



# ANNUAL REPORT

# 2009 2010



**Designing  
Project  
Managers**



**Engineering  
Quality**



**Consultancy  
Advanced  
Technology**



**RITES Limited**  
(A Govt. of India Enterprise)



## Mission

Provide concept to commissioning consultancy, design, engineering and turnkey solutions in the field of Transportation, Infrastructure and related technologies of highest professional standards.

Stay current with international trends and practices and assimilate state-of-the-art technologies to provide quality and value to client.

Be recognised as a think tank for development of National policies, priorities and strategies in the Transportation and Infrastructure sector.

## Table of Contents

BOARD OF DIRECTORS	2
FINANCIAL SUMMARY	4
CHAIRMAN'S STATEMENT	6
DIRECTORS' REPORT	7
REPORT ON CORPORATE GOVERNANCE	12
MANAGEMENT DISCUSSION AND ANALYSIS	21
AUDITORS' REPORT	32
FINANCIAL STATEMENTS	34
COMMENTS BY CAG	62
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956	63
FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES	64
OFFICES, AUDITORS AND BANKERS	80

## Board of Directors

### At the Helm



**Shri Praveen Kumar**  
Chairman  
(Upto 31st March, 2010)



**Shri Sanjiv Handa**  
Chairman  
(From 14th May, 2010)



**Shri V.K. Agarwal**  
Managing Director

### Whole Time Directors



**Shri Anil Madan**  
Director(Technical)  
(Upto 31st October, 2009)



**Shri B.K. Makhija**  
Director Project



**Shri Rajeev Mehrotra**  
Director Finance



**Shri Sumit Sinha**  
Director Technical  
(From 27th January, 2010)

### Non-Executive (Independent) Directors



**Dr. Devi Singh**  
(Upto 31st October, 2009)



**Shri Prem Saigal**  
(Upto 31st October, 2009)



**Shri D.P. Tripathi**  
(Upto 31st October, 2009)



**Shri A.K. Sanwalka**

### Govt. Nominee Official Directors



**Shri Virendra Gupta**  
(Upto 05.05.2009)



**Mrs. Reenat Sandhu**  
(From 04th June, 2009)

## Senior Executives



**Shri Atul Sud**  
ED-Technical Services



**Shri G. S. Swaroop**  
ED - Quality Assurance



**Shri A.K. Arora**  
ED-Urban Infrastructure



**Shri S.K. Seth**  
ED-Privatisation & Concessions



**Shri V. K. Jain**  
ED-Expotech



**Shri Jeevan Gupta**  
ED-Rail Infrastructure



**Shri G. V. Chanana**  
ED-Building & Airport

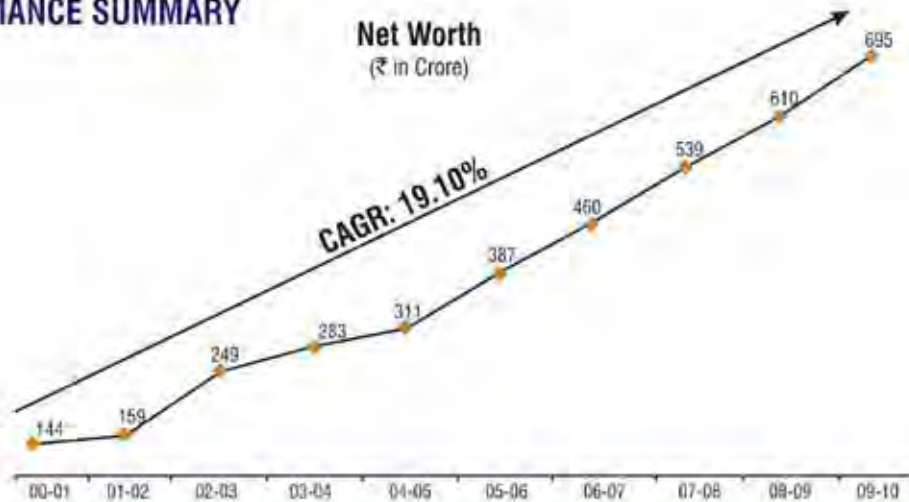


**Shri Rahul Jha**  
ED-Corporate Services



**Shri P. T. Mittal**  
Company Secretary

**FINANCIAL PERFORMANCE SUMMARY**



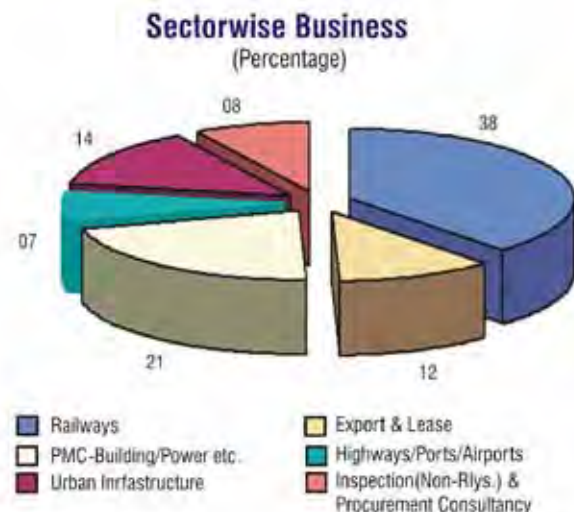
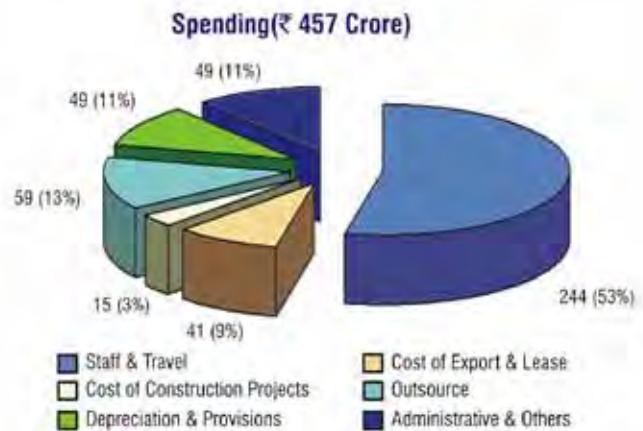
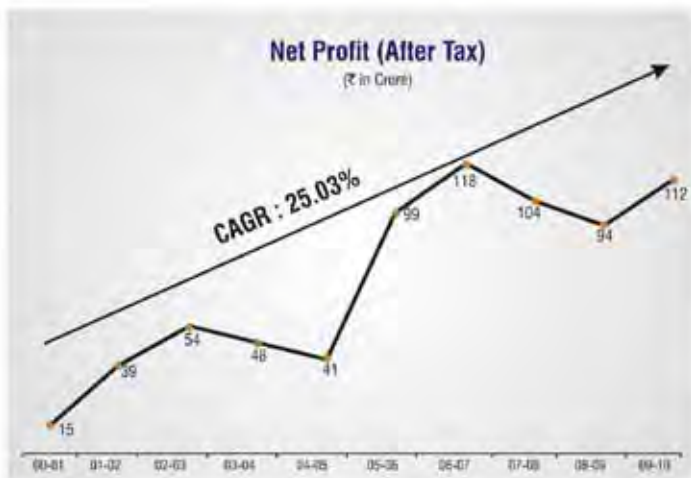
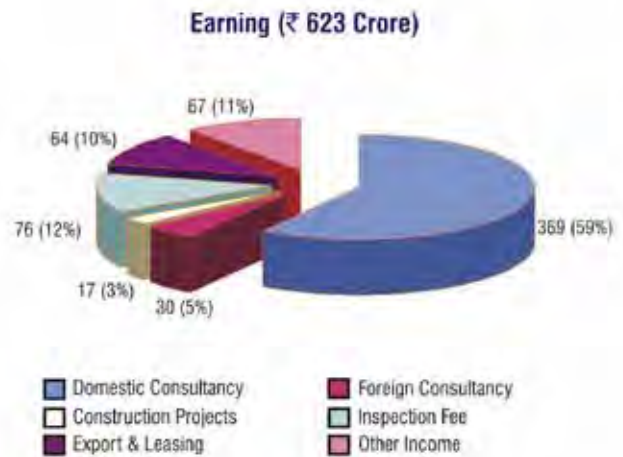
Particulars	(₹ in crores)									
	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
Total Income (including other income)	181	283	322	285	240	426	566	661	672	623
Expenditure (including increase/decrease in stock)	158	227	222	213	173	293	395	481	522	457
Operating Margin	20	62	42	66	49	101	138	100	16	99
Interest Expenses	22	20	9	2	0	0	0	0	0	0
Depreciation	3	4	4	6	5	12	8	9	11	12
Profit before Tax	23	56	100	72	67	133	171	180	150	166
Profit After Tax	15	39	54	48	41	99	118	104	94	112
Dividend	2	4	5	12	12	20	40	21	20	23
Foreign Projects Reserve	0	0	0	6	0	0	0	0	0	0
General Reserve & Reserves and Surplus	142	157	247	273	307	383	456	499	570	655
Fixed Assets (Gross Block)	64	77	116	123	118	121	140	171	183	202
Inventories	3	2	16	1	3	50	8	16	22	37
Foreign Exchange Earnings	61	151	129	109	51	136	274	258	137	94
Share Capital	2	2	2	4	4	4	4	40	40	40
Capital Employed	125	142	237	263	299	367	433	435	501	538
Government Investment*	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Net Worth	144	159	249	283	311	387	460	539	610	695
Profit Before Tax to Capital Employed	18%	39%	42%	27%	22%	36%	39%	41%	30%	31%
Operating Margin to Capital Employed	16%	44%	18%	25%	16%	28%	32%	23%	3%	18%
Profit After Tax to Share Capital	750%	1950%	2700%	1200%	1025%	2475%	2950%	260%	235%	280%
Expenditure to Income	87%	80%	69%	75%	72%	69%	70%	73%	78%	73%
Number of Employees	2189	2213	2321	2469	2493	2655	2760	2924	3048	3002
Income per Employee	0.08	0.13	0.14	0.12	0.10	0.16	0.21	0.23	0.22	0.21
Foreign Exchange Earning per Employee	0.03	0.07	0.06	0.04	0.02	0.05	0.10	0.09	0.04	0.03
Current Ratio	2.55	2.27	1.98	1.84	1.63	1.61	1.59	1.45	1.36	1.33
Debt / Equity Ratio	1.32	1.18	0.37	0.10	0	0	0	0	0	0
Investments	2	2	3	20	9	6	6	69	54	62

\* does not include bonus shares of ₹ 39.90 crores issued from time to time.

1 Crore = 10 Million

1 US \$ = ₹ 44.83 (31.03.2010)

### FINANCIAL INDICATORS





## Chairman's Message

Dear Shareholders,

It is my privilege to extend you all a warm welcome to the 36th Annual General Meeting of the Company. Keeping in view the determination, the sagacity, the resilience and the foresight, which we all look back with pride on a number of exciting years that have seen the growth of RITES since 1974, RITES

had successfully negotiated last 35 years and 2009-10 has also been an eventful and successful year for RITES. I took over the stewardship of this Company in May, 2010 when Shri Praveen Kumar, demitted office on his superannuation. Despite the challenges confronting us, we are growing profitably in all our business segments. I am happy to share with you that your Company was able to sustain growth during difficult business conditions, which can be gauged from the audited annual accounts along with Auditors' and Directors' Reports which are with you and with your permission, I take them as read.

RITES delivered yet another sterling performance across several financial and operating indicators. Strategic investments, robust business plans, sound management practices that adapted rapidly to the changing environment and the contribution of our employees have collectively resulted in the Company performing exceedingly well.

The most prominent achievement during the year has been the (i) award of prestigious assignment of the "Operation and maintenance of North-South Railway network covering 1400 km of Kingdom of Saudi Arabia and (ii) Entering into the domestic leasing business - First ever domestic leasing of shunting locomotives owned by RITES started with Bandel Thermal Power Plant, Bandel, West Bengal in July, 2009. Company has also supplied 4 more shunting locomotives for domestic leasing to various power/steel plants/ports. Further, four shunting locomotives are under manufacture.

I am glad to inform you that, the Hon'ble Minister of Railways in her budget speech had entrusted RITES the task of construction, operation and maintenance of Multi-Functional Complexes (MFC) at identified station premises for providing facilities to Rail users such as shopping, food stalls, telecommunication booths, variety stores etc. Work has been awarded for seven sites viz New Alipore, Haldia, Kakdwip, Alipordwar, Ghatsila, Kozikode, Manmad.

Infrastructure development has helped the country to come out of the recession and against this I am pleased to state that your Company has maintained its momentum and has achieved an operating turnover of ₹ 556 crore (previous year ₹ 538 crore) with increase in pre-tax profits from ₹ 150 crore to ₹ 166 crore. Company continues to follow a path of systematic and professional operations, resulting in preserving its position as a premier transport consultancy organization in the world with a very high reputation and has emerged as a leader in the highly competitive infrastructure business.

The excellent financial results had prompted your Directors to declare an interim dividend of ₹ 10 crore in February, 2010 which has already been paid to esteemed shareholders. Your Directors are further pleased to

recommend a final dividend of ₹ 13 crore resulting in total dividend payout amounting to ₹ 23 crore, being 57.50% of the paid up share capital.

Your Company constantly endeavours to adopt and maintain the highest standards of ethics in all spheres of business activities. In keeping with its professional approach, RITES is implementing the precepts of Corporate Governance in letter and spirit. Your Company accords highest importance to transparency, accountability and equity in all facets of its operation. It has been consistent endeavours to achieve the highest level of standards in all areas of its operation in order to enhance value for all its stakeholders. A detailed report on compliance of the Guidelines on Corporate Governance as per the Guidelines on Corporate Governance issued by DPE for CPSEs forms part of the Directors report.

Company has been consistently rated as "EXCELLENT" in its MOU performance. During the year under review, Company has once again delivered a record performance and is eligible to be rated as "EXCELLENT" in its performance evaluation under MOU for the year 2009-10.

Corporate social responsibility emanates from the company's mission statement. In the MOU for the year 2010-11, drafting of a long-term plan on Corporate Social Responsibility was initiated. There is a proposal for allocating funds for CSR activities and projects as per DPE guidelines. Company discharges its responsibility towards the society by involving itself as a consultant, project managers in the projects relating to development of rural and remote areas of the country.

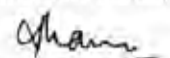
I take this opportunity to thank all for your continued support as shareholders in RITES endeavour to undertake new technology projects and remain progressive organization for catering to the Indian and overseas markets.

I express my gratitude to our esteemed Shareholders; my colleagues on the Board of Directors and to the Chairman, Members and Officers of the Railway Board, for their valuable support, advice and co-operation. We are particularly grateful to the Ministries of Railways, Road, Transport and Highways, Commerce, Finance, External Affairs and Urban Development and other Ministries, to the Indian Embassies and Missions abroad, to the foreign mission and embassies in India and Exim Bank, for their valuable support and guidance to the Company. Your continued support and unstinted confidence inspires us in all our endeavours for excellence.

I would like to congratulate the executives and staff of the Company for delivering excellent results and for showing their single minded focus in bringing the Company to such a height. With their commitment, perseverance and hard work, I am confident that we will be able to deliver our promises to all stakeholders in the future as well.

RITES has travelled a long road indeed in this competitive world and poignantly peers beyond to embark on a roadmap with a forward looking agenda of transport and infrastructure development. I am confident that with its sustainable track record and global reputation, your company will achieve new heights of success for itself in the years to come. We trust our pro-active steps and steady execution of strategy will permit us to prepare the Company for the growth.

With best wishes,



(SANJIV HANDA)  
CHAIRMAN

Dated: 28th September, 2010



**DIRECTORS' REPORT****Distinguished Shareholders**

The Directors of your company have immense pleasure in presenting the 36th Annual Report of your company together with the audited statements of Accounts and Auditors' Report for the year ended 31st March, 2010.

**FINANCIAL HIGHLIGHTS**

The financial performance of the Company for the year 2009-10 is given below:

Particulars	₹ in Crore)	
	2009-10	2008-09
<b>Operating Results</b>		
Total Income	623.26	672.20
Operating Turnover	555.99	537.70
Operating Expenditure	457.61	522.50
Other Income	67.27	134.50
<b>Profit Before Tax (PBT)</b>	<b>165.65</b>	149.70
Income tax and Fringe Benefit Tax	(68.94)	(66.02)
Deferred Tax	15.24	10.60
<b>Profit After Tax (PAT)</b>	<b>111.95</b>	94.28
<b>Appropriations</b>		
Dividend including Interim dividend	23.00	20.00
Dividend Tax	3.86	3.40
General Reserve	85.09	70.88
<b>New Contracts Secured</b>	<b>973.00</b>	1097.00

**BUSINESS PERFORMANCE**

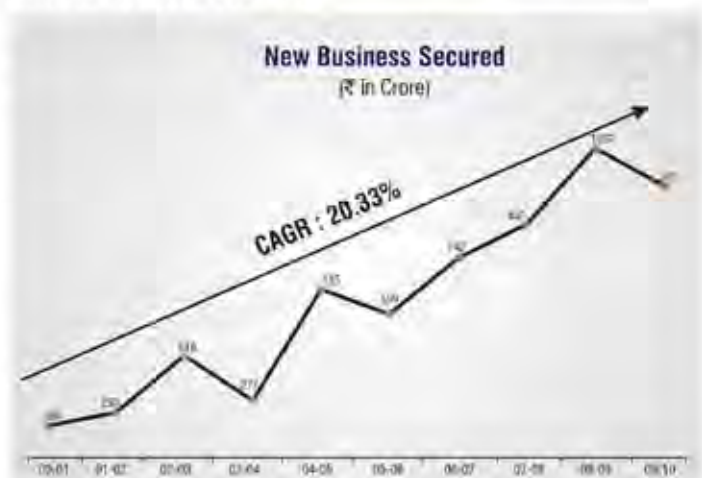
The company has secured an operating turnover of ₹ 555.99 crores during the year, an increase of 3.4% over operating turnover of ₹ 537.70 crores of the previous year. The increase is due to the infrastructure development in domestic market. The company has registered total turnover of ₹ 623.26 crores as against ₹ 672.20 crores of the previous year which was mainly due to the higher other income during the year 2008-09 on account of interest income on Iraq dues of ₹ 48.87 crores and exchange gain of ₹ 25.51 crores. The company has earned a profit before tax of ₹ 165.65 crores during the year 2009-10, an increase of 10.65% as compared to previous year of ₹ 149.70 crores.

During the year, company was engaged in number of prestigious domestic assignments. These include Turnkey project of enhancement of coach production facilities – RCF Kapurthala, General Consultancy for DMRC Phase-II, Airport Express Link for Delhi, Project Management consultancy for laying water transmission line for Kolkata Municipal Corporation, Detailed engineering & construction management for railway infrastructure including commissioning of railway system of Durgapur steel plant thermal power station– Damodar Valley Corporation, Detailed project report for diversion of railway, road, transmission lines & water pipelines from fire & subsidence affected area of Jharia Coalfields including construction of Railway siding, widening, strengthening & construction of road for developing- Jharia Rehabilitation & Development Authority, Project Management consultancy for integrated check posts along Indo - Nepal Border, Bridge/tunnel design and Geo-Tech Investigations for New Railway Line projects in J&K, Detailed engineering & project management consultancy for Railway Siding facilities for thermal Power plants at Annapara, Harduaganj & Jhansi, -Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd.

During the year company was engaged in number of prestigious international assignments in export, lease and consultancy services which include supply of 15 DMU train sets, 3 BG diesel locomotives, machinery & plants, construction of maintenance facilities & training – Sri Lanka, first time ever supply of 4 sets of AC DMU's to PTB, Senegal, supply of 6 in service 1350 HP Locos, 20 nos, Container Rail Flat Wagons and 6 nos, New MG Coaches, equipments & spares to OCBN Benin and PMC for Construction of Roads in Terai Region, Nepal.

**OUTLOOK**

The company with brand image of "The Infrastructure People" and the global and domestic experience in transportation & project management services is likely to emerge as a major beneficiary of enhanced infrastructure spending. Company continued to provide specialized, integrated, single roof services in transportation infrastructure sector and export packages for supply of locomotives, coaches, spare parts and modernization of workshops. Company is also intending to expand the rolling stock leasing business activities in domestic market. The company is exploring business opportunities in captive railway systems in India through equity participation with other stake holders, with a main focus to prove total transportation solution as against pure consultancy assignments. The company has secured new orders worth of ₹ 973 crores during the year 2009-10.



First ever domestic leasing of shunting locomotives owned by RITES started with Bandel Thermal Power Plant, Bandel, West Bengal in July, 2009. Company has also supplied 4 more shunting locomotives for domestic leasing to various power/steel plants/ports. Further, four shunting locomotives are under manufacture.

During the year under consideration, company has signed biggest ever Consultancy contract with Saudi Railway Company (SAR) for operation and maintenance of the North South Railway (NSR) network of the Kingdom of Saudi Arabia for a value of ₹ 235 crore.

As a part of ongoing efforts for diversification into rehabilitation of locomotives and rolling stocks activities (i) substantive progress was achieved towards design and development of 15 BG 1400 HP DMU train set for Sri Lanka. (ii) further, imputes by undertaking rehabilitation of 88 class locomotives for TRL and one GE locomotive for CCFB, Mozambique (iii) thrust on leasing segment was also maintained by securing contracts for wet lease of one 3000 HP diesel locomotive from CFM, Mozambique and dry lease of one 2300 HP locomotives from CDN, Mozambique.

### **CAPITAL STRUCTURE**

The paid-up share capital of the Company remained at ₹ 40 crores as against the Authorised Share Capital of ₹ 100 crores.

### **DIVIDEND**

Your Directors have recommended final dividend of ₹ 13 crores in addition to one interim dividend of ₹ 10 crores paid during the year 2009-10. The total dividend pay-out for the year will amount to ₹ 23 crores (i.e. ₹ 5.75 per share) which is 57.50% of paid up share capital of the company.

### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from public during the year under review.

### **RESERVES**

An amount of ₹ 85.09 crores is proposed to be transferred to General Reserve by appropriation from the profits of the Company. Reserves & Surplus will increase from ₹ 569.8 crores at end of the previous year to ₹ 654.9 crores as at 31st March, 2010.

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

The particulars pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in Report of Board of Directors) Rules, 1988 are furnished hereunder:

#### **Energy Conservation**

The Company being in consultancy business has no significant consumption of energy in its operations. However, in all its designs, project formulations and specifications for its clients, energy conservation measures are adopted as a part of good engineering practice.

RITES own building is equipped with energy efficient electro-mechanical systems and periodic energy audits are carried out to monitor the measures for continual improvements in conservation of energy.

#### **Technology Absorption**

The Company continues its endeavors to apply and absorb latest technology, developments and innovations in its operations, which are taking place in different areas of its business, particularly related to new design software and locomotives and coaches for export. Experts of the Company are sponsored for training programmes, seminars and conferences both at home and abroad for development of technical know how. RITES experts also work along with foreign experts in many projects leading to advanced technology absorption.

#### **Foreign Exchange Earnings and Outgo**

Total foreign exchange earnings during the year under review were ₹ 94 crores (previous year ₹ 137 crores) and foreign exchange outgo were ₹ 25.5 crores (previous year ₹ 19 crores) respectively. This resulted in net foreign exchange earnings of ₹ 68.5 crores (previous year ₹ 118 crores).

### **PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)**

The provision of Section 217(2A) of the Companies Act, 1956 read with rules thereunder the employee in the service of the Company drawing remuneration in excess of the prescribed limit has been placed at 'Annexure I.'

### **BUY-BACK OF SHARES UNDER SECTION 217 (2B)**

The Government of India holds all the shares in the Company and the company has not resorted to any buy-back of its shares during the year under review. As such there is nothing to report under Section 217(2B) of the Companies Act, 1956.

### **PRESIDENTIAL DIRECTIVE**

Presidential Directive dated 24th April, 2009 issued by Ministry of Railways was received in respect of distribution of jurisdiction of works and export of Rolling Stock between RITES Ltd & IRCON International Ltd.

### **VIGILANCE**

This year too, our emphasis has been on preventive vigilance rather than punitive vigilance. Accordingly 14 system improvements were issued in different spheres of project management, quality assurance, finance and personnel. 11 CTE type inspections were carried out at different on-going project sites which resulted in issuance of number of corrective instructions with substantial recoveries.

CVC's instructions on leveraging of technology were closely monitored and it was ensured that all the tenders being invited are uploaded on RITES Web site. Regular exchange of views between MD, CVO, Directors and other senior Executives has also been established for better coordination and overall improvement in vigilance functioning. Two training programmes for IOs and POs were also organized. Similarly, for effective implementation of integrity pact awareness training programme was conducted in which officers of different SBUs participated. Late Sh. Subir Raha, CMD/ONGC was the main speaker on the occasion.

As a part of vigilance awareness week, a debate on the topic 'Do ethics impede or accelerate business development' was organized. Dr. Vinay Sheel Gautam, Head of Dept. of Management Studies/ IIT Delhi interacted with RITES Officers and staff.

To integrate contract engineers into main stream functioning and to enable project head to confidently assign them responsibility with financial implication, a fidelity insurance policy covering 504 contract engineers with the insurance liability of ₹ 25 crores @ ₹ 5.00 lakh per engineer has been introduced at the suggestion of RITES Vigilance.

### **PROPAGATION OF HINDI**

As per official Language policy of the Govt of India (Ministry of Home Affairs, Official Language Department) and the directions received from Railway Board from time to time, all round efforts were made to accelerate the progressive use of Hindi in official work of the company. Important documents, such as Annual Report, Notes for various committees and the RITES journal "Aaj Tak" etc. were prepared and published in bilingual form. Rajbhasha Fortnight was organized from 14th September to 29th September, 2009 and 7 Hindi competitions were held during the year in which 56 officers/ employees took part and out of them 21 officers/ employees were awarded prizes and certificates. New Year Message, Republic Day and Independence Day speeches were delivered by MD in Hindi to propagate the use of Hindi in the official work of the Company. Hindi books were purchased in the library. HRM manual was published in bilingual i.e. Hindi & English. The meetings of Official Language Implementation Committee were held regularly and the annual programme of the Official Language

Department of Ministry of Home Affairs was discussed in the meetings and all round efforts were made to achieve the targets. As a result, percentage of Hindi correspondence has increased considerably and compliance of section 3(3) and Rule were ensured.

### **MEMORANDUM OF UNDERSTANDING**

The company meets all the parameters for 'Excellent' rating in its performance evaluation under the MOU signed with the Government of India for the year under consideration. However, communication from DPE in this regard is awaited.

**SCHEDULED CASTE, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES**

The company continued to attach great importance in implementing the policies and directives of the Government of India with regard to reservations in employment to SC, ST, Other backward Class and Physically Handicapped persons. During the year 2009-10, 50 regular appointments have been made out of which 20 belong to reserved category. Similarly during the year 201 contractual employees were recruited out of which 87 belongs to SC, ST and OBC Categories. A Special recruitment drive was also conducted to fill up the backlog of vacancies of SC/ST Categories. As a result of this 12 SC and 23 ST (totaling to 35) candidates have been selected and offer of appointment to these candidates have already been issued.

**ISO 9001-2008 CERTIFICATION**

The Company is certified to the prestigious ISO 9001:2008 certification. The certification covers all the activities and divisions of the Company. The certificate is valid till June 1, 2011.

**CORPORATE GOVERNANCE**

A report on the corporate governance forms an integral part of this report and has been placed at 'Annexure A.'

**BOARD OF DIRECTORS**

The Board of Directors consists of a part-time Chairman, a Managing Director, three functional Directors, two Government nominee official Directors including part time Chairman and one Independent non-official Directors. The Board met eight (8) times during the year for transacting businesses.

The following Directors held office during the year:

**Chairman (part-time)**

Shri Sanjiv Handa	Chairman (From 14-05-2010)
Shri Praveen Kumar	Chairman (Up to 31-03-2010)

**Whole-time Directors**

Shri V.K. Agarwal	Managing Director
Shri Anil Madan	Director Technical (up to 31.10.2009)
Shri B. K. Makhija	Director Projects
Shri Rajeev Mehrotra	Director Finance
Shri Sumit Sinha	Director Technical (From 27.01.2010)

**Government nominee Directors**

Shri Virendra Gupta	Director (up to 05-05-2009)
Ms Reenat Sandhu	Director (From 04-06-2009)

**Independent Directors**

Dr. Devi Singh	Director (up to 31.10.2009)
Shri D. P. Tripathi	Director (up to 31.10.2009)
Shri Prem Saigal	Director (up to 31.10.2009)
Shri A.K. Sanwalka	Director

**AUDIT COMMITTEE OF DIRECTORS**

The earlier Audit Committee of the Board of Directors comprised of three Independent Directors, namely Dr. Devi Singh (Chairman), Shri D.P. Tripathi, (Member) and Shri Prem Saigal, (Member) and tenure of appointment was over on 31.10.2009. As the proposal regarding appointment of Independent Directors was under consideration of Ministry of Railways and the company was required to comply with the provisions of section 292A of the companies Act, 1956, the Board of

Directors in their meeting held on 25.01.2010 reconstituted Audit Committee in accordance with the provisions of section 292A of the companies Act,1956 comprising of three Directors, namely Sh. A.K.Sanwalka, (Independent Director) as Chairman, Ms Reenat Sandhu, (Govt nominee Director) as Member & Sh. B.K.Makhija, (Director Projects) as Member. The Committee is assigned with the task of overseeing the Company's financial reporting process, review in the adequacy of internal control and audit systems, and reviewing the Company's financial and risk management policies in addition to scrutinizing the annual financial statements before they are put to the Board of Directors. The Audit Committee met five (5) times during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, Directors of the Company confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departure from the same.
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- the directors have prepared the annual accounts on a going concern basis.

**SUBSIDIARIES**

The Company has two Subsidiary Companies namely RITES (AFRIKA) (Proprietary) Limited in Botswana, a wholly owned company and Tanzania Railways Limited in Tanzania with 51% equity stake and 49% equity stake is with Government of Tanzania.

As required under Section 212 of the Companies Act, 1956, the audited balance sheet and profit and loss account along with the respective reports of the Board of Directors' and the Auditors' thereon of the subsidiary companies for the year ending 31st March, 2010 in respect of RITES (AFRIKA) (Proprietary) Limited and for the year ending 31st December, 2009, in respect of Tanzania Railways Limited form an integral part of the annual report.

**KNOWLEDGE MANAGEMENT SYSTEM**

Knowledge Management software System was developed and implemented in RITES as per MOU between RITES and Ministry of Railways for the year 2009-10. It mainly provides information on RITES as a whole, experience profile of each division of RITES, detailed information of our experts like qualifications, trainings and work experience, details of the projects undertaken by RITES like what was the project, its client, duration, names of experts who worked for its execution and details of reports produced etc. The key functional areas/ areas of expertise were classified into a group of sectors/ sub-sectors. This information was collected and stored in the database prepared for this purpose. The system was developed by using software development tool called .net and implemented in RITES.

User can access the stored information using key words which can be

entered or dragged and dropped. A search facility is also provided for searching experts, projects and project reports on sectors/ departments. Experts/projects profiles are available to users at the click of button. The users of the level of Department Head can view the experts/projects profiles of employees of his department. The data in the system is reviewed regularly as changes in the profiles of experts/projects/reports take place regularly.

#### **ENVIRONMENTAL PROTECTION**

The company is in consultancy services and is operating from various offices in India and abroad which have no significant impact on environment and in rendering consultancy to its clients. It ensures that rules pertaining to the environmental protection are being followed in their projects.

In RITES' own buildings, all the relevant environmental rules are being complied with and periodic inspection are carried out to ensure continued compliance.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility emanates from the company's mission statement. In the MOU for the year 2010-11, drafting of a long - term plan on Corporate Social Responsibility was initiated. There is a proposal for allocating funds for CSR activities and projects as per DPE guidelines. Company discharges its responsibility towards the society by involving itself as a consultant, project managers in the projects relating to development of rural and remote areas of the country. As a part of its consultancy, social management plans of company advocates for poverty alleviation activities such a setting of facilities like schools, hospitals, dispensaries, water shed management, afforestation programmes and fuel substitution in project affected areas. Company sponsored the activities of NGOs and other social organizations for their activities relating to promotion of art, culture, national integrity, education, health, sports and assistance in the natural calamities. Company spent an amount of ₹35 lakhs on various projects related to Corporate Social Responsibilities.

#### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your company is a knowledge based organization interacting at global level. The company regards its human resources as one of its prime resources. This includes professional and technical experts on deputation from the Indian Railways, State Govt/PSUs. We possess one of the largest pools of design, highway, urban transport and railway engineers.

With expansion of business activities the flow of recruitment either from open market or on deputation has been a continuous feature. About 338 recruitments had been made during the year. During the year 4548 man-days of training has been imparted to our personnel. Besides training, career development has also been taken care of with continuous process of cadre review, modification of promotion policy, guidelines and regulations, strategies for enhancing professional excellence and resource mobilization. More emphasis has been laid on recognition of excellence. A consultative committee encouraging participation of employees in management decision making as well as welfare and social security provisions which has promoted industrial peace, motivation of staff. This has made the company a model employer in the global competitive market. These efforts have kept the organization vibrant, dynamic and a market leader in infrastructure consultancy services which is equipping the company to achieve the targets as envisaged and meeting the commitment to its clients.

#### **AUDITORS**

The Comptroller & Auditor General of India appointed M/s Dinesh Mehta & Company, Chartered Accountants as Company's Statutory Auditors for the year 2009-10. The following were appointed as Branch Auditors.

M/s Swamy & Chhabra	Mumbai for Western Region
M/s H S Bhattacharjee & Co.	Kolkata for Eastern Region
M/s Sankar Prasad & Co.	Chennai for Southern Region

The Board would like to place on record their sincere thanks for the valuable services rendered by Statutory Auditors and the Branch Auditors.

#### **EXHIBITIONS**

The company, as a part of business strategy, participates in specialized trade exhibitions with the objective of displaying its multifarious capabilities and to explore business opportunities in the transport and infrastructure sectors. These various expositions play an important role in building business linkages and providing exposures to numerous prospective clients, high level delegations and ministerial participation. During the year company participated in the following expositions:

- The 6th CII - EXIM Bank Conclave on India Africa Project Partnership - (March 14-16, 2010), New Delhi
- 8th International Railway Equipment Exhibition (IRRE) August 24-26, 2009, New Delhi
- 'Diyata Kirula' exhibition, Kandy (Sri Lanka) to commemorate the Independence Day of Sri Lanka (February 4-10, 2010)

#### **AWARDS**

1. Regional Awards for Excellence in Exports from Engineering Export Promotion Council for the year 2007-08.
2. Performance excellence award from Indian Institute of Industrial Engineering for the Year 2007-08.
3. Finalist of Stevie Award for Best Customer Service Organization for the year 2009 given by International Business Awards.

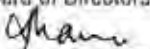
#### **APPRECIATION**

The Directors take this opportunity to express their sincere thanks to the esteemed Clients in India & abroad, Shareholders, Central and State Governments for their consistent support to the Company and look forward to the continuance of the mutually supportive relationship in future. The Directors also wish to place on record their appreciation of the hard work, dedication and commitment of the employees. The enthusiasm and unstinting efforts of the employees have enabled the Company to touch new heights during the year.

#### **ACKNOWLEDGEMENTS**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Ministries of Railways, Road Transport and Highways, External Affairs, Finance, Commerce, Urban Development, and other ministries, departments and agencies, office of Comptroller & Auditor General, Reserve Bank of India, Bankers of the Company, EXIM Bank and Indian Missions abroad, without whose active support the achievements of the Company during the year under review would not have been possible.

For and on behalf of Board of Directors

  
**(Sanjiv Handa)**  
Chairman

Place : New Delhi  
Dated: 25th August, 2010

**Annexure to Directors Report information pursuant to Section 217(2A) of the Companies Act, 1956.**

Employed throughout the financial year 2009-10 and in receipt of remuneration aggregating ₹ 24 lakhs or more per annum.

Name	Designation	Age (Yrs)	Remuneration received (₹)	Qualification & experience (in yrs)	% of equity held	Nature of employment regular/contractual	Date of joining	Nature of duties	Previous Employer
Sh. VK Agarwal	Managing Director	59	57,74,678/-	BE(Civil) >35 Yrs	NA	Regular	30/4/2004	Managerial	Indian Railway
Sh. B.K Makhija	Director Projects	59	44,17,076/-	BSc (Civil Engg) >35Yrs	NA	Regular	29/11/2006	Managerial	Indian Railway
Sh. Rajeey Mehrotra	Director Finance	49	35,38,623/-	FICWA 28 Yrs	NA	Regular	12/10/2007	Managerial	PFC
Sh. Anil Madan	Director Technical	60	32,49,628/-	AMIE 40 Yrs	NA	Regular (up to 31/10/2009)	13/06/2005	Managerial	Indian Railway
Sh. S.K.Seth	Executive Director	58	24,31,547/-	BE (Mech) M.Tech (Industrial Engg) 34 Yrs	NA	Regular	13/06/1986	Managerial	Paradip Port Trust

**Note:** Remuneration received included salary, bonus, other allowances, value of rent free accommodation, leave travel assistance and expenditure incurred on providing medical and other facilities and company car, perquisite evaluated in accordance with the Income tax Rules as applicable.

**Annexure - 'A'**

**REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is the system by which business corporations are directed and controlled. It is concerned with systems, processes, controls, accountabilities and decision making at the highest level of the organization.

As a process Corporate Governance directs the affairs of the Company with integrity, transparency and fairness so as to optimize its performance and maximize the long term shareholder's value in legal and ethical terms, ensuring justice, courtesy and dignity in all transactions of the Company. Corporate Governance entails responsibility towards both internal and external environment and compliance of the process of check and balance between the Board, Management, Auditors and Shareholders. Corporate Governance not only improves the goodwill of the Company but also provides competitive edge in the dynamic environment and establishes a climate of trust, confidence and creativity among its various constituents.

**1. Company's Philosophy on the code of Governance:**

The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and reporting that conforms fully with laws, rules, regulations and guidelines and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders value. The company believes in the philosophy on code of Corporate governance, which provides a structure by which the rights and responsibility of different constituents, such as the board, employees and shareholders are carved out. In carrying out this, it is ensured that the company's objectives are well defined and performance against those objectives are adequately measured and monitored.

The company is committed to maintaining a high growth rate and maximizing return on capital employed through the optimal use of its resources. It is believed that adherence to business ethics and commitment to Corporate social responsibility would help the company achieve its goal of maximizing value for all its stakeholders. Corporate governance is considered as an important tool for shareholders protection and maximization of their long-term values. It has been the constant endeavor of the Company to maximize the value of its credibility in the market.

**2. Board of Directors:**

The Board of Directors consists of professionals drawn from diverse field having rich knowledge and experience in the industry and related sectors for providing strategic guidance and direction to the Company. Board of the Company comprises of 10 Directors viz Part-time Chairman, 4 functional directors including Managing Director, one Government Nominee Director and 4 Independent directors. The composition of the Board is in consonance with Guidelines issued by DPE. However, at present the position of three Independent Directors is lying vacant since 31.10.09. The proposal for appointment/re-appointment of Independent Directors is under consideration of Ministry of Railways.

As on 31st March, 2010, company has 7 Directors including a Part-Time Chairman, a Managing Director, three Functional Directors, a Government Nominee Official Director and one Independent Non-

Official Director.

None of the Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a Director.

**2.1 Composition of the Board of Directors:**

During the year under review, due to induction / cessation, the composition of the Board has undergone changes. The names and categories of Directors on the Board, number of Directorships and Committee Chairmanship/Membership held by them in other companies are as under :-

S. No.	Name and Designation	Category of Directors	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
1.	Shri Praveen Kumar Chairman	Part-Time Non-Executive (Upto 31st March, 2010)	Nil	Nil	Nil
2.	Shri Sanjiv Handa Chairman	Part-Time Non-Executive (From 14th May, 2010)	Nil	Nil	Nil
3.	Shri VK Agarwal Managing Director	Whole Time	Nil	Nil	Nil
4.	Shri Anil Madan Director Technical	Whole Time (Upto 31st October, 2009)	Nil	Nil	Nil
5.	Shri Sumit Sinha Director Technical	Whole Time (From 27th January, 2010)	Nil	Nil	Nil
6.	Shri B.K Makhija Director Projects	Whole Time	Nil	Nil	Nil
7.	Shri Rajeev Mehrotra Director Finance	Whole Time	Nil	Nil	Nil
8.	Shri Virendra Gupta Director	Govt Nominee (Upto 5th May, 2009)	1	Nil	Nil
9.	Smt Reenat Sandhu Director	Govt Nominee (From 4th June, 2009)	2	Nil	Nil
10.	Dr. Devi Singh Director	Independent (Upto 31st October, 2009)	3	Nil	1
11.	Shri D.P Tripathi Director	Independent (Upto 31st October, 2009)	1	Nil	Nil
12.	Shri Prem Saigal Director	Independent (Upto 31st October, 2009)	1	Nil	Nil
13.	Shri A.K Sanwalka Director	Independent	1	Nil	Nil

\* Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.

\*\* Does not include Chairmanship/ Membership in Board of Committees other than Audit Committee and Shareholder's Grievance Committee.

### 2.2 Brief Resume of Directors who joined the Board as Whole-time / Part time Directors during the year 2009-10:

**I. Mr. Sanjiv Handa** - 58 years is our Part-time Chairman. He joined Indian Railway Services of Mechanical Engineering in 1974 and has got over 36 years of rich and wide experience of Railway Management. During his tenure with Railways he has worked in various key posts including CME/SECR, CME/Southern Railway, CME / South Western Railway, DRM, Kharagpur, Additional Member (Mechanical Engineering, Railway Board), General Manager / East Central Railway before taking over the charge of Member Mechanical, Railway Board on 1/4/2010. He joined our Board on 14/5/2010.

**II. Ms. Reenat Sandhu** - 46 years, is a Government Nominee Director. She holds Master's degree in Economics from Delhi School of Economics. She joined Indian Foreign Service in 1989 and has over 21 years of work experience. During her tenure with Ministry of External Affairs she has worked on various key positions including First Secretary in Embassy of India, Washington, First Secretary/counsellor in Indian High Commission at Colombo, Director (Projects) in Ministry of External Affairs and consulate General of India, New York. Currently she is posted as Joint Secretary (ITP), Ministry of External Affairs, Government of India. She joined RITES Board on 4th June, 2009.

**III. Mr. Sumit Sinha** - 56 years, is our Director Technical. Previously he was the head of Expotech Division as Executive Director (Expotech). He joined RITES in 1997 and has worked in Quality Assurance and training division before working in expotech division. He was previously in the cadre of Indian Railways Service of Mechanical Engineers which he joined as Assistant Mechanical Engineer in 1976. During his tenure in the Railways, he has worked in various important posts in Eastern Railway, CRIS, Railway Board and COFMOW before joining RITES as General Manager (Quality Assurance). He joined our Board on 27.01.2010.

### 2.3 Number of Board Meetings:

The Board met eight times during the year 2009-10 to review, discuss and decide about the various activities of the business of the Company.

S. No	Name and Designation	Board Meetings during the year		Attendance at the last AGM held on 31st August, 2009
		Held during tenure	Attended	
1.	Shri Praveen Kumar Chairman (Upto 31st March, 2010)	8	8	Present
2.	Shri V.K Agarwal Managing Director	8	8	Present
3.	Shri Anil Madan Director Technical (Upto 31st October, 2009)	5	5	Present

S. No	Name and Designation	Board Meetings during the year		Attendance at the last AGM held on 31st August, 2009
		Held during tenure	Attended	
4.	Shri Sumit Sinha Director Technical (From 27th January, 2010)	1	1	NA
5.	Shri B.K Makhija Director Projects	8	8	Present
6.	Shri Rajeev Mehrotra Director Finance	8	8	Present
7.	Shri Virendra Gupta Director (Upto 5th May, 2009)	NA	NA	NA
8.	Smt Reenat Sandhu Director (From 4th June, 2009)	7	5	Present
9.	Dr. Devi Singh Director (Upto 31st October, 2009)	5	4	Present (Chairman, Audit committee)
10.	Shri D.P Tripathi Director (Upto 31st October, 2009)	5	5	Present
11.	Shri Prem Saigal Director (Upto 31st October, 2009)	5	4	Absent
12.	Shri A.K Sanwalka Director	8	7	Present

**Note:** - Dates of the meeting and attendance of the Directors in the meeting are placed as **Annexure- 1** to this report.

### 3. Code of Conduct:

RITES Code of Conduct for Board Members and Senior Management Personnel as recommended by Corporate Governance is a comprehensive code apply to all Directors and Senior management personnel. The Code of Conduct is available on the website of the Company i.e. [www.rites.com](http://www.rites.com).

All Board members and Senior management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010 and a declaration to this effect signed by the Managing Director is placed as Annexure - 2 to this report.

### 4. Committees of the Board of Directors:

#### 4.1 Audit Committee:

The Audit Committee of the Board of Directors comprised of three Independent Directors, namely Dr. Devi Singh (Chairman), Shri D.P. Tripathi, (Member) and Shri Prem Saigal, (Member), Shri P.T Mittal, Company Secretary is the Secretary of the Audit Committee. However, since the term of above mentioned Independent Directors

was completed on 31.10.2009. Company re-constituted Audit Committee comprising of one Independent Director, Shri. A.K Sanwalka as Chairman, one Government Nominee Director, Ms. Reenat Sandhu and Shri B.K Makhija, Director Projects as members in compliance with the provisions of Section 292A of the Companies Act, 1956. The proposal for appointment/re-appointment of Independent Directors is under consideration of Ministry of Railways.

4.2 The terms of reference of the Audit Committee are broadly as under:

- ✓ Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ✓ Recommending to the Board regarding the fixation of audit fees;
- ✓ Approval of payment to statutory auditors for any other services rendered by them;
- ✓ Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause(2AA) of section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with the legal requirements relating to financial statements;
  - Disclosures of any related party transactions; and
  - Qualifications in the draft audit report.
- ✓ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- ✓ Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issues etc), the statement of funds utilized for the purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or right issue and making appropriate recommendations to the Board to take up steps in this matter;
- ✓ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control system;
- ✓ Reviewing, the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
- ✓ Discussion with Internal Auditors on any significant findings and follow-up thereon.

- ✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- ✓ Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
- ✓ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- ✓ To review the functioning of the whistle blower mechanism, in case the same is existing;
- ✓ To review the follow up action on the audit observations of the C&AG audit;
- ✓ To review the follow up action taken on the recommendation of committee on public Undertakings ('COPU') of the Parliament;
- ✓ Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
- ✓ Review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions;
- ✓ Reviewing with the Independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
- ✓ Consider and review the following with the independent auditor and the management:
  - The adequacy of the internal controls including computerized information system controls and security, and
  - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- ✓ Consider and review the following with the management, internal auditor and the independent auditor:
  - Significant findings during the year, including the status of previous audit recommendations.
  - Any difficulty encountered during audit work including any restrictions on the scope of activities or access to required information.
- ✓ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### 4.3 Meeting of Audit Committee:

The Audit Committee met five times during the financial year 2009-10 on 21st April, 2009, 8th June, 2009, 31st July, 2009, 17th August, 2009, and 10th March, 2010. The attendance of each member at Audit Committee meetings during the financial year 2009-10 is as under:



Member	Status	Audit Committee meeting held during the year 2009-10	
		Held	Attended
Dr. Devi Singh	Chairman	4	4
Shri D.P. Tripathi	Member	4	4
Shri Prem Saigal	Member	4	3

The Audit Committee was reconstituted in January, 2010 and met once on 10th March, 2010 after re-constitution during the financial year 2009-10. The attendance of each member at Audit Committee meetings during the financial year 2009-10 is as under:

Member	Status	Audit Committee meeting held during the year 2009-10	
		Held	Attended
Shri A.K. Sanwalka	Chairman	1	1
Ms. Reenat Sandhu	Member	1	0
Shri B.K. Makhija	Member	1	1

#### 4.4 Powers of Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### 5. Remuneration Committee:

ITES, being a Government Company, Directors are appointed by the President of India through Ministry of Railways and draw remuneration determined by the Government and as per the terms and conditions of their appointment and as amended from time to time. Therefore Company is not required to constitute a Remuneration committee.

However, to comply with the recommendations of 2nd Pay Revision Committee Report, Remuneration Committee headed by Dr. Devi Singh, Independent Director and Director Projects, Director Finance and Group General Manager (Corporate Services) as members has been constituted for deciding annual bonus/PRP and policy for its distribution. One meeting of the Remuneration Committee was held during the year 2009-10 i.e. on 15.10.2009.

Further, as per Guidelines on Corporate Governance for CPSEs 2010 issued by DPE in May, 2010, each CPSE is required to constitute a Remuneration Committee comprising of atleast three Directors, all of whom should be part-time Directors (i.e. Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director. Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits. In accordance of these guidelines, Remuneration Committee needs to be re-constituted and the proposal for re-constitution of Remuneration Committee is under consideration.

Details of Remuneration of Functional Directors of the company during the year 2009-10 are as under:

Name of Director	Salary (₹)	Benefits (₹)	Bonus/ Comm- ission Ex-gratia (₹)	Perfor- mance linked incentives (2007-08) (₹)	Perfor- mance linked incentives (2008-09) (₹)	Stock option during the year (₹)	Total (₹)
Shri V.K. Agarwal Managing Director	24,02,468	4,92,614	0	16,69,177	12,10,419	Nil	57,74,678
Shri Anil Madan Director Technical (Upto 31st October, 2009)	14,29,582	2,58,188	0	11,48,863	4,12,995	Nil	32,49,628
Shri B.K. Makhija Director Projects	23,06,007	1,24,252	0	11,56,094	8,30,723	Nil	44,17,076
Shri Rajeev Mehrotra Director Finance	19,00,851	3,38,598	0	5,10,486	7,88,688	Nil	35,38,623
Shri Sumit Sinha Director Technical (From 27th January, 2010)	2,87,322	42,987	0	0	0	Nil	3,30,319

The Independent Directors are paid sitting fee at the rate of ₹ 15,000/- for attending each meeting of the Board and/or Committee thereof.

Details of payments towards sitting fees to Independent Directors during the financial years 2009-10 are as under:

Name of the Independent Non-Official Directors	Sitting Fees*			Total (₹)
	Board Meeting (₹)	Audit Committee Meeting (₹)	Remuneration Committee Meeting (₹)	
Dr. Devi Singh (Upto 31st October, 2009)	60,000	60,000	15,000	1,35,000
Shri D.P. Tripathi (Upto 31st October, 2009)	75,000	60,000	N.A	1,35,000
Shri Prem Saigal (Upto 31st October, 2009)	60,000	45,000	N.A	1,05,000
Shri A.K. Sanwalka	1,05,000	15,000	N.A	1,20,000
Total	3,00,000	1,80,000	15,000	4,95,000

\* Gross fees excluding Tax Deducted at Source as per applicable Tax Laws and Rules.

#### 6. Risk Management Committee:

Company had constituted a Risk Management Committee of the Board comprising of three Independent Directors, Director Finance and the concerned whole time Director, to review the risk management aspect of the business of the Company. However, out of four three

Independent Directors of the Company completed their tenure on 31.10.2009. Proposal for re-constitution of Risk management Committee is under process.

To overcome the problem associated with currency fluctuations the Company designed a document on Currency Risk Management covering aspects namely risk identification, currency risk management approach, bench marking, hedging and risk appetite, permissible instruments, hedging policy, structure of risk management committee and treasury group and the reporting procedures.

In this respect Company also constituted Treasury Risk Management Committee comprising of Director Finance, three Executive Directors of operational units, General Manager (Treasury/Finance), Assistant General Manager (Treasury/Finance) and an external consultant/economist (as and when required).

#### 7. Project Investment Committee:

Company constituted Project Investment Committee as a step towards improved Corporate Governance though not required by the act or the Guidelines comprising of three Independent Directors, Director Finance and the Concerned Functional Director to deal with the appraisal and approval of all the projects involving Equity participation. However, three Independent Directors of the Company completed their 3 years tenure on 31.10.09. Proposal for re-constitution of Project Investment Committee is under process.

#### 8. General Body Meeting:

The Annual General Meetings of the company are held at New Delhi where the registered office of the company is situated. The details of the last three Annual General Meetings of the Company are as under:

AGM	Year	Date of holding Meeting	Time	Venue	Special Resolution
35th	2008-09	31st August, 2009	12.00 HRS	India Habitat Centre New Delhi	NIL
34th	2007-08	23rd September, 2008	12:00 HRS	India Habitat Centre New Delhi	NIL
33rd	2006-07	21st September, 2007	12:00 HRS	India Habitat Centre New Delhi	i) Amendment in the Articles of Association of the company, ii) Alteration in the object clause of Memorandum of Association of the company.

#### 9. Subsidiary Companies:

The Company has one Indian Subsidiary i.e. RITES Infrastructure Services Limited incorporated on 27.04.2010 with main object of construction, operation and maintenance of Multi-functional Complexes in the vicinity of Railway land. However the Company has two subsidiary companies, abroad namely RITES AFRICA (PTY) Limited, Botswana and Tanzania Railways Limited, Tanzania. Under the Guidelines on Corporate Governance for Central Public Sector Enterprises 2007, issued by Department of Public Enterprises in May,

2010, Subsidiary Company means only those subsidiaries, whose turnover or net worth is not less than 20% of the turnover or net worth of the holding company. No subsidiary of RITES comes under the ambit of above mentioned definition of Subsidiary Company. Hence, this is not applicable to RITES Limited.

#### 10. Disclosures:

- During the year, there has been no materially significant related party transaction with the Directors, Management or their relatives that have a potential conflict with the interest of the company.  
Transactions with related parties as per requirements of Accounting Standard (AS-18) 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are disclosed in Note no.23.4 of Schedule N.
- The company has followed the Accounting Standards issued by The Institute of Chartered Accountants of India in the preparation of financial Statements.
- No penalties imposed or strictures passed against the company by any statutory authorities on any matters related to any guidelines issued by the Government during the last three years.
- There were no instances of non-compliance by the Company.

#### 11. Means of Communication:

All important information pertaining to the Company is mentioned in the Annual Report of the Company containing inter-alia Audited Accounts, Consolidated Financial Statements, Directors' Report, Report on Corporate Governance which is circulated to the members and others entitled thereto for each financial year. The annual accounts of the Company are made available on the website of the Company i.e www.rites.com. Compliance report of Corporate Governance is also being sent to DPE with a copy to Ministry on quarterly basis.

#### 12. Training of Board Members:

New Directors appointed by the President of India are given formal induction and orientation with respect to Company's vision, strategic directions, core values including ethics, financial matters and business operations and risk profile of the business of the Company. The normal practice is to furnish a set of documents / booklets to a director on his/her joining the Board. This includes data about the company including its Brochure, Annual Report, MOU Targets & achievements, Memorandum and Articles of Association, CPSE guidelines on Corporate Governance.

#### 13. CEO/CFO Certification:

The certificate duly signed by Managing Director and Director Finance was placed before the Board of Directors at the meeting held on 25th August, 2010 (placed as **Annexure-3** to this report).

#### 14. Whistle Blower Policy:

The Company has not yet formed the Whistle Blower Policy.

#### 15. Compliance:

The Company complies with the requirements of the Guidelines on Corporate Governance for CPSEs 2007.

Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in the Guidelines has been placed as **Annexure - 4** to this report.

**Attendance of Board of Directors Meeting during the year 2009-10**

Name of Directors	175 18th May, 09	176 9th June, 09	177 31st July, 09	178 17th Aug, 09	179 29th Oct, 09	180 17th Dec, 09	181 25th Jan, 10	182 26th Mar, 10	Total 8 meetings
Shri Praveen Kumar <b>Chairman (Upto 31st March, 2010)</b>	✓	✓	✓	✓	✓	✓	✓	✓	All
Shri V.K Agarwal <b>Managing Director</b>	✓	✓	✓	✓	✓	✓	✓	✓	All
Shri Anil Madan <b>Director Technical (Upto 31st October, 2009)</b>	✓	✓	✓	✓	✓	NA	NA	NA	5
Shri Sumit Sinha <b>Director Technical (From 27th January, 2010)</b>	NA	NA	NA	NA	NA	NA	NA	✓	1
Shri B.K Makhija <b>Director Projects</b>	✓	✓	✓	✓	✓	✓	✓	✓	All
Shri Rajeev Mehrotra <b>Director Finance</b>	✓	✓	✓	✓	✓	✓	✓	✓	All
Shri Virendra Gupta <b>Director (upto 5th May, 2009)</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
Smt Reenat Sandhu <b>Director (From 4th June, 2009)</b>	NA	•	✓	•	✓	✓	✓	✓	5
Dr. Devi Singh <b>Director (Upto 31st October, 2009)</b>	✓	✓	✓	✓	•	NA	NA	NA	4
Shri D.P Tripathi <b>Director (Upto 31st October, 2009)</b>	✓	✓	✓	✓	✓	NA	NA	NA	5
Shri Prem Saigal <b>Director (Upto 31st October, 2009)</b>	✓	✓	•	✓	✓	NA	NA	NA	4
Shri A.K Sanwalka <b>Director</b>	✓	✓	✓	✓	✓	•	✓	✓	7

**Note:**

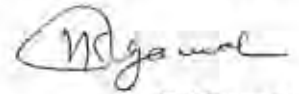
- ✓ – Meeting attended
- NA– Not applicable (not in position)
- – Meeting not attended

**DECLARATION BY MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL DURING THE YEAR 2009-10**

I hereby affirm that the Company has obtained from all the members of the Board and Senior Management Personnel ("Senior Management Personnel" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management i.e. Executive Directors and all functional heads) affirmation that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year 2009-10.

**Place: Gurgaon**

**Date: 1st June, 2010**



**V K Agarwal**

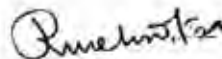
**Managing Director**

## MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION

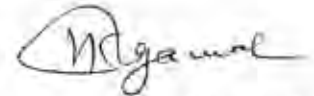
- (a) We have reviewed financial statements and the cash flow statement for the financial year 2009-10 and to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together presents a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the company. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have discussed with the auditors and the Audit Committee:
- (i) significant changes made/to be made in internal control during the year.
  - (ii) significant changes in accounting policies during the year, and the same have been disclosed in the notes to the financial statements; and
- (e) There are no instance of significant fraud of which we are aware nor there has been involvement of the management or an employee having a significant role in the Company's internal control system.

Place: Gurgaon

Date : 25th August, 2010



Rajeev Mehrotra  
Director Finance



V K Agarwal  
Managing Director

## CERTIFICATE

To  
The Members  
RITES LIMITED

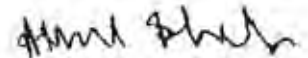
We have examined the compliance of conditions of Corporate Governance by RITES LIMITED for the year ended 31st March, 2010 as stipulated in guidelines on Corporate Governance for CPSE's 2007 issued by DPE.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines.

We further state that such compliance is neither an assurance as to further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Akhil Rohatgi & Co.



(Akhil Rohatgi)  
Company Secretary in Practice  
C.P. No.2317

Place: Delhi  
Date : 25th August, 2010

## Management Discussion and Analysis

This analysis report briefly describes the industry structure and developments, specific business areas, the current business environment, and the ability of RITES to avail opportunities and other related issues.

### I. INDUSTRY STRUCTURE AND DEVELOPMENTS

Over the years, RITES has established as a multi-disciplinary organisation functioning as consultants, engineers and project managers in the entire spectrum of the transport infrastructure sector. RITES is pioneer in providing services in the fields of transport infrastructure, construction activities, export and leasing of railway rolling stock and running railway systems on concession. The consultancy business of RITES is mainly in transportation infrastructure sector viz. railways, highways, airports, ports, ropeways, urban transport, inland waterways etc. Company started taking construction activities on turnkey basis from the last year which are on a growing path. Company started leasing business in railway sector in 1990s in Africa continent and which has now expanded in Indian market also particularly in power and port sectors. Company has at present two in-operation concessioning projects in railway sector, i.e. Mozambique and Tanzania which has given ample experience in operating and handling the concessioning projects.



Study for development of port infrastructure and a new railway line for transportation of coal in Sumatra, Indonesia.

During the last year, world economy had witnessed unprecedented slowdown, which has revived on measures taken by the effected countries through infusing stimulus packages and reform measures to suit their respective economy. Government of India (GOI) also taken necessary measures to stimulate the Indian economy which have revitalized development activities in the infrastructure sector. The Eleventh Five Year Plan emphasised the importance of investment in infrastructure for achieving a sustainable and inclusive growth of 9 to 10 per cent in GDP over the next decade. Government is betting big on infrastructure investment to reach the targeted 9 % economy growth during the 11th plan. To achieve the targeted GDP, investment of more than ₹ 20 lakh crores is planned during the Eleventh Plan period. This includes ₹ 5.5 lakh crores towards railways, roads, airports, ports and highways sectors. Huge investments in infrastructure development

are increasing strong demand for the company's range of services.

The projections given in Mid-term appraisal document issued by planning commission indicates that the economy will enter the Twelfth Plan in a much stronger position as far as infrastructure is concerned than that existed at the start of the Eleventh Plan.

RITES, recognized as the national think tank on transport infrastructure, will continue to assist the central and the state governments in developing national and state level plans and projects for speedy development of infrastructure thus contribute its mile in nation building and towards mission of taking India into the league of developed countries. There are also new emerging areas such as special economic zones, industrial parks, inland container depots, air cargo complex etc. from infrastructure development perspective and providing ample scope of business opportunities for the company in domestic sector. Asia and Africa continued to remain the preferred regions in the international market for investments and these regions happen to be the key market for RITES since inception.

Business opportunities through joint venture / SPV have further opened up after focused on PPP model and identified potential areas such as captive railway systems for power companies, construction and development of multi-functional complexes on railways land, wheel set assembly plant / wagon rehabilitation facility, leasing of locomotives in domestic market, development of multi-modal logistics parks, ICDs, airport projects-development of smaller airports and projects in urban transportation / urban infrastructure sector.

### II. STRENGTH AND WEAKNESS

RITES functions under the umbrella of the sprawling Indian Railways, one of the largest rail network in the world. RITES as one of the largest infrastructure consultancy companies in the Public Sector in the country, having experience in more than sixty countries, is playing a pivotal role in the development of all sectors of India's infrastructure as well as in international arena. RITES' domain knowledge in transport infrastructure, its technical skills and innovative approaches to problem solving allows it to be a stronger player in the infrastructure market. RITES enjoys a Mini Ratna Category – I status and is one of the first public sector enterprises (PSEs) to have achieved ISO 9001-2000 certification for its entire range of service.

RITES provides an array of services under one roof and transfers technologies to the domestic and international clients. Establishing links with local firms, "both as a means of maximum utilization of local expertise and as an effective instrument of sharing its expertise" has been a rewarding policy pursued by the company for overseas projects.

RITES can be legitimately proud of having a consistent record of good financial performance securing its place of honour amongst the profitable undertaking of the Union Government of India. In keeping with its culture and entrepreneurial spirit, RITES constantly strived to built up its existing strengths and upgrade its capability and capacity to expand its operations in Indian infrastructure market. RITES is helping clients to translate their ideas into practical projects by developing pre-feasibility reports, feasibility reports and detailed project reports.

Company still has to face the challenge of competing with international

consultants for handling mega projects without joining hands with strategic partner in higher end technology field. In the overseas business, the major areas of operations are in Africa where the economy is highly volatile and open to political and financial risks.

### III. OPPORTUNITIES AND THREATS

Investment planned in the Eleventh Five Year Plan by the Government of India in transport infrastructure covering highways, rural roads, rail, airport, ports, harbour, inland waterways sectors will give ample opportunities to RITES to get the business in India.

RITES is continuously upgrading the diverse spectrum of the company to bring it in line with the changing opportunities in the Indian economy by giving value added services and providing total solutions including limited financial participation to the clients.

Significant investments for infrastructure augmentation/upgradation are also expected to be made in the coming years in key foreign markets of RITES' interest viz. Asian and African Regions. There is a potential of business growth since developing countries, under compulsion of political and economic reforms, are anxious to accelerate their economic growth. Therefore, infrastructure development will gather increasing momentum.

For long term growth, RITES scouts for business in areas such as workshop modernization projects on turnkey basis, development of high horse power locos for foreign markets, development of domestic leasing business, bidding for PPP projects in highway, housing and other related sectors, development of capabilities for participation in high speed railway projects in India, development of capabilities for detailed design for metro projects, nodal agency for development of integrated transport system planning for infrastructure projects at state level.

RITES is well-placed to benefit from the large scale investment planned by Indian Railways and capital expenditure plans of steel and power players during 11<sup>th</sup> and 12<sup>th</sup> plan period. However, increasing competition in the export market could pose a threat to leasing, export and concession businesses in Africa, which is a strong market for RITES.

Company faces challenges in terms of growing competition and changes in the way the infrastructure business is being structured and operated. In future, the size of the projects is expected to be far bigger than at present and the nature of contracts would be different from the traditional consultancy contracts awarded earlier.

### IV. RISKS AND CONCERNS

Consultancy organizations around the world have developed from single discipline set up to multidisciplinary consultancy firms. This is implemented more after by forming joint ventures and consortiums for handling projects requiring several fields of specialization. In such arrangements, there is an inherent risk that RITES may be kept at low profile position or share, which needs to be guarded.

A few of the projects are being executed in risky geographical areas where employees are exposed to risks and threats to their lives, liberty and property while operating in such areas. The Company however feels honour in executing such projects in the interest of nation. However, Company takes measures to provide adequate security, facilities and insurance coverage in such places.

A significant portion of Company's revenues is in US dollar which is amenable to foreign exchange fluctuation risk. In this regard, foreign exchange movements are being constantly monitored and if deemed necessary currency risks are covered through taking appropriate measures to minimise the risks.

Export of railway goods largely depends upon the financial aid by multilateral institutes or line of credit facilities extended to the concerned Governments and any change in the policy of giving such aids/facilities may result into fall in export business.

RITES global operations are exposed to international legal, tax and economic risks. These risks are inherent in establishing and conducting operations in international market due to cultural, regulatory and statutory requirements. Getting and retaining of requisite talented/experienced experts continues to be a matter of concern for RITES to sustain the growth.

Major reliance on Export Business which is further dependent on Government policies, line of credit facilities extended by concerned government and supply of goods by Indian railways. Reduction/delay in these factors may lead to revenue loss. Limited experience in managing mega projects for rendering consulting services in overseas market is another area of concern.

### V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal audit cell has been strengthened and it continued to improve upon quality of processes and deliverables to ensure controls and checks. RITES has an effective internal control and audit systems for maintaining efficiency of operations and compliances of relevant laws and regulations. The organisation has well structured policies and guidelines which are documented with pre-defined authorities. Regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants.

The Company has an Audit Committee in accordance with Section 292 A of the Companies Act, 1956. The internal control and audit systems are being reviewed periodically by the Management and the Audit Committee and steps are taken as a part of continuous improvement.

### RISK MANAGEMENT SYSTEM

To strengthen the risk management system, a committee of the Board of Directors consisting of two Independent Directors, Director (Finance) and one whole time Director has been constituted to review the risk management aspects of our business. Further, we have a currency risk management policy approved by our Board which prescribes the guidelines and processes to be followed to minimise currency risk. Various aspects of currency risk management approach, benchmarking, hedging and risk appetite, permissible instruments, hedging policy, structure of the risk management committee and treasury group, reporting procedures have been covered in the policy.

### TREASURY RISK AND LIQUIDITY MANAGEMENT

For an effective Treasury Risk and Liquidity Management, company has constituted a committee comprising of Director (Finance), three Executive Directors of operations units, General Manager (Treasury), Additional General Manager (Treasury) and an external consultant which is responsible for control and directions of operations pertaining to currency risk management.

The liquidity management of the company was further strengthened and new



avenues available to optimise the returns from investment of available surplus funds were explored. The Board of Directors made a separate sub-committee of the Board comprising of Managing Director, Director(Finance) and one functional director to take timely investment decisions, as a result, funds were invested in the instruments with highest safety and returns as per DPE guidelines. Some such investments are in UTI Liquid Daily Dividend Debt Instruments, UTI Fixed Maturity Debt Plan, inter corporate deposits and deposits with banks etc. The investments made by the committee are reported to the Board of Directors on periodical basis.

## VI. FINANCIAL PERFORMANCE

Net worth increased to ₹ 695 crores at the end of financial year 2009-2010 from ₹ 610 crores as on 31st March, 2009. Company has registered turnover of ₹ 623 crores for the year 2009-10 as compared to ₹ 672 crores of previous year. Operating income during the year is of ₹ 556 crores as compared to ₹ 538 crores during the previous year, this has resulted on account of increase in consultancy income from ₹ 333 crores in previous year to ₹ 399 crores during the current year. The company has registered profit after tax of ₹ 112 crores as against ₹ 94 crores of previous year.

## VII. SEGMENT-WISE PERFORMANCE

During the year 2009-10, consultancy services including quality assurance services accounted for 86% of the total operating income, export sales accounted for 8%, construction projects accounted for 3% and balance 3% resulted from leasing income. A segment-wise comparison is given below which shows an increasing trend in the consultancy businesses and a declining trend in the export sale business while construction activities had taken up recent years.

(₹ in crore)

	2007-08		2008-09		2009-10	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy Services						
Domestic	285	49	381	71	444	80
Abroad	68	12	27	5	31	6
Construction Projects	-	-	20	4	17	3
Export	209	36	59	11	47	8
Leasing (Domestic & Abroad)	19	3	50	9	17	3
<b>Total</b>	<b>581</b>	<b>100</b>	<b>537</b>	<b>100</b>	<b>556</b>	<b>100</b>

## VIII BUSINESS SCENARIO

Against the backdrop of the financial crisis, the performance of the infrastructure sector has shown the resilience of the economy and its capacity to shield itself from the external influences. Company has been able to achieve turnover during the year under review, which has been possible as the company has kept itself updated with the changing business environment and latest technology and evolved strategy to meet demand of the clients well in time to their satisfaction. RITES has secured a turnkey project awarded by RCF, Kapurthala for complete switchover to LHP stainless steel coach

production and enhancement of capacity from 1400 to 1500 coaches per annum.

The business outlook of the company was encouraging which can be witnessed from the business in hand at the end of the year of ₹ 973 crores which is the result of strong corporate fundamentals and its inherent competitive strengths.

## OPERATIONAL PERFORMANCE

### OVERSEAS BUSINESS

RITES has won a prestigious contract against international competition for operation and maintenance of the under-construction 2,400 Kms long North South Railways (NSR) network of the Kingdom of Saudi Arabia for an initial period of 3 years extendable further for 2 years.



Consultancy Services to Civil Aviation Authority, Botswana

RITES secured a prestigious study under stiff international competition from Airports of Mauritius Co. Ltd., the feasibility of 2nd runway at SSR International Airport for Airbus A-380 operations including assessment of economic impact of closure of runway on the national economy.

Other consultancy projects secured during the year include Feasibility study for up-gradation of existing railway line in Syria for Ministry of Chemical & Fertilizer, Syria and Feasibility study of Mechi-Mahakali & Kathmandu-Pokhara for electrified railway line -Govt. of Nepal. Company continued to provide consultancy services to the Civil Aviation Authority of Botswana.

During the year, substantive progress was achieved towards design and development of 15 BG 1400 HP DMU train sets for Sri Lanka.

### DOMESTIC BUSINESS

On the domestic front RITES pursued new areas of businesses for sustained growth such as leasing of diesel locomotives. Leasing contracts were secured from Bandel Thermal Power Station, Dhamra Port Company Ltd. and NSPCL (NTPC-SAIL Power Company Limited).

During the year under review company has also shore up new opportunities such as works for Wagons Rehabilitation for Indian Railways, turnkey project for switchover to LHB stainless steel coaches for enhancement of production capacity of coaches from 1400 to 1500 coaches p.a. – RCF, Kapurthala and taken up Clean Development Mechanism (CDM) projects.

## REVIEW OF BUSINESS DIVISIONS

Major projects secured and works executed during the year for both, foreign and domestic segment, for various business units, are covered below.

### RAIL INFRASTRUCTURE DIVISION (RI)

RI division renders consultancy services in Rail Infrastructure projects through detailed engineering and survey reports, architectural design works, signalling and telecommunications solutions, geotechnical investigations and other related services.

#### CIVIL ENGINEERING DESIGN UNIT

During the year, this unit has taken up the work of hydraulic studies for 4.95 Km. long Bogibil Bridge over river Brahmaputra including investigations on physical model covering the river reach of 16 Km. The Topographic and Hydrographic survey have been completed under difficult conditions at remote sites within a tight schedule by using state of art survey techniques. The data is required by Railway for ascertaining the suitability of North Guide Bund (2.7 Km long) and also to be used for laying the model on which the investigations is to be completed before monsoon.

The design and construction supervision work of 10.9 km long railway tunnel across Pir Panjal range in High Himalayas is in progress. The excavation of tunnel has been completed for about 80% length whereas the lining completed in about 55% length of the tunnel. The design and construction supervision of rehabilitation measures for 3.1 km long NRT-1 tunnel is also in progress. The rehabilitation measure includes construction of 1.8 km long new tunnel on part realigned stretch.



Jubilee Rail Bridge across River Hooghly, West Bengal

This unit has also undertaken the design of bridges on new rail link between Udhampur-Laole- Quazigund-Baramulla (220 km length) in Jammu and Kashmir state, mega rail cum road bridges on Ganga river at Patna (4.55 km) and at Munger (3.69 km), Bogibil bridge (4.94 km) over Brahmaputra river near Dibrugarh, Jubilee Bridge (0.42 km) on the Hooghly river near Kolkata and a number of other bridges in India. The construction of these bridges along with major/minor approach bridges are in progress.

#### GEO-TECHNOLOGY UNIT

During the year, this unit has completed major works of Supplementary investigation for underground crude oil storage at Padur (Karnataka), Geotechnical Investigation for construction of new BG Rail line from Jogbani (India) to Biratnagar (Nepal), Realignment of problematic section of Railway alignment from km 137 to km 144 of USBRL project in J&K. In addition to this,

SBU has completed field work for new BG Rail line from Agartala to Sabroom in Tripura.

The unit has carried out Detailed Geo-technical investigation for Laole-Qazigund new BG Rail line from km 120 to km 168, Detailed Design Consultancy for finding & suggesting solution to heavy seepage in T-3 on Udhampur-Katra section of USBRL project, Bogibeel Rail cum Road Bridge on river Brahmaputra at Dibrugarh. The SBU has also provided services for additional Geotechnical Investigation for Borrow area and structures of Kachchh Branch Canal for SSNNL. In addition, the unit is carrying out new area of Detailed Design Consultancy and construction supervision for construction of Rock fall barriers at Ajanta Caves in Maharashtra.



Geo-technical investigations for underground storage of LPG and crude oil in rock cavern projects, Vizag and Mangalore

The unit was awarded important research oriented work of Geotechnical investigation for seismic Microzonation of NCT Delhi by India Meteorological Department (IMD) which includes drilling of boreholes, trial pits, lab testing



Under water sub-surface investigations rail-cum-road bridge on River Brahmaputra

and interpretation for Microzonation. In addition to this, NF Railway has awarded major works for Geotechnical Investigation for construction of new BG Rail line from Tupul to Imphal and new BG Rail line from Jiribam to Imphal.

#### TRACK AND SURVEY UNIT

The unit secured two major international railway projects this year. First project is for Feasibility Study of approximately 1400 km new railway lines



Feasibility study for upgradation of existing railway line between Al Sharkia and Tartus Port in Syria

between Mechi-Mahakali and Pokhara – Kathmandu in Nepal. The project has been secured from Govt. of Nepal through still global competition. Second project for feasibility study for upgradation of existing railway line between Al Sharkia and Tartus Port in Syria has been awarded by Ministry of External Affairs, Govt. of India to Consortium of RITES, PDIL and MECON.

The unit also secured a project for Pre-construction survey and Geo-technical investigation work for new B.G. Line from Tupul to Imphal – in the state of Manipur for North East Frontier Railway.

The unit has completed prestigious project for Pre-Feasibility Study for High Speed Railway Corridor Pune – Mumbai – Ahmedabad in consortium with M/s Systra of France and M/s Italferr of Italy.

The unit has completed the work of Pre-construction survey for 110 km long new railway line between Agartala – Sabroom in the state of Tripura for North East Frontier Railway.

#### SIGNALLING & TELECOMMUNICATIONS UNIT

During the year, the unit has completed major portion of project management consultancy works of NTPC at Rihand, Vinhyachal, Sipat, Ramagundam, TVNL work at Lalpania and NSPCL work at Bhilai. Project Management Consultancy works are in progress at BPCL, BOREL, IOCL Panipat, APCPL Jhajjar, NTPC Dadri, NTPC Simhadri, RINL Visakhapatnam, Visakhapatnam Port Trust and SAIL Bhilai and Rourkela. Phase I and Phase II portion of work for Ghaziabad – Kanpur section of Indian Railways has already been completed and Phase III work is in progress. Work of consultancy assignment from Delhi Police for Planning, Design and Project Management for Intelligent Traffic Systems for the city of Delhi, is in progress.

#### TRANSPORTATION AND ECONOMICS DIVISION

The unit continues to maintain its key position in the field of techno-economic studies and successfully executing projects, particularly on development of rail infrastructure and logistics solutions for power plants, cement production units, new ports, refineries, logistics hubs, etc. The year also saw completion of the prestigious All India Total Transport System Study on Traffic Flows and Modal Costs entrusted by the Planning Commission, Government of India.

In the power sector besides a feasibility study for creation of rail infrastructure at coal pithead in Hazaribagh, a detailed project report and detailed engineering assignment are underway involving coal and limestone transportation and development of rail facilities for Bongaigaon Thermal Power Plant of NTPC. The unit has been awarded feasibility studies for transportation of coal for two ultra mega power plants at Akaltara

(Chhattisgarh) and Sundergarh (Orissa) respectively by Power Finance Corporation, in addition to a similar project for a thermal power station at Banswara in Rajasthan. Recently, JSW Steel Ltd. has assigned a work on development of rail facilities for handling traffic at the Vijaynagar plant and likewise a study is being taken up on behalf of Crackers India (Alloys) Ltd. for an integrated steel plant located at Murga Mahdev Road in Orissa.

As part of rail connectivity projects for ports, a feasibility study has been completed for Five Greenfield ports in Gujarat for Gujarat Maritime Board. A similar study on rail link is being conducted for a new deep sea port at Positra near Dwarka in the same State. In the field of logistics, a feasibility study is underway for setting up a Container Freight Station in Ranga Reddy district in Andhra Pradesh. Another feasibility study is in progress for providing rail connectivity to a proposed logistics park near Farukhnagar in NCR.

Studies have been further secured in diverse areas such as development of PPP models for Railway projects, wagon availability for movement of cement and re-appraisal of wagon investment scheme, provision for rail facility at Volkswagen automobile plant in Pune and transaction advisory services for selection of partners for development of marine infrastructure at Vishakhapatnam Port.

In the overseas projects, besides rendering technical services in Syria, Saudi Arabia, Nepal and Benin, an exclusive traffic-cum logistics study has been undertaken for rail transport of raw material/finished products to/from the alumina refinery in Cameroon.

#### BUILDING AND AIRPORT DIVISION

This division undertakes management of construction projects through various stages from concept to commissioning. Division provides services such as detailed designing, preparation of estimates, geotechnical investigations, selection of agencies, architect, designs works and construction supervision relating to building and airports.

#### AIRPORT UNIT

During the year, the unit has secured a prestigious study project under stiff international competition from Airports of Mauritius Co. Ltd. and feasibility study of 2<sup>nd</sup> runway at SSR International Airport for Airbus A-380 operations including assessment of economic impact of closure of runway on the national economy. The division also secured another prestigious contract from Air India for planning, design and construction management of setting up of 80m clear span Aircraft Maintenance Hangar for B-777 aircraft at IGI Airport, New Delhi. Another unique project secured of Techno-economic



Development of Rohini Heliport

feasibility study for setting up of a Helipoint at New Delhi for Pawan Hans Helicopters Ltd. The construction of airstrips at Moradabad, Sultanpur, Aligarh, Faizabad, Meerut and Paliya in Uttar Pradesh were completed during the year and the work at Azamgarh and Chitrakoot in Uttar Pradesh were in progress. Construction of surveillance radar tower buildings at 8 stations for Bharat Electronics Limited was completed during the year and the work at 4 stations commenced during the year. International check posts at various locations continued steadily with the commencement of construction work at Attari, Raxaul, Birganj (Nepal side) and Jogbani. Tendering and detailed engineering activities for Petrapole, Moreh, Hilli, Changrabandha, Dawki are in progress.

The unit continued to provide consultancy services to the Civil Aviation Authority of Botswana in the Construction Supervision services for the Improvement of Airport at Francistown and design consultancy for the airports at Tsabong and Hukuntsi.

#### **URBAN ENGINEERING UNIT**

The unit is providing consultancy services in the areas of Environmental Impact assessment, Water Supply and Sanitation and Solid waste management. The division has completed number of study on EIA, SIA, Solid Waste Management, and water supply and sanitation. The EIA Study for Seven Tunnels in Shimla and other parts of the Himachal Pradesh for Himachal Pradesh State Road and Other Infrastructure Development Corporation Limited. Techno-Economic Feasibility Study for Water Drawal and Transmission for 4000 MW Super Thermal Power Plant at Marakkanam in Villupuram district of Tamil Nadu for National Thermal Power Corporation Limited is in progress. Assessment of Plastics Waste and Its Management of Railways and Airports for Central Pollution Control Board, New Delhi has been completed successfully as a Research & Development project which has been approved by CPCB.

Environmental Impact Assessment (EIA) study for 63 MW Mori-Hanol Hydroelectric Power Project in Uttarkashi District of Uttarakhand for Krishna Knitwear Private Limited is in progress. The Environmental and Social Impact Assessment for Integrated Checkpost at Attari and Raxaul have been completed and Jogwani, Petrapole and Morey are in progress.

#### **CONSTRUCTION PROJECT MANAGEMENT UNIT**

The unit is providing Project Management Consultancy and Third Party Quality Inspection, Assurance & Audit Services to various clients and had successfully executed various prestigious Building and Infrastructure projects



Project Management for the Delhi Police residential and official buildings

for Central/ State Govt. organizations, PSUs, Universities, Institutions of National Importance, Autonomous bodies, Private Sectors etc. at various locations in India.



Project management of the venue for rugby & table tennis for Commonwealth Games -2010 at Jamia Millia Islamia, New Delhi

The major works executed by this unit for Project Management Consultancy services were Expansion and Up gradation of prestigious institutions like Jawaharlal Nehru University, Delhi University (North and South Campus), Central University at Pondicherry and Hyderabad, Indian Institute of Technology at Kharagpur & Delhi, MNNIT, Allahabad and University of Allahabad. The unit is providing Project Management services for establishment of Central University of Karnataka at Gulbarga, development of Practice Venue for Commonwealth Games – 2010 at Jamia Millia Islamia (Central University), Construction of 1200 seated Auditorium/ Convention Centre at Nation Agriculture Science Centre, Construction of Institutional Buildings of Directorate of Technical Education at Rohtak. Construction of Married Accommodation Project of Ministry of Defence at various locations, Construction of Police lines & Residential Complex of Delhi Police and Office Complex of NSIC – Delhi & Rail-Tel – Gurgaon. Expansion and upgradation of various Warehouses for SAIL and development of new Inland Container Depots at various locations in India including enhancement of facilities at Rail Coach Factory at Kapurthala and Construction of School Building, Hostels and other Infrastructures of Navodaya Vidyalaya Samiti at various locations in India have been under progress.

The major works of Third Party Inspection of Building and Infrastructure works relating to NOIDA and Greater NOIDA Authority, Delhi Jal Board, Haryana Urban Development Authority, Delhi Development Authority, Delhi PWD, Ministry of Home Affairs, Commerce, Food Processing Industry etc. have been under progress.

#### **ELECTRICAL ENGINEERING UNIT**

This unit provides Project Management Consultancy Services, Quality Assurance and Surveillance Inspections in the field of Electric Substations, Transmission and Distribution lines, Building Electrification, Air Conditioning, Illumination systems, Installation of lifts, stand by power supply arrangements / DG set, Rural Electrification, Railway Electrification and etc.

Presently, projects being undertaken by this unit include electrification of buildings with HVAC, Lifts, Solar Installations and associated LT sub-stations etc. at Jawaharlal Nehru University, New Delhi, Delhi Police, Institutional Campus at Rohtak, Pondicherry, Gulbarga & Allahabad Universities, Jamia Millia Islamia University, New Delhi, Ministry of Defence (MOD), ILS

Bhubaneswar, Rail Tel etc. Providing Consultancy Services to MRVC, Mumbai for Over-head-Equipment (OHE) Detailed Design Engineering for MUTP Phase –II Works on Western & Central Railways, and Project Management Consultancy Services are being provided to SAIL, RINL, TATA Steel, NTPC, IOL etc. for Electrification of Rail Sidings in their respective premises.

Other consultancy services are provided for Third Party Audit / Inspection of Electrified Villages with associated Feeders & Transformers under Rajeev Gandhi Gramin Vidyut Yojna (RGGVY) Scheme. Under this scheme, Third Party Audit / Inspections are being conducted with various Electrical Power Distribution Companies of States viz. JVVNL, UPPCL, WBSIEDCL & BESCOM.

The unit is embarking on new territories like Solar Power and Power Sectors after entering into Memorandum of Understanding (MOUs) with TRA International and Power Subsidiary of IL&FS respectively. In order to generate new business aggressive marketing is being done expecting substantial business in near future.

### ARCHITECTURE & PLANNING UNIT

During the year, the unit has been involved with planning, designing and drawings for stations, housing, rest-houses, health centre and several ancillary structures for the Kashmir Rail Link Project a) Qazigund to Baramulla section (for IRCON)- Wheel Lathe shed, RPF/GRP office at Sadura, Office Accommodation for GRP police station & RPF post with ASC/Dy. SPO office, Officer Rest House Srinagar, Additional platform Shelters, Ramps for physically challenged persons etc., b) Laole-Qazigund Section (for IRCON)- Station building and residences of Banihal Yard, RPF/GRP Post, Community Centre, Station building of Banihal, Over head tank etc. and c) Katra-Laole Section. The unit has been awarded the contract for 3 stations in Katra-Laole Section from KRCL. Planning of quarters, station building and layout plan of Sangaldan station are under progress.



Reasi Station Building Jammu & Kashmir

The unit has been awarded the Design and Project Management Consultancy for expansion of Indira Gandhi National Open University Campus at Garhi, Delhi. The unit has undertaken detailed designing and drawings for several buildings like pre-engineering building, administration building, Material product & distribution division block and Academic Buildings (approx. area 60,000 s.qm.).

The unit has also been awarded the Design & Project Management consultancy for the proposed construction of building works & other Infrastructures for IGNOU Regional centre at Karnal (Haryana).

Drawings for the Cast Wheel Plant at Chhapra and the POH Workshop at Harnaut, of Eastern Central Railways, both in Bihar, have been completed and the construction works are in full swing at the sites. The unit is coordinating

with the construction agencies namely M/s Larson & Toubro, M/s Engineering Projects India Ltd and M/s Era Construction Ltd in order to provide site specific design, drawings and details, as per requirement of Eastern Central Railway.

For the last 12 years the unit has been successfully providing design consultancy services to the Navodaya Vidyalaya Samiti (Ministry of Human Resource & Development) for setting up Jawahar Navodaya Vidyalayas all over India. During the financial year 2009-10, the Unit has designed the Jawahar Navodaya Vidyalayas at Jind, Jajihar & Bageshwar.

The unit successfully completed the design consultancy for the Anand Vihar Mega Terminal at Delhi. It was inaugurated by Hon'ble Minister of Railways on 19.12.2009.

### TECHNICAL SERVICES DIVISION

#### OPERATIONS & MAINTENANCE MANAGEMENT UNIT

The unit provides railway related technical support to captive railway systems for private and public sectors in India for Power Industry, Steel and Aluminium Plants, Ports etc. The unit has secured works from a number of clients in the recent past like NTPC, SAIL, Port Companies, TATA Steel & WBPDC for operations of their railway systems, maintenance of rolling stock, track, signalling etc.

Of late, the unit has started a new business offering shunting locomotive on wet lease including operation and maintenance to various non-railway clients. Locomotives on wet lease are working at Bandel Thermal Power Station, Bandel and NTPC-SAIL Power Co. Ltd., Bhilai. Recently, the unit has given two locomotives to Dhamra Port Co. Ltd and one locomotive to Lloyds Steel Industries, Wardha. The unit has also secured orders for supplying and commissioning DLW manufactured DG Sets to domestic clients.

#### ROPEWAYS & INDUSTRIAL ENGINEERING UNIT

The unit provides consultancy from concept to commissioning of the aerial ropeway projects in the country. The ropeways at Trikuta Hills, Deoghar (Jharkhand), constructed under the supervision of RITES, have been opened for public use in July 2009. RITES are presently doing project management of passenger ropeways at Namchi (Sikkim) and Guwahati (Assam). The ropeway at Guwahati is being constructed across the mighty River Brahmaputra. The tenders for Passenger and Material ropeway projects at Mata Vaishno Devi Shrine are also being finalized by RITES, with the role of project supervision during construction.



Ropeway at Trikuta Hills, Deoghar, Jharkhand



## RITES Limited

The unit is assisting the Himachal Pradesh State for finalization of ropeway projects on BOT (Built Operate & Transfer) basis, including the services of supervision during construction and initial operation period. The BOT tenders for the ropeway projects between Palchan and Rohtang (Manali) and at Bijli Mahadev Temple (Kullu) have been finalized and being awarded.

The unit has entered the field of consultancy of Funicular Railway system. The project management of India's first Funicular Railway at Saptashrungi Temple, Nashik, being built on BOT basis, is being done by RITES. Funicular Railways on BOT basis at Haji Malang Shrine (Thane) and at three locations in Gujarat are being planned under the supervision of RITES. The consultancy for a material ropeway at the famous Sabrimala Shrine in Kerala is also being done by RITES.

The Industrial Engg. Unit provides consultancy for setting up of new manufacturing and overhauling workshops. This group also undertakes implementation and review of Group Incentive Scheme in Railway Workshops & Production Units and in public sector undertakings. The Industrial Engg. unit has also taken up the Turnkey works of construction and supply, installation and commissioning of Machinery & Plant for upgradation/modernization of Railway Workshops and Production Units.

The first major turnkey work is being executed for Enhancement of LHB coach production facilities from 1400 to 1500 coaches at Rail Coach Factory, Kapurthala at a cost of about ₹ 51 crores. The Scope of Works include supply, erection and commissioning of Machinery & Plant items like Jigs & Fixtures for coach manufacture, cranes and other handling equipments. Bogie Load Testing machine, etc. The civil works including construction of additional shops, laying of rail tracks and construction of office cum stores buildings. The electrical works include capacity upgradation of existing substations and internal electrical works of the new civil works. Pre-engineered structures are being used for the industrial shed's construction.

Indian Railways have decided to implement Group Incentive Scheme (GIS) in all their Production Units and Repair Workshops by replacing the existing Chittaranjan Pattern Incentive Scheme. The GIS prepared by RITES is in operation at Production Units at RCF, RWF and DMW and at Tirupati, Rayanapadu, Mancheshwar and Bhopal workshops. GIS is under implementation at Golden Rock Workshop. Further implementation/study is in progress at Charbagh, Perambur (Loco), Hubli, Mysore Workshops and at Rail Spring Karkhana at Gwalior.

### ROLLING STOCK DESIGN UNIT

This unit specializes in marketing and design of railway rolling stocks using the state-of-art hardware and software techniques like solid modelling, finite element modelling & analysis. It also specialises simulation techniques such as crash and vehicle dynamics simulation and offers consultancy services in testing and validation of railway rolling stock.

Some of the major achievements of this unit include design of crashworthy coaches for IR, highly successful container flat wagon with speed potential of 100 kmph freight operation, Ro-Ro wagon for Roll-on and Roll-off freight such as loaded trucks, BFAT wagon for Ministry of Defence, food grain wagon for bulk transportation of food grains, 24 axle special purpose wagon for transporting of petroleum products.

Major projects in hand are ammonia tank wagon for carrying liquefied ammonia at high pressure, design and development of fly-ash wagon and clinker wagon.

The unit is also working on development of crashworthy locomotive design and occupant protection for Indian Railways.

### MATERIALS SYSTEM MANAGEMENT UNIT

The unit provides consultancy services in public procurement of goods, works and services in India as well as abroad. The unit had been executing two procurement consultancy contracts for Islamic Republic of Afghanistan for the projects funded by multilateral funding agencies including World Bank, ADB etc. Both the projects have been executed successfully and completed in March 2010 & May 2010.

During the year, the unit has been awarded three procurement consultancy contracts. Ministry of Agriculture has awarded a contract for providing consultancy services for National Agricultural Innovation Project. Ministry of Health & Family Welfare, Govt. of India has also awarded contract for a period of three years for acting as a Procurement Agent for three major projects funded by World Bank (i) Reproductive and Child Health, (ii) Second National Tuberculosis Control Project & (iii) Malaria Control Project. In addition, the unit has signed a contract with Ministry of Health & Family Welfare, for acting as a Procurement Agent for National AIDS Control Organization (NACO), duration of project is 28 months.

## TRANSPORT INFRASTRUCTURE DIVISION

### HIGHWAYS UNIT

The unit provides Comprehensive Road Transport Consultancy Services including Conceptual and Detailed Design, Supervision, Operation and Maintenance of Expressways, Highways, Feeder/ Rural Roads,



View of Nainital Side Viaduct (4 Spans)

Bridges/Viaducts and Tunnels, Maintenance planning/management of Road Networks, Strategic Planning and preparation of vision documents.

The unit has been providing services in highway sector to various projects in India, Nepal, Bhutan, Botswana, Uganda, Malaysia, Myanmar and Ethiopia. Presently, the unit is providing consultancy services for design and construction supervision for (1) Reconstruction of Francistown – Ramokgwebana Road, 82 km in Botswana (2) Access Roads in Botswana. The unit has also secured the project of providing consultancy services for supervision for up gradation to paved Road standard of existing Roads in Terai Region of Nepal.

In India, the unit has secured the contract for (i) DPR for Rehabilitation and

Upgradation to 2 lane with paved shoulders configuration of Narsinghpur-Harrai-Amarwara section in the State of Madhya Pradesh (Length-89Km), SH-47;(ii) Detailed design of Hyderabad-Vijayawada Highway Section from Km 105.0 to Km 221.5 of NH-9 in A.P. under NHDP Phase III A on BOT basis (iii) PMC for Construction of balance work for UCI at Kalinganagar Industrial Complex at Jaipur Orissa. (Project Management Work) (iv) Independent Engineer services for Development of Chennai Outer Ring Road (total length 29.65 km) on DBFOT on Annuity basis –Phase-I, in the state of Tamil Nadu, India, client-TNRDC (v) Preparation of DPR for Rehabilitation and Up gradation of NH stretches under NHDP-IVB in state of Uttar Pradesh (Varanasi-Hanumanha-NH-7, 70Km, Lucknow to Raibareilly-NH24B, 82Km, Unnao to Lalganj-NH-232A-68Km)-Total Project length-220 Km (vi) Detailed Project Report for diversion of NHs and State Roads in Jharia Coalfield Areas.(vii) Construction supervision of the Construction & improvement of Mehrauli (Andheria More) to Gurgaon Road in the state of Delhi. (viii) Project Management Services for National Automotive Testing and Infrastructure Projects (NATRIP).

### URBAN INFRASTRUCTURE DIVISION

#### URBAN TRANSPORT UNIT

The Unit provides comprehensive consultancy services in all disciplines relating to transport in Indian urban area. During 2009-10, the unit was involved in interim Consultancy for Implementation of East-West Corridor of Kolkata Metro; Transport Demand Forecast Study for Delhi; General Consultancy for Phase II as well as Airport Metro Express Link for Delhi Metro; General Consultancy for Bangalore Metro Project; Feasibility Study and Bid



Anand Vihar Terminal

Process Management for Monorail in Mumbai Metropolitan Region Construction; Management of ROBs in Punjab and Haryana, Project Management of Flyovers / ROBs in NOIDA and Greater NOIDA; Detailed Project Report (DPR) for Mumbai Trans Harbour Rail Link; Integrated Public Transport Plan for Vadodara; Feasibility Study for running of 15 Car EMU Trains in Mumbai Sub-Urban Section of Western Railway and Planning for Metro Stations on various corridors in Delhi and Bangalore.

In 2009-10, the unit has also been awarded the work of Feasibility Study for Elevated Sub-Urban Rail Corridor for Churchgate – Virar section of Western Railway with RITES as the consortium leader. Other major assignments secured by the unit include Techno-Economic Feasibility Study of Monorail System in Patna; Detailed Design of Peenya Yard and Depot cum Workshop for Bangalore Metro; Comprehensive Mobility Plan for Chandigarh and Ludhiana

cities; Traffic and Transportation Plan for Raipur Urban Agglomeration; Detailed Project Report (DPR) for Mumbai Metro phase-II & III corridor – BKC – Kanjurmarg and technical feasibility study for regional rail system for Ahmedabad. For 2009-10, Urban Transport unit has been adjudged as "Best Overall Performing Unit" of RITES.

#### PORTS & WATER RESOURCES UNIT

The unit has secured five prestigious projects for carrying out techno-economic feasibility studies for redevelopment of five berths in the inner harbour area of Visakhapatnam Port from Visakhapatnam Port Trust. These projects have been obtained through a Memorandum of Understanding (MOU) entered into between Visakhapatnam Port Trust and RITES LTD. The division is also providing support services in development of port infrastructure for Tuticorin Port.

The projects "Navigation studies on Sapta Kosi / Kosi river in Nepal" and Detailed Project Report (DPR) studies on Kosi, Gandak, Sone and Ganga rivers at Patna to develop comprehensive Inland Water Transport in Bihar are in progress. The unit is currently rendering independent engineer services for development of Gangavaram Port for Government of Andhra Pradesh. The feasibility study for setting up of a new port at Marakkanam in Tamilnadu for meeting the coal requirements of NTPC LTD was successfully completed during the year.

#### EXPOTECH UNIT

The unit provides 'Total Solutions' and single-window interface for clients by offering customised export packages which cover supply and leasing (both dry and wet) of locomotives and rolling stock and comprehensive range of associated services such as facilities planning for maintenance, technical assistance for workshop modernisation, rehabilitation of locomotives and wagons and management support services etc.

As part of ongoing thrust to business development in Francophone countries in West Africa, a prestigious contract for supply of 4 Meter Gauge Air-conditioned Diesel Multiple Unit train sets to PTB, Senegal was secured against competitive bidding. These Air-conditioned MG DMU trains of aerodynamic design, being manufactured first time in India, shall cater to sub-urban commuter traffic between Dakar and Thies in Senegal. The project is being funded under Indian Line of Credit through ECOWAS Bank of Industrial Development (EBID). Benin, another West African country, has awarded a repeat contract for 6 Nos. MG In-service diesel locomotives besides other contracts for new passenger coaches, container flat wagons and equipment and spares.



1350 HP Metre Gauge Diesel Locomotive being flagged off in Benin



The unit has undertaken development work of modifying in-service WDM7 and WDM2 diesel locomotives of Indian Railways into 2300 HP and 3000 HP Cape Gauge locomotives with modern microprocessor controls. These locomotives hold substantial business potential and will be offered to railways in Africa as cost effective solution to their traction needs.

Business of rehabilitation of locomotives was provided further impetus by undertaking rehabilitation of two 88 class locomotives for TRL in Tanzania and one GE locomotive for CCFB in Mozambique. Thrust on leasing segment was also maintained by securing contracts for wet lease of one 3000 HP diesel locomotive from CFM and dry lease of one 2300 HP locomotives from CDN in Mozambique.

During the year, substantive progress was achieved towards design and development of 15 BG 1400 HP DMU train sets for Sri Lanka. Partial supply of DMU train sets is likely to be made during 2010-11. Further, part supply of machinery and plant and locomotive spares and 813 man hours of training of Sri Lanka Railway personnel were also completed during the year.

Concerted efforts were made to explore further business opportunities in various countries in Africa, South Asia and Middle East for rendering technical assistance involving supply of locomotives and rolling stock, maintenance spares and machinery and plant, modernisation of maintenance workshops and human resource development etc.

### PRIVATISATION AND CONCESSIONS

This unit since year 2004 had secured two major rail concession projects in Africa one in Mozambique and another in Tanzania. During the year, the unit continued to provide technical and management support to these two concessions.



Rail concession project, Mozambique

Concession Company named as Companhia dos Caminhos de Ferro da Beira, SARL (CCFB) was formed in the year 2004 to run the Mozambique rail concession which is for a duration of 25 years. In CCFB, the shareholders are RITES (26% equity), IRCON International Limited (25% equity) and CFM (a parastatal of Govt. of Mozambique) (49% equity). Machipanda line (320 km.) is operating and the other line - Sena line (547 route-km.) is in advance stage of rehabilitation which is expected to be completed by September' 2010.

Government of Mozambique (GOM) has awarded coal concessions to M/s. RDMZ (a company of M/s. Vale of Brazil) and M/s. TATA - RIVERSDALE (an Indian and Australian JV). GOM has indicated that M/s. VALE and RIVERSDALE together intend to move 5 million tonnes per annum (mtpa) of coal from their mines to Beira Port. Construction of 5 mtpa coal terminal is

expected to commence soon with completion by end of year 2010. Coal is expected to move on Sena line in third quarter of year 2011. The negotiation on coal tariff and take or pay agreement will commence soon. There will be requirement of 37 locomotives and 639 wagons for coal which can be a potential business for RITES

The Concession Company, Tanzania Railways Limited (TRL) with equity holding of 51% by RITES and 49% by Government of Tanzania (GOT) has been incorporated in year 2007 in Tanzania. The concessioned railway has network of 2707 route-km. The concession is for a period of 25 years and it was taken over on 1<sup>st</sup> October 2007. TRL is facing serious financial problems. GOT decided to buy RITES stake in TRL and asked RITES to submit its proposal. RITES' submitted proposal of US\$ 86 m on 20.11.2009. The Hon. President of Tanzania and Tanzanian Cabinet approved the buying of RITES stake by GOT. All out efforts are being made to complete the stake sale transaction at the earliest possible in an amicable way.

On the domestic front, the unit continued to provide services of proof consultancy work on long-term basis to Government of Andhra Pradesh for Kakinada Deep Water Port.

### QUALITY ASSURANCE DIVISION



Third Party Inspection

The unit renders Third Party Inspection and laboratory testing services in India and abroad to clients in Govt., Public and Private Sectors. During the year, the unit was able to enhance business with the Power Utilities & infrastructure projects of different states with renewal of the contracts & extension in scope of inspection with existing clients. Many new organizations and clients like Tamilnadu State Electricity Board, Assam State Electricity Board, MP Urban ADB Project, PHED Tripura etc. have awarded fresh contracts for Third Party Inspection and related services.

The unit performed extensive inspection of Wheels, Axles and Wheel sets in China, Japan, Ukraine & Czech Republic on behalf of Railways, BEML, CONCOR, TEXMACO, TWL & other wagon manufacturers. The unit also carried out inspection of crankshaft at USA on behalf of DMW. Inspection of XLPE cables has been conducted for Tamil Nadu State Electricity Board at Thailand.

The unit continued assisting Bureau of Energy Efficiency (BEE) as independent Agency for Monitoring and Evaluation in their star rating scheme for various electrical products, which have increased many fold during the



year. The unit also continued to provide services to Bureau of Indian Standards in the management of their Product Certification Scheme.

The unit has rendered consultancy services for QMS (ISO 9001), EMS (ISO 14001), FSMS (ISO 22000), OHSAS 18001, Service Quality Management System (IS 15700) and has conducted Customer Satisfaction Surveys and Lead Auditor trainings for organizations like Food Corporation of India, Central Warehousing Corporation, IRCTC, JVVNL, DARPG & Jawahar Lal Nehru Port Trust etc.

The unit has made a further progress in the field of Clean Development Mechanism for M/s Andhra Pradesh Tribal Power Company Ltd. and PHPA, Bhutan. Another prestigious consultancy assignment was secured from Indian Oil Corporation. Forays were also made in new business areas of Carbon Foot Printing & Energy Efficiency.

#### INFORMATION TECHNOLOGY UNIT

The unit provides consultancy services to various Government and semi Government organizations. It covers services like conducting feasibility studies, system design, software development, site preparation and providing training etc. It also supports in-house needs of RITES by continuously upgrading / modifying application software like payroll, financial management system, Personal Information System, etc., hardware procurement, access to internet and corporate e-mail facility, etc.

During the year, the unit executed projects like Centralised Apportionment of Indian Railway earnings from goods & passenger among various zones, Implementation of 2<sup>nd</sup> Pay revision of IDA employees in IRCON, ITPO & RITES, Cashless Medical Services to retired Railway employees using smart card for Central Hospital / Northern Railway. The unit has been providing AMC support for various application software developed for ITPO, KRWSA, Railway Board, IRCON, CONCOR etc.

In order to meet MOU requirements of RITES with Indian Railways, RITES completed phase II of Knowledge Management System wherein CVs of all RITES experts, projects executed in the past and reports produced, etc. are stored in the database and this information is made available to all concerned. Sufficient progress has also been made towards implementation of ERP in RITES.

Having connected all the offices of RITES to be centralised database server in ROC using CITRIX, the unit further implemented RITES employees Information System portal covering all aspects of employees information needs, i.e. payslip, earning statement for the financial year including tax calculation, leave statement, PF statement, on line registration of grievances / representation, uploading of APAR and its viewing, etc. across the globe.

#### TRAINING DIVISION



Special Training Programmes for Railway Managers from African Countries

The unit is undertaking training of 600 Sri Lanka Railway officials in different disciplines in Railway Training Institutes in India. In the last 9 months, unit imparted training to about 200 personnel. Training of 50 Indian Railways officials on Management Practices has also been undertaken. During the year, training of six officials from Angola in maintenance and repair of DEMUs has been completed. A driver instructor was deputed to Benin to impart training to their loco drivers.

The unit is organising the training of foreign personnel under the Indian Technical and Economic Cooperation (ITEC) Program and Special Commonwealth Assistant for Africa Program (SCAAP) of Ministry of External Affairs, Government of India. This year 13 personnel at IRIMEE Jamalpur and 11 personnel at Railway Staff College, Vadodara were imparted training under these programs.

As a part of HRD activities, the unit is organizing training of Company's employees regularly to upgrade their skill and knowledge to meet the business goals. During the year 4548 mandays of training has been imparted to the employees. The unit has launched e-learning initiative for the first time for the employees.

Induction training for newly recruited graduate engineers was conducted with a mix of in-house input and outsourced training. A special program for Inquiry Officers and Presenting officers was designed and conducted with the help of Institute of Secretariat Training and Management. In line with 6<sup>th</sup> CPC's recommendation, skill upgradation of about 100 Group 'D' employees was done by way of conducting a 5-day Training program.

## AUDITORS' REPORT

To,

The shareholders of

RITES LTD.

We have audited the attached Balance sheet of RITES LTD. as at 31st March 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated accounts of one Branch/ Regional Office (consisting of Project and Inspection offices) audited by us and three Branch / Regional Offices (consisting of Project and Inspection Offices) audited by Branch Auditors appointed by the Comptroller and Auditor General of India, New Delhi. The Head Office accounts include transactions relating to overseas assignments, which have been incorporated on the basis of return/receipts and payment accounts, vouchers, books of account, received from there. In respect of joint ventures in India, the company has incorporated its proportionate share of income and expenditure in the said joint ventures. The gross consultancy receipts and gross expenditure so incorporated amounts to ₹ 608.40 lacs and ₹ 294.90 lacs respectively, which have resulted into a profit of ₹ 313.50 lacs before taxes on income. We cannot comment on such figures as the same are audited by other auditors. 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.

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(s). 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. 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 enclose in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
  - b. 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;
  - c. Reports of the branch Auditors in respect of Branches/Regions not audited by us have been forwarded to us and the same have been appropriately dealt with;

- d. The Balance sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with audited returns from the branches;
  - e. In our opinion, the Profit & Loss Account and the Balance Sheet dealt with by this report are in compliance with the Accounting standard referred to in Section 211(3C) of the Companies Act, 1956;
  - f. In pursuance to the notification No. GSR 829 (E) dated 21.10.2003, issued by the Department of Company Affairs; clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, pertaining to disqualification of Directors is not applicable to Government Company.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to notes thereon, give the information required by the companies act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
    - a. In the case of Balance sheet of the state of affairs of the Company, as at 31st March 2010.
    - b. In the case of Profit & Loss Account of the Profit of the Company for the year ended on that date.
    - c. In the case of Cash Flow Statement of the cash flow for the year ended on that date.

**For DINESH MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**  
FRN: 000220N



**(ANUP MEHTA)**  
**PARTNER**  
M.No. 093133

**Place: New Delhi**  
**Dated: 25th August, 2010**

## ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph-1 of our report of even date on the accounts For the year ended on 31st March, 2010 of RITES LTD.)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. The Management during the year has physically verified the Fixed Assets and last verification was done in February 2010. We are informed that the management on such verification has noticed no material discrepancy.
- b) In our opinion and according to information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year and therefore do not affect the going concern status of the company.
2. a) As reported to us, the physical verification of inventories has been conducted by the management at reasonable intervals during the period.
- b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion, the company is maintaining proper records of inventory and as explained to us, during the period, no material discrepancy has been noticed on physical verification of inventories as compared to records.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with size of the company and the nature of its activities & business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
5. According to the information and explanations given to us, the company has not entered into any contracts or arrangements required to be entered in the registers maintained under Section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public to which the provisions of section 58 A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under would apply.
7. The Company has appointed external Chartered Accountant firms for the purpose of conducting Internal Audit. The same in our opinion is commensurate with the size of the company and nature of its business.
8. Cost records under Section 209(1) (d) of the Companies Act, 1956 are not required to be maintained by the Company.
9. a) According to the information and explanation given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Excise Duty & Custom Duty, Cess which have remained outstanding as on March 31, 2010, for a period exceeding six months from the date they became payable.
- b) According to information and explanation given to us, there are no disputed statutory dues in respect of sale tax/income tax/Service Tax/Wealth Tax/excise duty/Cess outstanding as on March 31, 2010.
10. There are no accumulated losses as at March 31, 2010 and the company has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us, no dues are outstanding towards any financial institution or bank.
12. According to information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of Pledge of shares, Debentures, and other securities.
13. The Provisions of any special statute applicable to Chit Fund / nidhi / mutual benefit fund / societies are not applicable to the company.
14. According to information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
15. According to information and explanations given to us, the company has pledged its 1,02,00,000 shares of face value TSH 1000 each equivalent to ₹ 3284.27 lacs in Tanzania Railways Limited, a subsidiary, with International Financial Corporation against loan of US \$ 440 lacs, disbursed / to be disbursed by it to Tanzania Railways Limited, a subsidiary of the company.
16. The company has not raised any term loan during the year.
17. According to information and explanation given to us, the company has not raised any short-term loan during the year.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under sec.301 of the companies Act.
19. The company has not issued any debentures and hence requirement of reporting regarding creation of security or charge in respect of debentures issued doesn't arise.
20. The company has not raised any money by public issue during the year.
21. During the year the fraud committed by an employee of Rites, in respect of Rites Contributory Provident Fund (RCPF) and Group Saving Linked Insurance Scheme (GSLI) was detected involving misappropriation and embezzlement of funds. According to the information and explanations given to us, the total amount on account of fraud and misappropriation is about ₹ 1.49 Crores. (Refer Note No.17 of Schedule N.)

For DINESH MEHTA & CO.  
CHARTERED ACCOUNTANTS  
FRN: 000220N

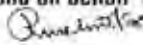
  
(ANUP MEHTA)  
PARTNER  
M.No. 093133

Place : New Delhi  
Dated: 25th August,2010

## BALANCE SHEET AS AT 31st MARCH, 2010


		(₹ in Lakhs)			
		SCHEDULE	AS AT 31.03. 2010	AS AT 31.03. 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS :</b>					
CAPITAL	A	4,000.00		4,000.00	
RESERVES AND SURPLUS	B	65,483.90	69,483.90	56,975.14	60,975.14
<b>TOTAL</b>			<b>69,483.90</b>		<b>60,975.14</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS :</b>					
GROSS BLOCK	C	20,207.58		18,262.77	
LESS: DEPRECIATION		7,428.73		6,375.63	
NET BLOCK		12,778.85		11,887.14	
CAPITAL/DEV. WORK IN PROGRESS		3,590.49	16,369.34	1,172.86	13,060.00
<b>INVESTMENTS:</b>	D		6,206.70		5,410.89
<b>DEFERRED TAX ASSETS (NET)</b>			5,846.90		4,323.08
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>					
INVENTORIES	E	3,696.37		2,199.10	
WORK IN PROGRESS		1,385.55		1,480.58	
SUNDRY DEBTORS		21,915.08		16,896.44	
CASH AND BANK BALANCES		111,616.16		81,219.60	
OTHER CURRENT ASSETS		3,973.07		3,256.13	
LOANS AND ADVANCES		24,586.30	167,172.53	34,203.22	139,255.07
<b>LESS: CURRENT LIABILITIES AND PROVISIONS :</b>					
LIABILITIES	F	108,662.01		84,503.59	
PROVISIONS		17,449.56	126,111.57	16,570.31	101,073.90
<b>NET CURRENT ASSETS</b>			<b>41,060.96</b>		<b>38,181.17</b>
<b>TOTAL</b>			<b>69,483.90</b>		<b>60,975.14</b>
PRINCIPAL ACCOUNTING POLICIES	M				
NOTES TO ACCOUNTS	N				
SCHEDULES "A" TO "N" FORM AN INTEGRAL PART OF ACCOUNTS					

  
**P.T. Mittal**  
Company Secretary

For and on behalf of the Board  
  
**Rajeev Mehrotra**  
Director (Finance)

  
**V.K. Agarwal**  
Managing Director

AS PER OUR REPORT OF EVEN DATE ATTACHED

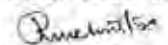
  
**Anup Mehta**  
Partner  
Membership No. 93133  
For Dinesh Mehta & Company  
Chartered Accountants  
FRN: 000220N

Place: New Delhi  
Dated: 25th August, 2010

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


		(₹ in Lakhs)	
	SCHEDULE	YEAR ENDED 31.03. 2010	YEAR ENDED 31.03. 2009
<b>INCOME</b>	<b>G</b>		
CONSULTANCY FEE		39,900.77	33,272.93
CONSTRUCTION PROJECTS		1,669.07	2,038.16
EXPORT SALES		4,718.61	5,940.22
INSPECTION FEE		7,591.40	7,493.82
LEASE SERVICES		1,719.30	5,024.98
OTHER INCOME		6,726.86	13,450.15
<b>TOTAL</b>		<b>62,326.01</b>	<b>67,220.26</b>
<b>EXPENDITURE</b>			
EMPLOYEES' COST	<b>H</b>	21,826.06	21,981.34
TRAVEL		2,523.91	2,584.35
SUPPLIES & SERVICES		5,880.80	6,919.05
COST OF EXPORT SALES	<b>I</b>	3,772.64	4,554.25
COST OF CONSTRUCTION PROJECTS	<b>J</b>	1,484.58	1,841.90
OTHER EXPENSES	<b>K</b>	8,935.79	13,903.84
DEPRECIATION		1,164.24	1,064.68
PRIOR PERIOD ADJUSTMENTS (NET)	<b>L</b>	77.62	192.36
(INCREASE) / DECREASE - WORK IN PROGRESS - CONSULTANCY PROJECTS		95.03	(791.09)
<b>TOTAL</b>		<b>45,760.67</b>	<b>52,250.68</b>
<b>PROFIT BEFORE TAX</b>		<b>16,565.34</b>	<b>14,969.58</b>
<b>PROVISION FOR TAXATION</b>			
CURRENT YEAR		(6,605.87)	(6,645.65)
EARLIER YEARS (NET)		(288.67)	252.07
<b>FRINGE BENEFIT TAX</b>			
CURRENT YEAR		-	(205.69)
EARLIER YEARS (NET)		-	(2.83)
<b>DEFERRED TAX (NET)</b>			
CURRENT YEAR		1,523.82	1,060.89
<b>PROFIT AFTER TAX</b>		<b>11,194.62</b>	<b>9,428.37</b>
<b>APPROPRIATIONS</b>			
<b>DIVIDEND</b>			
INTERIM		1,000.00	800.00
FINAL (PROPOSED)		1,300.00	1,200.00
TAX ON DIVIDEND		385.86	339.90
GENERAL RESERVE		8,508.76	7,088.47
		<b>11,194.62</b>	<b>9,428.37</b>
<b>EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC &amp; DILUTED</b>		<b>₹ 27.99</b>	<b>₹ 23.57</b>
NUMBER OF SHARES USED IN COMPUTING EARNING PER SHARE		<b>40,000,000</b>	<b>40,000,000</b>

  
P.T. Mittal  
Company Secretary

For and on behalf of the Board  
  
Rajeev Mehrotra  
Director (Finance)  
AS PER OUR REPORT OF EVEN DATE ATTACHED

  
V.K. Agarwal  
Managing Director

Place: New Delhi  
Dated: 25th August, 2010

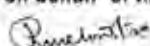
  
Anup Mehta  
Partner  
Membership No. 93133  
For Dinesh Mehta & Company  
Chartered Accountants  
FRN: 000220N

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

PARTICULARS	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2010	YEAR ENDED 31.03. 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	16,565.34	14,969.58
<b>ADJUSTMENTS FOR:</b>		
DEPRECIATION AND AMORTIZATION	1,164.24	1,064.68
LOSS/( PROFIT) ON SALE OF ASSETS ( NET)	1.06	(1.72)
INTEREST INCOME EXCLUDING INTEREST ON FDs	(589.64)	(534.80)
INTEREST ON FDs	(4,591.72)	(2,504.11)
INTEREST ON INTER CORPORATE DEPOSITS	(42.29)	(474.83)
INTEREST-IRAQ	-	(4,887.04)
INCOME FROM INVESTMENTS	(82.19)	(307.24)
DIVIDEND FROM SUBSIDIARY COMPANY	-	(0.98)
FIXED ASSETS -LOST IN ACCIDENT/WRITTEN OFF	0.63	181.73
IPO EXPENSES	-	186.74
PROVISION FOR CONCESSIONING EXPOSURE	-	410.67
PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT	3,284.27	-
PROVISION FOR DOUBTFUL DEBTS/ADVANCES/TDS/BANKS	380.05	6,419.91
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH & CASH EQUIVALENTS	917.72	(2,551.08)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>17,007.47</b>	<b>11,971.51</b>
DECREASE/( INCREASE) IN INVENTORIES	(1,497.27)	(618.46)
DECREASE/( INCREASE) IN WORKS IN PROGRESS	95.03	(791.09)
DECREASE/( INCREASE) IN SUNDRY DEBTORS	(5,379.14)	(9,700.46)
DECREASE/( INCREASE) IN FDs UNDER LIEN	(261.31)	(968.49)
DECREASE/( INCREASE) IN OTHER ASSETS EXCLUDING INTEREST ACCRUED ON FDs	(191.59)	(668.58)
DECREASE/( INCREASE) IN LOANS & ADVANCES	9,645.21	(261.22)
INCREASE/( DECREASE) IN CURRENT LIABILITIES & PROVISIONS	25,154.85	29,532.33
<b>CASH GENERATED FROM OPERATIONS</b>	<b>44,573.25</b>	<b>28,495.54</b>
INCOME TAX PAID	(7,131.10)	(7,621.43)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>37,442.15</b>	<b>20,874.11</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
PURCHASE/CONSTRUCTION OF FIXED ASSETS	(4,480.03)	(2,999.99)
PROCEEDS FROM SALE OF ASSETS	4.76	460.87
INVESTMENTS IN SHARES	2.63	-
INVESTMENTS IN BONDS	(5,000.00)	-
LOANS TO JOINT VENTURE COMPANY	996.47	(3,045.02)
LOAN RECEIVED BACK FROM IRWO	20.00	20.00
INTEREST INCOME	5,181.36	3,038.91
INTEREST ON INTER CORPORATE DEPOSITS	42.29	474.83
INTEREST-IRAQ	-	4,887.04
INCOME FROM INVESTMENTS	82.19	307.24
DIVIDEND FROM SUBSIDIARY COMPANY	-	0.98
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(3,150.33)</b>	<b>3,144.86</b>

PARTICULARS	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2010	YEAR ENDED 31.03. 2009
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
DIVIDEND PAID	(2,200.00)	(900.00)
DIVIDEND TAX PAID	(373.89)	(152.96)
MISCELLANEOUS EXPENDITURE-IPO	-	(111.72)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,573.89)</b>	<b>(1,164.68)</b>
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>		
CASH & CASH EQUIVALENTS	(917.72)	2,551.08
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>30,800.21</b>	<b>25,405.37</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>82,278.29</b>	<b>56,872.92</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>113,078.50</b>	<b>82,278.29</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
CASH & BANK BALANCES {REFER SCHEDULE E(D)}	111,616.16	81,219.60
ADD : INTEREST ACCRUED ON FDRs {REFER SCHEDULE E(E)}	2,690.66	1,108.41
INVESTMENT IN UTI LIQUID PLAN {REFER SCHEDULE D (D)}	600.35	1,517.64
LESS: FDRs UNDER LIEN / MARGIN {REFER SCHEDULE E(D)}	(1,828.67)	(1,567.36)
	<b>113,078.50</b>	<b>82,278.29</b>
NOTE: CASH AND CASH EQUIVALENTS CONSIST OF CASH AND BANK BALANCES INCLUDING FDs, INTEREST ACCRUED AND LIQUID INVESTMENT EXCLUDE FDs UNDER LIEN / MARGIN.		

  
P.T. Mittal  
Company Secretary

For and on behalf of the Board  
  
Rajeev Mehrotra  
Director (Finance)

  
V.K. Agarwal  
Managing Director

AS PER OUR REPORT OF EVEN DATE ATTACHED

  
Anup Mehla  
Partner  
Membership No. 93133  
For Dinesh Mehta & Company  
Chartered Accountants  
FRN: 000220N

Place: New Delhi  
Dated: 25th August, 2010

## SCHEDULE : A

### SHARE CAPITAL

	(₹ in Lakhs)	
	AS AT 31.03. 2010	AS AT 31.03. 2009
<b>AUTHORISED</b>		
10,00,00,000 EQUITY SHARES (PREVIOUS YEAR 10,00,00,000 ) OF ₹ 10/- EACH	10,000.00	10,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
4,00,00,000 EQUITY SHARES OF ₹ 10/- EACH FULLY PAID UP (INCLUDE 3,99,00,000 EQUITY SHARES OF ₹ 10/- EACH ISSUED AS FULLY PAID BONUS SHARES BY CAPITALISATION OF RESERVES)	4,000.00	4,000.00
<b>TOTAL</b>	<u>4,000.00</u>	<u>4,000.00</u>

## SCHEDULE : B

### RESERVES AND SURPLUS

	(₹ in Lakhs)	
	AS AT 31.03. 2010	AS AT 31.03. 2009
<b>GENERAL RESERVE</b>		
AT THE BEGINNING OF THE YEAR	56,975.14	49,886.67
ADD: TRANSFER FROM PROFIT & LOSS ACCOUNT	8,508.76	7,088.47
<b>TOTAL</b>	<u>65,483.90</u>	<u>56,975.14</u>



## SCHEDULE : C

### FIXED ASSETS AS AT 31-03-2010

DESCRIPTION	(₹ in Lakhs)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT	ADDITIONS	ADJ.	SALE/	TOTAL	UPTO	FOR	ADJ.	SALE/	TOTAL	AS AT	AS AT
	01/04/2009	DURING	DURING	WRITEN		01/04/2009	THE	DURING	WRITEN		31/03/2010	31/03/2009
	THE	THE	OFF			PERIOD	THE	OFF				
	PERIOD	PERIOD	DURING				PERIOD	DURING				
			THE PERIOD					THE PERIOD				
LAND FREEHOLD	1,443.49	421.90	-	-	1,865.39	-	-	-	-	-	1,865.39	1,443.49
LAND LEASEHOLD	268.35	-	-	-	268.35	184.80	7.58	-	-	192.38	75.97	83.55
BUILDING FREEHOLD	2,750.18	-	(170.40)	-	2,579.78	341.05	52.00	(31.53)	-	361.52	2,218.26	2,409.13
BUILDING LEASEHOLD	994.43	-	170.40	-	1,164.83	172.47	30.39	31.53	-	234.29	930.44	821.96
RESIDENTIAL QUARTERS FREEHOLD	234.43	-	-	-	234.43	105.18	15.16	-	-	121.34	113.09	128.25
RESIDENTIAL QUARTERS LEASEHOLD	479.91	-	-	-	479.91	237.13	7.29	-	-	244.42	235.49	242.78
SURVEY AND OTHER INSTRUMENTS	1,243.90	31.95	(0.40)	2.00	1,273.39	947.11	76.64	(0.46)	1.86	1,021.43	251.96	296.79
COMPUTER AND EQUIPMENTS	1,944.42	131.89	(6.06)	42.25	2,028.00	1,600.27	163.80	(6.06)	41.08	1,716.93	311.07	344.15
INTANGIBLE ASSETS	345.15	31.51	-	-	376.66	303.75	32.78	-	-	336.53	40.13	41.40
OFFICE AND OTHER EQUIPMENTS	750.62	51.96	(1.86)	20.73	770.99	559.44	80.57	(1.86)	25.08	613.07	157.92	191.18
AIR-CONDITIONER AND EQUIPMENTS	116.61	7.41	(1.11)	2.34	120.57	89.43	6.42	(1.11)	2.34	92.40	28.17	27.18
AIR CONDITIONER PLANT	924.83	-	-	-	924.83	274.49	46.48	-	-	320.97	603.86	650.34
FURNITURES	426.33	35.37	(3.40)	5.45	452.85	284.58	39.64	(3.40)	4.96	315.66	136.99	141.75
FIXTURES	347.32	34.64	-	-	381.96	276.82	20.86	-	-	297.68	84.28	70.50
VEHICLES	306.00	21.94	(0.60)	22.33	305.01	248.57	16.96	(0.60)	22.33	242.60	62.41	57.43
VEHICLES ABROAD	77.81	-	-	-	77.81	42.16	11.80	-	-	53.96	23.85	35.65
LOCOMOTIVES ABROAD	4,371.73	1,293.83	-	-	5,665.56	616.59	344.02	-	-	960.61	4,704.95	3,756.14
LOCOMOTIVES DOMESTIC	285.00	-	-	-	285.00	-	21.39	-	-	21.39	263.61	285.00
COACHES	952.26	-	-	-	952.26	90.79	190.46	-	-	281.25	671.01	861.47
<b>SUB TOTAL</b>	<b>18,262.77</b>	<b>2,062.40</b>	<b>(13.49)</b>	<b>104.10</b>	<b>20,207.58</b>	<b>6,375.63</b>	<b>1,164.24</b>	<b>(13.49)</b>	<b>97.65</b>	<b>7,428.73</b>	<b>12,778.85</b>	<b>11,887.14</b>
CAPITAL WORK IN PROGRESS	1,172.86	3,181.82	(764.19)	-	3,590.49	-	-	-	-	-	3,590.49	1,172.86
<b>GRAND TOTAL</b>	<b>19,435.63</b>	<b>5,244.22</b>	<b>(777.68)</b>	<b>104.10</b>	<b>23,798.07</b>	<b>6,375.63</b>	<b>1,164.24</b>	<b>(13.49)</b>	<b>97.65</b>	<b>7,428.73</b>	<b>16,369.34</b>	<b>13,060.00</b>
PREVIOUS YEAR	17,291.34	3,031.02	(31.03)	855.70	19,435.63	5,525.76	1,064.68	0.01	214.82	6,375.63	13,060.00	-

NOTE: Additions of ₹ 1293.83 lakhs in Locomotives Abroad during the year includes ₹ 764.19 lakhs transferred from capital work in progress and ₹ 529.64 lakhs additional demand by Railways in respect of locomotives capitalized in earlier years.

## SCHEDULE : D

### INVESTMENTS

		(₹ in Lakhs)	
		AS AT 31.03. 2010	AS AT 31.03. 2009
<b>A)</b>	<b>TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS (IN SHARES)</b>		
	<b>(I) In Foreign Companies</b>		
	<b>(a) Subsidiary Companies</b>		
	<b>(i) RITES (Afrika) (Pty) Ltd., Botswana</b>	1.20	1.20
	10,000 equity shares of face value of Pula 1/- each, fully paid-up.		
	<b>(ii) Tanzania Railways Ltd., Tanzania</b>		
	10,200,000 equity shares of face value of TSH 1000/- each, fully paid-up.	3,284.27	3,284.27
	Less: Provision for Diminution in value of Investment	<u>(3,284.27)</u>	<u>-</u>
	<b>(b) In Foreign Joint Ventures</b>		
	<b>Companhia Dos Caminhos De Ferro Da Beira, SARL (CCFB), Mozambique</b>	600.89	600.89
	1,300,000 equity shares of face value of US\$ 1/- each, fully paid up.		
	<b>(II) In Indian Companies</b>		
	<b>(i) Global Procurement Consultants Limited</b>	3.00	3.00
	30,000 equity shares of face value of ₹ 10/- each, fully paid-up.		
	<b>(ii) Ganga Expressway Consultants Ltd.</b>	1.25	1.25
	12,500 equity shares of face value of ₹ 10/- each, fully paid-up.		
	<b>(III) In Indian Building Cooperative Societies</b>	0.01	0.01
	<b>(i) Moru Mahal Co-operative Society Limited</b>		
	10 Equity Shares of face value of ₹ 50/- each and		
	<b>(ii) Amit Industrial Premises Co-operative Society Limited</b>		
	5 Equity Shares of face value of ₹ 50/- each		
<b>B)</b>	<b>TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS (IN OTHERS)</b>		
	In Indian Joint Venture		
	<b>Geo-Consult - RITES JV</b>	-	2.63
<b>C)</b>	<b>TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS</b>		
	<b>INDIAN RAILWAY FINANCE CORPORATION **</b>	5,000.00	-
	(7 YEAR SECURED REDEEMABLE 6.30% TAX FREE BONDS)		
	5000 Bonds of face value of ₹ 100000/- each, fully paid		
	<b>AGGREGATE OF UNQUOTED INVESTMENTS - CARRYING VALUE AT COST</b>	<u>5,606.35</u>	<u>3,893.25</u>
<b>D)</b>	<b>TRADE CURRENT INVESTMENTS -AT COST/NAV</b>		
	UTI Liquid Cash Plan (58889.427 units @ ₹ 1019.4457 per unit, previous year 148869.605 units @ ₹ 1019.4457 per unit)	600.35	1,517.64
	<b>AGGREGATE OF QUOTED INVESTMENTS - CARRYING VALUE AT COST/NAV</b>	<u>600.35</u>	<u>1,517.64</u>
	<b>TOTAL</b>	<u>6,206.70</u>	<u>5,410.89</u>

\*\* Unquoted as on 31st March, 2010- No NAV Available, Taken at Cost, Quoted on 11th June, 2010

## SCHEDULE : E

### CURRENT ASSETS, LOANS AND ADVANCES

	( ₹ in Lakhs)	
	AS AT 31.03. 2010	AS AT 31.03. 2009
<b>CURRENT ASSETS</b>		
<b>(A) INVENTORIES</b>		
(AS CERTIFIED BY MANAGEMENT)		
STORES AND SPARE PARTS-LEASE	303.25	290.46
STORES AND SPARE PARTS-RAW MATERIAL	4.49	275.90
FINISHED GOODS	3,388.63	1,632.74
	<u>3,696.37</u>	<u>2,199.10</u>
<b>(B) WORK IN PROGRESS</b>	<u>1,385.55</u>	<u>1,480.58</u>
<b>(C) SUNDRY DEBTORS</b>		
<b>UNSECURED, CONSIDERED GOOD</b>		
1. DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS	4,805.00	2,931.85
2. OTHERS	16,024.04	12,892.72
	<u>20,829.04</u>	<u>15,824.57</u>
<b>(UNSECURED, CONSIDERED DOUBTFUL)</b>		
1. OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS	9,134.66	7,511.54
2. OTHERS	-	2,269.38
LESS: PROVISION	(9,134.66)	(9,780.92)
RETENTION MONEY	<u>1,086.04</u>	<u>1,071.87</u>
	<u>21,915.08</u>	<u>16,896.44</u>
<b>(D) CASH AND BANK BALANCES **</b>		
1) CHEQUES IN HAND	55.54	167.63
2) BALANCES WITH SCHEDULED BANKS IN :		
CURRENT ACCOUNTS	4,241.42	1,389.92
FIXED DEPOSIT ACCOUNTS	105,442.70	78,077.31
MARGIN MONEY ACCOUNTS	1,828.67	1,567.36
3) BALANCE WITH OTHER BANKS IN CURRENT ACCOUNTS	51.07	20.62
LESS: PROVISION	(3.24)	(3.24)
	<u>111,616.16</u>	<u>81,219.60</u>
<b>(E) OTHER CURRENT ASSETS</b>		
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:		
- BANK DEPOSITS	2,690.66	1,108.41
- OTHER DEPOSITS AND ADVANCES	1,282.41	2,147.72
	<u>3,973.07</u>	<u>3,256.13</u>
<b>(F) LOANS AND ADVANCES (SECURED/ UNSECURED, CONSIDERED GOOD)</b>		
<b>(SECURED, CONSIDERED GOOD)</b>		
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED FROM:-		
- STAFF ADVANCES	82.81	55.34
<b>(UNSECURED, CONSIDERED GOOD)</b>		
LONG TERM LOANS TO :		
INDIAN RAILWAY WELFARE ORGNISATION	20.00	40.00
JOINT VENTURE ENTITIES		
- COMPANHIA DOS COMINHOS DE FERRO DA BEIRA, SARL (CCFB)	8,602.87	8,542.44
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED FROM:-		
- STAFF ADVANCES	330.40	425.24
- RENT ADVANCE	47.15	48.09
- SUBSIDIARY COMPANY	5.18	5.86
- JOINT VENTURES	1,188.66	685.23

		(₹ in Lakhs)	
		AS AT 31.03. 2010	AS AT 31.03. 2009
-	OTHER ADVANCES /RECOVERABLES		
-	- CONSIDERED GOOD	3,937.54	4,121.95
-	- CONSIDERED DOUBTFUL	1,471.59	1,460.18
		<u>5,409.13</u>	<u>5,582.13</u>
	LESS: PROVISION FOR DOUBTFUL ADVANCES / RECOVERABLES	1,471.59	1,460.18
		<b>3,937.54</b>	4,121.95
	INTER CORPORATE DEPOSIT		10,000.00
	SECURITY & OTHER DEPOSITS		
-	- CONSIDERED GOOD	270.47	212.26
-	- CONSIDERED DOUBTFUL	16.70	16.70
		<u>287.17</u>	<u>228.96</u>
	LESS: PROVISION FOR DOUBTFUL SECURITIES & OTHER DEPOSITS	16.70	16.70
		<b>270.47</b>	212.26
	ADVANCE INCOME TAX INCLUDING FRINGE BENEFIT TAX	10,015.01	10,007.60
	PREPAID EXPENSES	86.21	58.21
		<u>24,586.30</u>	<u>34,203.22</u>
	<b>TOTAL</b>	<b>167,172.53</b>	<b>139,255.07</b>

\*\* CASH AND BANK BALANCE INCLUDES CLIENT FUNDS OF ₹ 70343.38 LAKHS (PREVIOUS YEAR ₹ 46569.15 LAKHS).

## SCHEDULE : F

### CURRENT LIABILITIES AND PROVISIONS

		(₹ in Lakhs)	
		AS AT 31.03. 2010	AS AT 31.03. 2009
<b>CURRENT LIABILITIES</b>			
SUNDRY CREDITORS :			
OUTSTANDING DUE TO			
(i)	MICRO, SMALL AND MEDIUM ENTERPRISES	4.86	34.40
(ii)	OTHER CREDITORS FOR SUPPLIES, SERVICES AND OTHERS	8,394.19	7,208.98
	OTHER LIABILITIES	2,231.10	1,969.18
	CUSTOMERS' ADVANCES	81,860.96	59,089.21
	SECURITY DEPOSITS/ RETENTION MONEY DUE TO CONTRACTORS / AGENCIES	9,650.14	8,000.23
	SALARY PAYABLE	5,954.95	7,967.37
	FOREIGN SERVICE CONTRIBUTION	565.81	234.22
		<u>108,662.01</u>	<u>84,503.59</u>
<b>PROVISIONS FOR :</b>			
	PROPOSED DIVIDEND	1,300.00	1,200.00
	TAXATION [ INCLUDES WEALTH TAX & FBT ]	6,496.00	6,725.15
	DIVIDEND TAX	215.91	203.94
	LEAVE SALARY	5,533.35	4,736.33
	GRATUITY	167.81	1,923.66
	POST RETIRAL BENEFITS (PENSION/MEDICAL)	1,679.30	-
	LEAVE TRAVEL CONCESSION	79.15	70.08
	CONTRACT EMPLOYEES BENEFITS	303.18	49.79
	LONG SERVICE AWARD	63.22	73.95
	EXCISE DUTY	61.35	61.35
	CONCESSIONING EXPOSURE	1,097.66	410.67
	WARRANTIES	264.76	793.55
	SHORTAGE OF FIXED ASSETS	3.59	3.76
	COMMITMENTS	184.28	318.08
		<u>17,449.56</u>	<u>16,570.31</u>
	<b>TOTAL</b>	<b>126,111.57</b>	<b>101,073.90</b>

## SCHEDULE : G

### INCOME

	( ₹ in Lakhs)	
	YEAR ENDED 31.03. 2010	YEAR ENDED 31.03. 2009
i) CONSULTANCY FEE (GROSS)	43,736.08	36,885.40
LESS: SERVICE TAX	(3,835.31)	(3,612.47)
CONSULTANCY FEE (NET)	39,900.77	33,272.93
ii) CONSTRUCTION PROJECTS	1,669.07	2,038.16
iii) EXPORT SALES	4,718.61	5,940.22
iv) INSPECTION FEE(GROSS)	8,392.91	8,396.02
LESS: SERVICE TAX	(801.51)	(902.20)
INSPECTION FEE (NET)	7,591.40	7,493.82
v) LEASE SERVICES	1,719.30	5,024.98
vi) OTHER INCOME		
INTEREST EARNED ON		
- DEPOSITS WITH BANKS	4,591.72	2,504.11
(INCL TDS OF ₹ 486.02 LAKHS , PREVIOUS YEAR ₹ 508.35 LAKHS )		
- TAX FREE BONDS	20.71	-
- STAFF ADVANCES	49.20	59.08
- LOAN TO INDIAN RAILWAY WELFARE ORGNISATION	2.45	4.15
(INCL. TDS OF ₹ 0.24 LAKH, PREVIOUS YEAR ₹ 0.85 LAKH )		
- LOAN TO CCFB, MOZAMBIQUE	389.61	471.57
- INTER CORPORATE DEPOSITS	42.29	474.83
- INTEREST - IRAQ DUES	-	4,887.04
- INCOME TAX REFUND	3.74	-
- OTHERS	123.93	-
PROVISION NO LONGER REQUIRED	1,080.99	1,172.16
PROFIT ON SALE OF FIXED ASSETS	3.36	2.73
DIVIDEND FROM:		
- SUBSIDIARY COMPANIES	-	0.98
- TRADE LONG TERM INVESTMENTS	0.75	0.68
- TRADE CURRENT INVESTMENTS	81.44	306.56
EXPORT INCENTIVES	56.88	688.71
RENT	80.09	60.04
EXCHANGE VARIATION	-	2,551.08
MISCELLANEOUS RECEIPTS**	199.70	266.43
	<b>6,726.86</b>	<b>13,450.15</b>
<b>TOTAL</b>	<b>62,326.01</b>	<b>67,220.26</b>

\*\*INCLUDES MEETING FEE, SALE OF TENDER DOCUMENTS, SALE OF SCRAP, MISC. CLAIMS ETC. (PREVIOUS YEAR FIGURES ALSO INCLUDES INSURANCE CLAIM).

## SCHEDULE : H

### EMPLOYEES' COST

	( ₹ in Lakhs)	
	YEAR ENDED 31.03. 2010	YEAR ENDED 31.03. 2009
SALARIES	11,531.25	10,160.91
SALARY ARREARS	-	2,143.36
SALARIES CONTRACT EMPLOYEES	1,955.04	1,602.93
SALARIES -ABROAD	1,233.14	1,045.42
BONUS	47.52	20.51
FOREIGN SERVICE CONTRIBUTION	504.09	247.56
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	1,076.36	920.30
GRATUITY	384.67	1,999.44
POST RETIRAL BENEFITS (PENSION/MEDICAL)- {REFER SCH "N" NOTE NO. 15}	1,679.30	-
HOUSE RENT (NET)	166.33	361.26
MAINTENANCE OF RESIDENTIAL BUILDINGS	54.39	38.47
MEDICAL AND WELFARE	711.98	719.93
STAFF INSURANCE	39.35	41.80
CONTRACT EMPLOYEES BENEFITS	195.01	22.80
LEAVE TRAVEL CONCESSION	58.54	98.36
PERFORMANCE RELATED PAYMENTS	854.00	559.00
AWARD/HONORARIUM	51.90	67.53
LEAVE SALARY	1,283.19	1,931.76
<b>TOTAL</b>	<b>21,826.06</b>	<b>21,981.34</b>

## SCHEDULE : I

### COST OF EXPORT SALES

	( ₹ in Lakhs)	
	YEAR ENDED 31.03. 2010	YEAR ENDED 31.03. 2009
OPENING STOCK OF FINISHED GOODS (PURCHASED)	1,632.74	488.46
PURCHASES	4,551.24	4,329.66
CONSUMABLES	83.11	424.80
FREIGHT & FORWARDING	395.31	491.51
INSURANCE	2.56	2.49
FEES FOR SERVICES OBTAINED	204.55	44.46
PROVISION FOR WARRANTIES	260.76	397.97
OTHER PROCUREMENT EXPENSES	31.00	7.64
	<b>7,161.27</b>	<b>6,186.99</b>
LESS: CLOSING STOCK OF FINISHED GOODS (PURCHASED)	<b>(3,388.63)</b>	<b>(1,632.74)</b>
<b>TOTAL</b>	<b>3,772.64</b>	<b>4,554.25</b>

## SCHEDULE : J

### COST OF CONSTRUCTION PROJECTS

	( ₹ in Lakhs)	
	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
SUPPLIES AND SERVICES	1,484.58	1,841.90
<b>TOTAL</b>	<b>1,484.58</b>	<b>1,841.90</b>

**SCHEDULE : K****OTHER EXPENSES**

	(₹ in Lakhs)	
	YEAR ENDED	YEAR ENDED
	31.03. 2010	31.03. 2009
PRINTING, STATIONERY AND DOCUMENTATION	393.81	343.73
EXPORT/BUSINESS PROMOTION	37.82	57.79
AUDITORS' REMUNERATION	8.04	8.51
AUDITORS' OUT OF POCKET EXPENSES	0.78	0.42
RATES AND TAXES	104.50	106.99
OFFICE RENT	238.17	189.61
POSTAGE & TELECOMMUNICATION	390.64	380.11
OFFICE, EQUIPMENT MAINTENANCE	523.73	496.48
REPAIRS TO BUILDING	13.13	7.63
POWER, FUEL AND WATER	216.64	185.63
STORES AND SPARES CONSUMED-LEASE	325.42	1,988.95
STORES AND SPARES CONSUMED-OTHERS	639.09	868.04
BOOKS AND PERIODICALS	28.20	43.80
INTERNAL AUDIT FEE	6.47	6.46
ADVERTISEMENT FOR PROCUREMENTS,ETC	134.02	107.63
SUBSCRIPTION AND MEMBERSHIP FEE	15.89	12.34
LEGAL AND PROFESSIONAL FEE	158.64	175.16
ENTERTAINMENT	99.66	97.30
INSURANCE	38.49	39.25
BANK CHARGES	134.61	103.88
BAD DEBTS	106.87	465.93
FIXED ASSETS - LOST IN ACCIDENT/WRITTEN OFF	0.63	181.73
HIRE CHARGES OF EQUIPMENT	13.13	9.71
VEHICLE MAINTENANCE	160.76	182.87
MANPOWER DEVELOPMENT	47.07	29.79
LOSS ON SALE OF FIXED ASSETS	4.42	1.01
PROVISION FOR;		
-DOUBTFUL DEBTS	360.50	6,332.37
-DOUBTFUL ADVANCES, TDS & BANKS	19.55	87.54
-DIMINUTION IN VALUE OF INVESTMENT	3,284.27	-
-CONCESSIONING EXPOSURE	-	410.67
-COMMITMENTS	66.96	77.86
DIRECTORS' SITTING FEE	4.95	6.15
IPO EXPENSES	-	186.74
SUNDRY EXPENSES	441.21	711.76
EXCHANGE VARIATION	917.72	-
<b>TOTAL</b>	<b>8,935.79</b>	<b>13,903.84</b>

**SCHEDULE : L****PRIOR PERIOD ADJUSTMENTS [ NET ]**

	(₹ in Lakhs)	
	YEAR ENDED	YEAR ENDED
	31.03. 2010	31.03. 2009
<b>INCOME / (EXPENDITURE)</b>		
FEES INCLUDING CONSTRUCTION PROJECTS	387.57	(165.34)
OTHER INCOME/(EXPENSES)	6.75	(26.52)
EMPLOYEES' COST	1.15	(0.50)
SUPPLIES & SERVICES INCLUDING CONSTRUCTION PROJECTS	(473.09)	-
<b>TOTAL</b>	<b>(77.62)</b>	<b>(192.36)</b>

## **SCHEDULE 'M'**

### **PRINCIPAL ACCOUNTING POLICIES**

#### **1. GENERAL**

Financial statements are prepared under historical cost convention on accrual basis and in conformity with applicable Indian Accounting Standards. Accounting policies have been consistently applied except where an accounting standard is newly adopted or an accounting policy is revised by the company.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates.

#### **2. REVENUE RECOGNITION**

##### **2.1 Consultancy Fee**

Consultancy fee is accounted for on the basis of bills raised/due for the year. It also includes supplies and expenses forming part of the contract which are recoverable from the customers.

In Construction Management/Supervision Contracts, fee is calculated as a percentage on the value of work done/built-up cost of each contract as determined by the Management, pending customer's approval, if any.

Mobilisation advance is adjusted against running bills and mobilisation fee is recognised as income in the year, if as per Management's review certain activities against that contract have been carried out during the year.

Provision for incomplete assignments is made in respect of consultancy assignments which are spread over a number of years, after considering the following factors regarding company's obligation for:

- i) rework activities of work done.
- ii) maintenance activity after completion of project.
- iii) removal of defect, if any, during defect liability period.

##### **2.2 Construction Projects**

Where the outcome of a construction contract/project can be estimated reliably, revenue and costs associated with the construction contracts/projects are recognized by reference to the stage of completion of the contract/project activity which is measured by reference to the proportion that costs incurred for work performed upto the reporting date bear to the estimated total contract/project costs. Any anticipated losses are recognized as an expense immediately.

##### **2.3 Inspection Fee**

Inspection fee is accounted for on the basis of inspection certificates issued.

##### **2.4 Export Sales**

Export sales are accounted for on the basis of bills raised where all significant risks and rewards of ownership have been transferred to the buyer.

##### **2.5 Lease Services**

Lease services are accounted for on time basis over the lease/ contract period. However, reimbursable under the contract are accounted for on accrual basis. Initial direct costs are charged to Profit & Loss Account.

##### **2.6 Other Income**

Other income is accounted for on accrual basis except claims/supplementary claims / counter claims/interest on delayed payments / awards in favour of the Company/export incentives/ premium on sale of licenses etc, which are accounted for on final settlement/ realization.

#### **3. WORK IN PROGRESS**

##### **3.1 Consultancy Projects**

Work in progress is recognized based on direct costs incurred on the activities which are in progress at end of the year for consultancy projects involving stage payments.

##### **3.2 Construction Projects**

In case of turnkey / lump sum contract/project where physical progress is less than 15% of total physical work of a contract/project, the same will be treated as a part of work-in-progress.

#### **4. FIXED ASSETS AND INTANGIBLE ASSETS**

- a) Fixed assets are stated at historical cost less accumulated depreciation.



b) Incidental expenditure during construction period including interest charges incurred upto the date of completion, net of interest recovered on mobilisation advance are capitalised.

c) Intangible Assets are recorded at the consideration paid for acquisition.

#### 4.1 Depreciation and Amortization

(a) Depreciation on fixed assets is provided on straight line method over the estimated useful life determined by management. The lives so determined in all cases are not more than those prescribed in the Companies Act, 1956. In respect of additions to/ deductions from the fixed assets during the year, depreciation is charged on pro rata basis.

(b) The useful life and depreciation rates of the various assets, are as under:-

Assets	Useful Life (Years)	Depreciation Rate (%)
i) Furniture	10	10
ii) Fixture	5	20
iii) Office Equipment	7	14.30
iv) Coolers & Air Conditioners	7	14.30
v) Air Conditioning Plant	20	5
vi) Computer Hardware	4	25
vii) Survey and Equipments	10	10
viii) Vehicles	6	16.70
ix) Buildings on Freehold land	50	2
x) Locomotives-Abroad	15	6.70
xi) Locomotives-Domestic	10	10
xii) Coaches	5	20
xiii) Intangible Assets	4	25

(c) In respect of BOT assets, depreciation is charged over the period of project or the life stated above whichever is lower.

(d) Lease hold land is amortized over the lease term.

(e) In respect of buildings on lease hold land, depreciation is charged over the period of lease of land or the useful life stated above for buildings on freehold land, whichever is lower.

(f) Any addition or extension, which becomes an integral part of the existing asset is depreciated over the remaining useful life of that asset.

(g) Individual low cost assets of value less than ₹ 5,000/- and software of value less than ₹ 1,00,000/- are entirely depreciated in the year of acquisition.

(h) A nominal value of ₹ 1/- is assigned to the fully depreciated assets.

#### 5. INVESTMENTS

(a) Long-term investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided.

(b) (i) Current Investments are stated at cost or fair value whichever is less.

(ii) Any diminution in the carrying amount and any reversals of such diminutions are recognized in the profit & loss account.

#### 6. INVENTORIES

(a) Inventories are valued at cost on First In First Out (FIFO) basis or net realizable value whichever is less.

(b) Consumables are charged to profit and loss account in the year of purchase irrespective of the value.

#### 7. EMPLOYEES BENEFITS

##### 7.1 Gratuity

The Company has set up a Gratuity Trust Fund which is being administered by Life Insurance Corporation of India (LIC). The annual gratuity liability is determined by LIC based on actuarial valuation under Group Gratuity Scheme on the basis of information provided of employees and their remuneration at the end of each year. The contribution paid / payable annually to cover future liability for gratuity based on actuarial valuation is charged to revenue.

##### 7.2 Provident Fund / Pension Scheme

Defined contributions for provident fund and pension are charged to revenue based on contributions made in terms of applicable schemes.

### **7.3 Defined Benefits**

- 7.3.1 Defined Benefits provided by company to employees - Long Service Award, Leave Travel Concession, Leave Encashment and Medical Leave (LHAP) are accounted for on actuarial valuation made at the end of period. The actuarial gain/loss is recognized to revenue account of the period.
- 7.3.2 Ex-gratia payments on death are recognized on payment basis.

### **7.4 Terminal Benefits to Contract Employees**

Leave encashment and contract completion benefits are provided for on accrual basis.

## **8. RESEARCH & DEVELOPMENT**

Research & Development Expenses of revenue nature and payments made to other bodies for Research & Development projects related to the business of the company are charged to revenue in the year in which expense is incurred/payments are made.

## **9. RATES & TAXES**

Overseas taxes on foreign assignments, works contract tax and property tax in India are charged to this head.

## **10. TAXATION**

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue & expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances & exemptions.

## **11. DEFERRED TAX**

Deferred Tax resulting from "Timing Difference" between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that assets will be realised in future from the future tax able income.

## **12. ADVANCES**

Interest on preparatory, house building, vehicle, computer & equipment advance is accounted for on accrual basis and is recoverable after full recovery of the principal amount.

## **13. PREPAID EXPENSES AND PRIOR PERIOD ADJUSTMENTS**

Prepaid expenses and prior period adjustments not exceeding ₹ 5,000/- in each case are treated as expenditure/income of the current year.

## **14. AFTER SALES SERVICE EXPENSES**

Expenses for After Sales Services rendered in respect of export sales are provided for in the year in which sale revenue is recognized.

## **15. TRANSLATION OF FOREIGN CURRENCY ACCOUNTS**

The company has foreign currency transactions only in respect of Integral Foreign Operations.

### **15.1 Convertible Foreign Currencies**

Income and Expenditure are translated at the exchange rate prevalent on the date of transaction.

Current Assets and Liabilities are translated at the exchange rate prevalent at the end of the year.

Investment in foreign companies are recorded at the exchange rate prevailing on the dates of making the investments.

### **15.2 Non-Convertible Foreign Currencies**

Income and Expenditure are translated at the average rate. Current Assets and Liabilities are translated at the exchange rate prevalent at the end of the year.

15.3 Fixed Assets are converted at the exchange rate prevalent on the date of acquisition.

15.4 Exchange difference arising on translation of foreign currency transactions is recognised in the Profit & Loss Account.

## **16. CASH FLOW STATEMENT**

Cash flow statement is made using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating activities, financing and investing activities of the Company are segregated.

## **17. EARNINGS PER SHARE**

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

## SCHEDULE 'N'

### NOTES TO ACCOUNTS

- 1.0 Contingent Liabilities not provided for include:
- 1.1 Counter Guarantees given by the Company against Guarantees issued by the Bankers outstanding as at 31st March 2010 amounted to ₹25215.20 lakhs (previous year ₹23413.26 lakhs). This includes counter guarantee of ₹61.32 lakhs (previous year ₹61.32 lakhs) on behalf of Geoconsult-RITES, a joint venture entity, in which RITES has 13% share.
- 1.2 Claims against the company not acknowledged as debts as certified by the Management are ₹75542.05 lakhs (previous year ₹71097.42 lakhs). These include:-
- (a) Claims (excluding interest) amounting to ₹5653.62 lakhs (previous year ₹2008.02 lakhs) against the company by the sub-contractors / other agencies including award against the company pending in court. The management does not foresee any liability on the company as the same are contested by the company or on behalf of the clients.
- (b) Other claims (excluding interest) amounting to ₹69888.43 lakhs (previous year ₹69089.40 lakhs) include ₹52468.10 lakhs (previous year ₹51683.29 lakhs) from clients. Company has contested these claims and has made counter claims for ₹22195.43 lakhs (previous year ₹22195.43 lakhs) on a client and ₹64453.06 lakhs (previous year ₹64453.06 lakhs) on a sub-contractor.
- 1.2.1 Contingent liabilities of joint venture entities in respect of association of persons are referred to in para 23.8.2.2 of the Notes to Accounts.
- 1.3 Excise Bonds amounting to ₹794.35 lakhs (previous year ₹785.95 lakhs) are outstanding against export obligations with Central Excise Department. Out of this, bonds of value of ₹300.38 lakhs (previous year ₹288.94 lakhs) are due for release by the department.
- 2.0 Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amount to ₹1829.62 lakhs (previous year ₹761.65 lakhs).
- 2.1 The company has undertaken development of Locomotives. A sum of ₹1400 lakhs has been approved to be spent on the same. Amount spent on creation of the new locomotives will be capitalized and other expenditure incurred on design etc. is being charged to revenue. The unspent approved amount of ₹452.77 lakhs has been included in capital commitment.
- 3.0 Fixed Deposits and Margin Money include ₹1828.67 lakhs (previous year ₹1567.36 lakhs) pledged as security against the guarantees issued and letter of credits granted by banks.
- 4.0 Details of balances with Banks other than Scheduled banks and maximum balances outstanding at any time during the year with them are as under:-

(Figures in ₹)

Name of Bank	Balance Year ended		Maximum Balance during the Year ended	
	31.03.10	31.03.09	31.03.10	31.03.09
First Bank of Nigeria*	# 17,214	17,214	17,214	17,214
Rafidian Bank, Iraq**	# 876	876	876	876
Banque Meridian Biao, Cameroun*	# 66,745	66,745	66,745	66,745
Banque Internationale Araba De Tunisia **	# 2,37,847	2,37,847	2,37,847	2,37,847
Commercial Bank of Ethiopia	9,81,746	12,63,625	15,80,308	33,19,807
Standard Chartered Bank, Dhaka	17,08,872	-	17,55,503	-

\* Balances, subject to confirmation, could not be converted at the closing rate of the period because of non-availability of exchange rate.

\*\* Balances, subject to confirmation.

# Provision has been made for want of confirmation for many years.

- 5.0 Balances with Scheduled Banks include ₹70343.38 lakhs (previous year ₹46569.15 lakhs) towards funds received from clients against Construction/ Project Management Contracts.
- 6.0 A sum of ₹34.58 lakhs (previous year ₹133.30 lakhs) has been received from Indian railways/its units and others without adequate details. Pending reconciliation with specific bills, the amount has been adjusted against sundry debtors on which service tax has been deposited.

7.0 Details of dues to Micro, Small and Medium Enterprises are given on the basis of information available with the management and none of them are outstanding for a period more than 45 days.

8.0 Sundry Debtors and Advances include dues from subsidiary companies which are as under:

₹ in Lakhs

Subsidiaries Companies	Dues			
	Balance as on		Maximum Balance during the year	
	31.03.10	31.03.09	2009-10	2008-09
RITES Afrika	217.71	112.39	393.89	112.39
Tanzania Railways Ltd. (TRL)	5202.34	5889.33	5889.33	5889.33

9.0 The Conveyance Deeds in respect of Residential Buildings at Asiad Village, New Delhi and IRWO flats in Gurgaon (Haryana) of ₹ 237.41 lakhs (previous year ₹ 237.41 lakhs) are yet to be executed.

10.0 Details of expenditure incurred on/by Directors (including Managing Director and included in Employee's Cost) are as under:-

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Salaries*	159.51	42.17
Sitting Fee	4.95	6.15
House Rent (Net) and Perquisites	11.80	6.80
Contribution to Provident Fund and Group Saving Linked Insurance Scheme	6.32	5.15
Medical Expenses	0.85	0.96
Travel Expenses (included in IPO exp. Nil prev. year ₹ 4.05 lakhs)	33.60	52.87
<b>Total</b>	<b>217.03</b>	<b>114.10</b>

\*Salaries includes Performance Related Pay (PRP) and pay revision arrears.

Directors have been provided with Company owned/leased accommodation for which recoveries are made as per Company's rules.

Above excludes contribution to Group Gratuity Scheme (calculated on actuarial basis) and Group Accident Insurance Scheme. Further, Directors are allowed to use of staff car for private journey upto a ceiling of 1000 kms. per month, for which recoveries are made as per terms of appointment.

11.0 Auditors' Remuneration

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
(A) Statutory Auditors		
• Audit Fee		
(i) Statutory Audit	2.50	2.50
(ii) Tax Audit	1.00	1.00
(iii) Limited Review Audit and Consolidation	2.00	2.00
• For other Services, i.e., certification etc.	0.30	0.42
• Out of pocket expenses	0.34	0.42
(B) Branch Auditors		
• Audit Fee		
(i) Statutory Audit	0.70	1.05
(ii) Tax Audit	0.58	0.58
(iii) Limited Review Audit	0.96	0.96
• Out of Pocket Expenses	0.44	-

- 12.0 In a pre-closed contract in the year 2005–06, the company raised claims against the client of ₹ 22195.43 lakhs and the client raised counter claims of ₹ 46910 lakhs.  
The executing agency raised claims of ₹ 18441.31 lakhs (previous year ₹ 18441.31 lakhs) against the company and company raised counter claims of ₹ 64453.06 lakhs (previous year ₹ 64453.06 lakhs) against the executing agency in a contract which became void due to commitment of fraud by the agency and thus terminated. The arbitration proceedings are under process. The respective amounts of claims and counter claims against the company are included in contingent liabilities.  
Cummulative Interest up to 31.03.10 is of ₹ 984.26 lakhs (previous year ₹ 782.60 lakhs) on mobilization advance due from the executing agency has not been recognized as income due to significant uncertainty as regard to realizability. This includes interest of ₹ 201.66 lakhs for the year (previous year ₹ 201.66 lakhs)
- 13.0 The Company has pledged its entire shareholding in Tanzania Railways Limited (TRL) in the year 2007, a subsidiary company of RITES in Tanzania in which RITES is 51% stakeholder, aggregating to 102,00,000 Equity shares of face value of TSH 1000 each equivalent to ₹ 3284.27 lakhs with International Finance Corporation (IFC) in consideration of financial assistance of USD 440 lakhs sanctioned by IFC to TRL. Similar pledging was done by other 49% stakeholder [Government of Tanzania (GOT)] as this was the pre-condition of IFC loan.
- 13.1 In November 2009, GOT proposed RITES to exit by selling its entire stake in TRL to GOT to become 100% owner. The company submitted an offer for ₹ 38854.16 lakhs (equivalent to USD 86.67 million) to GOT for transfer of its equity investment of ₹ 3284.27 lakhs (equivalent of USD 8.23 million) in TRL, its various unpaid dues, value of leased assets and payments towards partly finished contracts etc. to exit from TRL. Due to deteriorating financial condition and pending financial restructuring plan of TRL, a provision of ₹ 6300 lakhs, including provision for doubtful debts, was made during the year 2008-09 towards its exposure in TRL, which has also been maintained during the year. Further, company continues not to recognize any income for the services rendered to meet the contractual obligations with the said company which amounts to ₹ 4749.65 lakhs for the year 2009-10 (previous year ₹ 1704.53 lakhs).
- 13.2 The negotiations for the offer submitted to exit are expected to conclude shortly. Pending negotiations to exit and as a matter of abundant precaution, the management has decided to make a provision towards the equity investment amounting to ₹ 3284.27 lakhs in the said company.
- 13.3 A Counter offer to company's proposal dated 17.11.2009 was given by GOT on 13th August' 2010 for US\$ 12.91 million (₹ 5787.55 lakhs) and in the negotiation meeting held on 18/19th August' 2010 offer was increased to US\$ 21.16 million (₹ 9486.03 lakhs) primarily for the dues outstanding, subject to approval of settlement terms by GOT. Pending signing of the settlement agreement and approval of terms of settlement by GOT, status quo is maintained in respect of provisions towards exposures in TRL. Amount finally received on settlement claims will be accounted for accordingly.
- 14.0 As per the existing practice, company has made a provision for doubtful debts of ₹ 360.50 lakhs (previous year ₹ 6332.37 lakhs includes doubtful debts of TRL also) for debts outstanding over three years and other debts except those debts which in the opinion of management are not doubtful or where client has confirmed the debts or court has given direction to the debtor to pay the debts to the company.
- 15.0 During the year ₹ 1679.30 lakhs has been provided for employees' retirement benefits, comprising of pension and medical benefits, effective from 1st January' 2007, for which the detailed implementation schemes as per DPE guidelines are under finalisation and necessary approvals.
- 16.0 Board of Directors of the Company in their meeting held on 25th January, 2010 decided to approve the request of M/s COMPANHIA DOS COMINOS DE FERRO DA BEIRA SARL (CCFB) Mozambique, joint venture entity, to restructure the loan of US\$ 13 million (equivalent to ₹ 5827.90 lakhs as on 31st March, 2010) given in earlier years. As per the restructured scheme, interest accrued including penal interest upto 31st December, 2011 will get added to the principal and repayment of principal outstanding and interest accrued thereon will commence w.e.f 1st July, 2012. Said scheme was also approved in the Extraordinary General Meeting (EGM) of CCFB on 29th March, 2010.  
The interest income accrued on this loan during the year includes amount of ₹ 28.30 lakhs pertaining to earlier years and included in loan outstanding while restructuring.  
Under the approved restructuring loan scheme, interest including penal interest amounting ₹ 1056.90 lakhs upto 31st March, 2010 has been transferred to shareholder's loan account which at the end of financial year stands to ₹ 6884.80 lakhs. Amendment to the shareholder loan agreement was in process as at 31st March, 2010.
- 17.0 During the year, fraud involving misappropriation and embezzlement of funds aggregating to ₹ 148.64 lakhs committed in earlier years by an employee (presently under suspension) was detected. This comprises of payments towards final settlement/withdrawals from RITES Contributory Provident Fund ₹ 138.38 lakhs and ₹ 10.26 lakhs towards Group Saving Linked Insurance Scheme (GSLI). This includes losses of ₹ 90.93 lakhs made good by the company as employer to RITES Contributory Provident Fund during the current year on account of this fraud. The case is under investigation by Govt. authorities and recoveries, if any, made will be accounted for on receipt basis.
- 18.0 Sundry Creditors, Customers Advances, Amounts Recoverable, Security Deposits receivable and Security Deposits payable are subject to confirmation.
- 19.0 In cases where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle, computer and equipment advance are considered unsecured.
- 20.0 Additional information as required by Schedule VI, Part II of the Companies Act, 1956:-

20.1 Particulars in respect of purchases, sales and inventories of goods traded in:-

₹ in Lakhs

Class of Goods	Opening Stock		Purchases*		Closing Stock		Sales	
	No.	₹	No.	₹	No.	₹	No.	₹
Locomotives	-	-	6	743.74	-	-	6	1956.83
(previous year)	(-)	(-)	(15)	(1620.06)	(-)	(-)	(15)	(3951.18)
Coaches	-	-	4	255.97	-	-	4	648.43
(previous year)	(-)	(-)	(3)	(205.53)	(-)	(-)	(3)	(509.12)
Others	-	1632.74	-	3551.53	-	3388.63	-	2113.35
(previous year)	(-)	(488.46)	(-)	(2504.07)	(-)	(1632.74)	(-)	(1479.91)

\*excludes expenditure associated with exports incurred by the company.

20.2 Expenditure in foreign currencies

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
(i) Salaries & others abroad	1182.22	1003.76
(ii) Supplies and Services	792.91	111.31
(iii) Travel	479.51	663.48
(iv) Others	93.61	129.61
(v) Capital expenditure	-	9.00

20.3 Stores and spare parts consumed

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Imported	-	-
Indigenous	964.51	2856.99
(%)	100%	100%

20.4 Earning in foreign currencies

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
(i) Fees	2711.00	2427.97
(ii) Interest on Bank deposits	-	-
(iii) Interest on loan	389.61	471.57
(iv) Other Incomes		
a) Dividend	-	0.98
b) Miscellaneous Receipt *	10.12	107.39
(v) Export sale - FOB Value	4693.60	5660.06
(vi) Lease Services	1619.55	5024.98

\* includes insurance claims Nil (previous year ₹ 106.42 Lakhs) and sale of scraps etc.

- 21.0 Pending issuance of notification under section 441A of the companies Act, 1956, no provision has been made towards cess on the turnover of the Company.
- 22.0 The company is contributing through RITES Employees Group Gratuity cum LIC Scheme to Life Insurance Corporation of India (LIC) to meet its gratuity liability. The present value of the plan assets represents the balance available with the LIC at the end of the period. The aggregated value of plan assets, as certified by the LIC, as at 31st March 2010 and 31st March 2009 amount to ₹ 4381.91 lakhs and ₹ 2284.09 lakhs respectively. Further, for other employee benefits no planned assets have been created by the company.
- 23.0 Disclosures as per Accounting Standards:
- 23.1 Disclosure Pursuant to Requirement of Accounting Standard – 7 (Revised) issued by The Institute of Chartered Accountants of India on construction contracts.

₹ in Lakhs

S. No.	Particulars	Year ended	
		31.03.10	31.03.09
1.	Contract revenue as revenue in the period	1669.07	2038.16
2.	Agreed amount of Costs incurred	1473.70	1897.82
3.	Recognized profits upto reporting date	195.37	140.34
4.	Amount of advances received	1200.00	844.00
5.	Amount of retentions	Nil	Nil
6.	Gross amount due from customers for the contract work presented as asset	Nil	Nil
7.	Gross amount due to customers for contract work presented as a liability	Nil	Nil

### 23.2 Employees Benefits

- 23.2.1 Reconciliation of Opening & Closing Balances of the present value of the defined benefits obligation and the effects during the period attributable to each are following:

₹ in Lakhs

Defined benefits wholly unfunded	Leave Encashment	LTC	Medical Leave
Opening Balance as on 01.04.09	3160.97	70.08	1515.96
Interest Cost	237.07	5.26	113.70
Current Service Cost	291.18	41.01	122.17
Benefit paid	(537.62)	(50.02)	(3.26)
Actuarial (Gain)/Loss on obligation	589.39	12.83	43.80
Closing Balance as on 31.03.10	3741.00	79.15	1792.36

- 23.2.2 Net present value of long service award as on 31.03.2010 is ₹ 63.22 lakhs. The same has been charged to Profit and Loss Account.

- 23.2.3 Total expenses recognized in the statement of Profit & Loss are the following:

₹ in Lakhs

Defined benefits wholly unfunded	Leave Encashment	LTC	Medical Leave
Current Service Cost	291.18	41.01	122.17
Interest Cost	237.07	5.26	113.70
Net actuarial (Gain)/Loss recognized in the period	589.39	12.83	43.80
Expenses recognized in the statement of Profit & Loss	1117.64	59.10	279.66

- 23.2.4 The principal actuarial assumptions used as at the balance sheet date are the following:

Defined benefits wholly unfunded	Leave Encashment	LTC	Long Service Award	Medical Leave
Discount rate	7.50%	7.50%	7.50%	7.50%
Future cost/salaries increased	7.50%	7.50%	-	7.50%

### 23.3 Segment Reporting

23.3.1 The Company has identified four business segments as primary segment as detailed below:-

- Consultancy Services
- Constructions Projects
- Export of rolling stock, equipment and spares
- Leasing of railway rolling stock & equipment

23.3.2 The Company is primarily a consultancy organization rendering consultancy services in all facets of transportation.

23.3.3 The segment revenue in geographical segments considered for disclosure are as under:-

- (a) Revenue within India from consultancy including project management services , construction projects and domestic lease executed rendered to clients located within the country.
- (b) Revenue from outside India for services rendered, export sales of rolling stock & spare parts and lease rental from the clients located outside India.

23.3.4 The accounting principles used in the preparation of the financial statements are consistently applied to record revenue & expenditure in individual segments, as set out in the note of significant accounting policies.

23.3.5 Revenue & direct expenses in relation to segments are allocated based on items that are individually identifiable to that segment while the remaining costs are categorized as unallocated expense as the underlying services are used inter-changeably.

23.3.6 Business Segment

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
<b>REVENUE</b>		
<b>Consultancy Services</b>		
- Domestic	44364.96	38081.36
- Abroad	3127.21	2685.39
<b>Constructions Projects</b>	1669.07	2038.16
<b>Export includes export incentives- ₹ 56.88 Lakhs (Previous year ₹ 688.71 Lakhs)</b>	4775.49	6628.93
<b>Leasing (Abroad)</b>	1619.55	5024.98
<b>Leasing (Domestic)</b>	99.75	-
<b>Total Income from Operations (A)</b>	55656.03	54458.82
<b>IDENTIFIABLE OPERATING EXPENSES</b>		
<b>Consultancy Services</b>		
- Domestic	28035.65	29322.71
- Abroad	2420.60	1638.25
<b>Constructions Projects</b>	1473.70	1897.82
<b>Export</b>	4678.80	5080.36
<b>Leasing (Abroad)</b>	1631.36	3591.58
<b>Leasing (Domestic)</b>	44.08	-
<b>Total Operating Expenses (B)</b>	38284.19	41530.72
<b>SEGMENTAL PROFIT FROM OPERATIONS</b>		
<b>Consultancy Services</b>		
- Domestic	16329.31	8758.65
- Abroad	706.61	1047.14
<b>Constructions Projects</b>	195.37	140.34
<b>Export</b>	96.69	1548.57
<b>Leasing (Abroad)</b>	(11.81)	1433.40
<b>Leasing (Domestic)</b>	55.67	-
<b>Operating Profit (A-B)</b>	17371.84	12928.10



₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Add:		
Income from Investments/ Deposits	4736.91	2812.33
Other Income *	1933.07	9949.11
Less:		
Un-allocable Expenses	7476.48	10719.96
Net Profit before taxes	16565.34	14969.58
Income Tax (including Deferred & FB Tax)	5370.72	5541.21
Net Profit after taxes	11194.62	9428.37

## 23.3.7 Other Information

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Fixed Assets (Net) excluding Work in Progress **	12778.85	11887.14
Current Assets, Loans & Advances	167172.53	139255.07
Current Liabilities, Provisions & Loans	126111.57	101073.90
Capital Employed **	53839.81	50068.31

## 23.3.8 Geographical Segment (Secondary Segment)

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Operating Revenue		
- India	46133.78	40119.52
- Abroad	9522.25	14339.30
<b>Total</b>	<b>55656.03</b>	<b>54458.82</b>
Operating Expenditure		
- India	29553.43	31220.53
- Abroad	8730.76	10310.19
<b>Total</b>	<b>38284.19</b>	<b>41530.72</b>
Operating Profit		
- India	16580.35	8898.99
- Abroad	791.49	4029.11
<b>Total</b>	<b>17371.84</b>	<b>12928.10</b>

\* Other income includes interest on staff advance, profit on sale of assets/ long term investments, interest on income tax refund, Iraq dues received from Govt. of India, loan to CCFB, dividends on trade current investment, reversal of provision no longer required etc.

\*\* Fixed assets used in the company's business or liabilities contracted are common in nature for all and cannot be allocated to a specific segment. The Company believes that it is currently not practicable to provide segmental disclosure of capital employed since a meaningful segregation of the available data could be onerous.

## 23.4 Related Party Disclosures

## 23.4.1 Relationship

Nature of relationship	Name of Party
Joint Venture	1. M/s RICON - Established in India
	2. M/s Companhia Dos Caminhos De Ferro De Beira, SARL, Beira (CCFB) - Established in Mozambique
	3. M/s Ganga Expressway Consultants Pvt. Ltd.

Nature of relationship	Name of Party
<b>Subsidiary Companies</b>	1. M/s. RITES (Afrika) (Pty) Ltd. - Established in Botswana
	2. M/s. Tanzania Railways Limited - Established in Tanzania
<b>Directors</b>	1. Shri Praveen Kumar, Chairman (upto 31-03-2010)
	2. Shri V.K. Agarwal, Managing Director
	3. Shri Anil Madan, Director Technical (upto 31-10-2009)
	4. Shri B.K. Makhija, Director Projects
	5. Shri Rajeev Mehrotra, Director Finance
	6. Shri Sumit Sinha, Director Technical (from 27-01-2010)
	7. Shri Virendra Gupta, Director (upto 05-05-2009)
	8. Ms. Reenal Sandhu, Director (from 04-06-2009)
	9. Dr. Devi Singh, Director (upto 31-10-2009)
	10. Shri D.P. Tripathi, Director (upto 31-10-2009)
	11. Shri Prem Saigal, Director (upto 31-10-2009)
	12. Shri A.K. Sanwalka, Director

23.4.2 Remuneration to Key Personnel's-Refer note no.10

23.4.3 Transactions

₹ in Lakhs

Transaction	Joint Venture		Subsidiary Companies	
	Year ended		Year ended	
	31.03.10	31.03.09	31.03.10	31.03.09
Loan given	1056.90*	1268.96	-	-
Export Sales	-	34.70	477.55	1707.68
Management fee	-	-	-	815.73
Consultancy fees	-	-	325.70	100.52
Leasing Charges	560.15	561.98	-	3339.41
Interest on loan	389.61	471.57	-	-

\* Refer note no.16.

Year end Balances

₹ in Lakhs

Transaction	Joint Venture		Subsidiary Companies	
	Year ended		Year ended	
	31.03.10	31.03.09	31.03.10	31.03.09
Loan given	8602.87	8542.44	-	-
Receivables	1488.34	714.16	5420.05	6001.72

23.4.4 The company has been awarded a number of contracts jointly with other parties where work responsibilities / contractual obligations are clearly defined and segregated and the business relationship inter-se will automatically terminate on completion of the activity/project. The Company has no control or significant influence over these parties, hence not considered as related parties for disclosure.

23.5 Lease

23.5.1 Operating Lease (Cancelable)

23.5.1.1 The Company's leasing arrangements of Locomotives are with the following:

23.5.1.2 Lease arrangement with Tanzania Railways Limited (TRL).

The Company has leased 25 Nos. MG diesel locomotives to TRL for five years. Under the contract, Company is also providing services of its experts for maintenance of these locomotives for which a consolidated lump sum payment including the lease rent is received from the client on bi-monthly basis. The period of lease is upto Mar' 2013.

23.5.1.3 Lease arrangement with Companhia Dos Caminhos De Ferro de Beira, Mozambique (CCFB)

The company has entered into an agreement with CCFB for lease of 6 Nos. of Cape Gauge Diesel Locomotives for a period of 5 years. Under the contract, Company is also providing services of its experts for maintenance of these locomotives for which a consolidated lump sum payment including the lease rent is received from the client on bi-monthly basis. The period of lease is upto May'2012.

23.5.1.4 Lease arrangement with Porotos e Caminhos de Ferro de Mozambique (CFM)

The company has entered into an agreement with CFM for lease of 10 Nos. of Cape Gauge Diesel Locomotives for a period of 3 years. Under the contract, Company is also providing services of its experts for maintenance of these locomotives for which a consolidated lump sum payment including the lease rent is received from the client on bi-monthly basis. The period of lease is upto Mar'2011.

23.5.1.5 Lease arrangement with The West Bengal Power Development Corporation Limited (WBPDC) -Domestic

The Company has leased One No. locomotive up to June'2011 on wet arrangement and lease rent including maintenance charges are receivable on monthly basis

23.5.2 The Company's leasing arrangements of Coaches are with the following:

23.5.2.1 Lease arrangement with Tanzania Railways Limited (TRL).

The Company has entered into an agreement with TRL for lease of 23 Nos. Coaches for five years. The period of lease is upto Sep'2013.

23.5.3 Details of the leased assets:

**Locomotives**

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Gross carrying amount	5950.56	4656.73
Depreciation provided for the year	365.41	303.87
Accumulated depreciation	982.00	616.59
Net carrying amount	4968.56	4040.14

**Coaches**

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Gross carrying amount	952.26	952.26
Depreciation provided for the year	190.46	109.57
Accumulated depreciation	281.25	90.79
Net carrying amount	671.01	861.47

23.5.4 Other Lease (Cancelable)

23.5.4.1 Description of lease arrangement of Scope Office Complex

The company has leased 620 sq. m. area of furnished accommodation to Railway Board, Indian Railways on lease rent basis receivable every month. The lease arrangement was for a period of 3 years upto March 2009 which has been extended upto 31st March 2011.

23.5.4.2 Details of the leased assets: Office Premises

₹ in Lakhs

Description	Year ended	
	31.03.10	31.03.09
Gross carrying amount	285.05	277.65
Depreciation provided for the year	11.42	9.71
Accumulated depreciation	43.95	32.53
Net carrying amount	241.10	245.12

23.5.4.3 The company has not sub-leased any of the assets taken on lease.

23.5.4.4 Operating Leases for Companies offices and staff residential premises are renewable / cancelable as laid down in the respective agreements. The total of minimum lease payments recognized in the profit & loss account for the year is ₹ 373.88 lakhs.

23.5.5 There are no provisions relating to contingent rent.

**23.6 Earning Per Share (EPS)-Calculations**

Particulars	Year Ended	
	31.03.10	31.03.09
A Net profit for the year attributable to Equity Shareholder ( ₹ in lakhs)	11194.62	9428.37
B Weighted average number of Equity Shares	40000000	40000000
C Basic & Diluted Earning Per Share (A)/(B)	₹ 27.99	₹ 23.57
D Nominal value per share	₹ 10/-	₹ 10/-

## 23.7 Deferred Tax

23.7.1 Components of deferred tax assets to the extent recognized and deferred tax liabilities as on 31st March 2010 are as follows:

₹ in Lakhs

Particulars	Year ended	
	31.03.10	31.03.09
Deferred tax Liability on account of :-		
(i) Depreciation on fixed assets	628.99	755.67
Deferred Tax Assets on account of :-		
(i) Provision for Doubtful Debts, Security Deposits/EMD, Advances etc.	5101.27	3967.22
(ii) Leave Encashment and other provisions	1374.62	1111.53
ASSET (NET)	5846.90	4323.08

## 23.8 Interest in Significant Joint Ventures

23.8.1 RITES has following Joint Ventures:

₹ in Lakhs

Name / Place of JV	Nature of Interest	Proportionate share of interest	Amount of investment
Geoconsult - RITES, India	RITES has formed a Joint venture with M/s. Geoconsult-ZT-GmbH (Austria) for detailed design consultancy and construction supervision of about 11 kms long railway tunnel in J&K State. Both the venturers contributed in the seed money as agreed for operational and execution purposes.	13%	Nil
Geoconsult - RITES, NRT1, India	RITES has formed a Joint venture with M/s. Geoconsult-ZT-GmbH (Austria) for detailed design consultancy & construction supervision of Tunnel No.1 (3.1 km long) on Udampur - Katra Section for the USBRL project in the state of J&K.	16%	Nil
RICON, India	RITES has formed a Joint Venture with M/s. IRCON International Ltd. to secure and execute contracts to be awarded by M/s Companhia Dos Caminhos de Ferro Beira, SARL, Beira, Mozambique to RICON for rendering Management Support Services, Consultancy Works, Project Management, Construction Super-vision, Supply of Materials, Rolling Stock and equipment, Works Contracts, Leasing of Equipments / Rolling Stocks etc.	51%	Nil
Ganga Expressway Consultants Pvt. Ltd. (GECPL), India	RITES has formed a joint venture with SREI Infrastructure Finance Ltd. (SREI) (as lead partner) and Consulting Engineers Services (India) Pvt. Ltd., (Consulting Engineers) for the project for development of eight lane access control expressway from Greater Noida to Ghazipur/ Ballia (Ganga Expressway).	25%	1.25
Companhia Dos Caminhos De Ferro de Beira, SARL, Beira, (CCFB) Mozambique	CCFB is a Joint Venture of RITES, IRCON International Ltd. and CFM(Parastatal of Government of Mozambique managing Ports and Railways in Mozambique) which is managing concession for Beira Rail Corridor since Dec. 2004. Concession period is 25 years.	26%	600.90

23.8.2 RITES Share in Joint Ventures

23.8.2.1 Income, Expenditure, Assets & liabilities:

₹ in Lakhs

Description / JVs	Fixed Assets (Net)/Non Current Assets	Current Assets, Loans & Advances	Current Liabilities & Provisions	Other Liabilities	Capital	Retained Earning / (losses)	Income	Expenditure
RICON								
Year ended 31.03.10	-	1294.31	563.25	-	-	731.06	416.21	142.97
Year ended 31.03.09	0.01	869.66	318.98	-	-	550.70	409.40	93.27

₹ in Lakhs

Description / JVs	Fixed Assets (Net)/Non Current Assets	Current Assets, Loans & Advances	Current Liabilities & Provisions	Other Liabilities	Capital	Retained Earning / (losses)	Income	Expenditure
<b>GEOCONSULT - RITES - NRT-1</b>								
Year ended 31.03.10	0.04	20.47	11.43	-	-	9.08	38.91	31.45
Year ended 31.03.09	0.05	6.33	3.47	-	-	2.91	47.62	42.59
<b>GEOCONSULT - RITES</b>								
Year ended 31.03.10	2.05	154.34	81.33	-	-	75.07	153.28	120.48
Year ended 31.03.09	2.24	150.53	92.29	2.63	-	57.85	156.23	122.40
<b>CCFB-LTDA</b>								
Year Ended 31.12.09	22983.46	4015.61	3915.20	23132.93	535.92	(584.98)	1386.39	1575.87
Year ended 31.12.08	16639.92	3430.99	3063.37	16858.51	620.72	(471.69)	1032.54	1161.66

- (i) Proportioned share of the company in the Income and Expenditure of M/s Geoconsult-RITES (previous year figures were unaudited), M/s Geoconsult-RITES-NRT-1 (previous year figures were unaudited) and M/s. RICON have been considered in Profit & loss Account under respective heads.
- (ii) M/s. CCFB LTDA has calendar year as financial year and figures are recorded from the audited financial statement as on 31.12.2009.
- (iii) M/s. GECPL is not yet functional.

#### 23.8.2.2 Contingent Liabilities:

- (i) Geoconsult-RITES has given bank guarantees of ₹ 4.24 lakhs (previous year ₹ 4.24 lakhs), out of which RITES share @ 13% comes to ₹ 0.55 lakh (previous year ₹ 0.55 lakh).
- (ii) Geoconsult-RITES NRT-1 has given bank guarantees of ₹ 2.14 lakhs (previous year ₹ 2.14 lakhs), out of which RITES share @ 16% comes to ₹ 0.34 lakh (previous year ₹ 0.34 lakh).
- (iii) Geoconsult ZT GmbH Austria got issued bank guarantees of Euro 4,39,384.80 (equivalent ₹ 265.89 lakhs), previous year Euro 4,39,384.80 (equivalent ₹ 296.11 lakhs) on behalf of Geoconsult- RITES, a joint venture entity in which share of RITES @ 13% comes to ₹ 34.57 lakhs (previous year ₹ 38.49 lakhs).
- (iv) Geoconsult ZT GmbH Austria got issued bank guarantees of Euro 22,314.70 (equivalent ₹ 13.50 lakhs) previous year Euro 22,314.70 (equivalent ₹ 15.04 lakhs) on behalf of Geoconsult-RITES a joint venture entity in which share of RITES @ 16% comes to ₹ 2.16 lakhs (previous year ₹ 2.41 lakhs).

#### 23.8.3 Jointly Controlled Operations

RITES has Joint operations with the following ventures for the projects mentioned against each. -

Name of Venturers	Project Name
M/s Pacific Consultants International M/s Parsons Brickerhoff International INC. M/s Japan Railways Technical Services M/s Tonichi Engineering Consultants, INC.	General Consultancy services for Delhi Mass Rapid Transport System Project
M/s Pacific Consultants International, M/s Parsons Brickerhoff International INC. & M/s SYSTRA S.A.	General Consultancy Services for Bangalore Metro Rail Project Phase - I
M/s De Consult - Germany	Modernization of Signalling System in Ghaziabad - Kanpur section

Name of Venturers	Project Name
M/s Stanlay Consultants INC. Iowa -USA	Rehabilitation and upgrading of KM 229.000 to KM 381.000 of NH-26 to 4 lane configuration in the state of Rajasthan and I.C. Services for 4/6 laning of Salem to Kumarapalyam Section of NH-47 in the state of Tamil Nadu on the N.S. Corridor under Ph.II programme of NHDP.
M/s Geo-Consult-ZT GmbH (Austria) & M/s Secon Pvt. Ltd. India	Consulting Services for feasibility & detailed Design of Road Tunnels in Shimla and other parts of Himachal Pradesh.
M/s Systra S.A. & M/s Italfer S.P.A.	Consultancy services for pre-feasibility study for high speed rail corridor (Pune-Mumbai- Ahmedabad)

23.9 The company has carried out the assessment on impairment of assets in terms of AS 28 "Impairment of Assets" issued by The Institute of Chartered Accountants of India. Accordingly, impairment loss of ₹ Nil (previous year ₹ Nil) has been recognized in respect of assets during the year.

#### 23.10 Warranty/Guarantee obligations

₹ in Lakhs

Items	Carrying amount 01.04.09	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.10
Warranties	793.55	260.76	287.84	501.71	264.76

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

### I. Registration Details

Registration No.	:	7227	State Code	:	55
Balance Sheet Date	:	31 03 2010			
		Date Month Year			

### II. Capital Raised during the year

		(₹ in Thousands)	
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

### III. Position of Mobilisation and Deployment of Funds

		(₹ In Thousands)	
<b>Total Liabilities</b>	1,95,59,547	<b>Total Assets</b>	1,95,59,547
<b>Source of Funds</b>			
Paid up Capital	4,00,000	Reserves & Surplus	65,48,390
Secured Loans	NIL	Unsecured Loans	NIL
Current Liabilities & Provisions	1,26,11,157		
<b>Application of Funds</b>			
Net Fixed Assets	16,36,934	Investment	6,20,670
Current Assets, Loans & Advances	1,67,17,253	Deferred Tax Assets(Net)	5,84,690
Misc. Expenditure	NIL	Accumulated Losses	NIL

### IV. Performance of Company

		(₹ In Thousands)	
Gross Turnover (incl. Other Income of ₹ 6,72,686)	62,32,601	Total Expenditure	45,76,067
Profit Before Tax	16,56,534	Profit After Tax	11,19,462
* Earning per share	₹ 27.99	Dividend Rate %	57.5%

\* EPS figure is in ₹ only

### V. Generic Names of Principal Products/Services of Company (as per monetary terms)

		(₹ In Thousands)
Item Code No. (ITC Code)	:	N.A.
Product Description	:	
	a) Consultancy	39,90,077
	b) Construction Projects	1,66,907
	c) Export Sales	4,71,861
	d) Inspection	7,59,140
	e) Lease Services	1,71,930

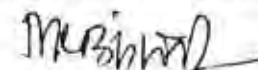
## COMMENTS BY CAG

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RITES LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH, 2010

The preparation of financial statements of RITES 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 statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 August 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 RITES 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 Auditors' report under section 619(4) of the Companies Act, 1956.

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



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

Place : New Delhi  
Dated : 13 September 2010



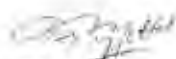
## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.

### RITES (AFRIKA) (PTY) LTD.

1. RITES continues to hold whole of the share capital of RITES (AFRIKA) (PTY) LTD, Botswana totaling to 10,000 shares of 1 pula each amounting to 10,000 pula equivalent to ₹ 1.20 lakh.
2. During the year under review RITES (AFRIKA) (PTY) LTD achieved operating income of pula 115.53 lakh (₹ 817.10 lakh) (previous year operating income of pula 61.27 lakh [₹ 400.71 lakh]) and net profit of pula 6.30 lakh (₹ 44.56 lakh) (previous year net profit of pula 2.55 lakh [₹ 16.68 lakh]) and accumulated profits at the end of the year of pula 13.63 lakh (₹ 96.43 lakh).
3. Keeping in view the performance of the Company, Board of Directors of the RITES (AFRIKA) (PTY) LTD have recommended dividend of pula 400.0 % of the paid capital for the year 2009-10.
4. Design activities for the Hukuntsi and Tsabong Airports is in full swing. Final design report is expected to be submitted by December, 2010.
5. During the year work on design phase consultancy services for the upgradation of Tshesebe - Masunga was completed. Design stage for improvement of Francistown Airport project has also been completed. Francistown Airport construction activities are in progress where RITES (AFRIKA) (PTY) LTD is the Project Management Consultant.
6. With setting up of 'Civil Aviation Authority' by the Government of Botswana, upgrading of various Airports in Botswana has become imminent in NDP 10 of the Government. Company had submitted offer for Reconstruction of Nata-Gweta Road which is pending with Road Department.
7. Botswana is economically and politically stable country and has good potential especially in infrastructure development, civil construction and information technology areas. However, due to economic recession, the emphasis is now on to promote local citizen consultants and seek investment through private sector.

### TANZANIA RAILWAYS LIMITED

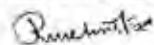
1. Tanzania Railways Limited (TRL), a subsidiary Company of RITES was incorporated on 25th May, 2007. RITES hold 51 % of equity in TRL
2. TRL, took over railways on 1st October, 2007 under Concession Agreement with Reil Assets Holding Company (RAHCO), the Conceding Authority.
3. During the period under review, 0.453 million tons (505.90 million ton kms) were carried and 0.543 million Passengers (374.1 million kms) were transported. The operations were severely hampered due to the condition in which assets were handed over to TRL. Many of the assets have not received the maintenance attention over a long period and the number of active rolling stock handed over was also significantly less than what was indicated. The cost of rehabilitation has gone up for reasons stated and the rehabilitation of the assets will take time, before the full effects of improvements are realized. The stoppage of further usage of loan amount already disbursed by IFC has adversely affected the rehabilitation process and thus the availability of assets. As of now out of the total sanctioned loan of USD 44 million, IFC had disbursed USD 14 million. Out of this, TRL had used about USD 7.15 million when IFC stopped further use of the amount already disbursed. The liquidity position of the company is very bad and the company is struggling to meet even the current essential commitments and needs for fuel, salaries, utilities etc. Liabilities to suppliers and other creditors are accumulating- as at the end of 31st December 2009 the current liabilities to Trade and other creditors total US\$ 48.4 million.
4. The company is in urgent need of infusion of funds by way of additional capital and/or loan, if the company is to survive. The position was brought to the notice of the shareholders, who after reviewing the status in November 2009, agreed that Govt. of Tanzania, the other shareholder of 49% will buy the shares held by RITES in TRL. Currently RITES and Govt. of Tanzania are in discussions on the process of disengagement and settlement of amounts due to RITES.



(PT Mittal)

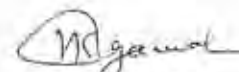
Company Secretary

For and on behalf of the Board



(Rajeev Mehrotra)

Director Finance



(VK Agarwal)

Managing Director

Place: Delhi

Dated: 25th August, 2010

# BITES (AFRIKA) (PROPRIETARY) LIMITED DIRECTORS' REPORT

FOR THE YEAR ENDED 31st MARCH, 2010

GENTLEMEN,

Your Directors have immense pleasure to present to you the annual report of your company together with the audited statement of accounts and the report of the statutory auditors thereon for the year ended 31st March, 2010.

During the year under review your company had achieved the highest ever income of Pula 11.72 million as compared to income of Pula 6.26 million achieved during the previous financial year. Income from consultancy services is of Pula 11.55 million for the year as compared to Pula 6.12 million for the last year. Your company had made a net profit before tax of Pula 804 746 (including unrealized exchange gain of BWP 123 840) as compared to net profit of Pula 0.34 million made during the last financial year.

## FINANCIAL RESULTS

The financial results of the company are summarized below:

Particulars	(Figures in Pula)	
	2009-2010	2008-2009
Income	11,717,888	6,263,224
Expenditure	10,913,142	5,921,382
Depreciation (included in above expenses)	3,845	8,295
Net Profit/ (Loss) before tax	804,746	341,842
Income Tax Expenses	174,305	87,108
Net profit after Tax	630,441	254,734
Income From: Consultancy fee	11,552,855	6,127,070
Other incomes (Bank Interest, sub-letting Rent)	165,033	136,154
Accumulated Profit/(Loss) at the end of the year	1,363,454	733,013

## DIVIDEND

The Board of Directors is pleased to announce a dividend of 400 % for the year 2009-2010.

## PROJECTS SECURED & EXECUTED

Against the backdrop of global recession & resource crunch, Govt. of Botswana is currently emphasizing completion of ongoing projects & many new projects are deferred for the time being. Also there is emphasis on empowerment of local citizen consultant, as such no major projects could be secured in the fiscal year 2009-2010. However your company has secured 1 small contract for providing Consultancy services for the enroute survey for existing runway navigational aids in WGS-84 system at Francistown Airport. The company has business at hand for next one year to sustain the current operation level.

Your company enjoys good reputation with the clients, as such; it will be possible to secure some new projects as soon as the effect of recession has abated.

The preliminary design report for the Hukuntsi and Tsabong Airport has been submitted & final design report is expected to be completed before the end of this calendar year. The work on construction phase for

Francistown Airport is in full swing. Presently 70% progress has been achieved on construction of Main Terminal Building & Runway. The package for runway lighting & bulk power supply has recently been finalized by the employer. The Airport is likely to be opened for operation by March, 2011 with all state of the art facilities. The work on construction phase for the construction of Francistown-Ramokgwebana & access roads project has commenced and about 50% progress has been achieved.

## FUTURE PROJECTS

There are enough opportunities in the field of Water Resources, Aviation, Roads & Irrigation sectors. With setting up of Civil Aviation Authority by the Government of Botswana, upgrading of various airports in Botswana has become imminent in NDP 10 of the Government.

## PROPOSALS SUBMITTED

Your company is in the process of submitting the tender for the supply of 160 salt wagons to the Botswana Railways.

Your company has also submitted EOI for development of Pandamatanga farm project under Ministry of Agriculture.

## BOTSWANA SCENARIO

Botswana is economically and politically stable country and has good potential especially in infrastructure development, civil construction and information technology areas. However due to economic recession the emphasis is now on to promote local citizen consultants & seek investment through private sector.

## BITES LTD.

We are thankful to the Management of Rites Ltd., officers and staff for their continuous support, cooperation and valuable services for the company. We anticipate continued support from BITES Ltd., for successful completion of the projects in hand and for bidding forthcoming assignments.

## AUDITOR

M/s J.V.Ramani and Associates were the auditors of the Company for the year 2009-2010. Board of Directors would like to place on record their sincere thanks for the valuable services rendered by them.


## ACKNOWLEDGEMENTS

We take this opportunity to acknowledge with thanks the valuable cooperation received from the Department of Civil Aviation, Department of Roads, Ministry of Works & Transport, Ministry of Finance, Department of Town and Regional Planning, Department of Mines, Department of Crop Production and Forestry, Department of Sanitation and Waste Management and other departments of Government of Botswana. We are also thankful to the officers and the staff of Bank of Baroda (Botswana) Ltd. for their valuable support and timely help.

We are also thankful to His Excellency, the Indian High Commissioner, the Secretary and other officers and staff members of the Indian High Commission in Botswana for their valuable support.

For and on behalf of the Board of Directors

Gaborone, Botswana  
9th July, 2010

  
Sanjai Kumar Jain  
Director

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

### Directors' responsibilities and approval

The directors are required by the Companies Act of Botswana, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to March 31, 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor's and their report is presented on page 65.

The financial statements set out on pages 66 to 71, which have been prepared on the going concern basis, were approved by the directors on May 31, 2010 and were signed on its behalf by:



Director

### INDEPENDENT AUDITOR REPORT

#### To the member of Rites Afrika (Proprietary) Limited

I have audited the financial statements of Rites Afrika (Proprietary) Limited, which comprise the statement of financial position as at March 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 66 to 70.

#### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of Botswana.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Rites Afrika (Proprietary) Limited as at March 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of Botswana.

## Legal and Regulatory

The company has kept proper books of accounts with which the financial statements are in agreement.

Ramani & Associates

Date : 12th July, 2010

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2010

	Note(s)	2010 Pula	2009 Pula
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	7,693	11,538
Fixed Deposits	4	139,896	135,640
Deferred tax	5	18,566	23,136
		<u>166,155</u>	<u>170,314</u>
<b>Current Assets</b>			
Work in progress	6	1,100,891	490,591
Trade and other receivables	7	1,911,235	743,509
Cash and cash equivalents	8	2,857,242	2,274,127
		<u>5,869,368</u>	<u>3,508,227</u>
<b>Total Assets</b>		<u>6,035,523</u>	<u>3,678,541</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated capital	9	10,000	10,000
Reserves and surplus		1,363,454	733,013
		<u>1,373,454</u>	<u>743,013</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from group companies	3	3,303,603	1,829,392
Current tax payable		93,404	87,109
Trade and other payables	10	1,245,062	999,027
Dividend payable		20,000	20,000
		<u>4,662,069</u>	<u>2,935,528</u>
<b>Total Equity and Liabilities</b>		<u>6,035,523</u>	<u>3,678,541</u>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2010

Revenue	11	11,552,855	6,127,070
Cost of sales	12	(9,787,968)	(5,090,790)
<b>Profit before Operating Expenses</b>		<u>1,764,887</u>	<u>1,036,280</u>
Other income		165,033	136,154
Operating expenses		(1,125,174)	(830,592)
<b>Operating profit</b>		<u>804,746</u>	<u>341,842</u>
<b>Profit before taxation</b>		<u>804,746</u>	<u>341,842</u>
Taxation	14	(174,305)	(87,108)
<b>Profit for the year</b>		<u>630,441</u>	<u>254,734</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>630,441</u>	<u>254,734</u>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2010

	Stated Capital Pula	Reserves & Surplus Pula	Total Equity Pula
<b>Balance at April 01, 2008</b>	10,000	513,279	523,279
<b>Changes in equity</b>			
Total comprehensive income for the year	-	254,734	254,734
Dividends	-	(35,000)	(35,000)
Total changes	-	219,734	219,734
<b>Balance at April 01, 2009</b>	10,000	733,013	743,013
<b>Changes in equity</b>			
Total comprehensive income for the year	-	630,441	630,441
Total changes	-	630,441	630,441
<b>Balance at March 31, 2010</b>	10,000	1,363,454	1,373,454
Note(s)		9	

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010

	Note(s)	2010 Pula	2009 Pula
<b>Cash flows from operating activities</b>			
Cash generated from operating activities		1,562,533	791,599
Cash paid to suppliers and employees		(2,285,933)	(676,535)
Cash (used in) generated from operations	16	(723,400)	115,064
Interest Income		-	84,446
Tax paid	17	(168,010)	(28,026)
<b>Net cash from operating activities</b>		<u>(891,410)</u>	<u>171,484</u>
<b>Cash flows from investing activities</b>			
Repayment to/from group companies & suppliers		1,474,211	500,989
Net movement in operating activities		(4,256)	9,526
Deferred taxation adjustment		4,570	-
<b>Net cash from investing activities</b>		<u>1,474,525</u>	<u>510,515</u>
<b>Total cash movement for the year</b>		<u>583,115</u>	<u>681,999</u>
Cash at the beginning of the year		2,274,127	1,592,128
<b>Total cash at end of the year</b>	8	<u>2,857,242</u>	<u>2,274,127</u>

## ACCOUNTING POLICIES

### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of Botswana. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Pulas.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

#### Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is only tested for impairment when there is an indicator of impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### Provisions

Provisions were raised and management determined an estimate based on the information available.

### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### 1.2 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

Investment property is initially recognised at cost.

Costs include costs incurred initially to acquire or construct an investment property and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of investment property, the carrying amount of the replaced item is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of investment property.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	% of Depreciation
Plant and machinery	15%
Furniture and fixtures	10%
Motor vehicles	25%
Office equipment	15%
IT equipment	25%

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

#### 1.4 Financial instruments

##### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

##### Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

##### Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

#### 1.5 Tax

##### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

##### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

##### Tax expenses

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

#### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

##### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

#### 1.7 Work in progress

Work in progress are measured at the lower of cost and selling price less costs to complete and sell, on the first-in first-out (FIFO) basis. Inventory/ work in progress represents work done not invoiced during the year ended 31/3/2010.

#### 1.8 Impairment of assets

The company assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

## 1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## 1.10 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

## 1.11 Provisions and contingencies

### Provisions are recognised when:

- the company has an obligation at the reporting period date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

## 1.12 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the initial amount of revenue agreed in the contract to the extent completed and invoiced; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

## 1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

## 1.14 Translation of foreign currencies

### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

### At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

## 1.15 Prior year figures

Prior year figures have been regrouped to confirm with current year presentation.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Property, plant and equipment

	2010 Pula			2009 Pula		
	Cost	Accu. Depn.	Carrying Value	Cost	Accu. Depn.	Carrying Value
Furniture and fixtures	60,310	(60,318)	1	60,310	(60,318)	1
Motor vehicles	57,728	(57,727)	1	57,728	(57,727)	1
Office equipment	92,809	(92,808)	1	92,809	(92,808)	1
IT equipment	26,884	(19,194)	7,690	26,884	(15,349)	11,535
Total	237,740	(230,047)	7,693	237,740	(226,202)	11,538

2010 Pula 2009 Pula

### 3. Group company balances

Holding company

Rites Limited (3,303,603) (1,829,392)

Rites Limited is a holding company of Rites Afrika (Pty) Limited. The payable represented in the books are transacted on an arms length basis and pure of business transactions.

Group company payable represents, the amount payable to Rites Limited (net of expenses incurred in Botswana for Rites Employees BWP 2.7 million) amounting to BWP 3,303,603.

### 4. Fixed deposits

At fair value

Bank of Baroda - USD Fixed Deposit 139,896 135,640

Investment represented above are fixed deposit with Bank of Baroda @ 0.5% pa

	2010 Pula	2009 Pula
<b>Non-current assets</b>		
Bank of Baroda Fixed Deposit	139,896	135,640
The fair values of listed or quoted investments are based on the quoted market price at reporting period date.		
<b>5. Deferred tax</b>		
<b>Deferred tax asset</b>		
Accelerated capital allowances for tax purposes	18,566	23,136
<b>6. Work in progress</b>		
Work in progress	1,100,891	490,591
Work in Progress		
Work in progress (WIP) represented by work done up to 31/03/2010 but not invoiced during that accounting period and completed proportion of work in progress.		
<b>7. Trade and other receivables</b>		
Trade receivables	1,847,532	709,462
Deposits/Prepayments	36,774	27,712
VAT	11,997	-
WHT on call account	14,932	6,335
	<u>1,911,235</u>	<u>743,509</u>
<b>8. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	2,394	6,144
Bank balances	2,854,848	2,267,983
	<u>2,857,242</u>	<u>2,274,127</u>
<b>9. Stated capital</b>		
<b>Issued</b>		
Ordinary	10,000	10,000
<b>10. Trade and other payables</b>		
Trade payables	530,980	361,066
VAT Payable	-	196,186
Audit fee payable	35,000	27,500
Directors current account	-	3,700
Expenses payable	7,500	7,500
Deposits received	2,000	2,000
Other payables	669,582	401,075
	<u>1,245,062</u>	<u>999,027</u>
<b>11. Revenue</b>		
Consulting fee	11,552,855	6,127,070
<b>12. Cost of sales</b>		
Rendering of services		
Consultancy Expenses (Local)	4,692,734	2,803,800
Consultancy fee - Rites Limited	4,965,599	2,066,513
PDA of visiting Eng. & WHT on Technical fee	129,635	220,477
	<u>9,787,968</u>	<u>5,090,790</u>
<b>13. Finance costs</b>		

	2010 Pula	2009 Pula
<b>14. Taxation</b>		
<b>Major Components of the tax expense</b>		
<b>Current</b>		
Local Income tax- current period	174,305	87,108
<b>15. Auditor's remuneration</b>		
Audit Fees	35,000	27,500
<b>16. Cash (used in) generated from operations</b>		
Profit before taxation	804,746	341,842
<b>Adjustments for:</b>		
Depreciation and amortisation	3,845	8,295
<b>Changes in working capital:</b>		
Work in progress	(610,300)	(490,591)
Trade and other receivables	(1,167,726)	(743,509)
Trade and other payables	246,035	999,027
	<u>(723,400)</u>	<u>115,064</u>
<b>17. Tax paid</b>		
Balance at beginning of the year	(87,109)	(28,027)
Current tax for the year recognised in profit or loss	(174,305)	(87,108)
Balance at end of the year	93,404	87,109
	<u>(168,010)</u>	<u>(28,026)</u>
<b>18. Dividends paid</b>		
Balance at beginning of the year	(20,000)	(20,000)
Balance at end of the year	20,000	20,000
	-	-
<b>19. Related parties</b>		
<b>Relationships</b>		
Holding company		Rites Limited
Related party balances		
Amounts included in (Trade receivable) Trade Payable regarding related parties		
Rites India Limited	3,303,603	1,829,392
S Bushan (Director)	-	3,700
<b>20. Directors' emoluments</b>		
The directors emoluments paid during the year amounting to BWP 243,455.		
<b>21. Going concern</b>		
The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the company.		



## DETAILED INCOME STATEMENT

	Note( s)	2010 Pula	2009 Pula		Note( s)	2010 Pula	2009 Pula
<b>Revenue</b>				Salaries & Wages		(97,524)	(74,075)
Consulting revenue		11,552,855	6,127,070	Office Expenses		(1,012)	(9,730)
<b>Expenses</b>				Interest to BURS		(3,991)	(782)
Direct Expenses		(9,787,968)	(5,090,790)	Unrealised foreign exchange gain/(loss)		123,840	(46,722)
<b>Gross profit</b>		<b>1,764,887</b>	<b>1,036,280</b>	IT expenses		(3,992)	(8,386)
<b>Other income</b>				Insurance, Licenses and Permits		(89,466)	(35,817)
Rental income		54,600	51,708	Rental payments		(169,773)	(160,015)
Discount received		13,949	-	Medical expenses		(116,128)	(17,086)
Interest Income		96,484	84,446	Motor vehicle expenses		(31,449)	(25,762)
		<u>165,033</u>	<u>136,154</u>	Postage		(18,304)	(22,174)
<b>Expenses</b>		<b>(1,125,174)</b>	<b>(830,592)</b>	Printing and stationery		(108,049)	(187,432)
<b>Profit before taxation</b>		<b>804,746</b>	<b>341,842</b>	Repairs and maintenance		(19,649)	(3,314)
Taxation	14	174,305	87,108	Security		(9,517)	-
<b>Profit for the year</b>		<b>630,441</b>	<b>254,734</b>	Staff welfare		(28,523)	(5,961)
<b>OPERATING EXPENSES</b>				Telephone and fax		(55,714)	(63,303)
Accounting fees		(20,200)	(31,000)	Training Levy		(21,309)	(4,570)
Advertising		(18,875)	(3,377)	Travel - local		(14,255)	(1,630)
Auditors remuneration	15	(35,000)	(27,500)	Travel - overseas		(331,135)	(53,501)
Bank charges		(10,086)	(8,626)	Electricity and water charges		(34,768)	(27,824)
Computer expenses		(6,450)	(3,710)			<u>(1,125,174)</u>	<u>(830,592)</u>
Depreciation, amortisation and impairments		(3,845)	(8,295)				

# TANZANIA RAILWAYS LIMITED

## DIRECTORS REPORT FOR THE 3rd ACCOUNTING YEAR ENDED 31st December 2009

### INTRODUCTION

The Directors are pleased to present their report and audited financial statements for the 3rd accounting year ended 31st December 2009. The Company was incorporated on 25th May 2007 as a Private company to implement the concession granted by Reli Assets Holding Company Limited for providing Railway Services. The Railways was taken over and the operations commenced on the 1st October 2007 and the Company has completed 27 months of operation as at the end of 2009.

### STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENT

The Directors are responsible for the preparation of the financial statements of the Company, which show a true and fair view in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### BOARD OF DIRECTORS

The names of Directors who served the Company during the period ended 31st December 2009 are:

Name	Status	Nationality
Shri V.K. Agarwal	Chairman	Indian
Shri N. Jayaram (Till 30.01.09)	Managing Director	Indian
Shri Hundi Lal Chaudhary (From 15.07.09)	Managing Director	Indian
Shri S.K. Seth	Director	Indian
Hon'ble Shri S.J. Kabayonga	Director	Tanzanian
Mrs. A.E. Bukuku	Director	Tanzanian

Shri N. Jayaram, the Managing Director on his request was repatriated back to RITES and ceased to be a Director of the Company after 30th January, 2009.

Shri H.L. Chaudhary took over as Acting Managing Director from Shri N. Jayaram on 31st January, 2009. Shri H.L. Chaudhary was appointed as a Managing Director with effect from 15.07.09.

### PRINCIPAL ACTIVITIES

The main activity of the Company is the provision of railway transport services. Catering services have been leased out to private operators.

### PHYSICAL PERFORMANCE

During the period under review, 0.453 million ton (505.90 million tons kms) were carried and 0.543 million Passengers (374.1 million kms) were transported. The operations were severely hampered due to the condition in which assets were handed over to TRL. Many of the assets have not received the maintenance attention over a long period and the number of active rolling stock handed over was also significantly less than what was indicated. The cost of rehabilitation has gone up for reasons stated and the rehabilitation of the assets will take time, before the full effects of

improvements are realized. The stoppage of further usage of loan amount already disbursed by IFC has adversely affected the rehabilitation process and thus the availability of assets. As of now out of the total sanctioned loan of USD 44 million, IFC had disbursed USD 14 million. Out of this, TRL had used about USD 7.15 million when IFC stopped further use of the amount already disbursed. The liquidity position of the company is very bad and the company is struggling to meet even the current essential commitments and needs for fuel, salaries, utilities etc. Liabilities to suppliers and other creditors are accumulating - as at the end of 31st December, 2009 the current liabilities to Trade and other creditors total TSh 65.78 billion.

### FINANCIAL PERFORMANCE

The Company's performance during the year along with comparative figures for the previous year is summarized below:

	T.Shs in Thousand	
	2009	2008
<b>INCOME:</b>		
Freight	35,204,527	37,259,490
Passenger	7,911,386	8,096,960
Wagon lease	1,317,061	-
Operating Income	44,432,974	45,356,450
Other	238,827	410,968
<b>Total Income</b>	<b>44,671,801</b>	<b>45,767,418</b>
<b>EXPENSES:</b>		
Operating Expenses	(68,745,256)	(69,791,530)
General Expenses	(3,583,412)	(4,253,378)
Administrative Expenses	(11,787,695)	(9,957,359)
Financial Expenses	(1,338,425)	(1,282,328)
Foreign Exchange Gain/Loss	(637,798)	(390,672)
<b>Total Expenses</b>	<b>(86,092,585)</b>	<b>(85,675,265)</b>
Profit/(Loss) Before Tax	(41,420,784)	(39,907,847)
Tax on Interest Income	(5,551)	(14,834)
Corporate Tax	-	-
Deferred Tax	(15,096,293)	13,009,014
<b>Net Profit/ (Loss)</b>	<b>(56,522,628)</b>	<b>(26,913,667)</b>

No dividend is recommended as there is no distributable income.

### CURRENT FINANCIAL SITUATION AND STEPS TAKEN BY SHAREHOLDERS

The company is in urgent need of infusion of funds by way of additional capital and/or loan, if the company is to survive. The position was brought to the notice of the shareholders, who after reviewing the status in November, 2009, agreed that Govt. of Tanzania will buy the shares held by RITES in TRL. Currently RITES and Govt. of Tanzania are in discussions on the process of disengagement and settlement of amounts due to RITES.

Although the working capital is a negative figure of TSh 46.800 billion and shareholders' funds is a negative figures of THs 68.307 billion noting has come to the attention of the Directors that the company shall not remain a going concern for at least 12 months from the date of this statement.

## OUTLOOK

Towards the end of December, 2009, heavy rains caused significant wash away at many places between Kilosa and Guiwaye. The route between Dar and Dodoma remained unoperational till end of May 2010. The lines have recently been opened and it will take a while for the traffic to start coming back. However the volume of traffic is likely to be adversely affected due to resistance from a section of employees to operate rolling stock leased to TRL. Government of Tanzania has been extending some financial support to mitigate the financial crisis.

## AUDITORS

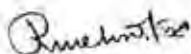
The Board wishes to place on record their sincere thanks for the valuable services rendered by the Auditors of the Company, M/S Tanna Sreekumar & Co., Certified Public Accountants.

## ACKNOWLEDGEMENTS

The Directors wish to thank the employees for their contribution and look forward to their commitment and dedication in the difficult times ahead in turning around the Railways.

The Directors also wish to place on record their appreciation of the support received from Government Ministries and other agencies and look forward to their continued support.

Last but not least the Directors also like to place on record their appreciation of the customers patronizing the Railways and look forward to their continued patronage.



**RAJEEV MEHROTRA**  
Proxy to V.K. Agarwal

Date : 26th July, 2010

Chairman - TRL Board of Directors

## AUDITORS' REPORT TO THE MEMBERS OF TANZANIA RAILWAYS LIMITED

### 1 Pre-ambles

We have audited the financial statements on pages 73 to 79 in accordance with International Standards on Auditing. The financial statements are in agreement with the accounting records.

### 2 Respective responsibilities of directors and auditors

As mentioned on page 72, the company's directors are responsible for the preparation of the financial statements and adopting the accounting policies. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

### 3 Basis of opinion

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements.

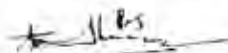
- 4 We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### 5 Opinion

In our opinion the financial statements give a true and fair view of the state of the company's financial affairs as at 31 December, 2009 and of its loss of Tsh. 56,522,628,000 and cash flow for the year then ended in accordance with the International Financial Reporting Standards and comply with the Companies Act, 2002.

### 6 Emphasis of matter

Without qualifying our opinion, we draw attention to Note No. 7 to the Directors' Report which explains the justification for preparing the financial statements under the going concern basis.



**Mr. B. S. Sreekumar**  
Tanna Sreekumar & Co.  
Certified Public Accountants

Dar Es Salaam  
Date: 26 July, 2010

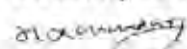
# TANZANIA RAILWAYS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	T.Shs'000	T.Shs'000
OPERATING INCOME	3	44,432,974	45,356,450
OPERATING EXPENSES	4	(68,745,256)	(69,791,530)
GROSS OPERATING LOSS		(24,312,281)	(24,435,080)
GENERAL EXPENSES	5	(3,583,412)	(4,253,378)
ADMINISTRATIVE EXPENSES	6	(11,787,695)	(9,957,359)
FINANCIAL EXPENSES	7	(1,338,425)	(1,282,328)
FOREIGN EXCHANGE VARIATION		(637,798)	(390,672)
		(41,659,611)	(40,318,815)
OTHER INCOME	8	238,827	410,967
LOSS BEFORE TAX		(41,420,784)	(39,907,847)
WITHHOLDING TAX ON INTEREST INCOME		(5,551)	(14,834)
CORPORATE TAX	9(a)	-	-
DEFERRED TAX ASSET	9(c)	(15,096,293)	13,009,014
LOSS FOR THE YEAR		(56,522,628)	(26,913,667)

The accounting policies and notes on pages 75 to 79 form part of these financial statements.

These financial statements were approved by the Directors on 26.07.2010 and were signed on its behalf on the same date by:



H.L. Chaudhary  
Managing Director



R. Masudi  
Director

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

		2009	2008
	Notes	T.Shs'000	T.Shs'000
<b>CAPITAL EMPLOYED:</b>			
SHARE CAPITAL		20,000,000	20,000,000
ACCUMULATED LOSS		(88,306,613)	(31,783,985)
SHAREHOLDERS' INTEREST		(68,306,613)	(11,783,985)
GOT- TOP UP MONEY	22	12,189,370	5,617,795
LONG TERM LOAN	15	19,714,764	18,737,647
		(36,402,479)	12,571,457
<b>REPRESENTED BY:</b>			
PROPERTY, PLANT AND EQUIPMENT	11	8,424,712	5,217,079
START UP COSTS	10	1,972,629	2,685,669
DEFERRED TAX ASSET	9(c)	-	15,096,293
		10,397,341	22,999,041
<b>CURRENT ASSETS</b>			
Inventories	12	4,441,882	3,223,435
Trade and other receivables	13	3,478,184	5,289,967
Due from related party	16	373,580	372,469

		2009	2008
	Notes	T.Shs'000	T.Shs'000
Margin Money		486,494	3,244,326
Bank and cash balances		10,198,065	9,783,770
<b>Total</b>		<b>18,978,206</b>	<b>21,913,967</b>

### CURRENT LIABILITIES

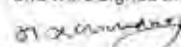
Bank Balance overdrawn		306,670	-
Due to related parties	16	55,338,445	23,868,678
Trade and other payables	14	10,132,910	8,472,873
		65,778,026	32,341,551

### NET CURRENT ASSETS

<b>Total</b>		<b>(46,799,820)</b>	<b>(10,427,584)</b>
<b>Total</b>		<b>(36,402,479)</b>	<b>12,571,457</b>

The accounting policies and notes on pages 75 to 79 form part of these financial statements.

These financial statements were approved by the Directors on 26.07.2010 and were signed on its behalf on the same date by:



H.L. Chaudhary  
Managing Director



R. Masudi  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital	Accumulated loss	Total
	T.Shs'000	T.Shs'000	T.Shs'000
<b>Year ended 31 December 2008</b>			
As at 1			
January 2008	20,000,000	(4,870,318)	15,129,682
Loss for the year	-	(26,913,667)	(26,913,667)
As at 31			
December 2008	20,000,000	(31,783,985)	(11,783,985)
<b>Year ended 31 December 2009</b>			
As at 1			
January 2009	20,000,000	(31,783,985)	(11,783,985)
Loss for the year	-	(56,522,628)	(56,522,628)
As at 31			
December 2009	20,000,000	(88,306,613)	(68,306,613)

	2009	2008
	T.Shs'000	T.Shs'000

### SHARE CAPITAL:

#### Authorized

20,000,000 equity shares of Tshs 1,000 each	20,000,000	20,000,000
---	------------	------------

#### Issued and fully paid

20,000,000 equity shares of Tshs 1,000 each	20,000,000	20,000,000
---	------------	------------

The accounting policies and notes on pages 75 to 79 form part of these financial statements.

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	T.Shs'000	T.Shs'000
<b>CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
Loss before tax	(41,420,784)	(39,907,847)
Depreciation and amortisation	578,201	156,238
Amortisation of Start up costs	713,040	713,040
	<u>(40,129,544)</u>	<u>(39,038,569)</u>
<b>WORKING CAPITAL CHANGES IN:-</b>		
Inventories	(1,218,447)	(2,247,168)
Trade and other receivables	1,811,782	(1,876,028)
Trade and other payables	1,660,037	5,564,804
Due from related party	(1,111)	(3,363)
Due to related parties	31,469,768	19,049,577
	<u>33,722,029</u>	<u>20,487,823</u>
Cash generated from operations before tax	(6,407,515)	(18,550,747)
Withholding tax	(5,551)	(9,560)
<b>Net cash from operations</b>	<u>(6,413,066)</u>	<u>(18,560,307)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:-</b>		
Purchase of property, plant and equipment	(3,785,834)	(5,332,117)
<b>Net cash flow from investing activities</b>	<u>(3,785,834)</u>	<u>(5,332,117)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:-</b>		
GOT- Top up money	6,571,575	5,617,795
Loan	977,117	18,737,647
<b>Net cash flow from financing activities</b>	<u>7,548,692</u>	<u>24,355,442</u>
<b>NET CASH FLOW FOR THE YEAR / PERIOD</b>	<u>(2,650,207)</u>	<u>463,018</u>
<b>CASH AND CASH EQUIVALENT AS AT 1 JAN</b>	<u>13,028,096</u>	<u>12,565,078</u>
<b>CASH AND CASH EQUIVALENT AS AT 31 DEC</b>	<u>10,377,889</u>	<u>13,028,096</u>
<b>CASH AND CASH EQUIVALENT AS AT 31 DEC COMPRISE OF:</b>		
MARGIN MONEY	486,494	3,244,326
BANK AND CASH BALANCES	10,198,065	9,783,770
BANK BALANCE OVERDRAWN	(306,670)	-
<b>TOTAL</b>	<u>10,377,889</u>	<u>13,028,096</u>

The accounting policies and notes on pages 75 to 79 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

**1 ACCOUNTING BASIS**

The Financial statements have been prepared under the historical cost convention and are in compliance with International Financial Reporting Standards (IFRS).

**2 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Revenue is recognised as below:-

- (i) Goods Traffic - sales invoice/consignment note
- (ii) Revenue from the transportation of passengers is recognised on collection.
- (iii) Interest is recognised on accrual basis on the net carrying amount of the financial asset.
- (iv) Rental income is recognised when there is certainty of its realisation on accrual basis.
- (v) Other income is accounted for on accrual basis except supplementary counter claims / awards in favor of the company which are accounted for on final settlement/ realisation.

**(b) Inventories**

Inventories are valued at lower of the cost arrived at on weighted average basis and net realisable value. Loose tools and sundry items are expensed in the year of purchase.

**(c) Translation of foreign currencies**

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the closing rate for the year. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

**(d) Property, plant & Equipment and depreciation**

Property, Plant & Equipment are stated at historical cost less accumulated depreciation.

Depreciation on property, plant and equipment is provided on straight line method over the estimated useful life as follows:-

	Life	Annual %
Furniture	8 years	12.50
Computer hardware	3 years	37.50
Machinery and equipment	8 years	12.50
Motor cycles	5 years	20.00
Motor vehicles	5 years	20.00

Expenses on rehabilitation of locomotives, coaches, wagons and other assets belonging to the Conceding Authority (RAHCO) is amortised over the remaining period of concession.

Property, plant and equipment having purchase cost up to TShs 1,000,000 or less are charged to income statement in the year of purchase. In respect of addition/deletion of property, plant and equipment during the year, depreciation is charged on pro-rata basis.

**(e) Intangible assets**

Start-up costs are capitalised and amortised on pro-rata basis over a period of 5 years.

**(f) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Specific provision is made against receivables considered to be doubtful of recovery. Bad debts are written off when identified.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits.

**(h) Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

**(i) Pensions and other post-employment benefits**

Defined contributions for retirement benefits are made and charged to the income statement.

**(j) Leases**

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

**(k) Prior period adjustments, prepaid expenses and expenses payable**

Income and expenditure relating to prior period, prepaid expenses and expenses payable not exceeding equivalent to TShs 1,000,000 in each case are treated as income and expenditure of the year in which payments are made.

**(l) Borrowing costs**

Borrowing costs in the ordinary course of business are recognised as an expense in the period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset.

**(m) Taxation**

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions.

**(n) Deferred tax**

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax

assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is possible that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused assets and unused tax losses can be utilised. Currently enacted tax rates are used to determine deferred income tax.

**(o) Cash flow statement**

Cash flows are made using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and deferrals or accruals of part or future cash receipts or payments. The cash flows from operating activities, financing and investing activities of the company are segregated.

**(p) Impairment of assets**

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price at an arms length transaction and its present value of future cash flows from the use of the asset and its disposal at the end of its useful economic life. This impairment is recognised as a charge in the income statement.

**3 OPERATING INCOME**

	2009 T.Shs'000	2008 T.Shs'000
Goods	35,204,527	37,259,490
Passengers	7,911,386	8,096,960
Wagon Lease	1,317,061	-
	<u>44,432,974</u>	<u>45,356,450</u>

**4 OPERATING EXPENSES**

Maintenance of ways and works	11,025,032	9,336,312
Maintenance of rolling stock	11,041,165	13,619,694
Locomotive running expenses	15,608,275	21,477,932
Concession fee	12,236,647	9,480,922
Locomotive hire charges	11,012,431	9,280,518
Traffic expenses	7,243,506	6,439,914
Depreciation	578,201	156,238
	<u>68,745,256</u>	<u>69,791,530</u>

**5 GENERAL EXPENSES**

Stock written off	274,503	114,388
Repairs and maintenance office	167,399	139,225
General insurance and vehicle taxes	910,644	935,934
Subscription and donations	13,684	15,591
Audit fees	43,156	36,848
Amortisation of start up costs	713,040	713,040
Provision for doubtful debts	243,831	756,501
Miscellaneous expenses	1,217,154	1,541,850
	<u>3,583,412</u>	<u>4,253,378</u>

	2009 T.Shs'000	2008 T.Shs'000
<b>6 ADMINISTRATIVE EXPENSES</b>		
Board of directors expenses	72,558	45,468
MD's office expenses	618,956	662,326
Company secretary's expenses	62,811	49,763
Planning and management	19,450	15,899
Security department expenses	3,902,651	2,910,720
Manpower's office expenses	684,890	554,542
Railways Training School expenses	240,997	190,173
Itigi TRL Primary School department expenses	505,955	247,241
Finance department expenses	1,717,102	1,480,722
Supplies department expenses	920,109	836,209
Public relation department expenses	153,992	247,046
Medical and health cost	731,510	461,289
Management fee	1,576,160	1,661,149
Levies and duties	580,552	594,810
	<b>11,787,695</b>	<b>9,957,359</b>

<b>7 FINANCIAL EXPENSES</b>		
Interest on loan and processing charges	1,262,679	1,042,522
Bank charges	75,746	239,806
	<b>1,338,425</b>	<b>1,282,328</b>

<b>8 OTHER INCOME</b>		
Interest on deposits	60,005	86,803
Sale of scrap	38,316	43,113
Miscellaneous income	140,506	281,052
	<b>238,827</b>	<b>410,967</b>

<b>9 TAX</b>		
<b>(a) Tax Charge for the year</b>		
There is no tax charge for the year as the company has a tax loss amounting to T.Shs 93,462,785,881 to be carried forward.		

<b>(b) Tax recoverable</b>		
As at 1 January	-	-
Tax charge for the year	-	-
Tax paid	(5,551)	(14,834)
Less: Tax written off	5,551	14,834
As at 31 December	-	-

<b>(c) Deferred tax asset</b>		
As at 1 January	15,096,293	2,087,279
Movement during the year	(15,096,293)	13,009,014
As at 31 December	-	15,096,293

As at 31 December 2009, there is a potential deferred tax asset of T.Shs 27 Billion ( 2008 T.Shs 15 Billion) arising mainly on account of accumulated tax losses. It is prudent not to recognise this asset, as it is uncertain that company will generate sufficient profits in the near future against which the temporary differences can be set off. In view of this, the deferred tax assets as on 31.12.2008 amounting to T.Shs 15,096,293,000 has also been reversed.

	2009 T.Shs'000	2008 T.Shs'000
<b>10 START UP COSTS</b>		
Start Up Costs	2,685,669	3,398,709
Less: Amortisation during the year	(713,040)	(713,040)
	<b>1,972,629</b>	<b>2,685,669</b>

## 11 PLANT, PROPERTY & EQUIPMENT

### a) Plant, Property & Equipment

	Furniture	Computers	Machinery and equipment	Motor cycles	Motor vehicles	Work in progress	Total
	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000
<b>Cost</b>							
As at 1 January 2009	16,103	109,282	157,023	8,316	661,175	765,491	1,705,382
Additions	-	47,968	876,957	-	-	-	924,925
Transfers	-	-	-	-	(766,481)	(766,481)	(766,481)
As at 31 December 2009	16,103	157,250	1,033,980	8,316	894,694	-	1,964,825
<b>Depreciation</b>							
As at 1 January 2009	2,148	87,256	8,570	717	(8,253)	-	126,044
Charge for the year	7,013	54,586	117,986	1,264	130,295	-	301,084
As at 31 December 2009	4,161	141,842	126,556	1,981	208,400	-	428,026
Net book value							
As at 31 December 2009	11,942	65,408	912,423	6,335	686,294	-	1,436,797
As at 31 December 2008	13,954	72,026	146,453	5,601	572,921	765,491	1,678,439

### b) Rehabilitation of Coaches, Locomotives & Tracks

	Rehabilitation of Coaches	Rehabilitation of Locomotives	Rehabilitation of Tracks	Total
	Tshs'000	Tshs'000	Tshs'000	Tshs'000
As at 1 January 2009	691,035	2,980,625	-	3,671,661
Additions	258,683	3,004,716	333,591	6,026,990
As at 31 December 2009	970,718	5,984,742	333,591	7,299,051
<b>Amortisation</b>				
As at 1 January 2009	14,248	16,771	-	33,020
Amortisation for the year	35,937	234,006	7,174	277,136
As at 31 December 2009	50,185	252,777	7,174	310,136
<b>Net book value</b>				
As at 31 December 2009	920,533	5,731,965	326,417	6,987,915
As at 31 December 2008	676,787	2,964,854	-	3,638,641

	2009 T.Shs'000	2008 T.Shs'000
<b>Summary of Property, Plant &amp; Equipment:</b>		
a) Net book value of Plant, Machinery and equipment	1,436,797	1,578,438
b) Net book value of Rehabilitation of Coaches and Locomotives	6,987,915	3,638,641
<b>Total (a + b)</b>	<b>8,424,712</b>	<b>5,217,079</b>

Note:- Capital Work in Progress have been transferred to Machinery & Equipments T.Shs 535.995 Million, Rehabilitation of tracks 224.891 Million and Plant, Machinery Equipment Expenses T.Shs 4.596 Million.

<b>12 INVENTORIES</b>		
Fuel	478,717	535,280
Store items	3,963,165	2,688,155
	<b>4,441,882</b>	<b>3,223,435</b>
<b>13 TRADE &amp; OTHER RECEIVABLES</b>		
Trade receivables	3,668,247	4,919,935
Provision for doubtful debts	(825,782)	(756,501)
	<b>2,842,465</b>	<b>4,163,434</b>

	2009	2008		2009	2008	
	T.Shs'000	T.Shs'000		T.Shs'000	T.Shs'000	
Staff Loans & Advances	65,410	59,018	<b>i) Purchase of goods and services</b>			
Prepayment & Deposits	166,845	356,908		RITES Ltd	16,813,394	14,850,765
Other receivables	403,464	710,607		Reli Assets Holding Company	12,307,822	10,614,900
	<u>3,478,184</u>	<u>5,289,967</u>		<u>29,121,216</u>	<u>25,465,665</u>	
<b>14 TRADE &amp; OTHER PAYABLES</b>			<b>ii) Outstanding balances arising from sale and purchase of goods/ services</b>			
Trade Payables	5,611,720	4,820,929		<b>Amounts due from related parties</b>		
Customer Deposits	867,331	1,122,628	Reli Assets Holding Company	373,580	372,469	
Taxes and duties	1,349,442	462,321	<b>Amounts due to related parties</b>			
Accruals	2,304,417	2,066,995	RITES Ltd	27,469,888	10,323,735	
	<u>10,132,910</u>	<u>8,472,873</u>	Reli Assets Holding Company	27,868,557	13,544,943	
<b>15 LONG TERM LOAN</b>				<u>55,338,445</u>	<u>23,868,678</u>	
<b>IFC Loan</b>						
Principal	18,386,060	17,924,200				
Interest accrued	1,328,704	813,447				
	<u>19,714,764</u>	<u>18,737,647</u>				

The Company has entered into Loan agreement with International Finance Corporation, an International Organization established by Articles of Agreement among its member countries including the United Republic of Tanzania ("The IFC"). The Loan agreement was dated on 15th September, 2007. The IFC agrees to lend the Company up to \$ 44,000,000. Till date a disbursement of \$ 14,000,000 is made to the company.

**Purpose of the Loan:**

The Loan was provided to finance the cost and expenditure associated with acquisition of the rights to use, rehabilitation, improvement, completion, ownership, operation and maintenance of railway and related facilities located in the country, all as contemplated in the agreement entered between the Company and RAHCO'

**Terms of the loan**

Interest rate shall be the rate which is a sum of:

- (i) Relevant spread and,
- (ii) LIBOR on the interest determination date for that interest period for six (6) Months (or in case of the first interest period of any disbursement, for 1 month, 2 months, 3 months, or 6 months, whichever period is closest to the duration of the relevant interest period (or, if two periods are equally close, the longer one) rounded upward to the nearest three decimal places.) The IFC shall determine the interest rate applicable to that interest period and promptly notify the company of that rate.

Repayment : The borrower shall repay the loan on the interest payments dates in every six months of an amount of \$ 2,000,000 commencing from 15 December 2011 up to 15 June 2022.

**16 Related party transactions**

The following are the related party transactions with RITES Ltd and RAHCO

	2009	2008
	T.Shs'000	T.Shs'000
<b>i) Purchase of goods and services</b>		
RITES Ltd	16,813,394	14,850,765
Reli Assets Holding Company	12,307,822	10,614,900
	<u>29,121,216</u>	<u>25,465,665</u>
<b>ii) Outstanding balances arising from sale and purchase of goods/ services</b>		
<b>Amounts due from related parties</b>		
Reli Assets Holding Company	373,580	372,469
<b>Amounts due to related parties</b>		
RITES Ltd	27,469,888	10,323,735
Reli Assets Holding Company	27,868,557	13,544,943
	<u>55,338,445</u>	<u>23,868,678</u>

The amount shown above are net of advances made and groosed up with statutory obligations.

**17 Financial Risk Management Objectives and policies**

The company's activities expose it to a variety of financial risks, including credit risk, foreign currency exchange risk and liquidity risk. The company's overall risk management programme seeks to minimize potential adverse effects on its financial performance. The company does not hedge foreign exchange risks as it has a steady inflow of US Dollar denominated revenue.

**18 Directors Remuneration**

Directors's Sitting Fees	18,998	13,147
--------------------------	--------	--------

**19 CONTINGENT LIABILITY**

- a) M/s RAHCO has made claims in respect of hire charges for usage of vehicles, cannibalization, wagon vandalism amounting to TSh. 3,323,958,650 which is not accepted by the company. RAHCO has also raised a demand of USD 671,508.25 & TSH 604,620,717 as interest on unpaid concession fee, which has been disputed by management. At the same time TRL has also claimed expenses to be incurred on rehabilitation of locomotives and wagons estimated at US\$ 41.9 Million, out of this TRL has incurred expenses of USD 1,720,944 on rehabilitation of four 73 class locomotives and has also having a capital commitment of US\$ 8,760,000 on six 88 class locomotives. Apart from this the expenses incurred by TRL on procurement of VHF Radio system amounting to Tsh 803,992,027 has also been claimed from RAHCO.
- b) There are claims from the customers on account of loss of the goods when transporting goods and by a NGO for delayed departure of passenger train totaling to Tsh 901,902,106 and USD 221,757 . Liabilities in respect of these has not been provided for pending determination of amounts for which claims can be settled. This does not include the claims which are pending with insurance company.
- c) There are some claims lodged by employees seeking compensation through arbitration/court /Manpower department. The liability ,if any , arising on decision of the cases by the respective authorities will be accounted for at the time of finalization of the claim/case.



## 20 CAPITAL COMMITMENT

There is capital commitment of USD 16,436,200 for rehabilitation of 7 No of 88 class locomotives, rehabilitation of 100 freight wagons, 38 Motor Trolley & 38 Tractor Cars & EURO 512,407 for rehabilitation of 30 traction motors and 30 magnet frame.

## 21 PRIOR PERIOD

Income for the year is net of T.Shs 433,802,197 adjustment for the previous year and expenses for the year include T.Shs 1,171,986,285 pertaining to previous year.

## 22 GOT- TOP UP MONEY

Till 31.12.2009 a sum of T.Shs 12,189,370,073 has been received from Government of Tanzania ("GOT") for part payment of salaries as Top up Money. This amount does not have any specific terms of repayment.

## 23 INCORPORATION

The company is incorporated in Tanzania under the Companies Act, 2002.

## 24 CURRENCY

The financial statements are prepared in Tanzanian Shillings (T.Shs'000'). The exchange rate as on 31st December, 2009 is T.Shs 1,313.29 per USD (Previous Year T.Shs 1,280.30 per USD).

## 25 COMPARATIVES

Where necessary, comparatives have been re grouped in order to make them compatible with the current year's figure.

## SUPPLEMENTARY INFORMATION

### (DETAIL OF TOTAL EXPENDITURE UNDER NATURAL HEADS OF ACCOUNTS) FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	T.Shs'000	T.Shs'000
Salaries, Wages and Other Costs	<b>Refer A</b> 21,663,679	18,314,702
Locomotive Fuel Cost	15,569,678	21,471,274
Travelling & Transport Allowance	3,000,923	2,334,555
Fuel Cost - Motor Trolley	487,940	562,571
Workshop Material Consumption	3,652,101	7,572,592
Locomotives, Coaches Lease Charges	11,012,431	9,280,518
Locomotive, Wagons and Track Maintenance Charges	1,197,065	745,556
Management Fee	3,831,544	4,001,606
Concession Fee	12,236,647	9,480,922
Levies	580,552	594,810
Electricity and Water	562,108	587,468
Rent	256,363	354,776
Postage and Telecommunication Expenses	395,283	381,769
Printing and Stationery	40,677	70,093
Insurance	910,644	935,934

	2009	2008
	T.Shs'000	T.Shs'000
Plant and Machinery Repair and Maintenance	180,174	161,335
Other Repair Maintenance	214,919	179,178
Office Expenditure	1,323,584	1,286,486
Board Meeting expenses	38,937	26,974
Motor Vehicles' Running Expenses	253,381	353,243
Audit Fee and Expenses	43,156	36,848
Fee for Services Obtained	324,915	272,446
Sales Promotion and Advertisement	34,112	49,547
Transport and Travelling	389,347	326,657
Financial Expenses	1,338,426	1,282,328
Foreign Exchange Variation	637,798	390,672
Miscellaneous Expenses <b>Refer B</b>	4,381,129	2,994,623
Depreciation	578,201	156,238
Amortization of Pre-/Pre Operative Expenses	713,040	713,040
Provision for Doubtful Debt	243,831	756,501
<b>TOTAL</b>	<b>86,092,585</b>	<b>85,675,265</b>

## A SALARIES AND WAGES

Salary	12,724,799	10,585,980
Overtime	3,998,898	3,640,681
Staff House Allowance	1,729,628	1,615,734
Special Allowance	123,745	72,580
Employers' Contribution	1,423,456	1,175,384
Medical Expenses	534,879	238,089
Skill and Development Levy	1,097,795	960,974
Other	30,479	25,280
<b>TOTAL</b>	<b>21,663,679</b>	<b>18,314,702</b>

## B MISCELLANEOUS EXPENSES

Security Expenses	2,577,943	1,356,164
Subscriptions and Donations	8,123	7,268
Stock Written Off	274,503	114,388
News Paper and Periodicals	5,992	8,323
Itigi Primary School Expenses	379,864	308,825
Railway Training School Expenses	102,347	133,476
Others	1,032,356	1,066,179
<b>TOTAL</b>	<b>4,381,129</b>	<b>2,994,623</b>

## OFFICES, AUDITORS AND BANKERS

### OFFICES: INDIA

Registered Office RITES Limited,  
SCOPE Minar, Core-1  
Laxmi Nagar,  
Delhi-110092  
Phone : (011) 23354800  
Fax : (011) 22024660

Corporate Office RITES Limited,  
1, Sector - 29, Gurgaon -122001(India)  
Phone : (0124) 2571666  
Fax: (0124) 2571660  
info@rites.com  
www.rites.com

### PROJECT OFFICES

Bhubaneswar 0674 - 2570775 / 2575284 (Fax)  
bbsrpo@rites.com

Kolkata 033 - 22367162 / 22367118 / 22367143 (Fax)  
pokolkata@rites.com, riteskol@vsnl.net

Lucknow 0522 - 2734892 / 2734894 / 2734893 (Fax)  
riteslko@yahoo.com

Mumbai 022 - 27812491 / 93 / 27812495 (Fax)  
mumbaipo@rites.com

Nagpur 0712 - 2520127 / 2547109 / 2527673 (Fax)  
nagpurpo@rites.com

Secunderabad 040 -27812817 / 27841499 / 27818397 /  
27813894 (Fax)  
secbadpo@rites.com

### INSPECTION OFFICES

Bhilai 0788 - 2227304 / 2227776 / 2227305 (Fax)  
crinspn@rites.com

Chennai 044 - 28523364 / 28522610 / 28525408 (Fax)  
srinspn@rites.com

Delhi 011- 22029110 / 22029101 / 22024665 (Fax)  
nrinspn@rites.com

Kolkata 033 - 22348912 / 22348665 / 22348704 (Fax)  
erinspn@rites.com

Mumbai 022 - 22012523 / 22016621 / 22016220 (Fax)  
wrinspn@rites.com

### OFFICES: OVERSEAS

Botswana 00267 - 3914113 (Telefax)  
00267 - 2404433  
00267 - 75578742  
ritesafrika@maga.bw

Mozambique 00258-2332884/258-3311987  
ceoccfb@intra.co.mz

Tanzania 00255-762945945  
hlchaudhary@rites.com  
00255-22-2133428  
Mob : 00255-786970553

Benin 00229 - 97979862  
akhil\_sahai@rediffmail.com

Sri Lanka 00947 - 87889708  
sb\_rites@rediffmail.com

### STATUTORY AUDITORS

M/s Dinesh Mehta & Co. New Delhi

### BRANCH AUDITORS

M/s H.S. Bhattacharjee & Co. Kolkata  
M/s Swamy & Chhabra Mumbai  
M/s Sankar Prasad & Co. Chennai

### BANKERS

AXIS Bank Ltd.  
State Bank of Bikaner & Jaipur  
State Bank of India  
Indian Overseas Bank  
State Bank of Mysore  
Punjab National Bank

# UTES' WORLDWIDE EXPERIENCE



Afghanistan	China	Japan	Peru	Thailand
Algeria	Colombia	Jordan	Philippines	Togo
Angola	Congo	Kenya	Poland	Tunisia
Australia	Cuba	Laos	Romania	Turkmenistan
Austria	Czech	Libya	Russia	UAE
Bangladesh	Djibouti	Malawi	Saudi Arabia	Uganda
Benin	Egypt	Malaysia	Senegal	UK
Bhutan	Ethiopia	Mali	Singapore	Ukraine
Botswana	Finland	Mauritius	South Korea	USA
Brazil	Ghana	Mexico	South Africa	Uzbekistan
Brunei	Guinea	Mozambique	Spain	Vanuatu
Burkina Faso	Indonesia	Myanmar	Sri Lanka	Vietnam
Cambodia	Iran	Namibia	Sudan	Yemen
Cameroon	Iraq	Nepal	Swaziland	Zaire
Canada	Italy	Netherlands	Syria	Zambia
Chile	Jamaica	Nigeria	Tanzania	Zimbabwe



## **RITES Limited**

(A Govt. of India Enterprise)

### **Registered Office :**

SCOPE Minar, Core-I, Laxmi Nagar, Delhi-110 092  
Phone : (011) 23354800 Fax : (011) 22024660

### **Corporate Office :**

RITES BHAWAN, No. -1, Sector-29, Gurgaon-122 001, Haryana (India)  
Phone: +91 (124) 2571666 Fax: 91 (124) 2571660  
E-Mail: [info@rites.com](mailto:info@rites.com), Website: [www.rites.com](http://www.rites.com)