Minutes of the Proceedings of the 41st Annual General Meeting of Rural Electrification Corporation Limited held on Wednesday, the 8th day of September, 2010 at 11.00 A.M. at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010.

Present (on the Dais):

1. Dr. J.M. Phatak, CMD (in the Chair)
2. Shri H.D.Khunteta, Director (Finance) and Member
3. Shri Guljit Kapur, Director (Technical)
4. Shri Devender Singh, Government Nominee Director
5. Dr. M. Govinda Rao, Director and Chairman- Audit Committee
6. Shri P.R. Balasubramanian, Director
7. Dr. Devi Singh, Director
8. Shri Kapil Mohan, Representative of the President of India
9. Shri B.R. Raghunandan, ED & Company Secretary and Member

Shri Bhuvnesh Maheshwari, Partner of K.G. Somani & Co., and Shri R.C. Pandey, Partner of Bansal & Co., Chartered Accountants, Joint Statutory Auditors of the Company for the Financial Year 2009-10 were also present.

Other Members whose attendance was recorded- 5160 including 233 proxies.

Company Secretary extended a warm welcome to the Chairman of the Meeting, Chairman of the Audit Committee, other Directors, the Representative of the President of India, all the Members and Proxies, the Joint Statutory Auditors and others present at the Meeting.

Company Secretary thereafter confirmed that requisite quorum was present for commencement of the Meeting.

The Chairman then brought the meeting to order and addressed the Meeting covering inter-alia highlights of Performance of the Company for the year 2009-10, Proposal for payment of Final Dividend, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Registration as Infrastructure Finance Company, Compliance with Corporate Governance etc. Copies of Chairman's speech were circulated at the Meeting.

The notice convening the meeting was taken as read with the consent of the Members present.

ORDINARY BUSINESS- Item No. 1 of the Notice

To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the financial year ended on that date along with Report of the Board of Directors and Auditors thereon.

The Auditors Report was read by the Company Secretary.



Chairman read the following Resolution to be passed **as an Ordinary Resolution**:-

RESOLVED

that the Audited Balance Sheet of the Company as at 31st March 2010 and Profit and Loss Account for the financial year ended on that date together with the Report of the Auditors thereon and Report of Board of Directors, and the Comments of the Comptroller and Auditor General of India, be and is hereby received, considered and adopted.

Shri Yash Pal Chopra (DP-Client ID: 1205920000000281) proposed the above motion.

Shri Daljeet Singh Khatri (DP-Client ID: IN303028-55068864) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority**.

ORDINARY BUSINESS- Item No. 2 of the Notice

To note the payment of Interim Dividend and declare Final Dividend for the financial year 2009-10.

Chairman read the following Resolution to be passed **as an Ordinary Resolution**:-

RESOLVED

that the resolution passed by the Board of Directors at their 358th Meeting held on 30th December, 2009 regarding payment of Interim Dividend @ Rs. 3 per share on the paid up capital of the Company, in respect of which a total sum of Rs. 257,59,80,000 has been paid in January, 2010 be and is hereby noted.

RESOLVED FURTHER

that as recommended by the Board of Directors at their 364th Meeting held on 19th May, 2010, a Final Dividend of Rs. 3.50 per share on the paid up capital of the Company, amounting to a total pay-out of Rs. 345,61,06,500, be and is hereby declared out of the profits of the Company for the Financial Year 2009-10, and be paid to the members or their mandates whose names appear on the Company's Register of Members on 8th September, 2010 in respect of physical shares, and in respect of dematerialized shares to the "beneficial owners" of the shares whose name appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on 25th August, 2010, as notified under the Notes to the Notice of the Meeting.

RESOLVED FURTHER

that the amount of Final Dividend payable for each member be rounded off to the nearest rupee, where applicable, as per Rule 23 of Companies (Central Government's) General Rules and Forms, 1956, resulting in an extra pay-out of Rs. 58,761/-.

Shri Navin Chopra (DP-Client ID: 1205920000015243) proposed the above motion.

Shri Kapil Mohan, Representative of the President of India (DP-Client ID: 301330-20471069) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority.**

ORDINARY BUSINESS- Item No. 3 of the Notice

To appoint a Director in place of Shri Venugopal N. Dhoot, Director, who retires by rotation and being eligible, offers himself for re-appointment.

Chairman read the following Resolution to be passed **as an Ordinary Resolution**:-

RESOLVED

that Shri Venugopal N. Dhoot, Director, who retires by rotation in accordance with the provisions of Article 82 (3) & (4) of the Articles of Association of the Company and Sections 255 and 256 of the Companies Act, 1956, be and is hereby re-appointed as a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation.

Shri Swaran Chopra (DP-Client ID: 1203470000001279) proposed the above motion.

Shri Vijay Kumar Singh (DP-Client ID: IN302902-41108083) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority.**

ORDINARY BUSINESS- Item No. 4 of the Notice

To appoint a Director in place of Dr. Devi Singh, Director, who retires by rotation and being eligible, offers himself for re-appointment.

Chairman read the following Resolution to be passed **as an Ordinary Resolution**:-

RESOLVED

that Dr. Devi Singh, Director, who retires by rotation in accordance with the provisions of Article 82 (3) & (4) of the Articles of Association of the Company and Sections 255 and

256 of the Companies Act, 1956, be and is hereby re-appointed as a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation.

Shri M.L. Kumawat (DP-Client ID: IN 302902-40807903) proposed the above motion.

Shri Dharam vir (DP-Client ID: 1304140001177531) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority**.

ORDINARY BUSINESS- Item No. 5 of the Notice

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

RESOLVED

that in pursuance of Section 224(8)(aa) read with Section 619(2) of the Companies Act, 1956, the Board of Directors be and is hereby authorized, on the recommendation of the Audit Committee, to fix and approve the remuneration of Statutory Auditors/Joint Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the Financial Year 2010-11.

Shri Prakash Thakkar (DP-Client ID: IN 300513-14516250) proposed the above motion.

Shri Narendra Prasad (DP-Client ID: IN302679-33831053) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority.**

SPECIAL BUSINESS- Item No. 6 of the Notice

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

RESOLVED

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

Shri Serene Kumar Bage (DP-Client ID: IN302902-41015442) proposed the above motion.

Shri Rakesh Kumar Arora (DP-Client ID: IN300183-12114149) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority.**

SPECIAL BUSINESS- Item No. 7 of the Notice

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

RESOLVED

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

Shri Chander Prakash Bhatia (DP-Client ID: 1204470002821639) proposed the above motion.

Shri Vijay Kumar Arora (DP-Client ID: 1304140001577005) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority.**

SPECIAL BUSINESS- Item No. 8 of the Notice

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

RESOLVED

that consent of the Company be and is hereby accorded subject to obtaining necessary approval of the Reserve Bank of India and any other Statutory/regulatory authorities as per applicable provisions of the Foreign Exchange Management Act, 1999 ("FEMA"), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations 2000, the Master Circular No. 01/2009-10 dated July 1, 2009 issued by the Reserve Bank of India and all other applicable statutes, rules, regulations, guidelines and procedures (including any amendments or re-enactments or re-notification thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions of the Foreign Investment Promotion Board, and other concerned authorities and such conditions as may be prescribed by any of the said concerned authorities while

granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, for increasing the limit of total holdings of all Foreign Institutional Investors (FIIs) including their sub-accounts, either by subscription, direct purchase or acquisition from the open market under the Portfolio Investment Scheme under FEMA, in the paid up equity share capital of the Company from 24% to 35 %, subject to the condition that the holding of any single FII or each SEBI approved sub-account of a FII or the concerned FII group does not exceed 10% of the paid up capital of the company.

Shri Ajeet Agarwal (DP-Client ID: IN300206-10353264) proposed the above motion.

Shri Surender Kumar Arora (DP-Client ID:1304140000589391) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority.**

SPECIAL BUSINESS- Item No. 9 of the Notice

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

RESOLVED

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

Quote

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

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

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

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

Unquote

with the following revised/amended Articles:-

Quote

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

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

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

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

Unquote

Shri Kapil Mohan, Representative of the President of India (DP-Client ID: 301330-20471069) proposed the above motion.

Ms. Suraksha (DP-Client ID: IN300206-10674239) seconded the motion.

Chairman invited comments/discussions, if any, on the motion. Thereafter, the above resolution was put to vote by show of hands and the **same was passed with requisite majority**

Some of the Queries put forth by the Members were replied by the Chairman.

Thereafter, Chairman announced formal closure of business of the Meeting and thanked the Chairman of the Audit Committee, other Directors, Representative of the President, all other shareholders, proxies, Statutory Auditors and others present at the Meeting, for their valuable cooperation and support in smooth conduct of the proceedings of the Meeting.

On behalf of the Chairman, Company Secretary proposed formal Vote of thanks to all those present at the Meeting.

