees. REC's 77 % permanent employees, 86 % permanent women employees and 60 % permanent employees with disabilities, received skill up-gradation, spiritual, health and attitudinal training during the Financial Year 2012-13 which amounts to 2236 training man days.

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

Principle 4 - STAKEHOLDER ENGAGEMENT

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

Yes. The stakeholders have been mapped.

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

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

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

The aspect outlined under above question is not relevant to the Company as it is not a manufacturing company.

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

The Company sets aside each year a percentage of its PAT, for CSR activities which engage the disadvantaged, vulnerable and marginalized stakeholders with the aim of social and economic upliftment of above mentioned stakeholders, helping them to lead lives of dignity and economic empowerment.

Principle 5 - PROMOTION OF HUMAN RIGHTS

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

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

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

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

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

There were no stakeholder complaints in the reporting period pertaining to human rights.

Principle 6 - ENVIRONMENTAL PROTECTION

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

The aspects outlined under this Principle are not relevant to the Company given the nature of its business.

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

REC is an active member of "The UN Global Compact" and follows its principles in the areas of human rights, labour, the environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment & Development and United Nations Convention Against Corruption. All relevant policies are available on Company's website i.e. www.recindia.gov.in

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

During the Financial Year 2012-13, in line with the principles of Sustainable Development, the Company has implemented Sustainable Development (SD) projects in broad areas of "Energy Audit", "Energy Management", "Bio-diversity Conservation", and "Water Management" in the campus of its training Institute i.e. Central Institute of Rural Electrification (CIRE) at Hyderabad. These projects were aimed at making CIRE campus, energy efficient and eco-friendly. The Company has also purchased of 16400 non-solar Renewable Energy Certificates (RECs) on voluntary basis, which is represented by neutralization of carbon foot print equivalent to 16.4 Million Units of conventional energy, or avoided Green House Gas (GHG) emission equivalent to 13120 tons carbon dioxide (CO₂) approximately.

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

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

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

The above question is not applicable to the Company as it is not a manufacturing company. However, the Company assists projects that promote Solar, Green energy environmental sustainability and projects that reduce greenhouse gas emissions.

Besides the above, the company has facilitated the registration of two Energy Efficiency Projects under Clean Development Mechanism (CDM) with United Nations Framework Convention for Climate Change (UNFCCC) for the first time in country in the Power Distribution sector, of one of its borrower i.e. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL).

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

Yes. During Financial Year 2012-13, Sustainable Development (SD) projects in 5 broad categories were implemented in the campus of the Central Institute for Rural Electrification (CIRE), at Hyderabad which is a training institute owned by REC. CIRE has a campus spread over about 14 acres out of which about 95185 sq.ft is the constructed area. The projects implemented in CIRE covered broad areas of "Energy Audit", "Energy Management", "Bio-diversity Conservation", "Water Management", and "Training Programmes" All the projects were aimed at making CIRE campus, energy efficient and eco-friendly in line with the principles of Sustainable Development. All relevant policies are available on Company's website i.e. www.recindia.gov.in

The Company has also incurred an amount of ₹ 249.68 lakh on purchase of 16400 non-solar Renewable Energy Certificates (RECs) on voluntary basis, which represents neutralisation of carbon foot print equivalent to 16.4 Million Units of conventional energy, or avoided Green House Gas (GHG) emission equivalent to 13120 ton carbon dioxide (CO₂) approximately. The total expenditure of ₹ 331.76 Lakh was made by REC on SD projects during the Financial Year 2012-13.

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

The above question has limited relevance to the Company as it is not a manufacturing company.

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

Notices by CPCB/SPCB are issued to the manufacturing units while REC is registered with Reserve Bank of India (RBI) as Non-Banking Public Financial Company (NBFC), hence, such notices are not applicable on the core functioning of REC.

Principle 7 - RESPONSIBLE PUBLIC POLICY ADVOCACY

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

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

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

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

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

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

Principle 8 - INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

REC has a CSR policy, formulated in terms of Guidelines on 'Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises' issued by the Department of Public Enterprises (DPE) that reflects its objective of economic and

social development. The specific programme/ initiatives/ projects have been undertaken in pursuit of the REC CSR Policy. Further information about the specified programmes and initiatives undertaken during the Financial Year 2012-13, in pursuit of the policy, has been given in Para 20 of the Directors' Report.

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

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

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

REC under its CSR and SD Policy, has a system of reviewing of all its initiatives wherein progress of major initiatives is evaluated along with its impact. The last and final installment is generally released to the implementing agencies after review of impact assessment of the respective projects/programme, wherever applicable.

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

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

REC has incurred expenditure under CSR Initiatives on various projects that includes job oriented Skill Development, Rural Electricity Delivery Model, Education, Health Care including initiatives for care of elderly and persons with disabilities, Rural Industry Promotion and Promotion of Non-conventional Energy sources etc. During the Financial Year 2012-13, under CSR Initiatives, REC's expenditure to the account was ₹14.18 crore.

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

The Company encourages the active engagement of key stakeholders such as the community, Government Agency/ Department, NGOs and other local institutions in the project planning and implementation to facilitate developing and building community ownership while ensuring the sustainability of the programmes.

Verification is also conducted by teams to ensure that initiatives implemented are sustained while feedback provided by community is incorporated and the learning cycle is mapped for each initiative.

Principle 9 - CUSTOMER VALUE

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

As on 31st March, 2013, all the complaints received from various stakeholders during the Financial Year 2012-13 have been resolved except two investors' complaints and the same have also been resolved since then.

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

This aspect is not applicable as the Company is not a manufacturing company. The Company complies with disclosure requirements relating to its products and services.

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

There is no case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last 5 years. However, some cases are pending against the Corporation relating to Service matters, Bonds etc.

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

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

ANNEXURE TO BRR

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

ANNEXURE-IV
STATEMENT PURSUANT TO SECTION 212 (I) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

(₹ in crore)

Sl. No.	Name of the subsidiary	REC Transmission Projects Company Limited (RECTPCL)	REC Power Distribution Company Limited (RECPDCL)	Vizag Transmission Limited (VTL)	Kudgi Transmission Limited (KTL)	Nellore Transmission Limited (NTL)	Unchahar Transmission Limited (UTL)	Baira Siul Sarna Transmission Limited (BSSTL)
1.	Financial Year of the Subsidiary ended on	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
2.	Date from which they became subsidiary	January 8, 2007	July 12, 2007	November 30, 2011	November 27, 2012	December 4, 2012	December 17, 2012	January 24, 2013
3.	Shares of the Subsidiary held by the Company as on March 31, 2013.							
(a)	Number & face value	50,000 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each
(b)	Extent of holding	100 % Shares held by REC Limited	100 % Shares held by REC Limited	100 % Shares held by RECTPCL	100 % Shares held by RECTPCL	100 % Shares held by RECTPCL	100 % Shares held by RECTPCL	100 % Shares held by RECTPCL
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 March 31, 2013.	2.91	10.80	-	-	-	-	-
(ii)	Up to the previous financial year of the Subsidiary Company.	42.31	16.08	-	-	-	-	-
(b)	Dealt with in the Holding Company's accounts:-							
(i)	For the financial year ended March 31, 2013.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii)	For the previous financial year of the Subsidiary Company since they became the holding Company's Subsidiaries.	0.10	0.20	Nil				

Notes:

- (1) 100 % equity shares of Vizag Transmission Limited (VTL), Kudgi Transmission Limited (KTL), Nellore Transmission Limited (NTL), Unchahar Transmission Limited (UTL) and Baira Siul Sarna Transmission Limited (BSSTL) are held by REC Transmission Projects Company Limited (RECTPCL) which is the wholly owned subsidiary of the Rural Electrification Corporation Limited (REC). In terms of Section 4 (1) (c) of the Companies Act, 1956, these Companies are also Subsidiary Companies of REC as on March 31, 2013.

(J. S. Amitabh)
GM & Company Secretary

(Ajeet Kumar Agarwal)
Director (Finance)

(Rajeev Sharma)
Chairman and Managing Director

SECRETARIAL AUDIT REPORT

To

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

We have examined the registers, records and documents of M/s Rural Electrification Corporation Limited ("the Company") for the period from 1st April, 2012 to 31st March, 2013 (hereinafter referred to as "the Period") according to the provisions of:

- A. The Companies Act, 1956 and the rules made under the Act;
- B. The Depositories Act, 1996 and the Regulations and Bye-laws framed under the Act;
- C. The Securities Contracts (Regulations) Act, 1956 and the rules made thereunder;
- D. The Securities and Exchange Board of India Act, 1992 and the Rules, Guidelines and Regulations made thereunder including:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- E. The Listing Agreements with BSE Limited and National Stock Exchange Limited;
- F. The Foreign Exchange and Management Act, 1999 and the rules, regulation, Master circulars and Notifications made under the Act.
- G. The Reserve Bank of India Act, 1934 and the various directions and circulars under issued pertaining to Non Banking Financial Company.
- I. In our opinion, based on test check carried out by us, verification of records produced to us and according to the information furnished to us by the Company, its Company Secretary and Officers, the Company has complied with the provisions of the Companies Act, 1956 ("the Act") and rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:
 - 1) maintenance of various Statutory Registers and making necessary entries therein;
 - 2) filing of the requisite forms and returns with the Registrar of Companies and Central Government

within the time prescribed under the Act and rules made there under;

- 3) service of documents by the Company on its Members, Auditors, Debenture holders and Debenture Trustees and;
 - 4) composition of the Board and its committees, appointment, retirement and resignation of directors;
 - 5) appointment of Company Secretary;
 - 6) service of Notice and agenda of Board Meetings and Meetings of Committees of Directors and Annual General Meeting;
 - 7) Convening and holding of meetings of Directors, Committees of Directors and Annual General Meeting;
 - 8) Recording and signing of the minutes of the proceedings of General Meeting and meetings of the Board and its committees;
 - 9) appointment and remuneration of Auditors;
 - 10) transfers and transmission of shares and issue and delivery of original and duplicate certificates of shares; dematerialization/ rematerialization of shares;
 - 11) declaration and payment of both final and interim dividend to the eligible shareholders in compliance with the provisions of section 205 of the Act;
 - 12) transfer of the unclaimed/ unpaid accrued interest on debentures to Investor Education and Protection Fund in compliance with the provisions of section 205C of the Act;
 - 13) payment of interest on debentures and redemption of debentures;
 - 14) borrowings and registration, modification and satisfaction of charges;
 - 15) preparation of Balance Sheet, Statement of Profit & loss and disclosures therein as per revised Schedule VI to the Act;
 - 16) Generally, all other applicable provisions of the Act and Rules made there under that Act.
- II. We further state that:
- (1) The Directors have disclosed their interest and concerns in contracts and arrangements, shareholdings and directorships in other companies

and interests in other entities as and when required and their disclosures have been noted and recorded by the Board;

- (2) The Directors have complied with the disclosure requirements in respect of their eligibility of appointments, their being independent and compliance with the Code of Conduct for Directors and Senior Management;
- (3) The Company has obtained all necessary approvals under the various provisions of the Act; and
- (4) There was no prosecution initiated and no fines or penalties were imposed during the period under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreements and Rules, Regulation and Guidelines framed under these Acts against/on the Company, its Directors and Officers.

III. We further report that the Company has complied with the provisions of Depositories Act, 1996 and Bye laws framed there under.

IV. We further report that during the period:

- (1) The Company has complied with all the requirements under the Listing Agreement executed with the BSE Limited and National Stock Exchange of India Limited.
- (2) The Company has complied with the provisions of the Securities Exchange Board of India Act, 1992, Securities Exchange Board of India (Substantial

Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the regulations;

- (3) The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including provisions with regard to disclosures and maintenance of records required under the regulations.

V. We further report that the Company has complied with the provisions of The Foreign Exchange and Management Act, 1999 and the rules, regulation, Master circulars and Notifications made under the Act including the FEMA (Borrowings or Lending in Foreign Exchange Regulations), 2000 dated May 3, 2000.

VI. We further report that the Company has complied with the provisions of Reserve Bank of India Act, 1934 pertaining to Non Banking Financial Company.

For Grover Ahuja & Associates
(Company Secretaries)

Poonam Ahuja
Partner
C.P. No. 6586

Place: New Delhi
Date: 20th May, 2013

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members
 Rural Electrification Corporation Limited,
 New Delhi.

We have examined the compliance of conditions of Corporate Governance by Rural Electrification Corporation Limited ("The Company") for the financial year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and Clause 8.2.1 of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of the 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 explanations 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 DPE Guidelines on Corporate Governance for CPSE. However the composition of the Board of Directors is not as per the provisions of sub-clause (I) (A) of Clause 49 of the Listing Agreement and Clause 3.1.4 of DPE Guidelines on Corporate Governance for CPSE issued by DPE due to the resignation of one Part-time Non-official Independent Director from February 5, 2013.

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
 Firm Regn No. 001113N

(R.C. Pandey)

Partner
 M. No. 070811

For P. K. Chopra & Co.

Chartered Accountants
 Firm Regn No. 006747N

(K.S. Ponnuswami)

Partner
 M. No. 070276

Place: New Delhi
 Date: August 8, 2013

BALANCE SHEET AS AT 31st MARCH 2013

(₹ in crores)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	987.46	987.46
(b) Reserves and Surplus	2	16,466.92	13,575.58
Sub-total (1)		17,454.38	14,563.04
(2) Non-current Liabilities			
(a) Long-term Borrowings	3	90,960.38	76,553.68
(b) Other Long-term Liabilities	4	80.25	23.01
(c) Long-term Provisions	5	188.45	86.16
Sub-total (2)		91,229.08	76,662.85
(3) Current Liabilities			
(a) Short-term Borrowings	6	2,480.00	2,500.00
(b) Other Current Liabilities	7	19,116.40	14,502.37
(c) Short-term Provisions	5	227.43	318.45
Sub-total (3)		21,823.83	17,320.82
Total (1+2+3)		130,507.29	108,546.71
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets	8		
(i) Tangible Assets		67.59	68.24
(ii) Intangible Assets		3.71	2.22
(iii) Capital work-in-progress		8.75	7.92
(iv) Intangible Assets under Development		-	0.10
		80.05	78.48
(b) Non-current Investments	9	613.45	710.43
(c) Deferred Tax Assets (Net)	10	9.51	10.05
(d) Long-term Loans & Advances	11	114,574.53	89,985.31
(e) Other Non-current Assets	12	130.76	247.92
Sub-total (1)		115,408.30	91,032.19
(2) Current Assets			
(a) Current Investments	9	47.16	47.16
(b) Cash & Bank Balances	13	1,484.26	5,311.48
(c) Short-term Loans & Advances	14	1,915.95	2,972.75
(d) Other Current Assets	15	11,651.62	9,183.13
Sub-total (2)		15,098.99	17,514.52
Total (1+2)		130,507.29	108,546.71

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113N

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

Place : New Delhi
Date : 28th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2013

(₹ in crores)

Particulars	Note No.	Period ended 31.03.2013	Period ended 31.03.2012
I. Revenue from Operations	16	13,518.86	10,423.75
II. Other Income	17	79.81	85.32
III. Total Revenue (I+II)		13,598.67	10,509.07
IV. Expenses			
(i) Finance Costs	18	8,006.25	6,378.80
(ii) Employee Benefits Expense	19	151.84	170.97
(iii) Depreciation & Amortization	8	3.75	3.27
(iv) Other Expenses	20	64.69	58.35
(v) Allowance for Bad & Doubtful Debts		25.00	49.09
(vi) Contingent Allowance against Standard Loan Assets		105.68	-
(vii) Allowance for Rescheduled Loan Assets		-	3.18
(viii) Foreign Currency Exchange Fluctuation Loss		77.51	52.55
Total Expenses (IV)		8,434.72	6,716.21
V. Profit before Tax (III-IV)		5,163.95	3,792.86
VI. Tax Expense :			
(i) Current Year		1,345.79	974.59
(ii) Earlier Years/ (Refunds)		-	-1.48
(iii) Deferred Tax		0.54	2.72
Total Tax Expense (i+ii+iii)		1,346.33	975.83
VII. Profit for the period from Continuing Operations (V-VI)		3,817.62	2,817.03
VIII. Profit from Discontinuing Operations (after tax)		-	-
IX. Profit for the period (VII+VIII)		3,817.62	2,817.03
X. Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1) Basic	21	38.66	28.53
(2) Diluted	21	38.66	28.53

The Significant Accounting Policies and Notes to Accounts 1 to 41 are an integral part of these financial statements.

For and on behalf of the Board of Directors

J. S. Amitabh
 GM & Company Secretary

Ajeet Kumar Agarwal
 Director (Finance)

Rajeev Sharma
 Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
 Chartered Accountants
 Firm Reg. No.: 006747 N

For Bansal & Co.
 Chartered Accountants
 Firm Reg. No.: 001113N

 Place : New Delhi
 Date : 28th May, 2013

K. S. Ponnuswami
 Partner
 M.No. : 070276

R. C. Pandey
 Partner
 M.No. : 070811

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2013

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 standards 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. 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 in the Paras 2.1a, 2.1e, 2.2 and 2.3:

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 (Non Performing Assets) 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 of RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
- c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.
- d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.
- e. **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.
- (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.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2013

(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 –

- 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.
- 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,

- Facilities granted to State/Central Sector entities are considered loan wise.
- 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** –

- 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 loans to any State Govt. shall be treated as secured;
- 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.

(iv) **Standard assets** - Provision in respect of Standard Assets shall be made as may be decided by the Corporation in order to bring it to a minimum of 0.25 % upto 31st March, 2015.

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

- Depreciation on assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- 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.
- Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100 %.
- 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. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. 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.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2013

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

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 raising 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 principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

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 ₹ 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 to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss 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 Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

14.1 Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

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 credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

NOTES TO ACCOUNTS

1. Share Capital

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,200,000,000	1,200.00	1,200,000,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	987,459,000	987.46	987,459,000	987.46
Total	987,459,000	987.46	987,459,000	987.46

- 1.1 The shareholders of the equity shares of the company are entitled to receive dividends as and when declared by the company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956, the terms of the listing agreements executed with the Stock Exchanges (NSE Ltd. and BSE Ltd.), and our Memorandum of Association and Articles of Association.

1.2 Shareholders holding more than 5% of fully paid-up equity shares :

(₹ in crores)

Name	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	659,607,000	66.80 %	659,607,000	66.80 %

2. Reserve and Surplus

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
Capital Reserve		105.00		105.00
Securities Premium Account (Refer Note 2.1)				
Balance as at the beginning of the year		3,222.43		3,222.43
Add: Additions during the year		0.05		-
Less: Deductions/ Adjustments during the year		-		-
Balance as at the end of the year		3,222.48		3,222.43
Debenture Redemption Reserve (Refer Note 2.2)				
Balance as at the beginning of the year		113.99		-
Add: Amount transferred from Surplus Account		46.20		113.99
Balance as at the end of the year		160.19		113.99
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year		4,587.64		3,905.94
Add: Amount transferred from Surplus Account		942.00		681.70
Balance as at the end of the year		5,529.64		4,587.64
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year		754.97		595.38
Add: Amount transferred from Surplus Account		226.00		159.59
Balance as at the end of the year		980.97		754.97
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)				
Balance as at the beginning of the year		-181.88		0.00
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year		-56.97		-209.02
Amortisation during the year		78.57		27.14
Balance as at the end of the year		-160.28		-181.88

NOTES TO ACCOUNTS

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
General Reserve				
Balance as at the beginning of the year		2,729.40		2,447.67
Add: Amount transferred from Surplus Account		382.00		281.73
Balance as at the end of the year		3,111.40		2,729.40
Surplus Account				
Balance as at the beginning of the year		2,244.03		1,524.74
Add: Profit during the year		3,817.62		2,817.03
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	942.00		681.70	
- Transfer to Reserve u/s for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	226.00		159.59	
- Dividend				
- Interim Dividend	666.53		493.73	
- Proposed Dividend (Final)	148.12		246.86	
- Dividend Distribution Tax				
- Interim Dividend	108.11		80.09	
- Proposed Dividend (Final)	25.17		40.05	
- Transfer to Debenture Redemption Reserve	46.20		113.99	
- Transfer to General Reserve	382.00	2,544.13	281.73	2,097.74
Balance as at the end of the year		3,517.52		2,244.03
Total Reserves and Surplus		16,466.92		13,575.58

2.1 Additions in Securities Premium Account for the financial year 2012-13 represent the premium received on issue of Tax Free Bonds through private placement. Further, during the year 2011-12, there is a deduction of ₹ 29,791.50 representing the amount of fees/ commission incurred during the year relating to the earlier Further Public Offering (FPO) of equity shares, which has got eliminated in the movement shown above due to the rounding off in crores.

2.2 In accordance with provisions of Section 117C of the Companies Act, 1956 as further clarified by Circular No. 4/2013 dated 11.02.2013 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. Accordingly, during the year, the company has created DRR amounting to ₹ 46.20 crores (Previous year ₹ 113.99 crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/(gain) on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 160.28 crores (Previous year ₹ 181.88 crores).

Pursuant to the clarifications issued by The Institute of Chartered Accountants of India (ICAI), the Company has reclassified the balance in "Foreign Currency Monetary Item Translation Difference Account" under the head "Reserves and Surplus" on the "Equity and Liabilities" side which was earlier classified under the head "Non-Current Assets" on the "Assets" side in the previous year.

2.3 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in crores)	148.12	246.86
- Rate of Dividend	15.00%	25.00 %
- Dividend per equity share	1.50	2.50

NOTES TO ACCOUNTS

3. Long-Term Borrowings

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Secured Borrowings		
(a) Bonds		
- Institutional Bonds	17,297.38	21,123.70
- 54EC Capital Gain Tax Exemption Bonds	10,142.61	10,283.25
- Tax Free Bonds	5,648.41	3,000.00
(b) Term Loans		
- from Banks	19.40	38.80
- from Financial Institutions	1,800.00	4,020.00
Total Secured Long-Term Borrowings (a+b)	34,907.80	38,465.75
(B) Unsecured Borrowings		
(a) Bonds		
- Institutional Bonds	39,695.00	25,756.10
- Infrastructure Bonds	376.32	376.32
- Zero Coupon Bonds	779.11	719.23
(b) Term Loans		
- from Banks	250.00	750.00
- from Govt. of India	7.93	15.14
(c) Other Loans & Advances		
- Foreign Currency Borrowings	14,944.22	10,471.14
Total Unsecured Long-Term Borrowings (a+b+c)	56,052.58	38,087.93
Total Long-Term Borrowings (A+B)	90,960.38	76,553.68

3.1 Details of Borrowings:

Non-current portion of the borrowings has been classified as long-term borrowings above and the current portion of the borrowings has been classified as "Current Maturities of Long-term debt" in Note-7 'Other Current Liabilities'.

Details of secured long-term borrowings :

(For details of security, refer Note 3.3)

NOTES TO ACCOUNTS

3.1.1 Bonds

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
3.1.1.1 Institutional Bonds				
92-II Series	945.30	-	945.30	-
8.65 % Redeemable at par on 22.01.2020				
91-II Series	995.90	-	995.90	-
8.80 % Redeemable at par on 17.11.2019				
90-C-II Series	1,040.00	-	1,040.00	-
8.80 % Redeemable at par on 06.10.2019				
90-B-II Series	868.20	-	868.20	-
8.72 % Redeemable at par on 04.09.2019				
90th Series	2,000.00	-	2,000.00	-
8.80 % Redeemable at par on 03.08.2019				
88th Series	1,495.00	-	1,495.00	-
8.65 % Redeemable at par on 15.01.2019				
87-A-II Series	-	36.40	36.40	-
11.20 % Redeemable at par on 24.10.2018 with put-call option on 24.10.2013				
87-A-III Series	61.80	-	61.80	-
11.15 % Redeemable at par on 24.10.2018				
87-II Series	657.40	-	657.40	-
10.85 % Redeemable at par on 30.09.2018				
86-B-III Series	432.00	-	432.00	-
10.85 % Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70 % Redeemable at par on 29.07.2018				
85th Series	500.00	-	500.00	-
9.68 % Redeemable at par on 13.06.2018				
83rd Series	685.20	-	685.20	-
9.07 % Redeemable at par on 28.02.2018				
82nd Series	883.10	-	883.10	-
9.85 % Redeemable at par on 28.09.2017				
81st Series	314.80	-	314.80	-
8.85 % Redeemable at par on 20.01.2017				
80th Series	500.00	-	500.00	-
8.20 % Redeemable at par on 20.03.2016				
79th Series	500.00	-	500.00	-
7.85 % Redeemable at par on 14.03.2016				
78th Series	1,795.70	-	1,795.70	-
7.65 % Redeemable at par on 31.01.2016				

NOTES TO ACCOUNTS

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
93-II Series	443.10	-	443.10	-
8.45 % Redeemable at par on 19.02.2015				
90-B-I Series	883.90	-	883.90	-
8.35 % Redeemable at par on 04.09.2014				
90-A-II Series	1,000.00	-	1,000.00	-
8.00 % Redeemable at par on 05.08.2014				
89-II Series	255.00	-	255.00	-
7.70 % Redeemable at par on 02.06.2014				
69th Series	-	133.84	133.84	133.84
6.05 % Redeemable at par in equal annual instalments of ₹133.84 crores, next instalment due on 23.01.2014.				
87-C-III Series	-	860.00	860.00	-
11.50 % Redeemable at par on 26.11.2013				
73rd Series	46.78	46.78	93.56	46.78
6.90 % Redeemable at par in equal annual instalments of ₹46.78 crores, next instalment due on 08.10.2013				
87-I Series	-	370.20	370.20	-
10.90 % Redeemable at par on 30.09.2013				
75th Series	100.00	100.00	200.00	100.00
7.20 % Redeemable at par in equal half-yearly instalments of ₹ 50.00 crores, next instalment due on 17.09.2013				
86-B-II Series	-	354.10	354.10	-
10.90 % Redeemable at par on 14.08.2013				
86th Series	-	727.90	727.90	-
10.75 % Redeemable at par on 24.07.2013				
77th Series	394.20	197.10	591.30	197.10
7.30 % Redeemable at par in equal annual instalments of ₹ 197.10 crores, next instalment due on 30.06.2013				
84th Series	-	1,000.00	1,000.00	-
9.45 % Redeemable at par on 04.04.2013				
93-I Series	-	-	-	141.50
7.65 % Redeemed at par on 19.02.2013				
92-I Series	-	-	-	924.60
7.60 % Redeemed at par on 22.01.2013.				
91-I Series	-	-	-	943.00
7.75 % Redeemed at par on 17.11.2012				
90-C-I Series	-	-	-	1,417.50
7.90 % Redeemed at par on 06.10.2012				
90-A-I Series	-	-	-	1,000.00
7.15 % Redeemed at par on 05.08.2012				
89-I Series	-	-	-	671.50
7.00 % Redeemed at par on 02.06.2012				
Total - Institutional Bonds	17,297.38	3,826.32	21,123.70	5,575.82

NOTES TO ACCOUNTS

3.1.1.2 54EC Capital Gain Tax Exemption Bonds (See Note 3.4)

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
Series VIII (2012-13)	4,903.25	-	-	-
6.00 % Redeemable at par during financial year 2015-16				
Series VIII (2011-12)	5,239.36	-	5,239.36	-
6.00 % Redeemable at par during financial year 2014-15				
Series VIII (2010-11)	-	5,043.89	5,043.89	-
6.00 % Redeemable at par during financial year 2013-14				
Series-VIII (2009-10)	-	-	-	3,057.78
6.25 % Redeemed at par during financial year 2012-13				
Total - 54EC Capital Gain Tax Exemption Bonds	10,142.61	5,043.89	10,283.25	3,057.78

3.1.1.3 Tax Free Bonds

Series 2012-13 Tranche 2	131.06	-	-	-
Redeemable at par. Bonds amounting to ₹ 81.35 crores are redeemable on 25.03.2023 and bonds amounting to ₹ 49.71 crores are redeemable on 25.03.2028 with interest rates varying from 6.88 % to 7.54 % payable annually				
Series 2012-13 Tranche 1	2,017.35	-	-	-
Redeemable at par. Bonds amounting to ₹ 1,165.31 crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 crores are redeemable on 19.12.2027 with interest rates varying from 7.22 % to 7.88 % payable annually				
Series 2012-13 Series 2A & 2B	500.00	-	-	-
Redeemable at par. Bonds amounting to ₹ 255.00 crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 crores are redeemable on 21.11.2027 with interest rates of 7.21 % and 7.38 % respectively payable annually				
Series 2011-12	3,000.00	-	3,000.00	-
Redeemable at par. Bonds amounting to ₹ 839.67 crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 crores are redeemable on 27.03.2027 with interest rates varying from 7.93 % to 8.32 % payable annually				
Total - Tax Free Bonds	5,648.41	-	3,000.00	-

3.1.2 Term Loans

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
Term Loan from Banks				
- State Bank of Saurashtra	19.40	19.40	38.80	19.40
Repayable in equal half-yearly instalments of ₹ 9.70 crores, next instalment due on 24.09.2013				
- Central Bank of India	-	-	-	50.00
- Bank of Maharashtra	-	-	-	33.34
Term Loan from Financial Institutions				
- LIC of India	1,800.00	350.00	2,150.00	350.00
The Loan of ₹ 1500 crores (present outstanding ₹ 750 crores) & ₹ 2000 crores (present outstanding ₹ 1,400 crores) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .				
- India Infrastructure Finance Company Ltd. (IIFCL)	-	1,870.00	1,870.00	-
The Loan of ₹ 1,000.00 crores & ₹ 870.00 crores repayable on 21.01.2014 and 19.03.2014 respectively				
Total - Term Loans	1,819.40	2,239.40	4,058.80	452.74

NOTES TO ACCOUNTS

3.2 Details of Unsecured long-term borrowings :

3.2.1 Bonds

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
3.2.1.1 Institutional Bonds				
95-II Series	1,800.00	-	1,800.00	-
8.75 % Redeemable at par on 12.07.2025				
94th Series	1,250.00	-	1,250.00	-
8.75 % Redeemable at par on 08.06.2025				
111-II Series	2,211.20	-	-	-
9.02 % Redeemable at par on 19.11.2022				
107th Series	2,378.20	-	-	-
9.35 % Redeemable at par on 15.06.2022				
105th Series	3,922.20	-	3,922.20	-
9.75 % Redeemable at par on 11.11.2021				
101-III Series	3,171.80	-	3,171.80	-
9.48 % Redeemable at par on 10.08.2021				
100th Series	1,500.00	-	1,500.00	-
9.63 % Redeemable at par on 15.07.2021				
98th Series	3,000.00	-	3,000.00	-
9.18 % Redeemable at par on 15.03.2021				
97th Series	2,120.50	-	2,120.50	-
8.80 % Redeemable at par on 29.11.2020				
96th Series	1,150.00	-	1,150.00	-
8.80 % Redeemable at par on 25.10.2020				
113th Series	1,542.00	-	-	-
8.87 % Redeemable at par on 08.03.2020				
111-I Series	452.80	-	-	-
9.02 % Redeemable at par on 19.11.2019				
108-II Series	960.00	-	-	-
9.39 % Redeemable at par on 20.07.2019				
95-I Series	200.00	-	200.00	-
8.70 % Redeemable at par on 12.07.2019				
112th Series	1,500.00	-	-	-
8.70 % Redeemable at par on 01.02.2018				
109th Series	1,734.70	-	-	-
9.25 % Redeemable at par on 27.08.2017				
108-I Series	2,125.00	-	-	-
9.40 % Redeemable at par on 20.07.2017				
106th Series	1,500.00	-	1,500.00	-
9.28 % Redeemable at par on 15.02.2017				
104th Series	-	1,025.00	1,025.00	-
9.30 % Redeemable at par on 03.11.2016 with put-call option on 03.05.2013				
103-I Series	-	915.00	915.00	-
9.35 % Redeemable at par on 19.10.2016 with put-call option on 19.10.2013				
103-II Series	-	500.00	500.00	-
9.35 % Redeemable at par on 19.10.2016 with put-call option on 19.10.2013				

NOTES TO ACCOUNTS

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
102nd Series	2,216.20	-	2,216.20	-
9.38 % Redeemable at par on 06.09.2016				
101-II Series	394.60	-	394.60	-
9.45 % Redeemable at par on 10.08.2016				
74th Series	250.00	-	250.00	-
7.22 % Redeemable at par on 31.12.2014				
110th Series	3,475.00	-	-	-
8.84 % Redeemable at par on 16.10.2014				
101-I Series	395.60	-	395.60	-
9.43 % Redeemable at par on 10.08.2014				
99-II Series	445.20	-	445.20	-
9.75 % Redeemable at par on 07.06.2014				
99-I Series	-	-	-	1,480.00
9.70 % Redeemed at par on 08.06.2012				
Total - Institutional Bonds	39,695.00	2,440.00	25,756.10	1,480.00

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
3.2.1.2 Infrastructure Bonds				
Series-II (2011-12)	157.59	-	157.59	-
Redeemable at par. See Note 3.5				
Series-I (2010-11)	218.73	-	218.73	-
Redeemable at par. See Note 3.5				
Total - Infrastructure Bonds	376.32	-	376.32	-
3.2.1.3 Zero Coupon Bonds				
ZCB - Series II - Redeemable on 03.02.2021	139.18	-	127.97	-
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
ZCB - Series I - Redeemable on 15.12.2020	639.93	-	591.26	-
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
Total - Zero Coupon Bonds	779.11	-	719.23	-

3.2.2 Term Loans

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
3.2.2.1 Term Loans from Banks				
- Central Bank	-	500.00	500.00	-
Repayable on 27.02.2014				
- Bank of Maharashtra	250.00	-	250.00	200.00
One term loan of ₹ 50.00 crores repayable in equal annual installments on 29.06.2014 & 29.06.2015 and a term loan of ₹ 200.00 crores repayable in two equal annual installments on 27.07.2014 & 27.07.2015				
3.2.2.2 - from Govt. of India	7.93	7.21	15.14	9.50
Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown				
Total - Term Loans	257.93	507.21	765.14	209.50

NOTES TO ACCOUNTS

3.2.3 Other Loans & Advances

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
3.2.3.1 Foreign Currency Borrowings				
CHF Bonds - CHF 200 Mn	1,139.38	-	1,132.56	-
3.50 % Redeemable at par on 07.03.2017				
Reg S Bonds - \$500 Mn	2,498.55	-	2,417.73	-
4.25 % Redeemable at par on 25.01.2016				
JICA Loan - Guaranteed by Govt. of India	921.89	192.61	1,059.02	128.26
JICA-I loan repayable in equal half-yearly instalments of ₹982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2013 and JICA-II loan repayable in equal half-yearly instalments of ₹995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2013				
KfW Loan - Guaranteed by Govt. of India	246.17	47.92	294.09	45.55
Repayable in equal half-yearly instalments of ₹3.68 Mn, next instalment due on 30.06.2013				
ECB - Syndicated Loans from Banks - II - \$400 Mn	1,788.96	-	1,788.96	-
Repayable on 22.09.2015				
Bilateral Term Loan - Mauritius - US \$70 Mn	311.36	-	311.36	-
Repayable on 28.10.2015				
Bilateral Term Loan - Mizuho - US \$100 Mn	446.50	-	446.50	-
Repayable on 30.03.2016				
Bilateral Term Loan - BTMU - \$100 Mn	446.50	-	446.50	-
Repayable on 30.03.2016				
Syndicated Loan- \$300 Mn	1,367.24	-	1,367.24	-
Repayable on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	374.10	53.44	425.24	53.14
Repayable in equal half-yearly instalments of ₹3.88 Mn, next instalment falling due on 30.06.2013				
Syndicated Loan- ₹12.525 Bn	1,143.76	-	781.94	-
Repayable on 27.03.2017				
Syndicated Loan- Unsecured- \$250 Mn	1,366.49	-	-	-
Loan of \$150 Mn & \$100 Mn repayable on 17.09.2015 and 19.11.2015 respectively				
KfW-III Loan - Guaranteed by Govt. of India	173.86	-	-	-
Repayable in equal half-yearly instalments of ₹5.26 Mn, first instalment falling due on 30.06.2015				
Syndicated Loan- \$250 Mn	1,359.73	-	-	-
Repayable on 21.03.2016				
Syndicated Loan- \$250 Mn	1,359.73	-	-	-
Repayable on 05.02.2016				
Total - Foreign Currency Borrowings	14,944.22	293.97	10,471.14	226.95

3.3 Security Details of the Secured Borrowings

The Bond Series 69 of Institutional Bonds is secured by a (a) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India and (b) a charge on the fixed and/ or current assets (book debts) of the Corporation in favour of IL&FS Trust Company Limited.

The Bond Series 73, 75 of Institutional Bonds are secured by a (a) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India and (b) pari passu charge on the receivables, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

NOTES TO ACCOUNTS

The Bond Series 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 86A, 86 B-II, 86 B-III, 87-I, 87-II, 87 A-II, 87 A-III, 87 C-III, 88, 89-II, 90, 90 A-II, 90 B-I, 90 B-II, 90 C-II, 91-II, 92-II, 93-II of Institutional Bonds and all 54EC Capital Gain Tax Exemption Bonds are secured by a charge on a (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi 110 049, India and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds (issued during FY 2011-12) are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds (issued during FY 2012-13) are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of SBICap Trustee Company Ltd.

All the term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement last updated on September 24, 2010.

- 3.4 54EC Capital Gain Tax Exemption Bonds are issued for a tenure of 3 years at interest rates of 6.00 % to 6.25 % payable annually. During the year, 54EC Capital Gain Tax Exemption Bonds Series VIII 2012-13 was issued with a 3 years' tenor at interest rate of 6.00 % payable annually. These bonds will be redeemed automatically at the end of lock-in period of 3 years.

- 3.5 Details of Infrastructure Bonds Issued are as under :

(₹ in crores)

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount	Redemption Details
8.00 %	61.60	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.20 %	151.74	
8.10 %	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20 %	3.78	
	218.73	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount	Redemption Details
8.95 % Cumulative	95.23	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.95 % Annual	32.85	
9.15 % Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15 % Annual	5.01	
8.95 % Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95 % Annual	1.38	
9.15 % Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15 % Annual	1.13	
	157.59	

4. Other Long-term Liabilities

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
- Non-Current Portion of Interest accrued but not due on borrowings	80.25	23.01
Total	80.25	23.01

NOTES TO ACCOUNTS

5. Long-term and Short-term Provisions

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
- Provisions for				
(A) Employee Benefits				
Earned Leave Liability	19.54	3.78	21.20	2.25
Post Retirement Medical Benefits	54.26	1.54	45.39	1.43
Medical Leave Liability	11.03	2.37	10.84	1.15
Settlement Allowance	1.03	0.13	1.02	0.10
Economic Rehabilitation Scheme	1.95	0.28	1.95	0.24
Long Service Award	2.44	0.62	2.58	0.43
Sub-total (A)	90.25	8.72	82.98	5.60
(B) Others				
Standard Loan Assets	95.16	10.52	-	-
Rescheduled Loan Assets	3.04	0.14	3.18	-
Incentive	-	34.03	-	25.10
Ex-gratia	-	-	-	0.10
Wealth Tax	-	0.37	-	0.38
Fringe Benefit Tax	-	0.36	-	0.36
Proposed Dividend	-	148.12	-	246.86
Corporate Dividend Tax	-	25.17	-	40.05
Sub-total (B)	98.20	218.71	3.18	312.85
Total (A+B)	188.45	227.43	86.16	318.45

During the year, the Corporation has created a contingent provision against Standard Loan Assets for ₹ 105.68 crores, which amounts to 0.0833 % of the total outstanding standard loan assets as on 31.03.2013.

5.1 Details of Provisions as required under AS-29 are as under :

(₹ in crores)

Provision for	Opening Balance	Additions During the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.45	5.66	5.79	23.32
Previous year	21.50	5.00	3.05	23.45
Post Retirement Medical Benefits	46.82	11.75	2.77	55.80
Previous year	37.40	12.18	2.76	46.82
Medical Leave Liability	11.99	2.23	0.82	13.40
Previous year	10.62	2.18	0.81	11.99
Settlement Allowance	1.12	0.07	0.03	1.16
Previous year	0.22	0.94	0.04	1.12
Economic Rehabilitation Scheme	2.19	0.25	0.21	2.23
Previous year	2.06	0.27	0.14	2.19
Long Service Award	3.01	0.45	0.40	3.06
Previous year	2.37	3.91	3.27	3.01
Standard Loan Assets	-	105.68	-	105.68
Previous year	-	-	-	-
Rescheduled Loan Assets	3.18	-	-	3.18
Previous year	-	3.18	-	3.18

NOTES TO ACCOUNTS

(₹ in crores)				
Provision for	Opening Balance	Additions During the Year	Paid/ Adjusted during the year	Closing Balance
Incentive	25.10	41.47	32.54	34.03
Previous year	16.40	23.60	14.90	25.10
Ex-gratia	0.10	-	0.10	-
Previous year	0.10	-	-	0.10
Wealth Tax	0.38	0.36	0.37	0.37
Previous year	0.36	0.40	0.38	0.38
Fringe Benefit Tax	0.36	-	-	0.36
Previous year	0.36	-	-	0.36
Interim Dividend	-	666.53	666.53	-
Previous year	-	493.73	493.73	-
Proposed Dividend	246.86	148.12	246.86	148.12
Previous year	394.98	246.86	394.98	246.86
Corporate Dividend Tax	40.05	133.28	148.16	25.17
Previous year	64.08	120.14	144.17	40.05
Income Tax	1,887.74	1,347.85	913.81	2,321.78
Previous year	2,699.82	974.84	1,786.92	1,887.74
CSR & Sustainable Development Expenditure	-	17.50	17.50	-
Previous year	-	12.99	12.99	-

6. Short-term Borrowings

(₹ in crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
(A) Loans Repayable on Demand, unsecured		
- from Banks	500.00	2,500.00
- from Financial Institutions	1,000.00	-
(B) Commercial Paper, unsecured	980.00	-
Total (A+B)	2,480.00	2,500.00

7. Other Current Liabilities

(₹ in crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
(A) Current maturities of long-term debt		
- Institutional Bonds	6,266.32	7,055.82
- 54EC Capital Gain Tax Exemption Bonds	5,043.89	3,057.78
- Term Loans from Banks & Others	2,746.61	662.24
- Foreign Currency Borrowings	293.97	226.95
Sub-total (A)	14,350.79	11,002.79
(B) Interest accrued but not due on borrowings	3,736.70	2,934.39
(C) Interest accrued and due on borrowings	1.05	1.24
(D) Income Received in Advance	0.01	0.01
(E) Unpaid Dividends	1.84	1.25
(F) Unpaid Interest & Principal on Bonds		
- Matured Bonds & Interest Accrued thereon	72.77	95.75
- Interest on Bonds	19.82	18.23

NOTES TO ACCOUNTS

		(₹ in crores)	
	Particulars	As at 31.03.2013	As at 31.03.2012
(G)	Other payables		
	- Subsidy/ Grant Received from Govt. of India	27,347.67	26,661.41
	Add: Interest on Subsidy/ Grant (Net of refund/ adjustment)	3.65	83.14
	Less: Disbursed to Beneficiaries	-27,330.93	-26,390.56
	Undisbursed Subsidy/Grant	20.39	353.99
	- Statutory Dues payable including PF and TDS	21.62	10.56
	- Payable towards funded staff benefits	1.35	5.65
	- Other Liabilities	890.06	78.51
	Sub-total (G)	933.42	448.71
	Total (A+B+C+D+E+F+G)	19,116.40	14,502.37

7.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Corporation is maintaining an 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 year 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 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 2.44 crores as on 31.03.2013 (Previous year ₹ 4.24 crores) under the heads "Grant- (AG&SP) Interest Subsidy Received" and "Grant- (AG&SP) Interest Subsidy Disbursed" represents the balance amount of interest subsidy received from Ministry of Power, Government of India, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

		(₹ in crores)	
	Particulars	As at 31.03.2013	As at 31.03.2012
	Opening Balance of Interest Subsidy Fund	4.24	5.53
	Less: Interest subsidy passed on to the borrower	1.80	1.29
	Closing Balance of Interest Subsidy Fund	2.44	4.24

7.2 Government of India has appointed REC as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY). The funds received for disbursement to various agencies under the scheme is kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto is classified under "Undisbursed Subsidy/ grant" under the head "Current Liabilities."

During the year, interest earned of ₹ 20.02 crores (Previous year ₹ 22.59 crores) has been taken to RGGVY Subsidy account. Further, during the year, an amount of ₹ 98.92 crores has been refunded back to MoP out of the total interest on subsidy.

NOTES TO ACCOUNTS

8. Fixed Assets as at 31st March 2013

FIXED ASSETS	GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK			
	As at 01.04.2012	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2013	Upto 31.03.2012	During the year	Adjustment during the year	As on 31.03.2013	As at 31.03.2013	As at 31.03.2012
(₹ in crores)										
Tangible Assets										
Freehold Land	34.75	-	-	34.75	-	-	-	-	34.75	34.75
Leasehold Land	1.45	-	-	1.45	0.18	0.02	-	0.20	1.25	1.27
Buildings	24.44	0.08	0.01	24.51	6.05	0.37	0.01	6.41	18.10	18.39
Furniture & Fixtures	7.30	0.23	0.04	7.49	3.96	0.33	0.03	4.26	3.23	3.34
Vehicles	0.57	0.01	0.07	0.51	0.45	0.02	0.06	0.41	0.10	0.12
EDP Equipments	13.75	1.74	0.27	15.22	6.62	1.80	0.07	8.35	6.87	7.13
Office Equipments	5.76	0.40	0.39	5.77	2.52	0.19	0.23	2.48	3.29	3.24
Total	88.02	2.46	0.78	89.70	19.78	2.73	0.40	22.11	67.59	68.24
Previous year	80.17	8.82	0.97	88.02	18.00	2.40	0.62	19.78	68.24	
Intangible Assets										
Computer Software	4.34	2.51	-	6.85	2.12	1.02	-	3.14	3.71	2.22
Total	4.34	2.51	-	6.85	2.12	1.02	-	3.14	3.71	2.22
Previous year	4.33	0.01	-	4.34	1.25	0.87	-	2.12	2.22	
Capital Work-in-progress	7.92	0.83	-	8.75	-	-	-	-	8.75	7.92
Previous year	3.01	5.49	0.58	7.92	-	-	-	-	7.92	
Intangible Assets under Development	0.10	0.10	0.20	-	-	-	-	-	-	0.10
Previous year	-	0.10	-	0.10	-	-	-	-	0.10	

8.1 The formalities regarding registration of one conveyance deed in respect of the Land & Building acquired by the Corporation amounting to ₹ 4.59 crores (Previous year ₹ 4.59 crores) are yet to be executed.

8.2 In the opinion of management, there is no impairment of the assets of the Corporation in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

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

Amortisation Rate 20 %, 100 % in case the total cost of the asset is ₹ 5,000 or less

Amortisation Method Straight Line

NOTES TO ACCOUNTS

9. Investments

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number	Amount	Number	Amount
Valued at Cost				
(1) Non-Current Investments				
(A) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- Subsidiaries				
- REC Power Distribution Company Limited	50,000	0.05	50,000	0.05
Equity shares of ₹ 10 each, fully paid up				
- REC Transmission Projects Company Limited	50,000	0.05	50,000	0.05
Equity shares of ₹ 10 each, fully paid up				
- Joint Ventures				
- Energy Efficiency Services Limited	22,500,000	22.50	625,000	0.63
Equity shares of ₹ 10 each, fully paid up				
- Others				
- India Energy Exchange Limited	1,250,000	1.25	1,250,000	1.25
Equity shares of ₹ 10 each, fully paid up				
- Universal Commodity Exchange Limited	16,000,000	16.00	16,000,000	16.00
Equity shares of ₹ 10 each, fully paid up				
(ii) Investment in Government Securities				
- 8% Government of Madhya Pradesh Power Bonds-II	12	565.92	14	660.24
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2013				
(Bonds of Face Value of ₹ 47.16 crores each)*				
(iii) Investment in Venture Capital Funds				
- KSK Energy Ventures Limited				
Units of 'Small is Beautiful' Fund at face value of ₹ 10.00 per unit	7,682,816	7.68	7,825,127	7.83
NAV of ₹ 9.77 per unit (Previous year ₹ 10.33)				
(iv) Application money pending allotment		-		24.38
Energy Efficiency Services Ltd.				
Total - Non-Current Investments (1)		613.45		710.43
(2) Current Investments				
(A) Investment in Government Securities (Unquoted)				
- 8% Government of Madhya Pradesh Power Bonds-II	1	47.16	1	47.16
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2013				
(Bonds of Face Value of ₹ 47.16 crores each)*				
Total - Current Investments (2)		47.16		47.16
Total (1+2)		660.61		757.59

* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

NOTES TO ACCOUNTS

- Additional disclosures required in respect of the investments

(₹ in crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
(i) Aggregate amount of Quoted Investments	-	-
(ii) Aggregate amount of Unquoted Investments		
- Non-Current investments	613.45	710.43
- Current investments	47.16	47.16
(iii) Aggregate provision for diminution in value of investments	-	-

- 9.1 Investments include ₹ 7.68 crores (Previous year ₹ 7.83 crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the year, 1,42,311 units (Previous year 9,08,660 units) were redeemed.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 7.68 crores	India	9.74 %

- 9.2 Information in relation to the interest of the Corporation in Joint Ventures as required under Accounting Standard – 27 issued by the Institute of Chartered Accountants of India :

1. Energy Efficiency Services Ltd.

Proportion of Interest	25 %
Country of Incorporation	India

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2013 and income and expenses for the year in respect of joint venture based on its audited accounts are given below :

(₹ in crores)	
Total Assets	29.38
Total Liabilities	3.49
Total Reserves & Surplus	3.38
Contingent Liabilities	Nil
Capital Commitments	Nil
Total Income	3.63
Total Expenses	1.28

During the year 2012-13, Energy Efficiency Services Ltd. has allotted 2,18,75,000 shares of ₹ 10 each at face value and refunded an amount of ₹ 2.50 crores paid towards share application money.

10. Deferred Tax Asset (Net)

(₹ in crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
Deferred Tax Assets		
Provision for Earned Leave Liability	7.93	7.61
Provision for Medical Leave	4.12	3.48
Provision for Post Retirement Medical Benefits	2.63	2.51
Provision for Pension Scheme	-	1.06
Total	14.68	14.66
Deferred Tax Liabilities		
Depreciation	5.17	4.61
Total	5.17	4.61
Deferred Tax Asset (Net)	9.51	10.05

- 10.1 The Corporation 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, Company is not creating any deferred tax liability on the said reserves.

NOTES TO ACCOUNTS

11. Long-term Loans & Advances

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Capital Advances (Unsecured, considered good)	23.79	24.54
(B) Security Deposits (Unsecured, considered good)	7.60	3.87
(C) Loans & Advances to Related Parties		
- To Directors	0.07	0.05
	0.07	0.05
(D) Other Loans & Advances		
- Staff Loans & Advances (except to Directors)	13.73	12.74
- Loan Assets	114,529.34	89,944.11
	114,543.07	89,956.85
Total (A+B+C+D)	114,574.53	89,985.31

Details of Loans & Advances to Related Parties and Other Loans & Advances :

11.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-15 'Other Current Assets'.

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
Loans & Advances to Staff (Secured, considered good)				
- To Directors	0.01	-	-	-
- To Employees (Other than directors)	3.78	1.01	1.64	0.64
Sub-total	3.79	1.01	1.64	0.64
Loans & Advances to Staff (Unsecured, considered good)				
- To Directors	0.06	0.04	0.05	0.04
- To Employees (Other than directors)	9.95	5.94	11.10	5.95
Sub-total	10.01	5.98	11.15	5.99
Total	13.80	6.99	12.79	6.63

NOTES TO ACCOUNTS

11.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-15 'Other Current Assets'.

(₹ in crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
(A) Secured Loans				
(A1) Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)				
(a) Considered Good	66,215.52	6,781.75	57,402.83	4,814.02
(A2) Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)				
(a) Considered Good	17,716.40	734.32	10,803.99	1,099.90
(b) Classified Doubtful	353.48	136.92	427.71	62.69
Less: Allowance for bad & doubtful debts	57.02	32.52	42.77	21.77
	296.46	104.40	384.94	40.92
Sub-total (A1+ A2)	84,228.38	7,620.47	68,591.76	5,954.84
(B) Unsecured Loans				
(B1) Loans Guaranteed by respective State Governments				
(a) Considered good	27,278.56	2,975.03	17,664.20	2,266.46
(B2) Loans to State Governments				
(a) Considered good	2,919.40	230.83	3,350.91	223.60
(B3) Loans - Others				
(a) Considered Good	103.00	1.33	337.24	5.23
Sub-total (B1+ B2+B3)	30,300.96	3,207.19	21,352.35	2,495.29
Grand Total (A+B)	1,14,529.34	10,827.66	89,944.11	8,450.13

11.2.1 Loan balance confirmations for around 80 % of total loan assets as on 31st March, 2013 have been received from the borrowers.

12. Other Non-Current Assets

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Non-Current Portion of Interest Accrued on Staff Advances	3.00	2.24
(B) Interest Accrued on Rescheduled Loans	118.79	231.88
(C) Non-current Portion of Unamortized Expenses :		
- Discount on Issue of Bonds	8.97	13.80
Total (A+B+C)	130.76	247.92

NOTES TO ACCOUNTS

13. Cash and Bank Balances

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Cash & Cash Equivalents		
- Balances with Banks	366.33	3,685.48
- Others		
- Short-term Deposits with Scheduled Banks	1,117.93	1,626.00
Sub-total (A)	1,484.26	5,311.48
(B) Others	-	-
Total (A+B)	1,484.26	5,311.48
Balances with Banks include:		
- Earmarked Balances with Banks		
- For unpaid dividends	1.84	1.25
- For RGGVY grant	2.81	325.50
- For AG & SP grant	6.11	4.81
- For other grants	2.35	3.96
- Tax Free Bonds Public Issue Account	0.63	3,000.00

Further, Short-term Deposits with Scheduled Banks include ₹ 10.00 crores (Previous year Nil) earmarked towards RGGVY grant.

- 13.1 The Company had made a public issue of Tax Free Bonds of face value of ₹ 1,000/- each aggregating to ₹ 3,000 crores during the financial year 2011-12. The bonds had been allotted on 27.03.2012 and the issue proceeds had been kept in designated Public Issue accounts. The issue proceeds have been utilised during the year for the purposes as mentioned in the Offer document.

The Company had made public issue of Tax Free Bonds of face value of ₹ 1,000/- each aggregating to ₹ 2,148.41 crores in two tranches during the financial year 2012-13 in addition to a private placement of the Tax Free Bond Issue of ₹ 500 crores. The bonds under public issue had been allotted in line with the prescribed guidelines and within Financial year 2012-13. The issue proceeds have been utilised for the purposes as mentioned in the Offer document except for ₹ 0.63 crores which is kept in designated public issue account pending its utilisation.

14. Short-term Loans & Advances

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
- Loans & Advances to Related Parties (Unsecured, considered good)	3.35	2.09
- Others		
- Advances recoverable in cash or in kind or value to be received (Unsecured, considered good)	3.60	3.16
- Loan Assets		
(A) Secured Loans		
- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
(a) Considered Good	1,759.00	1,737.50
Sub-total (A)	1,759.00	1,737.50
(B) Unsecured Loans		
- Loans Guaranteed by respective State Governments		
(a) Considered Good	150.00	830.00
- Loans - Others		
(a) Considered Good	-	400.00
Sub-total (B)	150.00	1,230.00
Total (Loan Assets)	1,909.00	2,967.50
Grand Total	1,915.95	2,972.75

NOTES TO ACCOUNTS

15. Other Current Assets

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Current recoverable of Long-term Loan Assets	10,827.66	8,450.13
(B) Current recoverable of Staff Advances	6.99	6.63
(C) Interest Accrued & Not Due on:		
- Term Deposits	3.38	27.90
Sub-total	3.38	27.90
(D) Interest Accrued & Due on Loan Assets	120.26	86.11
(E) Interest Accrued & Not Due on Loan Assets	560.89	549.61
(F) Current Portion of Interest Accrued on Staff Advances	0.33	0.36
(G) Recoverable from GOI		
- RGGVY Expenses	8.99	6.78
Sub-total	8.99	6.78
(H) Recoverable from SEBs/ Govt. Deptt/Others	14.61	21.58
(I) Advance Income-tax & TDS	2,379.01	1,916.94
Less : Provision for Income Tax	2,321.78	1,887.74
	57.23	29.20
(J) Income Tax Recoverable	0.12	-
(K) Prepaid Financial Charges on Commercial Paper	46.33	-
(L) Current Portion of Unamortized Expenses		
- Discount on Issue of Bonds	4.83	4.83
Total (A+B+C+D+E+F+G+H+I+J+K+L)	11,651.62	9,183.13

NOTES TO ACCOUNTS

16. Revenue from Operations

(₹ in crores)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(A) Interest on Loan Assets				
(i) Long term financing	12,479.02		9,684.32	
Less: Rebate for timely payments/ completion etc.	4.25	12,474.77	6.17	9,678.15
(ii) Short term financing		816.18		585.87
Total - Interest Income on Loan Assets (A)		13,290.95		10,264.02
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc.		108.62		47.15
(ii) Prepayment Premium		12.50		3.02
(iii) Agency/ handling charges for RGGVY Implementation/ others		9.97		23.40
Total - Revenue from Other Financial Services (B)		131.09		73.57
(C) Interest on deposits		96.82		86.16
Total (A+B+C)		13,518.86		10,423.75

17. Other Income

(₹ in crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(A) Interest Income (Other than Operating Income)		
- Interest from Govt. Securities	54.71	62.25
- Interest from Income Tax Refund	0.67	4.02
- Interest from Staff Advances	1.35	0.53
- Interest from Subsidiary Companies	0.13	0.12
Sub-total (A)	56.86	66.92
(B) Dividend Income		
- Dividend from Subsidiary Companies	0.15	0.05
- Dividend from Long-Term Investments	0.25	0.13
Sub-total (B)	0.40	0.18
(C) Net Gain on Sale of Investments		
- Gain on Sale of Long Term Investments	0.34	0.84
- Gain on Sale of Current Investments	18.51	10.91
Sub-total (C)	18.85	11.75
(D) Other Non-Operating Income		
- Profit on sale of assets	-	0.05
- Provision Written Back	1.69	4.44
- Miscellaneous Income	2.01	1.98
Sub-total (D)	3.70	6.47
Total (A+B+C+D)	79.81	85.32

NOTES TO ACCOUNTS

18. Finance Costs

(₹ in crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(A) Interest Expense		
- On Govt. Loans	1.53	2.31
- On REC Bonds	6,554.77	5,064.14
- On Loans from Banks/ Financial Institutions	414.32	611.59
- On External Commercial Borrowings	790.52	578.71
- On Commercial Paper	86.49	-
- On AREP Subsidy	0.24	0.33
- Interest on Advance Income Tax	2.06	0.25
Sub-total (A)	7,849.93	6,257.33
(B) OTHER BORROWING COSTS		
- Guarantee Fee	27.32	11.46
- Public Issue Expenses	10.37	14.25
- Bonds Handling Charges	1.67	1.12
- Bonds Brokerage	14.69	15.99
- Stamp Duty on Bonds	0.84	0.04
- Debt Issue and Other Finance Charges	101.43	78.61
Sub-total (B)	156.32	121.47
Total (A+B)	8,006.25	6,378.80

19. Employee Benefits Expense

(₹ in crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(A) Salaries and Allowances	116.11	134.34
(B) Contribution to Provident Fund and Other Funds	9.94	8.41
(C) Gratuity	1.35	2.38
(D) Expenses towards Post Retirement Medical Facility	11.75	12.17
(E) Staff Welfare Expenses	12.69	13.67
Total (A+B+C+D+E)	151.84	170.97

20. Other Expenses

(₹ in crores)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
- Rent & Hiring Charges		2.17		2.02
- Rates and Taxes		1.46		5.95
- Power & Fuel		1.07		0.87
- Insurance Charges		0.04		0.04
- Repairs and Maintenance				
- Building	1.68		1.27	
- Machinery - ERP & Data Centre	3.04		3.10	
- Others	0.42	5.14	0.43	4.80

NOTES TO ACCOUNTS

(₹ in crores)				
Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
- Printing and Stationery		0.52		0.09
- Travelling and Conveyance		9.01		7.88
- Postage, Telegram and Telephone		1.10		1.22
- Publicity & Promotion Expenses		5.11		4.59
- Auditors' Remuneration		0.58		0.61
- Consultancy Charges		1.99		1.46
- Expenses towards CSR & Sustainable Development		17.50		12.99
- Donations & Charity		0.01		0.06
- Loss on Sale of Assets		0.33		0.23
- Miscellaneous Expenses		18.66		15.54
Total		64.69		58.35

20.1 Auditors' Remuneration includes :

(₹ in crores)		
Particulars	Year ended 31.03.2013	Year ended 31.03.2012
- Audit Fees	0.27	0.26
- Tax Audit Fees	0.05	0.05
- Limited Review Fees	0.06	0.05
- Payment for Other Services #	0.19	0.25
- Reimbursement of Expenses	0.01	-
Total	0.58	0.61

The Figure above also includes Service Tax Credit Reversal Of ₹ 0.03 crores (Previous year Nil) done as per Service Tax Rules.

Inclusive of Certification Fee of ₹ 0.15 crores for Certification of Prospectus for Tax Free Bonds Public Issue for FY 2012-13 and Certification Fee of ₹ 0.15 crores for Certification of Prospectus for Tax Free Bonds Public Issue and ₹ 0.09 crores for Certification of ECB Documentation for FY 2011-12.

20.2 Earnings and Expenditure in Foreign Currency :

(₹ in crores)		
Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.39	1.34
- Interest	289.56	192.95
- Finance Charges	86.72	65.45
- Other Expenses	0.72	0.69
Total	377.39	260.43

20.3 The Corporation has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 2.39 crores (Previous year ₹ 2.38 crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 1.57 crores (Previous year ₹ 1.27 crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

NOTES TO ACCOUNTS

(₹ in crores)

Future minimum lease rent payments	Year ended 31.03.2013		Year ended 31.03.2012	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.39	2.52	0.39	2.30
Later than one year and not later than 5 years	0.38	7.94	0.77	7.08
Later than 5 years	-	0.01	-	2.18
Total	0.77	10.47	1.16	11.56

21. Earnings per Share

(₹ in crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in crores)	3,817.62	2,817.03
Denominator		
Weighted average Number of equity shares	987,459,000	987,459,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)		
	38.66	28.53

22. Contingent Liabilities and Commitments :

22.1 Contingent Liabilities not provided for in respect of:

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
A-Claims against the Company not acknowledged as debts	51.28	59.84
B-Others		
- Letters of Comfort	1,904.17	4,696.95

The amount referred to in 'A' above includes ₹ 5.17 crores (Previous year ₹ 7.75 crores) which is pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 46.11 crores (Previous year ₹ 52.09 crores) against various demands raised by the Income Tax Department including the cases pending in Delhi High Court.

22.2 Commitments not provided for in respect of:

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
- Contracts remaining to be executed on capital account	6.15	8.02
- Other Commitments		
- Undisbursed CSR Commitments	7.41	5.91
- Lease Commitments	11.24	12.72

NOTES TO ACCOUNTS

23. 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 as defined under Section 617 of the Companies Act, 1956 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. Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 279/03.02.001/2012-13 dated July 2, 2012, REC being a Government Company as defined under section 617 of the Companies Act 1956 continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. 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.

Further, RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25 % of owned funds in case of single borrower and 40 % in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30 % and 50 % of owned funds, respectively. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15 % (with a minimum Tier I Capital of 10 %). Accordingly, the Prudential Norms were modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50 % to 250 % of our net worth, depending upon entity appraisal.

24. On December 13, 2006 our Board of Directors approved Corporation's Prudential Norms and amendments thereto were approved on February 21, 2009 and September 25, 2010. Some important features of these are given in the Significant Accounting Policies also. However, in order to bring all "Systemically important" government-owned NBFCs within the framework of their prudential norms, RBI had advised our Corporation on December 12, 2006 to submit a 'road map'. The Corporation submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 had granted exemption to REC from Prudential exposure Norms in respect of Central and State entities in the power sector, till March 31, 2012. In response to the Corporation's submission for further extending the exemption period till at least the end of XII plan, forwarded to RBI by Ministry of Power vide letter dated January 16, 2012, RBI, vide its letter dated April 4, 2012 had agreed to extend the exemption from adhering to RBI Prudential Norms till March 31, 2013, subject to furnishing a Roadmap upto June 30, 2012 for compliance with the RBI Prudential Norms as laid down in Non Banking Financial Companies (Non Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time, within three years beginning April 1, 2013. Accordingly, REC submitted the roadmap for compliance of the RBI Prudential Norms in phased manner w.e.f. 2012-13, vide letter dated 22nd June, 2012 to Ministry of Power which was forwarded to RBI on 6th July, 2012. Later RBI sought clarifications which were submitted. The phased implementation would be effected on response on roadmap from RBI. In respect of the proposed amendments for the year 2012-13, there is no financial impact, if implemented. Since the matter is under consideration of RBI, the Company is unable to ascertain the likely impact of the same, if any, in the later year(s).

25. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during this year. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement schemes, sanctioned during the 2 years viz. 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

26. Changes in Accounting Policy

Modifications have been made in Significant Accounting Policy No. 2, 2.1a, 2.3(ii)(a), 4.1, 5, 6, 10.2, 10.3, 13.2, 15 to make it more clarificatory/explicit. However, there is no financial impact of such modifications.

Further, the Company has formulated a New Accounting Policy 2.3 (iv) to create a provision against standard assets in a phased manner so as to make it a minimum of 0.25 % by the end of financial year 2014-15. The profit before tax for the year is lower by ₹ 105.68 crores due to this Accounting Policy.

27. There has been shortfall (gross) in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 5.86 crores (Previous year ₹ 5.71 crores).
28. Income Tax as applicable in respect of Interest accrued on bonds which are freely tradeable / transferable is deducted at source at the time of actual payment of interest to the bond holders.
29. 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.
30. The Corporation has no outstanding liability towards Micro, Small and Medium undertakings.
31. As part of hedging strategy, the company has executed, in some cases, interest rate swaps from fixed rate of interest to floating rate of interest. The INR value of outstanding borrowing on which such swap has been exercised is ₹ 7,211.80 crores (Previous year ₹ 7,150 crores).

NOTES TO ACCOUNTS

In respect of foreign currency borrowings, the company has also executed cross currency swaps to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure on 31.03.2013 is as under:

(Foreign Currency amounts in Millions, INR amounts in crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent
JPY ¥	40,173.98	2,258.26	26,688.37	1,479.34	13,485.61	778.92
Previous year	35,669.38	1,969.2	23,144.38	1,187.28	12,525.00	781.93
EURO €	131.43	895.49	106.43	721.63	25.00	173.86
Previous year	121.58	818.03	51.58	339.65	70.00	478.38
USD \$	2,220.00	10,945.06	1,470.00	6,865.87	750.00	4,079.19
Previous year	1,470.00	6,778.29	1,220.00	5,499.38	250.00	1,278.91
CHF (Swiss Franc)	200.00	1,139.38	-	-	200.00	1,139.38
Previous year	200.00	1,132.56	-	-	200.00	1,132.56
Total		15,238.19		9,066.84		6,171.35
Previous year		10,698.09		7,026.31		3,671.78

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

31.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

SI.No.	Exchange Rates	As at 31.03.2013	As at 31.03.2012
1	USD/INR	54.3893	51.1565
2	JPY/INR	0.5776	0.6243
3	Euro/INR	69.5438	68.3403
4	CHF/INR	56.9689	56.6279

32. Related Party Disclosures :

(1) Key Management Personnel

Sh. Rajeev Sharma	Chairman & Managing Director (from 29.11.2011 A/N)
Sh. H.D. Khunteta	Director (Finance) (till 31.07.2012 F/N)
Sh. Ajeet Kumar Agarwal	Director (Finance) (from 01.08.2012 F/N)
Sh. P.J. Thakkar	Director (Technical) (from 02.05.2011 A/N)

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)
REC Power Distribution Company Limited (RECPDCL)

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Vemagiri Transmission System Limited (VTSL) - Incorporated on 21.04.2011 and transferred to Power Grid Corporation of India Limited (PGCIL) on 8.04.2012, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, VTSL and PGCIL)

Vizag Transmission Limited (VTL) - Incorporated on 30.11.2011

Kudgi Transmission Limited – Incorporated on 27.11.2012

Nellore Transmission Limited - Incorporated on 04.12.2012

Unchahar Transmission Limited - Incorporated on 17.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NOTES TO ACCOUNTS

3. Joint Ventures

Energy Efficiency Services Limited

Details of amount due from/ to (-) the related parties as on 31.03.2013 are :

(₹ in crores)

Particulars	As at 31.03.2013	As at 31.03.2012
REC Transmission Projects Company Limited	1.76	1.57
REC Power Distribution Company Limited	1.59	0.52

Transactions during the year with Related Parties :

(₹ in crores)

Name	Subsidiaries		Key Managerial Personnel	
	For the year ended 31.03.13	For the year ended 31.03.12	For the year ended 31.03.13	For the year ended 31.03.12
Loans and Advances	7.09	4.71	0.02	0.01
Remuneration	-	-	1.65	1.36

Further, during the year, Energy Efficiency Services Ltd. has allotted 2,18,75,000 shares of ₹ 10 each at face value and refunded an amount of ₹ 2.50 crores paid towards share application money. REC Transmission Projects Company Limited also invested a sum of ₹ 35.00 crores in public issue of Tax Free Bonds Tranche 1 of the Company during the year.

33. The Corporation has adopted AS 15 (revised 2005) 'Employees Benefit'. Defined employee benefit schemes 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 fixes the rate of interest on contribution to the members of the trust. As per the management estimates, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31.03.2013 is greater than the obligation under the defined contribution plan.

B. Defined Contribution Superannuation Scheme

Corporation pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member. The expenditure is recognized in the Statement of Profit & Loss on the basis of defined contribution payable by the Corporation.

C. Gratuity

The Corporation has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions 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.

D. Post Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Corporation's rule. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

E. Employees Family Economic Rehabilitation Scheme

The Corporation has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement/ death if the same takes place while the employee is in service of the Corporation. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

F. Scheme for Long Service Award to the Employees

The Corporation has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the corporation. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

G. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:

NOTES TO ACCOUNTS

Expense recognised in Statement of Profit & Loss:

(₹ in crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Current Service Cost	1.78	1.69	1.02	0.62	0.05	0.04
Interest Cost	2.92	2.90	3.75	3.18	0.09	0.02
Expected Return on Plan Assets	3.44	2.82	-	-	-	-
Actuarial (Gain) Loss recognized in Statement of Profit & Loss	0.09	0.61	6.98	8.37	(0.07)	0.88
Past Service Cost	-	-	-	-	-	-
Expensed recognized in Statement of Profit & Loss	1.35	2.38	11.75	12.17	0.07	0.94

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Present value of obligation as at the end of the year	37.85	36.47	55.80	46.82	1.16	1.12
Fair value of Plan Assets as at the end of the year	35.14	31.24	-	-	-	-
Net Assets/ (Liability) recognized	(2.71)	(5.23)	(55.80)	(46.82)	(1.16)	(1.12)

Changes in the Present value of defined benefit/ Obligation:

(₹ in crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Present value of obligation as at the beginning of the year	36.47	34.15	46.82	37.41	1.12	0.21
Interest Cost	2.92	2.90	3.75	3.18	0.09	0.02
Past Service Cost	-	-	-	-	-	-
Current Service Cost	1.78	1.69	1.02	0.62	0.05	0.04
Benefit Paid	3.49	2.88	2.77	2.76	0.03	0.03
Actuarial (Gain)/ Loss on obligation	0.17	0.61	6.98	8.37	(0.07)	0.88
Present Value of defined benefit obligation at the end of the year	37.85	36.47	55.80	46.82	1.16	1.12

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Fair value of Plan Assets as at the beginning of the year	31.24	31.30	-	-	-	-
Actual return on Plan Assets	3.52	2.81	-	-	-	-
Contributions	2.38	0.01	-	-	-	-
Benefit Paid	3.49	2.88	-	-	-	-
Actuarial Gain (Loss) on Plan Assets	1.49	-	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.14	31.24	-	-	-	-

During the year, the Corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 1.35 crores (Previous year ₹ 2.38 crores), PRMF of ₹ 11.75 crores (Previous year ₹ 12.17 crores) and ODRB of ₹ 0.07 crores (Previous year ₹ 0.94 crores).

NOTES TO ACCOUNTS

Other Employee Benefits

During the year, provision for earned leave liability amounting to ₹ 5.66 crores (Previous year ₹ 5.00 crores), provision for medical leave amounting to ₹ 2.23 crores (Previous year ₹ 2.18 crores), provision for economic rehabilitation scheme amounting to ₹ 0.25 crores (Previous year ₹ 0.27 crores) and provision for long service award amounting to ₹ 0.45 crores (Previous year ₹ 3.91 crores) have been made on the basis of actuarial valuation and charged to Statement of Profit & Loss.

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in crores)

Particulars	1% (+)		1% (-)	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Service & Interest Cost	0.85	0.66	(0.70)	(0.60)
PBO (Closing)	7.58	5.80	(6.35)	(5.31)

Actuarial Assumptions

(₹ in crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Method Used	Projected Unit Credit (PUC)		Projected Unit Credit (PUC)		Projected Unit Credit (PUC)	
Discount Rate	8.00 %	8.50 %	8.00 %	8.50 %	8.00 %	8.50 %
Expected Rate of Return on Plan Assets	10.50 %	9.00 %	-	-	-	-
Future Salary Increase	6.00 %	6.50 %	6.00 %	6.50 %	6.00 %	6.50 %

- The Expected Rate of Return on Assets over the accounting year is assumed rate of return (annualised).
- 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 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.

34. 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 the case of Punjab State Electricity Board (PSEB), Himachal Pradesh State Electricity Board (HPSEB) and Chhattisgarh State Electricity Board (CSEB) are to be executed amongst the Corporation, new entities and the State Governments.
35. Repayment schedule in respect of certain Standard Assets were revised during the year on account of various reasons like extension of Commercial Operation Date etc. These loans continue to remain Standard Assets. The movement of all outstanding loans rescheduled by the Corporation till 31.03.2013 is as under:

(₹ in crores)

Particulars	No. of Accounts	As at 31.03.2013	No. of Accounts	As at 31.03.2012
Opening Balance	20	20,381.29	16	8,223.94
Principal		670.91		717.37
Interest Accrued				
Additions during the year (New Accounts)	11		4	
Opening Balance				
Principal		9,120.09		8,565.48
Interest Accrued		71.75		1.18
Additions during the year				
Principal		5,350.19		4,145.01
Interest Accrued		3,763.91		2,169.67
Received during the year				
Principal		1,140.23		553.14
Interest		3,843.57		2,217.31
Closing balance	31		20	
Principal		33,711.34		20,381.29
Interest		663.00		670.91

NOTES TO ACCOUNTS

36. The Corporation's main business is to provide finance to power sector. Accordingly, the Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
37. The Capital Adequacy Ratio of the Corporation as on 31.03.2013 is 17.71 % (Previous year 16.00 %).
38. The Company has no exposure to real estate sector as on 31.03.2013 (Previous year Nil).
39. **Maturity Profile of Loan Assets and Borrowings as on 31.03.2013:**

(₹ in crores)

Financial Year	Recovery of Loan Assets	Repayments of Borrowings
2013-14	12,769	16,831
2014-15	11,402	13,538
2015-16	12,422	18,553
2016-17	13,218	7,798
2017-18	12,690	8,723
2018-19	12,126	4,055
2019-20	11,151	9,275
2020-21	10,093	7,126
2021-22	8,860	9,441
2022-23	7,465	6,105
2023-24	5,659	-
Beyond 2023-24	9,501	6,346
Total	127,356	107,791

40. Previous year figures have been reclassified/ regrouped to conform to the current classification.
41. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.
- The Significant Accounting Policies and Notes to Accounts 1 to 41 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113N

Place : New Delhi
Date : 28th May, 2013

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. Cash Flow from Operating Activities :		
Net Profit before Tax	5,163.95	3,792.86
Adjustments for:		
1. Profit (-) / Loss on Sale of Fixed Assets	0.33	0.18
2. Depreciation	3.75	3.27
3. Allowance for bad & doubtful debts	25.00	49.09
4. Allowance against Rescheduled Loan Assets	-	3.18
5. Contingent Allowance against Standard Loan Assets	105.68	-
6. Interest on Commercial Paper	86.49	-
7. Excess Provision written back	-0.04	-
8. Profit on sale/redemption of investments	-18.85	-11.75
9. Loss/ Gain(-) on Exchange Rate fluctuation	77.51	52.55
10. Dividend from Subsidiary Co.	-0.15	-0.05
11. Dividend from Investments	-0.25	-0.13
12. Interest on 8 % Government of Madhya Pradesh Power Bonds-II	-54.71	-62.25
13. Provision made for Interest on Advance Income Tax	2.06	0.25
14. Discount on Bonds written off	4.83	4.71
15. Interest Accrued on Zero Coupon Bonds	59.88	55.46
16. Dividend & Dividend Tax paid in excess of provision	0.01	-
Operating profit before Changes in Operating Assets & Liabilities:	5,455.49	3,887.37
Increase / Decrease :		
1. Loan Assets	-25,929.26	-19,703.14
2. Other Operating Assets	89.29	30.29
3. Operating Liabilities	1,676.09	940.47
Cash flow from Operations	-18,708.39	-14,845.01
1. Income Tax Paid (including TDS)	-1,375.84	-981.21
2. Income Tax refund	-	1.48
Net Cash Flow from Operating Activities	-20,084.23	-15,824.74
B. Cash Flow from Investing Activities		
1. Sale of Fixed Assets	0.05	0.17
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-4.95	-13.84
3. Redemption of 8 % Government of Madhya Pradesh Power Bonds-II	94.32	94.32
4. Redemption of units of "Small is Beautiful" Fund	0.15	0.90
5. Profit on sale/redemption of investments	18.85	11.75
6. Refund of Share Application Money in Energy Efficiency Services Ltd.	2.50	-
7. Investment in Shares of Universal Commodity Exchange Ltd.	-	-16.00
8. Dividend from Subsidiary Co.	0.15	0.05
9. Interest on 8 % Government of Madhya Pradesh Power Bonds-II	54.71	62.25
10. Dividend from Investments	0.25	0.13
Net Cash Flow from Investing Activities	166.03	139.73

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
C. Cash Flow from Financing Activities		
1. Issue of Bonds (Net of redemptions)	13,816.96	20,108.21
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-1,652.74	-3,227.60
3. Raising of Foreign Currency Loan (Net of redemptions)	4,484.19	2,857.01
4. Grants received from GOI including interest (Net of refund)	606.77	2,238.28
5. Disbursement of grants	-940.37	-2,766.93
6. Repayment of Govt. Loan	-9.50	-11.49
7. Payment of Final Dividend	-246.86	-394.98
8. Payment of Interim Dividend	-666.54	-493.73
9. Payment of Corporate Dividend Tax	-148.16	-144.17
10. Premium on issue of securities	0.05	-
11. Issue of Commercial Paper (Net of repayments)	847.18	-
Net Cash flow from Financing Activities	16,090.98	18,164.60
Net Increase/Decrease in Cash & Cash Equivalents	-3,827.22	2,479.59
Cash & Cash Equivalents as at the beginning of the year	5,311.48	2,831.89
Cash & Cash Equivalents as at the end of the year	1,484.26	5,311.48

Components of Cash & Cash Equivalents as at end of the year are:

(₹ In crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
- Balances with Banks in:		
- Current Account with RBI and other banks	352.59	349.96
- Undisbursed RGGVY Grant #	2.81	325.50
- Undisbursed AG&SP Grant #	6.11	4.81
- Other undisbursed Subsidies/ Grants #	2.35	3.96
- Tax Free Bonds Public Issue Accounts #	0.63	3,000.00
- Unpaid Dividend Accounts #	1.84	1.25
- Short-term Deposits with Scheduled Banks	1,117.93	1,626.00
Total Cash & Cash Equivalents	1,484.26	5,311.48

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts, balances in public issue account and unpaid dividends. Further, Short-term Deposits with Scheduled Banks also include ₹ 10.00 crores (Previous year Nil) earmarked towards RGGVY grant and is not available for free use by the company.

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

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For **P. K. Chopra & Co.**
Chartered Accountants
Firm Reg. No.: 006747 N

For **Bansal & Co.**
Chartered Accountants
Firm Reg. No.: 001113N

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

Place : New Delhi
Date : 28th May, 2013

ANNEXURE TO BE ENCLOSED WITH BALANCE SHEET AS AT 31ST MARCH 2013

(As prescribed by RBI)

(Particulars as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, in so far as they are applicable to REC Ltd.)

(₹ In crores)

Particulars	Amount Outstanding	Amount Overdue
LIABILITY SIDE:		
Loans and advances availed by the NBFCs		
inclusive of interest accrued thereon but not paid:		
(a) Debentures/ Bonds :		
(i) Secured	41,959.66	-
(ii) Unsecured	43,290.43	-
(b) Foreign Currency Loan	15,238.19	-
(c) Term Loan from Govt. of India	15.14	-
(d) Term Loan from Financial Institution	4,020.00	-
(e) Term Loan from Banks	788.80	-
(f) Overdrafts from Bank	-	-
(g) Loans Repayable on Demand from Banks & Fis	1,500.00	-
(g) Commercial Paper	980.00	-
ASSET SIDE :		
Break-up of Loans and Advances including bills receivables		
(a) Secured	93,612.65	
(b) Unsecured	33,712.48	
INVESTMENTS :		
Long Term Investments:		
Unquoted:		
(i) Shares: (a) Equity	39.85	
(b) Preference	-	
(ii) Debentures and Bonds	-	
(iii) Units of mutual funds	7.68	
(iv) Government Securities	613.08	
(v) Others	-	

Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances :

Category	AMOUNT NET OF PROVISIONS		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	3.35	3.35
(b) Companies in the same Group	-	-	-
(c) Other related Parties	-	-	-
2. Other than Related Parties	93,612.65	33,709.13	127,321.78
Total	93,612.65	33,712.48	127,325.13

Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted):

Category	AMOUNT NET OF PROVISIONS	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	0.10	0.10
(b) Companies in the same Group	-	-
(c) Other related Parties	22.50	22.50
2. Other than Related Parties	637.84	638.01
Total	660.44	660.61

Other Information

Particulars	(₹ in crores)
(i) Gross Non-Performing Assets	
(a) Related Parties	
(b) Other than related Parties	490.40
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	400.86
(iii) Asset acquired in satisfaction of debts	-

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113N

Place : New Delhi
Date : 28th May, 2013

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

INDEPENDENT AUDITORS' REPORT

To

The Members,
Rural Electrification Corporation Ltd.
New Delhi

Report on the Financial Statements

1. We have audited the accompanying financial statements of **RURAL ELECTRIFICATION CORPORATION LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditors Responsibility

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

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

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

4. Opinion

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

- (a) In the case of Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- (b) In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
- (ii) As required under the provisions of section 227(3) of the Companies Act, 1956, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit & Loss 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;
 - e. 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.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(R.C.Pandey)
Partner
M. No. 070811

Place : New Delhi
Date : 28th May, 2013

For P.K. Chopra & Co.
Chartered Accountants
Firm Regn No. 006747N

(K.S. Ponnuswami)
Partner
M. No. 070276

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT REFERRED TO IN PARAGRAPH (5)(i) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF RURAL ELECTRIFICATION CORPORATION LIMITED FOR THE YEAR ENDED ON 31st MARCH, 2013

- | | |
|--|--|
| <p>(i) (a) The Corporation has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.</p> <p>(b) The fixed assets of the corporation were physically verified by the management during the year ended on 31st March, 2013; as certified by the management, no material discrepancies has been found on such physical verification.</p> <p>(c) In our opinion and according to the explanations given to us, during the year, the Corporation 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 Corporation being Non Banking Financial Company, does not have any inventory; as such this clause is not applicable.</p> <p>(iii) (a) According to the information and explanations given to us, the Corporation has not granted any loans secured or unsecured to any Corporation, 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 Corporation has not taken any loans, secured or unsecured, from any Corporation, 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 Corporation and the nature of its business. However in certain areas internal control needs further strengthening like 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, physical verification of assets charged to REC as security after Commercial Operations Date; regular updating of Loan module and generation of various reports from loan module in ERP to have better control over loan assets.</p> <p>(v) According to information and explanations given to us, the Corporation 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 Corporation 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) In our opinion the Corporation has an internal audit system generally commensurate with its size and nature of its business.</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 Corporation. Accordingly, this clause of the order is not applicable to the Corporation.</p> <p>(ix) (a) The Corporation 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 2013 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 Corporation does not have any accumulated losses as at 31st March, 2013. The Corporation has also not incurred cash losses during the financial year covered by our audit and in the immediate preceding financial year. Accordingly, this clause of the order is not applicable.</p> <p>(xi) In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in repayment of dues to a financial institution, bank or bond holders as at the Balance Sheet date.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the Corporation 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 shares and other securities.</p> <p>(xiii) In our opinion and according to the information and explanations given to us, the Corporation 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 Corporation.</p> <p>(xiv) In our opinion and according to the information and explanations given to us, the Corporation is not dealing or trading in shares, securities, debenture and other investment, therefore this clause of the order is not applicable to the Corporation.</p> |
|--|--|

- (xv) In our opinion and according to the information and explanations given to us, the Corporation 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 Corporation.
- (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 Corporation, 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 Corporation 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, the corporation has created security in respect of Institutional Bonds, Tax Free Secured Bonds and Capital Gain Bonds in the form of charge on receivables and Registered Mortgage on the immovable properties of the Corporation at Maharashtra, Delhi, Tamilnadu & Gujarat.
- (xx) The Corporation has made a public issue of Tax Free Bonds of face value of ₹ 1000/- each aggregating to ₹ 3000.00 crores during the financial year 2011-12. The bonds have

been allotted on 27.03.2012 and the issue proceeds had been kept in designated Public Issue accounts. The issue proceeds have been made available to the Company and utilized for the purpose as mentioned in the offer document during the period ended 31st March, 2013. Further, an amount of ₹ 0.63 Crore remaining unutilized as on 31.03.2013 out of the issue proceeds of Tax Free Bonds of ₹ 2148.41 crores for public issue and ₹ 500 crores for private placement made during the year 2012-13. The unutilized proceeds are kept in the designated public account.

- (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 Corporation, 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

(R.C.Pandey)
Partner
M. No. 070811

Place : New Delhi
Date : 28th May, 2013

For P.K. Chopra & Co.
Chartered Accountants
Firm Regn No. 006747N

(K.S. Ponnuswami)
Partner
M. No. 070276

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2013

The Board of Directors,
Rural Electrification Corporation Limited,
Core-4, SCOPE Complex,
7, Lodhi Road
New Delhi - 110003

As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India (RBI) on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Rural Electrification Corporation Limited (REC) and according to the information and explanations given to us for the purpose of audit, 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 February 10, 1998 having Registration No. 14.000011. RBI issued Certificate dated September 17, 2010 in lieu of earlier certificate having categorized REC as an Infrastructure Finance Company in terms of instructions contained in RBI Circular CC No. 168 dated February 12, 2010. Further, that company is entitled to continue to hold such Registration in terms of its asset/income pattern as on 31st March, 2013.
2. As per para 2(v) of RBI Circular No. RBI / 2012-13 /29 DNBS.PD. CC.No.282 /03.02.004/ 2012-13 dated July 2, 2012, Sections 45-IB and 45-IC of the Reserve Bank of India Act, 1934 on Maintenance of Percentage of Assets and Reserve Fund; paragraphs 4 to 7 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, except paragraph 13 A of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to any non-banking financial company as defined in section 45-I(f) of the Reserve Bank of India Act, 1934 being a

Government Company as defined in section 617 of the Companies Act, 1956.

3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to corporation. Therefore, the Board of Directors of the Corporation has not passed a resolution for non acceptance of any public deposits.
4. The Corporation has not accepted any public deposits during the year 2012-13.
5. RBI vide its letter dated 4th April, 2012 had agreed to extend the exemption from adhering to RBI Prudential Norms till 31st March, 2013 as laid down in Non-Banking Financial Companies (non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007. For the financial year ended 31st March, 2013, the Company has complied with the prudential norms relating to Accounting Standards, Income recognition, Asset Classification and Provisioning for Bad and Doubtful debts, Capital Adequacy & Exposure Norms as per the prudential norms formulated by the company and referred to/ as stated in the significant Accounting Policies forming integral part of financial statements for the year ended on 31st March, 2013.
6. In terms of RBI Circular No. DNBS.PD/ CC.No. 93/03.05.002 /2006-07 dated 27th April, 2007, REC being a Government Company, is exempt from submitting NBS-7 to the Reserve Bank of India.

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

(R.C.Pandey)
Partner
M. No. 070811

For P.K. Chopra & Co.
Chartered Accountants
Firm Regn. No. 006747N

(K.S. Ponnuswami)
Partner
M. No. 070276

Place: New Delhi
Dated: 3rd July, 2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RURAL ELECTRIFICATION CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31ST MARCH, 2013

The preparation of financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May, 2013.

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 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors as is limited primarily to 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 & Auditor General of India

(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III,
New Delhi

Place : New Delhi
Dated : 30 June, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

(₹ in Crores)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	987.46	987.46
(b) Reserves and Surplus	3	16,542.38	13,635.91
Sub-total (1)		17,529.84	14,623.37
(2) Non-current Liabilities			
(a) Long-term Borrowings	4	90,925.38	76,553.68
(b) Other Long-term Liabilities	5	80.57	23.32
(c) Long-term Provisions	6	188.47	86.16
Sub-total (2)		91,194.42	76,663.16
(3) Current Liabilities			
(a) Short-term Borrowings	7	2,485.55	2,501.71
(b) Trade Payables	8	3.97	4.23
(b) Other Current Liabilities	9	19,125.84	14,517.12
(c) Short-term Provisions	6	227.48	318.48
Sub-total (3)		21,842.84	17,341.54
Total (1+2+3)		130,567.10	108,628.07
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets	10		
(i) Tangible Assets		68.09	68.60
(ii) Intangible Assets		3.78	2.24
(iii) Capital work-in-progress		8.75	7.92
(iv) Intangible Assets under Development		-	0.10
		80.62	78.86
(b) Non-current Investments	11	590.85	685.32
(c) Deferred Tax Assets (Net)	12	9.65	10.02
(e) Long-term Loans & Advances	13	114,574.67	89,985.40
(f) Other Non-current Assets	14	130.91	247.92
Sub-total (1)		115,386.70	91,007.52
(2) Current Assets			
(a) Current Investments	11	47.41	47.26
(b) Trade Receivables	15	28.53	37.36
(b) Cash & Bank Balances	16	1,529.54	5,375.36
(c) Short-term Loans & Advances	17	1,916.02	2,972.20
(d) Other Current Assets	18	11,658.90	9,188.37
Sub-total (2)		15,180.40	17,620.55
Total (1+2)		130,567.10	108,628.07

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113N

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

Place : New Delhi
Date : 28th May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2013

(₹ in Crores)

Particulars	Note No.	Period ended 31.03.2013	Period ended 31.03.2012
I. Revenue from Operations	19	13,525.70	10,429.39
II. Other Income	20	110.88	124.23
III. Total Revenue (I+II)		13,636.58	10,553.62
IV. Expenses			
(i) Finance Costs	21	8,005.86	6,378.84
(ii) Employee Benefits Expense	22	155.23	174.62
(iii) Depreciation & Amortization	10	3.90	3.34
(iv) Other Expenses	23	75.77	66.02
(v) Allowance for Bad & Doubtful Debts		25.56	49.09
(vi) Contingent Allowance against Standard Loan Assets		105.68	-
(vii) Allowance for Rescheduled Loan Assets		-	3.18
(viii) Foreign Currency Exchange Fluctuation Loss		77.51	52.55
Total Expenses (IV)		8449.61	6,727.64
V. Profit before Prior Period Items & Tax (III-IV)		5186.21	3825.80
VI. Prior Period Items	24	0.76	0.18
VII. Profit before Tax (V-VI)		5,186.21	3,825.80
VIII. Tax Expense :			
(i) Current Year		1,353.07	985.33
(ii) Earlier Years/ (Refunds)		(0.01)	(0.97)
(iii) Deferred Tax		0.37	2.78
Total Tax Expense (i+ii+iii)		1,353.43	987.14
IX. Profit for the period from Continuing Operations (VII-VIII)		3,832.78	2,838.66
X. Profit from Discontinuing Operations (after tax)		-	-
XI. Profit for the period (IX+X)		3,832.78	2,838.66
XII. Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1) Basic	25	38.81	28.75
(2) Diluted	25	38.81	28.75

The Significant Accounting Policies and Notes to Accounts 1 to 45 are an integral part of these financial statements.

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113 N

Place : New Delhi
Date : 28th May, 2013

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2013

1. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. 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."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

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., its subsidiaries and its joint venture.

CONSOLIDATED NOTES TO ACCOUNTS

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited	India	100 %	Audited
- REC Power Distribution Company Limited	India	100 %	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited	India	25 %	Audited

REC Transmission Projects Company Limited (REC TPCL) forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of REC Transmission Projects Company Limited (namely Vizag Transmission Limited, Kudgi Transmission Limited, Nellore Transmission Limited, Unchahar Transmission Limited and Baira Siul Sarna Transmission Limited) have not been consolidated with the financial statements of the Company.

2. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,200,000,000	1,200.00	1,200,000,000	1,200.00
Issued, Subscribed and Paid up				
Fully paid up Equity shares of ₹ 10 each	987,459,000	987.46	987,459,000	987.46
TOTAL	987,459,000	987.46	987,459,000	987.46

- 2.1 The shareholders of the equity shares of the company are entitled to receive dividends as and when declared by the company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956, the terms of the listing agreements executed with the Stock Exchanges (NSE Ltd. and BSE Ltd.), and our Memorandum of Association and Articles of Association.

2.2 Shareholders holding more than 5% of fully paid-up equity shares :

(₹ in Crores)

Name	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	659,607,000	66.80%	659,607,000	66.80 %

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
Capital Reserve	105.00	105.00
Securities Premium Account (Refer Note 3.1)		
Balance as at the beginning of the year	3,222.43	3,222.43
Add: Additions during the year	0.05	-
Less: Deductions/ Adjustments during the year	-	-
Balance as at the end of the year	3,222.48	3,222.43
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	113.99	-
Add: Amount transferred from Surplus Account	46.20	113.99
Balance as at the end of the year	160.19	113.99

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	4,587.64	3,905.94
Add: Amount transferred from Surplus Account	942.00	681.70
Balance as at the end of the year	5,529.64	4,587.64
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	754.97	595.38
Add: Amount transferred from Surplus Account	226.00	159.59
Balance as at the end of the year	980.97	754.97
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	-181.88	-
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-56.97	-209.02
Amortisation during the year	78.57	27.14
Balance as at the end of the year	-160.28	-181.88
General Reserve		
Balance as at the beginning of the year	2,742.15	2,452.42
Add: Amount transferred from Surplus Account	390.30	289.73
Balance as at the end of the year	3,132.45	2,742.15
Surplus Account		
Balance as at the beginning of the year	2,291.61	1,559.15
Add: Profit during the year	3,832.78	2,838.66
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	942.00	681.70
- Transfer to Reserve u/s for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	226.00	159.59
- Dividend		
- Interim Dividend	666.53	493.73
- Proposed Dividend (Final)	148.12	246.86
- Dividend Distribution Tax		
- Interim Dividend	108.11	80.09
- Proposed Dividend (Final)	25.20	40.08
- Transfer to Debenture Redemption Reserve	46.20	113.99
- Transfer to Provision for doubtful debts	-	0.43
- Transfer to General Reserve	390.30	289.73
Balance as at the end of the year	3,571.93	2,291.61
Total Reserves and Surplus	16,542.38	13,635.91

3.3 Additions in Securities Premium Account for the financial year 2012-13 represent the premium received on issue of Tax Free Bonds through private placement. Further, during the year 2011-12, there is a deduction of ₹ 29,791.50 representing the amount of fees/ commission incurred during the year relating to the earlier Further Public Offering of equity shares, which has got eliminated in the movement shown above due to the rounding off in crores.

3.2 In accordance with provisions of Section 117C of the Companies Act, 1956 as further clarified by Circular No. 4/2013 dated 11.02.2013 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. Accordingly, during the year, the company has created DRR amounting to ₹ 46.20 Crores (Previous year ₹ 113.99 Crores).

3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/(gain) on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 160.28 Crores (Previous year ₹ 181.88 Crores).

CONSOLIDATED NOTES TO ACCOUNTS

Pursuant to the clarifications issued by The Institute of Chartered Accountants of India (ICAI), the Company has reclassified the balance in "Foreign Currency Monetary Item Translation Difference Account" under the head "Reserves and Surplus" on the "Equity and Liabilities" side which was earlier classified under the head "Non-Current Assets" on the "Assets" side in the previous year.

3.4 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	148.12	246.86
- Rate of Dividend	15.00%	25.00 %
- Dividend per equity share (₹)	1.50	2.50

4. Long-Term Borrowings

(₹ in Crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
(A) Secured Borrowings		
(a) Bonds		
- Institutional Bonds	17,297.38	21,123.70
- 54EC Capital Gain Tax Exemption Bonds	10,142.61	10,283.25
- Tax Free Bonds	5,613.41	3,000.00
(b) Term Loans		
- From Banks	19.40	38.80
- From Financial Institutions	1,800.00	4,020.00
Total Secured Long-Term Borrowings (a+b)	34,872.80	38,465.75
(B) Unsecured Borrowings		
(a) Bonds		
- Institutional Bonds	39,695.00	25,756.10
- Infrastructure Bonds	376.32	376.32
- Zero Coupon Bonds	779.11	719.23
(b) Term Loans		
- From Banks	250.00	750.00
- From Govt. of India	7.93	15.14
(c) Other Loans & Advances		
- Foreign Currency Borrowings	14,944.22	10,471.14
Total Unsecured Long-Term Borrowings (a+b+c)	56,052.58	38,087.93
Total Long-Term Borrowings (A+B)	90,925.38	76,553.68

4.1 Details of Borrowings :

Non-current portion of the borrowings has been classified as long-term borrowings above and the current portion of the borrowings has been classified as "Current Maturities of Long-term debt" in Note-9 'Other Current Liabilities'.

Details of secured long-term borrowings :

(For details of security, refer Note 4.3)

CONSOLIDATED NOTES TO ACCOUNTS

4.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
4.1.1.1 Institutional Bonds				
92-II Series 8.65 % Redeemable at par on 22.01.2020	945.30	-	945.30	-
91-II Series 8.80 % Redeemable at par on 17.11.2019	995.90	-	995.90	-
90-C-II Series 8.80 % Redeemable at par on 06.10.2019	1,040.00	-	1,040.00	-
90-B-II Series 8.72 % Redeemable at par on 04.09.2019	868.20	-	868.20	-
90th Series 8.80 % Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	-
88th Series 8.65 % Redeemable at par on 15.01.2019	1,495.00	-	1,495.00	-
87-A-II Series 11.20 % Redeemable at par on 24.10.2018 with put-call option on 24.10.2013	-	36.40	36.40	-
87-A-III Series 11.15 % Redeemable at par on 24.10.2018	61.80	-	61.80	-
87-II Series 10.85 % Redeemable at par on 30.09.2018	657.40	-	657.40	-
86-B-III Series 10.85 % Redeemable at par on 14.08.2018	432.00	-	432.00	-
86-A Series 10.70 % Redeemable at par on 29.07.2018	500.00	-	500.00	-
85th Series 9.68 % Redeemable at par on 13.06.2018	500.00	-	500.00	-
83rd Series 9.07 % Redeemable at par on 28.02.2018	685.20	-	685.20	-
82nd Series 9.85 % Redeemable at par on 28.09.2017	883.10	-	883.10	-
81st Series 8.85 % Redeemable at par on 20.01.2017	314.80	-	314.80	-
80th Series 8.20 % Redeemable at par on 20.03.2016	500.00	-	500.00	-
79th Series 7.85 % Redeemable at par on 14.03.2016	500.00	-	500.00	-
78th Series 7.65 % Redeemable at par on 31.01.2016	1,795.70	-	1,795.70	-
93-II Series 8.45 % Redeemable at par on 19.02.2015	443.10	-	443.10	-
90-B-I Series 8.35 % Redeemable at par on 04.09.2014	883.90	-	883.90	-

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
90-A-II Series 8.00 % Redeemable at par on 05.08.2014	1,000.00	-	1,000.00	-
89-II Series 7.70 % Redeemable at par on 02.06.2014	255.00	-	255.00	-
69th Series 6.05 % Redeemable at par in equal annual instalments of ₹ 133.84 Crores, next instalment due on 23.01.2014.	-	133.84	133.84	133.84
87-C-III Series 11.50 % Redeemable at par on 26.11.2013	-	860.00	860.00	-
73rd Series 6.90 % Redeemable at par in equal annual instalments of ₹ 46.78 Crores, next instalment due on 08.10.2013	46.78	46.78	93.56	46.78
87-I Series 10.90 % Redeemable at par on 30.09.2013	-	370.20	370.20	-
75th Series 7.20 % Redeemable at par in equal half-yearly instalments of ₹ 50.00 Crores, next instalment due on 17.09.2013	100.00	100.00	200.00	100.00
86-B-II Series 10.90 % Redeemable at par on 14.08.2013	-	354.10	354.10	-
86th Series 10.75 % Redeemable at par on 24.07.2013	-	727.90	727.90	-
77th Series 7.30 % Redeemable at par in equal annual instalments of ₹ 197.10 Crores, next instalment due on 30.06.2013	394.20	197.10	591.30	197.10
84th Series 9.45 % Redeemable at par on 04.04.2013	-	1,000.00	1,000.00	-
93-I Series 7.65 % Redeemed at par on 19.02.2013	-	-	-	141.50
92-I Series 7.60 % Redeemed at par on 22.01.2013.	-	-	-	924.60
91-I Series 7.75 % Redeemed at par on 17.11.2012	-	-	-	943.00
90-C-I Series 7.90 % Redeemed at par on 06.10.2012	-	-	-	1,417.50
90-A-I Series 7.15 % Redeemed at par on 05.08.2012	-	-	-	1,000.00
89-I Series 7.00 % Redeemed at par on 02.06.2012	-	-	-	671.50
Total - Institutional Bonds	17,297.38	3,826.32	21,123.70	5,575.82

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
4.1.1.2 54EC Capital Gain Tax Exemption Bonds (See Note 4.4)				
Series VIII (2012-13) 6.00 % Redeemable at par during financial year 2015-16	4,903.25	-	-	-
Series VIII (2011-12) 6.00 % Redeemable at par during financial year 2014-15	5,239.36	-	5,239.36	-
Series VIII (2010-11) 6.00 % Redeemable at par during financial year 2013-14	-	5,043.89	5,043.89	-
Series-VIII (2009-10) 6.25 % Redeemed at par during financial year 2012-13	-	-	-	3,057.78
Total - 54EC Capital Gain Tax Exemption Bonds	10,142.61	5,043.89	10,283.25	3,057.78
4.1.1.3 Tax Free Bonds				
Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 25.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 25.03.2028 with interest rates varying from 6.88 % to 7.54 % payable annually	131.06	-	-	-
Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 817.04 Crores are redeemable on 19.12.2027 with interest rates varying from 7.22 % to 7.88 % payable annually	1,982.35	-	-	-
Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 21.11.2027 with interest rates of 7.21 % and 7.38 % respectively payable annually	500.00	-	-	-
Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93 % to 8.32 % payable annually	3,000.00	-	3,000.00	-
Total - Tax Free Bonds	5,613.41	-	3,000.00	-

CONSOLIDATED NOTES TO ACCOUNTS

4.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
Term Loan from Banks				
- State Bank of Saurashtra	19.40	19.40	38.80	19.40
Repayable in equal half-yearly instalments of ₹ 9.70 Crores, next instalment due on 24.09.2013				
- Central Bank of India	-	-	-	50.00
- Bank of Maharashtra	-	-	-	33.34
Term Loan from Financial Institutions				
- LIC of India	1,800.00	350.00	2,150.00	350.00
The Loan of ₹ 1500 Crores (present outstanding ₹ 750 Crores) & ₹ 2000 Crores (present outstanding ₹ 1,400 Crores) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively.				
- India Infrastructure Finance Company Ltd. (IIFCL)	-	1,870.00	1,870.00	-
The Loan of ₹ 1,000.00 Crores & ₹ 870.00 Crores repayable on 21.01.2014 and 19.03.2014 respectively				
Total - Term Loans	1,819.40	2,239.40	4,058.80	452.74

4.2 Details of Unsecured long-term borrowings :

4.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
4.2.1.1 Institutional Bonds				
95-II Series 8.75 % Redeemable at par on 12.07.2025	1,800.00	-	1,800.00	-
94th Series 8.75 % Redeemable at par on 08.06.2025	1,250.00	-	1,250.00	-
111-II Series 9.02 % Redeemable at par on 19.11.2022	2,211.20	-	-	-
107th Series 9.35 % Redeemable at par on 15.06.2022	2,378.20	-	-	-
105th Series 9.75 % Redeemable at par on 11.11.2021	3,922.20	-	3,922.20	-
101-III Series 9.48 % Redeemable at par on 10.08.2021	3,171.80	-	3,171.80	-
100th Series 9.63 % Redeemable at par on 15.07.2021	1,500.00	-	1,500.00	-

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
98th Series 9.18 % Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	-
97th Series 8.80 % Redeemable at par on 29.11.2020	2,120.50	-	2,120.50	-
96th Series 8.80 % Redeemable at par on 25.10.2020	1,150.00	-	1,150.00	-
113th Series 8.87 % Redeemable at par on 08.03.2020	1,542.00	-	-	-
111-I Series 9.02 % Redeemable at par on 19.11.2019	452.80	-	-	-
108-II Series 9.39 % Redeemable at par on 20.07.2019	960.00	-	-	-
95-I Series 8.70 % Redeemable at par on 12.07.2019	200.00	-	200.00	-
112th Series 8.70 % Redeemable at par on 01.02.2018	1,500.00	-	-	-
109th Series 9.25 % Redeemable at par on 27.08.2017	1,734.70	-	-	-
108-I Series 9.40 % Redeemable at par on 20.07.2017	2,125.00	-	-	-
106th Series 9.28 % Redeemable at par on 15.02.2017	1,500.00	-	1,500.00	-
104th Series 9.30 % Redeemable at par on 03.11.2016 with put-call option on 03.05.2013	-	1,025.00	1,025.00	-
103-I Series 9.35 % Redeemable at par on 19.10.2016 with put-call option on 19.10.2013	-	915.00	915.00	-
103-II Series 9.35 % Redeemable at par on 19.10.2016 with put-call option on 19.10.2013	-	500.00	500.00	-
102nd Series 9.38 % Redeemable at par on 06.09.2016	2,216.20	-	2,216.20	-
101-II Series 9.45 % Redeemable at par on 10.08.2016	394.60	-	394.60	-
74th Series 7.22 % Redeemable at par on 31.12.2014	250.00	-	250.00	-
110th Series 8.84 % Redeemable at par on 16.10.2014	3,475.00	-	-	-
101-I Series 9.43 % Redeemable at par on 10.08.2014	395.60	-	395.60	-
99-II Series 9.75 % Redeemable at par on 07.06.2014	445.20	-	445.20	-
99-I Series 9.70 % Redeemed at par on 08.06.2012	-	-	-	1,480.00
Total - Institutional Bonds	39,695.00	2,440.00	25,756.10	1,480.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
4.2.1.2 Infrastructure Bonds				
Series-II (2011-12)	157.59	-	157.59	-
Redeemable at par. See Note 4.5				
Series-I (2010-11)	218.73	-	218.73	-
Redeemable at par. See Note 4.5				
Total - Infrastructure Bonds	376.32	-	376.32	-
4.2.1.3 Zero Coupon Bonds				
ZCB - Series II - Redeemable on 03.02.2021	139.18	-	127.97	-
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
ZCB - Series I - Redeemable on 15.12.2020	639.93	-	591.26	-
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
Total - Zero Coupon Bonds	779.11	-	719.23	-

4.2.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
Central Bank Repayable on 27.02.2014	-	500.00	500.00	-
Repayable on 27.02.2014				
- Bank of Maharashtra	250.00	-	250.00	200.00
One term loan of ₹ 50.00 Crores repayable in equal annual installments on 29.06.2014 & 29.06.2015 and a term loan of ₹ 200.00 Crores repayable in two equal annual installments on 27.07.2014 & 27.07.2015				
4.2.2.2 - from Govt. of India	7.93	7.21	15.14	9.50
Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown				
Total - Term Loans	257.93	507.21	765.14	209.50

CONSOLIDATED NOTES TO ACCOUNTS

4.2.3 Other Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
4.2.3.1 Foreign Currency Borrowings				
CHF Bonds - CHF 200 Mn 3.50 % Redeemable at par on 07.03.2017	1,139.38	-	1,132.56	-
Reg S Bonds - \$500 Mn 4.25 % Redeemable at par on 25.01.2016	2,498.55	-	2,417.73	-
JICA Loan - Guaranteed by Govt. of India JICA-I loan repayable in equal half-yearly instalments of ₹982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2013 and JICA-II loan repayable in equal half-yearly instalments of ₹995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2013	921.89	192.61	1,059.02	128.26
KfW Loan - Guaranteed by Govt. of India Repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2013	246.17	47.92	294.09	45.55
ECB - Syndicated Loans from Banks - II - \$400 Mn Repayable on 22.09.2015	1,788.96	-	1,788.96	-
Bilateral Term Loan - Mauritius - US \$70 Mn Repayable on 28.10.2015	311.36	-	311.36	-
Bilateral Term Loan - Mizuho - US \$100 Mn Repayable on 30.03.2016	446.50	-	446.50	-
Bilateral Term Loan - BTMU - \$100 Mn Repayable on 30.03.2016	446.50	-	446.50	-
Syndicated Loan- \$300 Mn Repayable on 19.08.2016	1,367.24	-	1,367.24	-
KfW-II Loan - Guaranteed by Govt. of India Repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2013	374.10	53.44	425.24	53.14
Syndicated Loan- ₹12.525 Bn Repayable on 27.03.2017	1,143.76	-	781.94	-
Syndicated Loan- Unsecured- \$250 Mn Loan of \$150 Mn & \$100 Mn repayable on 17.09.2015 and 19.11.2015 respectively	1,366.49	-	-	-
KfW-III Loan - Guaranteed by Govt. of India Repayable in equal half-yearly instalments of €5.26 Mn, first instalment falling due on 30.06.2015	173.86	-	-	-
Syndicated Loan- \$250 Mn Repayable on 21.03.2016	1,359.73	-	-	-
Syndicated Loan- \$250 Mn	1,359.73	-	-	-
Total - Foreign Currency Borrowings	14,944.22	293.97	10,471.14	226.95

CONSOLIDATED NOTES TO ACCOUNTS

4.3 Security Details of the Secured Borrowings

The Bond Series 69 of Institutional Bonds is secured by a (a) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India and (b) a charge on the fixed and/ or current assets (book debts) of the Corporation in favour of IL&FS Trust Company Limited.

The Bond Series 73, 75 of Institutional Bonds are secured by a (a) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India and (b) pari passu charge on the receivables, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 86A, 86 B-II, 86 B-III, 87-I, 87-II, 87 A-II, 87 A-III, 87 C-III, 88, 89-II, 90, 90 A-II, 90 B-I, 90 B-II, 90 C-II, 91-II, 92-II, 93-II of Institutional Bonds and all 54EC Capital Gain Tax Exemption Bonds are secured by a charge on a (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi 110 049, India and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds (issued during FY 2011-12) are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds (issued during FY 2012-13) are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of SBICap Trustee Company Ltd.

All the term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement last updated on September 24, 2010.

4.4 54EC Capital Gain Tax Exemption Bonds are issued for a tenure of 3 years at interest rates of 6.00 % to 6.25 % payable annually. During the year, 54EC Capital Gain Tax Exemption Bonds Series VIII 2012-13 was issued with a 3 years' tenor at interest rate of 6.00 % payable annually. These bonds will be redeemed automatically at the end of lock-in period of 3 years.

4.5 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

(₹ in Crores)

Rate of Interest	Amount	Redemption Details
8.00 %	61.60	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.20 %	151.74	
8.10 %	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20 %	3.78	
	218.73	

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	Amount	Redemption Details
8.95 % Cumulative	95.23	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.95 % Annual	32.85	
9.15 % Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15 % Annual	5.01	

CONSOLIDATED NOTES TO ACCOUNTS

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	Amount	Redemption Details
8.95 % Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95 % Annual	1.38	
9.15 % Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15 % Annual	1.13	
	157.59	

5. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
- Non-Current Portion of Interest accrued but not due on borrowings	80.25	23.01
- Others	0.32	0.31
Total	80.57	23.32

6. Long-term and Short-term Provisions

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
(A) - Provisions for				
Employee Benefits				
Earned Leave Liability	19.56	3.80	21.20	2.25
Post Retirement Medical Benefits	54.26	1.54	45.39	1.43
Medical Leave Liability	11.03	2.37	10.84	1.15
Settlement Allowance	1.03	0.13	1.02	0.10
Economic Rehabilitation Scheme	1.95	0.28	1.95	0.24
Long Service Award	2.44	0.62	2.58	0.43
Sub-total (A)	90.27	8.74	82.98	5.60
(B) Others				
Standard Loan Assets	95.16	10.52	-	-
Rescheduled Loan Assets	3.04	0.14	3.18	-
Incentive	-	34.03	-	25.10
Ex-gratia	-	-	-	0.10
Wealth Tax	-	0.37	-	0.38
Fringe Benefit Tax	-	0.36	-	0.36
Proposed Dividend	-	148.12	-	246.86
Corporate Dividend Tax	-	25.20	-	40.08
Sub-total (B)	98.20	218.74	3.18	312.88
Total (A+B)	188.47	227.48	86.16	318.48

During the year, the Corporation has created a contingent provision against Standard Loan Assets for ₹ 105.68 Crores, which amounts to 0.0833 % of the total outstanding standard loan assets as on 31.03.2013.

CONSOLIDATED NOTES TO ACCOUNTS

6.1 Details of Provisions as required under AS-29 are as under :

(in ₹ Crores)

Provisions for	Opening Balance	Additions During the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.45	5.66	5.79	23.32
Previous year	21.50	5.00	3.05	23.45
Post Retirement Medical Benefits	46.82	11.75	2.77	55.80
Previous year	37.40	12.18	2.76	46.82
Medical Leave Liability	11.99	2.23	0.82	13.40
Previous year	10.62	2.18	0.81	11.99
Settlement Allowance	1.12	0.07	0.03	1.16
Previous year	0.22	0.94	0.04	1.12
Economic Rehabilitation Scheme	2.19	0.25	0.21	2.23
Previous year	2.06	0.27	0.14	2.19
Long Service Award	3.01	0.45	0.40	3.06
Previous year	2.37	3.91	3.27	3.01
Standard Loan Assets	-	105.68	-	105.68
Previous year	-	-	-	-
Rescheduled Loan Assets	3.18	-	-	3.18
Previous year	-	3.18	-	3.18
Incentive	25.10	41.47	32.54	34.03
Previous year	16.40	23.60	14.90	25.10
Ex-gratia	0.10	-	0.10	-
Previous year	0.10	-	-	0.10
Wealth Tax	0.38	0.36	0.37	0.37
Previous year	0.36	0.40	0.38	0.38
Fringe Benefit Tax	0.36	-	-	0.36
Previous year	0.36	-	-	0.36
Interim Dividend	-	666.53	666.53	-
Previous year	-	493.73	493.73	-
Proposed Dividend	246.86	148.12	246.86	148.12
Previous year	394.98	246.86	394.98	246.86
Corporate Dividend Tax	40.08	133.31	148.19	25.20
Previous year	64.09	120.17	144.18	40.08
Income Tax	1,914.63	1,355.13	940.70	2,329.06
Previous year	2,717.85	986.13	1,789.35	1,914.63
CSR & Sustainable Development Expenditure	-	17.50	17.50	-
Previous year	-	12.99	12.99	-

7. Short-term Borrowings

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Loans Repayable on Demand from Banks, Secured	5.55	1.71
(Secured against term deposits)		
(B) Loans Repayable on Demand, unsecured		
- from Banks	500.00	2,500.00
- from Financial Institutions	1,000.00	-
(C) Commercial Paper, unsecured	980.00	-
Total (A+B+C)	2,485.55	2,501.71

CONSOLIDATED NOTES TO ACCOUNTS

8. Trade Payables

(₹ in Crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
Trade Payables	3.97	4.23
Total	3.97	4.23

9. Other Current Liabilities

(₹ in Crores)		
Particulars	As at 31.03.2013	As at 31.03.2012
(A) Current maturities of long-term debt		
- Institutional Bonds	6,266.32	7,055.82
- 54EC Capital Gain Tax Exemption Bonds	5,043.89	3,057.78
- Term Loans from Banks & Others	2,746.61	662.24
- Foreign Currency Borrowings	293.97	226.95
Sub-total (A)	14,350.79	11,002.79
(B) Interest accrued but not due on borrowings	3,735.97	2,934.39
(C) Interest accrued and due on borrowings	1.05	1.24
(D) Income Received in Advance	7.81	12.83
(E) Unpaid Dividends	1.84	1.25
(F) Unpaid Interest & Principal on Bonds		
- Matured Bonds & Interest Accrued thereon	72.77	95.75
- Interest on Bonds	19.82	18.23
(G) Other payables		
- Subsidy/ Grant Received from Govt. of India	27,347.67	26,661.41
Add: Interest on Subsidy/ Grant (Net of refund/ adjustment)	3.65	83.14
Less: Disbursed to Beneficiaries	-27,330.93	-26,390.56
Undisbursed Subsidy/Grant	20.39	353.99
- Statutory Dues payable including PF and TDS	22.20	11.87
- Payable towards funded staff benefits	1.35	5.65
- Other Liabilities	891.85	79.13
Sub-Total (G)	935.79	450.64
Total (A+B+C+D+E+F+G)	19,125.84	14,517.12

CONSOLIDATED NOTES TO ACCOUNTS

9.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Corporation is maintaining an 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 year 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 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 2.44 Crores as on 31.03.2013 (Previous year ₹ 4.24 Crores) under the heads "Grant- (AG&SP) Interest Subsidy Received" and "Grant- (AG&SP) Interest Subsidy Disbursed" represents the balance amount of interest subsidy received from Ministry of Power, Government of India, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Opening Balance of Interest Subsidy Fund	4.24	5.53
Less: Interest subsidy passed on to the borrower	1.80	1.29
Closing Balance of Interest Subsidy Fund	2.44	4.24

9.2

Government of India has appointed REC as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY). The funds received for disbursement to various agencies under the scheme is kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto is classified under "Undisbursed Subsidy/ grant" under the head "Current Liabilities."

During the year, interest earned of ₹ 20.02 Crores (Previous year ₹ 22.59 Crores) has been taken to RGGVY Subsidy account. Further, during the year, an amount of ₹ 98.92 Crores has been refunded back to MoP out of the total interest on subsidy.

CONSOLIDATED NOTES TO ACCOUNTS

10. Fixed Assets as at 31st March 2013

(₹ In Crores)

FIXED ASSETS		GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK			
		As at 01.04.2012	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2013	Upto 31.03.2012	During the year	Adjustment during the year	As on 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets											
Freehold Land		34.75	-	-	34.75	-	-	-	-	34.75	34.75
Leasehold Land		1.45	-	-	1.45	0.18	0.02	-	0.20	1.25	1.27
Buildings		24.44	0.08	0.01	24.51	6.05	0.37	0.01	6.41	18.10	18.39
Furniture & Fixtures		7.32	0.23	0.04	7.51	3.98	0.33	0.03	4.28	3.23	3.34
Vehicles		0.57	0.01	0.07	0.51	0.45	0.02	0.06	0.41	0.10	0.12
EDP Equipments		13.89	1.89	0.27	15.51	6.67	1.85	0.07	8.45	7.06	7.22
Office Equipments		6.08	0.52	0.39	6.21	2.57	0.27	0.23	2.61	3.60	3.51
Total		88.50	2.73	0.78	90.45	19.90	2.86	0.40	22.36	68.09	68.60
Previous year		80.60	8.89	0.99	88.50	18.06	2.46	0.62	19.90	68.60	
Intangible Assets											
Computer Software		4.37	2.58	-	6.95	2.13	1.04	-	3.17	3.78	2.24
Total		4.37	2.58	-	6.95	2.13	1.04	-	3.17	3.78	2.24
Previous year		4.36	0.01	-	4.37	1.25	0.88	-	2.13	2.24	
Capital Work-in-progress		7.92	0.83	-	8.75	-	-	-	-	8.75	7.92
Previous year		3.01	5.49	0.58	7.92	-	-	-	-	7.92	
Intangible Assets under Development		0.10	0.10	0.20	-	-	-	-	-	-	0.10
Previous year		-	0.10	-	0.10	-	-	-	-	0.10	

10.1 The formalities regarding registration of one conveyance deed in respect of the Land & Building acquired by the Corporation amounting to ₹ 4.59 Crores (Previous year ₹ 4.59 Crores) are yet to be executed.

10.2 In the opinion of management, there is no impairment of the assets of the Corporation in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

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

Amortisation Rate 20 %, 100 % in case the total cost of the asset is ₹ 5,000 or less

Amortisation Method Straight Line

CONSOLIDATED NOTES TO ACCOUNTS

11. Investments

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number	Amount	Number	Amount
Valued at Cost				
(1) Non-Current Investments				
(A) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- India Energy Exchange Limited	1,250,000	1.25	1,250,000	1.25
Equity shares of ₹ 10 each, fully paid up				
- Universal Commodity Exchange Limited	16,000,000	16.00	16,000,000	16.00
Equity shares of ₹ 10 each, fully paid up				
(ii) Investment in Government Securities				
- 8% Government of Madhya Pradesh Power Bonds-II	12	565.92	14	660.24
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2013				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
(iii) Investment in Venture Capital Funds				
- KSK Energy Ventures Limited				
Units of "Small is Beautiful" Fund at face value of ₹ 10.00 per unit	7,682,816	7.68	7,825,127	7.83
NAV of ₹ 9.77 per unit (Previous year ₹ 10.33)				
Total - Non-Current Investments (1)		590.85		685.32
(2) Current Investments				
(A) Investment in Equity Instruments (Unquoted)				
- Fellow Subsidiaries				
- Vemagiri Transmission System Limited	-	-	50,000	0.05
Equity shares of ₹ 10 each, fully paid up				
- Vizag Transmission Limited	50,000	0.05	50,000	0.05
Equity shares of ₹ 10 each, fully paid up				
- Kudgi Transmission Limited	50,000	0.05	-	-
Equity shares of ₹ 10 each, fully paid up				
- Nellore Transmission Limited	50,000	0.05	-	-
Equity shares of ₹ 10 each, fully paid up				
- Unchahar Transmission Limited	50,000	0.05	-	-
Equity shares of ₹ 10 each, fully paid up				
- Baira Siul Sarna Transmission Limited	50,000	0.05	-	-
Equity shares of ₹ 10 each, fully paid up				
(B) Investment in Government Securities (Unquoted)				
- 8% Government of Madhya Pradesh Power Bonds-II				
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2013	1	47.16	1	47.16
(Bonds of Face Value of ₹ 47.16 Crores each)*				
Total - Current Investments (2)		47.41		47.26
Total (1+2)		638.26		732.58

* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

CONSOLIDATED NOTES TO ACCOUNTS

- Additional disclosures required in respect of the investments

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(i) Aggregate amount of Quoted Investments	-	-
(ii) Aggregate amount of Unquoted Investments		
- Non-Current investments	590.85	685.32
- Current investments	47.41	47.26
(iii) Aggregate provision for diminution in value of investments	-	-

- 11.1 Investments include ₹ 7.68 Crores (Previous year ₹ 7.83 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the year, 1,42,311 units (Previous year 9,08,660 units) were redeemed.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 7.68 Crores	India	9.74 %

- 11.2 Information in relation to the interest of the Corporation in Joint Ventures as required under Accounting Standard – 27 issued by the Institute of Chartered Accountants of India :

1. Energy Efficiency Services Limited

Proportion of Interest	25 %
Country of Incorporation	India

12. Deferred Tax Asset (Net)

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
Deferred Tax Assets		
Provision for Earned Leave Encashment	7.94	7.61
Provision for Sick Leave	4.12	3.48
Provision for Post Retirement Medical Benefits	2.63	2.51
Provision for Pension Scheme	-	1.06
Provision for Doubtful Debts	0.56	-
Total	15.25	14.66
Deferred Tax Liabilities		
Depreciation	5.60	4.64
Total	5.60	4.64
Deferred Tax Asset (Net)	9.65	10.02

- 12.1 The Corporation 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, Company is not creating any deferred tax liability on the said reserves.

CONSOLIDATED NOTES TO ACCOUNTS

13. Long-term Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Capital Advances (Unsecured, considered good)	23.79	24.54
(B) Security Deposits (Unsecured, considered good)	7.74	3.96
(C) Loans & Advances to Related Parties		
- To Directors	0.07	0.05
	0.07	0.05
(D) Other Loans & Advances		
- Staff Loans & Advances (except to Directors)	13.73	12.74
- Long-term Loan Assets	114,529.34	89,944.11
	114,543.07	89,956.85
Total (A+B+C+D)	114,574.67	89,985.40

Details of Loans & Advances to Related Parties and Other Loans & Advances :

13.1 Staff Loans & Advances

Non-current portion of the staff loan & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loan & advances has been classified under Note-18 'Other Current Assets'.

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
Loans & Advances to Staff (Secured, considered good)				
- To Directors	0.01	-	-	-
- To Employees (Other than directors)	3.78	1.01	1.64	0.64
Sub-total	3.79	1.01	1.64	0.64
Loans & Advances to Staff (Unsecured, considered good)				
- To Directors	0.06	0.04	0.05	0.04
- To Employees (Other than directors)	9.95	5.94	11.10	5.95
Sub-total	10.01	5.98	11.15	5.99
Total	13.80	6.99	12.79	6.63

CONSOLIDATED NOTES TO ACCOUNTS

13.2 Long-term Loan Assets

Non-current portion of the long-term loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the long-term loan assets has been classified under Note-18 'Other Current Assets'.

(₹ in Crores)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Non-Current	Current	Non-Current	Current
(A) Secured Loans				
(A1) Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)				
(a) Considered Good	66,215.52	6,781.75	57,402.83	4,814.02
(A2) Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)				
(a) Considered Good	17,716.40	734.32	10,803.99	1,099.90
(b) Classified Doubtful	353.48	136.92	427.71	62.69
Less: Allowance for Bad & doubtful debts	57.02	32.52	42.77	21.77
	296.46	104.40	384.94	40.92
Sub-total (A1+ A2)	84,228.38	7,620.47	68,591.76	5,954.84
(B) Unsecured Loans				
(B1) Loans Guaranteed by respective State Governments				
(a) Considered good	27,278.56	2,975.03	17,664.20	2,266.46
(B2) Loans to State Governments				
(a) Considered good	2,919.40	230.83	3,350.91	223.60
(B3) Loans - Others				
(a) Considered Good	103.00	1.33	337.24	5.23
Sub-Total (B1+ B2+B3)	30,300.96	3,207.19	21,352.35	2,495.29
Grand Total (A+B)	114,529.34	10,827.66	89,944.11	8,450.13

13.2.1 Loan balance confirmations for around 80 % of total loan assets as on 31st March, 2013 have been received from the borrowers.

14. Other Non-Current Assets

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Non-Current Portion of Interest Accrued on Staff Advances	3.00	2.24
(B) Interest Accrued on Rescheduled Loans	118.79	231.88
(C) Non-current Portion of Unamortized Expenses :		
- Discount on Issue of Bonds	8.97	13.80
(D) Others	0.15	-
Total (A+B+C+D)	130.91	247.92

CONSOLIDATED NOTES TO ACCOUNTS

15. Trade Receivables

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Unsecured, considered good	29.77	38.06
Less: Book Advance	0.05	0.06
Less: Allowance for doubtful debts	1.19	0.64
	28.53	37.36
Total	28.53	37.36
Outstanding for a period exceeding six months from the date they are due for payment	15.94	9.71

16. Cash and Bank Balances

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Cash & Cash Equivalents		
- Balances with Banks	368.64	3,690.74
- Cheques/ Drafts in Hand	-	0.89
- Others		
- Term Deposits with Scheduled Banks	1,132.69	1,643.04
Sub-total (A)	1,501.33	5,334.67
(B) Others	28.21	40.69
Total (A+B)	1,529.54	5,375.36
Balances with Banks include:		
- Earmarked Balances with Banks		
- For unpaid dividends	1.84	1.25
- For RGGVY grant	2.81	325.50
- For AG & SP grant	6.11	4.81
- For other grants	2.35	3.96
- Tax Free Bonds Public Issue Account	0.63	3,000.00
- PAT A/c, 3L A/c & S&L A/c	0.18	1.46
Further, Short-term Deposits with Scheduled Banks include ₹ 10.00 Crores (Previous year Nil) earmarked towards RGGVY grant.		
Term Deposits with Scheduled Banks with more than twelve months maturity	1.65	13.00

16.1 The Company had made a public issue of Tax Free Bonds of face value of ₹ 1,000/- each aggregating to ₹ 3,000 Crores during the financial year 2011-12. The bonds had been allotted on 27.03.2012 and the issue proceeds had been kept in designated Public Issue accounts. The issue proceeds have been utilised during the year for the purposes as mentioned in the Offer document.

The Company had made public issue of Tax Free Bonds of face value of ₹ 1,000/- each aggregating to ₹ 2,148.41 Crores (including investment of ₹ 35 Crores by REC Transmission Projects Limited) in two tranches during the financial year 2012-13 in addition to a private placement of the Tax Free Bond Issue of ₹ 500 Crores. The bonds under public issue had been allotted in line with the prescribed guidelines and within Financial year 2012-13. The issue proceeds have been utilised for the purposes as mentioned in the Offer document except for ₹ 0.63 Crores which is kept in designated public issue account pending its utilisation.

CONSOLIDATED NOTES TO ACCOUNTS

17. Short-term Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
- Others		
- Advances recoverable in cash or in kind or value to be received (Unsecured, considered good)	7.02	4.70
- Loan Assets		
(A) Secured Loans		
- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
(a) Considered Good	1,759.00	1,737.50
Sub-total (A)	1,759.00	1,737.50
(B) Unsecured Loans		
- Loans Guaranteed by respective State Governments		
(a) Considered Good	150.00	830.00
- Loans - Others		
(a) Considered Good	-	400.00
Sub-total (B)	150.00	1,230.00
Total (Loan Assets)	1,909.00	2,967.50
Grand Total	1,916.02	2,972.20

18. Other Current Assets

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
(A) Current Recoverables of Long-term Loan Assets	10,827.66	8,450.13
(B) Current Recoverables of Staff Advances	6.99	6.63
(C) Interest Accrued & Not Due on:		
- Term Deposits	4.64	30.59
Sub-Total	4.64	30.59
(D) Interest Accrued & Due on Loan Assets	120.26	86.11
(E) Interest Accrued & Not Due on Loan Assets	560.89	549.61
(F) Current Portion of Interest Accrued on Staff Advances	0.33	0.36
(G) Recoverable from GOI		
- RGGVY Expenses	8.99	6.78
Sub-Total	8.99	6.78
(H) Recoverable from Govt. Deptt/Others	17.60	22.07
(I) Advance Income-tax & TDS	2,389.32	1,945.89
Less : Provision for Income Tax	2,329.06	1,914.63
	60.26	31.26
(J) Income Tax Recoverable	0.12	-
(K) Prepaid Financial Charges on Commercial Paper	46.33	-
(L) Current Portion of Unamortized Expenses		
- Discount on Issue of Bonds	4.83	4.83
Total (A+B+C+D+E+F+G+H+I+J+K+L)	11,658.90	9,188.37

CONSOLIDATED NOTES TO ACCOUNTS

19. Revenue from Operations

(₹ in Crores)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(A) Interest on Loan Assets				
(i) Long term financing	12,479.02		9,684.32	
Less: Rebate for timely payments/ completion etc.	4.25	12,474.77	6.17	9,678.15
(ii) Short term financing		816.18		585.87
Total - Interest Income on Loan Assets (A)		13,290.95		10,264.02
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc.		108.62		47.15
(ii) Prepayment Premium		12.50		3.02
(iii) Agency/ handling charges for RGGVY Implementation/ others		9.97		23.40
Total - Revenue from Other Financial Services (B)		131.09		73.57
(C) Interest on deposits		103.66		91.80
Total (A+B+C)		13,525.70		10,429.39

20. Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(A) Interest Income (Other than Operating Income)				
- Interest from Govt. Securities	54.71		62.25	
- Interest from Income Tax Refund	0.67		4.02	
- Interest from Staff Advances	1.35		0.53	
- Interest from Subsidiary Companies	0.18		0.13	
Sub-Total (A)	56.91		66.93	
(B) Dividend Income				
- Dividend from Subsidiary Companies	-		0.05	
- Dividend from Long-Term Investments	0.25		0.13	
Sub-Total (B)	0.25		0.18	
(C) Net Gain on Sale of Investments				
- Gain on Sale of Long Term Investments	0.34		0.84	
- Gain on Sale of Current Investments	18.51		10.91	
Sub-Total (C)	18.85		11.75	
(D) Other Non-Operating Income				
- Profit on sale of assets	-		0.05	
- Provision Written Back	1.69		4.44	
- Miscellaneous Income	33.18		40.88	
Sub-Total (D)	34.87		45.37	
Total (A+B+C+D)	110.88		124.23	

CONSOLIDATED NOTES TO ACCOUNTS

21. Finance Costs

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(A) Interest Expense		
- On Govt. Loans	1.53	2.31
- On REC Bonds	6,554.00	5,064.14
- On Loans from Banks/ Financial Institutions	414.70	611.63
- On External Commercial Borrowings	790.52	578.71
- On Commercial Paper	86.49	-
- On AREP Subsidy	0.24	0.33
- Interest on Advance Income Tax	2.06	0.25
Sub-Total (A)	7,849.54	6,257.37
(B) Other Borrowing Costs		
- Guarantee Fee	27.32	11.46
- Public Issue Expenses	10.37	14.25
- Bonds Handling Charges	1.67	1.12
- Bonds Brokerage	14.69	15.99
- Stamp Duty on Bonds	0.84	0.04
- Other Bonds/Debt Instrument Issue Expenses	-	-
- Debt Issue and Other Finance Charges	101.43	78.61
Sub-Total (B)	156.32	121.47
Total (A+B)	8,005.86	6,378.84

22. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(A) Salaries and Allowances	119.57	137.97
(B) Contribution to Provident Fund and Other Funds	9.96	8.43
(C) Gratuity	1.35	2.38
(D) Expenses towards Post Retirement Medical Facility	11.75	12.17
(E) Staff Welfare Expenses	12.70	13.67
Total (A+B+C+D+E)	155.33	174.62

23. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
- Rent & Hiring Charges	3.12	3.26
- Rates and Taxes	1.47	5.96
- Power & Fuel	1.15	0.94
- Insurance Charges	0.04	0.04
- Repairs and Maintenance		
- Building	1.68	1.27
- Machinery - ERP & Data Centre	3.04	3.10
- Others	0.43	0.48
- Printing and Stationery	0.63	0.25
- Travelling and Conveyance	9.28	8.21
- Postage, Telegram and Telephone	1.12	1.24
- Publicity & Promotion Expenses	5.21	4.60
- Auditors' Remuneration	0.59	0.62
- Consultancy Charges	11.03	6.84
- Expenditure towards CSR & Sustainable Development	17.59	13.03
- Donations & Charity	0.01	0.06
- Loss on Sale of Assets	0.33	0.24
- Miscellaneous Expenses	19.05	15.88
Total	75.77	66.02

CONSOLIDATED NOTES TO ACCOUNTS

23.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
- Audit Fees	0.28	0.27
- Tax Audit Fees	0.05	0.05
- Limited Review Fees	0.06	0.05
- Payment for Other Certifications #	0.19	0.25
- Reimbursement of Expenses	0.01	-
Total	0.59	0.62

The figure above also includes service tax credit reversal of ₹ 0.03 crores (Previous year Nil) done as per Service Tax Rules.

Inclusive of Certification Fee of ₹ 0.15 Crores for Certification of Prospectus for Tax Free Bonds Public Issue for FY 2012-13 and Certification Fee of ₹ 0.15 Crores for Certification of Prospectus for Tax Free Bonds Public Issue and ₹ 0.09 Crores for certification of ECB Documentation for FY 2011-12.

23.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Earnings	-	0.02
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.39	1.34
- Interest	289.56	192.95
- Finance Charges	86.72	65.45
- Other Expenses	0.72	0.69
Total	377.39	260.43

23.3 The Corporation has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 2.39 Crores (Previous year ₹ 2.38 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 1.57 Crores (Previous year ₹ 1.27 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	Year ended 31.03.2013		Year ended 31.03.2012	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.39	2.52	0.39	2.30
Later than one year and not later than 5 years	0.38	7.94	0.77	7.08
Later than 5 years	-	0.01	-	2.18
Total	0.77	10.47	1.16	11.56

24. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
- Others	0.76	0.18
Total	0.76	0.18

CONSOLIDATED NOTES TO ACCOUNTS

25. Earnings per Share

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	3,832.78	2,838.66
Denominator		
Weighted average Number of equity shares	987,459,000	987,459,000
Basic & Diluted Earnings per share of ₹ 10 each (in ₹)	38.81	28.75

26. Contingent Liabilities and Commitments :

26.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
A Claims against the Company not acknowledged as debts	51.28	59.84
- Guarantees	0.61	-
B Others		
- Letters of Comfort	1,904.17	4,696.95

The amount referred to in 'A' above includes ₹ 5.17 Crores (Previous year ₹ 7.75 Crores) which is pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 46.11 Crores (Previous year ₹ 52.09 Crores) against various demands raised by the Income Tax Department including the cases pending in Delhi High Court.

26.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2013	As at 31.03.2012
- Contracts remaining to be executed on capital account	6.15	8.02
- Other Commitments		
- Undisbursed CSR Commitments	7.41	5.91
- Lease Commitments	11.24	12.72

27. 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 as defined under Section 617 of the Companies Act, 1956 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. Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 279/03.02.001/2012-13 dated July 2, 2012, , REC being a Government Company as defined under section 617 of the Companies Act 1956 continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. 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.

Further, RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25 % of owned funds in case of single borrower and 40 % in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30 % and 50 % of owned funds,

CONSOLIDATED NOTES TO ACCOUNTS

respectively. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15 % (with a minimum Tier I Capital of 10 %). Accordingly, the Prudential Norms were modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50 % to 250 % of our net worth, depending upon entity appraisal.

28. On December 13, 2006 our Board of Directors approved Corporation's Prudential Norms and amendments thereto were approved on February 21, 2009 and September 25, 2010. Some important features of these are given in the Significant Accounting Policies also. However, in order to bring all "Systemically important" government-owned NBFCs within the framework of their prudential norms, RBI had advised our Corporation on December 12, 2006 to submit a 'road map'. The Corporation submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 had granted exemption to REC from Prudential exposure Norms in respect of Central and State entities in the power sector, till March 31, 2012. In response to the Corporation's submission for further extending the exemption period till at least the end of XII plan, forwarded to RBI by Ministry of Power vide letter dated January 16, 2012, RBI, vide its letter dated April 4, 2012 had agreed to extend the exemption from adhering to RBI Prudential Norms till March 31, 2013, subject to furnishing a Roadmap upto June 30, 2012 for compliance with the RBI Prudential Norms as laid down in Non Banking Financial Companies (Non Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time, within three years beginning April 1, 2013. Accordingly, REC submitted the road map for compliance of the RBI Prudential Norms in phased manner w.e.f. 2012-13, vide letter dated 22nd June, 2012 to Ministry of Power which was forwarded to RBI on 6th July, 2012. Later RBI sought clarifications which were submitted. The phased implementation would be effected on response on roadmap from RBI. In respect of the proposed amendments for the year 2012-13, there is no financial impact, if implemented. Since the matter is under consideration of RBI, the Company is unable to ascertain the likely impact of the same, if any, in the later year(s).
29. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during this year. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement schemes, sanctioned during the 2 years viz. 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.
30. **Changes in Accounting Policy**
 Modifications have been made in Significant Accounting Policy No. 2, 2.1a, 2.3(ii)(a), 4.1, 5, 6, 10.2, 10.3, 13.2, 15 of Rural Electrification Corporation Ltd. to make it more clarificatory/ explicit. However, there is no financial impact of such modifications.
 Further, Rural Electrification Corporation Ltd. has formulated a New Accounting Policy 2.3 (iv) to create a provision against standard assets in a phased manner so as to make it a minimum of 0.25 % by the end of financial year 2014-15. The profit before tax for the year is lower by ₹ 105.68 crores due to this Accounting Policy.
31. There has been shortfall (gross) in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 5.86 Crores (Previous year ₹ 5.71 Crores).
32. Income Tax as applicable in respect of Interest accrued on bonds which are freely tradeable / transferable is deducted at source at the time of actual payment of interest to the bond holders.
33. 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.
34. The Corporation has no outstanding liability towards Micro, Small and Medium undertakings.

CONSOLIDATED NOTES TO ACCOUNTS

35. As part of hedging strategy, the company has executed, in some cases, interest rate swaps from fixed rate of interest to floating rate of interest. The INR value of outstanding borrowing on which such swap has been exercised is ₹ 7,211.80 Crores (Previous year ₹ 7,150 Crores).

In respect of foreign currency borrowings, the company has also executed cross currency swaps to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure on 31.03.2013 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY ¥	40,173.98	2,258.26	26,688.37	1,479.34	13,485.61	778.92
Previous year	35,669.38	1,969.21	23,144.38	1,187.28	12,525.00	781.93
EURO €	131.43	895.49	106.43	721.63	25.00	173.86
Previous year	121.58	818.03	51.58	339.65	70.00	478.38
USD \$	2,220.00	10,945.06	1,470.00	6,865.87	750.00	4,079.19
Previous year	1,470.00	6,778.29	1,220.00	5,499.38	250.00	1,278.91
CHF (Swiss Franc)	200.00	1,139.38	-	-	200.00	1,139.38
Previous year	200.00	1,132.56	-	-	200.00	1,132.56
Total		15,238.19		9,066.84		6,171.35
Previous year		10,698.09		7,026.31		3,671.78

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

- 35.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

SI.No.	Exchange Rates	As at 31.03.2013	As at 31.03.2012
1	USD/INR	54.3893	51.1565
2	JPY/INR	0.5776	0.6243
3	Euro/INR	69.5438	68.3403
4	CHF/INR	56.9689	56.6279

36. Related Party Disclosures :

(1) Key Management Personnel

Sh. Rajeev Sharma	Chairman & Managing Director (from 29.11.2011 A/N)
Sh. H.D. Khunteta	Director (Finance) (till 31.07.2012 F/N)
Sh. Ajeet Kumar Agarwal	Director (Finance) (from 01.08.2012 F/N)
Sh. P.J. Thakkar	Director (Technical) (from 02.05.2011 A/N)

Transactions during the year with Related Parties :

(₹ in Crores)

Name	Subsidiaries		Key Managerial Personnel	
	For the year ended 31.03.13	For the year ended 31.03.12	For the year ended 31.03.13	For the year ended 31.03.12
Loans and Advances	7.09	4.71	0.02	0.01
Remuneration	-	-	1.65	1.36

CONSOLIDATED NOTES TO ACCOUNTS

37. The Corporation has adopted AS 15 (revised 2005) 'Employees Benefit'. Defined employee benefit schemes 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 fixes the rate of interest on contribution to the members of the trust. As per the management estimates, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31.03.2013 is greater than the obligation under the defined contribution plan.

B. Defined Contribution Superannuation Scheme

Corporation pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member. The expenditure is recognized in the Statement of Profit & Loss on the basis of defined contribution payable by the Corporation.

C. Gratuity

The Corporation has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions 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.

D. Post Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Corporation's rule. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

E. Employees Family Economic Rehabilitation Scheme

The Corporation has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement/ death if the same takes place while the employee is in service of the Corporation. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

F. Scheme for Long Service Award to the Employees

The Corporation has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the corporation. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

G. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Current Service Cost	1.78	1.69	1.02	0.62	0.05	0.04
Interest Cost	2.92	2.90	3.75	3.18	0.09	0.02
Expected Return on Plan Assets	3.44	2.82	-	-	-	-
Actuarial (Gain) Loss recognized in Statement of Profit & Loss	0.09	0.61	6.98	8.37	(0.07)	0.88
Past Service Cost	-	-	-	-	-	-
Expensed recognized in Statement of Profit & Loss	1.35	2.38	11.75	12.17	0.07	0.94

CONSOLIDATED NOTES TO ACCOUNTS

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Present value of obligation as at the end of the year	37.85	36.47	55.80	46.82	1.16	1.12
Fair value of Plan Assets as at the end of the year	35.14	31.24	-	-	-	-
Net Assets/ (Liability) recognized	(2.71)	(5.23)	(55.80)	(46.82)	(1.16)	(1.12)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Present value of obligation as at the beginning of the year	36.47	34.15	46.82	37.41	1.12	0.21
Interest Cost	2.92	2.90	3.75	3.18	0.09	0.02
Past Service Cost	-	-	-	-	-	-
Current Service Cost	1.78	1.69	1.02	0.62	0.05	0.04
Benefit Paid	3.49	2.88	2.77	2.76	0.03	0.03
Actuarial (Gain)/ Loss on obligation	0.17	0.61	6.98	8.37	(0.07)	0.88
Present Value of defined benefit obligation at the end of the year	37.85	36.47	55.80	46.82	1.16	1.12

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Fair value of Plan Assets as at the beginning of the year	31.24	31.30	-	-	-	-
Actual return on Plan Assets	3.52	2.81	-	-	-	-
Contributions	2.38	0.01	-	-	-	-
Benefit Paid	3.49	2.88	-	-	-	-
Actuarial Gain (Loss) on Plan Assets	1.49	-	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.14	31.24	-	-	-	-

During the year, the Corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 1.35 Crores (Previous year ₹ 2.38 Crores), PRMF of ₹ 11.75 Crores (Previous year ₹ 12.17 Crores) and ODRB of ₹ 0.07 Crores (Previous year ₹ 0.94 Crores).

Other Employee Benefits

During the year, provision for earned leave liability amounting to ₹ 5.66 Crores (Previous year ₹ 5.00 Crores), provision for medical leave amounting to ₹ 2.23 Crores (Previous year ₹ 2.18 Crores), provision for economic rehabilitation scheme amounting to ₹ 0.25 Crores (Previous year ₹ 0.27 Crores) and provision for long service award amounting to ₹ 0.45 Crores (Previous year ₹ 3.91 Crores) have been made on the basis of actuarial valuation and charged to Statement of Profit & Loss.

CONSOLIDATED NOTES TO ACCOUNTS

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Service & Interest Cost	0.85	0.66	(0.70)	(0.60)
PBO (Closing)	7.58	5.80	(6.35)	(5.31)

Actuarial Assumptions:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.50 %	8.00%	8.50 %	8.00%	8.50 %
Expected Rate of Return on Plan Assets	10.50%	9.00 %	-	-	-	-
Future Salary Increase	6.00%	6.50 %	6.00%	6.50 %	6.00%	6.50 %

- The Expected Rate of Return on Assets over the accounting year is assumed rate of return (annualised).
- 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 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.

38. 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 the case of Punjab State Electricity Board (PSEB), Himachal Pradesh State Electricity Board (HPSEB) and Chhattisgarh State Electricity Board (CSEB) are to be executed amongst the Corporation, new entities and the State Governments.

39. Repayment schedule in respect of certain Standard Assets were revised during the year on account of various reasons like extension of Commercial Operation Date etc. These loans continue to remain Standard Assets. The movement of all outstanding loans rescheduled by the Corporation till 31.03.2013 is as under:

(₹ in Crores)

Particulars	No. of Accounts	As at 31.03.2013	No. of Accounts	As at 31.03.2012
Opening Balance	20	20,381.29	16	8,223.94
Principal		670.91		717.37
Interest Accrued				
Additions during the year (New Accounts)	11		4	
Opening Balance				
Principal		9,120.09		8,565.48
Interest Accrued		71.75		1.18
Additions during the year				
Principal		5,350.19		4,145.01
Interest Accrued		3,763.91		2,169.67
Received during the year				
Principal		1,140.23		553.14
Interest		3,843.57		2,217.31
Closing balance	31		20	
Principal		33,711.34		20,381.29
Interest		663.00		670.91

CONSOLIDATED NOTES TO ACCOUNTS

40. The Corporation's main business is to provide finance to power sector. Accordingly, the Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard No. 17 issued by the Institute of Chartered Accountants of India.
41. The Capital Adequacy Ratio of the Corporation as on 31.03.2013 is 17.71 % (Previous year 16.00 %).
42. The Company has no exposure to real estate sector as on 31.03.2013 (Previous year Nil).
43. **Maturity Profile of Loan Assets and Borrowings as on 31.03.2013:**

(₹ in Crores)

Financial Year	Recovery of Loan Assets	Repayments of Borrowings
2013-14	12,769	16,831
2014-15	11,402	13,538
2015-16	12,422	18,553
2016-17	13,218	7,798
2017-18	12,690	8,723
2018-19	12,126	4,055
2019-20	11,151	9,275
2020-21	10,093	7,126
2021-22	8,860	9,441
2022-23	7,465	6,105
2023-24	5,659	-
Beyond 2023-24	9,501	6,346
Total	127,356	107,791

44. Previous year figures have been reclassified/ regrouped to conform to the current classification.
45. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 45 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113N

Place : New Delhi
Date : 28th May, 2013

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. Cash Flow from Operating Activities :		
Net Profit before Tax	5,186.21	3,825.80
Adjustments for:		
1. Profit / Loss on Sale of Fixed Assets	0.33	0.19
2. Depreciation	3.90	3.33
3. Allowance for Bad & doubtful debts	25.56	49.09
4. Allowance against Rescheduled Loan Assets	-	3.18
5. Contingent Allowance against Standard Loan Assets	105.68	-
6. Interest on Commercial Paper	86.49	-
7. Excess Provision written back	-0.04	-
8. Profit on sale/redemption of investments	-18.85	-11.75
9. Loss/ Gain(-) on Exchange Rate fluctuation	77.51	52.55
10. Dividend from Subsidiary Co.	-	-0.05
11. Dividend from Investments	-0.25	-0.13
12. Interest on 8 % Government of Madhya Pradesh Power Bonds-II	-54.71	-62.25
13. Provision made for Interest on Advance Income Tax	2.06	0.25
14. Discount on Bonds written off	4.83	4.71
15. Interest Accrued on Zero Coupon Bonds	59.88	55.46
16. Dividend & Dividend Tax paid in excess of provision	0.01	-
Operating profit before Changes in Operating Assets & Liabilities:	5,478.61	3,920.38
Increase / Decrease :		
1. Loan Assets	-25,929.26	-19,703.14
2. Other Operating Assets	106.16	8.60
3. Operating Liabilities	1,672.41	940.52
Cash flow from Operations	-18,672.08	-14,833.64
1. Income Tax Paid (including TDS)	-1,384.09	-993.00
2. Income Tax refund	-	1.50
Net Cash Flow from Operating Activities	-20,056.17	-15,825.14
B. Cash Flow from Investing Activities		
1. Sale of Fixed Assets	0.05	0.17
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-5.29	-13.92
3. Redemption of 8 % Government of Madhya Pradesh Power Bonds-II	94.32	94.32
4. Redemption of units of "Small is Beautiful" Fund	0.15	0.90
5. Profit on sale/redemption of investments	18.85	11.75
6. Investment in Shares of Universal Commodity Exchange Ltd.	-	-16.00
7. Dividend from Subsidiary Co.	0.15	0.05
8. Interest on 8 % Government of Madhya Pradesh Power Bonds-II	54.71	62.25
9. Dividend from Investments	0.25	0.13
10. Investment in Shares of Fellow Subsidiary Companies	-0.20	-0.10
11. Sale of Shares of Fellow Subsidiary companies	0.05	-
Net Cash Flow from Investing Activities	163.04	139.55

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Crores)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
C. Cash Flow from Financing Activities		
1. Issue of Bonds (Net of redemptions)	13,781.96	20,108.21
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-1,648.90	-3,225.89
3. Raising of Foreign Currency Loan (Net of redemptions)	4,484.19	2,857.01
4. Grants received from GOI including interest (Net of refund)	606.77	2,238.28
5. Disbursement of grants	-940.37	-2,766.93
6. Repayment of Govt. Loan	-9.50	-11.49
7. Payment of Final Dividend	-246.86	-395.03
8. Payment of Interim Dividend	-666.54	-493.73
9. Payment of Corporate Dividend Tax	-148.19	-144.18
10. Premium on issue of securities	0.05	-
11. Issue of Commercial Paper (Net of repayments)	847.18	-
Net Cash flow from Financing Activities	16,059.79	18,166.25
Net Increase/Decrease in Cash & Cash Equivalents	-3,833.34	2,480.66
Cash & Cash Equivalents as at the beginning of the year	5,334.67	2,854.01
Cash & Cash Equivalents as at the end of the year	1,501.33	5,334.67
Components of Cash & Cash Equivalents as at end of the year are:		
- Cheques/ Drafts in Hand	-	0.89
- Balances with Banks in:		
- Current Account with RBI and other banks	354.45	352.51
- Undisbursed RGGVY Grant #	2.81	325.50
- Undisbursed AG&SP Grant #	6.11	4.81
- Other undisbursed Subsidies/ Grants #	2.35	3.96
- Tax Free Bonds Public Issue Accounts #	0.63	3,000.00
- Unpaid Dividend Accounts #	1.84	1.25
- PAT A/c, 3L A/c & S&L A/c #	0.45	2.71
- Short-term Deposits with Scheduled Banks	1,132.69	1,643.04
Total Cash & Cash Equivalents	1,501.33	5,334.67

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts, balances in public issue account and unpaid dividends. Further, Short-term Deposits with Scheduled Banks also include ₹ 10.00 Crores (Previous year Nil) earmarked towards RGGVY grant and is not available for free use by the company.

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

For and on behalf of the Board of Directors

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For P. K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747 N

For Bansal & Co.
Chartered Accountants
Firm Reg. No.: 001113N

Place : New Delhi
Date : 28th May, 2013

K. S. Ponnuswami
Partner
M.No. : 070276

R. C. Pandey
Partner
M.No. : 070811

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of
Rural Electrification Corporation Limited

1. We have audited the accompanying consolidated financial statements of Rural Electrification Corporation Limited ("the Company") and its subsidiaries and Joint Venture, which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its subsidiaries and Joint Venture in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We did not audit the financial statements of two subsidiaries and the joint venture included in the consolidated financial statements, which constitute total assets of ₹ 59.81 crores (Previous year ₹ 81.36 crores) as at March 31, 2013; total revenue of ₹ 37.91 crores (Previous year ₹ 44.55 crores), for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

Opinion

7. 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, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.
8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the Company and its subsidiaries and Joint Venture as referred to in paragraph 5 above, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements 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 subsidiaries and Joint Venture as at March 31, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Rural Electrification Corporation Limited and its subsidiaries and Joint Venture for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Rural Electrification Corporation Limited and its subsidiaries and Joint Venture for the year ended on that date.

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

(R. C. Pandey)
Partner
M. No. 070811

Place : New Delhi
Date : May 28, 2013

For P. K. Chopra & Co.
Chartered Accountants
Firm Regn No. 006747N

(K. S. Ponnuswami)
Partner
M. No. 070276

STATEMENT/INFORMATION IN RESPECT OF EACH SUBSIDIARY COMPANY OF RURAL ELECTRIFICATION CORPORATION LIMITED.

(Pursuant to Section 212 (8) of the Companies Act, 1956)

As advised by the Ministry of Corporate Affairs vide General Circular No.2/2011 dated February 8, 2011 granting General Exemption to Companies from attaching Subsidiary Companies' Annual Accounts to the Balance Sheet of Holding Company in its Annual Report under Section 212 (8) of the Companies Act, 1956.

As on 31st March, 2013
(₹ in crore)

Sl No.	Particulars	REC Transmission Projects Company Limited (RECTPCL)	REC Power Distribution Company Limited (RECPDCL)	Vizag Transmission Limited (VTL)	Kudgi Transmission Limited (KTL)	Nellore Transmission Limited (NTL)	Unchahar Transmission Limited (UTL)	Baira Siul Sarna Transmission Limited (BSSTL)
(a)	Capital	0.05	0.05	0.05	0.05	0.05	0.05	0.05
(b)	Reserves	45.12	26.83	-	-	-	-	-
(c)	Total Assets	52.84	40.07	1.45	0.53	0.48	0.47	0.41
(d)	Total Liabilities	7.67	13.19	1.40	0.48	0.43	0.42	0.36
(e)	Details of investments (except in case of investments in subsidiaries)	-	-	-	-	-	-	-
(f)	Turnover	4.58	30.61	-	-	-	-	-
(g)	Profit before taxation	4.08	15.98	-	-	-	-	-
(h)	Provision for taxation	1.16	5.17	-	-	-	-	-
(i)	Profit after taxation	2.92	10.81	-	-	-	-	-
(j)	Proposed dividend	0.10	0.05	-	-	-	-	-

Management Team



Smt. Abha Anand Kishore
Chief Vigilance Officer



Shri Vinod Behari
Executive Director
(HR & CC)



Shri V. K. Arora
Executive Director
(Finance)



Shri Sushil Kumar Lohani
Executive Director
(RGGVY & CEO-RECPDCL)



Shri D. S. Ahluwalia
Executive Director
(Finance)



Shri Ashok Awasthi
Executive Director
(Admn./REN. & SD/IT/Estate/PM)



Shri Sanjiv Garg
General Manager
(Generation)



Shri Sunil Kumar
General Manager
(RGGVY)



Shri S. N. Gaikwad
General Manager
(PM)



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



Shri Rakesh Kumar Arora
General Manager
(Resource/CP/CSR)



Shri T. S. C. Bosh
General Manager
(RGGVY/STD/QC)



Shri Dinesh Kumar
General Manager
(REN)



Shri M. K. Mittal
General Manager
(EAP/CA&T/ALM)



Shri G. S. Bhati
General Manager
(RGGVY)



Shri V. K. Govil
General Manager
(Generation)



Shri L. M. Verma
General Manager
(Vigilance)



Smt. Kalpana Kaul
General Manager
(HR & CC)



Shri J. S. Amitabh
General Manager
& Company Secretary



Shri C. P. Bhatia
Zonal Manager
(Western Zone)



Shri Jai Dev Banerjee
Zonal Manager
(Eastern Zone)



Shri Rakesh Sareen
Zonal Manager
(Northern Zone)



Shri P. S. Hariharan
Zonal Manager
(Southern Zone)



Shri N. K. Maurya
Zonal Manager
(East Central Zone)

ADDRESSES OF REC OFFICES

Sl. No.	State / Union	Address	Telephone numbers	Fax / E-mail
	Corporate Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	011-41020101 011-24365161	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 Bangaluru Andhra Pradesh, Karnataka, Kerala, Pondicherry & Tamil Nadu	No. 1/5, Ulsore Road, Bangalore-560042	080-25550240 080-25598035 080-25598244	Fax : 080-25598243 E-mail : zmhyderabad@recl.nic.in
2	Eastern Zone Kolkata West Bengal, North-Eastern States, Sikkim & Odisha	ICMARD Building, 7th Floor, Block 14/2, CIT Scheme-VIII(M), Ultadanga Kolkata-700067	033-23566989 033-23567017 033-23567018	Fax : 033-23566991 E-mail : zmkolkata@recl.nic.in
3	East Central Zone Patna Bihar, Uttar Pradesh, Uttarakhand & Jharkhand	Maurya Lok Complex, Block C, 4th Floor, New Dak Bangalow Road, Patna-800001	0612-2221131 0612-2224596	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, 5th Floor, Nariman Point, Mumbai-400021	022-22830985 022-22833068 022-22833055	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	0172-2563864 0172-2563863 0172-2563822	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	040-24014034 040-24014420	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	0361-2343712 0361-2343713 0361-2343714	Fax : 0361-2343712 E-mail : cpmpeg@sify.com poguwahati@recl.nic.in
3	Bihar	Maurya Lok Complex, Block C, 4th Floor, New Dak Bangalow Road, Patna-800001	0612-2221131 0612-2224596	Fax : 0612-2224596 E-mail : recpatna@yahoo.co.in popatna@recl.nic.in

Sl. No.	Zone/Location of Zonal Offices/States & UTs under the jurisdiction of Zonal Offices	Address	Telephone numbers	Fax / E-mail
4	Jharkhand	A-101 & D-104, Om Shree Enclave, Near Loyola School, Airport Road, HINOO, Ranchi-834002	0651-2253123	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	0265-2397487 0265-2387375(R)	Fax : 0265-2397652 E-mail : recvadodara@gmail.com povadodara@recl.nic.in
6	Haryana, Delhi, Chandigarh & Punjab	BAY No. 7-8, Sector-2, Panchkula-134112	0172-2563864 0172-2563863 0172-2563822	Fax : 0172-2567692 E-mail : popanchkula@recl.nic.in
7	Himachal Pradesh	Pt. Padamdev Commercial Complex, Phase-II, First Floor, The Ridge, Shimla-171001	0177-2653411 0177-2804077	Fax : 0177-2804077 E-mail : poshimla@recl.nic.in
8	Jammu & Kashmir	157-A, Gandhi Nagar, Behind Apsara Cinema, Jammu-180004	0191-2450868 0191-2450800	Fax : 0191-2450868 E-mail : pojammu@recl.nic.in
9	Karnataka	No. 1/5, Ulsore Road, Bangalore-560042	080-25598244 080-25550240	Fax : 080-25598243 E-mail : pobangalore@recl.nic.in ruralblr_cpm@dataone.in
10	Kerala & Lakshadweep	`O'-5 , 4th Floor, "Saphallyam" Commercial Complex, TRIDA Building Palayam, Thiruvananthapuram 695034	0471-2328662 0471-2327132 080-25598035	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	0755-2460006 0755-2460061	Fax : 0755-2460008
12	Maharashtra, Goa, Daman & Diu	51-B, Mittal Tower, 5th Floor, Nariman Point, Mumbai 400021	022-22830985 022-22833068 022-22833055	Fax : 022-22831004 E-mail : zmmumbai@recl.nic.in
13	Meghalaya, Manipur & Mizoram	Rinadee Old Jowai Road, Lachumire, Shillong-793001	0364-2210190 0364-2225687 0364-2536860®	Fax : 0364-2225687 E-mail : poshillong@recl.nic.in
14	Orissa	Deen Dayal Bhawan, 5th Floor, Ashok Nagar, Janpath, Bhubaneswar-751009	0674-2536649 0674-2393206	Fax : 0674-2536669 E-mail : recpobbsr@yahoo.co.in pobhubaneswar@recl.nic.in

Sl. No.	Zone/Location of Zonal Offices/States & UTs under the jurisdiction of Zonal Offices	Address	Telephone numbers	Fax / E-mail
15	Rajasthan	J-4-A, Jhalana Dungari, Institutional Area, Jaipur-302004	0141-2706986 0141-2700161	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	044-24672376 044-24987960 044-24987960	Fax : 044-24670595 E-mail : pochennai@recl.nic.in
17	Uttar Pradesh & Uttarakhand	19/8, Indira Nagar Extension, Ring Road, Lucknow-226016	0522-2716324 0522-2717376 0522-2716446	Fax : 0522-2716815 E-mail : recuppo@yahoo.in zmlucknow@recl.nic.in
18	West Bengal, Tripura, Sikkim & A & N Islands	ICMARD Building, 7th Floor, Block 14/2, CIT Scheme-VIII (M), Ultadanga Kolkata-700067	033-23566989 033-23567017 033-23567018	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	0771-2241055	Fax : 0771-2241055
2	Dehradun	7, New Road, Opposite MKP College, Dehradun-248001	0135-2650766 0135-2650799	Fax : 0135-2650799
TRAINING CENTRE				
	Central Institute for Rural Electrification	Shivrampally, Post NPA, Near Aramghar, National Highway No. 7, Hyderabad-500052	040-24018583 040-24015901	Fax : 040-24015896 E-mail : cire@recl.nic.in

[illegible]



RURAL ELECTRIFICATION CORPORATION LIMITED
Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003

PROXY FORM

DP ID No.		Client ID No.	
No. of shares held		*Regd. Folio No.	

I/We, s/o, d/o.....in the district of being a member/ members of Rural Electrification Corporation Limited, hereby appointof as my/our proxy to attend and vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held at 11.00 A.M. on Friday, the 13th day of September, 2013, and at any adjournment thereof.

Signed this Day of, 2013.

(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 44TH ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON FRIDAY, THE 13TH DAY OF SEPTEMBER, 2013 AT 11.00 A.M. AT MANEKSHAW CENTRE, PARADE ROAD, DELHI CANTONMENT, NEW DELHI-110010.

Please (v) in the box

☐☐

Member

Proxy

Member's / Proxy's Signature

* Applicable for investors holding shares in Physical Form.



असीमित ऊर्जा, अनन्त संभावनाएँ
Endless energy. Infinite possibilities.

Rural Electrification Corporation Limited

(A Government of India Enterprise)

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