



9.7.8 IT Strategy Committee

The Board of REC has an IT Strategy Committee (ITSC) comprising of an Independent Director and other Senior Officials of the Company, in compliance of the Reserve Bank of India's Master Direction related to information technology (IT) governance, risk, controls and assurance practices for banks and NBFCs.

Its responsibilities include guiding the determination of IT resources necessary for achieving strategic goals, providing high-level advice on sourcing and utilising IT resources, ensuring cybersecurity, internal controls, and governance, and approving IT strategies, policies, and best practices as specified by the RBI's directions.

During the financial year under review, the ITSC met 6 (Six) times.

The composition of the IT Strategy Committee

Name of the Director	Position	Meetings Held during tenure	Meetings Attended
Shri Narayanan Thirupathy Independent Director	Chairperson (upto March 2, 2026)	5	5
Dr. Durgesh Nandini Independent Director	Chairperson (w.e.f. March 3, 2026 upto April 16, 2026)	1	1
Shri Vijay Kumar Singh Director (Projects)	Member (upto June 30, 2025)	2	2
Shri Harsh Baweja, Director (Finance)	Member (upto January 31, 2026)	5	5
Shri Thangarajan Subash Chandira Bosh Director (Projects)	Member (w.e.f. October 3, 2025)	2	2

9.7.9 Sub-committee to ensure compliance of GoI directives on 'Make in India'

The Board of REC has constituted Sub-committee to ensure compliance of GoI directives on 'Make in India', comprising of the Government Nominee Director as Chairperson, Director (Finance) and Nominee Director of PFC as its members, to inter-alia, scrutiny/ review the tender notices, as and when being floated by REC or its subsidiaries, valuing ₹250 crore or above. Further, no meeting of the said Sub-committee was held during the financial year 2025-26.

9.7.10 Review Committee on Wilful Defaulter

The Board of REC has constituted Review committee on Wilful Defaulter headed by CMD with two Independent Directors in compliance of the Reserve Bank of India's Master Direction on Wilful Defaulter dated July 1, 2015. Further, no meeting of Review committee on Wilful Defaulter was held during the financial year 2025-26.

9.8 ESG Governance & Board Oversight

ESG Vision

Environmental, Social, and Governance (ESG) principles are vital to shaping our corporate growth strategy. By integrating these principles into our operations and management practices, we aim to develop a comprehensive approach that aligns with our long-term objectives. Our dedication to the finance and infrastructure sectors reflects our commitment to innovation and excellence, as well as our responsibility to generate safe and sustainable value for society.

We believe that focusing on sustainable growth can help us contribute to a healthier planet and stronger, more resilient communities. This requires us to evaluate our environmental impact carefully, uphold social responsibility in our practices, and implement robust governance structures that promote accountability and transparency. Ultimately, emphasising ESG principles is intended to improve our overall effectiveness and resilience, enabling us to succeed while positively impacting the world.

Governance Structure for ESG

Risk Management Committee of the Board

ESG Committee

ESG Division



To embed sustainability into every facet of our business, REC operates a three-tier ESG governance structure that creates clear lines of accountability from operational execution to Board-level oversight:

1. Risk Management Committee (RMC) of the Board – Strategic Oversight

- The RMC, chaired by an Independent Director, is the apex body that steers enterprise-wide risk management, including climate and ESG-related risks.
- It reviews the ESG performance against targets periodically and ensures ESG considerations are integrated across all business functions to address new and evolving ESG risks effectively.

2. ESG Committee – Management-Level Stewardship

- Members are the Head of Departments of State Operations, Private Sector Projects Management, Renewables, Infrastructure and Logistics, Estate, Admin, PCM, HR, CSR, and IT.
- As per the ESG policy framework, it is the responsibility of the ESG committee to implement the policy overall and review ESG performance, which regular ESG committee meetings will achieve.

3. ESG Division – Operational Execution

- The ESG Division, led by an Executive Director and staffed by a dedicated team, is responsible for implementing the Board-approved ESG Policy.
- The division's core functions encompass gap assessment and target setting, along with meticulous data collection and validation. It's also responsible for reporting to the ESG Committee, Risk Management Committee, and Senior Management, all while ensuring compliance with SEBI LODR regulations and disclosures under global standards.
- The Division prepares detailed quarterly reports and KPIs for the ESG Committee, enabling data-driven decisions and timely escalation of emerging issues.

This tiered architecture ensures that day-to-day ESG actions are rigorously monitored, while strategic direction and risk oversight remain firmly within the Board's purview. It balances operational agility with robust governance, reinforcing REC's commitment to responsible finance and nation-building.

9.9 Board Independence

REC Limited's Board structure ensures strong, independent oversight while meeting its duties as a Central Public Sector Undertaking (CPSU). Following the Companies Act, 2013 and the DPE Guidelines on Corporate Governance for CPSEs (latest amendment 2023), directors are appointed through a transparent, merit-based process led by the Public Enterprises Selection Board (PESB). This guarantees that all appointments—whether Whole-time, Nominee, or Independent—meets objective competency criteria and is free from undue influence. As of July 31, 2026, the eight-member Board includes three Whole-time Directors, one Government Nominee Directors, one PFC Nominee Director and three Independent Directors.

In practice, independence is reinforced by a robust committee architecture (Audit, Risk Management, Nomination & Remuneration, CSR, Stakeholders' Relationship and ITSC) each chaired by an Independent Director and operating with clearly defined charters. These committees provide an additional layer of objective scrutiny over strategy, risk, remuneration and sustainability performance, thereby insulating decision-making from any single interest group.

Chairman and Managing Director at REC Ltd

Companies Act, 2013, Section 203(1)

- Permits one individual to serve as both Chairperson and Managing Director/CEO if allowed by the Articles of Association or approved by shareholders.
- REC's Articles explicitly authorise the CMD model; each appointment is endorsed by the President of India (through the Ministry of Power), satisfying the Act's shareholder-approval requirement.

SEBI (LODR) Regulations, 2015 Reg. 17(1B)

- Since the February 2022 amendment, splitting the Chairperson and MD/CEO roles is voluntary, not mandatory, for the top-500 listed entities.
- REC explains the rationale for retaining a combined CMD in its Annual Report and discloses that the incumbent is a Government appointee with no pecuniary interest in the company.

DPE Corporate-Governance Guidelines for CPSEs (2023)

- Schedule 'A' and 'B' public enterprises may continue with a CMD structure, provided sufficient Board independence and committee oversight exist.