

# Annual Report 2010-11



**REC Transmission Projects Company Limited**

(A wholly owned Subsidiary of Rural Electrification Corporation Limited)

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# **Company Information**

## **Board of Directors:**

1. Shri Hari Das Khunteta
2. Shri Prakash Thakkar
3. Shri Ajeet Kumar Agarwal

## **Statutory Auditors:**

M/s Rattan Vinod Anil & Co.  
Chartered Accountants  
2B, First Floor,  
Vijay Mandal Enclave,  
Near IIT Flyover,  
New Delhi.

## **Bankers:**

State Bank of Hyderabad

## **Registered Office:**

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

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**Core-IV, SCOPE Complex, 7, Lodhi Road, New Delhi-110003**

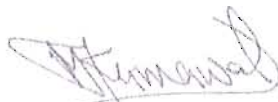
**NOTICE**

Notice is hereby given that the Fourth Annual General Meeting of the REC Transmission Projects Company Limited will be held on Tuesday, the 30<sup>th</sup> day of August, 2011 at 10:30 A.M. at the Registered Office of the Company at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 to transact the following business:-

**ORDINARY BUSINESS**

- 1) To receive, consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in the place of Shri Prakash Thakkar, Director, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To fix the remuneration of Statutory Auditors.

**By the order of the Board of Directors  
For REC Transmission Projects Company Limited**

  
**(M. L. Kumawat)**  
**Authorised Signatory**

Place: New Delhi  
Dated: 29.08.2011

To,

1. All the Directors/Members of the Company
2. Statutory Auditors of REC Transmission Projects Company Limited

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not to be a Member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Consent of all the Members is being obtained for calling the AGM and the circulation of Notice of the Meeting and other requisite documents at a shorter notice than 21 days.

# **REC TRANSMISSION PROJECTS COMPANY LIMITED**

## **DIRECTORS' REPORT**

To.  
The Shareholders

Your Directors have pleasure in presenting the Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2011.

### **REVIEW OF OPERATIONS**

REC Transmission Projects Company Limited (RECTPCL), a wholly owned subsidiary of Rural Electrification Corporation Limited (REC), concluded the process of selection of Developer as Transmission Service Provider (TSP) for three inter-state Transmission Projects during FY 2010-11 allocated by Ministry of Power, Govt. of India namely (i) North Karanpura Transmission System; (ii) Talcher-II Augmentation System and (iii) Transmission System associated with Krishnapattnam UMPP – Synchronous interconnection between Southern Region and Western Region (Part-B).

Three project specific Special Purpose Vehicle (SPVs) namely North Karanpura Transmission Company Limited (NKTCL), Talcher-II Transmission Company Limited (TTCL) & Raichur Sholapur Transmission Company Limited (RSTCL) were incorporated as wholly owned subsidiaries of RECTPCL for development of above three projects respectively. Subsequent to successful completion of the selection process, North Karanpura Transmission Company Limited (NKTCL) & Talcher-II Transmission Company Limited (TTCL) have been transferred to M/s Reliance Power Transmission Limited on 20.05.2010 & 27.04.2010 respectively. Similarly, Raichur Sholapur Transmission Company Limited (RSTCL) has also been transferred to the consortium of M/s Patel Engineering Limited, M/s Simplex Infrastructures Limited & M/s BS TransComm Limited on 07.01.2011. The selected bidders have acquired the project specific SPV after payment of Acquisition Price for the acquisition of one hundred percent (100%) of the equity shareholding of the SPV.

Ministry of Power, Gol vide Gazette notification dated March 16, 2011 has appointed RECTPCL as Bid Process Coordinator (BPC) for selection of developer as TSP for three new Transmission Projects through tariff based competitive bidding process. The transmission corridor covered under the present projects has been evolved to evacuate power from the proposed IPP generation projects in the Vemagiri area, Andhra Pradesh. These projects will be implemented on Build, Own, Operate and Maintain (BOOM) basis, following two stage bidding process of Request for Qualification (RFQ) and Request for Proposal (RFP). RECTPCL has incorporated project specific Special Purpose Vehicle (SPV) namely Vemagiri Transmission System Limited (VTSL) on 21<sup>st</sup> April, 2011 for transmission system associated with IPPs of Vemagiri Area: Package-A. In response to global invitation for short-listing of bidders, twenty eight (28) bidders participated in the RFQ stage and their responses are under evaluation. The bidding process for selection of developer for this project is expected to conclude in the current financial year. The bidding process and incorporation of project specific SPV for other two projects is also expected to commence shortly.

## CAPITAL STRUCTURE

The Authorized and Paid up Share Capital of the Company is ₹5,00,000 (Rupees Five Lakhs Only).

## FINANCIAL PERFORMANCE

The summary of financial operations of the company for the financial year ended 31<sup>st</sup> March, 2011 is as below:

(Figures in ₹)

| Particulars                               | For the year ended 31/03/2011 | For the year ended 31/03/2010 |
|---|-------------------------------|-------------------------------|
| Total Income "A"                          | 164,870,635                   | 300,034,552                   |
| Total Expenditure "B"                     | 32,495,638                    | 22,542,251                    |
| Less : Expenses Allocated to :            |                               |                               |
| a) North Karanpura Transmission Co. Ltd.  | 819,803                       | 10,199,137                    |
| b) Talcher II Transmission Co. Ltd.       | 444,449                       | 9,154,380                     |
| c) Raichur Sholapur Transmission Co. Ltd. | 29,983,169                    | 3,124,417                     |
| d) Total a+b+c = "C"                      | 31,247,421                    | 22,477,934                    |
| Net Expenses: "B" – "C" = "D"             | 1,248,217                     | 64,317                        |
| Profit Before Tax "A" – "D"               | 163,622,418                   | 299,970,235                   |
| Less: Provision for Tax                   | 54,394,178                    | 101,959,883                   |
| Profit after Tax carried to Balance Sheet | 109,228,240                   | 198,010,352                   |

## BOARD OF DIRECTORS

| SI No. | Name                     | Designation | Date of last Appointment / Re-appointment | Date of Cessation |
|--------|--------------------------|-------------|---|-------------------|
| 1.     | Shri Hari Das Khunteta   | Chairman    | 16.04.2011 (AN)                           | Continuing        |
| 2.     | Dr. J. M. Phatak         | Chairman    | 15.06.2010                                | 16.04.2011 (AN)   |
| 3.     | Shri Prakash Thakkar     | Director    | 13.07.2009                                | Continuing        |
| 4.     | Shri Ajeet Kumar Agarwal | Director    | 27.08.2010                                | Continuing        |

Shri Hari Das Khunteta has taken charge as Chairman of the Company in place of Dr. J. M. Phatak w.e.f. 16.04.2011(AN).

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Shri Prakash Thakkar retires by rotation in the ensuing Annual General Meeting i.e. 4<sup>th</sup> AGM, and being eligible, offers himself for re-appointment.

### **STATUTORY AUDITORS**

M/s Rattan Vinod Anil & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors of your Company for the financial year 2010-11 by the Comptroller & Auditor General of India, for the fourth year in succession. The certificate under section 224(1B) of the Companies Act, 1956 has been obtained from them.

The Statutory Auditors have audited the Accounts of the Company for the year ended 31<sup>st</sup> March, 2011. The Audited Accounts, Cash Flow Statement and the required annexure together with the Auditors Report thereon are annexed to this Report. There are no adverse comments, observation or reservation in the Statutory Auditors' Report on the Accounts of the Company.

### **PARTICULARS OF EMPLOYEES**

There being no employee in the Company with earning over specified amount, the particular of employees as prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be given.

### **PERSONNEL**

No permanent employees have been appointed in the Company, the employees of REC, its holding company, have been given additional duty to carry out day to day work of the Company.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as your Company does not own any manufacturing facility. During the year the Company has no earnings or outgo in foreign exchange.

### **DEPOSITS**

Your Company has not accepted any public deposit during the period under review.

### **DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA)**

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

- a) in the preparation of the annual accounts for the period ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;

- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis.

#### APPRECIATION

The Directors place on record their deep appreciation of all valuable contributions made by Ex-Chairman, Dr. J. M. Phatak during his association with the Company.

#### COMMENTS OF THE C&AG OF INDIA

The Comments of the Comptroller & Auditor General (C&AG) of India under Section 619 (4) of the Companies Act, 1956 on the Accounts of the Company for the period ended 31<sup>st</sup> March, 2011 is appended herewith.

#### ACKNOWLEDGEMENT

The Directors are grateful to the Ministry of Power for its continued co-operation and support. The Directors also place on record their sincere appreciation for the continued support of Shareholders, Bankers, the Holding Company (REC), Statutory Auditors and the Comptroller & Auditor General (C&AG) of India.

Place: New Delhi  
Date: 29/8/2011

On behalf of the Board

  
(Hari Das Khunteta)  
Chairman



**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**BALANCE SHEET AS AT 31st March, 2011**

Figures in Rupees

| Description                                       | Sch. No. | As at 31.3.2011    | As at 31.03.2010   |
|---|----------|--------------------|--------------------|
| <b>SOURCES OF FUNDS</b>                           |          |                    |                    |
| <b>Shareholder's Funds:</b>                       |          |                    |                    |
| Share Capital                                     | 1        | 500,000            | 500,000            |
| Reservees & Surplus                               | 2        | 307,238,592        | 198,010,352        |
| <b>Loan Funds:</b>                                |          |                    |                    |
| Secured Loan                                      |          | -                  | -                  |
| Unsecured Loan                                    |          | -                  | -                  |
| <b>Total</b>                                      |          | <b>307,738,592</b> | <b>198,510,352</b> |
| <b>APPLICATION OF FUNDS</b>                       |          |                    |                    |
| <b>Fixed Assets:</b>                              |          |                    |                    |
| Gross Block                                       |          | -                  | -                  |
| Less Depreciation                                 |          | -                  | -                  |
| Net Block   |          | -                  | -                  |
| <b>Capital Work in Progress</b>                   |          |                    |                    |
|   |          | -                  | -                  |
| <b>Investments</b>                                | 3        | -                  | 1,500,000          |
| <b>Current Assets, Loans &amp; Advances</b>       |          |                    |                    |
| Cash and Bank Balances                            | 4        | 297,146,338        | 558,181            |
| Sundry Debtors                                    |          | -                  | 377,413,110        |
| Other Current Assets                              |          | 10,776,877         | -                  |
| Loans and Advances                                |          | -                  | 43,404,329         |
|   |          | 307,923,215        | 421,375,620        |
| <b>Less: Current Liabilities &amp; Provisions</b> |          |                    |                    |
| Current Liabilities                               | 5        | 153,166            | 221,363,913        |
| Provisions  |          | 71,587             | 3,054,862          |
|   |          | 224,753            | 224,418,775        |
| <b>Net Current Assets</b>                         |          |                    |                    |
|   |          | 307,698,462        | 196,956,845        |
| <b>Miscellaneous Expenditure</b>                  |          |                    |                    |
| (To the extent not written off or adjusted)       |          | 40,130             | 53,507             |
| <b>Total</b>                                      |          | <b>307,738,592</b> | <b>198,510,352</b> |

**Significant accounting policies** 11  
**Notes on accounts** 12  
**Schedule 1 to 12 form an integral part of Accounts**

In terms of our report of even date  
For Rattan Vinod Anil & Co.  
Chartered Accountants  
ICAI Firm Registration No. 005419N

For and on behalf of the Board

Anil Kumar  
Partner  
Membership No. 084295  
Place : New Delhi  
Date : 16.05.2011

S.K.Gupta  
CEO

A.K.Agarwal  
Director

P.J.Thakkar  
Director

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**PROFIT & LOSS ACCOUNT**

**FOR THE YEAR ENDED 31st March, 2011**

Figures in Rupees

| Description  | Sch. No.  |  | For the Year ended 31.03.2011 |  | For the Year ended 31.03.2010 |
|--|-----------|--|-------------------------------|--|-------------------------------|
| <b>INCOME:</b>   |           |  |                               |  |                               |
| Operating Income (Consulting Services)                     |           |  | 150,000,000                   |  | 300,000,000                   |
| Other Income   | <b>6</b>  |  | 14,870,635                    |  | 34,552                        |
| <b>Sub- Total "A"</b>                                      |           |  | 164,870,635                   |  | 300,034,552                   |
| <b>EXPENSES:</b>   |           |  |                               |  |                               |
| Direct Expenses for Project SPVs                           | <b>7</b>  |  | 3,831,135                     |  | 6,347,235                     |
| Establishment Expenses                                     | <b>8</b>  |  | 18,472,633                    |  | 8,274,226                     |
| Administration Expenses                                    | <b>9</b>  |  | 8,367,068                     |  | 4,603,874                     |
| Interest Expenses  |           |  | 1,824,802                     |  | 3,316,916                     |
| <b>Sub- Total "B"</b>                                      |           |  | 32,495,638                    |  | 22,542,251                    |
| Less : Expenses allocated to:                              | <b>10</b> |  |                               |  |                               |
| North Karanpura Transmission Company Limited               |           |  | 819,803                       |  | 10,199,137                    |
| Talcher-II Transmission Company Limited                    |           |  | 444,449                       |  | 9,154,380                     |
| Raichur Sholapur Transmission Company Limited              |           |  | 29,983,169                    |  | 3,124,417                     |
| <b>Sub- Total "C"</b>                                      |           |  | 31,247,421                    |  | 22,477,934                    |
| <b>Net Expenses "B" - "C" = "D"</b>                        |           |  | 1,248,217                     |  | 64,317                        |
| <b>Profit Before Tax "A" - "D"</b>                         |           |  | 163,622,418                   |  | 299,970,235                   |
| Less: Provision for Tax                                    |           |  | 54,394,178                    |  | 101,959,883                   |
| <b>Profit after Tax carried to Balance Sheet</b>           |           |  | 109,228,240                   |  | 198,010,352                   |
| <b>Basic &amp; Diluted Earning per share of Rs 10 each</b> |           |  | 2,184.56                      |  | 3,960.21                      |

**Significant accounting policies** 11  
**Notes on accounts** 12  
**Schedule 1 to 12 form an integral part of Accounts**

In terms of our report of even date  
For Rattan Vinod Anil & Co.  
Chartered Accountants  
ICAI Firm Registration No. 005419N

For and on behalf of the Board

Anil Kumar  
Partner  
Membership No. 084295  
Place : New Delhi  
Date : 16.05.2011

S.K.Gupta  
CEO

A.K.Agarwal  
Director

P.J.Thakkar  
Director

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**SCHEDULE '1' - SHARE CAPITAL**

Figures in Rupees

| Description   | As at<br>31.3.2011 | As at<br>31.03.2010 |
|---|--------------------|---------------------|
| <b>Authorised</b><br>50,000 Equity shares of Rs. 10 each                                  | 500,000            | 500,000             |
| <b>Issued, Subscribed and Paid up</b><br>50,000 fully paid up Equity shares of Rs 10 each | 500,000            | 500,000             |
| <b>Total</b>  | 500,000            | 500,000             |

**SCHEDULE '2' - RESERVES & SURPLUS**

Figures in Rupees

| Description                                 | As at<br>31.3.2011 | As at<br>31.03.2010 |
|---|--------------------|---------------------|
| Opening Balance                             | 198,010,352        | -                   |
| Add: Transferred from Profit & Loss Account | 109,228,240        | 198,010,352         |
| <b>Total</b>                                | 307,238,592        | 198,010,352         |

**SCHEDULE '3' - INVESTMENTS**

Figures in Rupees

| Description   | As at<br>31.3.2011 | As at<br>31.03.2010 |
|---|--------------------|---------------------|
| <b>Long Term (Unquoted)<br/>Non-Traded Investments</b>  |                    |                     |
| <b>Subsidiary Companies:</b>  |                    |                     |
| <b>North Karampura Transmission Projects Co. Ltd.</b><br>50000 equity shares of Rs. 10 each paid up | -                  | 500,000             |
| <b>Talcher-II Transmission Company Limited</b><br>50000 equity shares of Rs. 10 each paid up        | -                  | 500,000             |
| <b>Raichur Sholapur Transmission Company Limited</b><br>50000 equity shares of Rs. 10 each paid up  | -                  | 500,000             |
| <b>Total</b>  | -                  | 1,500,000           |

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**SCHEDULE '4' - CURRENT ASSETS, LOAN AND ADVANCES**

Figures in Rupees

| Description   | As at<br>31.3.2011 | As at<br>31.03.2010 |
|---|--------------------|---------------------|
| <b>I CURRENT ASSETS</b>                                   |                    |                     |
| <b>(A) Cash and bank balances:</b>                        |                    |                     |
| In Current Account with Schedule Bank                     | 446,338            | 558,181             |
| In Deposit Accounts with Scheduled Bank                   | 296,700,000        | -                   |
| <b>Total (A)</b>  | 297,146,338        | 558,181             |
| <b>(B) Sundry Debtors:</b>                                |                    |                     |
| i) Debts outstanding for a period of more than six months |                    |                     |
| a) Considered Good  | -                  | -                   |
| b) Considered Doubtful                                    | -                  | -                   |
| ii) Other Debts   |                    |                     |
| a) Considered Good  | -                  | 377,413,110         |
| <b>Total (B)</b>  | -                  | 377,413,110         |
| <b>(C) Other Current Assets:</b>                          |                    |                     |
| Interest Accrued but not due on term deposits             | 10,776,877         | -                   |
| <b>Total (C)</b>  | 10,776,877         | -                   |
| <b>Total (A) + (B) + (C)</b>                              | 307,923,215        | 377,971,291         |
| <b>II LOANS AND ADVANCES</b>                              |                    |                     |
| <b>(D) Advances:</b>                                      |                    |                     |
| (Unsecured considered good)                               |                    |                     |
| Dues from Subsidiaries                                    |                    |                     |
| North Karanpura Transmission Company Limited              | -                  | 22,388,190          |
| Talcher-II Transmission Company Limited                   | -                  | 18,371,722          |
| Raichur Sholapur Transmission Company Ltd                 | -                  | 2,644,417           |
| Misc Advances   | -                  | -                   |
| <b>Total (D)</b>  | -                  | 43,404,329          |
| <b>Total (A)+(B)+ (C) + (D)</b>                           | 307,923,215        | 421,375,620         |

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
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**SCHEDULE '5' - CURRENT LIABILITIES AND PROVISIONS**

| Description   | Figures in Rupees |                    |             |                     |
|---|-------------------|--------------------|-------------|---------------------|
|   |                   | As at<br>31.3.2011 |             | As at<br>31.03.2010 |
| <b>(A) Current Liabilities</b>                              |                   |                    |             |                     |
| Auditors Remuneration                                       |                   | 74,452             |             | 109,196             |
| Tax Deducted at Source                                      |                   | 8,273              |             | 348,188             |
| Survey Charges  |                   | -                  |             | -                   |
| Earnest Money Deposit                                       |                   | 35,000             |             | 215,000             |
| Recovery Towards cost of Trans. Projects                    |                   | -                  |             | 42,169,636          |
| Service Tax   |                   | -                  |             | 35,243,474          |
| Sundry Creditors for expenses                               |                   | 35,441             |             | -                   |
| Rural Electrification Corporation Limited (Holding Company) |                   | -                  |             | 143,278,419         |
| <b>Total (A)</b>  |                   | <b>153,166</b>     |             | <b>221,363,913</b>  |
| <b>(B) Provisions</b>                                       |                   |                    |             |                     |
| Provision for Consultancy Charges                           |                   | -                  |             | 1,782,448           |
| Provision for Survey Charges                                |                   | -                  |             | 1,048,838           |
| Provisions for Legal Expenses                               |                   | -                  |             | 230,000             |
| Provision for Tax   | 156,354,061       |                    | 101,959,883 |                     |
| Less: Advance Income Tax & TDS                              | 156,282,474       | 71,587             | 101,966,307 | -6,424              |
| <b>Total (B)</b>  |                   | <b>71,587</b>      |             | <b>3,054,862</b>    |
| <b>Total (A) + (B)</b>                                      |                   | <b>224,753</b>     |             | <b>224,418,775</b>  |

**SCHEDULE '6' - OTHER INCOME**

| Description   | Figures in Rupees |                                     |  |                                     |
|---|-------------------|-------------------------------------|--|-------------------------------------|
|   |                   | For the Year<br>ended<br>31.03.2011 |  | For the Year<br>ended<br>31.03.2010 |
| Interest on Term Deposits<br>(TDS Rs 12,29,035/- Previous Year Rs 2728/-) |                   | 12,289,816                          |  | 34,552                              |
| Interest from SPVs  |                   | 658,547                             |  | -                                   |
| Document Cost Received  |                   | 1,140,000                           |  | -                                   |
| Miscellaneous Recoveries - Contractors                                    |                   | 761,272                             |  | -                                   |
| Provisions no longer required   |                   | 21,000                              |  | -                                   |
| <b>Total</b>  |                   | <b>14,870,635</b>                   |  | <b>34,552</b>                       |

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**SCHEDULE '7' - DIRECT EXPENSES FOR PROJECT SPVs**

Figures in Rupees

| Description                            | For the Year<br>ended<br>31.03.2011 | For the Year<br>ended<br>31.03.2010 |
|--|-------------------------------------|-------------------------------------|
| Survey Charges - North Karanpura       | -                                   | 689,878                             |
| Survey Charges- Talcher - II           | -                                   | 358,960                             |
| Survey Charges - Raichur Sholapur      | 1,116,236                           | -                                   |
| Consultancy Charges - North Karanpura  | -                                   | 2,144,233                           |
| Consultancy Charges - Talcher - II     | -                                   | 1,420,665                           |
| Consultancy Charges - Raichur Sholapur | 2,086,876                           | -                                   |
| Advertisement Expenses                 | 490,054                             | 1,717,277                           |
| Meeting & Conference Expenses          | 137,969                             | 16,222                              |
| <b>Total</b>                           | <b>3,831,135</b>                    | <b>6,347,235</b>                    |

**SCHEDULE '8' - ESTABLISHMENT EXPENSES**

Figures in Rupees

| Description  | For the Year<br>ended<br>31.03.2011 | For the Year<br>ended<br>31.03.2010 |
|--|-------------------------------------|-------------------------------------|
| Salary and other establishment exp. allocated by REC | 18,472,633                          | 8,274,226                           |
| <b>Total</b>   | <b>18,472,633</b>                   | <b>8,274,226</b>                    |

**SCHEDULE '9' ADMINISTRATION EXPENSES**

Figures in Rupees

| Description                                | For the Year<br>ended<br>31.03.2011 | For the Year<br>ended<br>31.03.2010 |
|--|-------------------------------------|-------------------------------------|
| Administration expenses allocated by REC   | 7,950,267                           | 3,112,735                           |
| Audit and Other Services Fee               | 126,845                             | 104,785                             |
| Audit Out of Pocket Expenses Reimbursement | -                                   | -                                   |
| Printing and Stationery                    | 67,214                              | 126,167                             |
| Preliminary expenses                       | 13,377                              | 13,377                              |
| Postage & Courier Expenses                 | 15,301                              | 6,016                               |
| Tours & Travel Expenses                    | -                                   | 20,554                              |
| Books & Periodicals                        | 51,820                              | 2,115                               |
| Entertainment Expenses                     | 125,872                             | 9,259                               |
| Legal & Professional Charges               | 11,586                              | 1,191,616                           |
| Miscellaneous Expenses                     | 4,136                               | 16,825                              |
| Bank charges                               | 650                                 | 425                                 |
| <b>Total</b>                               | <b>8,367,068</b>                    | <b>4,603,874</b>                    |

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**SCHEDULE '10' ALLOCATION OF EXPENSES**

Figures in Rupees

| Description  | For the Year<br>ended<br>31.03.2011 | For the Year<br>ended<br>31.03.2010 |
|--|-------------------------------------|-------------------------------------|
| <b>A) North Karanpura Transmission Company Ltd.</b>  |                                     |                                     |
| (a) Direct Cost Centre Allocation                    | 819,803                             | 4,021,040                           |
| (b) Common Cost Centre Allocation                    | -                                   | 6,178,097                           |
| <b>Total (A)</b>                                     | 819,803                             | 10,199,137                          |
| <b>B) Talcher-II Transmission Company Ltd.</b>       |                                     |                                     |
| (a) Direct Cost Centre Allocation                    | 444,449                             | 2,976,282                           |
| (b) Common Cost Centre Allocation                    | -                                   | 6,178,098                           |
| <b>Total (B)</b>                                     | 444,449                             | 9,154,380                           |
| <b>C) Raichur Sholapur Transmission Company Ltd.</b> |                                     |                                     |
| (a) Direct Cost Centre Allocation                    | 29,983,169                          | 1,767,989                           |
| (b) Common Cost Centre Allocation                    | -                                   | 1,356,428                           |
| <b>Total (C)</b>                                     | 29,983,169                          | 3,124,417                           |
| <b>D) Cost Unallocable absorbed by the Company</b>   |                                     |                                     |
| (a) Direct Cost Centre Allocation                    | 1,248,217                           | 64,317                              |
| (b) Common Cost Centre Allocation                    | -                                   | -                                   |
| <b>Total (D)</b>                                     | 1,248,217                           | 64,317                              |
| <b>Total Allocable Cost (A) + (B) + (C)</b>          | 31,247,421                          | 22,477,934                          |

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

**SCHEDULE NO. 11 : SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

Accounting Convention – The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standards in India. The financial statements adhere to the relevant presentation requirement of the Companies Act, 1956.

**2. FIXED ASSETS**

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

**3. DEPRECIATION**

3.1 Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under schedule XIV of the Companies Act, 1956.

3.2 Depreciation on assets purchased/ sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/ sale.

3.3 Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

**4. CAPITAL WORK IN PROGRESS**

Expenditure incurred on Survey/ Studies/ Investigations/ Consultancy/ Administration/ Depreciation/ Interest has been treated as Capital Work In Progress.

**5. CURRENT LIABILITIES**

Expenditures incurred by the Holding Company on behalf of the Company have been considered as Current Liabilities payable to the Holding Company. Interest has been charged on funds deployed by them.



**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

**6. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby Incidental Expenditure during Construction is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financial and investing activities of the Company are segregated.

**7. SALE PROCEEDS OF RFQ/RFP DOCUMENTS :**

Sale proceeds of RFP documents is credited to the respective SPV and sale proceeds of RFQ documents is retained by the Company and accounted as income of the Company.

**8. REVENUE RECOGNITION :**

Income and Expenses (except as stated below) are accounted for on accrual basis:-

Professional charges to be charged from the selected bidders/developers for transmission projects put on tariff based bidding is accounted for in the year in which it is reasonably certain that the ultimate collection of the professional charges will be made.

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

**SCHEDULE NO. 12 :       NOTES ON ACCOUNTS**

1. The Company was incorporated on January 08, 2007 under the Companies Act, 1956. Certificate for Commencement of Business was issued on February 05, 2007. The Company was appointed by Government of India to act as Bid Process Co-ordinator for selection of the Transmission Service Provider for three of its Transmission Projects. For this purpose, three project specific subsidiary companies namely, North Karanpura Transmission Company Ltd (NKTCL), Talcher – II Transmission Company Ltd (TTCL) and Raichur Sholapur Transmission Company Ltd (RSTCL) were formed under the Company (RECTPCL). Eventually, the successful bidder acquires one hundred percent (100%) of the equity shares of the project specific subsidiaries along with all its related assets and liabilities. The process of selection of the successful bidder for the above three transmission projects is complete and the project specific subsidiaries i.e. TTCL, NKTCL and RSTCL have been transferred to the successful bidders on the closing dates on 27-04-2010, 20-05-2010 and 12-01-2011 respectively. Further, the Company has also been appointed as Bid Process Co-ordinator for three more transmission projects during the year. Formation of project specific subsidiary companies for these newly allotted transmission projects was under process.

2. The company has formed wholly owned subsidiary companies to act as SPV's for transmission projects with the intention that these SPV's will be handed over to the successful bidder on completion of the bidding process. The financial statements of these subsidiaries of the Company as adopted by the Board of Directors of the respective subsidiaries are to be attached as required under section 212 of Companies Act, 1956. As per AS 21 para 11, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries are not consolidated with the financial statements of the Company.

3. The Company is a wholly owned subsidiary of Rural Electrification Corporation Limited (REC), a Govt. of India Enterprise. The Key Management Personnel of the Company are employees of the Holding Company (REC Ltd) deployed on part time basis. No management remuneration is paid to such representatives by the company. The details of such Key Management Personnel are as follows:-

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

| S. No. | Name                    | Designation         | Date of Appointment | Date of Separation |
|--------|-------------------------|---------------------|---------------------|--------------------|
| 1      | Sh. H.D.Khunteta        | Chairman & Director | 16.04.2011          | Continuing         |
| 2      | Sh. J.M.Phatak          | Chairman & Director | 15.06.2010          | 16.04.2011         |
| 3      | Sh. P. Uma Shankar      | Chairman & Director | 01.03.2008          | 15.06.2010         |
| 4      | Sh. Rama Raman          | Director            | 08.01.2007          | 04.04.2010         |
| 5      | Sh. Ajeet Kumar Agarwal | Director            | 27.12.2008          | Continuing         |
| 6      | Sh. Prakash J.Thakkar   | Director            | 08.01.2007          | Continuing         |

The other personnel working for the Company are also from the Holding Company. The salary and establishment expenses in respect of Directors and other personnel working for the Company are paid by the Holding Company and allocated to the subsidiary company. The administration expenses of the Company also include common administration expenses apportioned and allocated by Holding company.

4. Wherever, any expenditure is incurred or payment made by the Holding Company on behalf of the Company, procedural and statutory requirements with regard to deduction of Tax at Source and other statutory compliances, as applicable, are complied by the Holding Company.

5. The common employees/ establishment cost and administration expenses of the Holding Company have been accounted for as apportioned by Holding company on the following basis:-

For employees of Holding Company working for Subsidiary Company (RECTPCL), proportionate Cost to the Company (CTC) of employees have been charged to RECTPCL as salary/establishment expenditure according to the estimated time spent by these employees on the basis of cost ratio details provided by Holding Company.

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

Interest on cost incurred by Holding Company on behalf of Subsidiary Company is provided on the basis of general lending rate of REC, holding company, applicable for T&D Schemes upto 31-01-2011. W.e.f. 01-02-2011, interest has been provided at general market rate of 12 % p.a.

Administrative overheads allocation of Holding Company has been taken on the basis of basic salary of employees of Holding Company working for Subsidiary company multiplied by ratio of total overhead cost and the total basic salary of the Holding Company according to the estimated time spent by these employees.

6. Since the Company is incurring expenses mainly for its project specific subsidiaries, the expenses have been allocated at the year end to its Subsidiaries. Direct Expenses have been allocated to the respective subsidiary for which the expenditure has been incurred. Indirect/Common Expenses have been allocated to the subsidiaries in equal proportion on the time period basis.

Further expenditure incurred on filing/legal fees regarding formation of the Company and all expenses incurred prior to the incorporation of the company have been treated as Preliminary expenses. The same will be written off in five years. Accordingly, one fifth of the preliminary expenses have been written off during the current year. Since these expenses are also allocable to the subsidiaries, the same has been recognised as an intangible asset and are recovered from the subsidiaries on amortisation thereof.

7. The Company has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India and section 211 of the Companies Act, 1956.

8. As per the information available with the Company, there is no dues to micro, small and medium enterprises.

9. Contingent Liabilities:

| Particulars                             | 2010-11 | 2009-10 |
|---|---------|---------|
| Claims against the Company not          | Nil     | Nil     |
| Estimated amount of contracts remaining | Nil     | Nil     |

10. Expenditure in Foreign Currency - Nil (Previous Year – Nil)  
Earning in Foreign Currency - Nil (Previous Year – Nil)

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

11. Auditors Remuneration

|                           | Current Year | Previous Year |
|---------------------------|--------------|---------------|
| Audit Fee                 | 50000        | 40000         |
| Tax Audit Fee             | 25000        | 20000         |
| Other Services            | 20000        | 35000         |
| Service Tax               | 9785         | 9785          |
| Reimbursement of expenses | 0            | 0             |

12. Figures have been rounded off to the nearest rupees.

13. The disclosure as per AS18 – Related Party Disclosure :

A. The REC Transmission Projects Company Limited is a wholly owned subsidiary of Rural Electrification Corporation Limited. All key decisions are taken by the Board of REC Transmission Company Limited where the REC nominees exercise the control.

The detail of transactions with the Holding Company is as under:-

Current Liabilities payable to Holding Company:

|        |  | Amount in Rupees   |  |   |                                       |
|--------|--|--|--|---|---------------------------------------|
|        |  | 2010-11  |  | 2009-10   |                                       |
| Sr.No. | Name                                   | Out standing<br>Balance at the year<br>end including<br>interest thereon | Maximum<br>Balance<br>during the<br>year | Out standing<br>Balance at the<br>year end<br>including interest<br>thereon | Maximum<br>Balance during<br>the year |
| 1      | Rural Electrification Corporation Ltd. | 0  | 145,515,862                              | 143,278,419   | 143,278,419                           |

B. The REC Transmission Projects Company Limited was holding three wholly owned subsidiaries namely (i) North Karanpura Transmission Company Limited, (ii) Talcher – II Transmission Company Limited and (iii) Raichur Sholapur Transmission Company Limited with equity contribution of Rs 500000/- each. The details of amounts recoverable from the respective subsidiaries are as under:-

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

Advances recoverable from subsidiaries:

Amount in Rupees

| Sr.No. | Name                                       | 2010-11   |                                 | 2009-10   |                                 |
|--------|--|---|---------------------------------|---|---------------------------------|
|        |  | Out standing Balance at the year end including interest thereon | Maximum Balance during the year | Out standing Balance at the year end including interest thereon | Maximum Balance during the year |
| 1      | North Karanpura Transmission Company Ltd.  | 0   | 175,048,863                     | 22,388,190  | 22,388,190                      |
| 2      | Talcher – II Transmission Company Ltd.     | 0   | 169,713,194                     | 18,371,722  | 18,371,722                      |
| 3      | Raichur Sholapur Transmission Company Ltd. | 0   | 188,351,696                     | 2,644,417   | 2,644,417                       |

14. The disclosure required vide Part IV of Schedule VI of the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**A. REGISTRATION DETAILS :**

|                      |                       |       |      |
|----------------------|-----------------------|-------|------|
| State Code :         | 55                    |       |      |
| Registration No.     | U40101DL2007GOI157558 |       |      |
| Balance Sheet Date : | 31                    | 3     | 2011 |
|                      | Date                  | Month | Year |

Amount in Rs

**B. CAPITAL RAISED DURING THE YEAR :**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| -            | -                 |
| Bonus Issue  | Private Placement |
| -            | -                 |

**C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :**

|                   |              |
|-------------------|--------------|
| Total Liabilities | Total Assets |
| 307963345         | 307963345    |

**SOURCES OF FUNDS :**

|                 |                    |
|-----------------|--------------------|
| Paid up Capital | Reserves & Surplus |
| 500000          | 307238592          |

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**(A wholly owned subsidiary of Rural Electrification Corporation Limited)**

|                        |                 |
|------------------------|-----------------|
| Secured Loans          | Unsecured Loans |
| -                      | -               |
| Deferred Tax Liability |                 |
| -                      |                 |

**APPLICATIONS OF FUNDS:**

|   |                      |
|---|----------------------|
| Net Fixed Assets<br>(Incl. Capital WIP) | Investments          |
| -                                       | 0                    |
| Net Current Assets                      | Loans                |
| 307698462                               | -                    |
| Accumulated Losses                      | Misc.<br>Expenditure |
| -                                       | 40130                |
| Deferred Tax Assests                    |                      |
| -                                       |                      |

**D. PERFORMANCE OF COMPANY :**

|                   |                   |
|-------------------|-------------------|
| Turnover          | Total Expenditure |
| 164870635         | 1248217           |
| Profit before Tax | Profit after Tax  |
| 163622418         | 109228240         |
| EPS in Rs.        | Dividend Rate     |
| 2,184.56          | -                 |

**E. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY :**

Item Code No.(ITC Code) -

15. Previous year's figures have been regrouped/rearranged/recast, wherever necessary, to make them comparable with the current year's figures.

16. The Company is operating in a single segment i.e. providing consultancy services and therefore disclosure requirements of AS-17 is not applicable

17. Accounting Policy No. 7 relating to sale proceeds of RFQ/RFP documents has been modified to provide that the sale proceeds of RFP (Rs 12500000, Previous Yr Rs 5000000) will be credited to the respective SPV and the sale proceeds of RFQ (Rs 1140000, Previous Yr Rs Nil) will be retained by the Company. A slight rewording in Accounting Policy No. 5 relating to Current Liabilities has been made.

18. In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
(A wholly owned subsidiary of Rural Electrification Corporation Limited)

**CASH FLOW STATEMENT FOR THE YEAR ENDED**

**31st March, 2011**

Figures in Rupees

| Description  | For the Year<br>ended<br>31.03.2011 | For the Year<br>ended<br>31.03.2010 |
|--|-------------------------------------|-------------------------------------|
| <b>A. Cash Flow from Operating Activities:</b>             |                                     |                                     |
| Profit before Tax  | 163,622,418                         | 299,970,235                         |
| Adjustment for:  |                                     |                                     |
| Add: Depreciation  | -                                   | -                                   |
| Less: Income Tax   | -54,394,178                         | -101,959,883                        |
| Operating Profit before Working Capital Changes            | 109,228,240                         | 198,010,352                         |
| <b>B. Cash Flow from Investing Activities:</b>             |                                     |                                     |
| Purchase of Fixed Assets                                   | -                                   | -                                   |
| Capital Work in Progress                                   | -                                   | -                                   |
| Investments  | 1,500,000                           | -500,000                            |
| Preliminary Expenses                                       | 13,377                              | 13,377                              |
| <b>C. Cash Flow from Financial Activities:</b>             |                                     |                                     |
| Share Capital  | -                                   | -                                   |
| Current Liabilities  | -221,210,747                        | 199,442,385                         |
| Unsecured Loan   | -                                   | -                                   |
| Provisions   | -2,983,275                          | 105,021,169                         |
| Other Current Assets                                       | -10,776,877                         | 760                                 |
| Sundry Debtors   | 377,413,110                         | -377,413,110                        |
| Loans and Advances   | 43,404,329                          | -124,121,718                        |
| <b>Net Increase/ Decrease in Cash and Cash Equivalents</b> | <b>296,588,157</b>                  | <b>453,215</b>                      |
| Cash and Cash Equivalents as at 1st April,2010             | 558,181                             | 104,966                             |
| Cash and Cash Equivalents as at 31st March,2011            | 297,146,338                         | 558,181                             |
| <b>Net Increase/ Decrease in Cash and Cash Equivalents</b> | <b>296,588,157</b>                  | <b>453,215</b>                      |

In terms of our report of even date  
For Rattan Vinod Anil & Co.  
Chartered Accountants  
ICAI Firm Registration No. 005419N

For and on behalf of the Board

Anil Kumar  
Partner  
Membership No. 084295  
Place : New Delhi  
Date : 16.05.2011

S.K.Gupta  
CEO

A.K.Agarwal  
Director

P.J.Thakkar  
Director



***Rattan Vinod Anil & Co.***  
***Chartered Accountants***

2 B, First floor,  
Vijay Mandal Enclave,  
Near IIT Flyover ,  
New Delhi – 110 0116  
Tel. No.: 26510666  
9810690641  
Email: rva1985@yahoo.com

**Auditors' Report**

**To**  
**The Members of**  
**REC Transmission Projects Company Limited,**

1. We have audited the attached Balance Sheet of **REC TRANSMISSION PROJECTS COMPANY LIMITED** as at 31st March 2011 and also the Profit & Loss Account for the year ended on that date and Cash Flow Statement for the year Annexed hereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.

Cont..2..

4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books;
  - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) Vide notification No. 2/5/2001-CLV dated 22.03.2002 of the Department of Company Affairs, Government of India, Government Companies have been exempted from applicability of the provisions of Section 274(1)(g) of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to explanations given to us, the said statements of accounts read together with notes and accounting policies thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011;
    - b) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date ; and
    - c) In the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

**For Rattan Vinod Anil & Co.**  
**Chartered Accountants**  
**ICAI Firm Registration No.005419N**

**Place: New Delhi**  
**Date: 16.05.2011**

**(Anil Kumar)**  
**Partner**  
**M. No. 084295**

***Rattan Vinod Anil & Co.***  
***Chartered Accountants***

2 B, First floor,  
Vijay Mandal Enclave,  
Near IIT Flyover ,  
New Delhi – 110 0116  
Tel. No.: 26510666  
9810690641  
Email: rva1985@yahoo.com

**ANNEXURE TO THE AUDITOR'S REPORT**

**(Referred to in paragraph 2 of our report of even date on the Accounts) for the year ended 31<sup>st</sup> March, 2011 of REC TRANSMISSION PROJECTS COMPANY LIMITED**

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- 1(a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register, maintained under section 301 of the Companies Act,1956. However there exists Advances in the Books of the Company in the name of its three wholly owned subsidiaries on account of various expenditure incurred by the Company. The balance at the year end and the maximum balance during the year were as under:-

| Name of the wholly owned Subsidiary Company   | Balance at the year end | Maximum Balance during the year |
|---|-------------------------|---------------------------------|
| North Karanpura Transmission Company Ltd.     | NIL                     | 17,50,48,863                    |
| Talcher-II Transmission Company Limited       | NIL                     | 16,97,13,194                    |
| Raichur Sholapur Transmission Company Limited | NIL                     | 18,83,51,696                    |

- 1(b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register, maintained under section 301 of the Companies Act,1956. However there exists Current Liability in the Books of the Company in the name of Holding Company, Rural Electrification Corporation Limited, on account of various expenditure incurred by them. The amount outstanding at the year end was NIL and the maximum amount outstanding during the year was Rs 14,55,15,862/-.
- 2 There is an adequate internal control procedure commensurate with the size of the company.

Cont..2..

- 3(a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Cess and any other statutory dues with the appropriate authorities. Wherever payments relating to the company are made by the Holding Company, statutory dues with regard to payments released by them are deposited by the Holding Company.
- 3(b) No undisputed amounts payable in respect of above Statutory dues were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable as explained to us.
- 4 During the course of audit no fraud case has come to our notice. Further as informed to us the company has not noticed/ reported any fraud case during the year.
- 5 The provision of Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 vide para I, II, V, VI, VII, VIII, X, XI, XII, XIII, XIV, XV, XVI, XVII, XVIII, XIX and XX are not applicable during the year ended March 31, 2011.

**For Rattan Vinod Anil & Co.  
Chartered Accountants  
ICAI Firm Registration No.005419N**

**Place: New Delhi  
Date: 16.05.2011**

**(Anil Kumar)  
Partner  
M. No. 084295**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF REC TRANSMISSION PROJECTS COMPANY LIMITED, FOR THE YEAR ENDED 31 MARCH, 2011**

The preparation of financial statements of REC Transmission Projects Company Limited, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 May, 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of REC Transmission Projects Company Limited, for the year ended 31 March 2011 and as such have no comments under Section 619(4) of the Companies Act, 1956.

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

**(M.K. Biswas)**  
**Principal Director of Commercial Audit &**  
**Ex-officio Member Audit Board-III,**  
**New Delhi**

**Place : New Delhi**

**Dated : 31 May, 2011**

**REC TRANSMISSION PROJECTS COMPANY LIMITED**  
**Core-IV, SCOPE Complex, 7, Lodhi Road, New Delhi-110003**

**PROXY FORM**

I/We.....s/o/d/o.....in the district of .....being a member/members of REC Transmission Projects Company Limited, hereby appoint.....of as my/our proxy to attend and vote for me/us and on our behalf at the 4<sup>th</sup> Annual General Meeting of the Company to be held at..... on....., the.....Day of .....2011, and at any adjournment thereof.

Signed this.....Day of .....2011.

\_\_\_\_\_  
(Signature)

Affix revenue  
Stamp of  
Appropriate  
Value