



Annual Report 2018-19

REC Power Distribution Company Limited



CONTENTS

1.	Corporate Information	2
2.	Board of Directors & CEO	3
3.	Chairman's Letter to Shareholders	5
4.	Notice of AGM	8
5.	Board's Report	13
6.	Management Discussion & Analysis Report	28
7.	Certificate on Corporate Governance	33
8.	Annual Report on CSR Activities	34
9.	Extract of Annual Return	37
10.	Particulars of Contracts or Arrangements with Related Parties	44
11.	Balance Sheet	45
12.	Statement of Profit & Loss	46
13.	Cash Flow Statement	48
14.	Notes to Accounts	50
15.	Independent Auditors' Report on Financial Statements	89
16.	Comments of C&AG of India on Financial Statements	103
17.	Attendance Slip	104
18.	Proxy form	105

CORPORATE INFORMATION

BOARD OF DIRECTORS	Shri Ajeet Kumar Agarwal, Chairman Non-Executive Director
	Shri Sanjeev Kumar Gupta, Non-Executive Director
	Shri Sanjiv Garg, Non-Executive Director
	Shri Ajoy Choudhury, Non-Executive Director
CHIEF EXECUTIVE OFFICER	Ms. Debjani Chakrabarti IAS, Chief Executive Officer CEO
KEY OFFICIALS	Shri T.S.C.Bosh, Joint Chief Executive Officer (Jt.CEO)
	Shri R.P.Vaishnav, Chief Financial Officer (CFO)
	Shri Bhupender Gupta, Additional CEO
	Shri M.L. Kumawat, Company Secretary (CS)
REGISTERED OFFICE	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003.
	Tel. No.: 011-24369690
	Fax No.: 011-24365815
	E-mail: co.delhi@recpdcl.in
	Website : www.recpdcl.in
CORPORATE OFFICE	4 th Floor, KRIBHCO Bhawan Sector-1, Noida, Gautam Budha Nagar-201301 (UP),
	Tel. No.: 120-4383783
	Fax No.: 120-4383768
	E-mail: co.delhi@recpdcl.in
	Website: www.recpdcl.in
CORPORATE IDENTIFICATION NUMBER (CIN)	U40101DL2007GOI165779
HOLDING COMPANY	REC Limited (formerly Rural Electrification Corporation Limited) (CIN : L40101DL1969GOI005095)
STATUTORY AUDITORS	M/s AKG & Associates, Chartered Accountants, (Firm Registration No. 002688N) 11, CSC DDA Market, A-Block Saraswati Vihar, Delhi-110034
INTERNAL AUDITORS	M/s UCC & Associate & Co., Chartered Accountants, (Firm Registration No. 010585N/N500017) 1315, Ansal Tower, 38, Nehru Place, New Delhi-110019
BANKERS	State Bank of India
	Vijaya Bank
	The Jammu & Kashmir Bank
	IndusInd Bank
	HDFC Bank
	ICICI Bank
	IDFC Bank
	Yes Bank

BOARD OF DIRECTORS AND CEO



(Shri Ajeet Kumar Agarwal)
Non-Executive Director & Chairman



(Shri Sanjeev Kumar Gupta)
Non-Executive Director



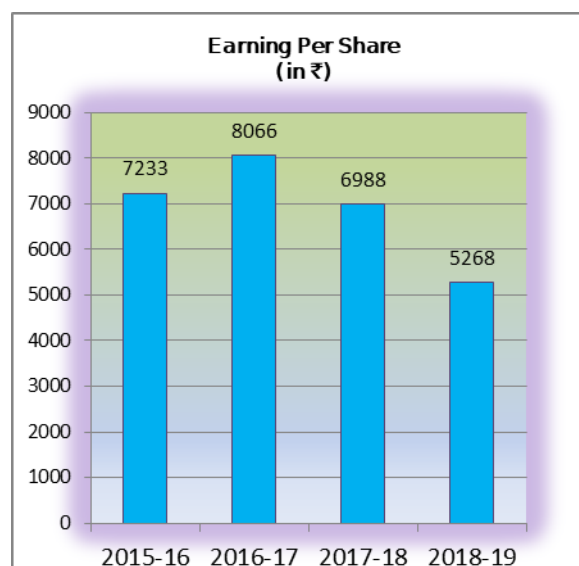
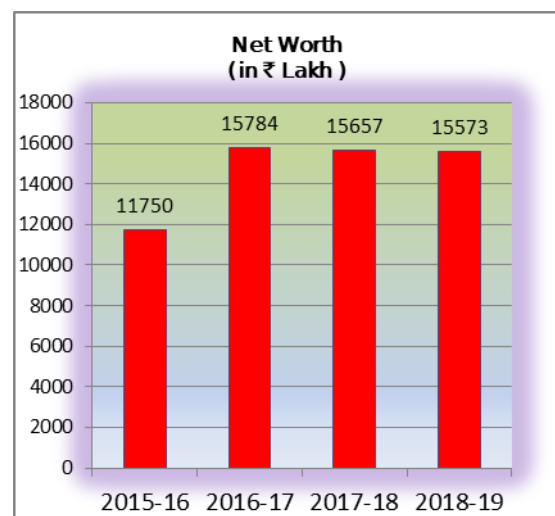
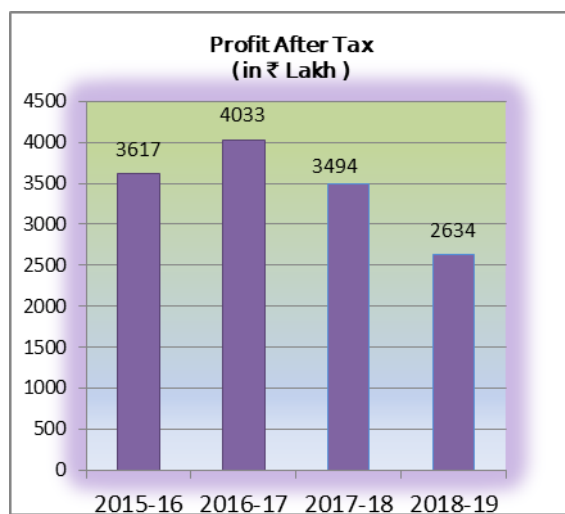
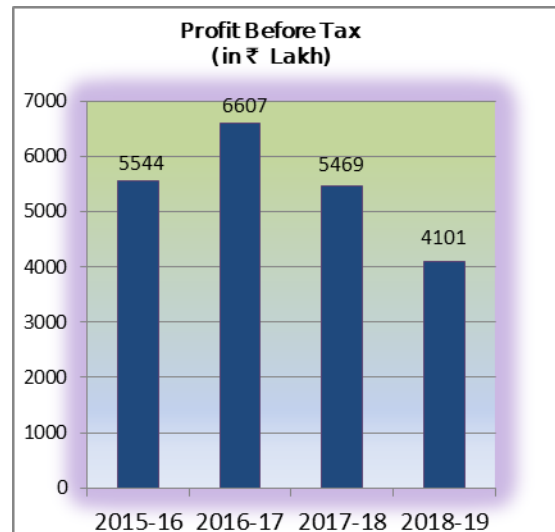
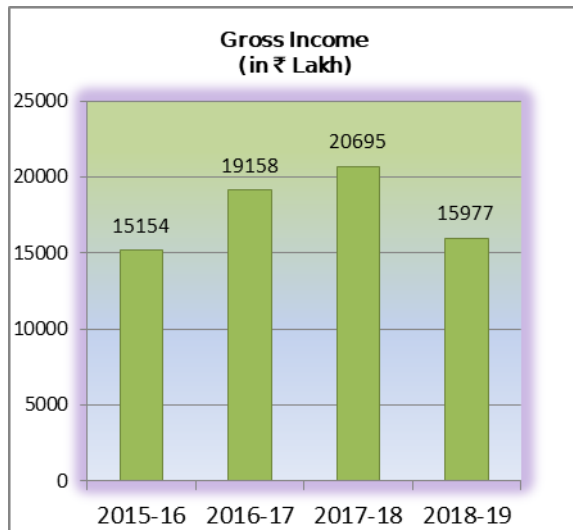
(Shri Sanjiv Garg)
Non-Executive Director



(Shri Ajoy Choudhury)
Non-Executive Director



(Ms. Debjani Chakrabarti)
Chief Executive Officer



Note:- Financial figures for financial year 2017-18 and 2018-19 have been prepared as per Ind-AS and figures for prior years have been prepared as per IGAAP

CHAIRMAN'S LETTER TO SHAREHOLDERS



It is my privilege to present to you the 12th Annual Report of your Company. During the financial year 2018-19, the performance of your Company has been consistent in its core business viz. Preparation of Detailed Project Reports (DPR), Third Party Inspection (TPI), Material Inspection & Project Management Consultancy (PMC) and Project Management Agency/ Project Management Consultant under DDUGJY and IPDS. As on March 31, 2019, RECPDCL has been working in about 96 on-going projects with estimated project cost of over ₹ 80,000 crore and estimated consultancy fee of ₹1,158 crore spread in 46 Nos. of DISCOMs/Power Departments/Co-operative Societies, 27 States and 4 Union Territories.

India has the fifth largest power generation capacity in the world. The country ranks third globally in terms of electricity production. In May 2018, India ranked 4th in the Asia Pacific region out of 25 nations on an index that measures their overall power. Electricity production in India reached 1,142.0 Billion Units (BU) during FY19 (up to February 2019). Further, Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower).

Government Initiatives

The Government of India has identified power sector as a key sector of focus so as to promote sustained industrial growth. Ujwal Discom Assurance Yojana (UDAY) was launched by the Government of India to encourage operational and financial turnaround of State-owned Power Distribution Companies (DISCOMs), with an aim to reduce Aggregate Technical & Commercial (AT&C) losses to 15 per cent by the end of the financial year 2019-20. Further, India's rank jumped to 24 in 2018 from 137 in 2014 on World Bank's Ease of doing business - "Getting Electricity" ranking. Energy deficit reduced to 0.7 per cent in FY18 from 4.2 per cent in FY14. As of April 28, 2018, 100 per cent village electrification has been achieved under Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY).

The Government of India has released its roadmap to achieve 175 GW capacity in renewable energy by 2022, which includes 100 GW of solar power and 60 GW of wind power. The Union Government of India is preparing a 'rent a roof' policy for supporting its target of generating 40 gigawatts (GW) of power through solar rooftop projects by 2022. Coal-based power generation capacity in India, which currently stands at 191.09 GW is expected to reach 330-441 GW by 2040. India could become the world's first country to use LEDs for all lighting needs by 2019, thereby saving Rs 40,000 crore (US\$ 6.23 billion) on an annual basis. All the states and union territories of India are on board to fulfil the Government of India's vision of ensuring 24x7 affordable and quality power for all by March 2019, as per the Ministry of Power and New & Renewable Energy, Government of India

Distribution

Distribution is the most important link in the entire power sector value chain. As the only interface between utilities and consumers, it is the cash register for the entire power sector. In order to uplift the distribution sector reeling under severe losses and make the State DISCOMs/Utilities viable, the policy makers have taken various important measures in the recent past. The Government of India introduced the Ujwal DISCOM Assurance Yojana (UDAY) in November 2015, a scheme for operational & financial turnaround of DISCOMs, to make these DISCOMs/Utilities credit worthy. Under UDAY, the respective State Government shall take over the debts of DISCOMs/Utilities so that the DISCOMs/Utilities could take up their future capex programs. Further, to reduce "non-technical losses" such as electricity theft, meter tampering and non-payment by customers, the Government plans to install 35 million smart meters by 2019. The Government of India also unveiled the ambitious ₹16,320 crore

Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in financial year 2017- 18, to provide electricity connections to around 4 crore families in rural and urban areas. As on March 31, 2019, 100% household electrification has been achieved in all the States, except for Chhattisgarh.

Performance

During the financial year 2018-19, your Company has achieved a total revenue of ₹159.77 crore against previous year revenue of ₹ 206.95 crore and the Profit After Tax of ₹26.34 crore against the previous year Profit After Tax of ₹34.94 crore.

As on March 31, 2019, the Net Worth of the Company was ₹155.73 crore as compared to ₹156.57 in the previous year. Earnings per Share (EPS) for the financial year ended March 31, 2019 is ₹5,268 of ₹10/- each as against ₹ 6,988 in the previous year.

The Board of Directors of your Company has declared an interim dividend of ₹2,300/- per equity share of ₹10/- each for the financial year 2018-19 and the same was paid on March 28, 2019.

Therefore, the total dividend for the financial year 2018-19 will be ₹2,300 per equity share, representing 23,000% of the paid-up share capital of the Company as against ₹2,210 per share, representing 22,100% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2018-19 was amounted to ₹11.50 crore (excluding dividend distribution tax).

Corporate Governance

As a good corporate entity, your Company is being managed in an ethical and responsible manner. Your company is in compliance with all the applicable provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance, 2010. Your Company has been submitting "Report on Corporate Governance" on quarterly and annual basis as required by guidelines on Corporate Governance for CPSEs, 2010 issued by DPE. Further, as per Clause 8.2 of Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE, the Certificate for compliance of conditions of Corporate Governance for the financial year ended March 31, 2019, obtained from M/s. Pranav Kumar & Associate, Practicing Company Secretaries, is annexed to this Report.

Further, the Company is not required to appoint any Independent Director and also not required to constitute an Audit Committee of the Board vide MCA Notification dated July 5, 2017 read with MCA notification dated July 13, 2017 respectively.

Corporate Social Responsibility

As a socially responsible corporate entity, RECPDCL has endeavored to serve the Society at large with the intention to make contribution to inclusive growth and integrated development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities.

During the financial year 2018-19, CSR assistance amounting to ₹1.29 crore was sanctioned against four projects relating to health facilities to the communities, promoting sports, against CSR expenditure budget of ₹1.30 crore (including an unspent amount of ₹0.16 crore). The total amount disbursed towards CSR activities was ₹0.24 crore as per details appearing in the "Annual Report on CSR Activities" forming part of this Annual Report.

Further, the balance amount of CSR Fund of ₹1.05 crore has been carried forward to the next Financial Year 2019-20.

The Path Ahead

Your Company is looking forward to get more diversified business opportunities in various new High end Technology consultancy. Further, Government of India has approved the second phase of the Faster Adoption and Manufacturing of Electric Vehicles scheme (FAME-II) and the National Mission on Transformative Mobility and Battery Storage. The focus on electrification as the primary technology pathway to achieve this transformation presents India with a powerful opportunity to emerge as a leader in clean, connected and shared mobility solutions, battery manufacturing and renewable energy

integration. Accordingly, RECPDCL is looking forward to get more diversified business opportunities in the Power Distribution sector, Renewable Energy Generation, Railways and Enterprise value (EV) in future.

ACKNOWLEDGEMENTS

I take this opportunity to express my sincere gratitude to the Hon'ble Minister of State (Independent Charge) for Power and New & Renewable Energy and Officials of the Ministry of Power, for their support and guidance to the Company. I am also grateful to the State Governments, Power Utilities, Vendors, Customers and Business Associates, for reposing their trust in the Company. Further, I record my deep appreciation for the cooperation extended by the holding company REC, the C&AG of India, the Auditors, Bankers and other professionals associated with the Company.

Last but not the least, I would like to thank my colleagues on the Board and all staff members, for their unstinting support. With the continued support and goodwill of all stakeholders, I am confident that RECPDCL will grow from strength to strength and scale new height in the times ahead.

With warm wishes,



(Ajeet Kumar Agarwal)

Chairman

DIN:02231613

Date: 22.08.2019

NOTICE

Notice is hereby given that the Twelfth (12th) Annual General Meeting (AGM) of REC Power Distribution Company Limited ("RECPDCL" or "the Company") (CIN:U40101DL2007GOI165779) will be held on Tuesday, August 27, 2019 at 5.00 P.M at shorter notice at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India to transact the following businesses:-

ORDINARY BUSINESS

- 1) To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 along with the Reports of the Board of Directors and Auditors thereon.
- 2) To confirm the payment of Interim Dividend for the financial year 2018-19.
- 3) To appoint a Director in place of Shri Sanjiv Garg (DIN: 00891755), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To fix the remuneration of Statutory Auditors for the financial year 2019-20.


SPECIAL BUSINESS

- 5) To appoint Shri Ajoy Choudhury (DIN: 06629871) as Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and as per the Articles of Association of the Company, Shri Ajoy Choudhury (DIN: 06629871), who was appointed as a Director of the Company with effect from March 25, 2019 and holds office upto the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, is liable to retire by rotation."

**By order of the Board of Directors
For REC Power Distribution Company Limited**



**(M.L. Kumawat)
Company Secretary
ACS-011673**

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

Date: 22.08.2019

NOTES:-

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll, if any, instead of himself/herself and such proxy need not be a Member of the Company. The proxy form duly completed and signed must be received at the Registered Office of the Company, not less than forty eight (48) hours before the commencement of the AGM. Blank proxy form and route map of the venue of the Meeting is attached and also available on the Company's website i.e. www.recpdcl.in.
2. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto.
4. The Interim Dividend @ of ₹2,300/- per equity share, has been declared by the Board of Directors of the Company and the same was paid on March 28, 2019 for financial year 2018-19. Further, the Board of Directors has not recommended any final dividend for the financial year 2018-19.
5. Corporate Members are requested to send/attach a duly certified copy of the Board Resolution/Authority Letter authorizing their representative to attend and vote on their behalf at the Annual General Meeting, along with the Proxy Form/Attendance Slip.
6. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, 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.
7. In the 11th Annual General Meeting (AGM) of the Company held on September 17, 2018, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2018-19. Accordingly, the Board of Directors in its Meeting held on December 5, 2018 approved the payment of remuneration of ₹1,65,000/- (Rupees One Lakh Sixty Five Thousand only) and one time extra amount of ₹70,000/- (Rupees Seventy Thousand only) for additional work towards Ind AS compliance plus taxes as applicable inclusive of local travel expenses and other incidental out of pocket expenses to the Statutory Auditors, M/s AKG & Associates, Chartered Accountants, for the financial year 2018-19.
8. Further, pursuant to Section 139(5) of the Companies Act, 2013, M/s AKG & Associates, Chartered Accountants, Delhi has been appointed as Statutory Auditors of the Company for the financial year 2019-20 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 2019-20, 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 of the Company, as it deems fit, for the financial year 2019-20.
9. Members desirous of getting any information on any item(s) of business of this meeting are requested to address their queries to the Authorized Signatory at the Registered Office of the Company at least five 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.

10. The Register of Directors and their Shareholding maintained under Section 170 of the Companies Act, 2013, Register of contracts and arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and at the time of AGM of the Company at the venue of the Meeting.
11. The entire Annual Report is also available on the Company's website i.e. www.recpdcl.in

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

THE FOLLOWING STATEMENT SETS OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE

Item No. 5

Shri Ajoy Choudhury (DIN:006629871) was appointed as an Additional Director on the Board of the Company w.e.f March 25, 2019. Consequent to his appointment as Additional Director in the Company in terms of provisions of Section 161 of the Companies Act, 2013, read with rules made thereunder and also in terms of Article 119 of Article of Association of the Company, he holds office upto the date of next Annual General Meeting and be eligible for appointment/re-appointment by the Company in next Annual General Meeting. Accordingly, as per the provisions of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from REC, being a member, along with requisite amount, signifying his candidature for the office of Director of the Company and the same is available on the website of the Company. Accordingly, appointment of Ajoy Choudhury as Director may be considered by the shareholders at this AGM. Further, Shri Ajoy Choudhury is not disqualified to be a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013, to the extent applicable to the Company.

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting. Further, the brief resume of Shri Ajoy Choudhury giving the nature of his expertise in specific functional areas, remuneration paid, number of meetings attended during the year etc. forms a part of this Notice.

None of the Directors of the Company or their relatives except Ajoy Choudhury is in any way, concerned or interested, financially or otherwise, in passing of the said resolution set out at item No. 5 of the Notice.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at item no. 5 of this Notice.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 12TH ANNUAL GENERAL MEETING.

Name	Shri Sanjiv Garg (DIN: 00891755)
Date of Birth	06//03/1960 (Age:59 years)
Date of Appointment	August 10, 2007
Qualifications	Shri Sanjiv Garg is a member of the Institute of Chartered Accountants of India and also holds bachelor's degree in science from Agra University.
Expertise in specific Functional area	Shri Sanjiv Garg is rich and diversified experience in the field of power finance sector of 31 years. He has worked in various capacities in Power Finance Corporation and REC Limited (Holding Company). Presently he is working as Executive Director (Finance) in REC Limited and looking after loan, recovery, ALM and establishment function of Finance.
Directorship held in other Companies	<ul style="list-style-type: none"> • Shree Maheshwar Hydel Power Corporation Limited; • Teesta Urja Limited; and • India Power Corporation (Haldia) Limited. • Energy Efficiency Services Limited
Membership/Chairmanship of Committees across all Public Companies other than RECPDCL	<ul style="list-style-type: none"> • NIL
Number of Meetings attended by him during the year	During the Financial Year 2018-19, out of five (5) meetings he has attended four (4) Meetings.
Number of equity shares held in the Company	One Equity Share as Nominee REC Limited
Remuneration paid	All the Non-Executive Directors on the Board of the Company are nominated by the holding company; therefore, they are not entitled to any remuneration from the Company.
Relationship with other Directors and Other Key Managerial Personnel	None of the Directors have inter-se relationship with any Director, Manager and other Key Managerial Personnel of the Company.

BRIEF RESUME OF THE DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON SEPTEMBER 17, 2018.

Shri Ajoy Chouduary (DIN: 06629871) as Director of the Company on March 25, 2019.

Name	Shri Ajoy Chouduary (DIN: 06629871)
Date of Birth	January 21, 1964 (Age: 55 years)
Date of Appointment	March 25, 2019
Qualifications	B. Com (H) & Member of Institute of Cost Accountants of India.
Expertise in specific Functional area	<p>Shri Ajoy Choudhury is Nominee Director on the Board of RECPDCL since March 22, 2015. He is also holding the position of Executive Director in REC Limited since May 29, 2018 and heads the Resource mobilization, Corporate Accounts, Treasury and Corporate Social Responsibility Group. Earlier, he has also looked after various Finance areas including International Finance, Contracts Management, Loans & Recovery, Corporate Accounts, Resource Mobilisation & Treasury functions and pioneer in implementation of various systemic improvements including formulation of Recovery guidelines, improving communication and services to customers and overall Resources and Treasury Management in REC Limited. He has been a member of core team for implementation of Government of India's flagship program 'UDAY', a scheme for turnaround of Distribution Companies of Indian Power Sector.</p> <p>Prior to joining REC on April 16, 2007, he was Chief Manager in Powergrid Corporation of India Limited and Accounts Officer in NHPC Limited. He is also Nominee Director on the Board of TRN Energy Private Limited on behalf of REC Limited, since December 12, 2014.</p>
Directorship held in other Companies	TRN ENERGY PRIVATE LIMITED.
Membership/Chairmanship of Committees across all Public Companies other than RECPDCL	NIL
Number of Meetings attended by him during the year	During the Financial Year 2018-19, he has attended 1 (One) Meeting of Board held after his joining.
Number of equity shares held in the Company	Nil
Remuneration paid	All the Non-Executive Directors on the Board of the Company are nominated by the holding company; therefore, they are not entitled to any remuneration from the Company.
Relationship with other Directors and Other Key Managerial Personnel	None of the Directors have inter-se relationship with any Director, Manager and other Key Managerial Personnel of the Company.

BOARD'S REPORT 2018-19

To
The Shareholders,

Your Directors have pleasure in presenting the Twelfth Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended March 31, 2019.

1. PERFORMANCE HIGHLIGHTS

1.1 The financial statements for the financial year ended March 31, 2019 and March 31, 2018 forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

The summary of audited financial results of the Company for the financial year ended March 31, 2019 is as under with comparative position of previous year's performance:

(₹ in crore)		
Financial Parameters	FY 2018-19	FY 2017-18
Revenue from Operations	152.51	201.94
Other Income	7.26	5.01
Total Revenue	159.77	206.95
Total Expenses	118.76	152.25
Profit before Tax	41.01	54.69
Tax expenses	14.67	19.75
Profit after Tax	26.34	34.94
Other Equity	155.68	156.52
Net Worth	155.73	156.57

1.2. Financial Performance

During the financial year 2018-19, your Company has achieved a total revenue of ₹159.77 crore against previous year's revenue of ₹206.95 crore and Profit after Tax of ₹26.34 crore against the previous year's Profit after Tax of ₹34.94 crore.

As on March 31, 2019, the Net Worth of your Company was ₹155.73 crore as compared to ₹156.57 crore as on March 31, 2018. Earnings per Share (EPS) for the financial year ended March 31, 2019 was ₹5,268/- of face value of ₹10/- each as against ₹6,988/- in the previous year.

1.3. Share Capital

The Authorized Share Capital of the Company is ₹2,000 Lakh divided into 2,00,00,000 equity shares of ₹10/- each and the Paid up Share Capital of the Company is ₹5 Lakh divided into 50,000 equity shares of ₹10/- each, is held by holding Company i.e. REC Limited (formerly Rural Electrification Corporation Limited) a Government of India Enterprise and its nominees.

1.4. Dividend

The Board of Directors of your Company has declared an interim dividend of ₹2,300/- per equity share of ₹10/- each for the financial year 2018-19 and the same was paid on March 28, 2019.

Therefore, the total dividend for the financial year 2018-19 was ₹2,300 per equity share, representing 23,000% of the paid-up share capital of the Company as against ₹2,210 per share, representing 22,100% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2018-19 was amounted to ₹11.50 crore (excluding dividend distribution tax).

2. REVIEW OF OPERATIONS

During the financial year 2018-19, the performance of your Company has been consistent in its core business as Project Management Consultancy (PMC) and Project Management Agency/Project Management Consultant under DDUGJY and IPDS, Third Party Inspection (TPI), Material Inspection, Preparation of Detailed Project Reports (DPR) & Quality Control Agency (RQM & NQM) etc. As on March 31, 2019, your Company has been working in about 96 on-going projects with estimated project cost of over ₹80,000 crore and estimated consultancy fee of ₹1,158 crore spread in 46 of DISCOMs/Power Departments/Co-operative Societies in 27 States and 4 Union Territories.

The major assignments/on-going projects undertaken during the financial year 2018-19 are as follows: -

(i) Project Management Agency/Project Management Consultant under DDUGJY and IPDS.

Your Company is engaged as Project Management Agency (PMA)/Project Management Consultant (PMC) under the Government schemes viz. DDUGJY and IPDS for the 29 DISCOMs/Power Departments and 4 Co-Operative Societies in 17 States and 2 Union Territories of the Country. Further, existing PMA/PMC contract has been extended in few DISCOMs/Power Departments due to various reasons (e.g. change in bidding mechanism from partial Turnkey to Full turnkey method, delay in execution work by Turnkey contractors, Right of way (ROW) issues etc.) not attributable to RECPDCL.

(ii) Electrification of off grid villages in Arunachal Pradesh.

Your Company was awarded the work of electrification of 895 Nos. of Off-grid un-electrified villages in Arunachal Pradesh as set by the Ministry of Power, Government of India under its flagship programme DDUGJY by installing 300Wp Solar Home Power Packs through e-Tendering process. The same has been completed by installing 6834 Nos. of 300Wp Solar Home Power Packs in 521 villages of Arunachal Pradesh whereas remaining 374 Nos. of villages were either found partially electrified or non-existent.

(iii) Electrification of off grid villages in Tripura.

Your Company was awarded work of electrification of un-electrified remote villages of Tripura state through supply, transportation, installation, commissioning, and 5 year comprehensive maintenance of 3601 Nos. of Solar Home Lighting Standalone systems each of capacity 300Wp at various beneficiary households under the 'Pradhan Mantri Sahaj Bijili Har Ghar Yojana' (SAUBHAGYA) scheme of Government of India and the same has been successfully completed by awarding tenders on full turnkey basis.

(iv) Material Procurement in North East states i.e. Assam, Arunachal Pradesh, Mizoram and Tripura.

Your Company was engaged in work of procurement and supply of key materials of distribution network infrastructure in Arunachal Pradesh, Assam, Mizoram and Tripura state under the SAUBHAGYA scheme. This mammoth task of procuring huge quantity of material

(1,06,162 Nos. of poles, 14,999.81 kms of conductor, 3701 Nos. of 11/0.433 kV transformers, 4765.62 Kms of cable and 75,000 Nos. of energy meters) was performed within the 4 months timeline.

In addition to above, additional quantity of 42,092 STP poles, 245 Nos of 11/0.433kV transformers, 3,129 kms of weasel conductor, 110 kms of AB cable were also been procurement under the DDUGJY scheme in Tripura. Further, RECPDCL has carried out pre-dispatch material inspection at manufacturers' premises for the above materials within a time span of 4 months to ensure quality as per technical specifications.

(v) PMC & AMC work of EESL LED street light project in Chandigarh, Chhattisgarh, Punjab and Jharkhand and AMC work of EESL LED street light project in Rajasthan and Tripura.

Your Company has been working as PMC & Annual Maintenance Contract (AMC) Service provider for Energy Efficiency Services Limited, Light Emitting Diode (EESL-LED) Street Light Project in six (6) States, namely, Rajasthan, Chhattisgarh, Jharkhand, Punjab, Chandigarh and Tripura.

(vi) Project Management Agency for Power Management Software, Haryana.

Your Company was awarded the work of designing of Power Management Software tools in financial year 2016-17 for Haryana Power Purchase Center and to provide Operation and Support for a period of next 3 years after Go-Live of the software. All the modules of the Power Management Software have been commissioned and have been declared Go-live and the operational support period has commenced from April 2018 onwards. The software is being satisfactorily operated by Haryana Power Purchase center for Load forecasting on real time basis.

(vii) PIA & PMA works in Jammu & Kashmir under PMDP, DDUGJY and IPDS/ R-APDRP.

Your Company was assigned various works under Government of India schemes viz. Prime Minister Development Package (PMDP) for J&K State, Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS)/ Restructured Accelerated Power Development and Reforms Programme (R-APDRP) as Project Implementing Agency (PIA) and Project Management Agency (PMA) by the Government of Jammu and Kashmir.

Your Company has awarded tender on full turnkey basis for PIA works and approved required GTP/Drawings, 30% progress has been achieved and for monitoring of the works for implementation of various projects wherein RECPDCL has been appointed as PMA in Jammu & Srinagar.

(viii) Project Implementing Agency for Smart Grid Pilot Project in Chandigarh

Your Company has successfully awarded contract for Turnkey Execution of Advanced Metering Infrastructure (AMI) and Supervisory Control and Data Acquisition System (SCADA) for Chandigarh Electricity Department. Further, GTP/Drawing approval, procurement of material and execution works are under process.

(ix) PMA works for turnkey execution of deposit work of 66kV Underground cable works for Chandigarh Electricity Department.

Your Company was awarded the PMA work for Turnkey Execution of providing 66kV Transmission line with underground cable in RCC Cable trench/direct in ground at Chandigarh by Chandigarh Electricity Department. Further, a turnkey agency has already been

appointed through e-tending in respect of work relating to cable laying, 66 kV Bay erection, HDPE pipe-laying and the, work has been completed with Electrical Inspector's clearance in November, 2018 and is under commercial operation from March 2019 onwards.

(ix) PMA works for turnkey execution of 66kV Overhead Monopole line for Chandigarh Electricity Department as deposit work for Sarangpur Village and Raipur Kalan village, Chandigarh.

Your Company has been awarded the PMA works for Turnkey Execution of 66kV Overhead Monopole line for Chandigarh Electricity Department in village Sarangpur and Raipur Kalan, Chandigarh as deposit work. The tendering process has been successfully completed and work shall be awarded after receiving approval from the client i.e. Chandigarh Electricity Department.

(x) Management & Technical Consultancy Services for all 5 DISCOMs of Uttar Pradesh – SARTHI.

Your Company has been awarded the work of providing Management & Technical Consultancy Services under the project name SARTHI for all 5 DISCOMs of Uttar Pradesh by Uttar Pradesh Power Corporation Limited (UPPCL) for a period of 2 years from September 1, 2017 with total project cost of ₹31 crore. Further, your Company is responsible for conducting Energy Audit of all feeders of UPPCL on monthly basis for identifying High loss areas, Feeder Wise Analysis for Key Commercial Parameters on monthly basis, Management of IT Infrastructure & development of Customized IT Application for UPPCL and its DISCOMs, identify areas of Application of IT for increasing Consumer Centric Services and Capacity Building of officials of UPPCL.

(xi) Project implementation Agency for Turnkey execution of 2 Lakh Smart Meters for J&K Power Development Department.

Your Company has been awarded the work of Turnkey execution of 2 Lakh Smart Meter for J&K Power Development Department with deployment of 1 Lakh each in Jammu Town and Srinagar Town respectively. The tender for selection of Advanced Metering Infrastructure (AMI) agency is under process.

(xii) Project implementation Agency for Turnkey execution of 9.25 Lakh Smart Meters in pre-paid mode for J&K Power Development department.

Your company has been awarded the work of Turnkey execution of 9.25 Lakh Smart Meters under pre-paid mode for J&K Power Development department for entire Jammu & Kashmir. The tender for selection of Advanced Metering Infrastructure (AMI) agency is under process.

(xiii) Preparation of Cost Data Book and Asset verification of Capex of 2 DISCOMs (BRPL and BYPL) for Delhi Electricity Regulatory Commission.

Your Company has been awarded the work for preparation of Cost Data Book for DERC for 3 consecutive financial years starting from the financial year 2017-18. The cost data book for FY 2017-18 is already submitted and the same for 2018-19 is under preparation.

Further, your Company has been appointed as Consultant for Review of Capitalization of assets for DISCOMs (BRPL and BYPL) in NCT of Delhi for the financial years from 2004-05 to 2005-06 & FY 2011-12 to 2015-16 and review of de-capitalization of leftover schemes of FY 2006-07 to 2010-11. Draft reports of verification work for the financial year 2004-05 & 2005-06 for both DISCOMs i.e. BRPL and BYPL have been accepted by DERC. In addition to this,

physical survey in BRPL is 100% achieved for financial years 2018-19 and report preparation is underway, whereas physical survey is on the verge of completion for financial years in BYPL.

(xiv) Quality Control Projects

Your Company has been awarded various projects of quality monitoring and TPI projects by REC Limited/State DISCOMs under quality assurance mechanism of various schemes of Government of India. Accordingly, RECPDCL is carrying out material inspection and field inspection on progressive/inspection call basis continuously.

(xii) Solar Projects under implementation.

Your Company has been working as PMA/PMC for the following Solar Power Projects:

- Electrification of 54 Un-Electrified Off Grid villages through installation of 10,054 Nos. of 200 Wp Solar Standalone Home lighting systems and 145 Nos. of Solar Street lights in 5 districts (Kishtwar, Kupwara, Bandipore, Leh, Kargil) in the State of Jammu & Kashmir.
- Roof Top Solar PV Power Plant for Rashtrapati Bhavan, which has been Installed & commissioned and handed over to in 2016-17. Your Company is responsible for maintenance of this project till January 1, 2022.
- Setting up of Rooftop Solar PV Plant with battery backup at 16 Residential Schools owned by ST & SC Development Department of Government of Odisha in 9 backward districts of Odisha under the Sustainable Development (SD) initiatives of REC Limited (holding company). Further, Rooftop Solar PV Plant in these districts had been installed & commissioned and handed over to respective school authorities in financial year 2016-17. Your Company is responsible for maintenance of this project till September 22, 2021.

2.2 New Initiatives & Assignments ahead

During the financial year 2018-19, your Company has also undertaken new assignments as mentioned below:-

- (i) Detailed Project Report (DPR) preparation under STN Scheme in 18 circles of Chhattisgarh State Power Distribution Company Limited (CSPDCL).
- (ii) Third Party Inspecting Agency for two Sub-stations in Tripura State under DDUGJY RE-12th plan.
- (iii) PIA for installation and commissioning of solar standalone system in 3601 rural households in Tripura State.
- (iv) Procurement and supply of key materials of distribution network infrastructure in North Eastern states (Assam, Arunachal Pradesh, Mizoram and Tripura) under SAUBHAGYA Scheme.
- (v) Procurement and supply of additional quantity of key materials for distribution network infrastructure in Tripura State under DDUGJY scheme.
- (vi) Third Party Inspection Agency for material procured under various Central and State Government schemes in DVVNL.
- (vii) PMA for additional works in 4 cities i.e. Moradnagar, Modinagar, Loni and Ghaziabad-M Corp and 2 cities i.e. Meerut & Moradabad for PVVNL in Uttar Pradesh under IPDS Scheme.
- (viii) Empanelment of Third Party Independent Evaluating Agency (TPIEA) in U.P. Power Corporation Limited and its associated DISCOMs under SAUBHAGYA Scheme.
- (ix) TPI for underground Cabling work for 3 Nos. of cities namely Azamgarh (Nagpur), Mahmudabad (Sitapur) and Behraich (Nagar) in Uttar Pradesh.

- (x) PMA for Additional DPR of HESCOM in Karnataka under IPDS scheme.
- (xi) PMA for additional DPR works in 3 circles under IPDS Scheme against additional fund sanctioned by PFC for MESCOM and DISCOM.
- (xii) IT & revenue assurance support cell for Goa Electricity Department for 3 years.
- (xiii) PIA for Turnkey execution of 2 Lakh Smart Meters for J&K Power Development department.
- (xiv) PIA for Turnkey execution of 9.25 Lakh Smart Meters in pre-paid mode for J&K Power Development department.

Your Company is also venturing into International Market to tap the huge potential available in the International Power Sector Business, especially in African countries, Bangladesh and Afghanistan.

Your Company is also committed towards strengthening its portfolio of Project Implementing Agency through exploring new business opportunities for PMA/turnkey execution of Advanced Metering Infrastructure (AMI) Solution, Real Time Data Acquisition System (RT-DAS) and Solar Roof Top Projects. Your Company is approaching various state owned stakeholders, in this regard.

Your Company has also participated in various tender and the details of tender awarded to us are mentioned hereunder:

- (i) Project Management Agency (PMA) for the works of replacement of bare LT conductor to AB Cable in the densely populated theft prone areas of villages having population of more than 1000 Nos. in all the 14 districts under PVVNL, Meerut.
- (ii) TPI for Surya Raitha Pilot Project in Kanakpura Taluk for BESCOM.

2.3 Monitoring of Electrification work of Un-Electrified Villages.

REC (Holding Company), which is the Nodal Agency for DDUGJY scheme, has awarded the work relating to day to day monitoring of electrification work of UE villages in the country, to your Company which includes appointment of Gram Vidyut Abhiyanta (GVA) at district level in state DISCOMs/Power Department website maintenance & updating, developing RE mobile application (GARV App), control room-setup, call center and quality surveillance checks during electrification of UE villages, etc. The activity has been completed on April 28, 2018 as the Government of India has declared 100% electrification of all inhabited census villages. The scope of work has now been extended for monitoring of Rural Household electrification and electrification of 262.84 Lakh household is achieved till March 31, 2019.

2.4 Information Technology Initiatives.

As Information Technology initiatives, Web & Mobile Application: HR, Finance & Material Inspection Management System, has been developed and commissioned successfully. In order to streamline the process of project management and for real time monitoring of projects across PAN India, a web application viz., Project Management Portal has been successfully commissioned.

Further, considering the vulnerability of IT systems from cyber threats, your company has also installed, configured & being monitored Unified Threat Management system (UTM) along with high speed, secured Ethernet & corporate Wi-Fi Network Services. A network attached storage (NAS), a centralized repository has also been installed to prevent any loss of critical data and to promote information collaboration viz., Knowledge transfer.

3. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

3.1 Board of Directors

Your Company is headed by Chairman and Managing Director (CMD) of REC Limited {(Formerly Rural Electrification Corporation Limited (holding Company of RECPDCL))} as

ex-officio Part-time Chairman and the Company does not have any Executive Director on its Board. Further, during the financial year, Shri Ajoy Choudhury has been appointed as Director on the Board of Company w.e.f. March 25, 2019. As on March 31, 2019, your Company has four (4) Directors on its Board, as detailed below:

Sl. No.	Name	Designation	DIN
1.	Shri Ajeet Kumar Agarwal*	Chairman	02231613
2.	Shri Sanjeev Kumar Gupta	Non-Executive Director	03464342
3.	Shri Sanjiv Garg	Non-Executive Director	00891755
4.	Shri Ajoy Choudhury**	Non-Executive Director	06629871

*During the year 2018-19, Ministry of Power, Government of India vide Order No. 46/8/2011-RE dated March 5, 2019 had conveyed the appointment of Dr. P.V. Ramesh, IAS as Director General, National Archives of India. Accordingly, Dr. P.V. Ramesh, IAS, has relinquished the charge of CMD, REC and ceased to be CMD of REC w.e.f. March 6, 2019. Consequently, the Ministry of Power, Government of India, vide its Order No. 46/8/2011-RE dated March 6, 2019 assigned the additional charge of the post of Chairman & Managing Director, REC to Shri Ajeet Kumar Agarwal, Director (Finance) in REC from March 6, 2019 for a period of three months or until further orders, whichever is earlier.

** During the financial year, Shri Ajoy Choudhury has been appointed as Director on the Board of Company w.e.f. March 25, 2019.

All the Non-Executive Directors on the Board of your Company are nominated by the holding company and they are not entitled to any remuneration from the Company.

Further, the Ministry of Corporate Affairs (MCA)'s vide notification dated July 5, 2017, has amended the Companies (Appointment and Qualification) Rules, 2014 and *inter-alia* your Company being a Wholly Owned Subsidiary Company of REC Limited is exempted from the requirement of appointment of Independent Directors on its Board.

Further, as per the provisions of the Companies Act, 2013, Shri Sanjiv Garg (DIN: 00891755), shall retire by rotation at the 12th Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment as Director. His brief resume is annexed to the Notice of the Annual General Meeting.

3.2 Numbers of Meetings of Board, Directors' attendance at Board Meetings and last Annual General Meeting (AGM).

The meetings of the Board are generally held at the Registered Office of the Company and are scheduled well in advance. During the financial year 2018-19, five (5) meetings of Board of Directors of the Company were held on (i) May 16, 2018; (ii) July 13, 2018; (iii) September 17, 2018; (iv) December 5, 2018; and (v) March 25, 2019 respectively.

Annual General Meeting:- The last Annual General Meeting of the Company was held on September 17, 2018.

For the financial year 2018-19, the details of Directors' attendance at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships held by Directors are tabled below:-

Sl. No.	Name of Director	Board Meetings			Attendance at Last AGM (held on September 17, 2018)	No. of other Directorships as on March 31, 2019
		Held during the tenure	Attended	Percentage of Attendance		
1.	Dr. P V Ramesh (upto March 5,	4	4	100	Present	--

	2019)					
2.	Shri Ajeet Kumar Agarwal	5	5	100	Present	3
3.	Shri Sanjeev Kumar Gupta	5	4	80	Present	2
4.	Shri Sanjiv Garg	5	4	80	Present	4
5.	Shri Ajoy Choudhury	1	1	100	NA	1

In pursuance of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, issued by DPE, a Compliance Report is being submitted to the Ministry of Power within 15 days from the end of quarter and within 30 days from the end of the financial year. The details of submission of the quarter/annual report are as under:

Report for Quarter ended	Date of submission of report
June 30, 2018	July 10, 2018
September 30, 2018	October 10, 2018
December 31, 2018	January 10, 2019
March 31, 2019	April 15, 2019
Annual DPE CG Report for Financial Year 2018-19	May 17, 2019

3.3 Key Managerial Personnel

In accordance of the provisions of the Section 203(1) of Companies Act 2013 read with the Companies Rules, 2014 relating to appointment of Key Managerial Personnel which is not applicable to your Company and hence, your Company has not appointed any Key Managerial Personnel.

However, for operational convenience and managing day to day affairs, holding company of your Company has deployed the following officials on part-time/full-time basis:

Sl. No.	Name	Designation
1.	Ms. Debjani Chakrabarti, IAS	Chief Executive Officer (CEO)
2.	Shri T.S.C. Bosh	Joint Chief Executive Officer (Jt.CEO)
3.	Shri R.P.Vaishnav	Chief Financial Officer (CFO)
4.	Shri M.L. Kumawat	Company Secretary
5.	Shri Bhupender Gupta	Additional CEO

4. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are as under:

Meeting No.	Financial Year	Date	Venue	Whether any Special Resolution passed
9 th	2015-16	September 19, 2016	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	No
10 th	2016-17	September 19, 2017		No
11 th	2017-18	September 17, 2018		No

During the Financial year 2018-19, no Extraordinary General Meeting was held. Further, no resolution was passed by Postal Ballot during the year.

General Shareholder Information

The details of Annual General Meeting for the Financial Year 2018-19 is as under:

Day and Date	Time	Venue
August 27, 2019	5.00 P.M	Core-4, SCOPE Complex, 7,Lodhi Road, New Delhi-110003

5. HUMAN RESOURCES

Your Company is not having any manpower on its own roll except some experienced professionals on fixed tenure/fixed contract basis to render value added consultancy services in power sector across the country with the highest quality standards to its valued clients. However, for operational convenience and managing day to day affairs, holding company of your Company i.e. REC has deployed various officials on part-time/full time basis, who are having rich and varied experience in the respective fields. Further, the Company has also engaged Engineering Graduates and other professionals on contract basis through manpower agencies for implementation of various projects across the country. The details of total manpower of your Company at the end of Financial Year 2018-19 *vis-a-vis* 2017-18 are as under:

Sl. No	Particulars	No. of Employees	
		FY 2018-19	FY 2017-18
1	Regular Employees deployed by REC on secondment basis	22	23
2	Employees on Fixed Tenure & Contract basis	49	44
3	Outsourced staff on Contract basis through Manpower Agencies	980	1037
	Total	1051	1104

6. TRAINING & DEVELOPMENT

In order to enhance the innovation quotient among the workforce of the Company and provide knowledge to ensure compliances and awareness, your Company conducts in-house training programs on regular basis for newly recruited and contract employees. Further, the Company also sponsors its workforce for attending various professional training programs/workshops.

7. MOU RATING

The performance of your Company in terms of MoU signed with the holding company i.e. REC Limited (formerly Rural Electrification Corporation Limited) for the financial year 2017-18 has been rated as “Excellent” for the 8th consecutive year by the Department of Public Enterprises (DPE), Government of India. For the financial year 2018-19, DPE has exempted your company from signing separate MoU with REC Limited and a parameter has been taken in the holding company’s i.e. (REC Limited) MoU.

8. DIRECTORS' RESPONSIBILITY STATEMENT

With reference to Section 134(5) of the Companies Act, 2013, it is confirmed that:

- in the preparation of the annual accounts for the period ended March 31, 2019, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- such accounting policies have been selected and applied consistently (except for changes in Accounting Policies as disclosed in the Notes to Accounts to the Financial Statements) and

judgments 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 financial year and of the profit of the Company for that period;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

9. RIGHT TO INFORMATION ACT, 2005

During the financial year 2018-19, no applications were received under “Right to Information Act, 2005 (RTI)”, wanting the information in respect of following:

- (i) for full & final settlement payment of flexi staff and
- (ii) related to recruitment scheme, which has been duly provided.

10. REPORTING UNDER PUBLIC PROCUREMENT POLICY FOR MICRO & SMALL ENTERPRISES (MSES) ORDER, 2012

Being a wholly owned subsidiary Company of REC, your Company is following the procurement guidelines of the holding company. The procurement guidelines are also available on REC's website at the link: <https://www.recindia.nic.in/uploads/files/PublicProcurementPolicy.pdf>. The details of transactions under Micro, Small and Medium Enterprises Development Act, 2006 is given in Note No. 22 of Notes to Accounts.

11. DISCLOSURE UNDER THE "SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013"

During the financial year 2018-19, no complaint of sexual harassment was received by the Company under the provisions of 'Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013'.

12. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9, is annexed to this Report.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contract(s) or arrangement(s) entered into by the Company with related parties as per the provisions of the Companies Act, 2013 are disclosed in Form AOC-2, annexed to this Report.

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

There are no significant particulars relating to conservation of energy, technology absorption under the Companies (Accounts) Rules, 2014, as the Company does not own any

manufacturing facility. However, for saving electricity consumption, the company has installed LED lights in its corporate office premises. No earnings or outgo in foreign exchange was made during the financial year 2018-19.

15. COMMITTEE OF 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.

During the financial year, your company has the following committees:

- (i) Audit Committee;
- (ii) Corporate Social Responsibility Committee;

(i) Audit Committee

The Audit Committee of the Company comprises with following Directors as its members:

1. Shri Ajeet Kumar Agarwal, Chairman– RECPDCL as Chairman of the Committee;
2. Shri Sanjeev Kumar Gupta, Director – RECPDCL as Member of the Committee; and
3. Shri Sanjiv Garg, Director – RECPDCL as Member of the Committee.

During the Financial Year under review the Audit Committee met four times i.e. on May 15, 2018; July 12, 2018; September 12, 2018 and November 20, 2018.

Details of directors' attendance in meetings of the Audit Committee are given below:

Name of the Directors	Position in the Committee	No. of Meeting held during the tenure	No. of Meetings attended
Shri Ajeet Kumar Agarwal	Chairman	4	4
Shri Sanjeev Kumar Gupta	Member	4	4
Shri Sanjiv Garg	Member	4	4

Further, the Board of Directors of RECPDCL in its 68th Meeting held on March 25, 2019 has dissolved the Audit Committee with reference to the MCA notification dated July 13, 2017.

(ii) Corporate Social Responsibility (CSR) Committee

As per the provisions of the Companies Act, 2013 & Rules made thereunder and DPE Guidelines on Corporate Social Responsibility and Sustainability, your company has a Corporate Social Responsibility Committee, comprising of the following Board Members as on March 31, 2019:

1. Shri Sanjeev Kumar Gupta, Chairman of the Committee;
2. Shri Sanjiv Garg, Member of the Committee; and
3. Shri Ajoy Choudhury, Member of the Committee.

During the financial Year under review the CSR Committee met three times i.e. on July 12, 2018; September 12, 2018 and on March 25, 2019.

Details of Directors' attendance in meetings of the CSR Committee as on March 31, 2019 are given below:

Name of the Directors	Position in the Committee	No. of Meeting held during the tenure	No. of Meetings attended
Shri Ajeet Kumar Agarwal (upto March 25, 2019)	Chairman	3	2
Shri Sanjeev Kumar Gupta (w.e.f. March 25, 2019)	Chairman	3	3
Shri Sanjiv Garg	Member	3	3
Shri Ajoy Choudhury	Member	1	1

* Consequent to change in composition of the Board of Directors of the Company on account of appointment of Shri Ajoy Choudhury as a Director, the 'Corporate Social Responsibility (CSR) Committee' was re-constituted w.e.f. March 25, 2019.

Further, as a socially responsible corporate entity, your Company has endeavored to serve the society at large. During financial year 2018-19, CSR initiatives were pursued actively and the Company has extended financial assistance for projects that provide proper health care for community benefit, promoting sports with the intention to make contribution to inclusive growth and integrated development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities.

Accordingly, the Board of Directors of the Company in its 65th Meeting held on July 13, 2018 had approved CSR expenditure Budget of ₹1,13,69,000/- for financial year 2018-19 which is over 2% of average net profit for last three financial year. Further, the balance unspent CSR fund from previous financial year amounting to ₹16,06,837/- has also been approved by the Board for sanction and disbursement with the CSR expenditure for FY 2018-19.

Out of CSR expenditure budget of ₹1,29,75,837/-, for the financial year 2018-19, CSR financial assistance amounting to ₹1,29,21,420/- was sanctioned by the Board for four projects. The major project areas included were promoting health care and promote rural sports. The total amount disbursed towards CSR activities was ₹ 23,90,349/-, as per details appearing in the "Annual Report on CSR Activities" forming part of this Annual Report. Further, till March 31, 2019, which are linked with achievement of predefined milestones as per sanction terms & conditions and are required to be completed in the time span of 3 months to 5 years. Since implementing agencies could not achieve physical progress prescribed for this financial year, the disbursement could not be effected. The undisbursed amount commensurate with physical progress of ₹1,05,31,071/- shall be achieved in subsequent years as per milestones.

Guidelines on Corporate Social Responsibility and is available at the webpage of the company as under http://www.recpdcl.in/Revised_RECPCDL-CSR-Sustainability-Policy.pdf.

16. AUDITORS

16.1 Statutory Auditors

M/s AKG & Associates, Chartered Accountants (Firm Regn. No. 02688N), Delhi was appointed as Statutory Auditors of the Company for the Financial Year 2018-19 by the Comptroller & Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2019.

Further, M/s AKG & Associates, Chartered Accountant (Firm Regn. No. 02688N), Delhi, has been appointed as Statutory Auditors of the Company for the financial year 2019-20 by the

Comptroller and Auditor General (C&AG) of India. Approval of the Members of the Company is being obtained in ensuing Annual General Meeting, to authorize the Board of Directors of the Company, to fix the remuneration of Statutory Auditors for the financial year 2019-20.

16.2 Audit observations & Management's Reply on the Audit observations

The Statutory Auditors have issued Report on the financial statements of the Company as on March 31, 2019 without any adverse remark/observations/qualification.

17. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, vide letter dated August 1, 2019 has given 'Nil' Comments on the Audited Financial Statements of the Company for the year ended March 31, 2019 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2018-19, have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

18. STATUTORY DISCLOSURES

- a) There was no change in the nature of the business of the Company during the financial year 2018-19;
- b) The Company has not accepted any public deposits during the financial year 2018-19;
- c) No material change affecting the financial position of the Company which has occurred between the end of the financial year i.e. March, 31, 2019 and the date of this report;
- d) There were no significant and material orders, penalties or strictures imposed on the Company by any statutory authority during the last three years impacting the going concern status and the Company's operations in future;
- e) The Statutory Auditors have issued Report on the financial statements of the Company as on March 31, 2019 without any adverse remark/observations/qualification;
- f) In pursuance of DPE Guidelines on Corporate Governance for CPSEs, 2010, Compliance Reports were submitted to MoP/DPE within the prescribed time period from the end of quarter(s)/year;
- g) The Company ensures proper compliances of all statutory laws applicable to the Company and all returns/reports were filed within stipulated time with the concerned authorities;
- h) The Company does not have any subsidiary/Joint Venture/Associate Companies;
- i) The Company has not entered into any material, financial or commercial transaction 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. However, your Company is executing the assignment received from its holding company, where Directors of your Company are working as Directors/Senior Officials;
- j) The Directors/Senior Officials of your Company, being the employees of the holding Company i.e. REC, have made the required disclosures to the Board of holding Company 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.)

- k) The Board and Senior Management of your Company monitors various risks likely to arise and reviews the various risks and initiates action for mitigation of any risk arising in the operation and other related matters of the Company;
- l) Adequate internal financial controls are exercised in the Company, keeping in view the size of operations of the Company. The Company has appointed a firm of Practicing Chartered Accountants as Internal Auditor for conducting the Internal Audit;
- m) The Company has provided loan, guarantee or investments and under Section 186 of the Companies Act, 2013. The details of investments and loans are given in Notes to Accounts to financial statements.
- n) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder are not applicable to Government Companies, therefore no disclosure are being made;
- o) The Company has not issued any stock options to the Directors or any employee of the Company;
- p) The Board of the Company in its 41st Meeting held on April 7, 2014 has approved that being a wholly owned subsidiary Company of REC, the policies adopted by REC shall be applicable *mutatis-mutandis* on RECPDCL also. The same is adhered to by the Company;
- q) There is no expenditure debited in books of accounts, which is not for the purpose of the business. There are no expenses incurred, which are personal in nature or incurred for the Board of Directors or Top Management;
- r) The Company is a Wholly Owned Subsidiary of REC Limited (formerly Rural Electrification Corporation Limited) and accordingly Presidential Directives issued by the Central Government, if any, applicable to holding company shall apply to the Company, to the extent applicable.
- s) There are no audit objections and information relating to RTI matters, etc. is duly incorporated in this report, as required vide OM dated January 24, 2018 of the Ministry of Parliament Affairs, Government of India. Further, there are no pending vigilance cases pertaining to RECPDCL as on March 31, 2019.
- t) The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, Cost Accounts and Records are not required to be maintained by the Company.

19. STATUTORY AND OTHER INFORMATION REQUIREMENTS

The requisite information required to be furnished as per the Companies Act, 2013 and other statutory provisions is annexed to this report as under:

Particulars	Annexure
Management Discussion and Analysis Report	I
Certificate on Corporate Governance	II
Annual Report on CSR Activities	III
Extract of Annual Return	IV
Particulars of Contracts or Arrangements with Related Parties	V

20. ACKNOWLEDGEMENTS

The Directors are grateful to the Ministry of Power, State Governments, State Electricity Boards, State Power Utilities, DPE, REC (holding Company) for their continued co-operation, support and guidance in effective management of the Company's affairs and showing trust in the Company. Further, Directors also place on record their sincere appreciation for the continued support and goodwill of the esteemed shareholders,

The Directors also thanks M/s AKG & Associates, Chartered Accountants, Statutory Auditors, UCC & Associates, Chartered Accountants, Internal Auditor, Pranav Kumar & Associates Company Secretaries in Practices and the Comptroller & Auditor General (C&AG) of India for their valuable contribution.

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



(Ajeet Kumar Agarwal)

Chairman

DIN: 02231613

Place: New Delhi

Date : 22.08.2019

Management Discussion and Analysis Report

The management of company is pleased to present its report on industry scenario including company's performance.

1. Overview

Power is one of the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. The electricity generation in the country has witnessed increased growth during the last few Plan periods with CAGR of 5.16% in X Plan (2002–07), 5.77% in XI Plan (2007–12) and 6.0% in XII Plan (2012 to 2015–16). India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar and agricultural & domestic waste. The generation mix has also been witnessing a change with increasing penetration of renewables. Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India.

The Government of India's focus on attaining 'Power for All' has accelerated capacity addition in the country. As on March 31, 2019, the total installed capacity of power stations in India stood at 356 GW. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required. At the same time, the competitive intensity is increasing at both the demand and supply sides (fuel, logistics, finance, and manpower). It is pertinent to mention that India has turned a net exporter of electricity for the first time in FY 2017-18, with 7,203 Million Units (MUs) supplied to Nepal, Bangladesh and Myanmar. Further, India has also supplied 4,628 MUs to the said countries upto October 2018, in FY 2018-19. With surplus coal and power, the Government is taking several initiatives to provide 24X7 quality power for all.

2. Business Environment

Power/Electricity sector in India is growing at rapid pace. During the Financial Year 2018-19, the Peak Demand was increased to 177.022 GW as against 164.066 GW in financial year 2017-18 and the Installed Capacity was 356 GW with generation mix of Thermal (63.5%), Hydro (12.8%), Renewable (21.8%) and Nuclear (1.9%) as on 31.03.2019. During the financial year 2018-19, total 22,437 circuit kilometres (ckms) of transmission lines have been commissioned. Similarly, 72,705 MVA of transformation capacity of substations has been added during the financial year 2018-19.

India is marching ahead on its renewable energy journey by implementing one of the largest programmes globally. India's Renewable Energy (RE) program with respect to utility scale power had a focus on wind power until 2010, when solar power was also brought into mainstream through a special policy framework launched in the form of National Solar Mission. This helped to set up an ecosystem and evolve a public policy framework that pushed the development of solar power addressing financial and regulatory aspects. These included financing elements (grants and subsidies), fiscal instruments (coal cess, accelerated depreciation, tax holidays for the investment, concessional excise and custom duties on imports), and regulatory provisions viz. Renewable Energy Certificates (REC) and Renewable Purchase Obligation (RPO) with a separate window carved out for solar within the overall provisions, priority for solar power in merit order dispatch schedules, and waiving off transmission/evacuation charges for solar power in CTU system.

Enthused by the initial success, Government of India revised targets of renewable energy to 175 GW by 2022 with solar and wind targets of 100 GW and 60 GW, respectively. Dynamic policy push by the Government has made the target look achievable with solar tariffs seeing continuous fall breaching grid parity levels much earlier than envisioned. At present, the total installed RE capacity has surpassed 77.64 GW at the end of FY 2018-2019 (Wind-35.62 GW, Solar-28.18 GW, Bio-9.2 GW and Small Hydro-4.59 GW)

3. Industry Structure and Development

Distribution is the most important link in the entire power sector value chain. As it is the only interface between utilities and consumers, it is the cash register for the entire sector. Under the Indian Constitution, power is a Concurrent subject and the responsibility for distribution and supply of power to rural and urban consumers rests with the States. Government of India provides assistance to states through various Central Sector / centrally sponsored schemes for improving the distribution sector.

- Integrated Power Development Scheme (IPDS) Scheme approved on November 20, 2014 with a total outlay of ₹32,612 crore which includes a budgetary support of ₹25,354 crore from Government of India. The objectives of scheme are Strengthening of sub-transmission and distribution networks in the urban areas, Metering of distribution transformers / feeders / consumers in the urban area, IT enablement of distribution sector and strengthening of distribution network.

The component of IT enablement of distribution sector and strengthening of distribution network approved in June, 2013 in the form of R-APDRP for 12th and 13th Plans got subsumed in this scheme and approved scheme outlay of ₹44,011 crore including a budgetary support of ₹22,727 crore carried over to the new scheme of IPDS.

- Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) Scheme approved on November 20, 2014 with a total outlay of ₹44,033 crore which includes a budgetary support of ₹33,453 crore from Govt. of India. The objectives of scheme are Separation of agriculture and non-agriculture feeders, Strengthening of sub-transmission and distribution networks in the rural areas, Metering of distribution transformers/feeders/consumers in the rural area, Rural Electrification.

The component of Rural Electrification approved in August, 2013 in the form of RGGVY for 12th and 13th Plans got subsumed in this scheme and approved scheme cost of ₹39,275 crore including a budgetary support of ₹35,447 crore carried over to the new scheme of DDUGJY.

- National Electricity Fund (NEF): To promote investment in the distribution sector, GoI has set up National Electricity Fund (Interest Subsidy Scheme) in March 2012 to provide interest subsidy on loans disbursed to the Distribution Companies (DISCOMS) – both in public and private sector, to improve the distribution network for areas not covered by RGGVY and R-APDRP project areas. The preconditions for eligibility are linked to certain reform measures taken by the States and the amount of interest subsidy is linked to the progress achieved in reforms linked parameters.
- Government of India in 2014-15 committed to provide 24x7 power for all in the country in a time bound manner and providing electricity connections to remaining un-electrified households is a prerequisite to achieve the objective of 24x7 Power for All. While the country was inching towards 100% village electrification, efforts were also being made to connect the un-connected households under DDUGJY along with village electrification. In order to expedite the work, Government of India, in September 2018, launched

‘Pradhan Mantri Sahaj Bijli Har Ghar Yojana’ – Saubhagya with the objective to achieve universal household electrification by providing last mile connectivity and electricity connections to all remaining un-electrified households in rural and urban areas.

- For many decades, State discoms have been supplying electricity at tariffs that are far below cost. For obvious political reasons, States have been wary of revising power tariffs in line with rising costs. Inefficiencies in power distribution such as large transmission and distribution losses on power, have further strained the finances of the DISCOMs, who have been borrowing heavily from banks to keep themselves running. Ergo, the loss-making DISCOMs have piled up a massive load of debt on their books; it totaled ₹4.8 trillion in September 2015. UDAY or Ujwal Discom Assurance Yojna was launched in November 2015 to help loss-making discoms turn around financially, with support from their State governments.

4. Threats, Risks & Challenges

The power sector industry has become increasingly competitive and broad based with entry of new & small players giving tough challenge to the company. Various threats which RECPDCL is facing are as follows:

- a) Delay in project closures;
- b) Shortage of permanent and expertise manpower for different areas of work;
- c) Majority of employees are on Contract basis hired from outsourced agencies;
- d) Long realization period of dues;
- e) Non adherence to Contract Agreement terms & conditions by Utility; and
- f) Unavailability of suitable tie up with strategic partners.

Therefore, mobilization of resources at a low cost, ensuring deployment of these funds in avenues offering best returns and having permanent expert staff for different areas of operation, Strategic tie ups with suitable partners, International business exploration etc. would be the key factors for the company’s sustainable growth and profitability.

5. Opportunities

There is strong growth opportunity in power sector (both in Power Distribution Sector and Renewable Energy Generation). Further, Government of India has approved the second phase of the Faster Adoption and Manufacturing of Electric Vehicles scheme (Fame-II) and the National Mission on Transformative Mobility and Battery Storage. The focus on electrification as the primary technology pathway to achieve this transformation presents India with a powerful opportunity to emerge as a leader in clean, connected and shared mobility solutions, battery manufacturing and renewable energy integration. Accordingly, RECPDCL is looking forward to get more diversified business opportunities in the Power Distribution sector, Renewable Energy Generation, Railways and EV in future.

6. Product-wise & Segment-wise Performance

During the financial year 2018-19, the performance of RECPDCL has been consistent in its core business viz Project Management Services (PMA), Project Management Consultancy (PMC), Third Party Inspection (TPI), Preparation of Detailed Project Report (DPR) and Material Inspection. RECPDCL has also marked its footprint in a very new business arena of Supply of key materials for strengthening of Sub-transmission and Distribution network for North Eastern States of India i.e. Assam, Arunachal Pradesh, Mizoram & Tripura under Pradhan Mantri Sahaj Bijli Har Ghar Yoana’ (SAUBHAGYA) and Deendayal Upadhyaya

Gram Jyoti Yojana (DDUGJY) scheme. In addition to above, based on the past credentials Tripura has awarded the work of electrification of 3601 RHH through off-grid solar system.

At the end of the financial year 2018-19, RECPDCL has been working in about 96 on-going projects with project cost of over ₹ 80,000 crore and Consultancy Fee of ₹1,158 crore, spread in 27 States and 4 Union Territories for 46 Nos. of DISCOMs/RE Cooperative Societies and other agencies/Government bodies including PIA work for strengthening of distribution network under urban schemes (IPDS, PMDP and R-APDRP Part-B) in the state of Jammu & Kashmir.

7. Strengths of RECPDCL

- Pan India Presence;
- Expertise in capturing reliable primary data and In-house analysis;
- Completion of task within stipulated timeframe;
- Demographic Dividend: 90% of workforce is in the age-group of 24-26 years; and
- Wholly owned subsidiary of REC Limited (A 'Navaratna' PSU under Ministry of Power, Government of India)

8. Internal Control System and their Adequacy

The Company maintains an adequate system of Internal Control including suitable monitoring Policies & Procedures to ensure the orderly and efficient conduct of its business, safeguarding its assets, the prevention and detection of frauds and errors, accurate and timely completion of the Accounting records and preparation of reliable Financial Information. Suitable delegation of power, adequate checks and balances and guidelines for accounting has been issued to ensure that internal control systems are in order and regular & exhaustive Internal Audit of business operations are conducted by external professional audit firms. The Internal Audit covers all the major areas of operations including identified such as Statutory Compliances, IT Security Guidelines and Internal Financial Control covering all the major areas of operations.

9. Human Resources and Industrial Relations

RECPDCL is not having any manpower on its own roll except some experienced professionals on fixed tenure contract basis to render value added consultancy services in power sector across the country with the highest quality standards to its valued clients. At the end of FY 2018-19, the total manpower of the Company stood at 1,053 which comprises of (i) 22 Regular Employees deployed by REC on secondment basis, (ii) 05 Consultants/Advisors (iii) 46 Employee on Fixed Tenure Contract basis and (iv) 980 Outsourced staff on Contract basis through Manpower Agencies.

However, for operational convenience and managing day to day affairs, REC Ltd. (Holding Company) has deployed various officials on part-time/full time basis, who are having rich and varied experience in the respective fields. Further, the Company has also engaged Engineering Graduates and other professionals on Contract basis through manpower agencies for implementation of various projects across the country. In order to enhance the innovation quotient among the workforce of the Company and gain knowledge to ensure compliances and awareness, the Company conducted in-house training program on regular basis for newly recruited, own and contract employees, to enhance the innovation quotient among the workforce of the Company.

10. Financial and Operational Performance

During the financial year 2018-19, RECPDCL has achieved a total revenue of ₹159.77 crore against previous year revenue of ₹206.95 crore and the Profit after Tax of ₹26.34 crore against

the previous year Profit After Tax of ₹34.94 crore. Further, as on March 31, 2019, the Net Worth of the Company is ₹155.73 as compared to ₹156.57 crore in the previous year.

The Board of Directors of your Company has declared an interim dividend of ₹2,300 per equity share of ₹10/- each for the financial year 2018-19 representing 23,000% of the paid-up share capital of the Company as against ₹2,210 per share, representing 2,2100% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2018-19 was amounted to ₹11.50 crore (excluding dividend distribution tax).

11. Corporate Social Responsibility and Sustainable Development

As a socially responsible corporate entity, RECPDCL has endeavored to serve the Society at large. During financial year 2018-19, CSR initiatives were pursued actively and your Company has extended financial assistance for the projects that provide proper health care to the communities, promoting sports with the intention to make contribution to inclusive growth and integrated development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities.

Board of Directors of the Company in its 65th Meeting held on July 13, 2018 had approved CSR expenditure Budget of ₹1,13,69,000/- for financial year 2018-19 which is over 2% of average net profit for last three financial year. Further, the balance unspent CSR fund from previous financial year amounting to ₹16,06,837/- has also been approved by the Board for sanction and disbursement with the CSR expenditure for FY 2018-19.

Out of CSR expenditure budget of ₹1,29,75,837/-, for the financial year 2018-19, CSR financial assistance amounting to ₹1,29,21,420/- was sanctioned by the Board for four projects. The major project areas included were promoting health care and promote rural sports. The total amount disbursed towards CSR activities was ₹ 23,90,349/-, as per details appearing in the “Annual Report on CSR Activities” forming part of this Annual Report. Further, till March 31, 2019, which are linked with achievement of predefined milestones as per sanction terms & conditions and are required to be completed in the time span of 3 months to 5 years. Since implementing agencies could not achieve physical progress prescribed for this financial year, the disbursement could not be effected. The undisbursed amount commensurate with physical progress of ₹1,05,31,071/- shall be achieved in subsequent years as per milestones.

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.



PRANAV KUMAR & ASSOCIATES

COMPANY SECRETARIES

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ANNEXURE-II TO BOARD'S REPORT

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
REC Power Distribution Company Limited,
New Delhi

This is to certify that during the financial year 2018-19, REC Power Distribution Company Limited (CIN- U40101DL2007GOI165779) hereinafter referred to as "the Company" has complied with the provisions of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, issued by Department of Public Enterprises (DPE) vide O.M.No. 18(8)/ 2005- GM dated 14th May, 2010 (including any amendments or modification from time to time), to the extent applicable.

This certificate is issued on the representation of officials of the Company and verification of the compliance documents on test check basis. It is neither an audit nor an expression of opinion of financial statements of the Company.

For Pranav Kumar & Associates,
Company Secretaries



Date: 13th May, 2019
Place: Ghaziabad

Arpita
Arpita Saxena
(Partner)

Membership No.: A23822
COP No. : 11962

Company Law • Fema • Due Diligence • Society / Trust • Legal Service

GHAZIABAD • NOIDA • PATNA • BHOPAL

HEAD OFFICE : 3F CS 70, Third Floor, Ansal Plaza, Sector-1, Vaishali, Ghaziabad - 201010(U.P.)

PATNA : Kunti Sadan, Mahatma Buddh Path, Road No.14, Veer Kunwar Singh, Chowk, Patna (Bihar)

ANNUAL REPORT ON CSR ACTIVITIES DURING FINANCIAL YEAR 2018-19

1. A brief outline of the company's CSR policy, including overview of Project or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs.

CSR & Sustainability Policy of RECPDCL has been prepared in terms of requirement of Companies Act, 2013 and Guidelines on Corporate Social Responsibility and is available at the webpage of the company at http://www.recpdcl.in/Revised_RECPDCL-CSR-Sustainability-Policy.pdf

2. The Composition of the CSR Committee.

As per the provisions of the Companies Act, 2013 & Rules made there under and DPE Guidelines on Corporate Social Responsibility and Sustainability, your company has a Corporate Social Responsibility Committee, comprising of following Directors as Members:

1. Shri Sanjeev Kumar Gupta, Director & Chairman of the Committee
2. Shri Sanjiv Garg, Director & Member of the Committee
3. Shri Ajoy Choudhury, Director & Member of the Committee

3. The Composition of the Sub-Committee on CSR of RECPDCL.

The Board has constituted the sub-committee on CSR consisting of officials of the company to evaluate and appraise the CSR proposals before it is put up for recommendation/approval of CSR Committee of Directors/Board of Directors. Your company has reconstituted Corporate Social Responsibility Sub-Committee w.e.f. October 05, 2018 comprising following Members as on March 31, 2019:

1. Shri R. P. Vaishnaw, CFO
2. Shri Bhupender Gupta, Addl. CEO
3. Shri Rajesh Raj, AGM (CSR)

4. Average net profit of the company for last three financial years:

In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profit of the Company during the three immediately preceding financial years shall be spent on Corporate Social Responsibility. Net Profit means profit of the Company as per its financial statement prepared and adjusted in accordance with applicable provisions of the Act. The Average net profit of the Company for the last three financial years is as under:

Financial Year	Amount (₹)
Financial Year 2015-16	59,79,08,695
Financial Year 2016-17	54,18,72,444
Financial Year 2017-18	56,55,16,236
Total	170,52,97,375
Average net profit	56,84,32,458

5. Prescribed CSR Expenditure (Two percentage of the amount as in item 4 above):

2% of average net profit of the RECPDCL, for last three FY, as per Company Acts 2013 was ₹1,13,68,649/-, which was rounded off to ₹1,13,69,000/-.

6. Details of CSR Expenditure spent during the financial year 2018-19

S.No.	Particulars	Amount (in ₹)
a	CSR budget sanctioned for the FY 2018-19 as per Companies Act, 2013	1,13,69,000
	Balance unspent CSR fund carried forward from FY 2017-18	16,06,837
	Total amount of CSR budget approved by the Board to be spent for the FY 2018-19	1,29,75,837
b	Amount sanctioned for 4 projects by the Board for FY 2018-19	1,29,21,420
b (i)	Total amount of CSR fund disbursed during FY 2018-19	23,90,349
b(ii)	Undisbursed Amount for the FY 2018-19 likely to be released during financial year 2019-20	1,05,31,071
c	Balance budgeted unsanctioned CSR fund available and proposed to be sanctioned along with the budget of CSR for financial year 2019-20	54,417

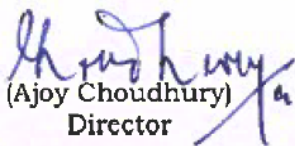
Manner in which the amount spent during the financial year is given in the **Annexure-A**


7. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

During the financial year 2018-19, the Company has sanctioned 4 CSR projects aggregated amount of ₹1,29,21,420/- and disbursed CSR assistance amounting to ₹23,90,349/- till March 31, 2019, which are linked with achievement of predefined milestones as per sanction terms & conditions and are required to be completed in the time span of 3 months to 5 years. Since implementing agencies could not achieve physical progress prescribed for this financial year, the disbursement could not be effected. The undisbursed amount commensurate with physical progress of ₹1,05,31,071/- shall be achieved in subsequent years as per milestones.

8. Responsibility statement of the CSR Committee:

The implementation and monitoring of CSR Policy by the company is in compliance with CSR objectives and policy of the company.


(Ajoy Choudhury)
Director


(Sanjeev Kumar Gupta)
Chairman CSR Committee

Annexure-A to CSR Report

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period (6A + 6B) (Rs.)	Amount spent: Direct or through implementing agency
					Direct expenditure on projects or Programs (A) (Rs.)	Over heads (B)		
1	CSR assistance to The Collector, Sukma District for development of Infrastructure facilities in District Headquater Hospital Sukma	As per CSR policy clause no 5-Thrust Area 5.1.B (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making safe drinking water.	Sukma, Chhattisgarh	36,00,000	18,00,000	-	18,00,000	Direct
2	CSR assistance to The DM, Khandamal District for development of Infrastructure facilities in District Headquater Hospital Khandamal		Kandhamal, Odisha	74,00,000	-	-	-	Direct
3	Additional assistance to 2 years study program on 'Age Specific Normograms of Anti-Mullerian Hormone (AMH) and Antral Follicle Counts (AFC) in Infertile and Fertile Indian Women' by Department of Obstetrics and Gynecology, AIIMS, Delhi.		Delhi	13,00,000	-	-	-	Direct
4	Additional CSR assistance to 'Meghalaya Energy Corporation Limited Sports and Games Association' (MSGGA), selected as an implementing agency by MeECL for construction/execution of Indoor Badminton Court	As per CSR policy clause no 5-Thrust Area 5.1.B (vii) Training to promote rural sports, nationally recognised sports, paraolympic sports and Olympic sports	LumJingshai, Shilong, Meghalaya	6,21,420	5,90,349	-	5,90,349	Through implementing agency
			Total (A)	1,29,21,420	23,90,349	-	23,90,349	

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN:	U40101DL2007GOI165779
(ii)	Registration Date	July 12, 2007
(iii)	Name of the Company	REC Power Distribution Company Limited
(iv)	Category/Sub-Category of the Company	Company limited by Shares/ Wholly owned subsidiary of REC (formerly Rural Electrification Corporation Limited) A Government of India Enterprise
(v)	Address of the Registered Office and Contact Details	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 Phone No.- 011 24369690 Fax No.- 011 24365815 E-mail: co.delhi@recpdcl.in
(vi)	Whether Listed Company Yes/ No	No
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any-	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Management Consultancy Activities- to facilitate the power utilities in the areas of their operation specifically relating to the Power Distribution Sector.	70200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON 31st MARCH, 2019

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Power Finance Corporation Limited 'URJANIDHI', 1, Barakhamba Lane, Connaught Place, New Delhi-110001	L65910DL1986GOI024862	Holding Company of REC Limited	52.63% Shares held of REC Limited (holding Company of RECPDCL)	2(46)
2	REC Limited (formerly Rural Electrification Corporation Limited) Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	L40101DL1969GOI005095	Holding	100%	Section 2(87) of Companies Act, 2013

REC Power Distribution Company Limited

IV	SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
(i) Category-wise Share Holding										
Sl. No.	CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTERS									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	50000	50000	100.00	0	50000	50000	100.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1) :	0	50000	50000	100.00	0	50000	50000	100.00	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other- Individuals	0	0	0	0.00	0	0	0	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total shareholding of promoter (A)=A(1)+A(2)	0	50000	50000	100	0	50000	50000	100	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds	0	0	0	0	0	0	0	0	0
(b)	Financial Institutions /Banks	0	0	0	0	0	0	0	0	0
(c)	Central Government	0	0	0	0	0	0	0	0	0
(d)	State Government(s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0
(g)	Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
(h)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(i)	Any other	0	0	0	0	0	0	0	0	0
	Sub-Total B(1) :	0	0	0	0	0	0	0	0	0
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	0	0	0	0	0	0	0	0	0
	i) Individuals	0	0	0	0	0	0	0	0	0
	ii) Overseas	0	0	0	0	0	0	0	0	0
(b)	Individuals	0	0	0	0	0	0	0	0	0
	(i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
	(ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
(c)	Others									
	Sub-Total B(2) :	0	0	0	0	0	0	0	0	0
	Total Public Shareholding (B)=B(1)+B(2) :	0	0	0	0.00	0	0	0	0.00	0.00
(C)	Shares held by custodians for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Sub-Total C :	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	0	50000	50000	100.00	50000	0	50000	100.00	0.00

Note: 100% of the Paid-up Share Capital of the Company is held by REC Limited (formerly Rural Electrification Corporation Limited) and its Nominees, REC is a Government of India Enterprise.

Shareholding of Promoters

(ii) Shareholding of Promoters								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2018)			Shareholding at the end of the year (as on 31st March 2019)			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	REC Limited (formerly Rural Electrification Corporation Limited-Holding Company)	49994	99.988	0	49994	99.988	0	0
2	Shri Ajeet Kumar Agarwal*	1	0.002	0	1	0.002	0	0
3	Shri Ashok Awasthi*	1	0.002	0	1	0.002	0	0
4	Shri Sanjiv Garg*	1	0.002	0	1	0.002	0	0
5	Shri Thangarajan Subhash Chandira Bosh*	1	0.002	0	1	0.002	0	0
6	Shri G. S. Bhati*	1	0.002	0	1	0.002	0	0
7	Shri C.P.Bhatia*	1	0.002	0	1	0.002	0	0
	Total	50000	100	0.00	50000	100.000	0.00	0.00

* 1 share each held as nominee of REC Limited (formerly Rural Electrification Corporation Limited-Holding Company).

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year (as on 1st April 2019)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the
1					
	At the beginning of the year (Held by Promoter and its Nominees)	50000	100	50000	100
1	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	No Change			
2	At the end of the year (or on the date of separation, if separated during the year)	50000	100	50000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):					
Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year (as on 1st April 2019)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the	No. of Shares	% of total shares of the
1	At the beginning of the year (Held by Promoter and its nominees)	The entire Issued and Paid-up Share Capital of ₹ 5,00,000 divided into 50,000 equity shares of ₹ 10 each of your Company is held by the holding company REC Limited (Formerly Rural Electrification Corporation Limited), a Government of India Enterprise and its 6 nominees.			
1	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)				
2	At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2018)		Cumulative shareholding during the year (as on 31st March 2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Penumaka Venkata Ramesh, Chairman, (upto March 5, 2019)				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	0	0	0	0
2	Shri Ajeet Kumar Agarwal, Chairman (w.e.f. March 6, 2019)				
	At the beginning of the year	1 Equity Share of ₹10/- each as Nominee of REC	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	1 Equity Share of ₹10/- each as Nominee of REC	0	1 Equity Share of ₹10/- each as Nominee of REC	0
3	Shri Sanjeev Kumar Gupta				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	0	0	0	0
4	Shri Sanjiv Garg, Director				
	At the beginning of the year	1 Equity Share of ₹10/- each as Nominee of REC	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	1 Equity Share of ₹10/- each as Nominee of REC	0	1 Equity Share of ₹10/- each as Nominee of REC	0
5	Shri Ajoy Choudhury, Director (w.e.f. March 25, 2019)				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	0	0	0	0
	At the end of the year	0	0	0	0

Note1:- Ministry of Power, Government of India vide its Order dated March 6, 2019, has communicated that Shri Ajeet Kumar Agarwal, presently Director (Finance), REC Limited has been assigned the additional charge of the post of Chairman and Managing Director, REC Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

	Secured Loans excluding	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year	0	0	0	0
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in indebtedness during the financial year	0	0	0	0
• Addition	0	0	0	0
• Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

Note: Company has tied-up with Banks for non-fund based BG limit of ₹ 100 crore & 10 crore for fund based BG limit and as on March 31, 2019, Company has availed BGs of ₹29.86 crore and four charges have been created (ID 10573864, 10381249, 100105301 & 100134514) on current assets of the Company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL


A. Remuneration to Managing Director and Whole-time Director							
Sl. No.	Particulars of Remuneration	Name of MD/WT/Manager					Total Amount
		Shri P.V. Ramesh (Chairman & Director) (upto March 5, 2019)	Shri Ajeet Kumar Agarwal (Chairman & Director) w.e.f. March 6, 2019	Shri Sanjeev Kumar Gupta (Director)	Shri Sanjiv Garg (Director)	Shri Ajoy Choudhary, Director (w.e.f. March 25, 2019)	
1	Gross Salary	0	0	0	0	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0
4	Commission	0	0	0	0	0	0
	- as % of profit	0	0	0	0	0	0
	Other specify	0	0	0	0	0	0
5	Others, please specify	0	0	0	0	0	0
	Total (A)	0	0	0	0	0	0
	Ceiling as per the Act						
B. Remuneration to other Directors:							
Sl. No.	Particulars of Remuneration						Total Amount
3	Independent Directors						0
	• Fee for attending Board Committee Meetings	0	0	0	0	0	0
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	Total (1)	0	0	0	0	0	0
4	Other Non-Executive Directors	0	0	0	0	0	0
	• Fee for attending Board Committee Meetings	0	0	0	0	0	0
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	Total (1)	0	0	0	0	0	0
	Total (B)=(1+2)	0	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0	0
	Overall Ceiling as per the Act						
C. Remuneration to Key Managerial Personnel Other than MD/Manager/ WTD:							
Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total Amount
1	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,	0	0	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0
4	Commission	0	0	0	0	0	0
	- as % of profit	0	0	0	0	0	0
	others, specify	0	0	0	0	0	0
5	Others, please specify	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Note: All directors (including Chairman) of the Company are appointed/nominated by the holding company as non executive directors to perform additional duty in RECPDCL and they are not entitled for any remuneration from the Company.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Sl.No	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A.	COMPANY					
	Penalty	0				
	Punishment	0				
	Compounding	0				
B.	DIRECTORS					
	Penalty	0				
	Punishment	0				
	Compounding	0				
C.	OTHER OFFICERS IN DEFAULT					
	Penalty	0				
	Punishment	0				
	Compounding	0				

Note: There were no significant and material orders, penalties or strictures imposed on the Company by any statutory authority during the last three years impacting the going concern status and Company operation in future. However, during the financial year 2014-15, upon an information filed by an informant (name not disclosed) against RECPDCL, a wholly-owned subsidiary of REC, the Competition Commission of India (CCI) had ordered an investigation against the Company. CCI disposed off the case in favor of the Company, while observing that no contravention of the provisions of Section 4 of the Competition Act, 2002 has been made out against RECPDCL & others and the matter was ordered to be closed.


(Ajeet Kumar Agarwal)
Chairman
DIN: 02231613

Place: New Delhi
Date: 22.08.2019

Form No. AOC-2*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.


1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.
REC Limited (Holding Company of RECPDCL)	Day to day monitoring of UE villages.	-----	Electrification of remaining un-electrified villages, Access of electricity for 100% household electrification in villages, Uploading of villages /household level data on GARV App, progress of work under feeder Separation, NEW & AUG. 33/11 KV power Substation, Metering (Consumer, Feeder & DTR) and SAGY villages under DDUGJY Scheme.	Due to urgency, national importance of the assignment and excellent performance of RECPDCL in monitoring of Swachh Vidyalaya Abhiyan, the contract was awarded by REC to RECPDCL on nomination basis, since the same approach is to be used in monitoring of electrification of UE villages.	May 16, 2018	NIL	N.A

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any*	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any	Amount paid as advance, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.
REC Limited (Holding Company of RECPDCL)	Apportionment of Employee Cost and administration expenses incurred on behalf of the subsidiary.	On-going transaction	Payment of employee cost and administration expenses on actual basis of ₹10,54,53,729/-(including GST) for the Year ended March 31, 2019.	In reference to provide support to the Subsidiary Company for managing the affair of the Company.	-----	Nil	Nil
	Office Rent Expense for these project offices: Kolkata, Mumbai, Bangalore, Hyderabad, Ranchi, Patna and Jaipur.	For the year ended as on March 31, 2019.	Office Rent of ₹44,70,366/-(including GST) for the year ended as on March 31, 2019.	-----	-----	Nil	Nil
	Income from rendering of Service	For the Year ended as on March 31, 2019	Consultancy Services of ₹4,22,621/-(including GST) for the Year ended as on March 31, 2019.	Contract has been awarded through open tendering basis.		Nil	Nil

For and on behalf of the Board of Directors


 (Ajeet Kumar Agarwal)
 Chairman
 DIN:02231613

Place: New Delhi
 Date :22.08.2019

REC Power Distribution Company Limited
Balance Sheet as at 31 March 2019
(All amounts in rupees in lakhs, unless stated otherwise)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Non-current assets				
Property, plant and equipment	4	237.71	304.05	325.61
Other Intangible assets	5	3.51	0.49	1.29
Financial assets				
Investments	6	1,580.67	1,580.55	1,582.54
Loans	7	15.29	30.38	85.17
Other financial assets	8	-	-	205.02
Current tax assets (net)	9	1,589.03	1,120.46	945.57
Deferred tax assets (net)	10	1,146.71	1,265.47	1,211.55
Other non current assets	11	4.81	11.19	109.54
Total non current assets		4,577.72	4,312.59	4,466.29
Current assets				
Inventories	12	-	-	4.48
Financial assets				
Trade receivables	13	11,482.75	12,094.74	13,225.54
Cash and cash equivalents	14	4,019.56	3,684.55	823.51
Other bank balances	15	32,795.07	21,619.77	581.26
Loans	16	54.83	40.92	47.99
Other financial assets	17	1,364.02	5,109.31	739.54
Other current assets	18	1,208.50	955.57	1,069.15
Total current assets		50,924.73	43,504.86	16,491.46
TOTAL ASSETS		55,502.45	47,817.46	20,957.75
EQUITY AND LIABILITIES				
Equity				
Equity share capital	19	5.00	5.00	5.00
Other equity	20	15,567.79	15,652.31	13,615.21
Total equity		15,572.79	15,657.31	13,620.21
Non-current liabilities				
Financial liabilities				
Other financial liabilities	21A	24.39	-	-
Provisions	21B	50.19	32.61	20.72
Total non-current liabilities		74.58	32.61	20.72
Current liabilities				
Financial liabilities				
Trade payables	22	6,865.34	6,435.65	4,426.69
Other financial liabilities	23	32,130.28	24,878.34	1,582.02
Other Current liabilities	24	849.65	812.70	1,302.60
Provisions	25	9.81	0.86	5.51
Total current liabilities		39,855.08	32,127.55	7,316.82
Total liabilities		39,929.66	32,160.16	7,337.54
TOTAL EQUITY & LIABILITIES		55,502.45	47,817.46	20,957.75

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 56 are integral part of the financial statements.

These are the Financial Statements referred to in our report of even date.

For AKG & Associates
Chartered Accountants
Firm Registration No. 002688N

CA Shruti Gupta
Partner
Membership No. 401918

Place : Delhi

Date: 15-05-2019

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

Sanjeev Kumar Gupta
Director
DIN - 03464342

Ajoy Choudhury
Director
DIN - 06629871

REC Power Distribution Company Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in rupees in lakhs, unless stated otherwise)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue			
Revenue from operations	26	15,251.34	20,193.46
Other income	27	726.36	501.21
Total income		15,977.71	20,694.67
Expenses			
Cost of services rendered	28	9,751.90	12,486.65
Cost of material consumed	29	-	794.38
Changes in inventories of finished goods and work-in-progress	30	-	4.48
Finance costs	31	290.31	109.50
Employee benefits expense	32	480.20	350.14
Depreciation and amortisation expense	33	98.91	113.86
Impairment on Financial assets	34	204.21	340.77
Corporate Social Responsibility Expenses	35	81.67	95.22
Other expenses	36	969.29	930.39
Total expenses		11,876.49	15,225.40
Profit/(Loss) before tax		4,101.21	5,469.26
Tax expense	37		
Current tax		1,348.45	2,029.16
Deferred tax expense/(credit)		118.76	(53.93)
Total Tax expense		1,467.20	1,975.24
Net Profit/(loss) for the year		2,634.01	3,494.03
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax relating to these items		-	-
Other comprehensive Income/(loss) for the year		-	-
Total comprehensive Income/(loss) for the year		2,634.01	3,494.03

Earnings/(Loss) per equity share
Basic/diluted Earnings/ loss per share (In Rs.) 38 5,268 6,988

Summary of significant accounting policies 1 to 3
The accompanying notes from 4 to 56 are integral part of the financial statements.

These are the Financial Statements referred to in our report of even date.

For AKG & Associates
Chartered Accountants
Firm Registration No. 002688N

CA Shruti Gupta
Partner
Membership No. 401918

Place : Delhi

Date: 15-05-2019

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

Sanjeev Kumar Gupta
Director
DIN - 03464342

Ajoy Choudhury
Director
DIN - 06629871

REC Power Distribution Company Limited
Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in rupees in lakhs, unless stated otherwise)

A Equity share capital

	Amount
Balance as at 01 April 2017	5.00
Changes in equity share capital during the year	-
Balance as at 31 March 2018	5.00
Changes in equity share capital during the year	-
Balance as at 31 March 2019	5.00

B Other equity

Particulars	Securities premium account	General reserve	Retained earnings	Total
Balance as at 01 April 2017	-	3,988.55	9,626.66	13,615.21
Profit/(Loss) for the year	-	-	3,494.03	3,494.03
Dividend for the year			(1,210.50)	(1,210.50)
Tax on dividend			(246.43)	(246.43)
Balance as at 31 March 2018	-	3,988.55	11,663.76	15,652.31
Profit/(Loss) for the year	-	-	2,634.01	2,634.01
Dividend for the year				-
- Final Dividend for the previous year			(1,105.00)	(1,105.00)
- Interim Dividend for the year			(1,150.00)	(1,150.00)
Tax on dividend				-
- on Final Dividend for the previous year			(227.14)	(227.14)
- on Interim Dividend for the year			(236.39)	(236.39)
Balance as at 31 March 2019	-	3,988.55	11,579.24	15,567.79

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 56 are integral part of the financial statements.

These are the Financial Statements referred to in our report of even date.

For AKG & Associates
Chartered Accountants
Firm Registration No. 002688N

CA Shruti Gupta
Partner
Membership No. 401918

Place : Delhi
Date: 15-05-2019

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

Sanjeev Kumar Gupta
Director
DIN - 03464342

Ajoy Choudhury
Director
DIN - 06629871



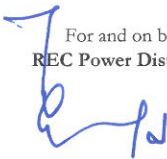

REC Power Distribution Company Limited

Cash Flow Statement for the year ended 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	4,101.21	5,469.26
Adjustments for:		
Depreciation and amortisation expense	98.91	113.86
Liabilities no longer required written back	(46.19)	(70.61)
Provision/reversal for doubtful trade and other receivables	204.21	340.77
Interest income on Fixed deposit	(511.01)	(174.83)
Interest income on Tax Free Bonds	(128.02)	(126.43)
Unwinding of discount on security deposits	0.06	0.25
Operating Profit Before Working Capital Changes	3,719.17	5,552.27
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	-	4.48
Trade receivables	407.78	790.02
Loans Non Current	15.04	54.54
Loans Current	(13.91)	7.07
Financial assets (Non Current)	-	205.02
Other financial assets (Current)	3,745.29	(4,369.37)
Other current assets	(252.93)	113.58
Other non-current assets	6.38	98.35
<i>Adjustments for increase/ (decrease) in operating liabilities:</i>		
Trade payables	475.87	2,079.57
Other financial liabilities (Current)	7,251.95	23,296.31
Other financial liabilities (Non Current)	24.39	-
Other Current liabilities	36.95	(489.90)
Provisions (Current)	8.95	(4.65)
Provisions (Non Current)	17.58	11.89
Movement in Operating Assets and Liabilities	11,723.34	21,796.92
Cash generated from operations	15,442.52	27,349.19
Less: Tax Paid	(1,817.01)	(2,204.05)
Net cash flow from operating activities (A)	13,625.51	25,145.14
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress)	(31.11)	(91.50)
Sale of property, plant and equipment	0.01	-
Purchase of intangible assets	(4.49)	-
Deposits with Bank	(11,177.85)	(21,036.92)
Interest received on Fixed deposit	513.57	174.83
Interest received on Tax Free Bonds	127.90	126.43
Net cash used in investing activities (B)	(10,571.97)	(20,827.16)



C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,255.00)	(1,210.50)
Tax on dividend	(463.52)	(246.43)
	(2,718.52)	(1,456.93)
Net cash flow used in Financing Activities (C)	(2,718.52)	(1,456.93)
Net increase in cash and cash Equivalents (A+B+C)	335.01	2,861.05
Cash and Cash Equivalents at the Beginning of the Year	3,684.55	823.51
Cash and Cash Equivalents at the End of the Year	4,019.56	3,684.55
Reconciliation of cash and cash equivalents as per the cash flow statement	335.01	2,861.05
Summary of significant accounting policies 1 to 3		
The accompanying notes from 4 to 56 are integral part of the financial statements.		
These are the Financial Statements referred to in our report of even date.		
For AKG & Associates Chartered Accountants Firm Registration No. 002688NS		
 		
CA Shruti Gupta Partner Membership No. 401918		
Place : Delhi		
Date: 15-05-2019		
For and on behalf of Board of Directors of REC Power Distribution Company Limited		
 		
Sanjeev Kumar Gupta Director DIN - 03464342		
Ajoy Choudhury Director DIN - 06629871		



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019 (All amounts in Rs. lacs, unless otherwise stated)

1. CORPORATE INFORMATION

REC Power Distribution Company Limited ("the Company") was incorporated in the year 2007, with its main object to engage in the Engineering Consultancy Services, Execution of work in the area of Decentralized Distributed Generation (DDG), Transmission and Distribution or other related activities for Govt. and other agencies in Power Sector. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The Company is a wholly-owned subsidiary of REC Limited (formerly Rural Electrification Corporation Limited).

The Company is engaged:

- (i) in carrying out the Third Party Inspection (TPI), quality monitoring and supervision under RGGVY/DDUGJY/ Saubhagya Schemes.
- (ii) in preparation of Detailed Project Report (DPR), Project Management Consultancy (PMC) and Project Management Agency (PMA) under the DDUGJY and IPDS Schemes.
- (iii) in execution of works of IT implementation and installation of IT Infrastructure under R-APDRP Part A Schemes, Project Implementation Agency for implementation of various Govt. of India Projects viz. PMPD.
- (iv) as Project Management Agency (PMA) for turnkey execution of Smart Grid Project under NSGM of Govt. of India, execution of solar standalone /roof top power plants at various locations across the country.
- (v) in services for procurement of key material for sub transmission and distribution network under DDUGJY and SAUBHAGYA Scheme.
- (vi) as a lead member in the consortium of REC Limited, Energy Efficiency Services Limited and REC Power Distribution Company Limited appointed by Bureau of Energy Efficiency as Implementing Agency to manage Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE). PRGFEE is risk sharing mechanism to provide Participating Financial Institutions (Banks/NBFCs/PFIs) with a partial coverage of risk involved in extending loans for Energy Efficiency Projects being developed by Energy Services Companies (ESCOs).



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

2. STATEMENT OF COMPLIANCE

The Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 01 April 2018. These Standalone Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. These are the Company's first Ind AS Standalone Financial Statements and the date of transition is 01 April 2017.

The Company prepared its Standalone Financial Statements up to the year ended 31 March 2018, in accordance with the requirements of previous Generally Accepted Accounting Principles (previous GAAP), which included Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with rules made thereunder. The Company followed the provisions of Ind AS 101-'First Time adoption of Indian Accounting Standards' in preparing its opening Ind AS Standalone Balance Sheet as of the date of transition and adjustments were made to restate the opening balances as per Ind AS. The impact of transition has been accounted for in the opening reserves as at 01 April 2017. The comparative figures have been presented in accordance with the same accounting principles that are used in preparation of the Company's first Ind AS standalone financial statements.

The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note No. 45 along with this, the reconciliation of total equity under previous GAAP and under Ind AS at 31 March 2018 and 1 April 2017 and of the Profit after tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended 31 March 2018 has also been presented in the same note.

The financial statements for the year ended 31st March 2019 were authorized and approved for issue by the Board of Directors on 14th May, 2019.

2.1 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

Ind AS 116 - Leases:

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases. Ind AS 116 will replace Ind AS 17 and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

to recognized assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Amendment to Ind AS 12 – Income taxes

On 30 March 2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The effective date for application of these amendments is annual period beginning on or after 01 April 2019. The Company is currently evaluating the effect of these amendments on the Standalone Financial Statements.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of the financial statements are as given below:

3.1 Basis of preparation and measurement

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

(ii) Functional and presentation currency:

These financials are presented in Indian Rupees (INR), which is also the Company's functional currency, all amounts have been rounded off to nearest lacs (upto two digits), unless otherwise indicated.

3.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from Operation

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

- (i) In Cost Plus Contracts - revenue is recognised by including eligible contractual items of expenditures plus proportionate margin as per contract;
- (ii) In Fixed Price Contracts – revenue is recognized on the basis of stage of completion of the contract. The Company has assessed that the stage of completion determined as the proportion of the total time expected to complete the performance obligation that has lapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.



REC Power Distribution Company Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019**

(All amounts in Rs lacs, unless otherwise stated)

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.3 Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent measurement (depreciation method, useful lives and residual value)

Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II of the Companies Act, 2013, except for the below assets where different useful lives have been taken on the basis of technical assessment:

Asset class	Useful life as per Schedule II	Useful life adopted by the Company
Office equipment-GPS, Mobile	5 years	2 years
Furniture and fixtures	10 years	5 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

Assets individually costing less than ₹5,000 are fully depreciated in the year of purchase.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

3.4 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Subsequent measurement (amortization method, useful lives and residual value)

For amortization of intangibles the amortization amount of intangible assets is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

3.5 Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial guarantee contracts which are not measured at Fair value through profit & loss account. (FVTPL).

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables that do not contain a significant financing component.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.7 Non Current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will have recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financials assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the balance sheet.

3.8 Employee benefits:

Employee benefits include Provident Fund, Leave Encashment & Loyalty Bonus.

a) Fixed Tenure Employees

The Company recruits Fixed Tenure Employees for a period of 3 years, which is further extendable for maximum up to 1 years and 6 months depending upon the requirement and performance. The Company deducts and deposits the employees benefit liabilities for Provident Fund and all other employee benefit statutory liabilities e.g. Pension, ESI, and Gratuity etc are not applicable to the Company. However, the Company provides for leave encashment and loyalty bonus for which liabilities are assessed as per the actuarial valuation and disclosed in other notes to accounts.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

b) Employees on secondment from holding company

The Company is managed by the employees deployed by REC Ltd (holding company) on seconded basis and pays their charges as service fee for deemed service of management service provided by its holding company. The Service charges being charged as a fixed liability on the basis of actual employee cost, added with fixed charges on account of future liability of Provident Fund, Gratuity, Superannuation and Postretirement benefit etc. With paying above charges Company owes nothing to its holding company for any future liabilities whatsoever of such seconded employees.

3.9 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in Other comprehensive income (OCI) or directly in equity, in which case, the tax is also recognised in Other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Dividend Distribution Tax is recognized at the same time when the liability to pay a dividend is recognized.

3.10 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.11 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.12 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Funds/grants received from government

Unutilized amount of grant/fund received are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant/fund account.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

3.15 Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

3.16 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.17 Prepaid Expenses

A prepaid expense up to Rs. 1,00,000/- is recognized as expense upon initial recognition except rent and insurance charges.

3.18 Rates and taxes

Overseas taxes on foreign assignments, indirect taxes, including Goods & Service Tax, professional tax, property tax, entry tax, labour cess, octroi and any other applicable taxes etc. paid/accrued in India or abroad for which credit are not available to the company are charged to the Statement of Profit and Loss.

3.19 Significant management judgments in applying accounting policies and estimation of uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

3.19.1 Significant management judgments

Recognition of deferred tax assets/ liability – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

3.19.2 Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Company makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.



REC Power Distribution Company Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in Rs lacs, unless otherwise stated)

3.20 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirements of Schedule III of the Act unless otherwise stated.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending March 31, 2019

(All amounts in rupees in lakhs, unless stated otherwise)

4 Property, plant and equipment

Description	Furniture & Fixtures	Office Equipments	Leasehold Improvements	Computers	Total
Gross carrying value					
As at 01 April 2017*	18.90	88.90	215.41	164.46	487.67
Additions	0.77	38.03	21.15	31.56	91.50
Disposals	-	-	-	-	-
As at 31 March 2018	19.67	126.93	236.56	196.02	579.17
Additions	7.22	1.94	11.18	10.77	31.11
Adjustment/ Disposal	0.01	(1.15)	-	(2.07)	(3.21)
As at 31 March 2019	26.89	127.72	247.74	204.72	607.07
Accumulated depreciation					
As at 01 April 2017*	9.41	73.41	3.07	76.17	162.06
Charge for the year	3.14	10.01	42.97	56.95	113.07
As at 31 March 2018	12.55	83.42	46.03	133.12	275.12
Charge for the year	5.29	11.93	42.88	37.34	97.44
Adjustment/Disposal	0.01	(1.14)	-	(2.07)	(3.20)
As at 31 March 2019	17.85	94.21	88.92	168.39	369.36
Net block as at 01 April 2017*	9.49	15.49	212.34	88.29	325.61
Net block as at 31 March 2018	7.12	43.51	190.52	62.90	304.05
Net block as at 31 March 2019	9.04	33.51	158.82	36.34	237.71

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

a) Gross block includes obsolete fixed assets but not disposed off of Rs. 1.48 Lakh and Depreciation reserve in respect of these assets Rs. 1.48 lakh

b) Addition in Leasehold improvement being capitalized w.e.f. 01.05.2017 resulting in decrease in Current year depreciation by Rs 0.61 lakh.



REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending March 31, 2019**

(All amounts in rupees in lakhs, unless stated otherwise)

5 Other Intangible assets

Description	Computer Software	Total intangible assets
Gross carrying value		
At 01 April 2017*	7.89	7.89
Additions	-	-
Disposals	-	-
Balance as at 31 March 2018	7.89	7.89
Additions	4.49	4.49
Disposals	-	-
Balance as at 31 March 2019	12.38	12.38
Accumulated depreciation		
At 01 April 2017*	6.61	6.61
Amortisation charge for the year	0.79	0.79
Disposals	-	-
Balance as at 31 March 2018	7.40	7.40
Amortisation charge for the year	1.47	1.47
Disposals	-	-
Balance as at 31 March 2019	8.87	8.87
Net book value as at 01 April 2017*	1.29	1.29
Net book value as at 31 March 2018	0.49	0.49
Net book value as at 31 March 2019	3.51	3.51

* Represents deemed cost on the date of transition to Ind AS.

Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending March 31, 2019
(All amounts in rupees in lakhs, unless stated otherwise)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
6 Investments (Non Current)			
Investments in Government or trust securities			
(a) Investment in tax free bonds-Quoted (at amortised cost)			
(in holding company)			
(i) REC Limited			
15 Years Secured Redeemable Tax Free Bonds @8.46%, 50000 Bonds of face value of Rs. 1000/- each, fully paid	514.02	514.02	505.66
(ii) REC Limited			
15 Years Secured Redeemable Tax Free Bonds @8.63%, 20000 Bonds of face value of Rs. 1000/- each, fully paid	205.72	205.72	214.03
(iii) REC Limited			
20 Years Secured Redeemable Tax Free Bonds @7.18%, 34351 Bonds of face value of Rs. 1000/- each, fully paid	351.69	351.69	353.25
(b) Investment in Tax Free Bonds (in others)-Quoted (at amortised cost)			
(i) Housing and Urban Development Corporation Ltd			
20 Years Secured Redeemable Tax Free Bonds @8.76%, 50000 Bonds of face value of Rs. 1000/- each, fully paid	509.24	509.12	509.60
	1,580.67	1,580.55	1,582.54
Aggregate market value of quoted investment	1,846.44	1,871.54	1,834.06
7 Loans (Non Current)			
Unsecured, considered good			
Retention Money	-	27.11	80.10
Security deposit paid*	15.29	3.27	5.07
	15.29	30.38	85.17
* Refer Note 42 for fair value disclosure.			
8 Other financial assets (Non Current)			
Term Deposits original maturity more than 12 months*	-	-	205.02
	-	-	205.02
9 Current tax assets (net)			
Advance tax and TDS (net of provisions)	1,589.03	1,120.46	945.57
	1,589.03	1,120.46	945.57
Net deferred Tax charge for the Year			
Year ended March 31, 2019	(118.76)	-	-
Year ended March 31, 2018	-	53.93	-
10 Deferred tax assets (net)			
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	6.16	(14.72)	(8.56)
Financial assets and liabilities measured at amortised cost	0.03	(0.01)	0.02
Total deferred tax liabilities	6.19	(14.73)	(8.54)
Tax effect of items constituting deferred tax assets:			
Allowance for Expected Credit Loss	1,208.66	36.68	1,245.34
On employee's retirement benefits	9.08	2.51	11.59
Total deferred tax assets	1,217.74	39.19	1,256.93
Deferred tax assets (net)	1,211.55	53.93	1,265.47



	As at March 31, 2018	Charged to profit and loss account	As at March 31, 2019
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortised cost	0.02	0.01	0.03
Total deferred tax liabilities	0.02	0.01	0.03
Tax effect of items constituting deferred tax assets:			
Allowance for Expected Credit Loss	1,245.34	(138.02)	1,107.33
On employee's retirement benefits	11.59	5.90	17.48
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	8.56	13.37	21.93
Total deferred tax assets	1,265.49	(118.75)	1,146.74
Deferred tax assets (net)	1,265.47	(118.76)	1,146.71
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
11 Other non current assets			
Prepaid expenses	4.81	0.01	0.06
Advances to Supplier	-	11.18	109.48
	4.81	11.19	109.54
12 Inventories (Valued at lower of cost and net realisable value, unless otherwise stated)			
Work-in-progress	-	-	4.48
IT- Hardware	-	-	4.48
	-	-	4.48
13 Trade receivables			
Unsecured, considered good	12,565.30	13,310.51	14,339.58
Less: Allowance for expected credit loss	(1,251.27)	(1,217.95)	(1,267.72)
	11,314.03	12,092.56	13,071.86
Trade receivables which have significant increase in credit risk	337.43	4.36	307.34
Less: Allowance for expected credit loss	(168.71)	(2.18)	(153.67)
	168.71	2.18	153.67
Credit Impaired receivables	2,382.74	2,378.39	2,071.04
Less: Allowance for expected credit loss	(2,382.74)	(2,378.39)	(2,071.04)
	-	-	-
	11,482.75	12,094.74	13,225.54
(i) The carrying values of trade receivables are considered to be a reasonable approximation of fair value.			
(ii) Refer note 43 - Financial risk management for assessment of expected credit losses.			
14 Cash and cash equivalents			
Balances with banks*:			
- with scheduled banks in current accounts	329.76	2,697.66	277.72
Term Deposits (with maturity upto 3 months) *	3,689.80	986.89	545.79
	4,019.56	3,684.55	823.51
* The earmarked balances with bank on behalf of REC Ltd amounting to Rs. 263.49 Lakhs (March 31, 2018: 291.02 Lakhs, April 01, 2017: Rs.599.10 Lakhs) can be utilised only for the specific purposes.			
15 Other bank balances			
Earmarked balances for deposit works	31,519.22	-	-
Deposits with remaining maturity less than 12 months*	1,275.85	21,619.77	581.26
	32,795.07	21,619.77	581.26

* The earmarked balances with banks includes amounting to Rs.21,612.53 Lakhs during FY 2017-18 (April 01, 2017: Nil) which can be utilised only for the specific purposes.



	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
16 Loans (Current)			
Unsecured, considered good *			
Security deposits paid*	10.45	40.92	47.99
Retention Money	44.38	-	-
	54.83	40.92	47.99

* The carrying values are considered to be a reasonable approximation of fair value.

17 Other financial assets (Current)

Current *

Unbilled revenue	1,364.02	5,109.31	739.54
	1,364.02	5,109.31	739.54

*The carrying values are considered to be a reasonable approximation of fair value.

18 Other current assets

Other Trade/Commercial Advances	-	43.05	44.48
Advances to Employees	0.05	3.08	4.25
Prepaid expenses	3.60	3.07	31.84
Balances with statutory and government authorities	1,204.85	906.36	988.57
	1,208.50	955.57	1,069.15



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending March 31, 2019
(All amounts in rupees in lakhs, unless stated otherwise)

19 Equity share capital

Authorised equity share capital

20,000,000 (31 March 2019 : 20,000,000 ; 01 April 2018 : 20,000,000) Equity shares of Rs 10 each

As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
2,000.00	2,000.00	2,000.00
2,000.00	2,000.00	2,000.00

Issued, subscribed and paid up equity share capital

50,000 (31 March 2019 : 50,000; 01 April 2018 : 50,000) Equity shares of Rs 10 each

5.00	5.00	5.00
------	------	------

i) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2019		31 March 2018	
	No. of shares	(Rs lakhs)	No. of shares	(Rs lakhs)
Equity share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	50,000	5.00	50,000	5.00
Add: Issued during the year	-	-	-	-
Balance at the end of the year	50,000	5.00	50,000	5.00

iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

	As on 31 March 2019		As on 31 March 2018		As on 01 April 2017	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
49,994 Equity Shares held by REC Ltd (Holding Company)	50,000	100.00%	50,000	100.00%	50,000	100.00%
And Balance 6 Equity Shares through other nominee of REC Ltd.						

iv) Shares held by holding company:

	As on 31 March 2019		As on 31 March 2018		As on 01 April 2017	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
49,994 Equity Shares held by REC Ltd (Holding Company)	50,000	100.00%	50,000	100.00%	50,000	100.00%
And Balance 6 Equity Shares through other nominee of REC Ltd.						

- v) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

20 Other Equity

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	3,988.55	3,988.55
Add: Movement during the year	-	-
General reserve	3,988.55	3,988.55
Balance at the beginning of the year	11,663.76	9,626.66
Add : Transferred from statement of profit and loss	2,634.01	3,494.03
	14,297.77	13,120.69
Less: Dividends		
- Final Dividend for the previous year	(1,105.00)	(1,210.50)
- Interim Dividend for the previous year	(1,150.00)	
Dividend Distribution Tax		
- on Final Dividend for the previous year	(227.14)	(246.43)
- on Interim Dividend for the previous year	(236.39)	
Retained earnings	11,579.24	11,663.76
Total other equity	15,567.79	15,652.31

Note:

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending March 31, 2019

(All amounts in rupees in lakhs, unless stated otherwise)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
21A Other financial liabilities			
Unsecured, considered good			
Earnest Money Deposits	24.39	-	-
	24.39	-	-
21B Provisions (Non Current)			
Provision for Loyalty Bonus	25.77	19.04	9.74
Provision for Compensated Absences	24.42	13.57	10.97
	50.19	32.61	20.72
22 Trade payables*			
Due to micro and small enterprises [refer note (a) below]	265.19	182.53	30.28
Dues to others	6,600.15	6,253.12	4,396.41
	6,865.34	6,435.65	4,426.69
*Unsecured and unconfirmed			
a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006			
On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:			
(ia) Principal amount remaining unpaid to any supplier as at the end of the accounting year	265.19	182.53	30.28
(ib) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	39.41	13.89	6.24
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the Year) but without adding the interest specified under this Act;	-	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	39.41	13.89	6.24
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-	-
Suppliers for whom confirmation not received is deemed not registered under MSME Act and Interest payable on payment made but not claimed has not been provided.			
23 Other financial liabilities (Current)			
Earnest Money Deposits	74.44	187.02	134.45
Expenses payables	687.63	3,078.79	1,447.57
Advance for deposit work	31,368.21	21,612.53	-
	32,130.28	24,878.34	1,582.02
24 Other Current liabilities			
Advances from Customers	263.49	527.45	832.69
Statutory dues	586.15	285.24	469.90
	849.65	812.70	1,302.60
25 Provisions (Current)			
Provision for Employee Benefits (refer note 41)			
Provision for Loyalty Bonus	8.42	0.02	4.28
Provision for Compensated Absences	1.39	0.85	1.23
	9.81	0.86	5.51



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending March 31, 2019
(All amounts in rupees in lakhs, unless stated otherwise)

	For the year ended 31 March 2019	For the year ended 31 March 2018
26 Revenue from operations		
Sale of services:*		
Execution of IT/Solar Implementation Project	1,942.20	1,607.52
Consultancy Engineering Services	12,339.15	17,489.64
Income from REC - UE Village Project	969.99	1,096.30
	15,251.34	20,193.46
*Includes Rs. 1364.02 Lakh (Previous year - 5109.31 Lakh) of unbilled revenue.		
27 Other income		
Interest income on financial assets measured at amortised cost	639.04	301.27
Unwinding of discount on security deposits	0.06	0.25
Liabilities written back	46.19	70.61
Liquidation Damages	-	55.71
Miscellaneous Income	41.08	73.38
	726.36	501.21
28 Cost of services rendered*		
Project Technical Services - PMC/PMA/DPR	4,379.87	5,517.53
Project Outsourced Manpower	3,185.46	4,059.63
Project Fee Direct-Solar	1,170.46	1,389.73
Project Technical Services - IT Execution	98.05	422.00
REC - UE Village Project Expenditure	918.06	1,096.30
REC - SVA Project Expenditure	-	1.45
	9,751.90	12,486.65
*Includes Rs.106.48 Lakh (Previous year - 1289.47 Lakh) of unbilled expenses.		
29 Cost of material consumed		
IT- Hardware	-	794.38
	-	794.38
30 Changes in inventories of finished goods and work-in-progress		
Opening stock		
Work-in-progress	-	4.48
	-	4.48
Closing stock		
Work-in-progress	-	-
	-	-
Change in stock		
	-	4.48
	-	4.48
31 Finance costs		
Interest on advance from BEE	290.28	107.65
Interest on working capital loans	0.03	1.85
	290.31	109.50
32 Employee Benefits Expense		
Salaries and Wages	427.79	305.28
Contribution to Provident and other funds	27.54	21.68
Staff Welfare expenses	24.87	23.17
	480.20	350.14

For disclosures related to provision for employee benefits, refer note 41- Employee benefit obligations.



REC Power Distribution Company Limited**Notes forming part of Financial Statements for the year ending March 31, 2019**

(All amounts in rupees in lakhs, unless stated otherwise)

	For the year ended 31 March 2019	For the year ended 31 March 2018
33 Depreciation and amortisation expense		
Depreciation (also refer note 4)	97.44	113.07
Amortisation (also refer note 5)	1.47	0.79
	98.91	113.86
34 Impairment on Financial assets		
Provision/(reversal) for impairment on trade receivables	204.21	340.77
	204.21	340.77
35 Corporate Social Responsibility Expenses		
CSR expenditure	81.67	95.22
	81.67	95.22
36 Other Expenses		
Rent		
: Office Premises	174.82	181.04
: Machinery	54.87	47.19
Rates and Taxes	24.86	209.69
Repairs and Maintenance		
: Buildings	36.63	47.88
: Others	17.45	16.51
Power and Fuel	28.60	27.43
Advertisement and Business Promotion	149.86	70.90
Communication Cost	16.68	17.15
Travelling and Conveyance	173.61	205.08
Printing and Stationary	39.34	17.86
Legal, Consultancy and Professional Expenses	115.75	60.29
Bank charges	4.35	16.94
Auditors' remuneration*	3.15	2.30
Insurance	0.04	0.01
Loss on sale of Fixed assets (net)	0.01	-
Liquidation Damages	87.54	-
Miscellaneous Expenses	41.73	10.13
	969.29	930.39

***Comprises of following:**

As auditors- statutory audit	2.35	1.50
As auditors- tax audit	0.80	0.80
	3.15	2.30



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending March 31, 2019

(All amounts in rupees in lakhs, unless stated otherwise)

	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
37 Tax expense		
(i) Current tax		
Tax pertaining to current year	1,348.45	2,029.16
(ii) Deferred tax expense/(credit)	118.76	(53.93)
	1,467.20	1,975.24

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 29.12%

Accounting profit before income tax	4,101.21	5,469.26
At country's statutory income tax rate of 29.12%	1,194.27	1,892.80
(31 March 2018: 34.608%)		
Adjustments in respect of taxes earlier years		
(i) Non-deductible expenses for tax purposes	41.86	60.02
(ii) Non-taxable incomes	(37.28)	(43.76)
(iii) Earlier year taxes	72.98	66.16
(iv) Deferred tax change due to rate change	195.37	-
	1,467.20	1,975.24
38 Basic/diluted Earnings/ loss per share		
Net profit/(Loss) for the year	2,634.01	3,494.03
Weighted average number of equity shares for EPS	50,000	50,000
Par value per share	10	10
Earnings per share - Basic and diluted (in Rs.)	5,268	6,988

39 Leases

As Lessee

The Company has entered into various operating lease arrangements, which are usually renewable on mutually agreed terms and also cancellable subject to fulfillment of certain contractual terms. The lease rentals pertaining to the year, is charged to Statement of Profit and Loss.

229.70

228.23



40 Related Party transactions

In accordance with the requirements of Indian Accounting Standard – 24 the names of the related parties where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Power Finance Corporation Limited
Holding company	REC Limited (Formerly Rural Electrification Corporation Ltd.)
Fellow Subsidiaries	REC Transmission Projects Company Limited (RECTPCL)
Society registered for undertaking CSR activities	REC Foundation

Key management personnel (KMP)	Mr. Ajeet Kumar Agarwal, Chairman Mr. Sanjeev Kumar Gupta, Director Mr. Sanjiv Garg, Director Mr. Ajay Choudhury, Director Dr. Debjani Chakrabarti, Chief Executive Officer
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Companies under Common Control :

REC Transmission Projects Company Limited (RECTPCL) is under common control.

Details of the subsidiaries of RECTPCL is as follows:

1. Lakadia Banashantha Transco Limited
2. WRSS XXI(A) Transco Limited
3. Dumka Transmission Limited
4. Chandil Transmission Limited
5. Mandar Transmission Limited
6. Koderma Transmission Limited
7. UDUPI Kasargode Transmission Limited
8. Ajmer Phagi Transco Limited
9. Khetri Transco Limited
10. Bhind Guna Transmission Limited
11. Jam Khambaliya Transco Limited

b. Transactions with Holding Company and KMP are as under:

	Year Ended	Holding Company	Society registered for undertaking CSR activities	Key Management Personnel
(i) Transactions during the year				
Services Rendered	Year ended 31 March 2019	1,116.59	7.70	-
	Year ended 31 March 2018	234.87	-	-
Reimbursement of Expenditure incurred by related party on behalf of the Company	Year ended 31 March 2019	950.30	-	-
	Year ended 31 March 2018	1,893.33	-	-
Remuneration to KMP's (through Holding Company)	Year ended 31 March 2019	-	-	24.49
	Year ended 31 March 2018	-	-	17.33
Reimbursement of Expenditure incurred by the Company on behalf of the related party	Year ended 31 March 2019	-	277.43	-
	Year ended 31 March 2018	-	308.07	-
Interest Income from Investment in Tax Free Bonds	Year ended 31 March 2019	84.22	-	-
	Year ended 31 March 2018	82.57	-	-
Dividend on Equity Shares	Year ended 31 March 2019	2,255.00	-	-
	Year ended 31 March 2018	1,210.50	-	-
(ii) Outstanding Balances at Year End				
Trade Payables	As at 31 March 2019	136.56	-	-
	As at 31 March 2018	122.53	-	-
	As at 01 April 2017	107.48	-	-
Trade Receivables	As at 31 March 2019	60.61	1.25	-
	As at 31 March 2018	536.27	-	-
	As at 01 April 2017	545.16	-	-
Non-current Investment (Investment in Tax Free Bonds incl. of Accrued Interest)	As at 31 March 2019	1,071.43	-	-
	As at 31 March 2018	1,071.43	-	-
	As at 01 April 2017	1,072.94	-	-
Other Current Liabilities	As at 31 March 2019	-	263.49	-
	As at 31 March 2018	-	291.02	-
	As at 01 April 2017	599.10	-	-

With respect to the key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year. (if any)

Key management personnel remuneration includes the following expenses:

Short-term employee benefits
Post-employment benefits
Termination benefits
Total remuneration

Year ended March 31, 2019	Year ended March 31, 2018
20.62	15.23
3.87	2.10
-	-
24.49	17.33

Note:

As provisions for gratuity and leave benefits are made for the Company as a whole, the amounts pertaining to the Key management personnel are not specifically identified and hence are not included above.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

41 Employee benefit obligations

Defined Contribution Plans

The Company makes contributions to the Provident Fund for all eligible employees. Under the plan, the Company is required to contribute a specified percentage of payroll costs. Accordingly, the Company has recognised Rs. 27.96 Lakhs as expense in the statement of profit and loss during the current year (Year ended 31 March, 2018 Rs. 22.48 Lakhs; Year ended 31 March, 2017 Rs. 14.57 Lakhs).

Defined Benefit Plans

The Company offers the following employee benefit schemes to its employees:

i. Loyalty Incentive

The Loyalty Benefit to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. The liability for the same is recognized on the basis of actuarial valuation.

ii. Leave Encashment

The Employees are entitled for Leave Encashment after completion of one year of service only and amount is paid in full, at the time of separation. The liability for the same is recognized on the basis of actuarial valuation.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Components of Employee Expense	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Loyalty Incentive	Leave Encashment	Loyalty Incentive	Leave Encashment
Current service cost	14.28	11.88	9.34	7.71
Interest cost	1.47	1.11	1.06	0.92
Actuarial losses/(gains)	0.03	(0.48)	0.24	0.99
Total Expense Recognised in the Statement of Profit and Loss	15.78	12.51	10.64	9.62

Net Asset/(Liability) Recognised in the Balance Sheet

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Loyalty Incentive	Leave Encashment	Loyalty Incentive	Leave Encashment	Loyalty Incentive	Leave Encashment
Present value of Defined Benefit Obligation	34.18	25.81	19.06	14.41	14.91	12.20
Funded Status [Surplus / (Deficit)]	(34.18)	(25.81)	(19.06)	(14.41)	(14.91)	(12.20)
Net Asset/(Liability) Recognised in the Balance Sheet	(34.18)	(25.81)	(19.06)	(14.41)	(14.91)	(12.20)

Change in defined benefit obligations (DBO) during the year

	For the Year ended March 31, 2019		For the Year ended March 31, 2018	
	Loyalty Incentive	Leave Encashment	Loyalty Incentive	Leave Encashment
Present value of DBO at Beginning of the year	19.06	14.41	14.91	12.20
Current Service Cost	14.28	11.88	9.34	7.71
Interest Cost	1.47	1.11	1.06	0.92
Actuarial (Gains)/Losses	0.03	(0.48)	0.24	0.99
Benefits Paid	(0.65)	(1.11)	(6.49)	(7.41)
Present value of DBO at the end of the year	34.18	25.81	19.06	14.41

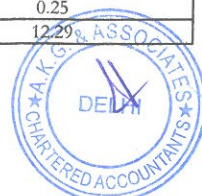
Actuarial assumptions

Discount Rate	7.69%	7.69%	7.71%	7.71%
Expected Return on Plan Assets	NA	NA	NA	NA
Salary Escalation	NA	6.00%	NA	6.00%
Attrition				
upto 30 Years	3%	3%	3%	3%
From 31 to 44 Years	2%	2%	2%	2%
Above 44 Years	1%	1%	1%	1%
Method Used	PUCM	PUCM	PUCM	PUCM

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary takes into account the inflation, seniority, promotion, increments and other relevant factors.

Maturity Profile of defined benefit obligations (DBO)- Leave Encashment

Sr. No.	Year	For the Year ended March 31, 2019	For the Year ended March 31, 2018
a)	0 to 1 Year	1.39	0.85
b)	1 to 2 Year	0.46	0.26
c)	2 to 3 Year	0.48	0.26
d)	3 to 4 Year	0.47	0.26
e)	4 to 5 Year	0.46	0.25
f)	5 to 6 Year	0.46	0.25
g)	6 Year onwards	22.06	12.29



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending March 31, 2019
(All amounts in rupees in lakhs, unless stated otherwise)

42 Financial instruments

i) Financial instruments by category measured at amortised cost:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Financial assets			
Investments	1,580.67	1,580.55	1,582.54
Loans*	70.11	71.31	133.15
Trade receivables	11,482.75	12,094.74	13,225.54
Cash and cash equivalents	4,019.56	3,684.55	823.51
Other bank balances	32,795.07	21,619.77	581.26
Other financial assets	1,364.02	5,109.31	944.56
Total	51,312.18	44,160.23	17,290.56
Financial liabilities			
Trade payable	6,865.34	6,435.65	4,426.69
Other financial liabilities	32,154.67	24,878.34	1,582.02
Total	39,020.01	31,313.99	6,008.71

* Loans include security deposits and retention money. Security deposits are carried at amortised cost using incremental borrowing rate applicable to the Company. Retention money does not have define contractual maturity and accordingly, the amount of retention money given is representative of its amortised cost.

The carrying amounts of current financial assets and liabilities are considered a reasonable approximation of their fair values.

ii) Fair values hierarchy

The Company does not have any financial assets or financial liabilities carried at fair value.

43 Financial risk management

i) Risk management

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 42. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated in close co-operation with the Board of Directors, and focuses on securing the Company's short to medium term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

A) Credit risk

(i) Credit risk rating

The entity assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- A: Low credit risk on financial reporting date
B: Moderate credit risk
C: High credit risk

The entity provides for expected credit loss based on the following:

Asset entity	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, investments and other financial assets	12 month expected credit loss

Based on business environment in which the entity operates, there have been no defaults on financial assets of the entity by the counterparty. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the entity. The entity continues to engage with parties whose balances are written off and attempts to enforce repayment. The entity has written off certain irrecoverable debts.

Credit risk assets are as follows:

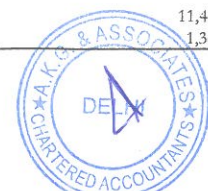
Credit rating	Particulars
A: Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, investments and other financial assets
B: Medium credit risk	Trade receivables
C: High credit risk	Trade receivables

b) Credit risk exposure

(i) Provision for expected credit losses

The entity provides for 12 month expected credit losses for following financial assets –

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	1,580.67	-	1,580.67
Cash and cash equivalents	4,019.56	-	4,019.56
Other bank balances	32,795.07	-	32,795.07
Loans	70.11	-	70.11
Trade receivables	15,285.47	(3,802.72)	11,482.75
Other financial assets	1,364.02	-	1,364.02



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending March 31, 2019
(All amounts in rupees in lakhs, unless stated otherwise)

March 31, 2018			
Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	1,580.55	-	1,580.55
Cash and cash equivalents	3,684.55	-	3,684.55
Other bank balances	21,619.77	-	21,619.77
Loans	71.31	-	71.31
Trade receivables	15,693.25	(3,598.51)	12,094.74
Other financial assets	5,109.31	-	5,109.31

April 01, 2017			
Particulars	Estimated gross carrying amount	Expected credit losses	Carrying amount net of impairment provision
Investments	1,582.54	-	1,582.54
Cash and cash equivalents	823.51	-	823.51
Other bank balances	581.26	-	581.26
Loans	133.15	-	133.15
Trade receivables	16,717.98	(3,492.44)	13,225.54
Other financial assets	944.56	-	944.56

(ii) Expected credit loss for trade receivables under simplified approach

March 31, 2019						
Particulars	Less than 6 months	6 months - 1 years	1 year - 2 year	2 year - 3 year	>3 Years	Total
Gross carrying value	7,157.77	2,255.87	3,151.66	337.43	2,382.74	15,285.46
Expected loss rate	6.88%	21.40%	8.75%	50.00%	100.00%	24.88%
Expected credit loss (provision)	492.59	482.87	275.81	168.71	2,382.74	3,802.72
Carrying amount (net of impairment)	6,665.18	1,773.00	2,875.84	168.71	0.00	11,482.74

March 31, 2018						
Particulars	Less than 6 months	6 months - 1 years	1 year - 2 year	2 year - 3 year	>3 Years	Total
Gross carrying value	9,358.43	1,121.60	2,830.47	4.36	2,378.39	15,693.25
Expected loss rate	5.92%	21.17%	15.08%	50.00%	100.00%	22.93%
Expected credit loss (provision)	553.77	237.45	426.73	2.18	2,378.39	3,598.51
Carrying amount (net of impairment)	8,804.66	884.15	2,403.74	2.18	0.00	12,094.74

April 01, 2017						
Particulars	Less than 6 months	6 months - 1 years	1 year - 2 year	2 year - 3 year	>3 Years	Total
Gross carrying value	11,521.72	1,283.03	1,534.84	307.34	2,071.04	16,717.97
Expected loss rate	5.23%	22.99%	24.15%	50.00%	100.00%	20.89%
Expected credit loss (provision)	602.13	294.91	370.69	153.67	2,071.04	3,492.44
Carrying amount (net of impairment)	10,919.58	988.12	1,164.15	153.67	0.00	13,225.54

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Total
Loss allowance on 01 April 2017	3,492.44
Changes in provision	106.08
Loss allowance on 31 March 2018	3,598.51
Changes in provision	204.21
Loss allowance on 31 March 2019	3,802.72

B) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, back-up facilities such as deposits and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

All the financial liabilities of the Company are current in nature and are maturing within 12 months period, except for earnest money deposits which are recoverable in more than 12 months period. However expected date of the same is not determinable.

C) Market risk

Interest rate risk

As the Company does not have any borrowings outstanding, it is not exposed to interest rate risk.

44 Capital management policies and procedures

The Company's capital includes issued share capital and all other distributable reserves. The primary objective of the Company's capital management is to maximise shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company does not have any external borrowings and all its capital needs are met by capital or shareholders only.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

45 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 01 April 2017 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Property. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

B Ind AS mandatory exceptions

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 01 April 2017 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under Previous GAAP.

2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

C Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

1 Reconciliation of total equity as at March 31, 2018 and April 01, 2017

Description	Notes to First time adoption	March 31, 2018	April 01, 2017
Total equity (shareholder's funds) as per Previous GAAP		18,006.92	15,783.61
Adjustments:			
Measurement of financial assets and liabilities initially at fair value and subsequently at amortised cost	Note – 1	(0.01)	(0.04)
Recognition of expected credit loss on trade receivables	Note – 2	(3,552.24)	(3,239.39)
Prior period items(net)	Note – 3	(26.69)	(45.02)
Deferred Tax effect of adjustments	Note – 4	1,229.32	1,121.06
Total adjustments		(2,349.62)	(2,163.40)
Total equity as per Ind AS		15,657.31	13,620.21

2 Reconciliation of total comprehensive income for the year ended March 31, 2018

Description	Notes to First time adoption	March 31, 2018
Profit after tax as per Previous GAAP		3,680.25
Adjustments:		
Measurement of financial assets and liabilities initially at fair value and subsequently at amortised cost	Note – 1	0.04
Recognition of expected credit loss on trade receivables	Note – 2	(312.85)
Prior period items(net)	Note – 3	18.34
Total adjustments		(294.48)
Profit after tax as per Ind AS		3,385.77
Tax effect of adjustments	Note – 4	108.26
Profit as per Ind AS for the year ended March 31, 2018		3,494.03

3 Impact of Ind AS adoption on the Statement of cash flows for the year ended March 31, 2018

Description		As Per previous GAAP	Ind AS adjustments	As Per Ind AS
Net cash flow from operating activities	Note – 1	25,145.53	(0.39)	25,145.14
Net cash flow from investing activities		(20,827.16)	-	(20,827.16)
Net cash flow from financing activities		(1,456.93)	-	(1,456.93)
Net increase in cash and cash equivalents		2,861.44	(0.39)	2,861.05
Cash and cash equivalents as at April 1, 2017	Note – 1,3	825.49	(1.98)	823.51
Cash and cash equivalents as at March 31, 2018	Note – 3	3,686.93	(2.38)	3,684.55
Reconciliation of cash and cash equivalent as per the cash flow statement		2,861.44	(0.40)	2,861.05

*Reclassification of interest accrued on fixed deposits to Cash and cash equivalents.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

4 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at April 1, 2017 is as follows:

Description	Notes	As Per Previous GAAP	Ind AS adjustments	As Per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		325.61	-	325.61
Other Intangible assets		1.29	-	1.29
Financial assets				
Investments	Note – 1	1,582.54	-	1,582.54
Loans	Note – 1	85.48	(0.31)	85.17
Other financial assets		205.02	-	205.02
Current tax assets (net)		945.57	-	945.57
Deferred tax assets (net)	Note – 4	90.49	1,121.06	1,211.55
Other non current assets	Note – 1	109.48	0.06	109.54
Total non current assets		3,345.48	1,120.81	4,466.29
Current assets				
Inventories		4.48	-	4.48
Financial assets				
Loans		47.99	-	47.99
Trade receivables	Note – 2	16,464.93	(3,239.39)	13,225.54
Cash and cash equivalents	Note – 1	825.89	(2.38)	823.51
Other bank balances	Note – 1	581.26	-	581.26
Other financial assets	Note – 1	739.54	-	739.54
Other current assets	Note – 1	1,068.94	0.21	1,069.15
Total current assets		19,733.02	(3,241.56)	16,491.46
TOTAL ASSETS		23,078.50	(2,120.76)	20,957.75
EQUITY AND LIABILITIES				
Equity				
Equity share capital		5.00	-	5.00
Other equity	Note – 1,2,3,4	15,778.61	(2,163.40)	13,615.21
Total equity		15,783.61	(2,163.40)	13,620.21
Non-current liabilities				
Financial liabilities				
Other financial liabilities			-	-
Provisions		20.72	-	20.72
Total non-current liabilities		20.72	-	20.72
Current liabilities				
Financial liabilities				
Trade payables				
total outstanding dues of micro enterprises and small enterprises; and		30.28	-	30.28
total outstanding dues of creditors other than micro enterprises and small enterprises.	Note – 3	4,353.76	42.64	4,396.41
Other financial liabilities		1,582.02	-	1,582.02
Other Current liabilities		1,302.60	-	1,302.60
Provisions		5.51	-	5.51
Total current liabilities		7,274.18	42.64	7,316.82
Total liabilities		7,294.90	42.64	7,337.54
TOTAL EQUITY & LIABILITIES		23,078.50	(2,120.76)	20,957.75



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

5 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at March 31, 2018 is as follows:

Description	Notes	As Per Previous GAAP	Ind AS adjustments	As Per Ind AS
I. ASSETS				
Non-current assets				
Property, plant and equipment		304.05	-	304.05
Other Intangible assets		0.49	-	0.49
Financial assets		-	-	-
Investments	Note – 1	1,580.55	-	1,580.55
Loans	Note – 1	30.45	(0.07)	30.38
Other financial assets		-	-	-
Current tax assets (net)		1,120.46	-	1,120.46
Deferred tax assets (net)	Note – 4	36.16	1,229.31	1,265.47
Other non current assets		11.18	0.01	11.19
Total non current assets		3,083.34	1,229.25	4,312.59
Current assets				
Inventories		-	-	-
Financial assets				
(i) Loans		40.92	-	40.92
(ii) Trade receivables	Note – 2	15,646.98	(3,552.24)	12,094.74
(iii) Cash and cash equivalents	Note – 1	3,686.93	(2.38)	3,684.55
(iv) Other bank balances	Note – 1	21,619.77	-	21,619.77
(v) Other financial assets	Note – 1	5,109.31	-	5,109.31
(c) Other current assets	Note – 1	955.52	0.05	955.57
Total current assets		47,059.43	(3,554.57)	43,504.86
TOTAL ASSETS		50,142.77	(2,325.31)	47,817.46
II. EQUITY AND LIABILITIES				
Equity				
Equity share capital		5.00	-	5.00
Other equity	Note – 1,2,3,4	18,001.92	(2,349.61)	15,652.31
Total equity		18,006.92	(2,349.61)	15,657.31
Non-current liabilities				
Financial liabilities				
Other financial liabilities		-	-	-
Provisions		32.61	-	32.61
Deferred tax assets (net)		-	-	-
Other non-current liabilities		-	-	-
Total non-current liabilities		32.61	-	32.61
Current liabilities				
Financial liabilities				
Trade payables				
total outstanding dues of micro enterprises and small enterprises; and		182.53	-	182.53
total outstanding dues of creditors other than micro enterprises and small enterprises.	Note – 3	6,230.29	22.83	6,253.12
Other financial liabilities		24,876.86	1.48	24,878.34
Other Current liabilities		812.70	-	812.70
Provisions		0.86	-	0.86
Total current liabilities		32,103.24	24.31	32,127.55
Total liabilities		32,135.85	24.31	32,160.16
TOTAL EQUITY & LIABILITIES		50,142.77	(2,325.31)	47,817.46



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

6 Reconciliation of the income and expenses presented in the statement of profit and loss prepared as per Indian GAAP and as per Ind AS as at March 31, 2018 is as follows:

Particulars	Notes	As Per Previous GAAP	Ind AS adjustments	As Per Ind AS
Revenue				
Revenue from operations		20,193.46	-	20,193.46
Other income	Note – 1	500.96	0.25	501.21
Total income		20,694.42	0.25	20,694.67
Expenses				
Cost of services rendered	Note – 3	12,466.77	19.88	12,486.65
Cost of material consumed		794.38	-	794.38
Changes in inventories of finished goods and work-in-progress		4.48	-	4.48
Finance costs		1.85	107.65	109.50
Employee benefits expense		348.66	1.48	350.14
Depreciation and amortisation expense		113.86	-	113.86
Impairment on Financial assets	Note – 2	27.92	312.85	340.77
Corporate Social Responsibility Expenses		95.22	-	95.22
Other expenses	Note – 1,3	1,077.53	(147.14)	930.39
Total expenses		14,930.68	294.73	15,225.40
Profit/(Loss) before tax		5,763.74	(294.48)	5,469.26
Tax expense				
Current tax		2,029.16	-	2,029.16
Deferred tax expense/(credit)	Note – 4	54.33	(108.26)	(53.93)
Total tax expense		2,083.50	(108.26)	1,975.24
Net profit for the year		3,680.24	(186.22)	3,494.03
Other Comprehensive Income/(Loss)				
Items that will not be reclassified to profit or loss				
Re-measurement gains/(losses) on defined benefit plans		-	-	-
Income tax relating to these items		-	-	-
Other comprehensive loss for the year		-	-	-
Total Comprehensive Income/(Loss) for the year		3,680.24	(186.22)	3,494.03



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

D. Notes to First time adoption

Note 1:

Financial assets and liabilities accounted for at amortised cost

Under previous GAAP, all financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost which involves the application of effective interest/amortisation cost method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the fair value amount on the date of recognition of financial asset or financial liability.

Note 2:

Adjustment for expected credit losses

Under the previous GAAP, the provision for doubtful receivables is recognized based on specific assessment of individual customers. Under Ind AS, the Company has recognised impairment loss on trade receivables based on the expected credit loss model as required by Ind AS 109.

Note 3:

Prior Period Adjustment

As per the principles of Ind AS the prior period expenses/(incomes) are not allowed to be set off(added) to current year profits, and the prior periods (to which such items pertain) needs to be restated.

Note 4:

Deferred tax

Under previous GAAP, deferred tax accounting was done using the income statement approach. However, Ind AS requires the accounting of deferred taxes using the balance sheet approach, which includes identification of temporary differences based on the difference in carrying amount of an asset/ liability in the balance sheet and its tax base. These differences have been suitably recognized in the financial statements.



REC Power Distribution Company Limited

Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

46 Segment reporting

The Company's main business during the year is to provide Consultancy Engineering Services to power sector. Accordingly, the Company does not have more than one segment eligible for reporting in terms of Indian Accounting Standard-108.

The disclosure requirement as per Ind AS 108 - Segment Reporting is as follows:

Particulars	Execution of IT Service		Consultancy Engineering Services		Unallocable		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Segment Revenue	-	209.28	15,977.71	20,361.94	-	123.45	15,977.71	20,694.67
Segment Result	-	(1,344.06)	4,101.21	6,783.09	-	30.24	4,101.21	5,469.26
Income Taxes	-	-	1,467.20	-	-	-	1,467.20	1,975.24
Profit After Tax (PAT)	-	-	2,634.01	-	-	30.24	2,634.01	3,494.03
Segment Assets	-	2,164.67	55,502.45	44,538.87	-	1,113.92	55,502.45	47,817.46
Segment Liabilities	-	1,667.58	39,929.66	6,458.33	-	24,034.24	39,929.66	32,160.16
Capital Expenditure	-	-	35.60	-	-	91.50	35.60	91.50
Depreciation and Amortisation	-	-	98.91	-	-	113.86	98.91	113.86



REC Power Distribution Company Limited
Notes forming part of Financial Statements for the year ending 31 March 2019

(All amounts in rupees in lakhs, unless stated otherwise)

47 Contingencies and commitments

- (a) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2011-12
 (b) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2012-13
 (c) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2016-17
 (d) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2017-18
 (e) Un-expired Performance Bank Guarantees *
 (f) Committed Liability against Corporate Social Responsibility

* Secured against Current assets of the Company.

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(a)	20.88	20.88	20.88
(b)	0.18	0.18	0.18
(c)	117.32	249.60	-
(d)	301.15	-	-
(e)	2,985.51	3,257.52	3,531.75
(f)	114.36	65.13	100.49
	3,539.40	3,593.31	3,653.31

48 Provision movement

- Provision for Doubtful Debts
 Provision for Earned Leave
 Provision for Loyalty Bonus
 Provision for Income Tax
Total

	As at April 01, 2017	Additions made during the year	Utilised during the year	As at March 31, 2018
Provision for Doubtful Debts	3,492.44	340.77	234.70	3,598.51
Provision for Earned Leave	12.21	9.62	7.41	14.41
Provision for Loyalty Bonus	14.02	10.64	5.60	19.06
Provision for Income Tax	8,836.00	2,029.16	66.16	10,799.00
Total	12,354.67	2,390.19	313.87	14,430.99

- Provision for Doubtful Debts
 Provision for Earned Leave
 Provision for Loyalty Bonus
 Provision for Income Tax
Total

	As at March 31, 2018	Additions made during the year	Utilised during the year	As at March 31, 2019
Provision for Doubtful Debts	3,598.51	204.21	-	3,802.72
Provision for Earned Leave	14.41	23.92	12.51	25.82
Provision for Loyalty Bonus	19.06	30.90	15.78	34.18
Provision for Income Tax	10,799.00	1,339.19	2,035.98	10,102.20
Total	14,430.99	1,598.21	2,064.27	13,964.92

49 Impairment of Assets:

In the opinion of management, there is no impairment of the assets of the Company in terms of IND AS-36. Accordingly, no provision for impairment loss has been made.

50 Disclosure on CSR Expenses U/s 135 of the Companies Act, 2013

- (a) Gross Amount to be spent by the Company during the year

Year ended March 31, 2019	Year ended March 31, 2018
113.69	113.00

- CSR Expenditure for the FY 18-19
 CSR Expenditure for the FY 17-18
 CSR Expenditure for the FY 16-17

Amount to be spent u/s 135	Spent in earlier years	Spent during the year	Unspent as on 31.03.2019
113.69	-	18.00	95.69
113.00	58.61	49.55	4.84
111.74	85.52	14.13	12.09
338.43	144.14	81.67	112.62

Amount spent during the year on the following :

- Contribution towards Education
- Contribution towards Study & Research (AIIMS) (62.93 Lakhs)*
- Contribution towards Girl Orphan Home (10.89 Lakhs)*
- Contribution towards Protection of Rights of Differently Abled Children (2.68 Lakhs)*
- Contribution towards Skill Development (4.02 Lakhs)*
- Contribution towards Construction of Schools (10 Lakhs)*
- Contribution towards Procurement of Life Saving Ambulance (22.13 Lakhs)*
- Contribution towards Multi Speciality Health Check up, Testing & Free Machines (12.86 Lakhs)*
- Contribution towards Financial Support to the selected families of Martyrs (22.00 Lakhs)*
- Contribution towards Setting up 3 Nos of Powered Community Water Centre (50.84 Lakhs)*
- Contribution towards MSGA selected as IA by MeECL for Indoor Badminton Court (31.21 Lakhs)*
- Contribution towards devp. of infrastructure facilities in Kandmal Dist. Hospital (74.00 Lakhs)*
- Contribution towards devp. of infrastructure facilities in SUKMA dist. Hospital (36.00 Lakhs)*

Year ended March 31, 2019	Year ended March 31, 2018
------------------------------	------------------------------

-	-
12.48	24.97
-	2.72
-	0.67
0.54	2.14
-	5.00
1.11	1.11
-	12.86
-	22.00
43.64	-
5.90	23.75
18.00	-

*Sanctioned Amount for CSR Activities Identified as per Section 135 of the Companies Act, 2013.

51 Advances/Dues from Directors & Other Officers of the Company:

Designation Category Officer	As at 31st Mar, 2019	Maximum amount outstanding for the year ended March 31, 2019	As at 1st Apr, 2018	Maximum amount outstanding for the year ended March 31, 2018
Chairman	NIL	NIL	NIL	NIL
Company Secretary	NIL	NIL	NIL	NIL



52 Advance from REC

An amount of Rs. 263.49 Lakhs (Previous Year Rs. 291.02 Lakhs) is shown as advance from REC, is kept deposited in flexi bank account and the same is earmarked for the specific project of REC. However, the interest earned thereon is not separable and accordingly is shown as interest income from fixed deposit.

53(a) Govt Grant :

Government of Jammu & Kashmir, Power Development Department has appointed REC Power Distribution Company Limited. as a Project Implimenting Agency (PIA) for design, engineering, procurement, supply, erection, testing and commisioning of all the material and services works to be taken-up for execution of distribution work under PMDP in 5 circle of J&K state on nomination basis, as per actual cost to be discovered through competitive biddings. The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto are classified under "Advance for Deposit Work" under the head "Other Financial Liabilities".

During the year, interest earned of Rs. 1196.86 Lakhs (Previous year Rs. 1142.53 Lakhs) has been taken to Advance for Deposit Work account. Further, during the year, an amount of 1142.53 Lakh (Previous year Nil) has been refunded back to MoP out of the total interest on advance for deosit work.

The movement of Grant is explained as under:

Particulars	(Rs.in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Opening Balance	21612.53	0.00
Add: Grant received during the year	255.86	20470.00
Add: Interest earned during the year	1196.86	1142.53
Less: Amount refunded to Govt. during the year	1142.53	0.00
Less: Disbursement out of Grant	3803.27	0.00
Closing Balance	18119.46	21612.53

53(b) Advance for deposit work :

Government of Jammu & Kashmir, Power Development Department has appointed REC Power Distribution Company Limited as a Project Implimenting Agency (PIA) for design, engineering, procurement, supply, erection, testing and commisioning of all the material and services works to be taken-up for execution of distribution work under RAPDRP and IPDS in 5 circle of J&K state on nomination basis, as per actual cost to be discovered through competitive biddings. Further RECPDCL has been appointed as material procurement agency under Saubhagya and DDUGJY Schemes for north eastern states by REC Ltd., Chandigarh Smart Grid scheme and NSGM scheme by Chandigarh Electricity Department (CED), on nomination basis as per actual cost to be discovered through competitive bidding. The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme including interest earned thereto are classified under "Advance for Deposit Work" under the head "Other Financial Liabilities".

The movement of deposit for work is explained as under:

Particulars	(Rs.in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Opening Balance	0.00	-
Add: Grant received during the year	54597.02	-
Add: Interest earned during the year	123.49	-
Less: Amount refunded during the year	0.00	-
Less: Disbursement out of Fund	48136.44	-
Closing Balance	6584.07	-

54 There are no Foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.

55 As per the Provision of Companies Act, 2013 the Figures have been rounded off to the nearest of Lakhs and decimal thereof.

56 The Previous year figures have been regrouped and reclassified, wherever necessary to conform to the current year presentation.

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 56 are integral part of the financial statements.

These are the Financial Statements referred to in our report of even date.

For AKG & Associates
Chartered Accountants
Firm Registration No. 002688N



CA Shrut Gupta
Partner
Membership No. 401918

Place : Delhi
Date: 15-05-2019

For and on behalf of Board of Directors of
REC Power Distribution Company Limited

Sanjeev Kumar Gupta
Director
DIN - 03464342

Ajoy Choudhury
Director
DIN - 06629871





INDEPENDENT AUDITOR'S REPORT

To the Members of REC Power Distribution Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **REC Power Distribution Company Limited** (A wholly owned subsidiary of Rural Electrification Corporation Limited), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the companies Act, 2013 (The "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Sr. No.	Key Audit Matter	Auditor's Response
1.	First time adoption of Ind AS	<p>Principal Audit Procedures</p> <p>We familiarized ourselves with the changes made in financial statements due to implementation of IND AS.</p> <p>We analyzed the impact of the changes in financial statement on test check basis.</p> <p>IND AS adjustment and reconciliation, carried out by M/s. Grant Thornton (appointed by REC Limited for conversion of IGAAP statements to IND AS statements for the year ended 31 March 2019) were cross-checked, on test-check basis, with the restated results.</p>
2.	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Refer Notes 3.2 and 26 to the Financial Statements</p>	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>We carried out the following procedures:</p> <ul style="list-style-type: none"> • Understand the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Regarding the stage of completion and revenue in



		<p>respect of ongoing projects, we have relied upon the reports of the Technical Experts of the Company as we did not have that technical expertise with us.</p> <ul style="list-style-type: none"> Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> Read, analyzed and identified the distinct performance obligations in these contracts. Compared these performance obligations with that identified and recorded by the Company. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. Calculations in respect of unearned revenue were test-checked using reports provided by project experts with respect to the percentage of work completed. In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the terms of contracts and status of work provided by the project experts of the company. Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the
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		<p>underlying contracts.</p> <ul style="list-style-type: none"> Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. We have not obtained the other information comprises of the Financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters



related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in "**Annexure B**".
3. As required by Section 143 (3) of the Act, we report that:
 - a) we have sought and 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

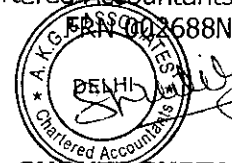


- e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations as on 31st March 2019.
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.

Place: Delhi

Date: 15-05-2019

For A.K.G. & ASSOCIATES
Chartered Accountants



CA. SHRUTI GUPTA

Partner

M. No. 401918

Annexure A to the Independent Auditor's Report

The annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of REC Power Distribution Company Limited on the Ind AS financial statements for the financial year ended on 31st March 2019.

1. In respect of its fixed assets
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) The company has an approved regular program of verification for all assets to cover all the items yearly, which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Pursuant to the program, fixed Assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company does not have any immovable properties which are freehold and held in the name of company as at the balance sheet date. In respect of immovable properties taken on lease, Lease hold improvements have been disclosed as fixed assets in the financial statements, the lease agreement are in the name of the company.
2. The company did not maintain with it any inventory during the year.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the companies/firms, limited liability partnership or other parties listed in the register maintained under section 189 of the companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. The Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of companies act, 2013.



7. (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Goods and service tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the company
- (b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to Goods and service tax, sales tax, income tax, custom tax, excise duty, cess as at 31st March, 2019 that have not been deposited on account of any dispute except
- (i) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2011-12 amounting Rs. 20.88 Lakhs.
 - (ii) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2012-13 amounting Rs. 0.18 Lakhs
 - (iii) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2016-17 amounting Rs. 117.32 Lakhs
 - (iv) Income Tax Demand against Notice U/s 245 of Income Tax Act for AY 2017-18 amounting Rs. 301.15 Lakhs
8. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
9. The company has not raised any money by way of initial public deposit offer, further public offer, debt instrument or term loans during the year.
10. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during course of our audit
11. In our opinion and according to information and explanation given to us, no managerial remuneration has been provided and paid during the year hence reporting under (xi) of the order is not applicable.
12. The company is not a Nidhi company and hence this clause is not applicable.
13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.
14. Company has not made any preferential allotment or private placement of shares or fully or partly convertible or debentures during the year.
15. Based on the representation given by the management, the company has not entered into any non-cash transactions with the directors or other persons



connected to directors and hence the provision of section 192 of the companies act is not applicable.

16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

Place: Delhi

Date: 15-05-2019

For A.K.G. & ASSOCIATES
Chartered Accountants



CA. SHRUTI GUPTA

Partner

M. No. 401918

Annexure B to the Independent Auditor's Report

Annexure referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **REC Power Distribution Company Limited** on the financial statements for the financial year ended on 31st March 2019

S. No.	Directions	Our Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has proper system in place to process all the accounting transactions through IT system (Tally ERP.9). The company does not have any processing outside IT system of accounting transactions..
2	Whether there is any restructuring of an existing loan or cases of waiver/write off debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to information and explanations given to us, there are no cases of restructuring/waiver/write off debts/loans/interest made by a lender to the company due to company's inability to repay the loan.
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	According to the information and explanations given to us, the company does not have any funds received/receivable for specific schemes from central/state agencies. However, the company has received advance for deposit work on behalf of State DISCOMs as Project implementing Agency/ project Management Agency.



Annexure C to the Independent Auditor's Report

Annexure referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of REC Power Distribution Company Limited on the financial statements for the financial year ended on 31st March 2019

Report on the Internal Financial Control under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **REC Power Distribution Company Limited** ("the Company") as on 31st March 2019 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on



the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A.K.G. & ASSOCIATES
Chartered Accountants

FRN 002688N



CA. SHRUTI GUPTA

Partner

M. No. 401918

Place: Delhi

Date: 15-05-2019

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF REC POWER DISTRIBUTION COMPANY LIMITED FOR THE
YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of REC Power Distribution Company Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15.05.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of REC Power Distribution Company Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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



(Rina Akoijam)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi**

Place: New Delhi

Date: 1/08/2019

PROXY FORM (Form No. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):	Folio No./
Registered Address:	
No. of Shares held:	Email ID:

I/We, being the member (s) of shares of the above named company, hereby appoint:

1	Name:		
	Address:		Signature:-
	E-mail Id:		

or failing him / her

2	Name:		
	Address:		Signature:-
	E-mail Id:		

or failing him / her

3	Name:		
	Address:		Signature:-
	E-mail Id:		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company, to be held on will be held on Tuesday, August 27, 2019 at 5.00 P.M at the Core-4, SCOPE Complex, 7, Lodhi Road, New-Delhi-110003 and at any adjournment thereof in respect of such businesses as are indicated below:

Sl. No	Particulars
Ordinary Business	
1.	To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 along with the Reports of the Board of Directors and Auditors thereon.
2.	To confirm the payment of Interim Dividend for the financial year 2018-19.
3.	To appoint a Director in place of Shri Sanjiv Garg (DIN: 00891755), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Statutory Auditors for the financial year 2019-20.
Special Business	
5.	To appoint Shri Ajoy Choudhury (DIN: 06629871) as Director of the Company.

Signed this..... day of..... 2019

Signature of ShareholderSignature of Proxy holder(s)

Affix Revenue Stamp of ₹1/-
