



रेल विकास निगम लिमिटेड
Rail Vikas Nigam Limited
(A Government of India Enterprise)

2009-2010



वार्षिक रिपोर्ट
ANNUAL REPORT

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PERFORMANCE DURING LAST FIVE YEARS

(Figure in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Total Income	4.64	18.20	46.78	68.10	80.83
Paid-up Share Capital	950.00	1,150.02	2,015.02	2,085.02	2,085.02
Reserve & Surplus	1.24	12.50	35.08	66.56	106.76
Capital Employed	1,669.26	3,115.52	4,495.10	6,061.58	7,417.84
Net worth	1,149.24	1,676.00	2,119.09	2,151.07	2,191.78
Net Fixed Assets	2.78	2.97	3.29	3.37	2.72
Profit before tax	1.89	15.25	39.34	57.28	67.49
Provision for Tax	-	3.98	10.91	16.45	15.58
Profit after tax	1.89	11.27	28.43	40.83	51.91
Dividend	-	-	5.00	8.00	10.00
Earning Per Share (EPS)	0.02	0.12	0.21	0.20	0.25

Management Team प्रबंधन टीम
 (As On Date of AGM) (आम वार्षिक बैठक की तिथि पर)

Board of Directors निदेशक मंडल



श्री राकेश चोपड़ा महाराष्ट्र इंजीनियरिंग बोर्ड के अध्यक्ष
 (आम वार्षिक बैठक के अध्यक्ष)
 Mr. Rakash Chopra, Member Engrg. Railway Board
 Chairman (Part-time Official)



श्री सतिश अग्निहोत्री, प्रबंधन निदेशक
 Mr. Satish Agnihotri, Managing Director



श्री हरिश चंद्रा, वित्त निदेशक
 Mr. Harish Chandra, Director/Finance



श्रीमती गीता महरा, निदेशक-व्यक्तिगत
 Smt. Geeta Mahra, Director/Personnel



श्री मुकुल जैन, निदेशक-कार्यवाही
 Mr. Mukul Jain, Director/Operations



श्री एस.के. मलिक, आम वार्षिक बैठक के अध्यक्ष (आम वार्षिक बैठक के अध्यक्ष)
 (आम वार्षिक बैठक के अध्यक्ष) / निदेशक
 Mr. S.K. Malik, AM (CE), Ry. Board
 (Part-time official)/Director



श्री आर.एन. अगा, (आम वार्षिक बैठक के अध्यक्ष) निदेशक
 Mr. R. N. Aga, (Part-time Non-official)/Director

COMPANY SECRETARY

Mrs. Suman Kalra

REGISTERED & CORPORATE OFFICE

1st Floor, August Kranti Bhawan, Bhikaji Cama Place, R. K. Puram, New Delhi-110066

PROJECT IMPLEMENTING UNITS

Rail Vikas Nigam Limited
D. No. 9-1-129/302, 3rd Floor, Oxford
Plaza, Sarojini Devi Road,
Secunderabad

Rail Vikas Nigam Limited,
36, Parijat Raj Kishore Naga,
Bilaspur

Rail Vikas Nigam Limited
6.9 Acre Complex, B Block,
Rail Vihar, Chandrashekharpur
Bhubaneswar

Rail Vikas Nigam Limited
Shop No. 3, Casablanca,
Plot No. 45, Sector-11 C.B.D. Belapur,
Navi Mumbai

Rail Vikas Nigam Limited Mezzanine
Floor, Thirumalai, Railway Station,
MTP Field Office, Mylapore
Chennai

Rail Vikas Nigam Limited
434, Shekhawat Mansingh Block,
Neemisagar Colony,
Queens Roads, Vaishali Nagar,
Jaipur

Rail Vikas Nigam Limited
Office Block No. B-1, 3rd Floor, FMC
Fortuna Building
234/3A, AJC Bose Road, Kolkata

Rail Vikas Nigam Limited
1st Floor, August Kranti Bhawan,
Bhikaji Cama Place, R.K. Puram, New
Delhi-110066

Rail Vikas Nigam Limited
7, Kesharkunj, Shankar Nagar,
Near Pragati Petrol Pump,
Habib Ganj, Bhopal

Rail Vikas Nigam Limited
Near IRICEN Railway Colony,
South Main Road, Koregaon Park,
Pune-411001

Rail Vikas Nigam Limited
59-A&B, Sector-II Gitanjali Nagar,
Raipur

Rail Vikas Nigam Limited
4th Floor, DRM Office Building South
western Railway
Bangalore

Statutory Auditors

Bhushan BensaI Jain Associates,
Chartered Accountants,
4648/21, Daryaganj, New Delhi-110002

Web Site : www.rvnl.org

Bankers

State Bank of India
Union Bank of India
Corporation Bank
Axis Bank
ICICI Bank

Chairman's Address

Distinguished Shareholders,

On behalf of the Board of Directors of Rail Vikas Nigam Limited I extend a very warm welcome to all of you on the occasion of the Seventh Annual General Meeting of the Company. The audited accounts of the Company for the financial year 2009-10, along with the Directors' Report and reports of Auditors and comments of Comptroller and Auditor General of India have already been circulated to you and with your permission, I take them as read.

I am happy to report that during 2009-10, RVNL continued on the path of its upward trajectory and the Company achieved a turnover from project execution of Rs.1749 crore in 2009-10, registering a growth of 5.7% over the previous year. The gross profit of the Company increased from Rs. 68.10 crore in 2008-09 to Rs. 80.82 crore in the current year. The income from project execution in 2009-10 increased to Rs 58.69 crore as against Rs 34.66 crore in 2008-09. Despite the heavy burden arising out of the implementation of the 6th Pay Commission for employees under CDA, and second Pay Committee recommendations for employees under IDA, it is indeed commendable that RVNL was able to restrict its D&G charges in 2009-10 within the limit of 5%, i.e. at 4.58% of project expenditure. In this context, it is also important to highlight that RVNL incurs substantial expenditure on items of expenditure such as rent on offices and residence, medical, travel and lodging which are not incurred by Construction organizations on the Railways and directly charged to the project. RVNL is reviewing the methodology of charging of D&G charges to projects to bring them in line with those charges being incurred on projects on the Railways. To reduce the incurrence of expenditure on D&G charges, as RVNL is engaged in executing only Railway projects, the Company has requested Railway Board for allocation of surplus office accommodation for project offices at nominal charges as is being allowed to other Railway PSUs such as IRCTC. The proposal is presently under consideration of the Railway Board.

The major source of profits of Rs.32.95 crore is from the execution of projects for SPVs while Rs. 25.74 crore was realised as Management Fee for execution

of Railway projects. One of the contributing factors to the improved financial performance of the Company has been the decision of the Railway Board to increase the management fee of RVNL from 1 to 2 per cent. An additional incentive of upto 0.5 per cent has been allowed based on the performance of the Company as assessed by the rating achieved in the MOU entered into with the Ministry of Railways and DPE. While the Company is grateful to the MoR for the confidence placed in it by increasing the Management Fee at the same time there is a further need to ensure that the margins allowed to RVNL are at par with similar placed organizations and that there is sufficient potential for the Company to nurture and grow into a viable and sustainable organization.

In view of the improved financial performance, the Directors have recommended a dividend of Rs 10 crore for 2009-10 as compared to Rs 8 crore during the previous year, i.e an increase of 25%, for the consideration by share holders.

It is also to be highlighted that this level of achievement was realized with an on roll staff strength of only 245 regular personnel and was made possible largely due to basic changes in project planning, tendering, awarding of contracts and project execution. RVNL has done pioneering work in preparation of a new bill of quantities, which significantly reduces the effort in decision making and contract management, thereby reducing the requirement of manpower. RVNL has continued to maintain an extremely thin organization which exemplifies the dedication and efficiency of its officers and staff.

This dedication and efficiency is reflected in the physical completion of projects handed over to the respective Zonal Railways for operations. During the year, RVNL commissioned and handed over to the Railways 80 kms of doubling cum gauge conversion between Phulera-Ajmer of the operationally important Rewari-Phulera-Ajmer Gauge conversion project. The 101 km long section between Sirkazhi-Villupuram of Mayiladuturai-Villupuram gauge conversion project on Southern Railway was

commissioned, thereby completing the project. On North Western Railway the 223 kms long gauge conversion project of Bhildi-Samdari, which provides a vital link between the North and the ports of Western India, was commissioned for goods traffic in December 2009. In March 2010, a loco trial run was successfully conducted after completion of construction of the port connectivity work of Vallarpadm-Idapally new line, funded by Ministry of Shipping. This project involved construction of a 4.6 kms long bridge, which is the longest railway bridge in India. This bridge has been constructed in a record time of 27 months. The Tirivallur-Arakkonam 3rd line project which was completed in 2008-09 was commissioned for passenger traffic in 2009-10. On South Central Railway the Pullampet-Bhakrapet, 43 kms section, of the Gooty-Pullampet patch doubling project was commissioned for passenger traffic in February 2010. The Hospet-Guntakal project was completed with the commissioning of Bellari by-pass in March 2010. Among the Railway Electrification Projects, 43 km of the Nandallur-Cuddapah section of the Renigunta-Guntakal Project and 49 km of Tomka-Harichandpur section of Tomka-Banspani Project were also completed and energized in 2009-10.

RVNL has till now completed 422 kms of doubling, 1517 kms of gauge conversion, 185 kms of new line and 1152 kms of Railway Electrification. In all, 22 projects have been fully completed up till 31st March 2010. These achievements prove the capability of the company in executing difficult works and meeting the expectation of delivering high quality infrastructure.

In addition to funding of projects through the Budget of the Ministry of Railways, RVNL has been able to mobilize funds from other sources including borrowing and private participation for the execution of projects in SPV mode. RVNL has till now formed five Special Purpose Vehicle (SPVs). The total value of projects identified for implementation in SPV mode is Rs.3837 crore, out of which the total equity of RVNL will be Rs.528 crore, of private stakeholders Rs.722 crore and Rs.2059 crore will be raised through debt leveraged on the equity of the various companies.

The various SPV projects are at various stages of implementation. The first SPV of RVNL, Kutch Railway Company Limited, which constructed the Gandhidham-Palanpur line has seen a geometrical growth over the last three years and is expected to reach its saturation level in the next five years. A proposal for doubling of the line is already in process. Krishnapatnam Railway Company Limited has already commissioned the first portion of the Obularipalle-Krishnapatnam new line project between Venkatachalam to Krishnapatnam Port and rail traffic from the Port is now moving along the line to join the Indian Railway system. The project involves construction of two tunnels of a total length of 8.3 kms. with one tunnel being 7 kms long. The work for design consultancy for the tunnel has been awarded and it is planned to award the tender for construction of the tunnel by March 2011. The contract for execution of work for 2 block sections between Obularipalle-Nethivaripalli has also been awarded. The work of gauge conversion of the line between Bharuch and Dahej awarded in April, 2009 has picked up pace and is expected to be completed by March 2011. This is in spite of the fact that work on the project inside Baruch city was stopped for a considerable duration by the local population demanding a change of alignment. Angul-Sukinda Railway Limited, the SPV for execution of Angul-Sukinda new line project has become functional with the signing of Shareholders Agreement and Concession Agreement. The land acquisition is in process and the tender for construction of a major bridge on the river Brahmani has been floated. The Haridaspur-Paradeep project has unfortunately received a set back due to local unrest resulting in problems of land acquisition and action is being taken to resolve the issue.

In this context it would not be out of place to highlight that one of the main objectives for which RVNL was established was to raise non-budgetary resources for implementation of bankable railway projects. However, this mandated role of RVNL has been restricted to that of only implementation of projects. The Vision 2020 Document of the Indian Railways project that approximately Rs.14,00,000 crore will be needed for augmentation of capacity,

upgradation and modernization of Railways in the next 10 years. A major part of this amount will have to be raised through extra budgetary resources. Perhaps, with the constraint of availability of funds for project implementation being faced by the Railways, this may be the right time for Railway Board to review the role of RVNL so that it can play a role in raising funds from the market for execution of bankable projects. The large capital base of RVNL can be leveraged for fund raising as per the original scheme. RVNL will also need a sound revenue stream to have a healthy bottom line to increase the strength of its balance sheet for borrowing and debt servicing.

RVNL is doing its utmost to ensure completion of physical targets and is concentrating on projects which have been delayed for one reason or the other. This requires meticulous planning and close coordination with the Zonal Railways to ensure availability of blocks, manpower, movement of material to integrate the project railway with the existing running railway system. This is especially so for doubling and 3rd line projects. It is with the active cooperation of the Zonal Railways that a number of sections, as already detailed, were opened during the year. I am sure that the Zonal Railways will be giving their best to ensure full cooperation to RVNL in the current year and future to ensure successful implementation of projects.

I am happy to report that recognizing the good performance of the company, Railway Board has continued to repose faith in RVNL and transferred another seven projects during 2010-11 involving a capital expenditure of about Rs 9300 crore. These include construction of 66 kms of new Metro rail lines, implementation of New Line Projects and construction of a Diesel Loco Component factory which is an entirely new domain of project execution for RVNL. These projects involve either intensive supervision or a longer gestation period, for which a higher D&G level should be permitted by Railway Board. RVNL has already taken action for project preparedness of the five projects to be funded from the second ADB loan

so that tenders can be floated as soon as the "in principle" approval of ADB is received. However, due to delay in the sanction of the ADB loan, the execution of the five projects is held up which is affecting the performance of the Company.

As per Department of Public Enterprises (DPE) guidelines, RVNL like all other PSUs has to sign a Memorandum of Understanding (MOU) with Ministry of Railways every year, which contains specific financial and physical targets to be achieved during the year. I am happy to report that for the year 2009-10, RVNL, as per internal assessment, has evaluated its performance vis-à-vis MOU targets as Very Good. The Company has sent the rating to Department of Public Enterprises for approval. I am confident that RVNL will further improve its performance with respect to the targets set in the MOU for 2010-11 and achieve a rating of "Excellent". I am also happy to inform that as per the guidelines issued by Department of Public Enterprises on Corporate Governance for Central Public Sector Enterprises in June 2007, RVNL had incorporated the Report on Corporate Governance and Management Discussion & Analysis Report in the Annual Report for the financial year 2007-08 and is also a part of the Annual Report for 2009-10.

It is a matter of great satisfaction that RVNL within a short span of its existence and with a lean organizational structure has matured as a leading infrastructure provider in railway sector. I hope and sincerely wish that RVNL would further hone up managerial and technical skills and set up a new benchmark of efficiency, quality and timely delivery of projects. I am confident that RVNL will meet this challenge successfully and come out with flying colours.

Last but not the least, I must take this opportunity to express my sincere thanks and gratitude towards all my colleagues. I express my sincere thanks to our esteemed Shareholders, Ministry of Railways, Ministry of Finance, the State Governments, Zonal Railways, ADB, Financial Institutions, Banks,

Stakeholders in various railway projects and National and International contractors for their unstinted cooperation to RVNL. I would also like to place on record my deep appreciation for the devotion and dedication of all the RVNL employees who have been the pillars of strength for the company and delivered despite various difficulties and obstacles.

I am confident that the company will continue to get support and cooperation from all the stakeholders to set new landmarks in the history of railway project development and delivery.

Sd/-
Rakesh Chopra
(Chairman)

New Delhi

Dated: 14/09/2009

Note: This does not purport to form part of the proceedings of the Annual General Meeting.

Directors' Report

Distinguished Shareholders,

The Directors of your Company are privileged to present the Seventh Annual Report of the Company reflecting the performance of the Company in all spheres, along with Audited Annual accounts, Auditors' Report and review of the accounts by the Comptroller & Auditor General of India for the financial year 2009-10.

INTEGRAL REPORTS

In accordance with the guidelines on Corporate Governance laid down by Department of Public Enterprises, this report contains a "Report on Corporate Governance" (**Annexure-A**) and "Management Discussion and Analysis Report" (**Annexure-B**).

The Report on Corporate Governance underlines RVNL's philosophy on Corporate Governance, composition of the Board of Directors of RVNL, information related to Board meetings, Audit Committee, Remuneration Committee and disclosures as required to be made under the aforesaid DPE's guidelines. The Report also contains a Certificate signed by the Managing Director affirming receipt of compliance with the Code of Conduct from all Board members and Senior Management personnel during the year 2009-10 (placed at Annexure "A-1")

It is also supplemented by a Certificate of compliance on Corporate Governance by a Practicing Company Secretary at **Annexure C**.

The Management Discussion and Analysis Report provides an overview of the affairs of the Company, the industry scenario, Company's prospects, Company's SWOT analysis etc.

It has also an Addendum to the Directors' Report containing Management replies to the observations made by auditors' in their report.

The detailed Directors' Report is produced below:

1. FINANCIAL PERFORMANCE

At the outset, the Directors would like to express their appreciation to the Ministry of Railways' continued support in ensuring the sustainability of RVNL as a sound business entity. The decision of the Ministry to increase the management fee for RVNL

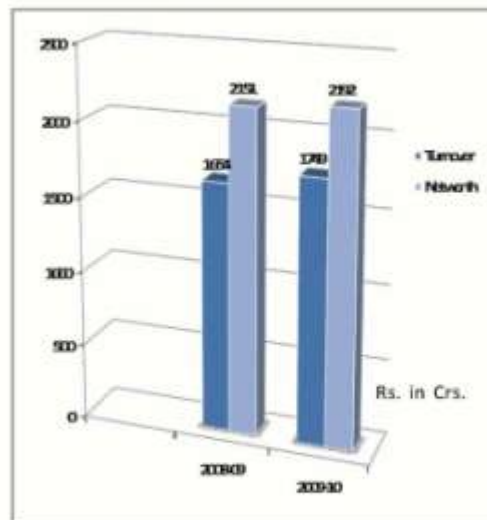
from 1% to 2% of project expenditure and the provision of an element of incentive will spur RVNL to continuous growth and improved performance.

During the year 2009-10, your Directors are happy to report that RVNL has been able to sustain and improve on the level of financial performance achieved during the previous year. This is despite the fact that the projected expenditure on ADB projects could not be incurred due to non finalization of the loan conditions.

A. Financial Highlights

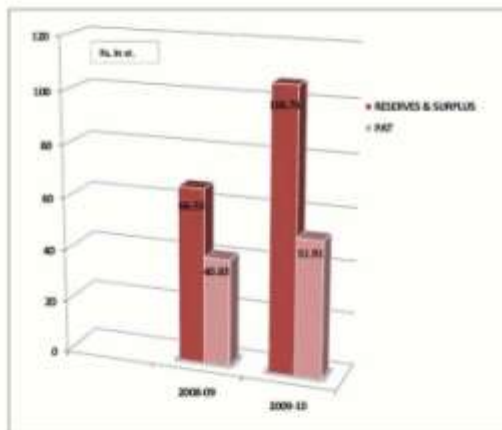
(i) **Project Expenditure** : The expenditure on projects increased from Rs.1654.16 crore in 2008-09 to Rs.1749.08 crore in 2009-10. During this period, there has been a substantial increase in the expenditure on projects executed for SPVs and deposit works (on behalf of Cochin Port Trust and SAIL) from Rs.257.02 crore to Rs. 399.90 crore which has also contributed to the income of the Company.

(ii) **Net worth** : The net worth of the Company has improved on account of transfer of profits to reserve and surplus. Accordingly, the Net Worth of the Company has increased from Rs.2151.07 crore to Rs.2191.78 crore.



(iii) **Profit** : The gross profit of the Company has improved from Rs.68.10 crore to Rs.80.83 crore. Out of this amount, Rs.25.74 crore comes from Management Fee for execution of Railway projects and Rs.32.96 crore comes from execution of projects for other agencies. The profit before tax has increased from Rs.57.28 crore in 2008-09 to Rs.67.49 crore in 2009-10.

(iv) **Reserves and Surplus** : At the end of 2008-09, the reserves and surplus of the Company stood at Rs.66.56 crore. After taking into account the proposed dividend and an equivalent amount to be transferred to general reserves and provision for Dividend Distribution Tax, the balance stands at Rs 106.76 crore under Reserves and Surplus at the end of 2009-10.



(v) **Dividend** : With the increase in the profitability of the Company, the Directors recommend an increase in payment of dividend from Rs.8 crore in 2008-09 to Rs.10 crore in 2009-10 for consideration by the shareholders.

(vi) **D&G Charges** : The requirement of additional manpower for execution of projects, increased liability on account of revision of pay of both CDA and IDA employees and general cost increase have been a major challenge in restricting the D&G charges incurred on project execution. This is especially so in RVNL, where expenditure is incurred on items such as rent, medical facilities, travel etc. which do not form a part of the D&G charges booked by Railways.

However, the Directors are happy to inform shareholders that the overall extent of D&G charge has been limited to 4.58% in 2009-10 compared to 4.38% in the previous year. This is still significantly lower as compared to industry levels.

B. Sources of funds

The total funds received from Ministry of Railways and other sources increased from Rs.6596 crore in the previous year to Rs. 8362.26 crore. The details are as under:

(i) **Equity** : Against an authorized share capital of the Company of Rs.3000 crore, the paid up share capital of the Company remained at the level of Rs.2085.02 crore as in the previous year. Ministry of Railways, Government of India holds the entire share capital of the Company.

(ii) **Project Advance from Ministry of Railways (MoR)** : During the year, MoR released Rs. 946 crore to RVNL as project advance for execution of projects. The cumulative amount received as advance stands at Rs.3355 crore at the end of the year.

(iii) **Loans from IRFC** : An additional amount of Rs.370 crore was received as borrowings from IRFC during the year. The cumulative amount, thus, received from IRFC amounts to Rs.1871 crore. The principal and cost of borrowings, on the borrowings from IRFC are repaid by MoR through RVNL. The rate of interest on the funds borrowed from IRFC during 2009-10 has been 8.73%. During the year, an amount of Rs.43.17 crore and Rs.60.77 crore were paid to IRFC on account of the repayment of principal and interest amount respectively.

(iv) **Other sources of funds** : The total equity raised by the Joint Venture SPVs of RVNL namely Kutch Railway Company Ltd., Haridaspur Paradip Railway Company Ltd., Krishnapatnam Railway Company Ltd., Angul Sukinda Railway Ltd. and Bharuch Dahej Railway Company Ltd. stood at Rs. 740 crore till the end of March, 2010. The increase during the year amounted to Rs.83.49 crore. This includes Rs. 420.30 crore as equity contribution by partners other than RVNL.

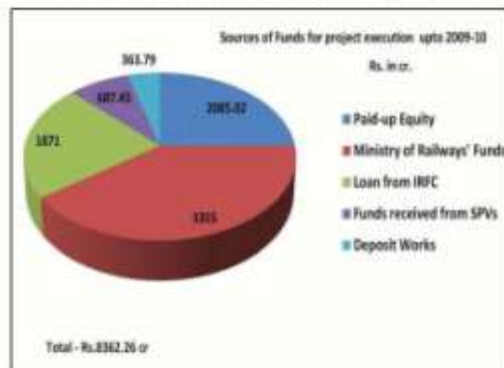
While Kutch Railway Company Ltd. has raised a debt of Rs.300 crore, Bharuch Dahej Railway Company Ltd. has also achieved financial closure for raising debt of Rs. 200 crore in the current year against which Rs. 60 crore has been released by the Financial Institutions. The other SPVs are also in the process of financial closure. Project Advance of Rs.57 crore has also been

received from Cochin Port Trust and Rs.73 crore from SAIL (through SECR) for execution of projects, during the year.

C. ADB Loan

The cumulative disbursement under ADB Loan has increased to US \$ 149.68 million upto 2009-10 against the sanctioned loan amount of US \$ 206.19 million. The loan period has been extended upto December, 2010.

RVNL has been carrying out the activities related to project preparedness for execution of projects under the proposed Second Loan under consideration of sanction by ADB. Upon sanction, RVNL will take up execution of the concerned projects in right earnest.



2. PROJECT DEVELOPMENT & PUBLIC PRIVATE PARTNERSHIP (PPP)

a. Projects transferred

RVNL has been successful in establishing confidence among various stakeholders of the leading role being played by the Company in creation of rail capacity and removal of capacity bottle necks in the country. In recognition of the same, in addition to already sanctioned projects, Ministry of Railways has transferred projects as per details given below, involving a total capital expenditure of Rs.9307.33 Cr. involving new line projects and electrification of 340.82 Kms length. In addition to new line & electrification projects Railway Board has also transferred the civil engineering work of Diesel Loco component factory at Dankuni for execution.

S.No	Name of the Project	Type of Project	Length (Km)	Project Cost (Cr.)
1.	Civil Engineering works in Connection with Diesel Loco Component Factory, Dankuni	Material Modification	0	112.32
2.	Daund-Manmad including Puntamba-Shirdi	RE	255	179.41
3.	Navara (Exd)-Baranagar Extension of Dumdum-Baranagar Metro Rail Link	NL	2.6	227.53
4.	Joka Binoy Badal Dinsh Bahj Via Majerhat - construction of Metro Railway	NL	16.72	2619.00
5.	Dumdum Airport-New Garia Via Raerhat Construction of Metro Railway	NL	32	3951.98
6.	Baranagar-Barrackpore & Dakshineswar - Construction of Metro Railway Line	NL	14.5	2069.60
7.	Dankuni - Furlura New Line	NL	20	147.69

After the closure of financial year 2009-10, Ministry of Railways has assigned 10 new projects to RVNL for execution and taking up bankability studies:

- i. Cuddapah - Bangalore New Line in Andhra Pradesh/Karnataka;*
- ii. Macherla - Nalgonda New Line in Andhra Pradesh/ Karnataka;
- iii. Talgoppa - Honnavar New Line in Karnataka;*
- iv. Bijapur - Shahabad New Line in Karnataka;*
- v. Dharwad - Belgaun New Line in Karnataka;*
- vi. Dahod - Indore New Line in Western Rly;
- vii. Ahmedabad - Udaipur Gauge Conversion (Western Rly.) in Gujarat/Rajasthan;
- viii. Khurda Road - Bolangir New Line (East Coast Rly.) in Orissa;
- ix. Rayadurg - Tumkur New Line (S W Rly.) and;
- x. Dimapur - Kohima New Line (N F Rly.).

* RVNL has been advised to take up this project through SPV/BOT as Govt. of Andhra Pradesh has agreed to share 50% cost of the project.

* These projects are yet to be sanctioned and are being examined for implementation through PPP as proposed by Govt. of Karnataka.

b. Bankability Status of the Projects:

RVNL has successfully completed the process of project development in a timely manner of all the projects in hand. A consultant has also been appointed for development of PPP model for execution of railway projects. An important project entrusted to RVNL is for appointment of consultants to undertake Market & Sectoral Studies, with a view to understand developments and potential for future traffic to be moved by Railways and to devise appropriate strategy for the same. RVNL is in the process for appointment of the consultant. RVNL is also in process for development of logistics parks and mechanized terminal involving multimodal transfer between rail and barge.

In addition to above, the process for appointing the consultants for under mentioned bankability studies has been initiated as per directions of Railway Board:

1. Buramara-Chakulia New Line with upgradation of Rupsa-Buramara BG line on South Eastern Railway.
2. Electrification of Nallapadu-Guntakal Section including Gooty-Pendakallu section on South Central Railway.

c. ADB Projects

The projects under ADB (Phase-I) funding are in the stage of completion and commissioning. Out of seven projects, two projects have been commissioned. Rehabilitation and resettlement of project affected persons has been successfully carried out in all the projects following ADB's policy of Involuntary Resettlement by appointing NGOs. RVNL is in the process of appointing NGOs for 5 projects, which are to be funded by ADB under the Phase-II loan.

d. Joint Venture Special Purpose Vehicles

As on date of report, the Company has five Joint Venture SPVs. The detailed performance of each SPV is produced below:

i. Kutch Railway Company Limited

The first SPV of RVNL commenced operation in the year 2007. The Company continued to outperform against the projections in the year 2008-09, with the substantial growth in the traffic on line, KRC declared a 3% dividend to its equity shareholders for the year 2008-09. During the current year 2009-10, the SPV envisages good results. The SPV had already cleared in advance, part of the term loan taken from the banks for the implementation of its project. The details of term loans taken by the company & its repayment position as on March 2010 are as follows:

Bank	Loan Amount (Rs. in Cr)	Outstanding Amount (Rs. in Cr)	Amount repaid (Rs. in cr)		
			Scheduled	Advance	Total
Oriental Bank of Commerce (OBC)	300	77.70	38.50	43.80	122.30
United Bank of India (UBI)	300	58.50	21.80	22.50	43.50
Total	300	134.20	59.50	106.3	165.80

With the implementation of Bhildi- Samdari GC & other projects on NWR, the capacity of the section to carry traffic had substantially increased. Keeping in line the development of the Rail Infrastructure and the incremental traffic, Company further foresees substantial growth of traffic on the section as Kandla & Mundra Ports; the major ports on the section have very ambitious development plans, some of which are already being implemented.

Kutch Railway Company Limited's Board has approved survey for doubling of Palanpur - Gandhidham line and the necessary funds for the purpose have been deposited with Western Railway for carrying out the Survey.

ii. Haridaspur Paradip Railway Company Limited

Land has been acquired for 68 Km out of the total project length of 82 Km. However, it suffered a setback due to law and order problem in the project area. Villagers are obstructing execution of work and are demanding higher compensation. Physical possession of 213 acres is held up because of demand for higher compensation. The project is getting delayed which may further escalate the project cost. To resolve the demand for higher compensation by land losers, State Govt. has proposed for payment of additional compensation and the matter is under deliberation between Zonal Railways and Railway Board for payment of additional amount. As a result, there will be an additional cost of Rs. 60 crore over the sanctioned cost of Rs. 55 crore towards land acquisition. The Board of HPRCL has agreed to pay the additional compensation for land.

iii. Krishnapatnam Railway Company Limited

The SPV has commissioned the first phase of part line of 23 kms of the project comprising track and OHE connecting Venkatachalam Railway Station to Krishnapatnam Port. This has facilitated evacuation of traffic from/to the Krishnapatnam Port through railways. The port holds huge traffic potential. Loading activities are in progress at both Nidiguntapalem station and Krishnapatnam station.

For the second phase of the project, i.e., Venkatachalam - Obulavaripalle, tunneling consultancy contract has been awarded on 31.05.2010 and tender for Obulavaripalle-Nethrivaripalli section is also under finalization. The work for remaining part of the project is in progress as per target. The doubling of the portion between Venkatachalam to Krishnapatnam is being planned.

iv. Bharuch Dahej Railway Company Limited

The SPV has finalized a loan of Rs. 200 crore with Canara Bank and thereby has achieved financial closure. Project was progressing satisfactorily; though sometime ago, work was interrupted in a stretch of 5 Km in and near Bharuch due to public agitation demanding diversion of the railway alignment to outside the city. Meetings had been held at various levels including Chief Secretary, Govt. of Gujarat, Minister of Industries, Gujarat, Principal Secretary, Industries & Mines, Gujarat and Collector, Bharuch in this connection. After several deliberations, the work has resumed in June, 2010.

v. Angul Sukinda Railway Limited

The SPV was formed on 20/02/2009 to execute Angul-Sukinda new line project. The SPV has got 10% equity gap to be filled up. Land Acquisition is in process at appropriate level and award of contract for construction of an important bridge is also in process. Appointment of MD of the SPV is also in process.

RVNL completed the project development of rail connectivity to Rewas & Dighi Ports. Execution of these projects is being envisaged by creation of project specific SPVs. The proposals are currently under consideration with Railway Board.

3. PROJECT EXECUTION:

3.1 The performance of RVNL has been improving consistently since its inception. In the beginning, some of the projects transferred to RVNL were being executed by the Zonal Railways, however, over the years, the scenario has changed and presently almost all the works assigned to RVNL are being developed, designed, tendered, contracts finalized and works executed by the Company itself. Your Directors are happy to inform that 2009-10 has been an eventful year in terms of project execution and implementation. In all, during the year, 391 kms of project length has been completed and 576 kms of BG line have been successfully

commissioned including important projects such as Bhildi-Samdari GC, Mayiladuturai-Villupuram GC, Phulera-Ajmer section of Ajmer-Rewari GC, Tiruvallur-Arakkonam 3rd line. Our efforts towards capacity building in execution of signaling and telecommunication works have paid dividends and during the year important doubling, 3rd line projects have been commissioned involving large scale Solid State interlocking and Nis of major yards on busy routes.

3.2 As part of the Vallarpadam-Idapally new line project, RVNL constructed a 4.6 kms long bridge over the back waters in the state of Kerala for providing rail connectivity to the upcoming international transhipment terminal at Vallarpadam. This is the longest rail bridge in India and was completed in a record time of only 27 months. The bridge involved launching of 20 pre-cast 'U' girders of 20 mtrs span and 200 pre-cast-I girders of 40 mtrs span in the backwaters and alignment having curvatures up to 4 degrees. This was a unique achievement as generally launching of PSC girders has not been done on curves in railway bridges. Launching girders specially designed for this purpose, were imported from China and progress of launching of one girder per day was achieved. This project is a testimony of RVNL's endeavor to implement complex projects on fast track using state-of-the-art technology.

3.3 Mayiladuturai-Villupuram GC project has been implemented in the delta region of the river Cauvery and has a number of long span bridges. The launching of 30.4 meter girders over rivers Kollidam, Gadilam and Pennar were carried out with specially designed launching girder having under slung girders and portable cranes. The entire operation so was well planned that not even a single disruption or mishap occurred during the construction of these bridges. The casting of these 30.4 m girders was done using innovating shuttering arrangements in a single cast consisting of bottom slabs, side walls and deck slabs. This improved the quality of concreting due to reduction in joints and avoiding cold construction joints, thereby providing better durability to increase the longevity of the structure. RVNL achieved the rare feat of launching 21 such

- girders within in period of only 5 months.
- 3.4 Tiruvallur-Arakkonam 3rd line project involved the construction of the longest sub-way under running railway tracks in India. The 87 m long sub-way passing under 12 running tracks was constructed by using box pushing technology without any disruption to running traffic and untoward incident. This is yet another example of RVNL's capability of meticulous planning and implementation of projects.
- 3.5 The Phulera-Ajmer section of the Ajmer-Rewari GC project was more in the nature of a doubling project involving 11 block sections and 10 stations. The project involved working close to the existing running line. Meticulous planning and attention to details resulted in the completion of this 80 kms long section without any problem. Signaling works have been carried out without any disruption to traffic.
- 3.6 During the year, RVNL also had the unique distinction of successfully launching pre-cast PSC girders of 43.84 m length each weighing 580 MT for the first time on Indian Railways for the bridge across the river Luna in Haridaspur-Paradip new line project using a specially designed trolley, launching girders and portal frames.
- 3.7 The Company has achieved great success in commissioning signaling works associated with doubling, third line, auto signaling, yard remodeling and gauge conversion. Station commissioning have increased from 24 in 2007-08 to 33 in 2008-09 and in the year 2009-10, 38 stations have been commissioned. RVNL has been able to commission telecom works of optic fibre communication and 6 Quad cables at a rate of 270 kms per year. RVNL has also successfully commissioned yard remodeling of Phulera, Bhatapura, Urkura connection with doubling and third line works.
- 3.8 RVNL has executed Railway Electrification of 92 RKM (43 RKM in SCR & 49 RKM in ECoR) during 2009-10. Further, 200 RKM of RE has been planned during 2010-11. In 2009-10, a revised BOQ was prepared for expeditious execution of railway electrification projects wherein Over Head Equipment items have been reduced from 187 to 43 and Traction Sub Station items from 148 to 34. This inter-alia will give tangible benefits in terms of

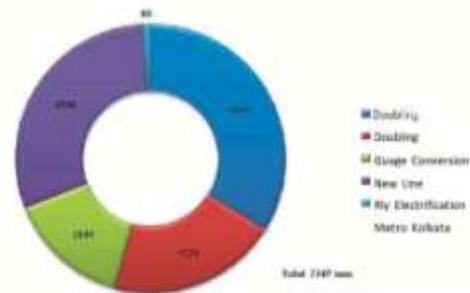
reduction in supervision and account of material as well as supervision of billings and verification of prompt payments. Similarly, a revised BOQ was prepared for General Electrical Works.

a) Physical size of Projects

RVNL presently has 69 projects, broadly classified under the following heads:

Strengthening of Golden Quadrilateral and Diagonals	- 28 projects
Provision of Port connectivity and corridors to hinterland	- 32 projects
Kolkata Metro Rail Links	- 4 projects
Other New Line Projects	- 3 projects
Construction of Workshop & Multi Functional Complexes	- 2 projects

Of the 69 projects, 67 pertain to construction of railway lines which are grouped under five categories.



These projects are spread all over the country and for efficient implementation of projects, Project Implementation Units (PIUs) have been established at 12 locations i.e. New Delhi, Mumbai, Kolkata, Chennai, Secunderabad, Bhubaneswar, Bilaspur, Bhopal, Jaipur, Bangalore, Pune & Raipur.

b) Status of physical progress of projects

The status of the 69 projects is as under:-

1. Projects completed upto March-10:	22
2. Projects under implementation :	44
3. Projects under sanction and development stage :	3

During the year, RVNL physically completed 3 kms of

doubling, 287 kms of gauge conversion, 9 kms of new line and 92 kms of railway electrification works, i.e. a total of 391 kms. RVNL has till now completed a total of 422 Kms of doubling, 1517 Kms of gauge conversion, 185 Kms of new lines and and 1152 Kms. of Railway Electrification. Thus as on 31.03.10, 3276 km out of a total length 7747 km of 69 projects assigned to RVNL, have been completed.

c) Projects commissioned during 2009-10

RVNL commissioned and opened for traffic, 72 kms of doubling, 404 kms of gauge conversion, 9 kms of new line and 92 kms of railway electrification. This includes projects opened for traffic operations during the year even if part of the line may have been physically completed in previous years. Details of the works commissioned during 2009-10 are as under:-

S.No.	Name of Project	Length (Km)
1.	Balance Section of Hospet Guntakal Doubling	3
2.	Pullampet - Bhakarapet Section of Gooty-Renigunta - Patch Doubling	43
3.	Bhildi-Samdari Gauge Conversion	223
4.	Phulera - Ajmer Section of Ajmer-Phulera-Ringus-Rewari Gauge Conversion	80
5.	Villupuram - Cuddalore - Sirkazhi Section of Thanjavur-Villupuram Gauge Conversion	101
6.	Idapalli-Vallarpadam New Line	8.86
7.	Tiruvallur - Arakkonam 3rd Line	26
8.	Nandlur - Bhakrapet & Bhakrapet - Kadapa Section of Renigunta-Guntakal Railway Electrification	43
9.	Tomka - Harichanandpur Section of Tomka Banspani Railway Electrification	49

d) Projects under implementation

S.No. Name of Project

Doubling

1. Khurda Road - Barang 3rd Line

2. Cuttack - Barang
 3. Rajatgarh - Barang
 4. New Delhi - Tilak Bridge 5th & 6th Line
 5. Palwal - Bhuteswar 3rd Line
 6. Aligarh - Ghaziabad 3rd Line
 7. Balance Section of Attipattu - Korukkupet 3rd Line
 8. Balance Section of Gooty - Renigunta Patch
 9. Raichur - Guntakal
 10. Panskura - Kharagpur 3rd Line
 11. Tikiapara - Santragachi
 12. Balance Section of Bilaspur - Urkura 3rd Line
 13. Bhopal - Bina 3rd Line
 14. * Jakhpura- Haridaspur 3rd Line
 15. Salka Road - Annuppur (With Flyover)
 16. Daund - Gulbarga
 17. Rajgoda - Tamluk (Jn. Cabin)
 18. Sambalpur - Titlagarh
 19. Raipur - Titlagarh
 20. Hospet - Tinaighat
 21. Goelkera - Manoharpur 3rd Line
 22. Banaspani - Jakhpura
 23. Tiruvallur - Arakkonam 4th Line
 24. Villupuram - Dindigul
 25. Tamluk Jn. Cabin - Basulya Sutahata
- Gauge Conversion**
26. Bharuch - Samni - Dahej
- New Line**
27. Haridaspur - Paradeep
 28. Balance Section of Obulavaripalle - Krishnapatnam
 29. Dalli - Rajhara - Raoghat

30. Angul - Sukinda
31. Buramara - Chakulia - New Line With Upgrading of Rupsa - Buramara
32. Dankuni - Furfura
33. Cuddapah - Bangalore
34. Dimapur - Kohima

Railway Electrification

35. Balance Section of Renigunta - Guntakal Electrification
36. *Balance Section of Tomka -Banaspani
37. Pune - Guntakal
38. Daund-Manmad Incl. Puntamba- Shirdi

Kolkata Metro Rail Line Projects :

39. Baranagar - Barrackpore & Dakshineswar
40. Dum Dum Airport - New Garia via Raerhat
41. Joka - Binoy Badal Dinesh Bagh via Majerhat
42. Naupara(Ex.) - Baranagar Extension of Dumdum - Baranagar

Other than Track Construction Works :

43. Construction of Multi-Functional Complex (MFCs)
44. Civil Engineering Works in connection with Diesel Loco Component Factory, Dankuni

Note:- S.No. 14 & 36 are material modification of Daitari - Banspani New Line Project.

e) Projects under Sanction and Development

1. Surat - Hajira New Line
2. Rewas Port New Line
3. Dighi Port New Line

f) Projects Handed Over to Railways

The following projects have been handed over to Zonal Railways during 2009-10:

1. Thanjavur-Villupuram Gauge Conversion
2. Hospet Guntakal Doubling

3. Phulera - Gahlota Section of Ajmer-Phulera-Ringus-Rewari Gauge Conversion
4. Bhildi-Samdari Gauge Conversion
5. Section of Gooty-Renugunta patch doubling

g) ADB funded projects

RVNL is implementing seven ADB funded projects for the first time in Indian Railways. In addition to these projects, it has been decided to fund another five projects namely Raipur-Titlagarh doubling, Sambhalpur-Titlagarh doubling, Hospet-Tinaighat doubling, Daund-Gulbarga doubling and Pune-Guntakal RE through a second ADB loan. The funding by ADB requires compliance of various loan covenants on resettlement and rehabilitation of project affected persons, procurement of works and stores following international competitive bidding and implementation of plans for mitigation of social and environmental impact norms and RVNL has taken action for project preparedness so that tenders can be floated on receipt of "in principle" approval of ADB. During the calendar year 2009, RVNL has claimed reimbursement of expenditure of Rs. 119.79 Cr. and the target for 2010 is Rs. 178.56 Cr.

h) Contracts awarded during 2009-10

The following contracts were awarded by the Company during the year under review:

- Construction of Roadbed, major and minor bridges, track linking (excluding supply of rails, thick web switches & sleepers) S&T and OHE & General Electrical work in connection with 3rd line between Habibganj & Bina (144.76) km on Bhopal Division of West Central Railway Package No.2 between GanjBasoda (Excl) to Sanchi (Incl) chainage 928.500 to 879.750 (Km48.756)(IFB No.2008/RVNL/Mumbai/Bina-Ganj Basoda-Sanchi-Habibganj (150 cr.).
- Construction of Roadbed, major and minor bridges, track linking (excluding supply of rails, thick web switches & sleepers) S&T and OHE & General Electrical work in connection with 3rd line between Habibganj & Bina (144.76) km on Bhopal Division of West Central Railway Package No.1 between Bina(Incl) to Ganj Basoda (Incl) chainage 975.16 to 928.500 (Km46.66)(IFB No.2008/RVNL/Mumbai/Bina-Ganj Basoda-Sanchi-Habibganj (141.87 Cr.).
- Construction of Roadbed, major and minor

bridges, track linking (excluding supply of rails, thick web switches & sleepers) S&T and OHE & General Electrical work in connection with 3rd line between Habibganj & Bina (144.76) km on Bhopal Division of West Central Railway Package No.3 between Sanchi(Excl) to Habibganj(Incl) chainage 879.750 to 830.850 (Km 48.9) IFB No.2008/RVNL/Mumbai/Bina-Ganj Basoda-Sanchi-Habibganj (135.65 Cr.).

- Construction of roadbed, supply of ballast, major and minor bridges, residential and service buildings and general electrical work etc for Dallirajhara and Keoti section (42 Km) in connection with a new rail link between Dallirajhara and Rowghat in Raipur Division of South East central railway in the state of Chatisgarh, India. (97.81Cr.).
- Design, supply, erection, testing and commissioning of 132 KV single circuit two phase line on DC tower from Keonjhar-TSS to Harichandanpur-TSS to Harichandanpur-TSS including 132/25 KV, 2x21.6 MVA traction sub station at Harichandanpur and their associate equipments in Tomka-Jaroli section under Khurda road division of East Coast Railway in the state of Orissa. (18.44 Cr.)
- Construction of quarters and service buildings including approach road in connection with Civil and electrical works of railway electrification of Nandalur - Guntakal section between Kondpuram(Excl) - Guntakal (Incl) stations on Guntakal Division of South Central Railway (12.74 Cr.).
- Earthwork, bridges and site facilities between new Manubolu station and Venkatachalam Road Junction in SC Railway (12.95 Cr.).
- Construction of bridge No.601 at Ch 289/600 between Kamalapuram - Yerragudipadu , Br No.743 at Ch 373/900) between Kimali - Juturu and Br No.744 PSC slab) at CH: 374/500 between Kimali - Juturu stations in connection with patch doubling work of Gooty - Pullampet project on Guntakal division of South Central Railway.(11.45 Cr.).
- Construction of quarters and service buildings including approach road in connection with Civil and electrical works of railway electrification of Nandalur - Guntakal section between Kondpuram(Incl) stations on Guntakal Division of South Central Railway (9.71 Cr.).

i) Important contracts awarded after the closure of Financial year

After the closure of the financial year and as on date of report, following contracts have been awarded:-

- Construction of roadbed, major and minor bridges and track linking (excluding supply of rails, thick web switches and line PSC sleeper),S&T and OHE and General electrical work in connection with 3rd line between Posita - Manoharpur (11.6 Km) on Chakradharpur Division of South Eastern Railway in Jharkhand state, India.(65.47 cr.)

4. PERSONNEL DEVELOPMENT:

The HR policies of RVNL seek to align the capabilities of skilled and qualified manpower with the organization's ongoing business plan and requirements. The manpower requirement of RVNL , at present, is met mainly through deputation from Indian Railways. As on 31st March 2010, there were 245 employees on its roll including regular employees and deputationists. The total number of female employees is 11.

However, as a part of long-term manpower strategy, the company has introduced an attractive induction policy through permanent absorption of deputationists in the regular cadre. As on 31st March 2010,12 deputationists have been absorbed on permanent basis in the Company. The Company has also framed a clear and concise Recruitment and Promotion Policy to effectively identify, attract and retain capable employees. As part of the policy, the Company is recruiting technical and experienced persons from the Railways & PSUs and fresh and young hand from the open market.

The Company has implemented the 2nd Pay Revision Committee's recommendations for CPSEs. As part of the recommendations, the Company has also constituted a Remuneration Committee to decide payment of Performance Related Pay (PRP) / PLI to the employees. Accordingly, part PRP @ 12.5% has been disbursed to the employees as an interim measure during the year.

Employees are viewed as an asset to the enterprise whose value is enhanced by developing individual potential and skill. As a part of this philosophy, the employees have been nominated to various training programmes and seminars relevant to their job requirements.

As a welfare measure, the company maintains spacious and aesthetically designed well-equipped offices not only at the corporate level but also in the fields. In addition to a liberal medical facility, the Company also has in-house consultation facility of Allopathic, Homoeopathic and Ayurvedic doctors in the office premises. The Company has also periodically been organizing social functions for the employees and their wards. As a result of all these efforts, the Company has maintained cordial relations with its employees during the year.

Particulars of Employees under Section 217 (2A) of Companies Act, 1956

Employees of the Company who have drawn remuneration exceeding the limits laid down under the provisions of section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time is placed as [Annexure-A2](#).

5. COMPLIANCES

a. Vigilance

The Vigilance department in RVNL consists of a Part time CVO, one Manager and one Assistant Manager reporting to CVO. The major thrust of the Vigilance Department in RVNL is preventive intervention through educating the officers and employees about procedures and guidelines.

The Vigilance Awareness Week was celebrated in RVNL from 3rd November, 2009 to 7th November, 2009. A pledge taking ceremony chaired by Managing Director/RVNL was held on 03/11/2009, during which the pledge was administered to all the officers and staff of Rail Vikas Nigam Limited. Banners/posters relating to vigilance awareness were displayed in the RVNL's office.

A seminar cum interactive session was held on 06.11.2009 in the Corporate office of RVNL, wherein Shri A.P. Mishra, Adviser/(Vig)/Railway Board delivered a lecture on various issues relating to vigilance. The same was attended by Shri S.S. Gupta, ED/Vig(E)/Railway Board, Shri A.K. Dutta, ED/Vig (elect), Managing Director, Directors and all officers of RVNL. The session was highly inter-active and informative and was appreciated by all. The Fourth Vigilance Bulletin was released by Shri A.P. Mishra, Adviser/Vigilance/Railway Board during the Vigilance awareness week.

b. Memorandum of Understanding

The Company secured a rating of "Very Good" by Department of Public Enterprises for the performance of the Company for the year 2008-09 on the basis of the Memorandum of Understanding between RVNL and Ministry of Railways and the achievement of the committed targets.

During the year, the Company signed a Memorandum of Understanding (MoU) with Ministry of Railways fixing its physical and financial targets for the year 2010-11. RVNL has committed to achieve 44 kms of Gauge Conversion, 233 kms of Doubling and 142 kms of Railway Electrification.

c. Right to Information Act, 2005

Rail Vikas Nigam Limited as a wholly owned Government company under Ministry of Railways has put necessary systems in place so that directives issued under the Act are complied with suitably. RVNL has nominated an Appellate Authority/Officer, Central Public Information Officer and one Project level Assistant Public Information Officer for each of the Project Implementing Unit of the Company. The details of the officers nominated under the Act have been uploaded on the website of RVNL to facilitate availability of information about the affairs of the Company.

d. MCA 21

Under the flagship of MCA 21 launched by Ministry of Corporate Affairs, RVNL has been duly filing all its forms and returns online. Director Identification Number (DIN) of all the Directors are in place and Digital Signatures of Managing Director, Director/Finance and Company Secretary have been obtained.

e. Rajbhasha (Official Language)

RVNL has been making concerted efforts to implement the directives of the Government of India on use of Rajbhasha (Official Language) in RVNL. The Rajbhasha department Wing in RVNL is under HR department with a part time Mukhya Rajbhasha Adhikari and Upmukhhya Rajbhasha Adhikari and a regular Sr Executive. The Mukhya Rajbhasha Adhikari and Upmukhhya Rajbhasha Adhikari maintain constant coordination with Rajbhasha Directorate of the Railway Board.

During the year 2009-10, one Workshop and three meetings of Rajbhasha Implementation Committee of RVNL with the representatives of Railway Board's Directorate have been held. Besides this, Hindi Essay competition, Noting/Drafting competition and Quiz

competition were held on the occasion of Hindi Divas on 14th September 2009 and Rs. 17,250/- was awarded amongst successful participants in form of cash prizes. Fourteen officers/Staff in the Corporate Office who are using Rajbhasha in drafting notes and letters were selected and given cash awards. Apart from this, Secretarial staffs of RVNL are being regularly deputed to Hindi Computer application training programme organized by C-Dac, Noida as a continuous effort.

The Company has set up a reading room cum library in the corporate office having a good collection of Hindi books, newspapers and periodicals. The RVNL Website has a Hindi version pages also and is quite popular among the users.

In the year, Deputy Director, Rajbhasha Vibhag, Home Ministry has inspected Corporate Office and Bhopal Unit to assess progress of use of Rajbhasha and has expressed satisfaction on progressive use of Hindi in official works in RVNL.

f. Industrial Relations

During the year, Industrial relations remained cordial.

g. Presidential Directive

During 2009-10, the Company received Presidential Directive from Ministry of Railways on 17th July, 2009 for implementation of recommendations of 2nd IDA Pay Revision Committee for CPSEs. The recommendations have been duly complied with.

h. Particulars Relating To Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc.

(i) Conservation of Energy and Technology Absorption

The Company is aware of the responsibility to conserve energy and to keep the energy cost at the barest minimum level. At present, within the scope available, systems have been put in place for energy conservation. It has been achieved by designing the office lay out in the most energy-friendly manner. Appropriate systems are in place to conserve energy by using it only when work so demands.

(ii) Foreign Exchange Earnings and Outgo

During the financial year 2009-10, the Company spent Rs. 5.24 lakhs in foreign currency towards foreign travel of RVNL officials for study visits etc. The Company also spent Rs. 34.47 lakhs in foreign currency (fee paid to Padeco, Japan) towards

consultancy services for monitoring of implementation of ADB funded, Phase-I projects. The Company did not earn any foreign exchange.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company in pursuance of section 217 (2AA) of the Companies Act, 1956 as amended hereby confirms:

- i. That in the preparation of the annual accounts, all the applicable accounting standards alongwith proper explanation have been followed and there has been no material departure.
- ii. That such accounting policies were selected and applied consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and Profit & Loss of the Company for the year ended on 31st March 2010.
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Annual Accounts have been prepared on a going concern basis.

7. BOARD OF DIRECTORS

During April 2009 to March 2010, five meetings of the Board of Directors were held with one meeting in quarter ending June 2009, two meetings in quarter ending September 2009, one meeting in quarter ending December 2009 and one in quarter ending March 2010.

Mr. S.C. Agnihotri, took over as Managing Director of the Company w.e.f. 27.01.2010. Mr. Mukul Jain assumed the charge of Director (Operations) of RVNL on 16.06.2010. Mr. Samar Jha, Additional Member (Budget)/ Railway Board was nominated as Part-time official Director as a special case on the Board of the Company w.e.f 05.01.2010. His nomination as Director on the Board of RVNL was withdrawn by Ministry of Railways vide its Order No. 2003/PL/92/7 dated 14.07.2010. Mr. S.K.Malik, Additional Member(CE), Railway Board was nominated as part-time (official) Director on the Board of RVNL w.e.f 14.01.2010.

Mr.R.N.Aga was appointed as part-time (non-official)

(Independent) Director on the Board of the Company w.e.f. 17.02.2010.

Mr. D.C. Mitra ceased to be Managing Director on the Board of RVNL w.e.f. 30.09.2009 due to his superannuation. Mr. Ranjan K. Jain ceased to be Director (Operations) of RVNL w.e.f. 31.08.2009 on completion of his tenure. Mr. M.S.Khan, Additional Member(Budget), Railway Board and Mr. R. P. Gupta, Adviser(Works) ceased to become part-time official Directors on the Board of Company w.e.f. 31.10.2009 and 30.09.2009 respectively due to their superannuation from Ministry of Railways.

The Company would like to place on record its deep appreciation and gratitude to all the Directors who ceased to hold office during the year for their valuable contribution in the growth of the Company. The Company compliments them for their support, knowledge and input provided during their tenure of directorship in RVNL.

On the date of report, the strength of the Company is seven Directors comprising of four functional directors including Managing Director, two part-time official directors including part-time (official) Chairman and one (part-time) (non-official) (Independent) Director.

The following Directors are holding office as on the date of the report:-

1. Mr. Rakesh Chopra Member Engineering/Railway Board & Chairman/RVNL (Part-time official)	-- From 05.06.2009 onwards
2. Mr. S.C. Agnihotri Managing Director/RVNL	-- From 27.01.2010 (AN) onwards
3. Mr. Harish Chandra, Director (Finance)/RVNL	-- From 11.03.2005 (AN) onwards
4. Ms. Gita Mishra Director (Personnel)	-- From 13.10.2008 (FN) onwards
5. Mr. Mukul Jain Director (Operations)/RVNL	-- From 16.06.2010 (AN) onwards
6. Mr. S.K. Malik AM(CE)/Railway Board & Director/RVNL	-- From 14.01.2010 onwards
7. Mr. R.N. Aga Part-time (non-official) Director	-- From 17.02.2010 onwards

8. AUDITORS

The Comptroller & Auditor General of India has appointed M/s Bhushan Bensal Jain Associates, Chartered Accountants as Statutory Auditors of the Company for the year ended 31st March, 2010. The Board would like to thank them for the valuable support and guidance during the audit of accounts under review.

9. COMMENTS OF COMPTROLLER & GENERAL (C&AG) OF INDIA

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2010 under Section 619(4) of the Companies Act, 1956. The comments of the C&AG on the Annual Accounts of the Company for the year ended 31st March, 2010 shall also form part of this report.

10. ACKNOWLEDGEMENTS

We record our appreciation and thanks to Ministry of Railways (MoR), Ministry of Finance, various banks, the Zonal Railways, RITES, IRCON, RLDA for their continued interest and support to the Company.

We take this opportunity to applaud the employees of the Company at all levels, which are the pillar of strength of the Company, for their invaluable contribution to the growth of the Company.

We would also like to thank the officials of Comptroller & Auditor General of India for their co-operation and guidance during the year under review.

On this occasion, we would also like to acknowledge the contribution made by all the predecessors, who have been associated with RVNL and whom efforts have brought the Company to its present status and have played key role in attainment of the Company's aims and goals in all spheres.

For and on behalf of the Board of Directors

Sd/-
(S.C. Agnihotri)
Managing Director

Sd/-
(Harish Chandra)
Director/Finance

New Delhi
Dt: 27.07.2010

Report on Corporate Governance

Annexure "A"

1. Company's Code On Corporate Governance

RVNL's Code of Corporate Governance is "To act in accordance with the highest standards of professional integrity, honesty, ethical conduct and to be proficient, professional and profitable by upholding and promoting transparency and accountability."

Values of RVNL

The values that RVNL seeks to uphold are:

- Zeal to attain excellence in performance;
- To act as a team;
- Honesty and justice in dealings;
- Firm obedience in commitments undertaken;
- Timely completion of work;
- Respect for dignity and potential of individuals;
- Devotion and pride towards RVNL.

2. Board Of Directors

The Board of Directors of the Company consists of seven Directors, comprising of four whole-time Directors including the Managing Director, two Government nominees (on behalf of Ministry of Railways) acting as part-time official Directors including the part-time official Chairman and one part-time (non-official) (Independent) Director, as on the date of report.

The appointment of a Director on the Board of the Company is approved by the President of India in accordance with the Articles of Association of the Company.

The composition of the Board of RVNL, along with Directorships held by them and their attendance in the Board meetings held during the financial year 2009-10 and in the last Annual General Meeting is reproduced in the table below:

Directors on the Board of RVNL as on the date of Report

S.No	Category of Directors	Name of Directors	Number of Directorships/ Chairmanships in public companies including RVNL and excluding private companies	Total No. of Committee Memberships/ chairmanships in public companies including RVNL and excluding private companies	No. of Board meetings attended	Last AGM attended
(I) Chairman (Part-time official)						
1.	Member Engineering Railway Board	Mr. Rakesh Chopra [^]	4 [^]	Nil	3	Yes
(II) Whole-time Director						
2.	Managing Director	Mr. S.C. Agnihotri [*]	1	As Member- 1 [*]	1	Yes
3.	Director (Finance)	Mr. Harish Chandra ^{**}	2 ^{**}	1 ^{**}	5	Yes
4.	Director (Personnel)	Smt. Gita Mishra [^]	1	1 [^]	5	Yes
5.	Director (Operations)	Mr. Mukul Jain ^{^^}	1	Nil	1	N.A.
(III) Director (Part-time official)						
6.	Addl. Member (CE) Railway Board	Mr. S.K. Malik ^{^^}	3 ^{^^}	As Member-2 ^{^^}	1	N.A
(IV) Director (Part-time non-official)						
7.	Independent Directors	Mr. R. N. Aga [^]	2 [^]	As Chairman-2 [^] As Member-1	1	N.A

[^]Mr. Chopra is Chairman on the Board of Konkan Railway Corporation Limited, IRCON International Limited and Director on the Board of Delhi Metro Rail Corporation Ltd..

^{*}Mr. S.C. Agnihotri took over as MD /RVNL w.e.f.27.01.2010 and was Member of Audit Committee till 28.03.2010 and again from 27.7.2010.

^{**}Mr. Harish Chandra is member of Remuneration Committee of RVNL w.e.f 29.03.2010 and was Director on the Board of HPRCL till 16.12.2009.

[#]Smt. Gita Mishra was member of Remuneration Committee of RVNL till 31.10.2009

[^]Mr.Mukul Jain took over as Director (Operations),RVNL w.e.f. 16.06.2010

^{##}Mr. S.K. Maik is a member of Audit Committee and Remuneration Committee of RVNL and is a Director in Chennai Metro Rail Limited and holds Chairmanship in Angul Sukinda Railway Ltd.

[@]Mr. R. N. Aga is Chairman of Remuneration Committee and member of Audit Committee of RVNL. He also held directorship in NMDC till 04.06.2010 and was Chairman of Audit Committee of NMDC .

Ceased to hold office during the year 2009-10 and thereafter

S.No	Category of Directors	Name of Directors	Number of Directorships/ Chairmanships in public companies including RVNL and excluding private companies	Total No. of Committee Memberships/ chairmanships in public companies including RVNL and excluding private companies	No. of Board meetings attended	Last AGM attended
(i) Whole-time Directors						
1.	Director (Operations) (Ceased to be Director/Operations w.e.f 31.08.2009 on completion of his tenure)	Mr. Ranjan K. Jain [*]	2 [*]	Nil	3	Yes
2.	Managing Director (Ceased to be Managing Director w.e.f 30.09.2009 due to superannuation)	Mr. D.C. Mitra ^{**}	1	As Member-1 ^{**}	3	Yes
3.	Director (Projects) (Relinquished the charge of Director/Projects w.e.f 27.01.2010 on his appointment as Managing Director w.e.f 27.01.2010 (AN)	Mr. S. C. Agnihotri [*]	2 [*]	Nil	4	Yes
(ii) Director (Part-time official)						
4.	Addl. Member (Budget) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 14.07.2010)	Mr. Samar Jha ³	1	As Chairman-1 ³	Nil	N.A
5.	Addl. Member (Budget) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 31.10.2009)	Mr. M.S. Khan ²	1	As Chairman-2 ²	2	No
6.	Adviser (Works) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 30.09.2009)	Mr. R.P. Gupta ²⁵	2 ²⁵	As Member – 2 ²⁵	3	No

*Mr. Ranjan K. Jain was Director on the Board of Haridaspur-Paradip Railway Company Limited

**Mr. Mitra was member of Audit Committee of RVNL.

#Mr. Agnihotri was Director on the Board of HPRCL till 16.12.2009.

§Mr. Samar Jha was Chairman of Audit Committee of RVNL @Mr. Khan was Chairman of Audit Committee and Remuneration Committee of RVNL.

§§Mr. Gupta was member of Audit Committee and Remuneration Committee of RVNL and held directorship in Bangalore Metro Rail Corporation Limited

Notes :

- a. The Directorships and memberships in the Committees being held by the Directors of RVNL are within the limits laid down under Companies Act, 1956.
- b. The term "part-time official" indicates Directors nominated by the Government (Ministry of Railways) on the Board of RVNL who are officials of the Ministry of Railways.
- c. The term "part-time non-official" indicates the Directors who are independent and do not hold any office in the Government.
- d. The membership in the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee are being considered for counting the number of total memberships in Committees.

The Board of Directors of RVNL met five times during the financial year 2009-10 to transact business with one meeting in the quarter ending June 2009, two meetings in the quarter ending September 2009, one meeting in the quarter ending December 2009 and one meeting in the quarter ending March 2010.

The detailed agenda along with explanatory notes was circulated in advance for all the Board meetings. All the meetings of the Board of Directors were held at the registered office of the Company.

In all cases of absence of a Director, Leave of Absence was granted under clause (g) of sub-section (1) of section 283 of the Companies Act, 1956. Details of the dates of the meeting of Board of RVNL for the year under review are mentioned below:

39th meeting of Board of Directors	30th April, 2009
40th meeting of Board of Directors	09th July, 2009
41st meeting of Board of Directors	19th August, 2009
42nd meeting of Board of Directors	15th Dec., 2009
43rd meeting of Board of Directors	29th March, 2010

3. Brief resume of Directors appointed during/ after the closure of the financial year

i) Mr. S.C. Agnihotri, Managing Director, RVNL, w.e.f 27.01.2010 (AN)

Mr. Satish Agnihotri has taken over as Managing Director of Rail Vikas Nigam Limited on 27.01.2010. Mr. Satish Agnihotri, M.E. (Structures) and B.E. (Civil) from IIT, Roorkee, joined the Indian Railway Service of Engineers in 1984. Before assuming the charge of Managing Director of RVNL on 27.01.2010 he was working as Director (Projects) of the company since 4th July 2007. Before 4th July 2007, he headed the Metro Project Directorate of Ministry of Railways dealing with metro lines being developed in metropolitan cities. While working as OSD to Member Engineering, he was involved in laying down the policies, standards, planning, implementation and monitoring of infrastructure projects over all Indian Railways. As Executive Director (Corporate Coordination) & OSD/ Chairman Railway Board, he was engaged in substantive decision making in the Ministry of Railways. In his career, spanning over 24 years, he worked on important projects including construction of a double line bridge over river Ganga, doubling of tracks, major yard remodelings, etc.

ii) Mr. Mukul Jain, Director (Operations), RVNL w.e.f. 16.06.2010 (AN)

Mr. Mukul Jain has been appointed as Director (Operations), RVNL w.e.f 16.06.2010. Mr. Jain is a B.Tech in Mechanical Engineering from I.I.T. Delhi, and a Master of Engineering in Logistics & Supply Chain Management from Massachusetts Institute of Technology, Boston and Zaragoza Logistics Center, Spain. Before joining RVNL, he was working as Executive Director in Container Corporation of India Ltd. (CONCOR), a PSU of Government of India. He had joined Indian Railway Traffic Service (IRTS) in 1981. After working in various capacities in operating, commercial and general administration in SE Railway and Western Railway, he joined as Head of CONCOR's Western Region in 1995. He then headed North Western Region of CONCOR from 2003 to 2006. He has worked as Head of Planning & Development, Air Cargo and Shipping in its Corporate Office, New Delhi. He specializes in transport strategy, design of Intermodal Terminals and hinterland port connectivity. He has been credited with the establishment of highly successful Container Freight Stations in Mulund (Mumbai), Dronagiri Node (JNPT), Vadodara and at several other locations in Western India.

iii) Mr. Samar Jha, AM (Budget), Ministry of Railways and Part-time (official) Director w.e.f 05.01.2010 till 14.07.2010

Mr. Samar Jha, AM (Budget), Railway Board has been

nominated as part-time (official) on the Board of RVNL w.e.f. 05.01.2010. Born on 09.12.1950, he is an IRAS officer of 1974 batch. In a career spanning 36 years, he has extensive experience in Finance and Accounts. He has held various key positions/assignments in Government of India, working in different parts of the country on the railway network and railway projects, at the zonal level, RITES and in the Ministry of Railways. He has attended trainings in general and strategic management in United Kingdom. As AM (Budget), Railway Board, he is in-charge of the overall budget of Indian Railways, appraisal of all major investment proposals, negotiations with multilateral and bilateral funding agencies.

iv) Mr. S.K. Malik, AM (CE), Ministry of Railways and Part-time (official) Director w.e.f. 14.01. 2010

Mr. S.K. Malik, AM (CE), Railway Board has been nominated as part-time official Director on the Board of RVNL w.e.f.14.01.2010. Born on 15.11.1950, he is an IRSE officer of 1973 batch and joined Indian Railways on 11.11.1974. He held various prestigious positions in Indian Railways including CAO (Const.)/NCR, Allahabad, CAO (Const.)/ NWR, Jaipur, CAO (Const.)/ECoR, Hajipur, ED/ Vigilance (Engg.), Railway Board, DRM/ Bhusawal, Central Railway and Chief Engineer/Construction/Northern Railway. In over 36 years of experience in Indian Railways, he has undergone various trainings in India and abroad and has many technical papers on projects to his credit.

v) Mr. R. N. Aga, part-time (non-official) (Independent) Director w.e.f 17.02.2010

Mr. R.N. Aga has been nominated as part-time (non-official) (Independent) Director on the Board of RVNL w.e.f.17.02.2010. Born on 09.07.1945, Mr. Aga, is a post-graduate in Physics from Delhi University. After completing his post-graduation, he joined Indian Railway Traffic Service in 1968. During his career of 37 years with Indian Railways, he worked in various Zonal railways in different capacities including Director/Traffic Research, RDSO, Divisional Railway Manager, General Manager and Member (Traffic), Railway Board and ex-officio Secretary to Government of India. As Member (Traffic), Railway Board, he also functioned as Chairman of CONCOR, IRCTC, and Pipavav Rail Corporation Limited (PRCL). After his superannuation in 2005, he joined Asian Institute of Transport Development (AITD) and has also been on the Board of Directors of NMDC Ltd., as Independent Director.

4. Audit Committee:

- i. Terms of Reference: The Committee acts in accordance with the terms of reference under Companies Act and guidelines of Corporate

Governance laid down by Department of Public Enterprises. The scope of the Committee mentioned in brief is:

- a. To have the authority to investigate into any matter as may be prescribed under section 292A;
- b. To discuss with the auditors periodically about internal control systems;
- c. To discuss and decide about the scope of audit including the observations of auditors;
- d. To review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems;
- e. To investigate into any matter relating to financial management including the audit report;
- f. To oversee the Company's financial reporting process and suggest recommendations, if any, to the Board;
- g. To fix the audit fees of statutory auditors ;
- h. To consider changes in accounting policies and practices with reasons thereof, and significant adjustments made in financial statements;
- i. To discuss qualifications in the draft audit report etc;
- j. To review the adequacy of internal controls procedures.

ii. Composition of the Committee :

The Company has in place an Audit Committee of the Board of Directors pursuant to section 292A of Companies Act and guidelines on Corporate Governance issued by Department of Public Enterprises. The Committee has been reconstituted as and when there is change in the independent or part-time Directors of the Company.

On the date of report, the Audit Committee of RVNL consists of three Directors comprising of one Independent Director, one (part-time) official Director and Managing Director. Prior to this, i.e. from 29th March, 2010 to 26th July, 2010, the Committee consisted of three Directors including two (part-time) official Directors and independent director. Earlier, due to non-availability of Independent Directors on the Board of RVNL, from 11th February, 2010 to 28th March, 2010, the Committee consisted of two part-time (official) Directors and Managing Director. However, due to superannuation of two members of the Committee on 30.09.2009 and third member on 31.10.2009 and non-nomination of Independent and part-time Directors on the

Board of RVNL, the Audit Committee could not be constituted from October, 2009 to 10th February, 2010.

The Committee met two times during the financial year 2009-10, on 9th July, 2009 and 25th February, 2010. The details of attendance of each member are mentioned below:

Name of Member with Status	Meeting held (during their respective tenure)	Attendance
Mr. Samar Jha, Chairman	1	1
Mr. S. K. Malik, Member	1	1
Mr. S.C. Agnihotri, Member	1	1
Mr. R. N. Aga, Member	Nil	N.A.
Mr. M. S. Khan, Chairman	1	1
Mr. R. P. Gupta, Member	1	1
Mr. D. C. Mitra, Member	1	1

Mrs. Suman Kalra, Company Secretary is Secretary of the Committee.

5. Remuneration Committee

- Terms of Reference:** The Committee has been constituted to decide the annual bonus/PRP variable pay pool and policy for its distribution as per the recommendations of 2nd IDA Pay Revision Committee.
- Composition of the Committee:** As per recommendations of 2nd IDA Pay Revision Committee, RVNL constituted a Remuneration Committee on 11.09.2009 comprising of Mr. M. S. Khan, former AM (Budget)/Railway Board & (part-time) (official) Director (appointed against the vacancies of independent directors) as Chairman of the Committee, Mr. R. P. Gupta, former Adviser (Works), Railway Board & (part-time) (official) Director and Smt. Gita Mishra, Director (Personnel), RVNL as members. On appointment of Mr. R.N. Aga as Independent Director on the Board of RVNL w.e.f. 17.02.2010 and superannuation of Mr. M.S. Khan and Mr. R.P. Gupta, the Remuneration Committee was reconstituted

on 29.03.2010. On the date of report, the Remuneration Committee of RVNL consists of the following:

S.No	Name of Director	Status
1.	Mr. R.N. Aga (Independent Director)	Chairman
2.	Mr. S. K. Malik, Director (part-time) (official)	Member
3.	Mr. Harish Chandra, Director (Finance)	Member

Mr. Ajay Kumar, GM (P&A) is Secretary to the Committee.

- Meetings and Attendance during the year:** The Company met once during the financial year 2009-10 on 25.09.2009. The details of attendance are mentioned below:

Name of Member with Status	Meeting held (during their respective tenure)	Attendance
Mr. M.S. Khan as Chairman	1	1
Mr. R. P. Gupta as Member	1	1
Smt. Gita Mishra as Member	1	1

- Details of remuneration of all the Directors:**

The Functional Directors appointed on the Board of RVNL by President of India through Ministry of Railways draw remuneration under Industrial Dearness Allowance (IDA) pattern of pay scales and as per the terms and conditions issued by Government of India from time to time for RVNL being a wholly owned Government Company under Companies Act.

Details of Remuneration paid to Functional Directors of the Company for the year 2009-10 are mentioned below:

S.No	Name of Director	Salary	Arrears	Perquisites/ Benefits	Bonus/ Commission/ Ex-gratia/ Performance Linked benefits	Retireme nt benefits	Total
1.	Mr. S.C Agnihotri (Director/Projects upto 27.01.2010 (FN) & Managing Director w.e.f 27.01.2010 (AN)	10,08,261	7,64,680	85,067	1,15,031	1,19,362	20,92,401
2.	Mr. Harish Chandra, Director (Finance)	10,32,838	9,46,960	4,31,815	1,19,654	2,20,688	27,51,955
3.	Smt. Gita Mishra, Director (Personnel)	10,79,840	1,07,531	39,097	52,621	--	12,79,089
4.	Mr. D.C. Mitra Managing Director upto 30.09.2009	5,61,414	10,15,152	32,518	1,26,390	1,34,153	18,69,627
5.	Mr.Ranjan K. Jain, Director (Operations) upto 31.08.2009	4,15,196	8,79,308	15,157	1,17,0,30	1,22,439	15,49,130

The part-time official (Government nominee) Directors on the Board of the Company do not draw any remuneration from the Company. They only draw regular remuneration from the Government of India (Ministry of Railways in RVNL's case) as Government officials.

The part-time non-official (Independent) Directors on the Board of the Company are paid a sitting fee of Rs.8,000/-per meeting attended by them.

Details of payments towards sitting fee to Independent Directors during 2009-10 are as mentioned below

S.No	Name of Directors	Sitting Fee			Total
		Board meeting	Audit Committee meeting	Remuneration Committee meeting	
1	Mr. R.N.Aga	8000	--	--	8000
Total					8000

6. General Body meetings:

The details relating to date, time, venue and the special resolutions passed at the last three Annual General Meetings of the Company are placed below:

Year	AGM	Date	Time	Venue	Special Resolution passed
2008-09	6 th	25.09.2009	1200 hrs	Committee Room , Rail Bhawan	No
2007-08	5 th	19.09.2008	1200 hrs	Committee Room , Rail Bhawan	No
2006-07	4 th	21.09.2007	1500hrs	Committee Room , Rail Bhawan	To authorize Board of Directors for further issue of shares

7. Disclosures

- I. The Company has not entered into any significant related party transactions with the Directors or their relatives (Disclosure made by Directors individually pursuant to section 299 of Companies Act) having potential interest with the Company at large.
- II. The Company has not been imposed penalty by any statutory authority owing to non-compliance under laws, during the last three years.
- III. The Company has complied with the guidelines on Corporate Governance issued by Department of Public Enterprises (DPE). In accordance with the guidelines, RVNL has formulated a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, which has been displayed on the website of the Company. RVNL has been including a Report on Corporate Governance and Management Discussion and Analysis Report in its Directors' Report since 2007-08. The compliance of these Guidelines was also reflected in the Chairman's speech delivered at the last Annual General Meeting of the Company.
- IV. The Company has received Presidential Directive from Ministry of Railways on 17th July, 2009 for implementation of recommendations of 2nd IDA Pay Committee during the financial year 2009-10.
- V. All items of expenditure debited in the books of Accounts of RVNL are for the purpose of project execution entrusted to RVNL and are related to project expenditure.
- VI. There are no personal expenses incurred for

the Board of Directors except which are as per terms of appointment as contractual obligations.

- VII. Details of Administrative and office expenses as a percentage of total expenses vis-à-vis financial expenses and reasons for increase
-The administrative expenses as a percentage of total expenses have increased from 4.38% in 2008-09 to 4.58% in 2009-10. The increase was mainly a result of the obligations arising out of implementation of Second Pay Committee Recommendations for employees under IDA.

8. Means of Communication

The audited annual financial results and Annual Report are displayed on RVNL's website, www.rvnl.org. Tenders of various departments, details of tenders/contracts awarded, Physical and Financial Plan of RVNL alongwith other official news releases are also uploaded on the website of RVNL. The information uploaded on the website of RVNL is updated form time to time according to the information provided. A Hindi Version of the website is also available.

9. Audit Qualifications:

The Company has been putting all the efforts towards ensuring a regime of unqualified financial statements and there have been no significant qualifications.

10. Training of Board Members

RVNL takes initiatives to train its Board members about RVNL's profile, business parameters, etc. All the relevant issues and significant developments related to the working of RVNL are imparted to part-time Directors on the Board of RVNL ((official) and (non-official), as the case may be) by the management of RVNL from time to time. The documents

related to the Company including Annual Reports, Memorandum and Articles of Association, MoU between RVNL and Ministry of Railways etc are provided to them as per requirement.

11. Whistle Blower Policy

RVNL being a Government Company under Ministry of Railways is covered under Chief Vigilance Commission (CVC). Therefore, as per CVC guidelines, a mechanism has been established in the Company for all its employees and clients to report about any unethical behavior, actual or suspected fraud to the CVO or the Managing Director directly. No employee has been denied access to the Audit Committee of the Board of Directors.

12. Code Of Business Conduct And Ethics

As per the guidelines on Corporate Governance released by Department of Public Enterprises, after approval of the

Board of Directors of RVNL, the Company has laid down its Code of Business Conduct and Ethics along with RVNL's Key Values for the Board Members and Senior Management Personnel. The Code of Conduct is also posted on the website of the Company, www.rvnl.org.

The Compliance of the Code of Conduct has been affirmed on the basis of confirmation received from all the Board members and senior management personnel for the financial year 2009-10. A declaration to this effect, duly signed by the Managing Director is placed at Annexure "A-1" and forms part of this report.

13. Compliance Certificate

Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance in accordance with the guidelines issued by Department of Public Enterprises has been included in the Annual Report.

Annexure-'A-1'**Declaration by Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management for the Financial Year 2009-10**

I, S.C.Agnihotri, Managing Director, Rail Vikas Nigam Limited, do hereby declare that all the members of the Board of Directors and the Senior Management team of the Company have affirmed their compliance of the code of conduct and key values of the Company during 2009-10.

Place: New Delhi
Date: 14.07.2010

Sd/-
(S.C. Agnihotri)
Managing Director

Annexure-'A-2'**Statement of Particulars of employees as per section 217(2A) of Companies Act**

S. No	Name	Designation & Nature of Duties	Gross Remuneration	Qualifications	Date of commencement of employment in RVNL	Total Experience	Age	Last employment
1	Mr. Harish Chandra	Director (Finance)	27,51,955	B.Sc., LLB, PG Diploma in Public Administration	11.03.2005	30	59	GGM(Finance), CONCOR
2	Mr. D.C. Mitra	Managing Director upto 30.09.2009	18,69,627	BE(Civil)	05.07.2006	35	60	Indian Railways
3	Mr. Ranjan K. Jain	Director (Operations) upto 31.08.2009	15,49,130	BE (Electronics)	30.12.2004	31	58	Indian Railways

Note:

1. Gross Remuneration includes Salary, arrears, perquisites, performance linked benefits and retirements benefits.
2. Mr. Harish Chandra is on regular employment while Mr. Mitra and Mr. Jain were on deputation from Indian Railways
3. None of the mentioned above holds any equity share in the company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry Structure and Development:**

Due to their cost efficiency, optimization of land use and environment friendly construction and operations, the role of the Railways is becoming increasingly important to provide infrastructure support for industrial growth and other segments of economy, particularly in developing economies. India is the second fastest growing economy in the world and the requirement for additional transport infrastructure will have to be largely met by the Railway system to ensure sustained growth. In order to meet the objective of creation of adequate transport capacity, to handle the projected growth in the medium and long term of both passenger and freight traffic and to remove bottlenecks in the existing system, an outlay of Rs.2,51,000 crore has been provided in the Eleventh Five Year Plan. Out of this amount, Rs 75,000 crore will have to be mobilized from extra budgetary resources.

It is in this background that RVNL has the opportunity of playing a critical role in the development of Railway infrastructure in the country. Over the years it has gained vast experience in implementation of projects on a fast track basis and has refined its tendering and project management processes. RVNL will now have to move towards increasing its capacity to take on additional projects and ensuring a quantum jump in the level of the turnover of the Company which has been increasing only marginally over the last few years.

In order to mobilize non-budgetary resources, Indian Railways will require efficient models of project formulation, appraisal and execution, for which RVNL is fully equipped. The Public Private Partnership (PPP) environment on Indian Railways is still in the development stage and RVNL is the only organization in the Railways which has successfully implemented PPP Projects. Thus the business opportunities for RVNL for project execution and resource mobilization through PPP are significant and RVNL is gearing up to meet the challenges ahead. New models of PPP are being explored by RVNL to cover the different nature of Railway infrastructure projects.

Rail Vikas Nigam Limited (RVNL) – A Synopsis

Rail Vikas Nigam Limited was created in 2003 under the National Rail Vikas Yojana as a Special Purpose Vehicle to implement railway projects viz. gauge conversion, new line, doubling or third line through budgetary and non-budgetary resources to remove capacity bottlenecks on the Indian Railways network, particularly on the Golden Quadrilateral and Diagonals; and to facilitate port connectivity and multimodal corridors to the hinterland on a fast track basis

by awarding composite EPC contracts. RVNL is a Schedule-A company under Ministry of Railways and it has been consistently progressing on the path of growth with a steady increase in turnover and profits. In fact, the Company has been earning profits from the second year of its incorporation itself.

RVNL is an umbrella Special Purpose Vehicle (SPV), which undertakes project development and implementation and has been mandated to undertake resource mobilization directly or by creation of Project Specific SPVs or any other financing structure, appropriate for different projects. Besides railway projects, RVNL is now also involved in a project for setting up a private freight terminal and is addressing issues of revenue sharing and terms of the concession. RVNL is also involved in strengthening the policy and regulatory framework of PPPs in the Railway Sector.

Strengths

RVNL is the first major initiative by Ministry of Railways for creating rail transport capacity ahead of demand on a commercial format. RVNL has successfully completed over 20 projects which have been handed over to the Railways. Your Company is the only organization in Indian Railways, which has developed and successfully implemented a Private Public Partnership (PPP) model for implementation of infrastructure projects in the rail sector. RVNL has the requisite skills and experience to implement projects on international contracting norms following ADB procedures and ensuring Resettlement and Rehabilitation of Project Affected Persons displaced by land acquisition. RVNL has introduced large scale mechanization in all aspects of construction to achieve high quality output and has adopted the latest technology in civil construction, welding, signaling and electric traction. The Company has a sound and robust financial management system, which allows for effective monitoring and control.

Weaknesses

RVNL has not been notified as a Railway Administration and therefore does not have the authority to approve drawings, designs etc. Therefore, its performance often gets impaired on account of delays in obtaining the necessary approvals. The Company also faces a shortage of trained manpower in project development. A major part of the workforce of RVNL is drawn on deputation from Railways and due to the constraints of technical manpower in the Railways, RVNL is not able to employ adequate staff for filling up vacancies. Another area of weakness is the fact that although it is a part of mandate of RVNL, the Company has not been

permitted to approach the market for raising funds for implementation of projects.

Opportunities

RVNL can play a pivotal role in assisting the Indian Railways in achieving the objectives of the Eleventh Five Year Plan (2007-2012) of increasing transport capacity and raising extra budgetary resources. This will give RVNL the opportunity to prove itself as a leader in the implementation of Railway projects in a fast track mode while ensuring quality and cost control. Projects executed by RVNL have been appreciated by stakeholders and as a consequence, a number of additional projects have recently been transferred to RVNL for execution and various projects are in the pipe line. RVNL has been recently entrusted with the work of implementation of projects for Kolkata Metro. This would give RVNL the opportunity to develop expertise for implementation of metro projects, which are spread across the country.

With its experience of PPP projects, RVNL can develop alternate models for implementation of different types of rail Infrastructure projects in PPP mode in an efficient and timely manner, RVNL, being a company having developed expertise in providing End to End solutions for infrastructure projects, has large opportunities to obtain business from the railways as well as other players in the infrastructure sector.

Threats

RVNL has been executing a number of projects which require a considerable extent of investment. For execution of these projects, availability of funds is the foremost requirement, for which RVNL is largely dependent on the Ministry of Railways. This over-dependence for sourcing of funds for implementation of projects may create a financial crisis at any time and may prove detrimental in the long term for the execution of projects. Streamlining the process of land acquisition is another area of concern for project execution, as, unless land is acquired, the project itself cannot take off.

Competing railway construction facilities may pose a threat to the workload of RVNL in the long term. Although RVNL is the sole entity created by Ministry of Railways for implementing infrastructure projects through private participation, Indian Railways does not have a declared Public Private Partnership (PPP) policy or model Concession Agreement in the public domain. This delays the acceptance of a particular PPP model for project implementation, which can seriously affect the business opportunities of RVNL.

Strategies

The Company is taking initiatives for ensuring cost control and timely delivery of projects without any compromise on quality to emerge as a leader in the execution and delivery of rail infrastructure projects on fast track basis. To ensure assured availability of funds to meet this objective, RVNL has requested Ministry of Railways that it may be permitted to independently raise funds from the market as provided for in its mandate. RVNL is also in the process of developing a strategy on the issue of land acquisition, in consultation with the Ministry of Railways.

An appropriate recruitment and training programme is being designed to develop competent, suitably skilled and qualified manpower. Efforts are also being made to transfer skills and best practices from other infrastructure sectors and retraining in acquiring skills related to execution of railway projects.

Operational and Financial Performance

During the year 2009-10, the Company completed nine projects/part of projects of approximate length of 391 km. While achieving a turnover of Rs.1749.08 crore the administrative expenses as a percentage of total expenses in 2009-10 has been restricted to 4.58% against 6.43% to over 13% for different departments provided for in Railway construction projects. The profit after tax increased from Rs. 40.83 crore in 2007-08 to Rs. 51.90 crore in the current year. The surplus of RVNL at the end of the year 2010 stands at Rs.106.76 crore.

RVNL has formed five Joint Venture SPVs for implementation and execution of projects. Angul Sukinda Railway Limited, the latest SPV of RVNL, has become operational with the signing of Shareholders Agreement. The other Joint Venture SPVs of RVNL namely Haridaspur Paradip Railway Company Limited, Krishnapatnam Railway Company Limited and Bharuch Dahej Railway Company Limited, set up for implementation of port connectivity projects have become fully operational during the year. While Bharuch Dahej Railway Company Limited has achieved financial closure for execution of its project other SPVs are also in process of completion of formalities for this purpose. In addition, Kutch Railway Company Limited, the first Joint Venture SPV, continued to show excellent operational results and declared a dividend of Rs. 6 crore for the year 2008-09.

Outlook

As per the MoU between RVNL and Ministry of Railways, RVNL is committed to achieve 44 kms of Gauge Conversion, 233 kms of Doubling and 142 kms of Railway Electrification during the year 2010-11. The Company is expected to incur a financial expenditure of around Rs. 1250 crores for

execution of projects in 2010-2011. In addition, RVNL will be taking up implementation of Metro workshop and New Line projects which have recently been transferred to RVNL. The Mission, Vision and Objectives of the Company as per the MoU are as mentioned below:

Mission:

Creating state of Art rail transport capacity to meet growing demand.

Vision:

To emerge as the most efficient rail infrastructure provider with sound financial base and global construction practices for timely completion of projects.

Objectives:

- a. To undertake and execute successfully project development financing and implementation of projects relating to "Strengthening of Golden Quadrilateral, Port and Hinterland connectivity", and other bankable projects under NRVY and specifically assigned to it by the Ministry of Railways;
- b. To mobilize financial and human resources for project implementation;
- c. Timely execution of projects;
- d. To maintain a cost effective organizational set up;
- e. To encourage public private participation in rail related projects managed by RVNL;
- f. To be an infrastructure Project Management Company committed to sustainable development and environment friendly construction of rail related projects in the country;
- g. To acquire, purchase, license, concession or assign rail infrastructure assets including contractual rights and obligations with the approval of MOR whenever required.

Concerns

The main concern being faced by RVNL in the implementation of projects is the risk of cost increase, mainly on account of increase in cost of inputs, site conditions and the requirements presented by users, i.e. the

Zonal Railways which were not envisaged in the original scope of work. This affects both the bankability of the project and the credibility of RVNL for the speedy implementation of projects within the anticipated cost. The execution of projects, which involve linking with the present rail system in the proximity of running lines, often involve operational difficulties which requires immense efforts of coordination.

Internal control systems

As the main activity of RVNL is the execution of projects, the Company has put in place an effective internal control system for monitoring the implementation of projects including periodic review of physical and financial progress, evaluation of efficiency of cost control measures based on inputs of both the Technical and Finance Departments.

The Finance and Accounts Department also conducts reviews of the progress and nature of expenditure and submits reports thereon to Management. Budgetary Reviews are also conducted. A system of internal audit by an external firm ensures the effectivity of control systems and also submission of comments on the appropriateness of incurrence of expenditure and their accountability by the Company. The reports of the internal auditor are periodically reviewed by Audit Committee of the Board of Directors and implementation of recommendations are monitored.

Human Resource Development and Industrial Relations

The Human Resource strategy of Rail Vikas Nigam Limited aims at enhancing the capabilities of the organization in acquiring, developing, motivating and retaining its human resources in an environment in which team work and cooperation among the employees contributes to the growth and well being of the individuals as well as the organization as a whole.

To strengthen its position, the Company has initiated the formation of its own permanent cadre through an Absorption Policy alongwith a Recruitment & Promotion Policy as approved by the Board of Directors of RVNL.

Corporate Social Responsibility

As per directions of Department of Public Enterprises, RVNL has formulated a policy on Corporate Social Responsibility which has been approved by the Board of Directors of RVNL. The initial focus areas of RVNL for CSR are Education and Health. As per the policy, the Company will have a two tier system of Committees at Corporate and PIU level for efficient implementation of CSR activities.

ADDENDUM TO DIRECTORS' REPORT**(Management Replies to Comments in Auditors' Report)**

S. No.	Reference to Auditors' Main Report Para No.	Management Reply
1	Para vi (a)	In terms of Railway Board's orders certain projects which were already under implementation were transferred to RVNL for only the balance scope of work. Accordingly, expenditure incurred before transfer i.e. March 2003 is not required to be taken into Accounts by RVNL.
2.	Para vi (b)	As per the letter of Ministry of Railways dated 24.4.2006 No. 2004/W-1/RVNL/15, "It has been decided that after physical completion of a project by RVNL, the asset should be straight away transferred to the concerned Zonal Railway who will add the value of the created asset in their block account." RVNL has approached Railway Board to issue necessary instructions as to the modalities to be followed for transfer of projects to the Zonal Railways.

For and on behalf of Board of Directors

Sd/-

(S.C. Agnihotri)
Managing Director

Sd/-

(Harish Chandra)
Director/Finance

New Delhi

Date: 27.07.2010

VINOD KUMAR & ASSOCIATES

Annexure-C

COMPANY SECRETARIES

M.COM, FCS, LL.B

343, Gali No.11, Near Dal Mill, Ajay Park, Naya Bazar, Najafgarh, New Delhi-110043

CELL NO.9212477250,8800497844, 09215377250

vkaneja2001@gmail.com, vkaneja2001@yahoo.com, csvinod@in.com

Certificate of Compliance

**With the conditions of Corporate Governance in accordance with Guidelines on
Corporate Governance issued by Department of Public Enterprises**

To
The Members of
RAIL VIKAS NIGAM LIMITED
New Delhi

1. The Certificate is in respect of the compliance of the conditions of Corporate Governance as issued by Department of Public Enterprises on 14th May 2010, by RAIL VIKAS NIGAM LIMITED, a Government Company under section 617 of the Companies Act, 1956, for the year ended 31st March, 2010, as stipulated in the Company's code on corporate governance.
2. We have studied the Report on Corporate Governance of the said Company as approved by its Board of Directors. We have also examined the relevant records and documents maintained by the Company and furnished to us for our review in this regard. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
3. We comment that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
4. In our opinion and to the best of our information and on the basis of our review and according to the information and explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in Company's code of corporate governance in all respects except:
 - (i) *Appointment of Independent Directors on the Board of RVNL and consequent composition of Board of Directors, Audit Committee and Remuneration Committee.*

FOR VINOD KUMAR & ASSOCIATES

COMPANY SECRETARIES

Sd/-

VINOD KUMAR

C.P. 5740

BALANCE SHEET AS AT MARCH 31st, 2010

	Sch	As at March 31,	
		2010	2009
		Rupees	Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2085,02,01,000	2085,02,01,000
Reserves and Surplus	2	106,76,22,870	66,55,50,547
Loan Funds			
Unsecured Loans	3	5226,06,06,008	3910,00,00,000
		7417,84,29,878	6061,57,51,547
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		10,89,19,628	9,84,86,505
Less: Depreciation/amortization-to-date		8,17,44,534	6,48,15,508
Net Block	4	2,71,75,094	3,36,70,997
Investments	5	333,27,50,000	295,86,76,473
Deferred Tax Asset		1,17,07,165	1,00,01,297
Current Assets, Loans and Advances			
Project Work-in-Progress	6	6395,32,27,719	5046,14,21,938
Add: Advances for Project Expenditure		320,64,86,330	415,39,03,374
		6715,97,14,049	5461,53,25,312
Cash and Bank Balances	7	618,12,83,970	426,87,92,289
Sundry Debtors	8	79,53,89,949	47,85,80,443
Loans and Advances	9	421,67,51,527	334,03,24,264
		7835,31,39,495	6270,30,22,308
Less: Current Liabilities and Provisions			
Liabilities	10	718,64,31,108	463,80,46,262
Provisions	11	35,99,10,768	45,66,37,886
		754,63,41,876	509,46,84,148
Net Current Assets		7080,67,97,619	5760,83,38,160
Miscellaneous Expenditure	12	-	50,64,620
(To the extent not written off or adjusted)			
		7417,84,29,878	6061,57,51,547
Significant Accounting Policies	17		
Notes to the Accounts	18		
This is the Balance Sheet referred to in our report of even date			
Bhushan Bensal Jain Associates			
Chartered Accountants			
Firm Registration No.:003884N			
Sd/-	Sd/-	Sd/-	Sd/-
CA Ravi Bhardwaj	S.C.Agnihotri	Harish Chandra	Suman Kalra
Partner	Managing Director	Director Finance	Company Secretary
M.No. 80656			
Place : New Delhi			
Date : 29.06.2010			

The schedules referred to above form an integral part of the Balance Sheet

ON BEHALF OF THE BOARD

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31st, 2010

	Sch	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Turnover					
- From construction work in progress (project activity)	13		1749,07,53,808		1654,16,48,791
Interest Income					
- Banks - Gross (TDS deducted Rs 2,58,86,207 Previous Year Rs. 5,04,44,639)			14,78,06,524		23,34,07,026
- Others - Gross (TDS deducted Rs 43,53,356 Previous Year Rs.2,28,90,325)			4,35,33,565		10,10,16,441
- Others on Mobilizations Advance		10,72,35,241		6,37,45,667	
Tender Processing Fees		16,09,000		35,00,049	
Other Income		1,02,04,026		5,08,736	
		<u>11,90,48,267</u>		<u>6,77,54,452</u>	
Less : Transferred to Incidental Expenditure during construction period - Schedule - 6		11,90,48,267	-	6,77,54,452	-
Dividend Received From Kutch Railway Company Limited			3,00,00,000		-
			<u>1771,20,93,897</u>		<u>1687,60,72,258</u>
EXPENDITURE:					
Direct expenses on construction and project related activity	14		1690,38,22,608		1619,50,37,624
GROSS PROFIT					
			80,82,71,289		68,10,34,634
INDIRECT EXPENDITURE					
Employees' Remuneration and Benefits	15		3,83,31,749		3,45,26,789
Administrative Expenses	16		8,32,88,375		6,14,16,307
Depredation		1,95,94,428		2,68,07,124	
Less : Transferred to Incidental Expenditure during construction period - Schedule - 6		1,28,91,696	67,02,732	1,95,55,298	72,51,831
Preliminary Expenses Written off			50,64,620		50,64,620
			<u>13,33,87,477</u>		<u>10,82,59,547</u>
Profit for the year before tax					
			67,48,83,813		57,27,75,087
- Income Tax					
Current		15,67,15,251		17,05,06,272	
Deferred Tax credit		(1,705,868)		(4,916,659)	
Earlier years		8,07,107		(1,516,276)	
			<u>15,58,16,490</u>		<u>16,40,73,337</u>

Profit After Tax	51,90,67,323	40,83,14,565
Add: Balance b/f/d from previous year	53,55,50,547	30,08,31,982
Profit Available for Appropriation	<u>105,46,17,870</u>	<u>70,91,46,547</u>
Less: Transfer to General Reserve	8,00,00,000	8,00,00,000
Profit Available for Distribution	<u>97,46,17,870</u>	<u>62,91,46,547</u>
Proposed Dividend	10,00,00,000	8,00,00,000
Additional Tax on Dividend	1,69,95,000	1,35,96,000
Surplus Profit carried forward during the year to Reserve & Surplus	<u>85,76,22,870</u>	<u>53,55,50,547</u>
BASIC EPS / DILUTED EPS	0.25	0.20

Significant accounting policies **17**

Notes to the accounts **18**

This is the Profit & Loss Account referred to in our report of even date

The schedules referred to above form an integral part of the Profit & Loss Account

Bhushan Bensal Jain Associates

Chartered Accountants

Firm Registration No.:003884N

Sd/-

CA Ravi Bhardwaj

Partner

M.No. 80656

Place : New Delhi

Date :29.06.2010

ON BEHALF OF THE BOARD

Sd/-

S.C.Agnihotri
Managing Director

Sd/-

Harish Chandra
Director Finance

Sd/-

Suman Kalra
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st, 2010

S.N	PARTICULARS	2009-2010		2008-2009	
		AMOUNT (RS.)	AMOUNT (RS.)	AMOUNT (RS.)	AMOUNT (RS.)
1	Cash Flow from Operating Activities				
	Net profit before taxation, and extraordinary items	67,48,83,813		57,27,75,087	
	Add: Adjustment for:				
	Depreciation	67,02,732		72,51,831	
	Interest income	-147,806,524		-233,407,026	
	Dividend Received	-30,000,000		-	
	Preliminary expenses written off	50,64,620		50,64,620	
	Operating profit before Working Capital changes	50,88,44,641		35,16,84,512	
	Adjustments for changes in Working Capital:				
	(Increase) in other receivables	-13,737,625,506		-15,943,020,507	
	Increase in current liabilities	254,83,84,846		127,09,68,550	
	Increase in Provision	-96,727,118		24,28,56,946	
	(Increase) in Deferred Tax Asset	-1,705,868		-4,916,659	
	Cash Generated from Operations	-10,778,829,005		-14,082,427,158	
	Direct Taxes paid/Received (Net of TDS)	-155,816,480		-164,460,522	
	Cash flow from Operations (A)	-10,934,645,485	-10,934,645,485	-14,246,887,680	-14,246,887,680
2	Cash from Investment Activities :-				
	Purchase of Fixed assets	-206,829		-8,019,751	
	Interest income (Revenue)	14,78,06,524		23,34,07,026	
	Dividend Received	3,00,00,000		-	
	Net Cash generated from/ (used in) Investing activities (B)	17,75,99,695	17,75,99,695	22,53,87,275	22,53,87,275
3	Cash flow from Financing Activities :-				
	Proceeds from issuance of share capital (including share application money)	-		-	
	Proceeds from long term borrowings	1316,06,06,008		1535,00,00,000	
	Proposed Dividend and tax thereon	-116,995,000		-93,596,000	
	Investment	-374,073,527		-1,066,926,473	
	Net Cash generated from/ (used in) Financing activities (C)	1266,96,37,481	1266,96,37,481	1418,94,77,527	1418,94,77,527

Net Increase/(Decrease) in cash & cash equivalent (A+B+C)		191,24,91,681		16,79,77,122
Cash & Cash equivalent at the beginning of the year		426,87,92,289		410,08,15,168
Cash & Cash equivalent at the closing of the year		618,12,83,970		426,87,92,289
Cash and Cash equivalents comprise:		-1,912,491,681		-167,977,121
Cash and Cheques in Hand	6,90,106		18,23,313	
Balance with Scheduled Banks				
On Current Account	65,02,05,004		61,69,59,976	
On term Deposit Account	553,03,88,860		365,00,00,000	

Notes :

The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by The Institute of Chartered Accountants of India.
- Previous year's figures have been regrouped and rearranged, wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

Bhushan BensaI Jain Associates
Chartered Accountants
Firm Registration No.:003884IN

Sd/-
CA Ravi Bhardwaj
Partner
M.No. 80656
Place : New Delhi
Date : 29.06.2010

ON BEHALF OF THE BOARD

Sd/-	Sd/-	Sd/-	Sd/-
S.C.Agnihotri	Harish Chandra		Suman Kalra
Managing Director	Director Finance		Company Secretary

Schedules attached to and forming part of Balance Sheet as at March 31st, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 1				
SHARE CAPITAL				
Authorized Capital				
3,00,00,00,000 (previous year 3,00,00,00,000) Equity Shares of Rs 10/- each		3000,00,00,000		3000,00,00,000
Issued, Subscribed and Paid up Capital				
2,05,76,70,000 (Previous year 2,05,76,70,000) Equity Shares of Rs 10/- each fully paid up		2057,67,00,000		2057,67,00,000
2,73,50,100 (Previous year 2,73,50,100) Equity Shares of Rs. 10/- each fully paid issued for consideration other than cash		27,35,01,000		27,35,01,000
		2085,02,01,000		2085,02,01,000
SCHEDULE 2				
RESERVES AND SURPLUS				
General Reserve				
As Per last Balance Sheet	13,00,00,000		5,00,00,000	
Addition during the year	<u>8,00,00,000</u>	21,00,00,000	<u>8,00,00,000</u>	13,00,00,000
Profit & Loss Account				
As Per last Balance Sheet	53,55,50,547		30,08,31,982	
Profit for the year	<u>32,20,72,323</u>	85,76,22,870	<u>23,47,18,565</u>	53,55,50,547
		106,76,22,870		66,55,50,547
SCHEDULE 3				
UNSECURED LOANS				
Other Loans and Advances				
From IRFC				
Opening Balance	1501,00,00,000		1208,00,00,000	
Add: Additions During the Year	370,00,00,000		293,00,00,000	
Less: Repayment During the Year	<u>43,16,66,666</u>	1827,83,33,334	<u>-</u>	1501,00,00,000
From MOR				
Project Advance Capital	1127,00,00,000		642,00,00,000	
Project Advance Rec. From MOR	2228,00,00,000		1767,00,00,000	
Advance Received from MOR for IRFC Loan Repayment	<u>43,22,72,674</u>	3398,22,72,674	<u>-</u>	2409,00,00,000
		5226,06,06,008		3910,00,00,000

RAIL VIKAS NIGAM LIMITED										
Schedules attached to and forming part of Balance Sheet as at March 31, 2010										
SCHEDULE 4										
Fixed Assets										
BLOCK OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost up to March 31, 2009	Additions during the year	Deletions / adjustments during the year	Cost up to March 31, 2010	Up to March 31, 2009	Depreciation during the year	Depreciation on sale / adjustments	Up to March 31, 2010	As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
A. Tangible Assets										
Lease hold improvements	2,15,89,778	53,85,039	-	2,49,54,817	1,51,97,435	39,16,571	-	1,91,13,806	58,41,011	63,72,543
Furniture and fixtures	2,17,43,729	29,97,003	4,71,828	2,42,68,904	1,20,34,581	60,96,556	3,83,778	1,77,47,359	65,21,545	97,09,148
Computers	2,89,78,975	60,18,375	16,05,241	3,32,92,209	2,40,33,634	46,31,296	13,90,145	2,72,74,795	60,17,424	48,45,341
Office equipments	2,34,19,824	94,49,272	37,18,943	2,31,50,153	1,13,11,396	42,17,252	8,91,478	1,46,37,170	85,12,983	1,21,08,428
B. Intangible Assets										
Software	28,74,199	3,79,346	-	32,53,545	22,38,462	7,32,957	-	29,71,419	2,82,130	6,35,737
	9,84,86,505	1,62,29,035	52,95,512	10,89,19,628	6,48,15,508	1,85,94,427	25,65,401	8,17,44,524	2,73,75,094	3,36,70,997
PREVIOUS YEAR	7,12,80,639	2,78,67,106	6,61,300	9,84,86,505	3,83,77,562	2,68,07,124	3,69,178	6,48,15,508	3,36,70,997	

Schedules attached to and forming part of Balance Sheet as at March 31st, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 5		
INVESTMENTS		
Long Term Trade Investment - unquoted at cost		
Fully Paid Equity Shares in Incorporated Joint Ventures		
10,00,00,000 (Previous Year - 10,00,00,000) Equity Shares of Rs. 10 each fully paid - Equity in Kutch Railway Company Limited	100,00,00,000	100,00,00,000
25,000 (Previous Year - 25,000) Equity Shares of Rs. 10 each fully paid - Equity in Haridaspur Paradip Railway Company Limited	2,50,000	2,50,000
25,000 (Previous Year - 25,000) Equity Shares of Rs. 10 each fully paid - Equity in Krishnapatnam Railway Company Limited	2,50,000	2,50,000
2,50,00,000 (Previous Year - 25,000) Equity Shares of Rs. 10 each fully paid - Equity in Bharuch Dahej Railway Company Limited	25,00,00,000	2,50,000
25,000 (Previous Year - Nil) Equity Shares of Rs. 10 each fully paid - Equity in Angul Sukinda Railway Limited	2,50,000	-
Share Application Money Pending Allotment*:		
-Bharuch Dahej Railway Company Limited	-	19,09,26,473
-Krishnapatnam Railway Company Limited	52,50,00,000	43,50,00,000
-Haridaspur Paradip Railway Company Limited	133,20,00,000	133,20,00,000
-Angul Sukinda Railway Limited	22,50,00,000	-
	<u>208,20,00,000</u>	<u>195,79,26,473</u>
	<u>333,27,50,000</u>	<u>295,86,76,473</u>

* Amount committed towards share money calls to be received: Rs. 194.925 crores (Previous Year Rs. 43.66 crores)

Schedules attached to and forming part of Balance Sheet as at March 31st, 2010

	Rupees	As at March 31, 2010 Rupees	Rupees	As at March 31, 2009 Rupees
SCHEDULE 6				
PROJECT WORK IN PROGRESS				
1 Civil Works				
Bridges	972,36,37,626		791,24,27,189	
Construction Stores at site	141,62,46,886		263,29,30,572	
Preliminary Project Expenditure	34,16,13,620		31,97,98,216	
Equipments Plants and Machinery	74,00,48,380		48,83,68,947	
Foot Over Bridge	16,59,11,192		10,23,71,600	
Formation	464,40,96,755		332,89,81,433	
Land	151,11,84,407		79,37,01,584	
Permanent Way	2967,56,18,113		2280,36,94,053	
Schedule of Day Works Rate	54,53,788		17,23,339	
Shifting of Overhead / Underground Crossing	5,65,33,830		4,33,71,530	
Station Buildings	<u>290,22,82,370</u>	5118,26,26,967	<u>191,34,57,210</u>	4034,08,25,673
2 S & T Works				
Detail Design & Engineering	4,83,75,187		3,55,96,365	
Signaling Arrangement	203,20,67,029		189,49,15,260	
Telecommunication Arrangement	27,15,86,035		26,90,41,608	
Signaling & Telecom Works	<u>418,91,28,854</u>	654,11,57,105	<u>267,46,19,267</u>	487,41,72,500
3 Electrical Works				
Electrification of Building	176,69,73,391		128,32,10,605	
Sub-station and Other Equipment	52,00,48,489		37,83,68,909	
Overhead Electric Equipment	<u>430,39,63,327</u>	659,09,85,207	<u>265,46,04,792</u>	431,61,84,306
4 Incidental Expenditure During Construction Period				
Opening Balance	125,00,97,030		74,01,23,790	
Add: Transferred from				
Employees' Remuneration and Benefits (Schedule 15)	22,12,20,292		22,88,75,390	
Administrative Expenses (Schedule 16)	34,33,53,367		32,65,86,711	
Depreciation (Profit & Loss Account)	1,28,91,696		1,95,55,293	
Tax Expenses (Profit & Loss Account)	-		27,10,298	
	<u>182,75,62,384</u>		<u>131,78,51,482</u>	
Less: Income earned - transferred from Profit & Loss Account	11,90,48,267		6,77,54,452	
Apportioned to Projects in the ratio of spending on individual projects to project expenditure		170,85,14,117		125,00,97,030
5 Others				
Expenditure Pending Allocation	189,55,31,144		149,01,00,024	
Net Project Execution Income	61,39,17,167		35,65,64,168	
	<u>6853,27,31,707</u>		<u>5262,79,43,701</u>	
Less: Credit from Release Material	16,25,058		14,08,861	
Less: to date Expenditure incurred on SPVs transferred to Schedule 14	457,78,78,930		216,51,12,902	
	<u>6395,32,27,719</u>		<u>5046,14,21,938</u>	

Schedules attached to and forming part of Balance Sheet as at March 31st, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 7		
CASH AND BANK BALANCES		
1. Cash balances		
Cash and cheques in hand	2,00,000	15,00,722
Imprest accounts	4,90,106	3,31,591
TOTAL (A)	6,90,106	18,32,313
2. Balance with scheduled banks		
On Current Account	65,02,05,004	61,69,59,976
On Fixed Deposit	553,03,88,860	365,00,00,000
TOTAL (B)	618,05,93,864	426,69,59,976
TOTAL (A)+ (B)	618,12,83,970	426,87,92,289
SCHEDULE 8		
SUNDRY DEBTORS (SPVs)		
More than six months	-	-
Others	79,53,89,949	47,85,80,443
	79,53,89,949	47,85,80,443
SCHEDULE 9		
LOANS AND ADVANCES		
<i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received		
Recoverable from Ministry of Railways (Interest & processing fee)	400,53,59,755	296,47,98,331
Interest accrued on Fixed Deposits and Mobilization Advances	3,27,82,136	2,78,42,048
Security Deposit	2,60,32,571	2,44,27,922
Advance Tax and Tax deducted at source	12,37,85,341	25,99,80,052
Others	2,87,91,724	6,32,75,911
	421,67,51,527	334,03,24,264
Advances include amounts due by		
(i) Directors of the Company	-	9,371
[Maximum due during the year Rs. 9,371 (Previous Year Rs 56,567)]		

Schedules attached to and forming part of Balance Sheet as at March 31st, 2010

	Rupees	As at March 31, 2010 Rupees	Rupees	As at March 31, 2009 Rupees
SCHEDULE 10				
CURRENT LIABILITIES				
Sundry Creditors				
Micro, Small & Medium Enterprises		-		-
Others		198,82,07,977		77,00,24,043
Earnest Money and Security Deposit		39,92,69,877		28,50,68,277
Other Liabilities		19,16,17,342		13,15,16,741
Book Overdraft**		28,25,35,068		76,80,224
Advance received from Customers against Deposit Work (others)		32,94,41,089		48,89,58,646
Interest Accrued but not Due on Loans				
Opening Balance	295,47,98,331		163,85,73,544	
Add: Additions During the Year	164,82,88,750		131,62,24,787	
Less: Repayment During the Year	<u>60,77,27,326</u>	399,53,59,755	-	295,47,98,331
		<u>718,64,31,108</u>		<u>463,80,46,262</u>

**Balance in current accounts linked with time deposits have resulted in book overdraft due to cheques issued but not presented amounting to Rs. 28,30,88,685 (Previous year Rs. 59,87,72,001)

SCHEDULE 11
PROVISIONS

Provision for retirement benefits				
Opening Balance	7,18,745		1,68,548	
Add: Additions During the Year	5,94,344		5,50,197	
Less: Written Back as per actuarial valuation	-	13,13,089	-	7,18,745
Provision for Tax				
Opening Balance	28,50,94,648		11,53,38,461	
Add: Additions During the Year	15,67,15,251		16,97,56,187	
Less: Written Back/Utilization during the year	<u>28,50,94,648</u>	15,67,15,251	-	28,50,94,648
Dividend Payable				
Opening Balance	8,00,00,000		5,00,00,000	
Add: Additions During the Year	10,00,00,000		8,00,00,000	
Less: Written Back/Utilization during the year	<u>8,00,00,000</u>	10,00,00,000	5,00,00,000	8,00,00,000
Provision for Foreign Service Contribution				
Opening Balance	5,59,23,511		1,33,72,949	
Add: Additions During the Year	3,85,89,916		4,84,93,032	
Less: Written Back/Utilization during the year	<u>4,40,91,610</u>	5,04,21,817	59,42,470	5,59,23,511
Provision for PRP/PLI				
Opening Balance	3,49,00,982		-	
Add: Additions During the Year	2,65,00,000		3,49,00,982	
Less: Written Back/Utilization during the year	<u>99,40,371</u>	5,14,60,611	-	3,49,00,982
		<u>35,99,10,768</u>		<u>45,66,37,886</u>

Schedules attached to and forming part of Balance Sheet as at March 31st, 2010

	Rupees	As at March 31, 2010 Rupees	Rupees	As at March 31, 2009 Rupees
SCHEDULE 12				
MISCELLANEOUS EXPENDITURE				
Balance as per last Balance Sheet	50,64,620		1,01,29,240	
Less: Written off during the year	<u>50,64,620</u>	-	<u>50,64,620</u>	50,64,620
		<u>-</u>		<u>50,64,620</u>

Schedules attached to and forming part of Profit and Loss Account for the year ended March 31st, 2010

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
SCHEDULE 13		
Turnover from Construction Work in Progress (Project Activity)		
- From Project under NRVY(MOR)	1098,03,94,612	1331,40,24,262
- From Project under Zonal Railway	251,14,11,169	65,74,56,323
- From Deposit Work - Project for SPV	263,63,60,899	98,15,05,879
- From Deposit Work - Project for Others	<u>136,25,87,128</u>	<u>158,86,62,327</u>
	<u>1749,07,53,808</u>	<u>1654,16,48,791</u>
SCHEDULE 14		
Direct expenses on construction and project related activity		
Direct Expenditure incurred on Projects (MOR)	1072,30,41,613	1318,22,02,240
Direct Expenditure incurred on Projects (Zonal Railway)	251,14,11,169	65,74,56,323
Direct Expenditure incurred on Deposit Work - Projects (SPV) (refer Schedule 6)	241,27,66,028	91,74,34,207
Direct Expenditure incurred on Deposit Work - Projects for Others	<u>125,66,03,797</u>	<u>143,79,44,854</u>
	<u>1690,38,22,607</u>	<u>1619,50,37,624</u>

Schedule attached to and forming part of Profit & Loss Account for the year ended March 31st, 2010

	Expenditure Charged to Profit & Loss Account		Incidental Expenditure during Construction		Total Expenses	
	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
SCHEDULE 15						
Employees' Remuneration & Benefits						
Salaries and allowances	3,62,56,032	3,33,30,261	20,67,92,038	21,94,40,593	24,50,50,070	23,27,70,956
Contribution to Provident and other funds	2,37,375	79,332	16,61,523	5,34,327	18,98,998	6,10,659
Staff welfare	18,36,343	11,20,196	1,07,66,630	89,00,368	1,26,02,973	1,00,20,564
	3,83,31,749	3,45,29,789	22,12,20,292	22,88,75,390	25,95,52,041	25,34,92,179
SCHEDULE 16						
Administrative Expenses						
Professional consultancy fees	46,50,490	18,17,573	1,67,73,997	97,38,477	2,14,24,487	1,15,56,150
Project management Consultancy	3,22,75,296	2,52,47,201	17,34,56,116	17,37,60,716	20,57,31,412	20,10,07,917
Advertisement and business promotion	20,12,524	16,92,215	59,25,254	68,54,562	79,07,768	65,26,777
Travelling expenses	50,41,688	39,18,943	2,20,23,743	2,25,43,070	2,70,05,431	2,64,52,013
Conveyance expenses	90,97,308	48,01,637	3,33,79,760	2,86,05,982	4,24,77,066	3,34,07,619
Communication	28,51,332	15,95,187	96,12,505	84,42,929	1,24,03,937	1,00,38,116
Rent	1,60,68,105	1,18,73,668	4,21,05,987	4,12,45,022	6,81,74,082	5,31,18,721
Rates & Taxes	7,00,000	35,02,504	-	-	7,00,000	35,02,504
Repairs and maintenance - others	49,91,436	26,73,279	1,88,99,458	1,41,69,588	2,38,90,894	1,68,42,667
Printing and stationery	20,27,401	11,89,669	67,43,800	60,19,941	87,71,201	72,09,610
Electricity	17,02,552	12,59,926	55,20,173	55,19,171	72,22,725	67,79,087
Legal and professional charges	5,49,072	6,11,130	38,43,507	18,10,827	43,92,579	24,21,857
Books and periodicals	2,67,950	1,73,938	7,81,348	7,66,574	10,49,308	6,40,612
Director sitting fees	8,000	1,50,000	-	-	8,000	1,50,000
Auditor Remuneration (including service tax)						
- Audit Fees	29,378	17,500	2,05,843	1,22,500	2,35,020	1,40,000
- Out of pocket expenses	13,750	-	96,250	-	1,10,000	-
- Other Matters	12,409	-	86,861	-	99,270	-
Miscellaneous expenses (includes Loss on Foreign Exchange Fluctuation Rs. 1,946 (previous year Rs. Nil) and Loss on sale of fixed assets Rs. 17,727 (previous Year Rs. 13,731))	6,68,064	3,45,875	16,47,364	12,57,761	23,15,628	16,03,636
Prior year expenses	321,613	5,35,842	2,251,251	37,40,461	26,72,904	42,85,132
	8,32,88,375	6,14,16,307	34,33,53,367	32,65,66,711	42,66,41,742	38,80,93,018

Schedule 17

Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on accrual basis and under historical cost convention and in accordance with all applicable accounting standards specified in Companies (Accounting Standard Rules) 2006 including relevant presentation requirements of the Companies Act, 1956. However, certain escalation and other claims by customers, which are not ascertainable /acknowledged, are not taken into account.

Management makes estimates and assumptions regarding the amounts of income and expenses in accordance with Generally Accepted Accounting Principles (GAAP) in the preparation of the financial statements. The difference between the actual results and estimates are recognized in the period in which determined.

The significant accounting policies adopted by the Company are given below.

1. Fixed Assets

- (i) Fixed assets are stated at the cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. The expenses also include applicable borrowing cost if any.
- (ii) Intangible assets comprise of license fees, other implementation cost for system software and other application software acquired for in-house use. The costs are capitalized in the year in which the relevant software is implemented for use.

2. Depreciation

- (i) Depreciation on individual assets acquired for Rs. 5000/- or less is provided at the rate of 100% on pro-rata basis.
- (ii) Depreciation is provided on pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows:

Furniture and Fixture	23.75%
Computers	31.67%
Office Equipments	19.00%
(Excluding Mobile Phones)	
Mobile Phones (up to 23.9.2009)	31.67%
(From 23.9.2009)	47.50%
- (iii) Leasehold improvements are amortized over the period of lease from the year in which such improvements are capitalized.

- (iv) Capitalized software costs are amortized @ 33.33% on pro rata basis except where the estimated useful life is less than three years.

3. Impairment of assets

All assets other than inventories, investments and deferred tax asset are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets, whose carrying amount value exceeds their recoverable amount, are written down to the recoverable amount.

4. Investments

Long-term investments, including interests in incorporated Jointly Controlled Entities (JCEs), are carried at cost, after providing for any diminution in value, if such diminution is of other than temporary nature. Short-term investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification.

5. Inventories

Project Work-in-Progress is valued at the contract rates and construction material at site is stated at cost. Payments made to Zonal Railways for acquiring land included in project Work-in-Progress is stated at cost.

6. Revenue recognition

Revenue is recognized based on the nature of activity, when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue from construction/project related activity is recognized as follows:

- (i) Projects related to Ministry of Railways (MOR): Revenue from project execution is determined by adding aggregate cost plus margin agreed with MOR and any subsequent clarification received in this respect.
- (ii) Deposit works (cost plus contract) related to JCEs (Jointly Controlled Entities in the form of Special Purpose Vehicles and others): Contract revenue is determined by adding the aggregate cost plus proportionate margin (Direction & General Charges) based on fixed percentage as agreed with the customer.
- (iii) Claims are accounted as income in the year of acceptance by client or evidence of acceptance received.

- (iv) Interest on investment is accounted on accrual basis, inclusive of related tax deducted at source.
- (v) Other items of income are accounted as and when the right to receive arises.

7. Employee Benefits

a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short-term compensated absences, etc. are recognized in the period which the employee renders the related service.

b) Post employment benefits

- i. Defined contribution plans: The Company makes defined contribution to Regional Provident Fund Commissioner in respect of provident fund scheme and employee state insurance scheme. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.
- ii. Defined benefit plans: Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using projected unit credit (PUC) method. Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

c) Long Term Employee Benefits

The obligation for long-term employee benefits such as long-term compensated absences, is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above

- d) Retirement benefits of the 'staff on deputation' have been accounted for on the basis of the guidelines of the Ministry of Railways.

8. Foreign currency transaction

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Gains / Losses arising out of settlement are charged / credited to the profit and loss account.

9. Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till

such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

10. Taxes on Income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of the assessment/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws substantially enacted as on the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation/ brought forward losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. Provisions and contingencies

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of a contingent liability is made where there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made.

12. Miscellaneous Expenditure

Preliminary expenses are amortized over a period of five years from the year of commencement of Business operations.

13. Lease Rental

Lease rental in respect of operating lease is charged to project work in progress and administrative expenses in the profit and loss account.

For and on behalf of the Board,

Sd/-	Sd/	-Sd/-
S.C.Agnihotri	Harish Chandra	Suman Kalra
Managing Director	Director Finance	Company Secretary

Place: New Delhi
Date : 29.06.2010

Schedule 18

Note to the Accounts

1. Inventories

- i. Land cost included in Project Work in Progress represents payments made to various Zonal Railways for the purpose of acquisition of land. The total payment made amounts to Rs. 151.12 crore (Previous year: Rs.79.31 crore).The land so acquired is in the name of the Zonal Railway.
- ii. The Company is executing projects transferred by MOR under the MoU. In some of the projects, initially transferred to the Company, work was already in progress and some of the Zonal Railways had incurred expenditure on those projects prior to their transfer to the Company. The expenditure made by the concerned Railways prior to the formation of the Company has not been taken into account. The policy regarding liability of the Company for such expenditure, which took place prior to formation of the Company, shall be decided at the time of transfer of projects to the Railways.
- iii. 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 have been stated in the Balance Sheet.

2. Revenue

- i. The Company has accounted for income from Project execution @ 2% (Previous Year @ 1%) on the expenditure incurred by it on MOR projects, which are being directly implemented by the Company as per the directions of MOR. Accordingly, management fees amounting to Rs. 21.45 crore (Previous Year Rs. 13.18 crore) has been recognized as income.
- ii. In addition, from the financial year 2009-2010, MOR has decided to allow an incentive of 0.5% for the Company. This incentive shall be allowed to RVNL based upon the grading awarded by the Department of Public Enterprises every year. Accordingly, RVNL would be eligible for the full incentive of 0.5% if it achieves the grading of "Excellent", 0.4% incentive if it achieves grading of "Very Good" and 0.3% incentive for the grading of "Good". No incentive would be allowed if the grading is less than "Good". The amount of incentive has been calculated on the basis of the latest grading of "Very Good" communicated by

DPE on the annual expenditure incurred on Railway projects by RVNL. Accordingly, an incentive amounting to Rs. 4.29 crore (Previous Year Rs. Nil) has been recognized as income.

- iii. Expenditure on work in progress against contracts awarded by the Company is recognized on completion of measurements and testing certified by the Engineer.
- iv. Expenditure of execution of projects done by the Zonal Railways on behalf of the Company on MOR projects is accounted for on the basis of statement of a estimated expenditure received from respective Zonal Railways and is adjusted allocation-wise as and when the final expenditure statement is received.
- v. Expenditure against advances given to various agencies for execution of works on cost plus basis as deposit works is accounted for on the basis of statement of estimated expenditure received from the concerned agency and is adjusted as and when the final expenditure statement is received.

3. Deposit Works (SPVs and others)

- i. Works being executed for SPVs and others are treated as a deposit work. The advance received is disclosed under Current Liabilities and the amount recoverable on account of project execution under Sundry Debtors.
- ii. The Company is executing projects for SPVs of the Company and other parties as a deposit work either directly or through different Zonal Railways. Project work in progress is shown under Profit & Loss Account and the corresponding current assets and liabilities in respect of such projects have been recognized on the basis of expenditure incurred plus D&G charges as agreed.
- iii. Costs incurred for Deposit Works:

	Year ended March 31, 2010 (Rs. in crore)	Year ended March 31, 2009 (Rs. in crore)
Costs incurred for Deposit Works	366.94	235.53
Recognized Profit/Loss	32.96	21.48
Cumulative amount of costs incurred and recognized Profit/Loss	794.95	428.01
Advance received	32.94	48.90
Gross Amount due from Customers	79.54	47.86

4. As decided by MOR the Company has borrowed funds aggregating to Rs. 1,827.83 crore (Previous year Rs 1501.00 crore) from Indian Railway Finance Corporation (IRFC). The interest liability has been assessed at the rate as advised by IRFC from time to time. For 2009-10, the rate advised by IRFC is 8.73% (Previous Year 9.72%). MOR has decided to bear full responsibility of the repayment of principal and cost of borrowing (interest) on the entire sum of the borrowed funds. The interest accrued but not due on the IRFC loan amount has been shown as recoverable from MOR under Current Assets and the interest payable amount under the Current Liabilities in the Balance Sheet.
5. Funds received by the Company from Government of India, MOR as equity capital are utilized for executing projects of National Rail Vikas Yojna. After physical completion of a project, the assets are to be transferred to the concerned zonal railway who would add the value of assets in their block account. The modalities of transfer of such assets are being worked out with the Ministry of Railways.
6. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium enterprises Development Act, 2005 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act is not ascertainable presently.
7. The value of projects commissioned / completed and put to use by Railways up-to year ended 31st March 2010 amounted to Rs. 3,956.21 crore (Previous year Rs. 1,862.77 crore). While sections have been opened for traffic, some minor works may still be required and financial adjustments are yet to be carried out. The projects are treated as completed only after the work has been completed in all respects and the completion reports have been drawn after reconciliation and finalization of the accounts. The adjustment for the expenditure on completed projects shall be carried out after finalization of the modalities for transfer of completed projects to Zonal Railways in consultation with Ministry of Railways.
8. The total cost of projects executed for MOR by the Company is Rs. 6,395.32 crore (Previous Year Rs. 5,046.14 crore). Out of this Rs. 1,758.70 crore (Previous Year Rs. 1,507.55 crore) worth of execution has been done by Zonal Railways on behalf of the Company.
9. During the year the Company has revised the depreciation rates on mobile phones from 31.67% to 47.50% prospectively w.e.f. 23rd September 2009. The additional depreciation charged in the books due to change in the rate of depreciation is Rs. 1.95 lac.

10 Expenditure in Foreign Currency

	Year ended March 31, 2010 (Rs)	Year ended March 31, 2009 (Rs)
Travel expenses	5,24,019	6,46,393
Project Management Consultancy	34,47,387	18,50,866

11. Contingent liability in respect of claims not acknowledged as debts by the Company:

Rs. 42,25,56,588 /- (Previous year Rs. 7,12,576/-)

12. Capital commitment towards share capital in SPV's is Rs. 194.93 crore (Previous year Rs.43.66 crore)

13. Managerial Remuneration

	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Salary & allowances	89,45,560	34,24,468
Provident fund and other fund	5,96,642	2,31,935

Includes Rs. 44,41,254 (Previous year Rs. 26,61,799) for Directors who are on deputation from Ministry of Railways.

14. Employee Benefit

(a) The majority of the officers/staff employed in RVNL are on deputation from Indian Railways. RVNL is paying Foreign Service Contribution to the Indian Railways towards retirement benefits.

(b) For RVNL employees

The disclosure required under Accounting Standard-15 "Employees Benefit" in respect of defined benefit plan is:

	Gratuity	Leave Encashment
Opening Balance as on 01/04/2009	2,81,130	4,37,615
Interest Cost	23,193	36,103
Current service cost	1,99,585	2,59,139
Benefit paid	-	(51,666)
Actuarial (Gain)/ Loss on obligation	(22,407)	1,50,397
Closing Balance as on 31/03/2010	4,81,501	8,31,588

Gratuity Benefit is payable to employees on retirement or resignation or death. The amount of gratuity payable is based on past service and salary at time of exit as per Payment of Gratuity act, 1972.

There is a vesting period of 5 years on the benefit.

ACTUARIAL ASSUMPTIONS:

Method Of Valuation	Project Unit Credit Method
Discount Rate	8.25%
Salary Escalation Rate	5%
Retirement Age	60 years
Withdrawal Rate	3% at younger ages and reducing to 1% at older ages according to graduated scale.
Mortality rate	LIC (1994-96) published table of Mortality rates

15. Income Tax :

- (a) Provision for Income tax has been calculated on the interest income received / accrued and on D&G charges levied on project execution for other parties during the year.
- (b) Breakup of deferred tax Assets into major components of the respective balances is as under:

	Opening as on April 1, 2009	Closing as on March 31, 2010
	(Rs.)	(Rs.)
Tax Assets due to difference between tax depreciation and book depreciation	1,00,01,297	1,17,07,165

16. Earnings per Share:

The numerators and denominators used to calculate Basic Earnings per Share are:

	2009-10	2008-09
Profit Attributable to the shareholders (Rs.) (A)	51,90,67,323	40,83,14,564
Basic average number of Equity Shares outstanding at end of the year (Nos.) (B)	208,50,20,100	208,50,20,100
Weighted average number of Equity Shares outstanding during the year (Nos.) (C)	208,50,20,100	202,66,86,767
Nominal value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs.) (A/C)	0.25	0.20
Diluted Earnings per share (Rs.) (A/C)	0.25	0.20

17. Related Party Disclosures (AS-18) :

- a) Joint Ventures : Kutch Railway Company Limited

- : Haridaspur Paradip Railway Company Limited
 : Krishnapatnam Railway Company Limited
 : Bharuch Dahej Railway Company Limited
 : Angul Sukinda Railway Limited

b) Key Management Personnel

D.C. Mitra Managing Director (up to 30.09.2009)

S.C. Agnihotri Managing Director (from 27.01.2010 (A/N))

Harish Chandra Director/Finance

Ranjan Kumar Jain Director/Operations (up to 31.08.2009)

S.C. Agnihotri Director/Projects (up to 27.01.2010 (F/N))

Geeta Mishra Director/Personnel

c) Enterprises in which Directors interest exist:

Haridaspur Paradip Railway Company Limited - holding Directorship and are interested in Company.

Sh. Harish Chandra, DF/RVNL up to 16.12.2009

Sh. Ranjan Kumar Jain, DO/RVNL up to 31.08.2009

Sh. S.C. Agnihotri, DP/RVNL from 07.09.2009 up to 16.12.2009

d) Disclosure of transactions with related parties:

(Rs.in crore)

Particulars	Transactions		Outstanding Amount **	
	Year ended March 31, 2010	Year ended March 31, 2009	As at March 31, 2010	As at March 31, 2009
Remuneration to key Personnel	*	*		
(b) above				
HPRCL				
Share Application Money	Nil	66.60		
Expenditure towards project	42.19	31.16	-19.28	-27.92

BDRCL				
Share Application Money	5.88	19.09		
Expenditure towards project	103.24	48.06	14.78	47.86
KPRCL				
Share Application Money	9.00	21.00		
Expenditure towards project	85.36	62.52	57.83	-1.39
Kutch Railway Company Ltd.				
Misc. debits	-	-	-	-
ASRL				
Share Application Money	22.50	Nil	-	-
Expenditure towards project	28.90	-	6.92	-

* See note No. 11

** These represent amount recoverable on account of expenditure incurred on various projects of Joint Ventures.

18. Disclosure in respect of Joint Venture:

S. No	Name of the Joint Venture	Partner(s) Country of Origin	Proportion of Ownership Interest as at March 31, 2010	Proportion of Ownership Interest as at March 31, 2009
1.	Kutch Railway Company Limited	Rail Vikas Nigam Limited, India	50%	50%
		Kandla Port Trust, India	26%	26%
		Gujarat – Adani Group, India	20%	20%
		Government of Gujarat, India	4%	4%
2.	Haridaspur Paradip Railway Company Limited ((HPRCL)	Rail Vikas Nigam Limited, India	50%	50%
		Essel Mining and Industries Ltd., India	50%	50%
3.	Krishnapatanam Railway Company Limited (KRCL)	Rail Vikas Nigam Limited, India	50%	50%
		Krishnapatanam Port Corporation Limited, India	50%	50%

4.	Bharuch Dahej Railway Company Limited (BDRCL)	Rail Vikas Nigam Limited, India	29,4118 %	50%
		Adani Peironet (Dahej) Port Private Limited, India	11,7647 %	50%
		Gujarat Maritime Board, India	11,7647 %	-
		Dahej SEZ Limited, India	11,7647 %	-
		Gujarat Narmada Valley Fertilizers Corporation Limited, India	11,7647 %	-
		Hindalco Industries Limited, India	11,7647 %	-
5.	Angul Sukinda Railway Limited (ASRL)	Rail Vikas Nigam Limited, India	50%	50%
		Jindal Steel and Power Limited, India	50%	50%

Details of the aggregate amounts of the assets, liabilities, income and expenditure related to the interest in the jointly controlled entities are as under:

a. Kutch Railway Company Limited

	As at March 31, 2010 (Provisional) (Rs. in crore)	As at March 31, 2009 (Rs. in crore)
Assets excluding preliminary expenditure	280.31	261.45
Liabilities	180.46	161.76
Income	146.81	101.82
Expenditure	101.27	78.02

Contingent liabilities: Rs. Nil (Previous year Rs. Nil)

Capital commitment: Rs. Nil, (Previous year Rs. Nil)

b. Haridaspur Paradip Railway Company Limited

	As at March 31, 2010 (Provisional) (Rs. in crore)	As at March 31, 2009 (Rs. in crore)
Assets excluding preliminary expenditure	137.85	139.59
Liabilities	0.38	2.08
Income	2.92	4.67
Expenditure	0.11	0.69

Contingent liabilities: Rs. Nil (Previous year Rs. Nil)

Capital commitment: Rs. Nil, (Previous year Rs. Nil)

Balance Sheet Abstract and a Company's General Business Profile
**Schedule VI Part IV
Companies Act, 1956**

I. Registration Details			
Registration No.	55-118633	State code	55
Balance Sheet Date	31.03.2010		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Liabilities	8,17,24,772	Assets	8,17,24,772
Sources of Funds			
Paid-up Capital	2,08,50,201	Reserves & Surplus	10,67,623
Secured Loans	NIL	Unsecured Loans	5,22,60,606
Deferred Tax Liability	NIL		
Application of Funds			
Net Fixed Assets	27,175	Investments	33,32,750
Net Current Assets	7,08,06,798	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Asset	11,707
IV. Performance of company (Amount in Rs. Thousands)			
Turnover	1,77,12,094	Expenditure	1,70,37,210
Profit/(Loss) Before tax	6,74,884	Profit/(Loss) After tax	5,19,067
Earning per Share in Rs.	0.25	Dividend rate %	0.48
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)			
Item Code No. (ITC Code)		98.09	
Product Description		Turnkey construction	
Item Code No. (ITC Code)		NIL	
Product Description		NIL	
Item Code No. (ITC Code)		NIL	
Product Description		NIL	
Bhushan Bensal Jain Associates		ON BEHALF OF THE BOARD	
Chartered Accountants			
Firm Registration No.:003884N			
Sd/-	Sd/-	Sd/-	Sd/-
CA Ravi Bhardwaj	S.C.Agnihotri	Harish Chandra	Suman Kalra
Partner	Managing Director	Director Finance	Company Secretary
M.No. 80656			
Place : New Delhi			
Date : 29th June 2010			

Bhushan Bensal Jain Associates

4648/21, Daryaganj, New Delhi-110002
Ph: 23261054, Fax: 23252876
E-mail : bjassociates_rb@yahoo.co.in

Auditors' Report

TO THE SHAREHOLDERS OF RAIL VIKAS NIGAM LIMITED

1. We have audited the attached Balance Sheet of **RAIL VIKAS NIGAM LIMITED**, as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's 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 annex hereto a statement on the matters specified in Paragraph 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 here 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 purpose 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 those books;
 - (iii) The Balance Sheet, the Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, the Profit and Loss Account & the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to the Company;
 - (v) The Company is a Government Company and the Directors have been appointed by the Central Government. Hence clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable and hence no comments.
- (vi) Attention is invited to our following comments:-**
- (a) Note No. 1(ii) regarding the expenditure incurred by Zonal Railways prior to the formation of the Company has not been brought to the books of the Company.
 - (b) Work in Progress shown under the Current Assets includes projects completed/ partly completed under operation by Railways. However, financial adjustments are yet to be carried out in absence of modalities to be finalized in consultation with Ministry of Railways and the consequent financial impact thereof cannot be ascertained presently.

- Subject to our comments in paragraph 4 (vi) (a), non inclusion of expenditure incurred by Zonal Railways prior to formation of the Company and para 4 (vi) (b) financial adjustments yet to be carried out in absence of modalities to be finalized in consultation with Ministry of Railways and the consequent financial impact thereof cannot be ascertained presently, in our opinion and to the best of our information & according to the explanations given to us, the said accounts read with the notes to accounts in Schedule 18 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:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Bhushan Bensal Jain Associates

Chartered Accountants

FRN:003884N

Sd/-

(CA Ravi Bhardwaj)

Partner

Membership No. 80656

Place: New Delhi

Date : 29.06.2010

ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 3 of our report of even date to the Shareholders of Rail Vikas Nigam Ltd. on the accounts for the year 31st March, 2010

- | | |
|--|--|
| <p>i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.</p> <p>b) The Company has a phased programme for physical verification of fixed assets and no material discrepancies were noticed on such verification.</p> <p>c) During the year, the company has not disposed off any substantial part of its fixed assets, therefore, it does not affect the going concern assumption.</p> <p>ii) According to information and explanation given to us the inventories have been physically verified during the year. No material discrepancies have been noticed.</p> <p>iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence no further comments are required under clauses (a) to (g) of para 4 (iii) of CARO, 2003.</p> <p>iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for providing of services. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any continuing failure or major weaknesses which need to be corrected in internal control systems.</p> <p>v) Based on our examination and according to the information and explanations given to us, we are of the opinion that there were no transactions during the year that need to be entered in the Register maintained under Section 301 of the Companies Act 1956.</p> <p>vi) Based on our scrutiny of the company's record & according to the explanations given to us by</p> | <p>the management the Company has not accepted any deposits from public during the year.</p> <p>vii) The internal audit of the Company is being carried out by a firm of Chartered Accountants. The scope given is commensurate with the size and nature of company's business.</p> <p>viii) As informed to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.</p> <p>ix) a) As informed to us, and based on our examination of records and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty and Excise Duty whichever is applicable with the appropriate authorities and there were no arrears outstanding of statutory dues as at the last day of financial year for a period of more than six months from the date they became payable.</p> <p>b) According to the information made available to us, there is no disputed dues in respect of Income Tax, Wealth Tax, Excise Duty, Custom Duty, Service Tax, Sales Tax and Cess which have not been deposited.</p> <p>x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year ended 31st March, 2010 and in the immediately preceding financial year.</p> <p>xi) The Company has not borrowed from any financial institutions, bank or issued any Debentures, therefore, no comment is required to be given under para 4 (xi) of CARO, 2003.</p> <p>xii) The Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>xiii) The Company is not a chit fund company, nidhi/ mutual benefit fund/societies, therefore, no comment is required to be given under para 4 (xiii) of CARO, 2003.</p> |
|--|--|

- xiv) The Company is not dealing or trading in any shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of CARO,2003 is not applicable to the company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to information and explanations given to us, the term loans taken from IRFC have been applied for the purpose for which the loans were obtained.
- xvii) On the basis of information and explanations given to us, and on an overall examination of the financial statements of the company, no funds have been raised on short-term basis. Hence, no comments required.
- xviii) According to the information and explanation given to us, during the period covered by our audit report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures, therefore, no comment is required to be given under para 4 (xix) of CARO, 2003.
- xx) The Company has not raised any money by public issue, therefore, no comment is required to be given under para 4 (xx) of CARO, 2003.
- xxi) According to the information and explanations given to us by the management, no fraud on the company or by the Company has been noticed during the year.

For Bhushan Bensal Jain Associates
Chartered Accountants
FRN:003884N
Sd/-
(CA Ravi Bhardwaj)
Partner
Membership No. 80656

Place : New Delhi
Date : 29.06.2010

**Comments of the Comptroller And auditor General of India under section 619(4)
of the Companies Act, 1956 on the Accounts of Rail Vikas Nigam Limited, New
Delhi for the year ended 31 March 2010**

The preparation of financial statement of Rail Vikas Nigam Limited, New Delhi, for the year ended 31 March 2010 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 statement 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 29 June 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of Rail Vikas Nigam Limited, New Delhi, for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956

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

Sd/-

(M.K. Biswas)

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

Place: New Delhi
Dated: 20 August 2010