

# वार्षिक रिपोर्ट Annual Report

2010-11



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



# CONTENTS

1.	Management Team	1
2.	Chairman's Address	3
3.	Directors' Report	9
4.	Report on Corporate Governance	28
5.	Management Discussion and Analysis Report	42
6.	Addendum to Directors' Report	48
7.	Certificate of Compliance on Corporate Governance	49
8.	Annual Accounts	
	a. Balance Sheet	50
	b. Profit and Loss Account	51
	c. Cash Flow Statement	53
	d. Schedules '1' to '16' of Annual Accounts	54
	e. Significant Accounting Policies-Schedules '17'	63
	f. Explanatory Notes to Accounts-Schedule '18'	66
9.	Balance Sheet Abstract and Company's Profile	73
10.	Auditor's Report	74
11.	Comment of C & AG	78

## Performance During Last Five Years

(Figures in crore)

Particulars	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Total Income	18.20	46.78	68.10	80.83	84.51
Paid up Share Capital	1,150.02	2,015.02	2,085.02	2,085.02	2,085.02
Reserves & Surplus	12.50	35.08	66.56	106.76	151.50
Capital Employed	3,115.52	4,495.10	6,061.58	7,417.84	6,410.00
Net worth	1,676.00	2,119.09	2,151.07	2,191.78	2,236.50
Net Fixed Assets	2.97	3.29	3.37	2.72	3.84
Profit before Tax	15.25	39.34	57.25	67.49	75.45
Provision for Tax	3.98	10.91	16.45	15.58	14.36
Profit after Tax	11.27	28.43	40.83	51.91	61.09
Dividend	-	5.00	8.00	10.00	12.50
Earning Per Share (EPS)	0.12	0.21	0.20	0.25	0.29

# निदेशक मंडल BOARD OF DIRECTORS



**श्री ए.पी. मिश्रा**

सदस्य इंजीनियरिंग, रेलवे बोर्ड  
अध्यक्ष (अंशकालिक सरकारी)

**Mr. A.P. Mishra,**

Member Engineering, Railway Board  
Chairman (Part-time official)



**श्री एस.सी. अग्निहोत्री**

प्रबंध निदेशक

**Mr. S.C. Agnihotri**

Managing Director



**श्री हरीश चंद्र**  
निदेशक (वित्त)

**Mr. Harish Chandra**  
Director (Finance)



**श्रीमती गीता मिश्रा**  
निदेशक (कार्मिक)

**Smt. Gita Mishra**  
Director (Personnel)



**श्री मुकुल जैन**  
निदेशक (परिचालन)

**Mr. Mukul Jain**  
Director (Operations)



**श्री विजय आनंद**  
निदेशक (परियोजना)

**Mr. Vijay Anand**  
Director (Projects)



**श्री ए.के. गुप्ता**

अपर सदस्य (ब्रिज), रेलवे बोर्ड  
(अंशकालिक सरकारी)/निदेशक

**Mr. A.K. Gupta**

Advisor (Bridges), Railway Board  
(Part-time official)/Director



**श्री आर एन आगा**

(अंशकालिक गैर सरकारी)/निदेशक

**Mr. R.N. Aga**

(Part-time non-official)/Director



**डॉ. के.के. चौधरी**

(अंशकालिक गैर सरकारी)/निदेशक

**Dr. K.K. Chaudhuri**

(Part-time non-official)/Director



**प्रोफेसर (डॉ.) एस.एस. चटर्जी**

(अंशकालिक गैर सरकारी)/निदेशक

**Prof. (Dr.) S.S. Chatterji**

(Part-time non-official)/Director

## REGISTERED & CORPORATE OFFICE

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

### PROJECT IMPLEMENTING UNITS

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

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

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

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

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

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

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

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

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

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

Rail Vikas Nigam Limited  
59-AB, Sector-II Gitagali Nagar,  
Raipur

Rail Vikas Nigam Limited  
4<sup>th</sup> Floor, DRM Office Building  
South western Railway  
Bangalore

## Company Secretary

Mrs. Suman Kalra

## Statutory Auditors

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

Web Site : [www.rvnl.org](http://www.rvnl.org)

## Bankers

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



## CHAIRMAN ADDRESS

Distinguished Shareholders,

On behalf of the Board of Directors of Rail Vikas Nigam Limited, I warmly welcome all the shareholders on the occasion of the Eighth Annual General Meeting of the Company. The audited accounts of the Company for the financial year 2010-11, along with the Directors' Report and reports of Auditors and comments of Comptroller and Auditor General of India have already been circulated and with your permission, I take them as read.

The financial year 2010-11 was marked by a period when a number of projects being executed by RVNL and by Zonal Railways (on behalf of RVNL) were nearing completion and the order book of RVNL was depleted. Accordingly, the expenditure booking on these projects was significantly lower than the previous year. There was similar situation for Deposit Works and RVNL Projects allotted initially. The progress of the some of these projects was also affected due to the problems associated with land acquisition. Five major projects with an estimated cost of Rs. 5350 crore could not take off due to delay in the sanction of 2nd Asian Development Bank loan. The new projects, recently assigned to RVNL, including construction of Metro Lines of approximately 66 Kms in Kolkata were under the process of planning and award of contracts.

As a result of the above the turnover of RVNL dipped in 2010-11 to Rs. 1444.65 crore from Rs. 1749 crore in the previous year, although there was an increase in expenditure on MoR projects by RVNL from Rs. 1098.04 crore to Rs. 1136.99 crore.

However, I am happy to report, that despite the decline in turnover, the Company has been able to not only maintain but improve its overall financial performance in

2010-11 over the previous year due to increase in income from interest and dividend. The Gross Profit of the Company increased from Rs.80.83 crore in 2009-10 to Rs.84.51 crore in 2010-11, and the Profit After Tax from Rs. 67.49 crore to Rs. 75.44 crore over the period. The accumulated Reserves and Surplus of RVNL increased to Rs.151.5 crore at the end of 2010-11 and the Net worth of the Company increased to Rs. 2236.52 crore. The D&G charges of RVNL was restricted to 4.38% of project expenditure during 2010-11.

With the improved financial performance of the Company, the Directors have recommended a dividend of Rs.12.5 crore for 2010-11 as compared to Rs.10 crore in 2009-10 i.e. an increase of 25%, for the consideration by the Shareholders.

RVNL has till March 2011 completed 633 km of Doubling, 1579 km of Gauge Conversion, 194 km of New Line and 1335 km of pure Railway Electrification projects. These achievements are a proof of the company's capability in executing difficult projects and meeting the expectations of delivering high quality rail infrastructure on time.

During the year RVNL completed 441 km of project length comprising of 211 km of Doubling, 62 km of Gauge Conversion, 9 km of New Line and 159 km of Railway Electrification. The Bharuch-Samni-Dahej Gauge Conversion project, which has been executed by RVNL on PPP basis, was physically completed and a trial for running of loco was successfully conducted in March 2011. With the completion of this project RVNL has successfully executed all the Gauge Conversion projects initially allotted to it, involving a length of 1579 km, in a short span of 5 years. The Vallarpadam-Idapally New Line project which was completed in 2009-10 involving construction of 4.6 Km long bridge over the backwaters



in the State of Kerala for providing rail connectivity to the new international container transshipment facility at Vallarpadam was dedicated to the nation by Hon'ble Prime Minister of India on 14th February 2011. Hon'ble Prime Minister expressed his appreciation that the rail connectivity work had been completed by RVNL much ahead of other works being executed by NHAI and Cochin Port Trust. This is the longest railway bridge in India and was completed in a record period of 28 months. The bridge has been awarded the "Pre-stressed Concrete Structure of the year 2010" by the Indian Concrete Institute. It has also been awarded the ESSAR Steel Excellence Infrastructure project award in railway infrastructure category in April 2011.

On North Central Railway RVNL commissioned 46 km of the Aligarh-Ghaziabad 3rd line project between Khurja and Dadri for operation of goods trains. 20 km were commissioned in Palwal-Bhuteswar 3rd line project between Palwal and Solaka for goods traffic. The panel interlocking system in the section has been replaced by Electronic Interlocking. Bhatapara-Hathband and Hathband-Tilda sections involving a length of 29 km in the Bhatapara-Urkura 3rd line project were completed in 2010-11. The section lies on the busy coal carrying route of the Indian Railways and involves detailed planning for execution of the work. On the East Coast Railway 11 km from Rajatgarh to Ghantikal were commissioned in the Rajatgarh-Barang project during the year. On South Central Railway, RVNL completed 83 kms of patch doubling in the Gooty-Renigunta project and 22 kms of doubling in the Raichur-Guntakal project. Among the Railway Electrification projects, 76 km in Renigunta-Guntakal and 83 km in Tomka-Banaspani project were completed and energized in 2010-11. In addition, 177 km was added to the RE network through other than specifically Railway Electrification projects such as

Aligarh-Ghaziabad 3rd line, Palwal-Bhuteswar 3rd line, etc.

RVNL's efforts towards capacity building in execution of signaling and telecommunication works have proved successful and during the year important doubling, 3rd line projects have been commissioned involving large scale Solid State interlocking and NIs of major yards on busy routes.

Four major projects for the extension of Kolkata Metro were transferred to RVNL in March 2010 involving construction of 66 km of Metro Line. The foundation stone for the Joka-BBD Bag project was laid by Her Excellency, President of India in September 2010. RVNL has worked at a fast pace to ensure implementation of these projects. During the year, RVNL has been able to award contracts for the Noapara-Baranagar (2.6 km), Baranagar-Dakishneswar (2.2 km) and Joka-Mominpur (9.5 km) section of the Joka-BBD Bag project. Work on these sections has already commenced. Tenders have also been invited for the Dum Dum Airport-New Garia project and planning for balance works is in progress in consultation with local government agencies.

RVNL has been created with the specific mandate for implementation of railway infrastructure projects assigned to it from the stage of project development, carrying out of bankability studies to execution of projects including raising resources for the same (if necessary) through a mix of equity, and debt from banks, financial institutions, multi-lateral and bilateral agencies. If required, project specific SPVs for individual works can also be created if the model is considered appropriate. It was with this scenario that RVNL has formed 5 SPVs with a total project cost of Rs. 3837 crore. The equity contribution by RVNL equity in these projects is about Rs. 528 crore i.e. 13.8% of the total cost of the projects. The balance funds of about Rs. 2586 crore would be provided



by the equity share of strategic partners and through non recourse debt.

The projects being implemented in SPV mode are under various stages of implementation and two of the projects, viz. Kutch Railway Company Limited and Krishnapatnam Ltd are already contributing to the revenues of Indian Railways.

RVNL, in fact, is in a unique position to fulfill its mandated role in assisting the MoR in its' efforts to raise non-budgetary resources for implementation of railway projects. Ideally, RVNL's large capital base of Rs. 3,000 crore can be leveraged for raising funds from the market which would be synergized with its role of an executing agency for the delivery of rail infrastructure projects in fast track mode. However, at the same time the MoR will be required to ensure that RVNL is provided with a sound revenue stream to generate a healthy bottom line to leverage the raising of additional financial resources.

RVNL has continued to strive to maintain an extremely thin and efficient organization. The high level of achievement of the Company has been realized with an on roll staff strength of only 273 regular personnel of which 78 are RVNL employees. The achievements of RVNL exemplify the dedication and efficiency of its officers and staff.

One of the main reasons for the high level of output, despite its lean organizational structure is the constant endeavour to improve on systems and procedures. The initiatives of the Company to prepare Detailed Estimates and enter into composite contracts based on Standard Bill of Quantities for civil, electrical and S&T works (the rates of which are updated annually), introducing a system of multi-contract packaging in tender to save time in evaluation and award of contracts, development of a Standard Bidding Document based on FIDIC which is acceptable to multilateral funding agencies and refining

of the eligibility qualification criteria for prospective bidders which attract the best infrastructure companies in the country are to be commended.

As per Department of Public Enterprises (DPE) guidelines, RVNL like all other PSUs has to sign a Memorandum of Understanding (MOU) with Ministry of Railways every year, which contains specific financial and physical targets to be achieved during the year. I am happy to report that for the year 2010-11, RVNL, as per internal assessment, has evaluated its performance vis-à-vis MOU targets as 'Excellent'. This is the first time that the Company has achieved this grading. The Company has forwarded the rating to Department of Public Enterprises for approval. I am confident that RVNL will further improve its performance with respect to the targets set in the MOU for 2011-12 and achieve an "Excellent" rating with a still better score. I am also happy to inform that as per the guidelines issued by Department of Public Enterprises on Corporate Governance for Central Public Sector Enterprises in June 2007, RVNL has incorporated the Report on Corporate Governance and Management Discussion & Analysis Report in the Annual Reports from the financial year 2007-08 onwards and is also a part of the Annual Report for 2010-11.

In 2010-11 Rs. 1650 crore worth of contracts were entered into compared to only Rs. 600 crore in the previous year. The loan negotiations for the second ADB loan ADB have also been recently been concluded and the loan is likely to be signed by the end of the year. I am also happy to report that recognizing the good performance of the Company, Railway Board has continued to repose faith in RVNL and in 2010-11 has transferred a few more projects to RVNL, including doubling, new line, railway electrification, workshop and ROB projects. Construction of cable stayed bridge (ROB) at Bardhaman is an entirely new area of work which has been entrusted to RVNL. It is

in this background that I can state with confidence that that from this springboard, and the continued support of the Ministry of Railways, the turnover of your Company will only increase from year to year and the Company is poised to become the major provider of rail infrastructure in the country.

Last but not the least, I must take this opportunity to express my sincere thanks and gratitude towards all my colleagues. I would like to also take this opportunity to place on record the Company's appreciation of the extremely valuable contribution of Shri Harish Chandra, the then Director Finance who superannuated on 31st August to the functioning of the Company. Shri Chandra has been with the Company, as Director Finance since March 2005 and his deep financial insight and understanding of technical issues has contributed significantly to the growing financial strength of the Company. I also take this opportunity to welcome new incumbent Shri A.K. Ganju as Director Finance who was earlier ED/Finance and has significantly contributed towards the growth of the company.

I express my sincere thanks to our esteemed Shareholders, Ministry of Railways, Ministry of Finance, the State Governments, Zonal Railways, ADB, Financial

Institutions, Banks, Stakeholders in various railway projects and National and International contractors for their unstinted cooperation to RVNL. I extend my deep appreciation for the devotion and dedication of all the RVNL employees for their commitment and dedication to the Company.

I am confident that the Company will continue to get support and cooperation from all the stakeholders to scale new heights and set high standards in the area of railway project development and delivery.

Sd/-

A P Mishra  
(Chairman)

New Delhi

Dated: 16/09/2011

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



Honorable Ex Minister of Railway Ms. Mamta Banerjee Laying foundation stone of new Garia (Kavi-Subhas Nagar) to Viman Bander (Airport) - Section of Kolkata Metro



Launching of FOB across four tracks in Rewari - Fulera Station



Construction of Dhankuni workshop shed (Front view)



Launching of girders in Idapally - Vallarpadam Bridge on backwater in Kochin



Isometric view of under construction piers in Jokha - Mominpur Section of Kolkata Metro





Laying of Sleeper in third line of Aligarh - Ghaziabad Section



New FOB at Neem Ka Thana in Rewari - Fulera Section



Formation work for third line in Aligarh - Ghaziabad Section



Aerial view of construction of Metro Viaduct in Jokha - Mominpur Section of Kolkata Metro



Construction of Metro Viaduct Pillar in Jokha - Mominpur Section of Kolkata Metro

## DIRECTORS' REPORT

### Distinguished Shareholders,

The Directors of your Company are privileged to present the Eighth Annual Report of the Company reflecting the all round performance of the Company, along with Audited Annual Accounts, Auditors' Report and review of the accounts by the Comptroller & Auditor General of India for the financial year 2010-11.

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

The Report on Corporate Governance underlines RVNL's philosophy on Corporate Governance, and includes the composition of the Board of Directors of RVNL, information related to Board meetings, Audit Committee and disclosures as required to be made under the aforesaid DPE's guidelines. The Report also contains a Certificate signed by the Managing Director affirming receipt of compliance with the Code of Conduct from all Board members and Senior Management personnel during the year 2010-11 (**placed at Annexure "I-A"**).

It is also supplemented by a Certificate of compliance on Corporate Governance by a Practicing Company Secretary (**placed at Annexure "I-B"**).

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

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

The salient features are presented below:

### 1. FINANCIAL PERFORMANCE

The financial year 2010-11 was marked by a period when a number of projects being executed by RVNL and by Zonal Railways (on behalf of RVNL) were nearing completion and the order book of RVNL was depleted. Accordingly, the expenditure booking on these projects was significantly lower than the previous year, and the case was similar for Deposit Works and RVNL Projects allotted initially. The progress of some of these projects was also affected due to the problems of land acquisition. Five major projects with an estimated cost of Rs. 5350 crore could not take off due to delay in the processing of 2nd Asian Development Bank loan. The new projects, recently assigned to RVNL, including construction of Metro Lines of approximately 66 Kms in Kolkata were under the process of planning and award of contracts.

However, despite a dip in the turnover of the Company in 2010-11, your Directors are happy to report that the Company has been able to maintain, and in fact, improve its overall financial performance over the previous year.

#### A. Financial Highlights

(I) **Project Expenditure:** Though the overall turnover of RVNL, which include works executed by Zonal Railways and Deposit Works, decreased from Rs.1749.08 crore in 2009-10 to Rs. 1444.65 crore in 2010-11, there was an improvement in the execution of MoR projects by RVNL with an increase in expenditure from Rs. 1098.04 crore in 2009-10 to Rs.1136.99 crore in 2010-11. However, there was a decline in expenditure incurred by Zonal Railways on RVNL projects from Rs. 251.14 crore to Rs.72.48



crore i.e. by Rs. 178.66 crore. Similarly, with the completion of the Idapally-Vallarpadam Port connectivity work, and land acquisition issues in Orissa there was a decline on expenditure by RVNL on SPV and other Deposit Works from Rs.399.89 crore to Rs. 235.17 crore i.e. by Rs. 164.73 crore. With the recent successful negotiation of the 2nd ADB Loan and award of contracts of Rs. 1440 crore in 2010-11 for recently assigned works and transfer of more projects, including extension of Kolkata Metro, it is anticipated that the turnover will increase in the current year.

(ii) **Profit:** Notwithstanding the decline in project turnover, the Gross Profit of the Company has increased from Rs.80.83 crore in 2009-10 to Rs.84.51 crore in 2010-11. Out of this amount, Rs. 26.65 crore (Rs. 25.74 crore in 2009-10) is from Management Fee for execution of projects of MoR and Rs.18.37 crore (Rs. 32.96 crore in 2009-10) are from execution of projects for other agencies. The shortfall from income on execution of projects has been compensated by income from dividend, interest etc. and as a result, the Profit Before Tax has increased from Rs.67.49 crore in 2009-10 to Rs.75.45 crore in 2010-11.

(iii) **Dividend:** With the increase in the overall profitability of the Company, the Directors recommend an increase in payment of dividend from Rs. 10 crore in 2009-10 to Rs.12.50 crore in 2010-11 for consideration by the shareholders.

(iv) **Reserves and Surplus:** At the end of 2009-10 the Reserves and Surplus of the Company stood at Rs.106.76 crore. After taking into account the proposed dividend and proportionate amount to be transferred to general reserves and provision for Dividend Distribution Tax, the balance stands at Rs. 151.50 crore under Reserves and Surplus at the end of 2010-11.

(v) **Net worth:** The net worth of the Company has improved over the previous year on account of transfer of profits amounting to Rs. 44.74 crore to Reserves and Surplus. Accordingly, the Net Worth of the Company has increased from Rs. 2191.78 crore to Rs. 2236.52 crore.

## B. Sources of Funds

The total funds received from Ministry of Railways and other sources increased to Rs. 9232.4 crore. The details are as under:

(i) **Equity:** Against an authorized share capital of the Company of Rs. 3000 crore the paid up share capital of the Company remained at the level of Rs. 2085.02 crore as in the previous year as no cash call was made during the year. Ministry of Railways, Government of India holds the entire share capital of the Company.

(ii) **Project Advance from Ministry of Railways (MOR):** During the year MoR, released Rs. 820.20 crore to RVNL as project advance for execution of project including Metro projects. The cumulative amount received as advance stands at Rs. 4142.45 crore at the end of year. During the current financial year the financial adjustment for projects completed and handed over to the Zonal Railways for operations has been carried out in the Balance Sheet to the tune of Rs.1974.50 crore, leading to a net balance of Rs. 2167.95 crore at the end of the year. In addition, Rs.32.75 crore has been received towards construction of Metro Projects in Kolkata.

(iii) **Loans from IRFC:** An additional amount of Rs.100 crore was received as borrowings from IRFC during the year. The cumulative amount received from IRFC is now Rs.1971 crore. The principle and interest on the borrowings from IRFC are repaid by MoR through RVNL. The rate of interest on the funds borrowed from IRFC during 2010-11 has been 8.92%. During the year an amount of Rs. 80.67 crore and Rs. 120.88

crore was paid to IRFC on account of repayment of principal and interest amount respectively.

(iv) **Other sources of funds:** The total equity raised by the Joint Ventures, SPVs of RVNL namely Kutch Railway Company Ltd., Haridaspur Paradeep Railway Company Ltd., Krishnapatnam Railway Company Ltd., Angul Sukinda Railway Limited and Bharuch Dahej Railway Company Ltd. stood at Rs. 858.60 crore till the end of March, 2011, an increase of Rs. 92 crore during the year. This includes Rs. 496.83 crore as equity contribution by partners other than RVNL. The total funds received from JVs for execution of projects by RVNL is Rs. 548.39 crore.

While Kutch Railway Company Ltd. has completed repayment of its debt of Rs. 300 crore, Bharuch Dahej Railway Company Ltd. has drawn Rs. 184 crore upto 2010-11 out of the total anticipated debt of Rs. 200 crore. The other SPVs are also in the process of financial closure.

Project Advance of Rs.12.69 crore has been received from Cochin Port Trust, Rs. 59.49 crore from SAIL (through SECR) during the year amounting to a cumulative total of Rs. 303.48 crore and Rs.132.49 crore received from the two organizations respectively. Funds amounting to Rs. 16.82 crore have also been received from other parties for execution of various works during the current financial year.

#### C. ADB Loan

The cumulative disbursement under ADB Loan has increased to US \$ 171.46 million up to 2010-11 against the sanctioned loan amount of US \$ 206.19 million. The loan period has been extended upto 31st December, 2011 and efforts are being made to utilize the full amount during the current year.

The ADB 2nd Loan covers funding of 5 projects (1 railway electrification and 4 doubling projects)

with a total sanctioned cost of approximately Rs. 5350 crore. Your Directors are happy to report that the Loan Negotiations with ADB have been successfully completed in July, 2011. RVNL has been carrying out the activities for project preparedness for execution of these projects and the tenders for award of contracts have also been floated. It is expected that the contracts for all the 5 ADB projects will be awarded this year (2011-12) and execution will commence shortly.

#### 2. Project Planning & Development

Ministry of Railways continues to repose confidence in RVNL and has transferred projects involving a capital expenditure of Rs 2657.44 Cr during the year. The projects transferred comprise of:

- New lines (270.5 km)
- Doubling (154.6 km)
- Electrification (331.5 km)
- Construction of ROBs and
- Construction of railway workshop at Sankrail (later shifted to Haldia)

The details of projects transferred to RVNL are:

S. No.	Name of the Project	Type of Project	Length (Km)	Project Cost (Cr.)
1.	Rajgoda-Tamluk (Jn cabin)	Doubling	13.5	86.91
2.	Tamluk (Jn cabin) – Basulya Sutahata	Doubling	24.4	171.02
3.	Cuddapah – Bangalore	New Line	255.4	1040
4.	ROB at Bardhman (Yard) – 4 lanes	ROB	0	156.68
5.	Setting up of Diesel Multiple Unit (DMU) Manufacturing Factory at Sankrail	Workshop	0	249
6.	Abu Road – Sarotra Road	Doubling	23.12	131.41
7.	Sarotra Road – Karjoda	Doubling	23.59	154.13
8.	Bhagat Ki Kothi – Luni	Doubling	28.12	98.15



S. No.	Name of the Project	Type of Project	Length (Km)	Project Cost (Cr.)
9.	Yelahanka – Dharmavaram – Gooty	Railway Electrification	306	228.57
10.	Abu Road – Swaroopganj	Doubling	25.36	105.68
11.	Krishnapatnam – Venkatachalam	Doubling & Railway Electrification	16.5	85.89

In addition, RVNL has secured the following project directly:

12.	Rail Connectivity to Vizhinjam International Sea Port Ltd (VISL)	NL	15	150.00
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### Bankability Studies

In addition to the above, Ministry of Railway has also assigned the bankability studies of the following new projects with the Terms of Reference as indicated:

- (i) To conduct Bankability studies and suggest the funding mechanism for the following projects:
- Ahmedabad – Udaipur Gauge Conversion (Western Rly.)
  - Dahod – Indore New Line (Western Railway)
  - Khurda Road – Bolangir New Line (East Coast Rly.)
  - Macherla – Nalgonda New Line (S.C. Railway)
  - Rayadurg – Tumkur New Line (S.W. Railway)
- (ii) To examine and implement the following projects (as proposed by Karnataka State Government) through PPP:-
- Talgoppa – Honnavar New Line (S.W. Railway)
  - Bijapur - Shahabad New Line (S.W. Railway)
  - Dharwad – Belgaum New Line (S.W. Railway)

The bankability study reports of the following projects have been sent to Railway Board for further action:

- Electrification of Nallapadu-Guntakal Section including Gooty-Pendakallu section (South Central Railway)
- Khurda Road – Bolangir New Line (East Coast Railway)
- Ahmedabad – Udaipur Gauge Conversion (Western Railway)
- Buramara-Chakulia New Line with upgradation of

Rupsa -Buramara BG line (South Eastern Railway)

### Public Private Partnership (PPP)

Amongst the focus areas of RVNL is the promotion of Public Private Partnerships (PPP) in implementation of railway projects for enhancement of rail capacity in the country and providing last mile connectivity from the hinterland to ports. RVNL has made a substantial contribution in attracting private investment in port connectivity projects by forming Special Purpose Vehicles (SPVs) with strategic partners, thereby raising funds for rail projects. As on date the Company has been instrumental in the formation of the 5 Joint Venture SPVs with a total estimated cost of projects of Rs. 3837 crore comprising of Rs. 1251 crore as equity and Rs. 2586 crore as non recourse debt finance. The total of equity contribution of RVNL is Rs. 528.18 crore (13.8% of the total cost of projects). The details of fund mobilisation by the various SPVs are given below:

### Mobilisation of Funds by SPVs

Name of SPVs	Total RVNL Equity			Partners' Equity		Debt Total	
	Rs. (Crores)	Rs. (Crores)	%	Rs. (Crores)	%	Rs. (Crores)	Rs. (Crores)
Kutch Railway Co. Lt d. (301 Km)	200	100	50	100	50	300	500
Bharuch Dahej Rly. Co. Ltd. (63 Km)	85	25	29.41	60	70.59	200	285
Krishnapatnam Rly. Co.Ltd. (113 Kms)	270	81	30	189	70	730	1000
Haridaspur Paradip Rly. Co. Ltd. (82 Kms)	275	133.18	48.43	141.82	51.57	725	1000
Angul Sukinda Rly. Ltd.* (102 Kms)	420	189	45	189	45	632	1052
	<b>1250</b>	<b>528.18</b>		<b>679.82</b>		<b>2587</b>	<b>3837</b>

\*Equity gap of 10%

Total investment = Rs 3837 crores

RVNL contribution = Rs 528.18 crores or 13.77%

### Status of Joint Venture Special Purpose Vehicles (SPVs):

The performance of the SPVs is summarised below:

- (i) **Kutch Railway Company Limited (KRC)**, the first SPV of RVNL, carried out the gauge conversion between Gandhidham – Palanpur (301 km) in Gujarat on Western Railway. The Company commenced operations in 2007.

The Company has been performing well since its inception and achieved growth of 19.4% in 2009-10 and 9.5% in 2010-11 in turnover. As a result, KRC declared a dividend of 10% for 2009-10 and an interim dividend of 5% for 2010-11. As on 31.03.2011, the Company has repaid its entire loan of Rs. 300 crore.

With the commissioning of Bhildi – Samdari GC and other projects on NWR, the traffic on Gandhidham – Palanpur (KRC) section has substantially increased, putting a pressure on the line capacity. The Company foresees further growth in traffic from Kandla and Mundra Ports, the major ports linked to the KRC line which have ambitious expansion plans. Keeping in view the above developments, KRC has planned doubling of the Palanpur - Samakhiali section (248 km) to cater to the increased demand. The proposal for doubling is under examination with the Ministry of Railways.

- (ii) **Haridaspur Paradip Railway Company Limited (HPRCL)** was established on 10/10/2006 to provide connectivity between Haridaspur and Paradip Port (82 Km) in Orissa on East Coast Railway. Land had been acquired for 68 Km out of the total project length of 82 Km. However, the project has suffered a setback due to villagers obstructing execution of work demanding higher compensation. The delay

may further escalate the project cost. To resolve the issue, it has been proposed to make payment of additional compensation to land losers. This will result in an additional expenditure of Rs. 55 crore towards land acquisition. HPRCL has agreed to bear the cost of the additional compensation and the issue is likely to be resolved shortly after which the necessary steps to restart the work shall be taken.

- (iii) **Krishnapatnam Railway Company Limited (KRCL)** was formed on 11.10.2006 to provide connectivity between Obulavaripalle and Krishnapatnam Port (113 Km) in Andhra Pradesh on South Central Railway. The SPV has commissioned Phase I of the project by providing connectivity between Krishnapatnam Port and the main line at Venkatachalam station (23 kms). The Venkatachalam – Manubolu Bye-Pass line (9 kms) was commissioned on 14.11.2010 and regular train services on this bye pass are in operation since then. This work has removed a major bottleneck in train operations between Krishnapatnam Port and SC Railway. The work for the remaining part of the project is in progress. There are two tunnels, with a total length of 8.3 km in the proposed alignment, for which a consultant for Design, Alignment and Construction Supervision has been appointed. Based on the report of the consultant the process of inviting the contract for execution of the work has been initiated. In view of the increase in traffic, doubling of the section between Venkatachalam to Krishnapatnam has been approved by Railway Board in February 2011 and tenders for the work have been invited. The cost of the doubling work is estimated at Rs. 87 Crore – to be funded by KRCL. The Company has negotiated financial closure of the project.

(iv) **Bharuch Dahej Railway Company Limited (BDRCL)**, was formed on 15.11.06 to provide connectivity between Bharuch and Dahej Port (62 Km) by Gauge Conversion of the existing line in Gujarat on Western Railway. The SPV has achieved financial closure for Rs. 200 crore. The construction work proceeded satisfactorily, however, it was interrupted over a stretch of 5 Km in Bharuch area due to public agitation demanding diversion of the railway alignment. The matter has now been resolved and the project has been physically completed in a record period of 21 months. The commissioning works are in progress. Due to increase in scope of some aspects of work the cost has been revised from Rs 285 crores to Rs 355 Crores. BDRCL has accepted Gujarat Industrial Development Corporation as a new shareholder with an equity contribution of Rs 10 Crores and the authorized share capital has been raised by the company from Rs.85 Crore to Rs. 125 Crore. The Participation Agreement has been signed for induction of the new partner.

(v) **Angul Sukinda Railway Limited (ASRL)** was formed on 20/02/2009 to connect Angul to Sukinda Road (102 Km) in Orissa on East Coast Railway. The process of land acquisition is in progress. Confirmatory FLS has been completed. Tenders for one important bridge over river Brahmani and 2 major bridges across Rengali Left canal have been finalized. Tenders for the balance work will be invited based on the progress of land acquisition.

#### **SPVs/projects under various stages of planning/formation**

**Surat Hazira** new rail line project in Gujarat on Western Railway is being planned for implementation on the SPV route. Meetings have been convened by GIDB under the chairmanship of Minister, Roads and

Buildings, Govt. of Gujarat and Chief Secretary, Govt. of Gujarat to finalize the alignment of the railway line. GIDB has informed RVNL that a JV will be formed comprising of shareholders such as HPPL – Adani, Essar & Kribhco to implement the project. Government of Gujarat may also participate in the JV.

**MoU with Government of Gujarat** has been signed for providing rail connectivity to the following ports:

- Nargol (24 Km)
- Mahuva (8.5 Km)
- Chhara Port (48 Km)

Government of Gujarat has already assigned the work of development of Chhara port to M/s. Shapoorji Pallonji Ports Pvt. Ltd. and has agreed that rail connectivity to the port may be provided through PPP mode.

### **3. PROJECT EXECUTION:**

**3.1** The performance of RVNL has been improving consistently since its inception. Initially, some of the projects transferred to RVNL were being executed by the Zonal Railways. However, over the years, the scenario has changed and presently almost all the works assigned to RVNL are being developed, designed, tendered, contracted and works executed by the Company itself.

Your Directors are happy to inform that during the year, 441 kms (211 km of Doubling, 62 Km of Gauge Conversion, 9 Km of New Line and 159 Km of Railway Electrifications) of project length has been completed including important projects such as Bharuch - Samni - Dahej Gauge Conversion, parts of projects like Aligarh-Ghaziabad 3rd line, Palwal-Bhuteshwar 3rd line, Gooty - Renigunta Patch Doubling etc. Further, Railway Electrification of 177 Km was also carried out

as part of Doubling, Gauge Conversion & New Line Works. 275 kms of project length was successfully commissioned during the year including some of the projects which had been completed in the previous year such as Vallarpadam - Idapally New Line, sections of Bilaspur - Urkura 3rd Line Doubling, etc. Our efforts towards capacity building in execution of signaling and telecommunication works have paid dividends and during the year important doubling, 3rd line projects have been commissioned involving large scale Solid State Interlocking and NIs of major yards on busy routes.

**3.2 Vallarpadam-Idapally new line project:** This project completed by RVNL in 2009-10 involving construction of a 4.6 kms long bridge over the back waters in the state of Kerala for providing rail connectivity to the new International transshipment terminal at Vallarpadam was dedicated to the nation by Hon'ble Prime Minister of India on 14th Feb.'11. This is the longest railway bridge in India and was completed in a record time of only 28 months.

The bridge involved launching of 33 pre-cast 'U' girders of 20 mtrs span and 200 pre-cast-'I' girders of 40 mtrs span in the backwaters and alignment having curvatures up to 4 degrees. This was a unique achievement as generally launching of PSC girders has not been done on curves in railway bridges. Launching girders specially designed for this purpose, were imported from China and progress of launching of one girder per day was achieved. This project is a testimony of RVNL's endeavor to implement complex projects on fast track using state-of-the-art technology. The project has been awarded the "Pre-stressed Concrete Structure of the year 2010" by Indian Concrete Institute. The project has also been awarded the Essar Steel Excellence

Infrastructure project award in Railway Infrastructure Category in April 2011.

**3.3 Bharuch - Samni - Dahej Gauge Conversion project:** This work has been executed by RVNL on Public-Private-Partnership basis was physically completed during 2010-11 in a period of just 21 months. Work also involved electrification of this line. With the completion of this project, RVNL has successfully executed all the Gauge conversion projects initially allotted to it involving a length of 1579 Km in a short span of 5 years.

**3.4 Aligarh-Ghaziabad 3rd line project:** Khurja – Dankaur and Dankaur – Dadri sections involving a total of 46 kms were completed and commissioned for Goods Train operation. The section involved construction of a large number of bridges and level crossings. The work on the section was very demanding as the project lies on the Delhi – Kolkata trunk route and is one of the busiest sections on Indian Railways. Detailed planning for execution had to be done as the construction of 3rd line was parallel and adjacent to the existing 2 lines.

**3.5 Palwal-Bhuteshwar 3rd line project:** Palwal-Sholaka (20 Km) section has been completed and commissioned for Goods Traffic. The panel interlocking system has been replaced by Electronic Interlocking. Two SSPs at Rundhi and Sholaka and one SP at Palwal were also upgraded for 3rd line.

**3.6 Bilaspur - Urkura 3rd Line project:** This lies on the busy coal carrying route of Indian Railways, Bhatapara-Hathband and Hathband-Tilda sections involving a length of 29 kms were completed.

**3.7 Rajatgarh – Barang doubling project (East Coast Railway):** The Rajatgarh – Ghantikal section (11 km) was commissioned during 2010-11.

**3.8** RVNL has completed **Railway Electrification** of 159 kms during the year comprising of 76 kms in Renigunta-Guntakal and 83 kms in Tomka – Banspani sections. In addition, 177 kms of railway electrification works were also carried out in other than specific railway electrification works such as Aligarh – Ghaziabad 3rd line, Palwal – Bhuteswar 3rd line, Bilaspur-Urkura 3rd line, Bharuch – Samni Dahej GC projects etc.

**3.9** The Company has achieved commendable success in commissioning signaling works associated with doubling, third line, auto signaling, yard remodeling and gauge conversion. The number of stations commissioned has increased from 24 in 2007-08 to 51 in 2010-11. RVNL has also been able to successfully commission telecom works involving laying of optic fibre cables and 6 Quad cables of a total of 428 kms. RVNL has also successfully commissioned S&T works involving yard remodeling associated with doubling and third line works.

**3.10** RVNL successfully started launching of 43.846m precast PSC box girder each weighing approx 600 MT for bridges across river Mahanadi and Luna in Haridaspur – Paradeep section.

**3.11** Four major projects for the extension of **Kolkata Metro** have been transferred to RVNL in March 2010 viz.

- Baranagar - Barrackpore & Dakshineswar ( 14.5 Km),
- Dum Dum Airport - New Garia Via Rajerhat (32 Km),
- Joka - Binoy Badal Dinesh Bagh Via Majerhat (16.72 Km) and
- Naupara (Ex.) – Baranagar( 2.6 Km).

RVNL has worked at a fast pace for execution of these projects. No DPR was prepared at the time of

sanctioning of project by the Government. The contract for Naupara - Baranagar (2.6 Km) & Baranagar - Dakshineswar (2 Km) including 2 station buildings was awarded in September 2010 which had to be terminated in November 2010 as contractor did not start work. The tender was reinvited and fresh contract was awarded in February 2011. The work has commenced.

The foundation stone for Joka - Binoy Badal Dinesh Bagh project, was laid by Her Excellency, President of India on 22.09.2010. The contract for execution of works was awarded in December 2010 and construction of piles, pile caps and piers are in progress between Behala & Majerhat.

The tenders for Dum Dum Airport - New Garia project have also been invited.

**3.12** As the size of projects being executed by RVNL is quite large, to ensure fast award and execution of projects, RVNL invites tenders consisting of multiple packages in which the cost of each package is between Rs.125 crore and Rs.200 crore. Each tender may consist of two to four contract packages. This approach has a number of advantages such as:

- a) Multiple contracts can be awarded through one tender which saves time and effort in invitation and finalization of tenders.
- b) Both small and large agencies can compete for any contract package which increases competition.
- c) Large agencies who are capable of executing big contracts can quote for multiple packages to achieve economies of scale and pass on the benefit to RVNL by quoting discounts in case of award of more than one package.
- d) Smaller agencies, which would not be eligible to quote if the tender for the project was floated in a



single package, are now able to compete in any of the contract packages individually as they may meet the qualification requirements of individual packages which are of comparatively smaller value.

**3.13** During the year no accident was reported from any of the project sites on RVNL account.

**3.14 Physical Size Of the Projects :**

Ministry of Railways has transferred 81 projects to RVNL for execution, which may be broadly classified under the following heads:

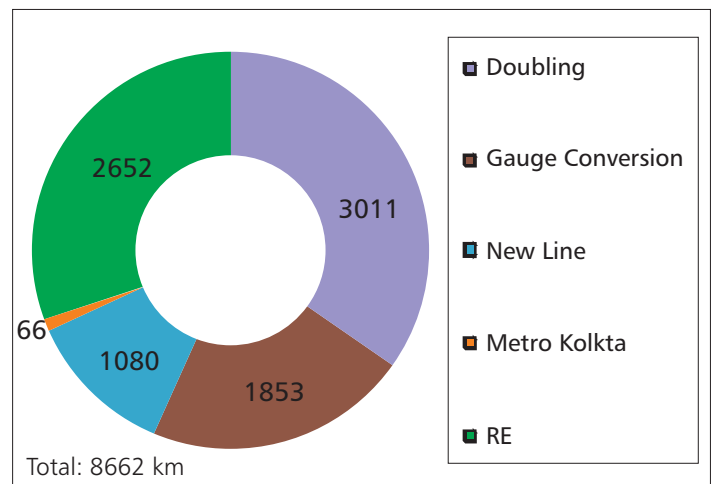
- Strengthening of Golden Quadrilateral and Diagonals - 40 projects
- Provision of Port connectivity and corridors to hinterland - 33 projects
- Kolkata Metro Rail - 4 Projects
- Workshops & Multi Functional Complexes - 4 projects

Till 2010, the RE projects transferred to RVNL were only those in areas where RVNL was executing some other work like doubling, gauge conversion, etc. However, recently projects pertaining to electrification of Railway lines where RVNL is not doing any other work have also been transferred for execution such as Daund – Manmand RE, Yelahanka – Dharmavaram –Gotty RE etc.

With the transfer of projects involving construction of workshops, Metro projects, construction of cable stayed bridge etc., RVNL has diversified the nature of projects being executed by it.

Of the 81 projects, 77 pertain to construction of railway lines involving a total length of 8662 kms which are grouped under the following five categories:

- Doubling
- Gauge Conversion
- New Lines
- Metro
- Railway Electrification



These projects are spread all over the country and for efficient implementation of projects, Project Implementation Units (PIUs) have been established at 14 locations i.e. New Delhi , Mumbai , Kolkata, Chennai, Secunderabad, Bhubaneshwar, Bilaspur, Bhopal, Abu Road , Jodhpur, Waltair, Bangalore, Pune & Raipur to execute projects in their geographical area.

**3.15 Status of physical progress of projects**

The status of the 81 projects assigned to RVNL for execution is as under:-

- Projects completed upto March2011 : 23
- Projects under implementation : 54
- Projects yet to be sanctioned : 4

During the year, RVNL physically completed 211 Km of Doubling, 62 Km of Gauge Conversion, 9 Km of

New Line & 159 Km of Railway Electrification i.e. a total of 441 km. Further, Railway Electrification of 177 Km was also carried out as part of Doubling, Gauge Conversion & New Line Works.

The following projects were completed during 2010-11:

S.No.	Name of Project	Length (Km)
1.	Ghantikal-Radhakishorepur (6.5 Km) Radhakishorepur-Machhapur ( 2 Km), Radhakishorepur-Rajatgarh (2.5 Km) Sections of Rajatgarh-Barang 3rd line	11
2.	Khurja-Ajaibpur (37 kms) & Ajaibpur-Dadri (9 Km) Sections of Aligarh-Ghaziabad 3rd line	46
3.	Palwal-Sholakha(20 Km) Section of Palwal-Bhuteshwar 3rd line	20
4.	Bhatapara-Hathband (16 Km) & Hathband-Tilda (13 Km) Sections of Bilaspur-Urkura	29
5.	Nancherla - Aspari (22 Km ) section of Raichur Guntakal	22
6.	Kadapa-Kamlapuram (23 Km) , Muddanuru - Kamlapuram (32 Km) & Kondapuram-Tadipatri (28 km) Sections of Gooty-Renigunta - Patch doubling	83
7.	Bharuch-Samni-Dahej GC	62
8.	Manubolu By-pass of NL Obulavaripalle-Venkatachalam	9
9.	Harichandanpur - Keonjhar ( 51Rkm), Keonjhar - Porjanpur (18 RKM) & Porjanpur - Naranpur (14 Rkm) Section of Tomka Banspani RE	83
10.	Kadapa - Kamalapuram Section (23 RKM), Kalamalla - Mangapatanam (25 RKM ) & Guntakal - Gotty (28 RKM) Sections of Renigunta - Guntakal RE Project	76

Cumulatively, RVNL has till now completed a total of **633 Kms** of doubling, **1579 Kms** of gauge conversion **194 Kms** of new lines and **1335 Kms.** of Railway Electrification. Thus as on **31.03.11**, **3741 km** out of a total length **8662 km** of 81 projects assigned to RVNL, have been completed.

### 3.16 Projects under implementation:-

#### S.No. Railway Name of Project

1.	CR	Daund - Gulbarga Doubling
2.	CR	Daund-Manmad Incl. Puntamba- Shirdi – RE
3.	CR&SCR	Pune - Guntakal Rly Elect.
4.	ECoR	Khurda Road - Barang 3rd Line
5.	ECoR	Cuttack - Barang Doubling
6.	ECoR	Rajatgarh - Barang Doubling
7.	ECoR	Haridaspur - Paradeep New Line
8.*	ECoR	Balance Section of Tomka -Banaspani - RE
9.*	ECoR	Jakhpura- Haridaspur 3rd Line
10.	ECoR	Angul - Sukinda New Line
11.	ECoR	Sambalpur - Titlagarh - Doubling
12.	ECoR	Raipur - Titlagarh - Doubling
13.	ECoR	Banaspani - Jakhpura – Doubling
14.	ER	Dankuni - Furfura New Line
15.	NR	New Delhi - Tilak Bridge 5th & 6th Line
16.	NR	Utretia- Rae Bareli Doubling
17.	NCR	Palwal - Bhuteswar 3rd Line
18.	NCR	Balance Section of Aligarh - Ghaziabad 3rd Line
19.	NER	Lucknow- Pilibhit Via Sitapur, Lakhimpur GC
20.	NWR	Abu Road - Sarotra Road Patch Doubling
21.	NWR	Sarotra Road - Karjoda Patch Doubling
22.	NWR	Bhagat Ki Kothi - Luni Doubling



23.	NWR	Abu Road - Swaroopganj Doubling
24.	NWR	Rani - Keshav Ganj Doubling
25.	NWR	Rewari-Manheru Doubling With RE
26.	SCR	Balance Section of Gooty - Renigunta Patch Doubling
27.	SCR	Balance Section of Obulavaripalle - Krishnapattnam New Line
28.	SCR	Raichur - Guntakal Doubling
29.	SCR	Cuddapah - Bangalore New Line
30.	SCR	Krishnapattnam - Venkatachalam Doubling With RE.
31.	SCR	Balance Section of Renigunta - Guntakal Electrification
32.	SCR	Yelahanka - Dharmavaram - Gooty RE
33.	SER	Panskura - Kharagpur 3rd Line Doubling
34.	SER	Rajgoda - Tamluk (Jn. Cabin) Doubling
35.	SER	Tikiapara - Santragachi Doubling
36.	SER	Goelkera - Manoharpur 3rd Line Doubling
37.	SER	Buramara - Chakulia - New Line With Upgrading of Rupsa - Buramara
38.	SER	Tamluk Jn. Cabin - Basulya Satahata Doubling
39.	SECR	Balance Section of Bilaspur - Urkura 3rd Line Doubling
40.	SECR	Salka Road - Annuppur (With Flyover) Doubling
41.	SECR	Dalli - Rajhara - Raoghat New Line
42.	SR	Balance Section of Attipattu - Korukkupet 3rd Line Doubling
43.	SR	Tiruvallur - Arakkonam 4th Line
44.	SR	Villupuram - Dindigul Doubling
45.	SWR	Hospet - Tinaighat - Doubling
46.	WCR	Bhopal - Bina 3rd Line Doubling

**Kolkata Metro Rail Line Projects :**

47.	MET	Baranagar - Barrackpore & Dakshineswar
48.	MET	Dum Dum Airport - New Garia Via Raerhat
49.	MET	Joka - Binoy Badal Dinesh Bagh Via Majerhat
50.	MET	Naupara(Ex.) - Baranagar (Extension of DumDum – Naupara Metro Line)

**Other than Track Construction Works :**

51.	Cons	Construction of Multi-Functional Complex(MFCs)
52.	WKSP	Civil Engineering Works In Connection With Diesel Loco Component Factory, Dankuni
53.	WKSP	Setting Up Of Diesel Multiple Unit(DMU) Manufacturing Factory at Haldia
54.	Cons	ROB at Bardhaman(YARD) - 4 LANES

Note:- S.No. 8 & 9 are material modification of Daitari - Banspani New Line Project, hence not counted as a separate project.

**3.17 Projects under Sanction and Development**

1. Surat - Hajira New Line
2. Rewas Port New Line
3. Dighi Port New Line
4. Rail Connectivity To Vizhinjam International Seaport Limited (VISL)

**3.18 Projects handed Over to Railways**

The following sections of projects have been handed over to Zonal Railways for operations during 2010-11

**(i) Doubling**

1. Ghantikal-Radhakishorepur, Radhakishorepur-Machhapur, Radhakishorepur-Rajatgarh Sections of Rajatgarh-Barang 3rd line ECoR
2. Khurja-Ajaibpur & Ajaibpur-Dadri Sections of Aligarh-Ghaziabad 3rd line NCR

3. Palwal-Sholkha Section of Palwal-Bhuteshwar 3rd line	NCR
4. Kadapa-Kamlapuram Sections of Gooty-Renigunta - Patch doubling	SCR
5. Bhatapara-Hathband Sections of Bilaspur-Urkura	SECR

**(ii) New Line**

6. Manubolu By-pass of NL Obulavaripalle-Venkatachalam	SCR
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**(iii) Railway Electrification**

7. Harichandanpur - Keonjhar, Keonjhar - Porjanpur & Porjanpur - Naranpur Section of Tomka Banspani RE	ECoR
8. Kadapa - Kamalapuram Section , Kalamalla - Mangapatanam & Guntakal - Gotty Sections of Renigunta - Guntakal RE Project	SCR

**3.19 Land Acquisition & Final Location Survey (FLS)**

During 2010-11, papers for land acquisition of 442 Hect. were submitted and 1639 km of Final Location Survey (FLS) was carried out in the various projects.

**3.20 ADB funded projects:**

RVNL is implementing seven ADB funded projects from the ongoing ADB loan. Of these 7 projects, 2 projects have been fully commissioned. Out of a total project length of 315 kms to be executed through the loan, 215 kms have been completed and the balance work is in progress.

**A 2nd ADB Loan is under process for funding of 5 projects, namely:**

- Raipur-Titlagarh doubling
- Sambhalpur-Titlagarh doubling
- Hospet-Tinaighat doubling
- Daund-Gulbarga doubling
- Pune-Guntakal Railway Electrification

The funding by ADB requires compliance of various loan covenants on resettlement and rehabilitation of project affected persons, procurement of works and stores following international competitive bidding and implementation of plans for mitigation of social and environmental impact norms. The loan has been successfully negotiated for US\$ 500 million. Action for advance preparedness on these projects has been initiated by RVNL and tenders for 3 projects have been invited. Tenders for the balance 2 projects will be invited shortly. RFPs for appointment of NGOs to implement the rehabilitation and resettlement policies of the ADB have been floated.

**3.21 Contracts awarded during 2010-11**

During 2010-11, contracts worth approximately Rs. 1650 cr. were awarded as compared to contracts worth approximately Rs. 600 cr. awarded during the previous year (2009-10).

The following major contracts were awarded by the Company during the year :

- Construction of roadbed, major and minor bridges and track linking (excluding supply of rails, thick web switches and line PSC sleeper), S&T and OHE and General electrical work in connection with 3rd line between Posita - Manoharpur (11.6 Km) on Chakradharpur Division of South Eastern Railway in Jharkhand state, India. **(Rs. 65.47 cr.)**
- Carrying out site investigation, detailed design and supervision for construction of roadbed including two tunnels, bridges, P. Way, electrification of track and S&T works, between Nethavaripalli (excl) to Vellikallu (excl) section of Obulavaripalle-Venkatachalam New Line on South Central Railway in Kadapa/Nellore district in the state of AP. **(Rs. 32.12 cr.)**
- Provision of 4th line between Tiruvallur and

- Arakkonam - Construction of roadbed, bridges, supply of ballast, installation of track (excluding supply of rails & thick web switches), electrical (Railway Electrification and General Electrification), signaling and telecommunication works in Southern Railway, Tamilnadu (Rs. 65.03 cr.)
- Construction of structural shed with gantry, administrative and other buildings along with ancillary works (civil, telecommunication, illumination and electrification) in connection with setting up of diesel loco component factory for manufacturing and sub assembling of EMD Locos, etc at Dankuni of eastern railway in the state of West Bengal (Rs. 84.21 cr.)
  - New line between Obluvaripalle and Venkatachalam - Execution of earthwork in formation, bridges, road under bridges, station buildings, staff quarters and general electrical works including power line crossings from Km 00 to 17 between Obulavaripalle to Nethavaripalle in Southern Central Railway (Rs. 59.87 cr.)
  - Construction of new line between Dankuni-Furfura Sharif via Jangalpara (20 Km) in Howrah Division of Eastern Railway in the state of West Bengal (Rs. 89.7 cr.)
  - Railway Electrification of Daund - Manmad RE project (Rs. 125.63 cr.)
  - Construction of sheds, structures, porta blocks, water supply arrangement, sewerage, drainage, roads, track, S&T, power supply arrangement, general electrical works and supply, erection and commissioning of machinery and plant in connection with setting up of DMU factory of south eastern railway in Sankrail, west Bengal (Rs. 85.46 cr.)
  - Proposed doubling of track between Dindigul and Villupuram execution of major and precast minor bridges from Villupuram to Ariyalur and from Valadi to Dindigul in Tiruchhirapalli Division of Southern Railway. (Rs. 168.32 cr.)
  - Provision of doubling of track between Ariyalur and Valadi - Construction of roadbed, bridge, supply of ballast, installation of track. (Rs. 189.98 cr.)
  - Package-I: "Construction Of Viaduct Including related works For 4.748 Km length Excluding station areas From Ch. (-)1250 To Ch. 4128.00 Between Joka To Behala Chowrasta Including Depot Approach At Joka, In Joka-BBD Bag Corridor Of Kolkata Metro Railway Line". (Rs. 181.14 cr.)
  - Package-II : "Construction Of Viaduct Including Related Works For 4.762 Km Length Excluding Station Areas From Ch. 4128.00 To Ch. 9700.00 Between Behala Chowrasta To Mominpur In Joka-BBD Bag Corridor of Kolkata Metro Railway Line". (Rs. 184.72 cr.)
  - Execution of Design and Construction of PSC viaduct, embankment and stations including E&M works in connection with extension of Metro Railway line Naopara (excluding) - Baranagar - Dakshineswar of Kolkata Metro (Rs. 199.87cr.)
  - Construction of roadbed, major and minor bridges, track linking & doubling between Tamluk - Basulya Sutahata in Kharagvpur Division of South Eastern Railway in state of West Bengal India. (Rs. 113.54 cr.)
- #### 4. PERSONNEL DEVELOPMENT
- RVNL has been largely relying on sourcing employees on deputation from Railways to meet it's manpower requirements. However, as a long-term strategy to reduce dependency on Railways, the Company has introduced a policy to form its own cadre through

permanent absorption and open market recruitment to which there has been a positive response. As on 31-03-2011, the strength of the Company stood at 273, out of which 78 are RVNL employees.

The Company believes that Human Resource is a key asset of the organization. Skills development of its employees was given special attention through in-house training programmes and deputing employees for external training programmes relevant to their function. Seventy five employees participated in various training programmes during the year.

During the year the perquisites and allowances of the employees were revised with introduction of the 'cafeteria approach' in accordance with the recommendations of 2nd PRC for Public Sector Undertakings. RVNL has constituted a Remuneration Committee to decide the quantum of Performance Related Pay (PRP) permissible and the eligible employees have been paid the PRP due to them as per the recommendations of the Remuneration Committee.

As a welfare measure, consultation facilities of Allopathic, Homeopathic and Ayurvedic doctors have been arranged in the Corporate Office premises. In addition to organizing social functions for the employees and their wards, picnic/trekking programmes were also arranged as a part of a team building process.

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

None of the employees of the Company has drawn remuneration exceeding the limits laid down under the provisions of section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

#### **5. Corporate Social Responsibility**

As per guidelines of Government of India, Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises) on Corporate Social Responsibility (CSR) for Central Public Sector Enterprises, RVNL has formulated a plan for implementation of CSR which has been approved by the Board of Directors of RVNL in June, 2010. The initial focus areas of RVNL for CSR are Education and Health. RVNL has constituted a two tier system of Committees at Project Implementing Unit (PIU) and Corporate Office level for efficient and effective implementation of CSR activities under the guidelines of DPE. The Corporate CSR Committee and seven CSR PIU Committees have been established.

AS part of the Corporate Social Responsibility Plan, socio-economic impact studies of three projects were carried out during 2010-11.

#### **6. Sustainability**

Sustainability has been introduced in the MoU as an evaluation parameter with a weightage of 5% as per the DPE guidelines. During 2010-11, more than 4000 trees have been planted at various project sites. Project environmental impact studies for 3 projects were also carried out with a view to determine the impact of project implementation on the environment and strategies to mitigate them.

The Company has taken earnest steps to incorporate measures for sustainability in its activities to achieve the following targets for 2011-2012:

- (a) Planting of trees – 5250 nos.
- (b) Rain water harvesting – 6 stations
- (c) Provision of solar powered signaling and lighting systems - 6 locations
- (d) Preparation of a 5 year plan for sustainability

Planting of trees has already been started during this rainy season. Locations for rain-water harvesting and use of solar power have been identified. A 5 Year plan for sustainability is under preparation and will be ready by September 2011. The plan will focus on recharging of ground water aquifers by rain water harvesting, preservation of forest cover by planting trees etc.

## 7. Preparedness for implementation of IFRS

The Company has taken advance action for implementation of IFRS (IND-AS) in its accounting procedures. A training programme was conducted in October, 2010 where all officers and staff of Finance and concerned officers of other Departments were exposed to the various features and requirements of IND-AS.

A Trial Run of the financial statements for the year ending 31st March, 2010 was also conducted and results were submitted in February, 2011.

## 8. Research and Development

During the year RVNL has completed standardization of Bill of Quantities (BOQ) for Electrical Engineering and Signal & Telecommunication Engineering works. The standard BOQ for Civil Engineering Department had already been issued previously. As a result of this standardization, the detailed estimates of all projects are prepared on a common basis in the format of BOQs of the tenders to be floated. This will assist in the evaluation of bids by providing a uniform basis for comparison of the rates obtained across various tenders.

RVNL is required to construct three tunnels including a tunnel of 6.65 Kms length on Obluvaripalle – Krishnapatnam new line project. Such a long tunnel requires specialized ventilation arrangements for which RVNL had commissioned a study as part of the

consultancy for tunnel design by International Consultants. The study was completed in October, 2010. The design of the ventilation system shall enhance safety during running of trains in long tunnels and facilitate maintenance of the tunnel.

## 9. COMPLIANCES

### a. Vigilance

The Vigilance organization in RVNL consists of a Part-time Chief Vigilance Officer, one Senior Manager/Vigilance and one Manager/Vigilance reporting to CVO. The major thrust of the Vigilance Department in RVNL is preventive intervention through educating the officers and employees about procedures and guidelines. However, punitive measures and system improvement are also taken by the Vigilance Department.

The Vigilance Awareness Week, was celebrated in RVNL from 25th October 2010 to 1st November 2010. A pledge taking ceremony chaired by Managing Director/RVNL was held on 25/10/2010, during which the pledge was administered to all the officers/staff of Rail Vikas Nigam Limited. Banners/posters relating to vigilance awareness were displayed in the RVNL's office.

A lecture cum interactive session was held on 27.10.2010 in the Corporate office of RVNL, where Shri A.K.Maitra, Advisor/(Vigilance)/Railway Board released the Fifth Vigilance Bulletin and delivered a lecture on various issues relating to vigilance. The same was attended by Managing Director, Functional Directors and all officers of RVNL. The session was highly interactive and informative and was appreciated by all.

From time to time, guidelines are issued for system improvement/procedure amendments to improve transparency and reducing possibility of



corruption/leakage of revenue. In the financial year 2010-11, one letter narrating the guidelines regarding mobilization Advance was issued on 14.03.2011.

**b. Memorandum of Understanding**

The Company secured "Very Good" rating by Department of Public Enterprises for the year 2009-10 on the basis of the Memorandum of Understanding between RVNL and Ministry of Railways and achievements of the committed targets.

For 2010-11, the Company has been able to achieve most of the targets set in the MoU and even surpass them. RVNL completed Railway Electrification of 159 Kms and Gauge Conversion of 62 kms, surpassing the target of 142 Kms and 44 kms respectively. The Company, however, fell short of the target of doubling by a small margin and could complete 211 kms of doubling against the target of 233 Kms. The Company was able to surpass the targets for all the financial, enterprise specific, sector specific, corporate social responsibility, sustainability, R&D and IFRS related items set in the MoU 2010-11.

During the year, the Company signed a Memorandum of Understanding (MoU) with Ministry of Railways fixing its physical and financial targets for the year 2011-12. RVNL has committed to achieve 230 kms of doubling, 190 kms of Railway Electrification and completion of civil works of Dankuni workshop by 28th February 2012.

**c. Right to Information Act, 2005**

Rail Vikas Nigam Ltd. as a wholly owned Government company under Ministry of Railways has put necessary systems in place so that directives issued under the Act are complied with suitably. RVNL has nominated an Appellate Authority/Officer, Central

Public Information Officer and one Project level Assistant Public Information Officer for each of the Project Implementing Unit of the Company. The details of the officers nominated under the Act have been uploaded on the website of RVNL to facilitate availability of information about the affairs of the Company.

**d. MCA 21**

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

**e. Rajbhasha (Official Language)**

RVNL has been making concerted efforts to implement the directives of the Government of India on use of Rajbhasha (Official Language) in RVNL. The Rajbhasha department Wing in RVNL is under HR Department with a part-time Mukhya Rajbhasha Adhikari and Upmukhya Rajbhasha Adhikari and a regular Senior Executive. The Mukhya Rajbhasha Adhikari and Upmukhya Rajbhasha Adhikari maintain constant coordination with Rajbhasha Directorate of the Railway Board. During the year 2010-11, one Workshop and three meetings of Rajbhasha Implementation Committee of RVNL with the representatives of Railway Board's Directorate have been held. Besides this, Hindi Essay competition, Noting/Drafting competition, Quiz competition were held on the occasion of Hindi Divas on 14th September 2010 and Rs. 42,000/- was awarded amongst successful participants in form of cash prizes. Seventeen officers/staff in the Corporate

Office who are using Rajbhasha in drafting notes and letters were selected and given cash awards. Apart from this, Secretarial staffs of RVNL are being regularly deputed to Hindi Computer application training programs.

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

**f. Industrial Relations**

The company maintained cordial and harmonious industrial relations.

**g. Presidential Directive**

During 2010-11, the Company has not received any Presidential Directive from Ministry of Railways.

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

**(i) Conservation of Energy and Technology Absorption**

The Company is conscious of the need to keep all the cost elements at the barest minimum level including the energy cost. It is also aware of the responsibility to conserve energy in an overall energy shortage situation. Energy conservation is being achieved by designing the office lay out in the most energy-friendly manner. The office building is having open spaces and windows on all sides and full use has been made to utilize sunlight for illumination of office accommodation, rooms and chambers. Systems are also in place to conserve electricity during and after hours.

**(ii) Foreign Exchange Earnings and Outgo**

During the financial year 2010-11, there is no foreign

Exchange earnings and outgo for the Company.

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- I. that in the preparation of the annual accounts, all the applicable accounting standards along with proper explanation have been followed and there has been no material departure.
- II. that such accounting policies were selected and applied consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and Profit & Loss of the Company for the year ended on 31st March 2011.
- III. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. that the Annual Accounts have been prepared on a going concern basis.

**11. BOARD OF DIRECTORS**

During April 2010 to March 2011, five meetings of the Board of Directors were held with one meeting in quarter ending June 2010, two meetings in quarter ending September 2010, one meeting in quarter ending December 2010 and one in the quarter ending March 2011.

Mr. A.P. Mishra, Member Engineering /Railway Board took over as Chairman part-time (official) of the Company w.e.f. 27.10.2010. Mr. A.K. Gupta, Advisor (Bridge), Railway Board has been nominated as part-time official Director on the Board of RVNL w.e.f.



05.05.2011. Mr. Mukul Jain assumed the charge of Director (Operations) of RVNL on 16.06.2010. Mr. Vijay Anand assumed the charge of Director (Projects) on the Board of RVNL w.e.f. 09.04.2011. Dr. K.K. Chaudhuri has been appointed as part-time, non-official, Independent Director on the Board of RVNL w.e.f. 15.12.2010. Professor Dr. S S Chatterji has been appointed as part-time, non-official, Independent Director on the Board of RVNL w.e.f. 13.05.2011.

Mr. Rakesh Chopra ceased to be the Chairman (part-time) official of RVNL w.e.f. 30.09.2010 due to superannuation from the Ministry of Railways. Mr. Samar Jha and Mr. S.K.Malik ceased to become part-time official Directors on the Board of Company w.e.f. 14.07.2010 and 30.11.2010 respectively.

The Company would like to place on record deep appreciation and gratitude for all the Directors who ceased to hold office during the year for their valuable contribution in the growth of the Company. The Company compliments them for their support, knowledge and input provided during their tenure of directorship in RVNL. The Company is specially grateful to Shri Rakesh Chopra, Member Engineering and Chairman of the Company, who superannuated on 30th September, 2010 for providing valuable guidance and wholehearted support. Reposing complete faith in the potential of Company, he as Member Engineering, Railway Board was instrumental in getting a number of works transferred to RVNL. This guidance and encouragement has immensely helped the Company's performance and motivation level.

On the date of report, the strength of the Company is ten Directors comprising of five functional directors including Managing Director, two part-time official

directors including part-time (official) Chairman and three (part-time) (non official) directors.

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

1. Mr. A. P. Mishra - From 27.10.2010  
Member Engineering /Rly. Bd. onwards  
& Chairman/RVNL  
(Part-time official)
2. Mr. A.K. Gupta - From 05.05.2011  
Advisor (Bridge)/Railway onwards  
Board & Director/RVNL
3. Mr. Satish Chandra Agnihotri - From 27.01.2010  
Managing Director/RVNL onwards
4. Mr. Harish Chandra, - From 11.03.2005  
Director (Finance)/RVNL onwards
5. Ms. Gita Mishra - From 13.10.2008  
Director (Personnel) onwards
6. Mr. Mukul Jain - From 16.06.2010  
Director (Operations)/RVNL onwards
7. Mr. Vijay Anand - From 09.04.2011  
Director (Projects)/RVNL onwards
8. Mr. R. N. Aga - From 17.02.2010  
Part- time (non official) onwards  
Director
9. Dr. K.K. Chaudhuri - From 15.12.2010  
Part- time (non official) onwards  
Director
10. Prof. (Dr.) Mr. S.S. Chatterji - From 13.05.2011  
Part- time (non official) onwards  
Director

## 12. AUDITORS

The Comptroller & Auditor General of India has appointed M/s Bhushan Bansal Jain Associates.,

Chartered Accountants as Statutory Auditors of the Company for the year ended 31st March, 2011. The Board would like to thank them for the valuable support and guidance during the audit of accounts under review.

### **13. COMMENTS OF COMPTROLLER & GENERAL (C&AG) OF INDIA**

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2011 under Section 619(4) of the Companies Act, 1956. The comments of the C & AG on the Annual Accounts of the Company for the year ended 31st March, 2011 shall also form part of this report.

### **14. ACKNOWLEDGEMENTS**

We take this opportunity to gratefully acknowledge the cooperation, guidance and support received from Ministry of Railways (MoR), Ministry of Finance, Department of Public Enterprises, various banks, Asian Development Bank, the Zonal Railways, RITES, IRCON, RLDA and our equity partners in Joint Venture Special Purpose Vehicles for their continued interest and support to the Company. The Directors would like to express their thanks for the devotion, commitment and dedication of every employee of

the Company because of which your company could face the new challenges and opportunities and create a niche for itself. The Directors also place on record their appreciation for the officials of Comptroller & Auditor General of India for their guidance during the year under review. Last but not the least, the Directors would like to express their deep appreciation and gratitude towards all their predecessors who have been associated with RVNL, for their invaluable contribution to the growth and development of the Company in attainment of the Company's aims and goals in all spheres.

**For and on behalf of Board of Directors**

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

Sd/-  
(Harish Chandra)  
Director/Finance

New Delhi  
Dt: 26.07.2011

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Code On Corporate Governance

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

#### Values of RVNL

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

### 2. Board of Directors

As on the date of report, the Board of Directors of the Company consists of ten Directors, comprising of five whole-time Directors including the Managing Director, two Government Nominees (on behalf of Ministry of Railways) acting as part-time official Directors including the part-time (official) Chairman, and three part-time (non-official) (Independent) Directors.

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

The composition of the Board of RVNL, along with Directorships held by them and their attendance in the Board meetings held during the financial year 2010-11 and in the last Annual General Meeting is reproduced in the table below:

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

S. No	Category of Directors	Name of Directors	Number of Directorships/ Chairmanships in public companies including RVNL and excluding private companies	Total No. of Committee Memberships/ chairmanships in public companies including RVNL and excluding private companies	No. of Board meetings attended	Last AGM attended
<b>(I) Chairman (Part-time official)</b>						
1.	Member Engineering Railway Board	Mr. A.P. Mishra <sup>§</sup>	4 §	Nil	2	N.A.
<b>(II) Whole-time Director</b>						
2.	Managing Director	Mr. S.C. Agnihotri <sup>§§</sup>	1	As Member - 1 <sup>§§</sup>	5	Yes
3.	Director (Finance)	Mr. Harish Chandra*	1	Member - 1*	5	Yes
4.	Director (Operations)	Mr. Mukul Jain**	1	Member - 1**	5	Yes
5.	Director (Personnel)	Ms. Gita Mishra	1	Nil	5	Yes
6.	Director (Projects)	Mr. Vijay Anand ^	1	Nil	Nil	N.A.
<b>(III) Director (Part-time official)</b>						
7.	Advisor (Bridge)	Mr. A. K. Gupta* ^	2	Member - 1* ^	Nil	N.A.
<b>(IV) Director (Part-time non-official)</b>						
8.	Independent Directors	Mr. R. N. Aga ^ ^	2	Chairman- 2	Member - 2	Yes
9.	Dr. K.K. Chaudhuri ^ *	3	Member-4	1	N.A	
10.	Prof. (Dr.)S. S. Chatterji	1	1	Nil	N.A	

§Mr. A. P. Mishra took over as Chairman/RVNL w.e.f. 27.10.2010. He is also the Chairman on the Board of IRCON International Limited, Rail Land Development Authority and Konkan Railway Corporation Limited and Director in Delhi Metro Rail Corporation Ltd.

§§ Mr. S.C. Agnihotri was the member of the Audit Committee of RVNL.

\*Mr. Harish Chandra is a member of the Remuneration Committee of RVNL w.e.f. 29.03.2010

\*\*Mr. Mukul Jain took over as Director (Operations) RVNL w.e.f. 16.06.2010 and is a member of the Audit Committee of RVNL w.e.f. 07.02.2011.

^ Mr. Vijay Anand took over as Director (Projects) on the Board of RVNL w.e.f. 09.04.2011.

\* ^ Mr. A.K.Gupta has been nominated as part-time official Director of RVNL w.e.f. 05.05.2011. He is a member of the Remuneration Committee of RVNL since 24.05.2011. He is also the Chairman of the Angul Sukinda Railway Limited.

^ ^ Mr. R. N. Aga was appointed as part-time non-official Director of RVNL w.e.f. 17.02.2010. He is also the Chairman of

Remuneration Committee and Audit Committee of RVNL. He is a Director in NMDC Ltd and member of Audit Committee and Chairman of Remuneration Committee of NMDC Ltd.

^ \*Mr. K. K. Chaudhuri was appointed as part-time non-official Director w.e.f. 15.12.2010. He is also a member of Remuneration Committee and Audit Committee of RVNL. He is a Director of Mankshia Limited and Sarda Plywood Industries Limited. He is also a member of Remuneration Committee and Audit Committee of Mankshia Limited.

Prof. (Dr.) S. S. Chatterji was appointed as part-time non-official Director of RVNL w.e.f. 13.05.2011. He is also a member of Audit Committee of RVNL.

### Ceased to hold office during the year 2010-11 and thereafter

S. No	Category of Directors	Name of Directors	Number of Directorships/ Chairmanships in public companies including RVNL and excluding private companies	Total No. of Committee Memberships/ chairmanships in public companies including RVNL and excluding private companies	No. of Board meetings attended	Last AGM attended
(I)	Chairman (Part-time official)					
1.	Member Engineering Railway Board (Ceased to hold office w.e.f. 30.09.2010 due to superannuation from the Ministry of Railways )	Mr. Rakesh Chopra*	4	Nil	4	Yes
(II)	Director ( Part-time official)					
2.	Additional Member (Budget) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 14.07.2010)	Mr. Samar Jha**	1	As Member-1	1	No
3.	Addl. Member (CE) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 30.11.2010)	Mr. S.K.Malik ^	3	As Member-2	4	N.A.

\*Mr. Rakesh Chopra ceased to be the Chairman part-time official on the Board of RVNL w.e.f. 30.09.2010 due to superannuation from the Ministry of Railways. He was also a Director of DMRC, Chairman of Konkan Railway Corporation Ltd, IRCON International Ltd and Rail Land Development Authority.

\*\*Mr. Samar Jha was Chairman of Audit Committee of RVNL.

^ Mr. S.K.Malik was member of Audit Committee and Remuneration Committee of RVNL. He also held Directorship in Chennai Metro Rail Limited and Chairmanship in Angul Sukinda Railway Ltd

**Notes :**

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

The Company held five Board meetings during the financial year 2010-11 to transact the business with one meeting in quarter ending June 2010, two meetings in quarter ending September 2010, one meeting in quarter ending December 2010 and one meeting in the quarter ending March 2011.

The detailed agenda along with the explanatory notes was circulated in advance for all the Board meetings. All the meetings of the Board of Directors except the forty-seventh meeting were held at the registered office of the Company. The forty-seventh meeting of the Board of Directors of the Company was held in Rail Bhawan, New Delhi.

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

for the year under review are mentioned below:

44th meeting of Board of Directors	29th June, 2010
45th meeting of Board of Directors	27th July, 2010
46th meeting of Board of Directors	23rd September, 2010
47th meeting of Board of Directors	3rd November, 2010
48th meeting of Board of Directors	8th February, 2011

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

- i) **Mr. A.P Mishra, Member Engineering, Ministry of Railways and Chairman (Part-time official), RVNL w.e.f. 27.10.2010.**

Mr. A. P. Mishra, Member Engineering, Railway Board and Ex-officio Secretary to the Government of India has taken over as Chairman (Part-time official) of RVNL w.e.f. 27.10.2010. After doing his graduation in Civil Engineering from Bihar College of Engineering, Patna in the year 1973, he joined Indian Railways on 1st October, 1975. During his service, he has worked in various capacities in Railways including ED (Track & Track Modernisation), RDSO, Chief Track Engineer, Northern Railway, ED (PG) to Minister for Railways, DRM, Allahabad & Delhi. He has also worked on foreign projects in Algeria through RITES and as Project Director/IRCON in Malaysia on Deputation. In 2004, he joined as CAO/Con./Northern Railway and thereafter worked at various senior levels, viz. AGM/Southern Railway, Advisor (L&A), Railway Board, Advisor (Vigilance), Railway Board, General Manager/South Eastern

Railway. On 8th October, 2010 he joined as Member Engineering in Railway Board.

**ii) Mr. A. K. Gupta, Advisor (Bridge), Ministry of Railways and Part-time official Director w.e.f. 05.05.2011.**

Mr. A.K. Gupta, Advisor (Bridge), Railway Board has been nominated as part-time official Director on the Board of RVNL w.e.f. 05.05.2011. Born on 10.10.1953, he is an IRSE officer of 1977 batch. He joined Indian Railways on 03.10.1978. He is also handling additional charges in Railway Board as Additional Member (Civil Engineering) and is the Vice President of Institution of Permanent Way Engineers (India). During his career of 33 years of experience with Indian Railways, he has worked in various capacities on Western Railway, East Central Railway, Eastern and Metro Railway, Kolkata. He worked as Divisional Railway Manager, Ajmer on North Western Railway. He also worked as Principal Chief Engineer, Northern Railway before his present posting in Railway Board.

**iii) Mr. Mukul Jain, Director (Operations), RVNL w.e.f. 16.06.2010**

Mr. Mukul Jain has been appointed as Director (Operations), RVNL w.e.f. 16.06.2010. Mr. Jain is a B.Tech in Mechanical Engineering from I.I.T. Delhi, and a Master of Engineering in Logistics & Supply Chain Management from Massachusetts Institute of Technology, Boston and Zaragoza Logistics Centre, Spain. Before joining RVNL, he was working as Executive Director in Container Corporation of India Ltd (CONCOR), a PSU of Government of India. He joined Indian Railway Traffic Service (IRTS) in 1981. After working in various capacities in operating, commercial and general administration in SE Railway

and Western Railway, he joined as Head of CONCOR's Western Region in 1995. He then headed the North Western Region of CONCOR from 2003 to 2006. He has worked as Head of Planning & Development, Air Cargo and shipping in its Corporate Office, New Delhi. He specializes in transport strategy, design of Intermodal Terminals and hinterland port connectivity. He has been credited with the establishment of highly successful Container Freight Stations in Mulund (Mumbai), Dronagiri Node (JNPT), Vadodara and several other locations in India.

**iv) Mr. Vijay Anand, Director (Projects), RVNL w.e.f. 09.04.2011.**

Mr. Vijay Anand, an officer of 1981 batch of Indian Railway Service of Engineers, has taken over as Director (Projects) of Rail Vikas Nigam Limited on 9th April, 2011. He is a graduate in Civil Engineering from Punjab Engineering College, Punjab University, Chandigarh. He has held various responsible positions in Indian Railways and Delhi Metro Rail Corporation in maintenance and construction of Railway and Metro assets. In his career, spanning over 29 years, he worked on important projects including construction of new Railway lines from Ernakulum -Alleppey, Karur - Dindigal, Rohtak - Jakhhal doubling. He, while working as Chief Engineer, Northern Railway, Kashmiri gate, was associated in various Common Wealth Games works related with Railways for construction of ROBs & RUBs in Delhi area, which included Barapulaha Nalaha and Salimgarh Fort Underpass.

While working as Chief Project Manager in Delhi Metro Rail Corporation and subsequently as Director (Projects) in Delhi Metro Rail Corporation, he planned, designed, constructed and commissioned



of various corridors of Delhi Metro Projects on Phase-I and Phase-II including Connaught Place - Dwarka, Shadhara - Dilshad Garden, Delhi University - Jahangirpuri, Inderlok - Mundka, Inderprastha - Noida, Yamuna Bank - Anand Vihar and Central Secretariat -Badarpur.

**v) Dr. K.K. Chaudhuri, part-time non-official (Independent) Director, RVNL w.e.f. 15.12.2010.**

Dr. K.K. Chaudhuri has been appointed as part-time, non-official, Independent Director on the Board of RVNL w.e.f. 15.12.2010. Born on 18th September, 1945, Dr. K. K. Chaudhuri is post graduate and Doctorate in Anthropology from University of Calcutta. He has attended professional trainings in the Tata Institute of Social Sciences, Mumbai, and Council for Social Development, Delhi and Institute of Directors, Delhi. At present he is the Director of Army Institute of Management, Kolkata. During his career, he has worked in various capacities including Professor & Dean of MBA programme at Indian Institute of Social Welfare & Business Management (IISWBM), Faculty at Indian Institute of Port Management (IIPM) and Research Fellow, Research Assistant in Indian Institute of Management (IIM), Calcutta. He has keen interest in literature and has authored two books and two monographs and more than hundred articles in the area of Human Resource Management. He is also a Director in the Board of Public Limited Companies like, Manaksia Ltd., and Sarda Plywood Industries Ltd. He was also the Director of MSTC Ltd (PSU), Ministry of Steel, Govt of India (2005 - 2008). He is the Fellow of National Institute of Personnel Management (NIPM) and Editor-in-Chief, Personnel Today.

**vi) Prof. (Dr.) S. S. Chatterji, part-time non-official (Independent) Director, RVNL w.e.f. 13.05.2011.**

Professor Dr. S.S. Chatterji has been appointed as part-time, non-official, Independent Director on the Board of RVNL w.e.f. 13.05.2011. He completed his LL.B, LL.M., PhD from Banaras Hindu University (B.H.U., Varanasi, U.P.). During his education, he was fond of sports mainly in aquatic and as captain he represented Banaras Hindu University four times in all India Inter-university aquatic championship and also represented state of U.P. in National Aquatic Championship. At present, he is Dean in Faculty of law, and member of senate and syndicate in the University of Kolkata. During his teaching career he has published a number of articles and has written six books on different law subjects. Besides, delivering lectures in National and International Seminars, he has conducted workshops in different Universities and Law colleges; he has supervised seven PhDs in Law. He was also awarded Siksha Ratna Puraskhar by the Indian International Friendship Society, New Delhi in 2007 for his brilliant academic performance. He was also awarded best citizen of India in 2008 by Hindu publishing House New Delhi.

**4. Audit Committee:**

**(a) Terms of Reference:**

The Committee acts in accordance with the terms of reference as per Section 292A of Companies Act, 1956 and Guidelines of Corporate Governance laid down by Department of Public Enterprises. The scope of the Committee mentioned in brief is:

1. To have the authority to investigate into any matter as may be prescribed under section 292A;
2. To discuss with the auditors periodically about internal control systems;

3. To discuss and decide about the scope of audit including the observations of auditors;
4. To review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems;
5. To investigate into any matter relating to financial management including the audit report;
6. To oversee the Company's financial reporting process and suggest recommendations, if any, to the Board;
7. To fix the audit fees of statutory auditors with the management;
8. To consider changes in accounting policies and practices with reasons thereof, significant adjustments made in financial statements;
9. To discuss about qualifications in the draft audit report etc;
10. To review about the adequacy of internal controls procedures;

**(b) Composition of the Committee**

The Company has in place an Audit Committee of the Board of Directors pursuant to Section 292A of the Companies Act, 1956 and the Guidelines on Corporate Governance issued by the Department of Public Enterprises. The Committee has been reconstituted as and when there is a change in the independent or part time Directors of the Company.

On the date of report, the Audit Committee of RVNL consists of four Directors comprising of three part-time (non-official) independent Directors, Mr. R. N. Aga, Dr. K. K. Chaudhuri and Prof. (Dr.) S. S. Chatterji and one functional Director, Mr. Mukul Jain, Director (Operations).

Prior to this, from 29.03.2010 to 14.07.2010, the Audit Committee of RVNL consisted of three Directors comprising of two part-time official Directors, Mr. Samar Jha and Mr. S. K. Malik and Mr. R. N. Aga, part-time non official independent Director. In view of withdrawal of nomination of Mr. Samar Jha, part-time official Director with immediate effect who was appointed against the vacancy of Independent Director as a special case on the Board of RVNL by the Ministry of Railways, the Audit Committee of RVNL was reconstituted on 27.07.2010 comprising Mr. S.K. Malik, Director (Part-time official), Mr.R.N. Aga, part-time non-official (Independent) Director and Mr. S. C. Agnihotri, Managing Director. Consequent to the completion of tenure of Mr. S.K. Malik due to superannuation from the Ministry of Railways on 30.11.2010 and nomination of Dr. K. K. Chaudhuri as part-time non-official independent Director on the Board of RVNL w.e.f. 15.12.2010 by Ministry of Railways, the audit committee was reconstituted comprising of Mr. R. N. Aga, part-time non-official (Independent) Director, Dr. K. K. Chaudhuri, part-time non-official (Independent) Director and Mr. Mukul Jain, Director (Operations). Consequent to appointment of Prof (Dr.) S.S Chatterji as part-time non official independent Director on the Board of RVNL w.e.f. 13.05.2011, the Audit Committee of RVNL consists of three part-time non official Independent Directors and one functional Director.

The Committee met three times during the financial year 2010-11, on 29th June, 2010, 28th October, 2010 and on 8th February, 2011. The details of the attendance of each member are mentioned below:

Name of the Member with Status	Meeting held during their respective tenure	Attendance
Mr. R. N. Aga, Chairman	3	3
Dr. K. K. Chaudhuri, Member	1	1
Mr. Mukul Jain, Member	1	1
Mr. Samar Jha, Chairman	1	1
Mr. S. K. Malik, Member (Chairman in one meeting and Member in two Meetings)	2	2
Mr. S.C. Agnihotri	1	1

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

#### 4. Remuneration Committee

##### a. Terms of reference:

The Committee has been constituted to decide the annual bonus/PRP pay pool and policy for its distribution as per the recommendations of 2nd IDA Pay Revision Committee.

##### b. Composition of the Committee:

The 2nd Pay Revision Committee for CPSEs had provided for constitution of Remuneration Committee of Board of Directors of CPSEs to be headed by an independent Director for implementation of IDA pay scales.

The Board of Director of RVNL at its 43rd meeting held on 29.03.2010 reconstituted the Remuneration Committee of RVNL with Mr. R. N. Aga, Part-time non-official (Independent) Director as Chairman, Mr. S. K. Malik, Additional Member (CE), Railway Board as

Member and Mr. Harish Chandra, Director(Finance), RVNL as member(without right to vote). Consequent to the completion of tenure of Mr. S.K. Malik due to superannuation from the Ministry of Railways on 30.11.2010 and nomination of Dr. K. K. Chaudhuri as part-time non-official independent Director on the Board of RVNL w.e.f. 15.12.2010 by Ministry of Railways, the Board of Directors of RVNL at its 48th Meeting held on 08.02.2011 had reconstituted the remuneration committee comprising of Mr. R. N. Aga, part-time non-official (Independent) Director as Chairman , Dr. K. K. Chaudhuri, part-time non-official (Independent) Director as Member and Mr. Harish Chandra, Director(Finance) as Member(without right to vote). Consequent to the appointment of Mr. A. K. Gupta, Advisor (Bridge) as part-time Government Director on the Board of RVNL w.e.f. 05.05.2011, the Remuneration Committee was reconstituted with Mr. R. N. Aga, part-time non-official (Independent) Director as Chairman, Dr. K. K. Chaudhuri, part-time non-official (Independent) Director as Member, Mr. A. K. Gupta, Part-time Government Director as Member and Mr. Harish Chandra, Director (Finance) as Member (without right to vote).

On the date of Report, the Remuneration Committee of RVNL consists of the following:

Name of the Director	Status
Mr. R. N. Aga (Independent Director)	Chairman
Dr. K. K. Chaudhuri (Independent Director)	Member
Mr. A.K. Gupta, Director, Part-time official	Member
Mr. Harish Chandra, Director(Finance)	Member

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

**c. Meetings and Attendance during the year:**

The Committee met twice during the financial year 2010-11 on 15.06.2010 and on 16.09.2010. The details of the attendance are mentioned below:

Name of the Member with Status	Meeting held during their respective tenure	Attendance
Mr. R. N. Aga Chairman	2	Yes
Mr. S. K. Malik Member	2	Yes
Mr. Harish Chandra Member (without right to vote)	2	Yes

**d. Details of remuneration of all the Directors**

As RVNL is a wholly owned Government Company under Companies Act, the Functional Directors of the

Company are appointed/nominated by President of India through Ministry of Railways. The Functional Directors so appointed, draw remuneration under Industrial Dearness Allowance (IDA) pattern of pay scales and as per the terms and conditions issued by Government of India from time to time. However, as per the guidelines of Ministry of Railways, Directors appointed on deputation after 26.11.2008 will continue to draw remuneration under Central Dearness Allowance pattern of pay and Directors appointed on absorption will draw IDA pay scales. Exemption being only in case of Director(s) appointed prior to 26.11.2008 on deputation basis will continue to get the same scales with all its associated benefits till the end of their tenure.

### Salary and allowances for the Financial Year 2010-11 (Amount in Rupees)

S.No.	Name of Director	Salary	Arrears	Perquisites/ Benefits	Bonus/Commission/ ExGratia/Performance Linked Benefits	Retirement Benefits	Total
1	Sh. S.C.Agnihotri Managing Director	16,97,526	3,98,257	6,23,335*	13,11,724	1,67,587	41,98,429
2	Sh. Harish Chandra Director (Finance)	16,02,222	3,91,528	4,88,721	14,69,871	1,66,717	41,19,059
3	Smt. Gita Mishra Director (Personnel)	15,68,010	3,46,460	5,16,304	4,52,539	2,76,744	31,60,057
4	Sh. Mukul Jain Director (Operations)	10,75,275	1,28,550	4,87,315**	0	1,06,002	17,97,142

\* includes Rs. 562200/- paid as Licence Fee to M/s IRCON.

\*\* includes Rs. 415625/- paid as Licence Fee to M/s CONCOR.

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

The part-time non-official (Independent) Directors on the Board of the Company are paid a sitting fee of R. 8000/- per meeting attended by them. The Board of Directors of RVNL in its 49th meeting held on 9th June 2011 has approved to increase the sitting fees of Part-time non-official (Independent) Directors of the Company from R. 8,000/- to Rs. 12,000/- for all forthcoming meetings of Board and Committee of RVNL.



**Details of Payment Towards Sitting Fee to Independent Directors During 2010-11 are as under**

S. No	Name of the Director Board Meeting	Sitting Fee			Total
		Audit Committee	Remuneration Committee		
1.	Mr. R. N. Aga	Rs. 24,000/-	Rs. 24,000/-	Rs. 24,000/-	Rs. 72,000/-
2.	Dr. K. K. Chaudhuri	Rs. 8,000/-	Rs. 8,000/-	-	Rs. 16,000/-
<b>Total</b>	<b>Rs. 32,000/-</b>	<b>Rs. 32,000/-</b>	<b>Rs. 24,000/-</b>	<b>Rs. 88,000/-</b>	

#### 6. General Body Meetings

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

Year	AGM	Date	Time	Venue passed	Special Resolution
2009-10	7th	14.09.2010	1200 hrs Rail Bhawan	Committee Room,	No
2008-09	6th	25.09.2009	1200 hrs Rail Bhawan	Committee Room,	No
2007-08	5th	19.09.2008	1200 hrs Rail Bhawan	Committee Room,	No

## 7. Disclosures

- I. The Company has not entered into any significant related party transactions with the Directors or their relatives (Disclosure made by directors individually pursuant to section 299 of Companies Act) having potential interest with the Company at large.
- II. The Company has not been imposed penalty by any statutory authority owing to non-compliance under laws, during the last three years.
- III. The Company has taken steps to comply with the guidelines on Corporate Governance issued by Department of Public Enterprises (DPE) released in May 2010. In accordance with the guidelines, RVNL has evolved a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, which has been displayed on the website of the Company. RVNL has also included Report on Corporate Governance and Management Discussion and Analysis Report in its Directors Report from the last financial year. The compliance of these Guidelines was also reflected in the Chairman's speech delivered at the last Annual General Meeting of the Company.
- IV. The Company has not received any Presidential directive during the financial year 2010-11.
- V. All items of expenditure debited in the books of Accounts of RVNL are for the purpose of project execution entrusted to RVNL and are related to project expenditure.
- VI. There are no personal expenses incurred for the Board of Directors except which are as per terms of appointment as contractual obligations.
- VII. Details of Administrative and office expenses as a percentage of total expenses vis-à-vis financial expenses – During the year, the booking of principles of allocation of administrative expenses in RVNL incurred on execution of railway projects has been

rationalized on the basis of expenditure allocated on the Zonal Railways. As a result, the percentage of administrative expenses has slightly decreased from 4.58% in 2009-10 to 4.38% in 2010-11.

## 8. Means of Communication

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

## 9. Audit Qualifications

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

## 10. Training of Board Members

RVNL takes initiatives to train its Board members about RVNL's profile, business parameters, etc. All the relevant issues and significant developments related to the working of RVNL are imparted to part-time Directors {(official) and (non-official), as the case may be} by the management of RVNL from time to time. The documents related to the Company including Annual Reports, Memorandum and Articles of Association, MoU between RVNL and Ministry of Railways etc are provided to them as per the requirement.

## 11. Whistle Blower Policy

RVNL being a Government Company under Ministry of Railways is covered under Chief Vigilance Commission (CVC). Therefore, as per CVC guidelines,

a mechanism has been established in the Company for all its employees and clients to report about any unethical behavior, actual or suspected fraud to the CVO or the Managing Director directly. No employee has been denied access to the Audit Committee of the Board of Directors.

## **12. Code of Business Conduct And Ethics**

As per the guidelines on Corporate Governance released by Department of Public Enterprises, after approval of the Board of Directors of RVNL, the Company has laid down its Code of Business Conduct and Ethics along with RVNL's Key Values for the Board Members and Senior Management Personnel. The Code of Conduct is also posted on the website of the Company, [www.rvnl.org](http://www.rvnl.org).

The Compliance of the Code of Conduct has been affirmed on the basis of confirmation received from

all the Board members and senior management personnel for the financial year 2010-11. A declaration to this effect, duly signed by the Managing Director is placed at **Annexure "1-A"** and forms part of this report.

## **13. Compliance Certificate**

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

**Annexure "I-A"****Declaration by Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management for the Financial Year 2010-11**

I, S.C. Agnihotri, Managing Director, Rail Vikas Nigam Limited, do hereby declare that all the members of the Board of Directors and the Senior Management team of the Company have affirmed their compliance with the code of conduct and key values of the Company during 2010-11.

Sd/-

(S.C. Agnihotri)

Managing Director

Place: New Delhi

Date :15.06.2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development:

The deficit of Infrastructure has been recognized as a major constraint in the faster economic development of the country. Presently, the Indian economy is growing at a rate of above 8% and to sustain and to further accelerate the pace of growth a major infrastructure expansion has to be taken up particularly in the transport sector. While the road sector has got a major boost from National Highway Development Programme, the investment in the Railways has fallen far below the required levels. The share of the railways in the transportation of goods has decreased steadily over the past few decades and has reached a low of 30% as compared to 89% in 1950-51. With the growing concern for environmental sustainability, the contribution of the Railways to the transport sector has to increase substantially as Railways are more environment friendly in terms of carbon emissions and also optimum land use which has become a scarce resource. The Vision 2020 document for Railways seeks to address this shortfall by adding 25000 kms. of new lines by 2020 at an average of nearly 2500 kms per annum as compared to a historical average of bare 220 kms. per annum. The total investment plan in Indian Railways is to the tune of Rs. 14,00,000 crore in the next 10 years which could be mobilize by Railways through surpluses from growth in freight and passenger traffic, supported by prudent borrowing and use of

PPP initiatives.

There are three critical aspects to be taken care for achieving the targeted expansion of Indian Railways. First, is the quality of investments through which the financial sustainability of the organization can be assured. RVNL has developed expertise in project appraisal including evaluation of projects on a commercial format. This not only ensures better evaluation and analysis of the viability of a project but also helps other stakeholders, such as prospective investors to seek investment opportunities in the rail sector. Railway Board has assigned a number of studies to RVNL, including that of the important DFC corridors, and the reports had been widely appreciated. RVNL is further strengthening its capability and looks forward to more assignments in this regard.

The second issue is with regard to the fast track execution of projects without cost and time overrun so that the initial business projections and financial returns remain intact. RVNL has amply demonstrated that it is capable of implementing and completing stand alone projects, where minimum interaction with the zonal railways is required, in a record time. A number of projects involving construction of major bridges and gauge conversion projects have been implemented within the stipulated timeframe. However, certain issues with regard to implementation of doubling and third line projects required to be addressed. The progress of these projects are severely hampered due to delay in



finalization of plans, change in scope of work and also availability of working traffic blocks. These issues are being sorted out through a standard Memorandum of Understanding to be entered into between RVNL and the Zonal Railways and also the forming of a Committee of Additional Members in the Railway Board.

Thirdly, as mentioned above, it is anticipated that a major portion of Railways investment plan in the 12th Five Year Plan and beyond will be through private participation. RVNL is the only organization of Indian Railway which has five projects under PPP and has been able to mobilize an amount of Rs.3308 crore from private partners through equity and debt. Further, RVNL with its equity base of Rs. 2085 crore (authorized capital 3000 crore) is in a position to mobilise market borrowings at a much higher level by leveraging its large capital base. RVNL looks forward to the opportunity of assisting Indian Railways in the required resource mobilization and is engaged with Railway Board to give RVNL the necessary authorization in terms of original mandate. RVNL will also assist the Railways in the development of more efficient models of projection formulation and appraisal to meet the requirements of private investors. RVNL is already in the process of developing new models of PPP to meet the requirements of different nature of railway infrastructure projects.

Keeping in view the expertise in project evaluation and track record in execution of projects, it is perceived that RVNL will play a major role in the

expansion plans of Indian Railways. Accordingly, RVNL sees tremendous business opportunities by assignment of a large number of projects for execution, and at the same time RVNL recognizes the urgency for capacity enhancement and to deliver completed projects as per the expectations of the various customers within Indian Railways. There is also a major thrust in the Railway Electrification programme and RVNL is emerging as a major player in this sector.

A major development, which has taken RVNL to a different level of diversification, is the assignment of construction of about 60 km of Metro Rail Kolkata. RVNL has already geared up to squarely meet this challenge and is confident of adding value to Metro Rail works through faster execution and assuring quality. Metro Rail is a preferred mode of transport which is already being adopted by other cities and RVNL sees major business opportunities in this sector also.

### **Rail Vikas Nigam Limited (RVNL) – A Synopsis**

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

RVNL has been established as a Public Sector

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

#### Strengths/Weaknesses / Opportunities/Threats

##### Strengths

- The organisation has developed expertise in undertaking all stages of project development - from concept to commissioning – including feasibility/bankability studies, DPR (detailed project report), financing/structuring of project specific SPVs, tendering for EPC contractors, project supervision, commissioning etc.
- RVNL has established a track record of implementation of projects on a fast track basis and has accordingly refined its tendering and project management processes
- RVNL can develop Private Public Partnership (PPP) models for implementation and financing of rail infrastructure projects
- RVNL has requisite skills and experience to implement projects following ADB procedures and ensuring Resettlement and Rehabilitation of

Project Affected Persons displaced by land acquisition and implementing socio-economic safeguards

- RVNL has introduced large-scale mechanization in all aspects of construction to achieve high quality output and has adopted the latest technology in civil construction, signaling and electrification works
- It has a sound and robust financial management system, which allows for effective monitoring and control of expenditure.

##### Weaknesses

- RVNL has not been notified as a Zonal Railway and accordingly does not have the authority to approve drawings, designs etc. The progress of projects often gets impaired on account of delays in securing the necessary approvals.
- Projects located in disturbed areas, such as in parts of Chattisgarh, Jharkhand and Orissa are adversely affected by poor law and order conditions. The working environment is affected by disruption in supplies, availability of manpower for sub-contractors and even due to the reluctance of technical staff of contractors and PMCs to work in these areas.

##### Opportunities

- RVNL has been recently entrusted with the work of implementation of projects for Kolkata Metro. This will give RVNL an opportunity to develop expertise for implementation of metro projects in new cities across the country.

- With RVNL's growth as a major provider of rail infrastructure, there is an opportunity of securing rail infrastructure projects overseas
- The Vision 2020 document and the formulations for the 12th Plan has recognized the need to leverage extra-budgetary resources for implementation of rail infrastructure projects. This offers opportunities to RVNL as it is the only organization in the rail sector suitable for extra budgetary resource mobilisation.
- RVNL has developed an alternative model for implementing PPP projects on the Railways. If this model is accepted, it will provide a new approach and opportunities for implementing PPP projects for development of infrastructure.
- Another area of opportunity for the Company is restore the original mandate of RVNL, to raise funds from the market for implementation of projects.

### Threats

- The shortage of technical manpower with required experience in rail sector will be a major constraint in the delivery of projects.
- Availability of funds is a critical requirement for implementation of projects for which RVNL is largely dependent on the Ministry of Railways. This over-dependence for sourcing of funds for implementation of projects may create a financial crisis at any time which may prove detrimental in the long term for the execution of projects.
- Land acquisition issues require to be resolved

expeditiously so that the progress of projects is not hampered.

- Delays in clearances for project execution, such as tree-cutting, construction of viaducts in metros for metro rail projects etc.
- A number of projects are being executed along an existing running line, which makes safety a serious challenge.
- Delays in project delivery may have an adverse impact on the image of RVNL.

### Industrial Relations

Industrial Relations remained harmonious and cordial.

### Strategies

The Company is taking measures for ensuring cost control and timely delivery of projects without any compromise on quality to emerge as a leader in the execution and delivery of rail infrastructure projects on a fast track basis. RVNL can play a significant role in Ministry of Railways efforts of raising extra-budgetary resources for project implementation and RVNL has requested Ministry of Railways that it may be permitted to leverage its equity base to raise funds from the market as provided for in its mandate.

To reduce the dependence on seeking officers and staff on deputation from Railways, RVNL has formulated an Absorption Policy. Most of the workforce consists of engineers with experience in Railways and/or its PSUs. RVNL has also recruited specialists to provide continuity and in its project implementation.

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

The Mission, Vision and Objectives of the Company as per the MoU are as mentioned below:

**Mission:**

Creating State of the Art rail transport capacity to meet growing demand.

**Vision:**

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

**Objectives:**

- a. To undertake and execute successfully project development financing and implementation of projects relating to "Strengthening of Golden Quadrilateral, Port and Hinterland connectivity", and other bankable projects under NRVY and specifically assigned to it by the Ministry of Railway;
- b. To mobilize financial and human resources for project implementation;
- c. Timely execution of projects;
- d. To maintain a cost effective organizational set up;

- e. To encourage public private participation in rail related projects managed by RVNL;
- f. To be an infrastructure Project Management Company committed to sustainable development and environment friendly construction of rail related projects in the country;
- g. To acquire, purchase, license, concession or assign rail infrastructure assets including contractual rights and obligation with the approval of MOR whenever required.

**Outlook**

As per the MoU between RVNL and Ministry of Railways for the year 2011-12, RVNL is committed to achieve 230 kms of Doubling and 190 kms of Railway Electrification during the year 2010-11. In addition, RVNL will be taking up implementation of ADB projects under the 2nd loan, and other works recently transferred to RVNL. Execution of works related to expansion of Kolkatta Metro, Workshops etc will be continuing. The Company is expected to incur a financial expenditure of around Rs.1290 crores on project execution in 2010-2011 and finalise contracts worth Rs. 1500 crore.

**Concerns**

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

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

### **Internal Control Systems**

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

The Finance and Accounts Department also conducts reviews of the progress and nature of expenditure and submits reports thereon to Management. Budgetary reviews are also conducted. A system of internal audit by an external firm ensures the efficacy of control systems and also

submission of comments on the appropriateness of incurrence of expenditure and their accountal by the Company. The reports of the internal auditor are periodically reviewed by Audit Committee of the Board of Directors and implementation of recommendations are monitored. The Annual Accounts of the Company are also subject to scrutiny by the Statutory Auditor appointed by CAG and Audit by CAG.

### **Human Resource Development and Industrial Relations**

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

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



**ADDENDUM TO DIRECTORS' REPORT**  
(Management replies to comments in auditors' report)

Sr. No.	Reference to Auditors' Main Report Para No.	Management Reply
1	Para VI (a)	The modalities to be followed to carry out the financial adjustments for completed projects funded through IRFC are under finalization in consultation with Ministry of Railways.

For and on behalf of Board of Directors

Sd/-

(S. C. Agnihotri)

Managing Director

Sd/-

(Harish Chandra)

Director Finance

Place: New Delhi

Date: 26.07.2011

## VINOD KUMAR & ASSOCIATES

COMPANY SECRETARIES

M.COM, FCS, LL.B

343, AJAY PARK, STREET NO. 10-11, NAYA BAZAR, NAJAFGARH, NEW DELHI - 110043

CELL NO. 9212477250, 8800497844

vkaneja2001@gmail.com, fcsvinod@gmail.com

Annexure - I B

### CERTIFICATE OF COMPLIANCE

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

To  
The Members of  
RAIL VIKAS NIGAM LIMITED  
New Delhi

The Certificate I in respect of the Compliance of the conditions of corporate governance as issued by the Department of Public Enterprises on 14th May 2010, RAIL VIKAS NIGAM LIMITED, a Government Company under section 617 of the Companies Act, 1956, for the year ended 31st March, 2011 as stipulated in the Company's code on Corporate Governance.

We have studied the Report on Corporate Governance of the said Company as approved by its Board of Directors. We have also examined the relevant records and documents maintained by the company and furnished to us for our review in this regard.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementations 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.

We comment that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the Management has conducted the affairs of the Company.

In our opinion and to the best of our information and on the basis of our review and according to the information and explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance as stipulated in Company's code of corporate governance in all material respects.

Place:- New Delhi

Date:- 26-07-2011

FOR VINOD KUMAR AND ASSOCIATES  
COMPANY SECRETARIES

Sd/-  
Vinod Kumar (Prop.)  
C.P. No. 5740

## Balance Sheet as at March 31st, 2011

	Sch	As at March 31, 2011		As at March 31, 2010	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Share Capital	1		2085,02,01,000		2085,02,01,000
Reserves and Surplus	2		151,49,61,378		106,76,22,870
CSR Fund			1,77,92,983		
Loan Funds					
Unsecured Loans	3		4171,70,13,490		5226,06,06,008
			<u>6409,99,68,851</u>		<u>7417,84,29,878</u>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets					
Gross Block			14,82,53,684		10,89,19,628
Less: Depreciation/amortization-to-date			<u>10,98,63,832</u>		<u>8,17,44,534</u>
Net Block	4		3,83,89,852		2,71,75,094
Investments	5		472,26,12,232		399,83,00,546
Deferred Tax Asset			-		1,17,07,165
Current Assets, Loans and Advances					
Project Work-in-Progress	6	5630,30,16,641		6395,32,27,719	
Add: Advances for Project Expenditure		<u>352,09,61,964</u>		<u>320,64,86,330</u>	
		5982,39,78,605		6715,97,14,049	
Cash and Bank Balances	7	268,18,21,940		551,57,33,424	
Sundry Debtors	8	77,50,91,473		104,28,40,088	
Loans and Advances	9	<u>494,82,80,324</u>		<u>421,67,51,527</u>	
		<u>6822,91,72,342</u>		<u>7793,50,39,088</u>	
Less: Current Liabilities and Provisions					
Liabilities	10	855,69,09,617		743,38,81,247	
Provisions	11	<u>33,32,95,958</u>		<u>35,99,10,768</u>	
		<u>889,02,05,575</u>		<u>779,37,92,015</u>	
Net Current Assets			5933,89,66,767		7014,12,47,073
Miscellaneous Expenditure (To the extent not written off or adjusted)	12		-		-
			<u>6409,99,68,851</u>		<u>7417,84,29,878</u>
Significant Accounting Policies	17				
Notes to the Accounts	18				

This is the Balance Sheet referred to in our report of even date

Bhushan Bensal Jain Associates  
Chartered Accountants  
Firm Registration No.:003884N

sd/-  
CA Ravi Bhardwaj  
Partner  
M.No. 80656  
Place : New Delhi  
Date : 26.07.2011

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

ON BEHALF OF THE BOARD

sd/-  
S.C.Agnihotri  
Managing Director

sd/-  
Harish Chandra  
Director Finance

**Profit & loss account for the year ended March 31st, 2011**

	Sch	Current Year		Previous Year	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>INCOME</b>					
<b>Turnover</b>					
- From construction work in progress (project activity)	13		1444,64,66,258		1749,07,53,808
<b>Interest Income</b>					
-Interest on Current Investment (TDS deducted ₹ 56,09,901 Previous Year ₹ 34,84,790)			5,52,79,157		2,76,18,493
- Banks - Gross (TDS deducted ₹ 1,80,22,423 Previous Year ₹ 1,51,64,840)			17,75,89,395		12,01,88,031
- Others - Gross (TDS deducted ₹ 13,62,552 Previous Year ₹ 43,53,356)			1,20,82,190		4,35,33,565
- Others on Mobilizations Advance		11,85,01,096		10,72,35,241	
Tender Processing Fees		-		16,09,000	
Other Income		-		1,02,04,026	
		<u>11,85,01,096</u>		<u>11,90,48,267</u>	
Less : Transferred to Incidental Expenditure during construction period - Schedule - 6		<u>11,85,01,096</u>	-	<u>11,90,48,267</u>	-
Dividend Received			15,00,00,000		3,00,00,000
			<u>1484,14,17,000</u>		<u>1771,20,93,897</u>
<b>EXPENDITURE:</b>					
Direct expenses on construction and project related activity	14		1399,62,97,919		1690,38,22,607
<b>GROSS PROFIT</b>			84,51,19,081		80,82,71,290
<b>INDIRECT EXPENDITURE</b>					
Employees' Remuneration and Benefits	15		3,94,82,560		3,43,16,436
Supervision Charges	16		4,29,20,178		8,73,03,689
Depreciation		3,08,20,539		1,95,94,428	
Less : Transferred to Incidental Expenditure during construction period - Schedule - 6		<u>2,25,77,956</u>	82,42,583	<u>1,28,91,696</u>	67,02,732
Preliminary Expenses Written off			-		<u>50,64,620</u>
			<u>9,06,45,321</u>		<u>13,33,87,477</u>
<b>Profit for the year before tax</b>			<u>75,44,73,760</u>		<u>67,48,83,813</u>
<b>- Income Tax</b>					
Current		13,26,38,310		15,67,15,251	
Deferred Tax credit		-		(1,705,868)	
Deferred Tax Asset w/off		11,707,165			
Earlier years		<u>(764,144)</u>		<u>807,107</u>	
			<u>14,35,81,331</u>		<u>15,58,16,490</u>
<b>Profit After Tax</b>			<u>61,08,92,429</u>		<u>51,90,67,323</u>
Add: Balance b/fd from previous year			<u>85,76,22,870</u>		<u>53,55,50,547</u>
<b>Profit Available for Appropriation</b>			<u>146,85,15,299</u>		<u>105,46,17,870</u>
Less: Transfer to CSR Fund			1,77,92,983		-
Less: Transfer to General Reserve			<u>10,00,00,000</u>		<u>8,00,00,000</u>

	Sch	As at March 31, 2011		As at March 31, 2010	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Profit Available for Distribution			135,07,22,315		97,46,17,870
Proposed Dividend			12,50,00,000		10,00,00,000
Additional Tax on Dividend			2,07,60,938		1,69,95,000
Surplus Profit carried forward during the year to Reserve & Surplus			<u>120,49,61,378</u>		<u>85,76,22,870</u>
<b>BASIC EPS / DILUTED EPS</b>			<b>0.29</b>		<b>0.25</b>
Significant accounting policies	17				
Notes to the accounts	18				

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

Bhushan Bensal Jain Associates  
Chartered Accountants  
Firm Registration No.:003884N

sd/-  
CA Ravi Bhardwaj  
Partner  
M.No. 80656

Place : New Delhi  
Date : 26.07.2011

The schedules referred to above  
form an integral part of the Profit & Loss Account  
**ON BEHALF OF THE BOARD**

sd/-  
S.C.Agnihotri  
Managing Director

sd/-  
Harish Chandra  
Director Finance

**Cash flow statement for the year ended March 31st, 2011**

S.N.	PARTICULARS	Current Year		Previous Year	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
1	<b>Cash Flow from Operating Activities</b>				
	Net profit before taxation, and extraordinary items	75,44,73,760		67,48,83,813	
	Add: Adjustment for :				
	Depreciation	82,42,583		67,02,732	
	Interest Income	(177,589,395)		(120,188,031)	
	Dividend Received	(150,000,000)		(30,000,000)	
	Preliminary expenses written off	-		50,64,620	
	<b>Operating profit before Working Capital changes</b>	<b>43,51,26,948</b>		<b>53,64,63,134</b>	
	<b>Adjustments for changes in Working Capital:</b>				
	(Increase) in other receivables	687,19,55,263		(13,737,625,506)	
	Increase in current liabilities	112,30,28,370		254,83,84,846	
	Increase in Provision	(26,614,810)		(96,727,118)	
	Decrease in Deferred Tax Asset	11,707,165		(1,705,868)	
	<b>Cash Generated from Operations</b>	<b>841,52,02,936</b>		<b>(10,751,210,512)</b>	
	Direct Taxes paid/Received (Net of TDS)	(143,581,331)		(155,816,490)	
	<b>Cash flow from Operations</b>	<b>827,16,21,605</b>	<b>827,16,21,605</b>	<b>(10,907,027,002)</b>	<b>(10,907,027,002)</b>
	(A)				
2	<b>Cash from Investment Activities :-</b>				
	Purchase of Fixed assets	(19,457,342)		-206,829	
	Interest income (Revenue)	17,75,89,395		12,01,88,031	
	Dividend Received	15,00,00,000		3,00,00,000	
	<b>Net Cash generated from / (used in) Investing activities (B)</b>	<b>30,81,32,053</b>	<b>30,81,32,053</b>	<b>14,99,81,202</b>	<b>14,99,81,202</b>
3	<b>Cash flow from Financing Activities :-</b>				
	Proceeds from issuance of share capital (including share application money)	-		-	
	Proceeds from long term borrowings	(10,543,592,518)		1316,06,06,008	
	Proposed Dividend and tax thereon	(145,760,938)		(116,995,000)	
	Investment	(724,311,686)		(374,073,527)	
	<b>Net Cash generated from / (used in) Financing activities (C)</b>	<b>(11,413,665,142)</b>	<b>(11,413,665,142)</b>	<b>1266,95,37,481</b>	<b>1266,95,37,481</b>
	<b>Net Increase/(Decrease) in cash &amp; cash equivalent (A+B+C)</b>	<b>(2,833,911,484)</b>		<b>191,24,91,681</b>	
	<b>Cash &amp; Cash equivalent at the beginning of the year</b>	<b>551,57,33,424</b>		<b>426,87,92,289</b>	
	<b>Cash &amp; Cash equivalent at the closing of the year</b>	<b>268,18,21,940</b>		<b>551,57,33,424</b>	
	<b>Cash and Cash equivalents comprise</b>				
	Cash and Cheques in Hand	5,83,197		6,90,106	
	Balance with Scheduled Banks				
	On Current Account	17,12,38,743		65,02,05,004	
	On term Deposit Account	251,00,00,000		486,48,38,314	

**Notes :**

The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by The Institute of Chartered Accountants of India.

- Previous year's figures have been regrouped and rearranged, wherever necessary.

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

Bhushan Bensal Jain Associates  
Chartered Accountants  
Firm Registration No.:003884N  
sd/-

CA Ravi Bhardwaj  
Partner  
M.No. 80656  
Place : New Delhi  
Date : 26.07.2011

ON BEHALF OF THE BOARD

sd/-  
S.C.Agnihotri  
Managing Director

sd/-  
Harish Chandra  
Director Finance



## Schedules attached to and forming part of Balance Sheet as at March 31st, 2011

	As at March 31, 2011		As at March 31, 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
<b>Authorized Capital</b>				
3,00,00,00,000 (previous year 3,00,00,00,000) Equity Shares of ₹ 10/- each		<u>3000,00,00,000</u>		<u>3000,00,00,000</u>
<b>Issued, Subscribed and Paid up Capital</b>				
2,05,76,70,000 (Previous year 2,05,76,70,000) Equity Shares of ₹ 10/- each fully paid up		2057,67,00,000		2057,67,00,000
2,73,50,100 (Previous year 2,73,50,100) Equity Shares of ₹ 10 each fully paid up issued for consideration other than cash		27,35,01,000		27,35,01,000
		<u>2085,02,01,000</u>		<u>2085,02,01,000</u>
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
<b>General Reserve</b>				
As Per last Balance Sheet	21,00,00,000		13,00,00,000	
Addition during the year	10,00,00,000	31,00,00,000	8,00,00,000	21,00,00,000
<b>Profit &amp; Loss Account</b>				
As Per last Balance Sheet	85,76,22,870		53,55,50,547	
Profit for the year	34,73,38,508	120,49,61,378	32,20,72,323	85,76,22,870
		<u>151,49,61,378</u>		<u>106,76,22,870</u>
<b>SCHEDULE 3</b>				
<b>UNSECURED LOANS</b>				
<b>Other Loans and Advances</b>				
<b>INDIAN RAILWAY FINANCE CORPORATION</b>				
Opening Balance	1827,83,33,334		1501,00,00,000	
Add: Additions During the Year	100,00,00,000		370,00,00,000	
Less: Repayment During the Year	80,66,66,666	1847,16,66,668	43,16,66,666	1827,83,33,334
<b>MINISTRY OF RAILWAY</b>				
<b>Project Advance Capital</b>				
Opening Balance	1127,00,00,000		642,00,00,000	
Add: Additions During the Year	454,47,00,000		485,00,00,000	
Less: Projects Transferred during the year	739,38,65,670	842,08,34,330	-	1127,00,00,000
<b>Project Advance (Capital Fund)</b>				
Opening Balance	2228,00,00,000		1767,00,00,000	
Add: Additions During the Year	332,98,00,000		461,00,00,000	
Less: Projects Transferred during the year	1235,11,20,840	1325,86,79,160	-	2228,00,00,000
<b>Advance Received from MOR for IRFC Loan Repayment</b>				
Opening Balance	43,22,72,674		-	
Add: Additions During the Year	80,60,60,658		43,22,72,674	
Less: Adjustment during the year	-	123,83,33,332	-	43,22,72,674
<b>Misc Advance Capital (Metro Projects)</b>				
Opening Balance	-		-	
Add: Additions During the Year	32,75,00,000		-	
Less: Projects Transferred during the year	-	32,75,00,000	-	-
		<u>4171,70,13,490</u>		<u>5226,06,06,008</u>

**Schedules attached to and forming part of Balance Sheet as at March 31, 2011**
**SCHEDULE :4  
Fixed Assets**

BLOCK OF ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost up to March 31, 2010 Amount (₹)	Additions during the year Amount (₹)	Deletions / adjustments during the year Amount (₹)	Cost up to March 31, 2011 Amount (₹)	Up to March 31, 2010 Amount (₹)	Depreciation during the year* Amount (₹)	Depreciation on sale / adjustments Amount (₹)	Up to March 31, 2011 Amount (₹)	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)		
<b>A Tangible Assets</b>												
Lease hold improvements	2,49,54,817	1,27,05,534	-	3,76,60,351	1,91,13,806	69,21,257	-	2,60,35,063	1,16,25,288	58,41,011		
Furniture and fixtures	2,42,68,904	69,08,199	14,94,367	2,96,82,736	1,77,47,359	73,02,911	9,76,023	2,40,74,248	56,08,488	65,21,545		
Computers	3,32,92,209	1,07,02,720	17,64,284	4,22,30,645	2,72,74,785	66,83,694	7,38,052	3,32,20,427	90,10,218	60,17,424		
Office equipments	2,31,50,153	1,33,13,366	13,57,629	3,51,05,890	1,46,37,170	95,83,909	9,87,167	2,32,33,912	1,18,71,978	85,12,983		
<b>B Intangible Assets</b>												
Software	32,53,545	3,23,418	2,900	35,74,063	29,71,414	3,28,768		33,00,182	2,73,881	2,82,130		
	10,89,19,628	4,39,53,237	46,19,180	14,82,53,684	8,17,44,534	3,08,20,539	27,01,242	10,98,63,832	3,83,89,853	2,71,75,094		
<b>PREVIOUS YEAR</b>	9,84,86,505	1,62,29,035	57,95,912	10,89,19,628	6,48,15,508	1,95,94,427	26,65,401	8,17,44,534	2,71,75,094			

## Schedules attached to and forming part of Balance Sheet as at March 31st, 2011

	As at March 31, 2011		As at March 31, 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)

**SCHEDULE 5****INVESTMENTS****Long Term Trade Investment - unquoted at cost**

Fully Paid Equity Shares in Incorporated Joint Ventures

10,00,00,000 (Previous Year - 10,00,00,000) Equity

Shares of ₹ 10 each fully paid - Equity in

Kutch Railway Company Limited

100,00,00,000

100,00,00,000

25,000 (Previous Year - 25,000) Equity Shares of

₹ 10 each fully paid - Equity in

Haridaspur Paradip Railway Company Limited

2,50,000

2,50,000

25,000 (Previous Year - 25,000) Equity Shares of

₹ 10 each fully paid - Equity in

Krishnapatnam Railway Company Limited

2,50,000

2,50,000

2,50,00,000 (Previous Year - 25,000) Equity Shares of

₹ 10 each fully paid - Equity in

Bharuch Dahej Railway Company Limited

25,00,00,000

25,00,00,000

25,000 (Previous Year - Nil) Equity Shares of

₹ 10 each fully paid - Equity in

Angul Sukinda Railway Company Limited

2,50,000

2,50,000

**Share Application Money Pending Allotment\*:**

-Bharuch Dahej Railway Company

-

-

-Krishnapatnam Railway Company Limited

81,00,00,000

52,50,00,000

-Haridaspur Paradip Railway Company Limited

133,20,00,000

133,20,00,000

-Angul Sukinda Railway Company Limited

22,50,00,000

236,70,00,000

22,50,00,000

208,20,00,000

**Current Investment - at cost**

Term Deposit in Schedule Bank

110,48,62,232

66,55,50,546

472,26,12,232
399,83,00,546

\* Amount committed towards share money calls to be received: ₹ 173.925 crores (Previous Year ₹ 194.925 crores)

**Schedules attached to and forming part of Balance Sheet as at March 31st, 2011**

	Opening Balance as at 01.04.2010 Amount (₹)	Addition during the year Amount (₹)	Project Transferred during the year Amount (₹)	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
<b>SCHEDULE 6</b>					
<b>PROJECT WORK IN PROGRESS</b>					
<b>Civil Works</b>					
Bridges	972,36,37,626	189,24,87,727	353,62,04,053	807,99,21,300	972,36,37,626
Construction Stores at site	141,62,46,886	140,62,40,518	-	282,24,87,404	141,62,46,886
Preliminary Project Expenditure	34,16,13,620	3,06,49,561	4,15,74,605	33,06,88,576	34,16,13,620
Equipments Plants and Machinery	74,00,48,380	97,11,516	20,11,18,849	54,86,41,047	74,00,48,380
Foot Over Bridge	16,59,11,192	14,69,746	7,36,672	16,66,44,266	16,59,11,192
Formation	464,40,96,755	135,02,63,246	122,78,97,497	476,64,62,504	464,40,96,755
Land	151,11,84,407	39,04,62,347	5,10,64,478	185,05,82,276	151,11,84,407
Permanent Way	2967,56,18,113	308,99,00,797	808,00,94,724	2468,54,24,186	2967,56,18,113
Schedule of Day Works Rate	54,53,788	6,60,501	18,70,747	42,43,542	54,53,788
Shifting of Overhead / Underground Crossing	5,65,33,830	37,93,465	1,75,183	6,01,52,112	5,65,33,830
Station Buildings	290,22,82,370	77,48,86,566	120,98,56,284	246,73,12,652	290,22,82,370
<b>Total Civil Work (A)</b>	<b>5118,26,26,967</b>	<b>895,05,25,990</b>	<b>1435,05,93,093</b>	<b>4578,25,59,864</b>	<b>5118,26,26,967</b>
<b>S &amp; T Work</b>					
Detail Design & Engineering	4,83,75,187	6,51,39,621	44,99,304	10,90,15,504	4,83,75,187
Signaling Arrangement	203,20,67,029	17,24,80,080	84,85,94,872	135,59,52,237	203,20,67,029
Telecommunication Arrangement	27,15,86,035	8,57,284	19,10,56,615	8,13,86,704	27,15,86,035
Signaling & Telecom Works	418,91,28,854	158,31,59,728	57,58,94,737	519,63,93,845	418,91,28,854
<b>Total S &amp; T Work (B)</b>	<b>654,11,57,105</b>	<b>182,16,36,713</b>	<b>162,00,45,528</b>	<b>674,27,48,290</b>	<b>654,11,57,105</b>
<b>Electrical Works</b>					
Electrification of Building	176,69,73,391	64,14,33,202	32,87,91,715	207,96,14,878	176,69,73,391
Sub-station and Other Equipment	52,00,48,489	11,04,13,849	37,51,87,285	25,52,75,053	52,00,48,489
Overhead Electric Equipment	430,39,63,327	142,35,00,024	221,16,09,407	351,58,53,944	430,39,63,327
<b>Total Electrical Work (C)</b>	<b>659,09,85,207</b>	<b>217,53,47,075</b>	<b>291,55,88,407</b>	<b>585,07,43,875</b>	<b>659,09,85,207</b>
<b>Incidental Expenditure During Construction Period</b>					
Opening Balance	125,00,97,030	-	35,78,67,541	89,22,29,489	125,00,97,030
Add: Transferred from					
Employees' Remuneration and Benefits (Schedule 15)	19,72,49,643	21,80,01,623	-	41,52,51,266	19,72,49,643
Supervision Charges (Schedule 16)	36,73,24,015	30,09,43,623	-	66,82,67,638	36,73,24,015
Depreciation (Profit & Loss Account)	1,28,91,696	2,25,77,956	-	3,54,69,652	1,28,91,696
<b>Total Incidental Expenditure During Construction Period</b>	<b>182,75,62,384</b>	<b>54,15,23,201</b>	<b>35,78,67,541</b>	<b>201,12,18,044</b>	<b>182,75,62,384</b>
Less: Income earned - transferred from Profit & Loss Account	11,90,48,267	11,85,01,096	-	23,75,49,363	11,90,48,267
<b>Net Incidental expenditure Apportioned to Projects in the ratio of spending on individual projects to project expenditure (D)</b>	<b>170,85,14,117</b>	<b>42,30,22,105</b>	<b>35,78,67,541</b>	<b>177,36,68,681</b>	<b>170,85,14,117</b>

	Opening Balance as at 01.04.2010 Amount (₹)	Addition during the year Amount (₹)	Project Transferred during the year Amount (₹)	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
Others					
Expenditure Pending Allocation	189,55,31,144	15,25,27,253	37,13,52,974	167,67,05,423	189,55,31,144
Net Project Execution Income	61,39,17,167	26,64,83,090	13,07,48,856	74,96,51,401	61,39,17,167
<b>Total Others (E)</b>	<b>250,94,48,311</b>	<b>41,90,10,343</b>	<b>50,21,01,830</b>	<b>242,63,56,824</b>	<b>250,94,48,311</b>
<b>Total Project Work in Progress</b>	<b>6853,27,31,707</b>	<b>1378,95,42,226</b>	<b>1974,61,96,399</b>	<b>6257,60,77,534</b>	<b>6853,27,31,707</b>
Less: Credit from Release Material	16,25,058	-	12,09,889	4,15,169	16,25,058
Less: to date Expenditure incurred on SPVs transferred to Schedule 14	457,78,78,930	169,47,66,794	-	627,26,45,724	457,78,78,930
<b>Net Project Work in Progress for MOR Projects</b>	<b>6395,32,27,719</b>	<b>1209,47,75,432</b>	<b>1974,49,86,510</b>	<b>5630,30,16,641</b>	<b>6395,32,27,719</b>

**Schedules attached to and forming part of Balance Sheet as at March 31st, 2011**

	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
<b>SCHEDULE 7</b>		
<b>CASH AND BANK BALANCES</b>		
1. Cash balances		
Cash and cheques in hand	-	2,00,000
Imprest accounts	5,83,197	4,90,106
<b>Total (A)</b>	<u>5,83,197</u>	<u>6,90,106</u>
2. Balance with scheduled banks		
On Current Account	17,12,38,743	65,02,05,004
On Fixed Deposit	251,00,00,000	486,48,38,314
<b>Total (B)</b>	<u>268,12,38,743</u>	<u>551,50,43,318</u>
<b>TOTAL (A) + (B)</b>	<u><u>268,18,21,940</u></u>	<u><u>551,57,33,424</u></u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
More than six months	19,94,18,312	-
Others	57,56,73,161	104,28,40,088
	<u>77,50,91,473</u>	<u>104,28,40,088</u>
<b>SCHEDULE 9</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Recoverable from Ministry of Railways (Interest & processing fee)	473,40,46,944	400,53,59,755
Interest Accrued on Fixed Deposits and Mobilization Advances	2,24,04,871	3,27,82,136
Security Deposit	2,75,67,450	2,60,32,571
Advance Tax and Tax deducted at source	13,57,88,209	12,37,85,341
Others	2,84,72,850	2,87,91,724
	<u>494,82,80,324</u>	<u>421,67,51,527</u>
Advances include amounts due by		
(i) Directors of the Company	-	9,371
[Maximum due during the year ₹ NIL (Previous Year ₹ 9,371 )]		



Schedules attached to and forming part of Balance Sheet as at March 31<sup>st</sup>, 2011

	As at March 31, 2011		As at March 31, 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>SCHEDULE 10</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors				
Micro ,Small & Medium Enterprises		-		-
Others		205,29,80,571		198,82,07,977
Earnest Money and Security Deposit		56,38,38,885		39,78,50,358
Other Liabilities		15,63,89,481		19,16,17,342
Book Overdraft**		8,96,04,601		28,25,35,068
Advance received from Customers against Deposit Work (others)		97,00,49,135		57,83,10,747
<b>Interest Accrued but not Due on Loans</b>				
Opening Balance	399,53,59,755		295,47,98,331	
Add: Additions During the Year	195,74,86,912		164,82,88,750	
Less: Repayment During the Year	<u>122,87,99,723</u>	472,40,46,944	<u>60,77,27,326</u>	399,53,59,755
		<u>855,69,09,617</u>		<u>743,38,81,247</u>

\*\*Balance in current accounts linked with time deposits have resulted in book overdraft due to cheques issued but not presented amounting to ₹9,02,91,602 (Previous year ₹28,30,88,685)

**SCHEDULE 11****PROVISIONS****Provision for Retirement Benefits**

Opening Balance	13,13,089		7,18,745	
Add: Additions During the Year	46,50,935		5,94,344	
Less: Utilised during the year	<u>72,382</u>	58,91,642	<u>-</u>	13,13,089

**Provision for Tax**

Opening Balance	15,67,15,251		28,50,94,648	
Add: Additions During the Year	13,26,38,310		15,67,15,251	
Less: Utilised during the year	<u>15,67,15,251</u>	13,26,38,310	<u>285,094,648</u>	15,67,15,251

**Dividend Payable**

Opening Balance	10,00,00,000		8,00,00,000	
Add: Additions During the Year	12,50,00,000		10,00,00,000	
Less: Paid during the year	<u>10,00,00,000</u>	12,50,00,000	<u>8,00,00,000</u>	10,00,00,000

**Provision for Foreign Service Contribution**

Opening Balance	5,04,21,817		5,59,23,511	
Add: Additions During the Year	2,68,85,871		3,85,89,916	
Less: Utilised during the year	<u>4,49,09,558</u>	3,23,98,130	<u>4,40,91,610</u>	5,04,21,817

**Provision for PRP/PLI**

Opening Balance	5,14,60,611		3,49,00,982	
Add: Additions During the Year	2,68,44,883		2,65,00,000	
Less: Utilised during the year	<u>4,09,37,618</u>	3,73,67,876	<u>99,40,371</u>	5,14,60,611

33,32,95,95835,99,10,768

**Schedules attached to and forming part of Balance Sheet as at March 31<sup>st</sup>, 2011**

	As at March 31, 2011		As at March 31, 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)

**SCHEDULE 12**
**MISCELLANEOUS EXPENDITURE**

Balance as per last Balance Sheet	-	-	50,64,620	-
Less: Written off during the year	-	-	50,64,620	-

	For the year ended		For the year ended	
	March 31, 2011		March 31, 2010	
	Amount (₹)		Amount (₹)	

**SCHEDULE 13**
**Turnover from Construction Work in Progress (Project Activity)**

- From Project under NRVY(MOR)	1136,99,45,157	1098,03,94,612
- From Project under Zonal Railway	72,48,30,275	251,14,11,169
- From Deposit Work - Project for SPV	183,44,60,814	263,63,60,899
- From Deposit Work - Project for Others	51,72,30,012	136,25,87,128
	<u>1444,64,66,258</u>	<u>1749,07,53,808</u>

**SCHEDULE 14**
**Direct expenses on construction and project related activity**

Direct Expenditure incurred on Projects (MOR)	1110,34,62,068	1072,30,41,613
Direct Expenditure incurred on Projects (Zonal Railway)	72,48,30,275	251,14,11,169
Direct Expenditure incurred on Deposit Work - Projects (SPV) (refer Schedule 6)	169,47,66,794	241,27,66,028
Direct Expenditure incurred on Deposit Work - Projects for Others	47,32,38,782	125,66,03,797
	<u>1399,62,97,919</u>	<u>1690,38,22,607</u>

Schedule attached to and forming part of Profit & Loss account for the year ended March 31st, 2011

	Expenditure Charged to Profit & Loss Account		Incidental Expenditure during Construction		Total Expenses	
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>SCHEDULE 15</b>						
<b>Employees' Remuneration &amp; Benefits</b>						
Salaries and allowances	3,60,55,172	3,24,79,638	20,13,88,941	18,62,10,470	23,74,44,113	21,86,90,108
Contribution to Provident and other funds	6,50,994	2,37,375	45,56,955	16,61,623	52,07,948	18,98,998
Staff welfare	27,76,395	15,99,423	1,20,55,727	93,77,550	1,48,32,122	1,09,76,973
<b>Total Employees Remuneration &amp; Benefits</b>	<b>3,94,82,560</b>	<b>3,43,16,436</b>	<b>21,80,01,623</b>	<b>19,72,49,643</b>	<b>25,74,84,183</b>	<b>23,15,66,079</b>
<b>SCHEDULE 16</b>						
<b>Supervision charges</b>						
Professional consultancy fees	57,17,681	50,41,765	3,44,79,129	1,95,12,927	4,01,96,810	2,45,54,692
Project management Consultancy	81,74,895	3,22,75,296	17,80,48,591	17,34,56,116	18,62,23,486	20,57,31,412
Advertisement and business promotion	12,87,181	20,12,524	84,04,763	59,25,264	96,91,944	79,37,788
Printing and stationery	14,94,462	20,27,400	92,77,802	67,43,801	1,07,72,264	87,71,201
Repairs and maintenance - others	34,45,583	49,91,436	2,56,38,772	1,91,94,558	2,90,84,355	2,41,85,994
Travelling expenses	34,37,879	50,41,688	-	2,20,23,743	34,37,879	2,70,65,431
Rent	1,05,40,095	2,23,40,582	-	7,40,63,500	1,05,40,095	9,64,04,082
Legal and professional charges	2,36,629	1,57,797	13,13,538	11,04,577	15,50,167	12,62,374
Communication	16,47,288	28,51,332	99,96,625	96,12,605	1,16,43,913	1,24,63,937
Electricity	11,57,875	17,02,552	88,44,898	55,20,173	1,00,02,773	72,22,725
Conveyance expenses	49,86,403	68,40,143	2,84,63,219	2,50,97,795	3,34,49,622	3,19,37,938
Books and periodicals	1,25,855	2,67,960	8,69,375	7,81,348	9,95,230	10,49,308
Auditor Remuneration (including service tax)						
- Audit Fees	54,839	29,378	3,83,876	2,05,642	4,38,715	2,35,020
- Out of pocket expenses	763	13,750	5,338	96,250	6,100	1,10,000
- Other Matters		12,409	-	86,861	-	99,270
Miscellaneous expenses	4,08,766	6,68,064	19,69,863	16,47,564	23,78,629	23,15,628
Prior year expenses	5,928	3,21,613	29,107	22,51,291	35,035	25,72,904
Rates & Taxes	1,10,056	7,00,000	-	-	1,10,056	7,00,000
Director sitting fees	88,000	8,000	-	-	88,000	8,000
<b>Less: Misc Receipts</b>						
Tender Processing Fees	-	-	37,12,250	-	37,12,250	-
Other Income	-	-	30,69,022	-	30,69,022	-
	<b>4,29,20,178</b>	<b>8,73,03,689</b>	<b>30,09,43,623</b>	<b>36,73,24,015</b>	<b>34,38,63,801</b>	<b>45,46,27,704</b>

## SCHEDULE 17

### SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

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

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

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

#### 1. Fixed Assets

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

#### 2. Depreciation

- (i) Depreciation on individual assets acquired for

5000/- or less is depreciated at the rate of 100% in the year of purchase itself.

- (ii) Depreciation is provided on pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows:

Furniture and Fixture	23.75%
Computers	31.67%
Office Equipments (Excluding Mobile Phones)	19.00%
Mobile Phones	47.50%

- (iii) Leasehold improvements are amortized over the period of lease from the year in which such improvements are capitalized.
- (iv) Capitalized software costs are amortized @ 33.33% on pro rata basis except where the estimated useful life is less than three years.

#### 3. Impairment of assets

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

#### 4. Investments

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

carrying amount of such investments is done on the basis of specific identification.

## 5. Inventories

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

## 6. Revenue recognition

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

- (i) Projects executed for Ministry of Railways (MOR): Revenue from project execution is determined by adding aggregate cost plus margin agreed with MOR and any subsequent clarification received in this respect.
- (ii) Deposit works (cost plus contract) related to JCEs (Jointly Controlled Entities in the form of Special Purpose Vehicles and others): Contract revenue is determined by adding the aggregate cost plus proportionate margin (Direction & General Charges) based on fixed percentage as agreed with the customer.
- (iii) Claims are accounted as income in the year of acceptance by client or evidence of acceptance received.
- (iv) Interest on investment is accounted on accrual basis, inclusive of related tax deducted at source.
- (v) Other items of income are accounted as and when the right to receive arises.

## 7. Employee Benefits

### a) Short term employee benefits

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

### b) Post employment benefits

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

### c) Long Term Employee Benefits

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

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

#### 8. Foreign currency transaction

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

#### 9. Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

#### 10. Taxes on Income

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

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

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

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be

available against which such deferred tax assets can be realized

#### 11. Provisions and contingencies

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

#### 12. Lease Rental

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

For and on behalf of the Board

Sd/-

S. C. Agnihotri  
Managing Director

Sd/-

Harish Chandra  
Director Finance

Place: New Delhi

Date: 26.07.2011



## SCHEDULE 18

### NOTES TO THE ACCOUNTS

#### 1. Inventories

- i. Land cost included in Project Work in Progress represents payments made to various Zonal Railways for the purpose of acquisition of land. The total payment made amounts to ₹ 190.17 crore (Previous year: ₹ 151.12 crore). The land so acquired is in the name of the Zonal Railway.
- ii. The Company is executing projects transferred by MOR under the MoU. In some of the projects, initially transferred to the Company, work was already in progress and some of the Zonal Railways had incurred expenditure on those projects prior to their transfer to the Company. The expenditure made by the concerned Railways prior to the formation of the Company has not been taken into account.
- iii. In the opinion of the Management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these have been stated in the Balance Sheet.

#### 2. Revenue

- i. The Company has accounted for income from Project execution @ 2% on the expenditure incurred by it on MOR projects, which are being directly implemented by the Company as per the directions of MOR. Accordingly, management fees amounting to ₹ 22.21 crore (Previous Year ₹ 21.45 crore) has been recognized as income.
- ii. In addition, from the financial year 2009-2010, MOR has decided to allow an incentive of 0.5% for the Company. This incentive shall be allowed to RVNL

based upon the grading awarded by the Department of Public Enterprises every year. Accordingly, RVNL would be eligible for the full incentive of 0.5% if it achieves the grading of "Excellent", 0.4% incentive if it achieves grading of "Very Good" and 0.3% incentive for the grading of "Good". No incentive would be allowed if the grading is less than "Good". The amount of incentive has been calculated on the basis of the latest grading of "Very Good" communicated by DPE on the annual expenditure incurred on Railway projects by RVNL. Accordingly, an incentive amounting to ₹ 4.44 crore (Previous Year ₹ 4.29 crore) has been recognized as income.

- iii. Expenditure on work in progress against contracts awarded by the Company is recognized on completion of measurements and testing certified by the Engineer.
- iv. Expenditure of execution of projects done by the Zonal Railways on behalf of the Company on MOR projects is accounted for on the basis of statement of a estimated expenditure received from respective Zonal Railways and is adjusted allocation-wise as and when the final expenditure statement is received.

#### 3 Deposit Works (SPVs and others)

- i. Works being executed for SPVs and others are treated as a deposit work. The advance received is disclosed under Current Liabilities and the amount recoverable on account of project execution under Sundry Debtors.
- ii. The Company is executing projects for SPVs of the Company and other parties as a deposit work, the corresponding current assets and liabilities in respect of such projects have been recognized on the basis of expenditure incurred plus D&G charges as agreed.

## iii. Costs incurred for Deposit Works:

	Year ended March 31, 2011	Year ended March 31, 2010
	(₹ in crore)	(₹ in crore)
Costs incurred for Deposit Works	216.80	366.94
Recognized Profit/Loss	18.37	32.96
Cumulative amount of costs incurred and recognized Profit/Loss	1011.75	794.95
Advance received	97.00	57.83
Gross Amount due from Customers	77.51	104.28

- 4 As decided by MOR the Company has cumulatively borrowed funds aggregating to ₹ 1,971 crore (Previous year ₹ 1,871 crore) from Indian Railway Finance Corporation (IRFC). After cumulative repayment of Principal of ₹ 123.83 crore (Previous Year ₹ 43.17 crore). The net borrowing is ₹ 1,847.17 (Previous Year is ₹ 1827.83). The interest liability has been assessed at the rate as advised by IRFC from time to time. For 2010-11, the rate advised by IRFC is 8.92% (Previous Year 8.73%). MOR has decided to bear full responsibility of the repayment of principal and cost of borrowing (interest) on the entire sum of the borrowed funds. The interest accrued but not due on the IRFC loan amount has been shown as recoverable from MOR under Current Assets and the interest payable amount under the Current Liabilities in the Balance Sheet.
- 5 Funds received by the Company from Government of India, MOR are utilized for executing projects transferred by MOR. After physical completion of a

project, the assets are to be transferred to the concerned zonal railway who would add the value of assets in their block account.

- 6 The total cost of projects executed for MOR by the Company is ₹ 7,604.80 crore (Previous Year ₹ 6,395.32 crore). Out of this ₹ 1,831.18 crore (Previous Year ₹ 1,758.70 crore) worth of projects has been executed by Zonal Railways on behalf of the Company.
- 7 The value of projects commissioned / completed and put to use by Railways up-to year ended 31st March 2011 amounted to ₹ 4,061.43 crore (Previous year ₹ 3,899.89 crore). Out of the same the value of completed projects funded through MOR sources of funds i.e. Capital is ₹ 739.39 crore and Capital Fund is ₹ 1,235.11 crore and IRFC funded (including project part funded by Tamil Nadu Government) is ₹ 2,086.93 crore.

As some projects have been physically completed by RVNL and handed over to the respective Zonal Railways for operation, the financial adjustments for such projects have been carried out against Project Advance (Capital) and Project Advance (Capital Fund) respectively in the Balance Sheet leading to a reduction in Loan Funds and Project Work in Progress to the tune of ₹ 1,974.50 crore. As some minor works may still be required, the expenditure incurred on projects subsequent to the date of financial adjustments will be cleared at the time of drawing the completion reports.

With regard to the IRFC funded projects, the expenditure incurred on these projects is to be retained on the Balance Sheet of RVNL till the loan amount is liquidated.

8 RVNL in its Letter No. RVNL/F&A/Revenue Stream dated 19.10.2010 addressed to Railway Board has intimated that RVNL will restrict its expenditure at 5% on items which are chargeable to Direction & General (D & G) charges i.e. supervision charges in the Railways. In order to bring parity with the pattern of booking of D & G charges with the Zonal Railways, the expenditure incurred in RVNL on rent (office and residential including related expenses), travel and lodging expenses and a certain element of medical expenses have been booked directly to the projects under the head Project Work in Progress. The expenditure incurred on this account in 2010-11 is ₹11.87 crore. The expenditure incurred on this account related to execution of SPV and Deposit work has been charged to the Profit and Loss account.

9 The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and medium enterprises Development Act, 2005 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act is not ascertainable presently.

#### 10 Expenditure in Foreign Currency

	Year ended	Year ended
	March 31, 2011	March 31, 2010
	(₹)	(₹)
Travel expenses	Nil	5,24,019
Project Management Consultancy	Nil	34,47,387

11 Contingent liability in respect of claims not acknowledged as debts by the Company is ₹ 161.71 crore (Previous year ₹ 42.26 crore).

12 Capital commitment towards share capital in SPV's is ₹ 173.93 crore (Previous year ₹ 194.93 crore).

#### 13 Managerial Remuneration

	Year ended	Year ended
	March 31, 2011	March 31, 2010
	(₹)	(₹)
Salary & allowances	1,31,09,369	89,45,560
Provident fund and other fund	7,79,416	5,96,642

Includes ₹ 30,81,253 (Previous year ₹ 44,41,254) for Directors who are on deputation from Ministry of Railways.

#### 14 Employee Benefits

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

#### (b) For RVNL employees

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

	Gratuity	Leave
		Encashment
	(₹)	(₹)
Opening Balance as on 01/04/2010	4,81,501	8,31,588
Interest Cost	39,724	68,606
Current service cost	9,66,693	7,72,847
Benefit paid	(30,159)	(42,223)
Actuarial (Gain)/ Loss on obligation	20,86,829	7,16,236
Closing Balance as on 31/03/2011	35,44,588	23,47,054

Gratuity Benefit is payable to employees on retirement or resignation or death. The amount of gratuity payable is based on past service and salary at time of exit as per Payment of Gratuity act, 1972. There is a vesting period of 5 years on the benefit.

**ACTUARIAL ASSUMPTIONS:**

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

**15 Income Tax :**

- (a) Provision for Income tax has been calculated on the interest income received/ accrued and on D&G charges levied on project execution for SPV and other parties during the year.
- (b) The Company has calculated deferred tax asset due to the timing difference between book depreciation and tax depreciation as ₹ 0.43 crore and deferred tax liability on provision for retirement benefits and FSC as ₹ 1.03 crore. Thus, the net impact after adjusting opening balance of ₹ 1.17 crore is a deferred tax asset of ₹ 0.57 crore as on 31st March 2011. In compliance with provisions of Accounting Standard and based on general prudence, the company has not recognized the deferred tax assets while preparing the accounts of current year.

**16 Earnings per Share:**

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

	2010-11	2009-10
Profit Attributable to the shareholders (₹) (A)	61,08,92,429	51,90,67,323
Basic average number of Equity Shares outstanding at end of the year (Nos.)(B)	208,50,20,100	208,50,20,100
Weighted average number of Equity Shares outstanding during the year (Nos.) (C)	208,50,20,100	208,50,20,100
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per share(₹) (A/C)	0.29	0.25
Diluted Earnings per share(₹) (A/C)	0.29	0.25

**17 Related Party Disclosures (AS-18) :**

- a) Joint Ventures: Kutch Railway Company Limited
- : Haridaspur Paradip Railway Company Limited
  - : Krishnapatnam Railway Company Limited
  - : Bharuch Dahej Railway Company Limited
  - : Angul Sukinda Railway Limited

**b) Key Management Personnel**

Sh. S.C. Agnihotri Managing Director

Sh. Harish Chandra Director/Finance  
 Ms. Gita Mishra Director Personnel  
 Sh. Mukul Jain Director Operation  
 (From 16.06.2010 F/N)  
 Sh. Vijay Anand Director Project  
 (From 09.04.2011 F/N)

c) Enterprises in which Directors interest exist:

NIL

d) Disclosure of transactions with related parties:

(₹ in crore)

Particulars	Transactions		Outstanding Amount **	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Remuneration to key Personnel (b) above	*	*		
<b>HPRCL</b>				
Share Application Money	Nil	Nil		
Expenditure towards project	18.67	42.19	0.88	-19.28
<b>BDRCL</b>				
Share Application Money	Nil	5.88		
Expenditure towards project	99.29	103.24	10.39	14.78
<b>KPRCL</b>				
Share Application Money	28.50	9.00		
Expenditure towards project	69.65	85.36	36.01	57.83
<b>Kutch Railway Company Ltd.</b>				
Misc. debits	-	-	-	-
<b>ASRL</b>				
Share Application Money	Nil	22.50		
Expenditure towards project	0.20	28.90	-15.78	6.92

\* See note No. 12

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

### 18 Disclosure in respect of Joint Venture:

S. No	Name of the Joint Venture	Partner(s) Country of Origin	Proportion of Ownership Interest as at March 31, 2011	Proportion of Ownership Interest as at March 31, 2010
1.	Kutch Railway Company Limited	Rail Vikas Nigam Limited, India	50%	50%
		Kandla Port Trust, India	26%	26%
		Gujarat-Adani Group, India	20%	20%
		Government of Gujarat, India	4%	4%
2.	Haridaspur Paradip Railway Company Limited (HPRCL)	Rail Vikas Nigam Limited, India	50%	50%
		Essel Mining and Industries Ltd., India	50%	50%
3.	Krishnapatanam Railway Company Limited (KRCL)	Rail Vikas Nigam Limited, India	50%	50%
		Krishnapatnam Port Corporation Limited, India	50%	50%
4.	Bharuch Dahej Railway Company Limited (BDRCL)	Rail Vikas Nigam Limited, India	29.4118%	29.4118%
		Adani Petronet (Dahej) Port Private Limited, India	11.7647%	11.7647%
		Gujarat Maritime Board, India	11.7647%	11.7647%
		Dahej SEZ Limited, India	11.7647%	11.7647%

S. No	Name of the Joint Venture	Partner(s) Country of Origin	Proportion of Ownership Interest as at March 31, 2011	Proportion of Ownership Interest as at March 31, 2010
		Gujarat Narmada Valley Fertilizers Corporation Limited, India	11.7647%	11.7647%
		Hindalco Industries Limited, India	11.7647%	11.7647%
		Jindal Rail Infrastructure Limited, India	11.7647%	11.7647%
5.	Angul Sukinda Railway Limited (ASRL)	Rail Vikas Nigam Limited, India Jindal Steel and Power Limited, India	50% 50%	50% 50%

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

**a. Kutch Railway Company Limited**

	As at March 31, 2011	As at March 31, 2010
	(Provisional)	(Audited)
	(₹ in crore)	(₹ in crore)
Assets excluding preliminary expenditure	248.87	287.82
Liabilities	91.94	147.84
Income	153.69	146.68
Expenditure	107.69	97.75

Contingent liabilities: ₹ Nil (Previous year ₹ Nil)

Capital commitment: ₹ 16.50 crore (Previous year ₹ 18.77 crore)

**b. Haridaspur Paradip Railway Company Limited**

	As at March 31, 2011	As at March 31, 2010
	(Provisional)	(Audited)
	(₹ in crore)	(₹ in crore)
Assets excluding preliminary expenditure	138.60	138.85
Liabilities	1.09	1.34
Income	2.59	4.16
Expenditure	0.16	0.11

Contingent liabilities: ₹ Nil (Previous year ₹ Nil)

Capital commitment: ₹ Nil, (Previous year ₹ Nil)

**c. Krishnapatnam Railway Company Limited**

	As at March 31, 2011	As at March 31, 2010
	(Provisional)	(Audited)
	(₹ in crore)	(₹ in crore)
Assets excluding preliminary expenditure	144.53	117.22
Liabilities	17.77	29.71
Income	0.02	0.02
Expenditure	0.04	0.04

Contingent liabilities: ₹ Nil (Previous year ₹ Nil)

Capital commitment: ₹ Nil, (Previous year ₹ Nil)



**d. Bharuch Dahej Railway Company Limited**

	As at	As at
	March 31,	March 31,
	2011	2010
	(Provisional)	(Audited)
	(₹ in crore)	(₹ in crore)
Assets excluding preliminary expenditure	82.43	47.25
Liabilities	57.42	22.25
Income	0.21	0.21
Expenditure	0.12	0.18

Contingent liabilities: ₹ Nil (Previous year ₹ Nil)

Capital commitment: ₹ Nil, (Previous year ₹ Nil)

**e. Angul Sukinda Railway Limited**

	As at	As at
	March 31,	March 31,
	2011	2010
	(Provisional)	(Audited)
	(₹ in crore)	(₹ in crore)
Assets excluding preliminary expenditure	22.59	19.26
Liabilities	0.06	3.48
Income	0.02	0.04
Expenditure	0.02	1.04

Contingent liabilities: ₹ Nil (Previous year ₹ Nil)

Capital commitment: ₹ Nil, (Previous year ₹ Nil)

**19. Business Segment**

As the Company business activity falls within a single segment viz. construction of Railway projects being in the domestic market, the disclosure requirement of AS-17 on 'Segment Reporting' issued by the

Institute of Chartered Accountants of India (ICAI) is not applicable.

**20. Lease Rentals**

The company's leasing arrangements in respect of offices and residential premises are in the nature of operating lease. The rent is being charged on rates agreed to between HUDCO and RVNL based on letter of offer received from HUDCO and agreed to by RVNL. The formal lease agreement between the Company and HUDCO for lease of Corporate Office, New Delhi has not been executed and is under approval of Ministry of Urban Development.

21. Previous year figures have been restated/regrouped/reclassified wherever considered necessary to conform to the current year's classification.

FOR AND ON BEHALF OF BOARD

Sd/-  
S. C. Agnihotri  
Managing Director

Sd/-  
Harish Chandra  
Director Finance

For Bhushan Bensal Jain Associates  
Chartered Accountants  
Firm Registration No: 003884N

Sd/-

(CA Ravi Bhardwaj)  
Partner  
Membership No. 80656

Place: New Delhi

Date: 26.07.2011

## Balance sheet abstract and a company's general business profile

### SCHEDULE VI PART IV COMPANIES ACT, 1956

<b>I. Registration Details</b>			
Registration No.	55-118633	State code	55
Balance Sheet Date	31.03.2011		
<b>II. Capital Raised during the year (Amount in ₹ Thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)</b>			
Liabilities	7,29,90,174	Assets	7,29,90,174
<b>Sources of Funds</b>			
Paid-up Capital	2,08,50,201	Reserves & Surplus	15,14,961
Secured Loans	NIL	Unsecured Loans	4,17,17,013
Deferred Tax Liability	NIL	CSR Fund	17,793
<b>Application of Funds</b>			
Net Fixed Assets	38,390	Investments	47,22,612
Net Current Assets	5,93,38,967	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Asset	0
<b>IV. Performance of company (Amount in ₹ Thousands)</b>			
Turnover	1,48,41,417	Expenditure	1,40,86,943
Profit/(Loss) Before tax	7,54,474	Profit/(Loss) After tax	6,10,892
Earning per Share in ₹	0.29	Dividend rate %	0.60%
<b>V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)</b>			
Item Code No. (ITC Code)		98.09	
Product Description		Turnkey construction	
Item Code No. (ITC Code)		NIL	
Product Description		NIL	
Item Code No. (ITC Code)		NIL	
Product Description		NIL	

Bhushan Bensal Jain Associates  
Chartered Accountants  
Firm Registration No.:003884N

ON BEHALF OF THE BOARD

sd/-  
CA Ravi Bhardwaj  
Partner  
M.No. 80656  
Place : New Delhi  
Date :26.07.2011

sd/-  
S.C.Agnihotri  
Managing Director

sd/-  
Harish Chandra  
Director Finance

Bhushan Bensal Jain Associates  
CHARTERED ACCOUNTANTS

4648/21, DARYA GANJ, NEW DELHI-110002.  
Phones : 23261054, Fax : 23252876  
E-mail : bbjassociates\_rb@yahoo.co.in

## AUDITORS REPORT

### TO THE SHAREHOLDERS OF RAIL VIKAS NIGAM LIMITED

1. We have audited the attached Balance Sheet of **RAIL VIKAS NIGAM LIMITED**, as at 31st March, 2011 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we annex hereto a statement on the matters specified in Paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to

in paragraph 3 here above, we report that:-

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, the Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance sheet, the Profit and Loss Account & the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to the Company;
- (v) The Company is a Government Company and the Directors have been appointed by the Central Government. Hence clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable and hence no comments.
- (vi) Attention is invited to our following comments:-
  - a. Works in Progress, shown under the 'Current Assets' include projects completed, as well as partly completed, by RVNL and under operation by Railways funded by IRFC. These assets are to be retained in the books of RVNL pending the modalities for financial adjustments to be finalized in consultation with Ministry of Railways and the consequent

financial impact thereof cannot be ascertained presently.

Subject to our comments in paragraph 4 (vi) (a), financial adjustments yet to be carried out pending modalities to be finalized in consultation with Ministry of Railways, in case of projects funded through IRFC, and the consequent financial impact thereof cannot be ascertained presently, in our opinion and to the best of our information & according to the explanations given to us, the said accounts read with the notes to accounts in Schedule 17 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

- ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Bhushan Bensal Jain Associates

Chartered Accountants

FRN:003884N

Sd/-

(CA. Ravi Bhardwaj )

Partner

Membership No. 80656

Place: New Delhi

Date: 26th July, 2011

## ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 3 of our report of even date to the Shareholders of Rail Vikas Nigam Ltd. on the accounts for the year 31st March, 2011

- i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b) The Company has a phased programme for physical verification of fixed assets and no material discrepancies were noticed on such verification.
  - c) During the year, the company has not disposed off any substantial part of its fixed assets; therefore, it does not affect the going concern assumption.
- ii) According to information and explanation given to us the inventories have been physically verified during the year. No material discrepancies have been noticed.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence no further comments are required under clauses (a) to (g) of para 4 (iii) of CARO, 2003.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for providing of services. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any continuing failure or major weaknesses which need to be corrected in internal control systems.
- v) Based on our examination and according to the information and explanations given to us, we are of the opinion that there were no transactions during the year that need to be entered in the Register maintained under Section 301 of the Companies Act 1956.
- vi) Based on our scrutiny of the company's record & according to the explanations given to us by the management, the Company has not accepted any deposits from public during the year.
- vii) The internal audit of the Company is being carried out by a firm of Chartered Accountants. The scope given is commensurate with the size and nature of company's business.
- viii) As informed to us the Central Government has not prescribed maintenance of cost records under section 210 (1) (d) of the Companies Act, 1956.
- ix) a) As informed to us, and based on our examination of records and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty and Excise Duty whichever is applicable with the appropriate authorities and there were no arrears outstanding of statutory dues as at the last day of financial year for a period of more than six months from the date they became payable.
  - b) According to the information made available to us, there are no disputed dues in respect of Income Tax, Wealth Tax, Excise Duty, Custom Duty, Service Tax, Sales Tax and Cess which have not been deposited.
- x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year ended 31st March, 2011 and in

the immediately preceding financial year.

- xi) In our opinion and according to information and explanations given to us The Company has not defaulted in repayment of dues to financial institution. The Company has neither borrowed from Banks nor issued any debentures.
- xii) The Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund company, nidhi/mutual benefit fund/societies, therefore, no comment is required to be given under para 4 (xiii) of CARO, 2003.
- xiv) The Company is not dealing or trading in any shares, securities, debentures and other Investments. Accordingly the provisions of clause 4 (xiv) of CARO is not applicable to the company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to information and explanations given to us, the term loans taken from IRFC have been applied for the purpose for which the loans were obtained.
- xvii) On the basis of information and explanations given to us, and on an overall examination of the financial statements of the company, no funds have been raised on short-term basis. Hence, no comments required.
- xviii) According to the information and explanation given to us, during the period covered by our audit report, the company has not made preferential allotment of shares to parties and companies

covered in the register maintained under Section 301 of the Companies Act, 1956.

- xix) The Company has not issued any debentures, therefore, no comment is required to be given under para 4 (xix) of CARO, 2003.
- xx) The Company has not raised any money by public issue, therefore, no comment is required to be given under para 4 (xx) of CARO, 2003.
- xxi) According to the information and explanations given to us by the management, no fraud on the company or by the Company has been noticed during the year.

**For Bhushan Bensal Jain Associates**

**Chartered Accountants**

**FRN:003884N**

**Sd/-**

**( CA. Ravi Bhardwaj )**

**Partner**

**Membership No. 80656**

**Place: New Delhi**

**Date : 26th July 2011**



## **Comments of the comptroller and auditor general of India under section 619(4) of the companies act, 1956 on the accounts of Rail Vikas Nigam Limited for the year ended 31<sup>st</sup> March 2011**

The preparation of financial statements of Rail Vikas Nigam Limited for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibilities 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 in these financial statement under section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is started to have been done by vide their Audit Report dated 26.07.2011.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary auditor under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Rail Vikas Nigam Limited for the year ended 2011. 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 personal and a selective examination of some of the accounting records.

On the basis of my audit nothing signification has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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

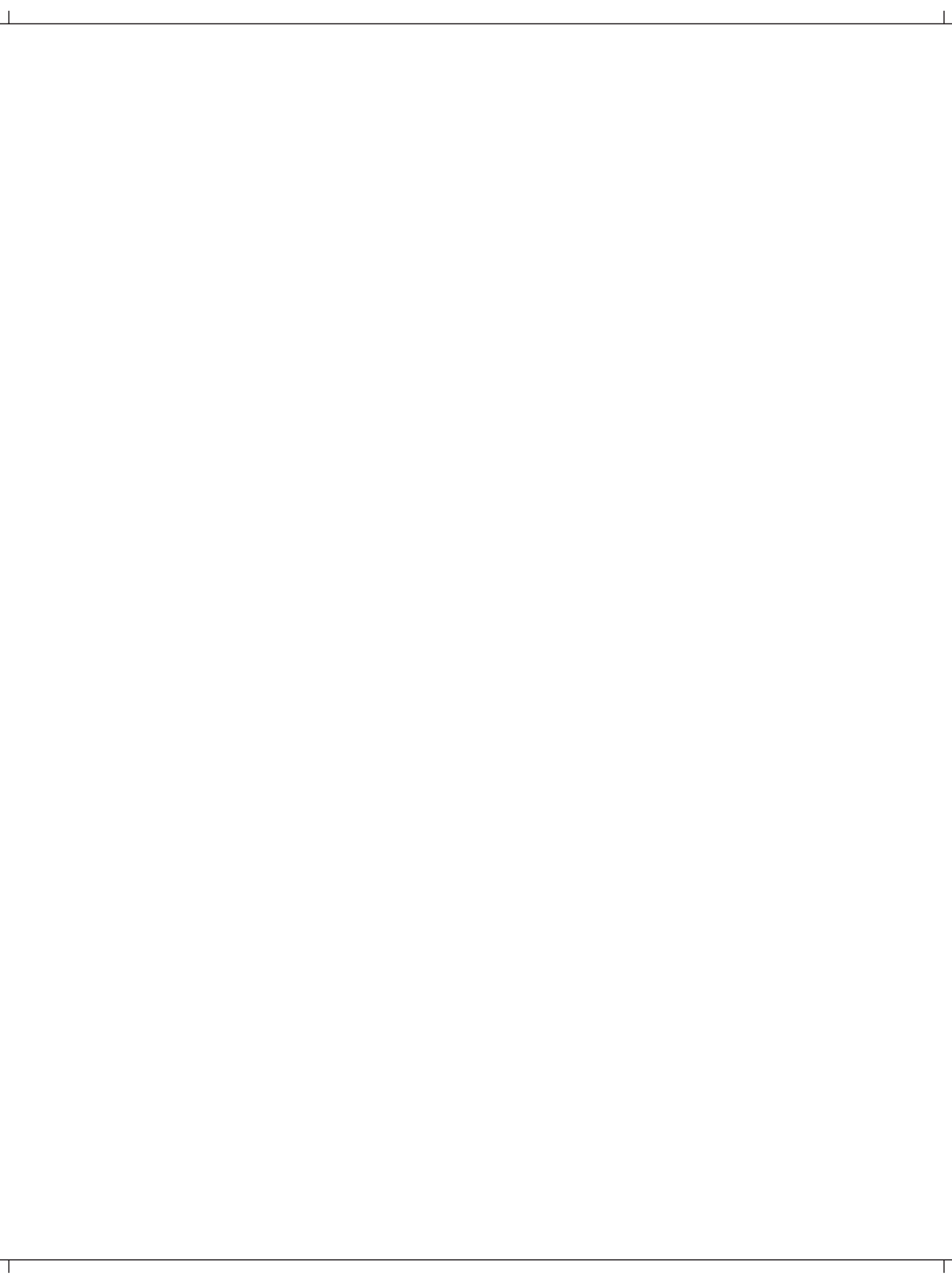
Sd/-

(John K. Sellate)

**Pr. Director of Commercial Audit &  
Ex-Officio Member, Audit Board-IV**

Place: New Delhi

Dated: 25.08.2011





रेल विकास निगम लिमिटेड

**Rail Vikas Nigam Limited**

(A Government of India Enterprise)

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New Delhi - 110066

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