

Engineering

Quality



Designing

Project



Consultancy

Advanced

Technology

Managers



ANNUAL REPORT 2010-11



Mission

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

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

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



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Board of Directors

At the Helm



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



Shri V.K. Agarwal
Managing Director
(Upto 31st Oct., 2010)



Shri B.K. Makhija
Managing Director
(From 1st Nov., 2010)
& Director Projects

Whole Time Directors



Shri Rajeev Mehrotra
Director Finance



Shri Sumit Sinha
Director Technical

Non-Executive (Independent) Directors



Shri A.K. Sanwalka
(Upto 19th March, 2011)



Shri Vinod Somani
(From 29th Dec., 2010)



Dr. Vinayshil Gautam
(From 29th Dec., 2010)



Shri Dabidas Datta
(From 25th March, 2011)

Govt. Nominee Official Directors



Smt. Reenat Sandhu
(Upto 15th March, 2011)



Smt. Radhika L Lokesh
(From 24th June, 2011)

Senior Executives



Shri Atul Sud
ED- Technical Services
(Upto 30th Sept., 2010)



Shri G.S. Swaroop
ED- Quality Assurance



Shri A.K. Arora
ED-Urban Infrastructure



Shri V. K. Jain
ED-Expotech



Shri Jeevan Gupta
ED-Rail Infrastructure &
ED-Building & Airport



Shri G.V. Chanana
ED-Building & Airport
(Upto 31st Jan., 2011)



Shri Rahul Jha
ED-Corporate Services



Shri S.B. Mallik
GGM-Technical Services



Shri K.K. Gupta
GGM-Transport Infra



Shri P. T. Mittal
Company Secretary

FINANCIAL PERFORMANCE OF A DECADE AT GLANCE

(₹ in crores)

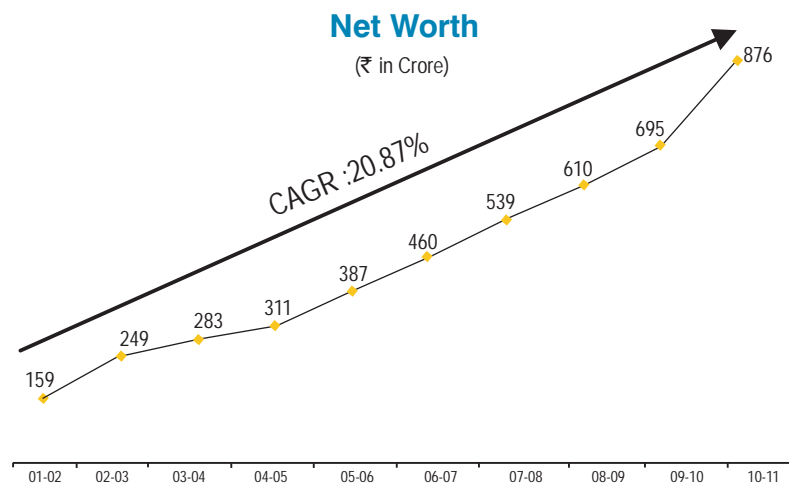
Particulars	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Total Income (including other income)	283	322	285	240	426	566	661	672	623	881
Expenditure (including increase/decrease in stock)	227	222	213	173	293	395	481	522	457	518
Operating Margin	62	42	66	49	101	138	100	16	99	180
Interest Expenses	20	9	2	0	0	0	0	0	0	0
Depreciation	4	4	6	5	12	8	9	11	12	12
Profit before Tax	56	100	72	67	133	171	180	150	166	363
Profit After Tax	39	54	48	41	99	118	104	94	112	244
Dividend	4	5	12	12	20	40	21	20	23	49
Foreign Projects Reserve	-	-	6	-	-	-	-	-	-	-
CSR Activities Reserve	-	-	-	-	-	-	-	-	-	6
General Reserve & Reserves and Surplus	157	247	273	307	383	456	499	570	655	836
Fixed Assets (Gross Block)	77	116	123	118	121	140	171	183	202	237
Inventories	2	16	1	3	50	8	16	22	37	78
Foreign Exchange Earnings	151	129	109	51	136	274	258	137	94	242
Share Capital	2	2	4	4	4	4	40	40	40	40
Capital Employed	142	237	263	299	367	433	435	501	538	689
Government Investment*	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Net Worth	159	249	283	311	387	460	539	610	695	876
Profit Before Tax to Capital Employed	39%	42%	27%	22%	36%	39%	41%	30%	31%	53%
Operating Margin to Capital Employed	44%	18%	25%	16%	28%	32%	23%	3%	18%	26%
Profit After Tax to Share Capital	1950%	2700%	1200%	1025%	2475%	2950%	260%	235%	280%	610%
Expenditure to Income	80%	69%	75%	72%	69%	70%	73%	78%	73%	59%
Number of Employees	2213	2321	2469	2493	2655	2760	2924	3048	3002	3134
Income per Employee	0.13	0.14	0.12	0.10	0.16	0.21	0.23	0.22	0.21	0.28
Foreign Exchange Earning per Employee	0.07	0.06	0.04	0.02	0.05	0.10	0.09	0.04	0.03	0.08
Current Ratio	2.27	1.98	1.84	1.63	1.61	1.59	1.45	1.36	1.33	1.29
Debt / Equity Ratio	1.18	0.37	0.10	0	0	0	0	0	0	0
Investments	2	3	20	9	6	6	69	54	62	112

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

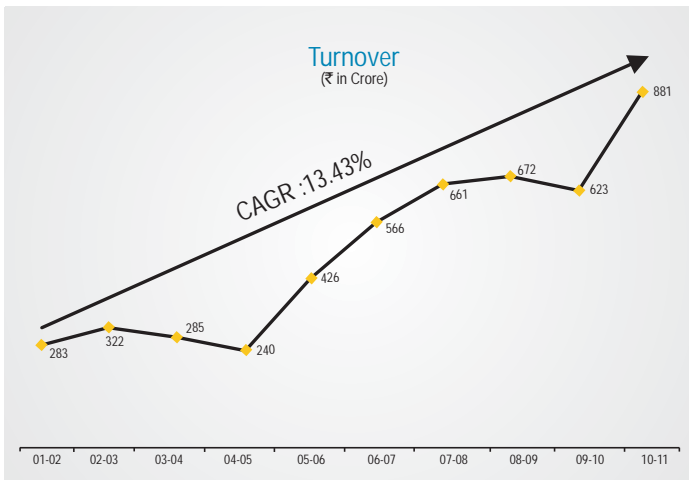
1 Crore = 10 Million

1 US \$ = ₹ 44.41 (31.03.2011)

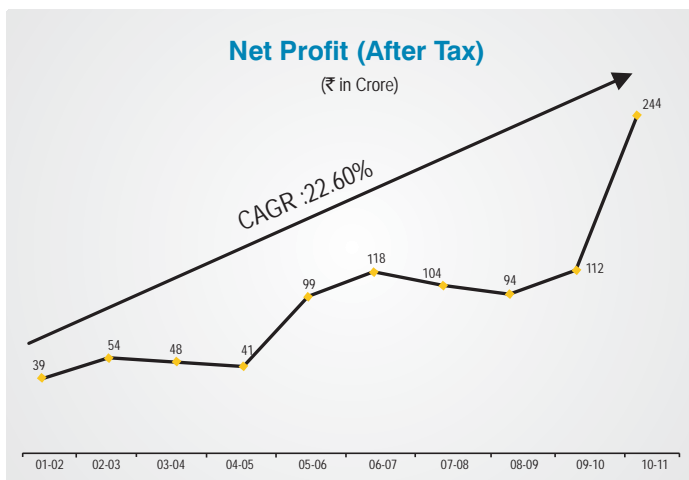
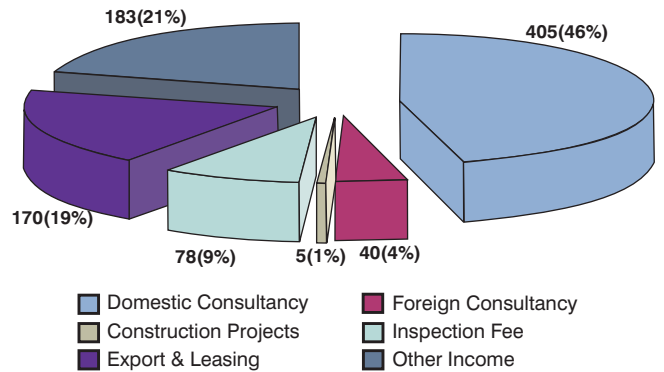
Financial Indicators



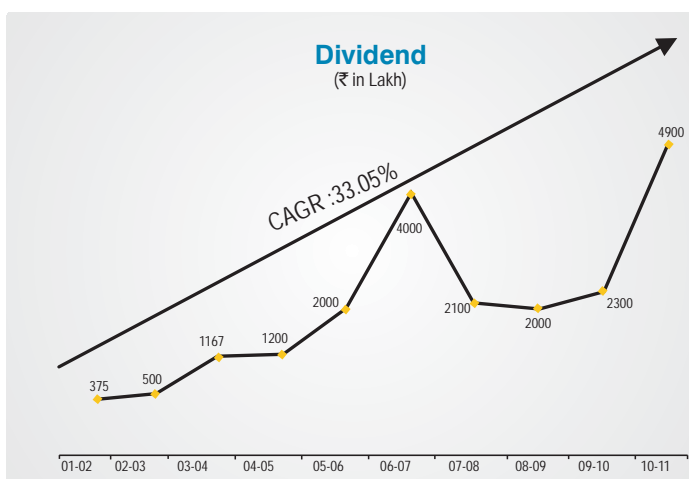
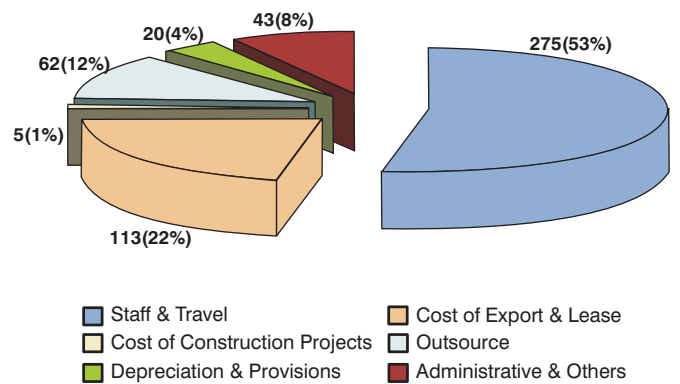
Financial Indicators



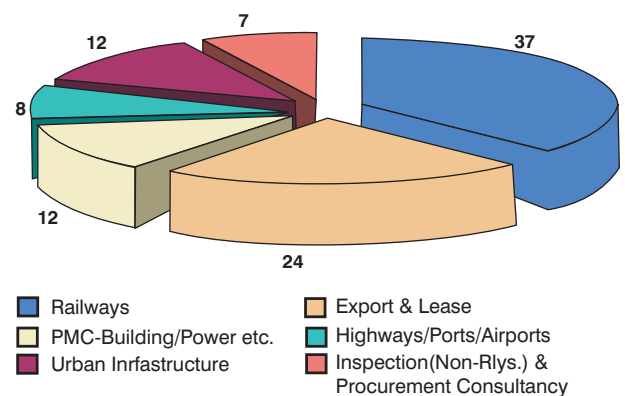
Earning (₹ 881 Crores)



Spending (₹ 518 Crores)



Sectorwise Business (Percentage)





CHAIRMAN'S MESSAGE

Dear Shareholders,

It is a pleasant privilege for me to extend you a very warm welcome to the 37th Annual General Meeting of the Company. RITES delivered yet another sterling performance across several financial and operating indicators with continued focus on its diversified business growth strategy,

creating value for its customers and stakeholders. Robust business plans and sound management practices coupled with the contribution of our employees have collectively resulted in the Company performing exceedingly well in spite of tough competition in India and abroad. High productivity and savings in costs are the forte of the Company.

I am happy to share with you that your Company continues to perform exceedingly well amidst competitive business conditions, as is getting reflected in the audited annual accounts and other related reports for the year ended 31st March, 2011.

Year 2010-11 has been a landmark year in as much as the Company has achieved its highest ever turnover of ₹ 881 crores (previous year ₹ 623 crores) and profit before tax of ₹ 363 crores (previous year ₹ 166 crores) resulting in an increase of 41.36% in turnover and 119.14% in profit before tax respectively. The Company also has an impressive net worth which is increasing over the years and stands at ₹ 877 crores at the end of March, 2011.

Considering the profitability of the Company, your Directors have recommended final dividend of ₹ 37 crores in addition to one interim dividend of ₹ 12 crores paid during the year 2010-11. The total dividend pay-out for the year will amount to ₹ 49 crores (i.e. ₹ 12.25 per share) which is 122.5% of paid up share capital of the company.

Company entered into the domestic leasing business in 2009. During the year, the business of offering shunting locomotives on wet lease including operation & maintenance has been well received by domestic non-railway customers. The company has, so far, supplied eight (8) shunting locomotives for domestic leasing for various power/steel plants/ports. Further, a major turnkey work is being executed for Enhancement of LHB coach production facilities from 1400 to 1500 coaches at Rail Coach Factory, Kapurthala.

During the year under consideration, for execution of the works entrusted to RITES by the Ministry of Railways, Company has formed (i) a wholly owned subsidiary "RITES Infrastructure Services Ltd" for development, operation & maintenance of Multi Functional Complexes (MFCs) (ii) a joint venture Company with SAIL "SAIL-RITES Bengal Wagon Industry Pvt. Ltd" for manufacture of wagons for Indian Railways at SAIL Growth Works, Kulti, district Bardhaman in West Bengal. RITES has also formed a joint venture company in Saudi Arabia with the local associates Mohawarean Ltd in the name of "RITES Mohawarean Arabia Company Limited" (RMAC) for execution of contracts for operation & maintenance of railway lines.

The company with brand image of "The Infrastructure People" and the global and domestic experience in transportation & project management services now stands as one of the largest technical consulting firms in India, having presence in a wide range of sectors globally.

While your Company is committed to accelerate growth as in the past, it will

also continue to accord highest priority to principles of good Corporate Governance coupled with transparency, accountability and professionalism in their working and equity in all facets of its operations with the aim of enhancing long term economic value of all the stakeholders and the society at large. A detailed report on compliance of the Guidelines on Corporate Governance as per the Guidelines on Corporate Governance issued by DPE for CPSEs forms part of the Directors report.

Your Company has implemented Corporate Social Responsibility policy and a long-term plan on Corporate Social Responsibility (CSR) was approved by the Board of Directors. According to this plan, the thrust areas to start with will be community development with focus on education, health, sanitation and clean drinking water, promotion of multi-functional complexes, development of backward regions/ areas of the country, preservation of national heritage and culture, promotion of sports and arts etc.

As a result of continued growth, Company has been consistently rated as "Excellent" in its MOU performance. During the year under review, Company has once again delivered a record performance and is eligible to be rated as "EXCELLENT" in its performance evaluation under MOU for the year 2010-11.

Alongwith accolades, a responsible management must also be mindful of setbacks. Indeed entrepreneurship witnesses both. Some overseas ventures by RITES were not trouble free that threatened business expectations. Lessons have been learnt from these experiences, and internal processes strengthened to avoid recurrence. As a result, a successful retrieval is now a distinct possibility.

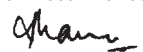
I take this opportunity to thank you all for your continued support in RITES endeavour to undertake new technology projects and remain progressive organization for catering to the Indian and overseas markets.

RITES with its strong fundamentals and its inherent competitive strengths will be in a vantage position to effectively harness the host of opportunities and business that can be expected in the coming times.

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

I would like to congratulate the executives and staff of the Company for delivering excellent results and for showing their single minded focus in bringing the Company to such a height. With their commitment, perseverance and hard work, I am confident that we will be able to deliver our promises to all stakeholders in the future as well. The success in the operations and growth of the Company has been made possible with around cooperation received from employees.

With Best Wishes



(Sanjiv Handa)
Chairman

Dated : 26th August, 2011

DIRECTORS' REPORT

Distinguished Shareholders

The Directors of your company have immense pleasure in presenting the 37th Annual Report of your company together with the audited statements of Accounts and Auditors' Report for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2010-11 is given below:

(₹ in Crore)

Particulars	2010-11	2009-10
Operating Results		
Total Income	881.00	623.26
Operating Turnover	698.32	555.99
Operating Expenditure	517.99	457.61
Other Income	182.68	67.27
Profit Before Tax (PBT)	363.01	165.65
Income tax	(105.66)	(68.94)
Deferred Tax	(13.43)	15.24
Profit After Tax (PAT)	243.92	111.95
Appropriations		
Dividend including interim dividend	49.00	23.00
Dividend Tax	8.00	3.86
CSR Activities Reserve	5.46	-
General Reserve	181.46	85.09
New Contracts Secured	1,000.00	973.00

BUSINESS PERFORMANCE

The company has achieved an ever highest turnover and profit before tax of ₹ 881 crores & ₹ 363 crores respectively during the year, an increase of 41.36% in turnover and 119.14% in profit before tax as compare to previous year turnover of ₹ 623.26 crores & Profit before tax of ₹ 165.65 crores respectively.

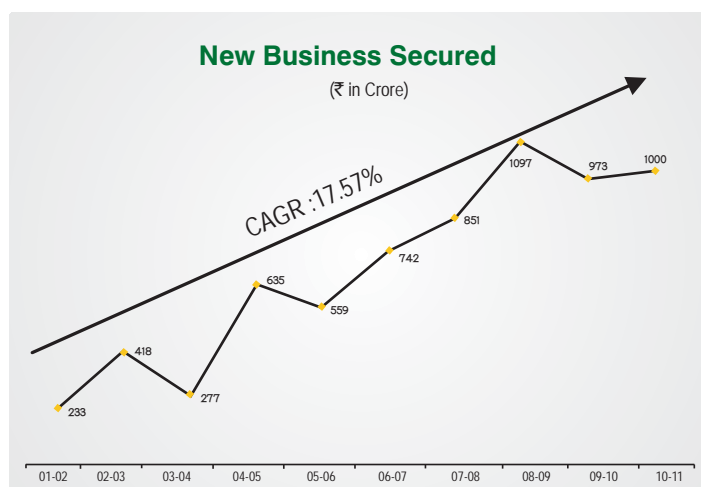
During the year, company was engaged in number of prestigious domestic assignments. These include Detailed engineering & construction management for construction of railway infrastructure including commissioning of railway system to handle coal & fuel oil traffic of Raghunathpur TPS- Damodar Valley Corporation, General Consultancy for Bangalore Metro-BMRCL, Safety consultant for PPP Projects-NHAI, Development of Multi-disciplinary training centre at Cooch Behar, Kharagpur, Beliaghata & Malda- Railway Board, Design alignment & associated survey along with the stretch of re-alignment between Katra-Dharam - Konkan Railway Corporation, PMC Services for Construction of Police Station and staff quarters at different location in Delhi/ New Delhi areas- Delhi Police, Quality Control Works of Goa PWD, Mapusa Municipal Council, GSIDC and other Deptt of Govt. of Goa, Turnkey contract for construction of new ropeway at Rajgir - Tourism Deptt. Govt of Bihar.

During the year company was engaged in number of prestigious

international assignments in export, lease and consultancy services. These include Sri Lankan Railway projects for supply of 20 sets DMUs and setting up DMU maintenance facilities, supply of 3 locomotives & training of 600 personnel, supply of 20 in-service MG Locomotives & passenger Coaches, wagons, Mobile Cranes, workshop machinery & equipment to Myanma Railways, loco leasing contract with CFM (South), Maputo Mozambique for 6 Cape Gauge locos, Maintenance of 6 Cape gauge locomotives at CDN/Nacala, Mozambique, DPR for Chaungma-Melktila Bypass sections of Trilateral Highway in Myanmar for Ministry of External Affairs, Feasibility study for Mayumba new standard Gauge Railway Line in Gabon- Govt of Gabon, Feasibility study for rail line from Moatize to Matundo & connections at Beira port, Mozambique – JSPL Mozambique Minerals Ltd, Preparation of DPR for Rehabilitation of Kanakesanturai Harbour in Sri Lanka on behalf of Ministry of External Affairs.

OUTLOOK

Over the years RITES has diversified and presently offers services spanning the entire Transport and Infrastructure sector – Railways, Highways, Ports, Airports, Waterways, Ropeways, Urban Transport, Urban Planning, Container Depots, Institutional Buildings, Power Transmission and Rural Electrification etc. The company with brand image of "The Infrastructure People" and the global and domestic experience in transportation & project management services now stands as one of the largest technical consulting firms in India, having presence in a wide range of sectors and offering a variety of services under a single roof and established as a leading consultancy organization in the international arena. Company continued to provide specialized, integrated, single roof services in transportation infrastructure sector and export packages for supply of locomotives, coaches, spare parts and modernization of workshops. A major turnkey work is being executed for Enhancement of LHB coach production facilities from 1400 to 1500 coaches at Rail Coach Factory, Kapurthala. The company has secured new orders worth of ₹ 1,000.00 crores during the year 2010-11. The company is exploring business opportunities in captive railway systems in India through equity participation with other stake holders, with a main focus to provide total transportation solution as against pure consultancy assignments.



During the year, the business of offering shunting locomotives on wet lease including operation & maintenance has been well received by domestic non- railway customers. The company has, so far, supplied one loco each to Bandel Thermal Power Station / Bandel, NTPC-SAIL Power Co. Ltd / Bhilai, Lloyds Steel Industries / Wardha, Vedanta Aluminium Ltd /Jharsuguda and three locos to Dhamra Port Co. Ltd /Dhamra. After successful leasing of shunting locos, the Company is venturing into leasing of main line locos to non-railway clients running Merry-Go-Round Systems.

During the year under consideration, RITES has formed (i) a wholly owned subsidiary "RITES Infrastructure Services Ltd" for development, operation & maintenance of Multi Functional Complexes (MFCs) at/in the vicinity of identified or prescribed premises of Railway Stations and on sites assigned by the Ministry of Railways and has started construction activities at seven different Railway premises during the year 2010-11 (ii) a joint venture Company with SAIL "SAIL-RITES Bengal Wagon Industry Pvt. Ltd" for manufacture of wagons for Indian Railways at SAIL Growth Works, Kulti, district Bardhaman in West Bengal and (iii) a joint venture company in Saudi Arabia with the local associates Mohawarean Ltd in the name of "RITES Mohawarean Arabia Company Limited" (RMAC) for execution of contract for operation & maintenance of North-South Railway network of Saudi Railway Company comprising the 1400 KM long new mineral line connecting the Kingdom's phosphate and bauxite mines. The said project has two phases- Phase-I Mobilisation and Phase-II Operation.

In the mobilisation phase, RMAC (local JV formed for the project) submitted 4 draft reports relating to requirement of facilities, staffing requirement, system support requirement and operations in September, 2010 and final reports in April 2011. Further, SAR (Saudi Arabia Railway), the client planned to start the operation of trains pending issue of completion/safety certificate by the independent consultant, which could have serious repercussions for RITES and its personnel.

In view of the above, it was felt to come out of the project with an amicable closure of the contract. The closure agreement has been signed and further discussion on the financial settlement is underway.

As a part of ongoing efforts for diversification, RITES has developed 2300 HP and 3000 HP Cape gauge locomotives for export and design of bottom discharge covered hopper wagons for carrying fly-ash and clinker.

CAPITAL STRUCTURE

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

DIVIDEND

Your Directors have recommended final dividend of ₹ 37 crores in addition to one interim dividend of ₹ 12 crores paid during the year 2010-11. The total dividend pay-out for the year will amount to ₹ 49 crores (i.e. ₹ 12.25 per share) which is 122.5% of paid up share capital of the company.

FIXED DEPOSITS

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

RESERVES

An amount of ₹ 181.46 crores is proposed to be transferred to General Reserve and ₹ 5.46 crores to CSR activities reserve by appropriation from the profits of the Company. Reserves & Surplus will increase from ₹ 654.84 crores at end of the previous year to ₹ 841.76 crores as at 31st March, 2011.

An amount of ₹ 3 crores was approved for CSR projects for the year 2010-11, as per DPE Guidelines, against which an amount of ₹ 2.42 crores was spent during the year and the balance amount of ₹ 0.58 crore has been kept in the CSR reserve. Further, during the year, a reserve of ₹ 4.88 crores has been created for the CSR projects for the financial year 2011-12 resulting in total amount of ₹ 5.46 crores in CSR activities reserve.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

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

Energy Conservation

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

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

Total foreign exchange earnings during the year under review were ₹ 242.50 crores (previous year ₹ 94 crores) and foreign exchange outgo were ₹ 22.32 crores (previous year ₹ 25.5 crores) respectively. This resulted in net foreign exchange earnings of ₹ 220.18 crores (previous year ₹ 68.5 crores).

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)

There is no employee in the Company falling under the category of employee required to be reported under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

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

PRESIDENTIAL DIRECTIVE

No Presidential Directive was received during the year.

VIGILANCE

This year too, our emphasis has been on preventive vigilance and system improvement rather than punitive vigilance. Accordingly, 17 system improvements pertaining to tendering, material inspection and finance management etc were issued. Beside this, a system improvement on the procedure on staff settlement has also been proposed to the administration for effective monitoring and disposal of staff settlement. To ensure first-in and first-out system (FIFO) with regard to payment of contractor bill as well as staff payment, a system has been initiated and is being fine tuned. In line with CVC directive a centralized complaint handling cell has been completely put into operation in the Company. By enforcing the centralized system all complaint of different nature namely, employee grievances, contractor complaints, complaint received from Govt. etc are all listed at one point and are being sent to respective action area for logical disposal. The complaint handling cell is being operated under the direct supervision of Executive Director (Corporate Services) who in turn has nominated one AGM level officer of personnel Dept. to look into the same. The details of the complaints received are being sent to CVO quarterly by the officer concerned.

During the year 6 CTE type inspections were carried out by the CVO/RITES on different ongoing projects which resulted in issuance of number of corrective instructions and recoveries to the tune of ₹ 4,59,901/-. During the year 63 complaint cases were investigated wherein 81 disciplinary proceedings were initiated against the delinquent officials.

CVC's instructions on leveraging of technology were closely monitored and the vital information with regard to contractor payments, tenders, call inspection status, employees' details, latest circulars were uploaded on the RITES website. Regular exchange of views between MD, Directors, CVO and other Sr Executives has also been established for better coordination and overall improvement in vigilance functioning.

Special attention was given to scrutiny of APRs and highest ever scrutiny of more than 250 APRs were carried out by the Vigilance Cell in 8 months.

In line with CVC guidelines Vigilance Awareness period was observed by RITES in an appropriate manner from 25th October, 2010 to 1st November, 2010 so as to meet the important goal of this campaign to educate and sensitize the people about the need for efficiency and transparency in public spending. Executive Director of Transparency International was the Guest Speaker on the occasion and emphasized on the need for eliminating corporate corruption in organizational and national interest. A Hand Book of vigilance Guidelines containing some

very vital circulars was also issued to help the officials in their day to day working. During the period a workshop on fraud awareness was also organized wherein experts from M/s KPMG interacted with the RITES Officials.

PROPAGATION OF HINDI

In pursuance of official Language policy of the Govt. of India (Ministry of Home Affairs, Official Language Department) and the directions received from Railway Board from time to time, all round efforts were made to accelerate the progressive use of Hindi in official work of the company. Important documents, such as Annual Report, MOU, Circulars, Office Orders, and Minutes of the Various Meetings were prepared and issued in bilingual form. Rajbhasha Fortnight was organized from 14th September, 2010 to 28th September, 2010 'HINDI DIWAS' message by MD/RITES was issued to all the officials of RITES located all over India. 27 officers/employees were awarded cash award and certificates by MD/RITES for doing their day to day work in Hindi during the period of April to September, 2010 New Year Message, Republic Day and Independence Day speeches were delivered by MD in Hindi to propagate the use of Hindi in the official work of the Company. Hindi books were purchased in the library. The quarterly meetings of Official Language Implementation Committee (OLIC) were held regularly in which progress of various items of Annual Programme of the Official Language Department, Ministry of Home Affairs were discussed and reviewed. Representative of RITES also participated in OLIC Railway Board and Town Official Language Implementation Committee (TOLIC) meetings regularly.

All round efforts were made to achieve the targets. As a result, percentage of Hindi correspondence has increased considerably and compliance of section 3(3) of Rajbhasha Act and Rajbhasha Rule were ensured.

MEMORANDUM OF UNDERSTANDING

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

SCHEDULED CASTE, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES

The company continued to attach great importance in implementing the policies and directives of the Government of India with regard to reservations in employment to SC, ST, Other backward Class and Physically Handicapped persons. During the year 2010-11, 139 regular appointments have been made out of which 63 belongs to SC, ST and OBC Categories. Similarly during the year 394 contractual employees were recruited out of which 179 belongs to SC, ST and OBC Categories.

ISO 9001-2008 CERTIFICATION

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

CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

The Board of Directors consists of a part-time Chairman, a Managing Director, three functional Directors, two Government nominee official Directors including part time Chairman and 4 Independent non-official Directors. The Board met seven (7) times during the year for transacting businesses.

The following Directors held office during the year:

Chairman (part-time)

Shri Sanjiv Handa Chairman (from 14.05.2010)

Whole-time Directors

Shri V.K. Agarwal Managing Director (upto 31.10.2010)

Shri B. K. Makhija Director Projects
(Additional charge of the post of
Managing Director, w.e.f 1.11.2010)

Shri Rajeev Mehrotra Director Finance

Shri Sumit Sinha Director Technical

Government nominee Directors

Ms. Reenat Sandhu Director (up to 15.03.2011)

Independent Directors

Shri A.K. Sanwalka Director (Up to 19.03.2011)

Dr. Vinayshil Gautam Director (From 29.12.2010)

Shri Vinod Somani Director (From 29.12.2010)

Shri Debidas Datta Director (From 25.03.2011)

AUDIT COMMITTEE OF DIRECTORS

The Board of Directors in their meeting held on 25.01.2010 reconstituted Audit Committee in accordance with the provisions of section 292A of the Companies Act, 1956 comprising of three Directors, namely Shri A.K. Sanwalka, (Independent Director) as Chairman, Ms. Reenat Sandhu, (Govt nominee Director) & Shri B.K. Makhija, (Director Projects) as Members. As the proposal regarding appointment of Independent Director was under consideration of Ministry of Railways. The Audit Committee was re-constituted by the Board of Directors in its meeting held in November, 2010 by induction of Shri Sumit Sinha, Director Technical as member in place of Shri B.K. Makhija, Director Project, Member, since, he was entrusted with the additional charge of the post of Managing Director, in addition to his own duties as Director Projects.

Thereafter, Ministry of Railways vide letter dt. 29th December, 2010 appointed two Independent Directors namely, Shri Vinod Somani and Dr. Vinayshil Gautam, on the Board of RITES and with the completion of term of Shri A.K. Sanwalka on 19th March, 2011, the Board of Directors in their meeting held in March, 2011 reconstituted the Audit Committee comprising of Shri Vinod Somani, Independent Director (Chairman), Dr. Vinayshil Gautam, Independent Director and Shri Sumit Sinha, Director (Technical) as members.

However, with the induction of one more Independent Director, Shri Debidas Datta by Ministry of Railways in March, 2011, the Audit Committee was re-constituted by inducting him as member of the Audit Committee in May, 2011. The Committee is assigned with the task of overseeing the Company's financial reporting process, review in the adequacy of internal control and audit systems, and reviewing the Company's financial and risk management policies in addition to scrutinizing the annual financial statements before they are put up to the Board of Directors. The Audit Committee met 4 (Four) times during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

SUBSIDIARIES

The Company has four Subsidiary Companies namely (i) RITES (AFRIKA) (Proprietary) Limited in Botswana, a wholly owned company, (ii) Tanzania Railways Limited in Tanzania with RITES stake in equity of 51% and 49% equity stake of Government of Tanzania and (iii) RITES Mohawarean Arabia Company Limited (RMAC) in Saudi Arabia with 76% equity stake of RITES and 24% equity stake of local associates Mohawarean Ltd and (iv) RITES Infrastructure Services Ltd a wholly owned subsidiary of RITES.

As required under Section 212 of the Companies Act, 1956, the audited balance sheet and profit and loss account along with the respective reports of the Board of Directors and the Auditors thereon of the subsidiary companies for the year ending 31st March, 2011 in respect of RITES (AFRIKA) (Proprietary) Limited, for the year ending 31st December, 2010, in respect of Tanzania Railways Limited, for the year ending 31st March, 2011 in respect of RITES Infrastructure Services Ltd forms an integral part of the annual report.

KNOWLEDGE MANAGEMENT SYSTEM

Knowledge Management System was developed and implemented in RITES as per MOU between RITES and Ministry of Railways for the year

2009-10. Knowledge Management System contains a central repository of RITES Knowledge which is developed by using software development tool called .net and is retained in a most effective manner. RITES knowledge is classified into Functional Units/Departments and areas of expertise/Key Professional Areas Sectors. The system provides detailed information of the expertise available in RITES and projects executed by RITES which are tagged with their functional areas and sectors.

During the year 2010-11, RITES Knowledge Management System has expanded by contribution from Top Management, SBU Heads, Project Leaders and employees/experts. The system has been regularly updated for content to keep it relevant and contemporary. Regular reviews and diagnostic processes of the knowledge base were conducted to ensure a valuable and effective Knowledge Management System is in place.

Knowledge Management System makes available categorized information helping in business development processes. The system has provided for sharing of valuable organizational information throughout RITES hierarchy considerably reducing effort. The system has enabled the employees to have ready access to RITES's documented base of facts, sources of information and solutions and has helped in decision making based on multiple perspectives. The Management and Project Leaders get Knowledge of projects executed in various sectors and experts with multiple job roles and specialist field. The experts have access to the knowledge available to carry out their roles within RITES more effectively.

ENVIRONMENTAL PROTECTION

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

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

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility emanates from the company's mission statement. To comply with the requirement of MOU for the year 2010-11, a long-term plan on Corporate Social Responsibility (CSR) was approved by the Board of Directors in their meeting held in April, 2010. According to this plan, the thrust areas to start with will be community development with focus on education, health sanitation and clean drinking water, promotion of multi-functional complexes and similar initiatives on Indian Railways, development of backward regions/ areas of the country, preservation of national heritage and culture, promotion of sports and arts. A provision of 2-3% of the profit after tax was made for funding the projects under CSR.

During the year, construction of Multi-facility complexes for rail passengers were undertaken at six different Railway Premises at New Alipore and Kakdwip for Eastern Railway, Alipurduar for NF Railway, Haldia and Ghatshila for South Eastern Railway and Manmad for Central

Railway. MFCs are expected to provide amenities like shops, food stalls/restaurants, PCO booths, book stalls, ATMs, Pharmacies, budget lodging etc to the transiting railway passengers and local residents and provide employment to local youth. It is expected that the number of beneficiaries of these projects will be more than 8 lakhs per year. These complexes will be completed and made operational during 2011.

RITES undertook project Navchetna which is about to enhancement of capacity of "Navchetna" school at Kishanganj, Delhi for mentally and physically challenged children through expansion of the present infrastructure. The school is run by the Northern Railway Women's Welfare Organization (Delhi Division) where trained teachers and attendants are engaged in guiding the specially abled children from the vicinity for improving their mental and physical faculties to include them in the mainstream. After expansion, the school will be able to accommodate more children and have improved facilities. The project is expected to be completed in 2011.

Apart from the above projects, Company also sponsored the activities of NGOs and other social organizations for their activities relating to promotion of art, culture, national integrity, education, health, sports and assistance in the natural calamities. Company spent an amount of ₹ 35 lakhs over and above the budget allocated for CSR on various projects related to Corporate Social Responsibility.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

With expansion of business activities the flow of recruitment either from open market or on deputation has been a continuous feature. About 533 recruitments had been made during the year. During the year 5974 man-days of training has been imparted to our personnel. Besides training, career development has also been taken care of with continuous process of cadre review, modification of promotion policy, guidelines and regulations, strategies for enhancing professional excellence and resource mobilization. More emphasis has been laid on recognition of excellence. A consultative committee encouraging participation of employees in management decision making as well as welfare and social security provisions which has promoted industrial peace, motivation of staff. This has made the company a model employer in the global competitive market. These efforts have kept the organization vibrant, dynamic and a market leader in infrastructure consultancy services which is equipping the company to achieve the targets as envisaged and meeting the commitment to its clients.

AUDITORS

The Comptroller & Auditor General of India appointed M/s Dinesh Mehta & Company, Chartered Accountants as Company's Statutory Auditors for the year 2010-11. The following were appointed as Branch Auditors:

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

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

EXHIBITIONS

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

- 7th CII-EXIM Bank Conclave on India Afrika Project Partnership- March 27-29, 2011, New Delhi

AWARDS

1. Northern Regional Award for Excellence in Exports from Engineering Export Promotion Council for the year 2008-09.
2. India Pride Award in the National PSU Category for the Year 2010 from Dainik Bhaskar & DNA for excellent contribution in nation building.
3. RITES got "First" award in Service (Medium category) PSU for



excellence in Cost Service Management for the year 2010 from the Institute of Costs & Works Accountants of India (ICWAI) during their 8th National Award Presentation. This reinforces the adequacy of internal cost management practice followed by RITES in handling various types of projects which it undertakes within India and abroad.

APPRECIATION

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

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors


(Sanjiv Handa)
Chairman

Place: New Delhi

Dated: 26th July, 2011

Annexure-'A'

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which business corporations are directed and controlled. Corporate Governance is motivated by strong emphasis on human values, individual dignity and adherence to honest ethical and professional conduct. Corporate Governance entails responsibility towards both internal and external environment and compliance of the process of check and balance between the Board, Management, Auditors and Shareholders. Corporate Governance not only improves the goodwill of the Company but also provides competitive edge in the dynamic environment and establishes a climate of trust, confidence and creativity among its various constituents.

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

The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and reporting that conforms fully with laws, rules, regulations and guidelines and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders value.

RITES believes in promoting the principles of sound Corporate Governance and its essential character is shaped by high standard of transparency, trust and integrity, performance orientation, responsibility, accountability, professionalism, social responsiveness and ethical business practices. RITES lays special emphasis in conducting its affairs within the framework of policies, internal and external regulations in a transparent manner. Corporate Governance has indeed been an integral part of the way we have done business for several years. This emanates from our strong belief that strong governance is integral to creating value on a sustainable basis.

2. Board of Directors:

The Board of Directors is the highest governance body of RITES. The Board of Directors consists of professionals drawn from diverse field having rich knowledge and experience in the industry and related sectors for providing strategic guidance and directions to the Company.

Board of the Company comprises of 10 Directors viz Part-time Chairman, 4 functional directors including Managing Director, two Government Nominee Directors including Chairman and 4 Independent Directors.

The composition of the Board is in consonance with Guidelines issued by DPE. However, at present the position of one Independent Director is lying vacant since 20.03.2011. The proposal of which is under consideration of Ministry of Railways. Further, the position of one Government Nominee Director which had fallen vacant w.e.f 15.03.2011, the nomination of the same has been done by Ministry of Railways w.e.f. 24.06.2011.

As on 31st March, 2011, company has seven (7) Directors including a

Part-Time Chairman, three Functional Directors (Shri B.K Makhija, Director Projects/RITES has been entrusted with the additional charge of the post of Managing Director w.e.f 1st November, 2010, in addition to his own duties as Director Projects) and three Independent Non-Official Directors.

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

2.1 Composition of the Board of Directors:

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

S. No.	Name and Designation	Category of Directors	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
1.	Shri Sanjiv Handa Chairman	Part-Time Non- Executive (From 14th May, 2010)	Nil	Nil	Nil
2.	Shri V.K Agarwal Managing Director	Whole Time (Upto 31st October, 2010)	Nil	Nil	Nil
3.	Shri B.K Makhija Director Projects with additional charge of Managing Director w.e.f 1st November, 2010	Whole Time	Nil	Nil	Nil
4.	Shri Rajeev Mehrotra Director Finance	Whole Time	Nil	Nil	Nil
5.	Shri Sumit Sinha Director Technical	Whole Time	Nil	Nil	Nil
6.	Smt. Reenat Sandhu Director	Govt Nominee (Upto 15th March, 2011)	2	Nil	Nil
7.	Shri A.K Sanwalka Director	Independent (Upto 19th March, 2011)	1	Nil	1
8.	Dr. Vinayshil Gautam Director	Independent (From 29th December, 2010)	5	Nil	2
9.	Shri Vinod Somani Director	Independent (From 29th December, 2010)	2	Nil	Nil
10.	Shri Debidas Datta Director	Independent (From 25th March, 2011)	Nil	Nil	Nil

- * Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.
- ** Does not include Chairmanship/ Membership in Board of Committees other than Audit Committee and Shareholder's Grievance Committee.

2.2 Brief Resume of Directors who joined the Board as Whole-time / Part-time Directors during the year 2010-11:

- (i) Dr. Vinayshil Gautam – 65 years is our Non-Official Independent Director. He is an internationally acclaimed management expert, having facilitated Management Development activities in Germany, UAE, Saudi Arabia, Malaysia, and some of the finest organizations in India. He has addressed International audiences from Montreal to Melbourne and Merida to Tokyo. He has been invited to lecture to Universities such as Cambridge, Sussex, London, Brunel, (UK) Dominican, Penn State, Duke, Minnesota (USA) Toronto, York, (Canada) Merida, Central University (Venezuela). Widely published, he is a recipient of several Fellowships and Awards. Among other things Dr. Gautam has served as the Founder Director of IIM(K); Leader consulting team IIM (Shillong); First head, Management Department IIT(D). He has been on some of the major administrative reform committees of Government of India and made significant contributions at the policy level. He serves on the Board of various organization both Indian and non-Indian. He is the Chairman of DK International Foundation. He joined our Board on 29th December, 2010.
- (ii) Mr. Vinod Somani – 57 years, is our Non-Official Independent Director. He is a fellow member of the Institute of Chartered Accountants of India (ICAI) and Senior Partner with M/s K.G Somani & Co., Chartered Accountants since 1986. He has also served about 3 years in Abu Dhabi, UAE. He has got rich experience of auditing the accounts of Nationalized banks, Insurance Companies, Government and Public Sector Companies. He has worked as Director in many public and private Companies. He is the technical reviewer of the Financial Reporting Review Board constituted by the ICAI with the objective of reviewing the accounting statements of selected companies and their compliance with Accounting Standards so as to improve the quality of work executed by the members of profession. He was also the convener of the Company Law Study Group of the Northern India Regional Council of the ICAI. He has also handled large number of cases related to sick units before BIFR. He is a member of the Task Force on the Memorandum of Understanding of Central Public Sector Enterprises. He joined RITES Board on 29th December, 2010.
- (iii) Mr. Debidas Datta – 61 years, is our Non-Official Independent Director. He is the Former Chairman-cum Managing Director, WAPCOS Limited, a Public Sector undertaking under aegis of

the Ministry of water Resources, Government of India. He has more than 40 years of experience in water resources, power and Infrastructure Development. He joined WAPCOS in 1980 and after serving at various key positions reached to the highest position owing to his capability and devotion to duty. He is a fellow and life member of several professional institutions and represents on the Governing Board of several national and International forums. He joined our Board on 25th March, 2011.

- 2.3 Number of Board Meetings: The Board met seven times during the year 2010-11 to review, discuss and decide about the various activities of the business of the Company.

S No.	Name and Designation	Board Meetings During the Year		Attendance at the last AGM held on 29th September, 2010
		Held During tenure	Attended	
1	Shri Sanjiv Handa Chairman (From 14th May, 2010)	7	7	Present
2.	Shri V.K Agarwal Managing Director (Upto 31st October, 2010)	3	3	Present
3.	Shri B.K Makhija Director Projects/ Additional charge of Managing Director w.e.f 1st November, 2010)	7	7	Present
4.	Shri Rajeev Mehrotra Director Finance	7	7	Present
5.	Shri Sumit Sinha Director Technical	7	6	Absent
6.	Smt. Reenat Sandhu Director (Upto 15th Mar., 2011)	5	2	Absent
7.	Shri A.K Sanwalka Director (Upto 19th Mar., 2011)	6	6	Present
8	Dr. Vinayshil Gautam Director (From 29th Dec., 2010)	2	2	NA
9.	Shri Vinod Somani Director (From 29th Dec., 2010)	2	2	NA
10.	Shri Debidas Datta Director (From 25th Mar., 2011) (Letter dt. 25.03.2011 of his appointment from Ministry of Railways was received on 29th Mar., 2011)	NA	NA	NA

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

3. Code of Conduct:

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

All Board members and Senior management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011 and a declaration to this effect signed by the Managing Director is placed as Annexure – 2 to this report.

4. Committees of the Board of Directors:

4.1 Audit Committee:

During the year to comply with the provisions of Section 292A of the Companies Act, 1956, the Audit Committee of the Board of Directors comprised of one Independent Director, Shri. A.K Sanwalka as Chairman, one Government Nominee Director, Ms. Reenat Sandhu and Shri B.K Makhija, Director Projects as members was constituted by the Board of Directors in its meeting held in January, 2010 pending the appointment of Independent Directors. Shri P.T Mittal, Company Secretary is the Secretary of the Audit Committee.

The Audit Committee was re-constituted by the Board of Directors in its meeting held in November, 2010 by induction of Shri Sumit Sinha, Director Technical as member in place of Shri B.K Makhija, Director Project, Member, Audit Committee since he was entrusted with the additional charge of the post of Managing Director, in addition to his own duties as Director Projects w.e.f. 1.11.2010.

Ministry of Railways vide letter dt. 29th December, 2010 appointed two Independent Directors on the Board of RITES and with the completion of term of Shri A.K Sanwalka on 19.03.2011, the Board in their meeting held in March, 2011 reconstituted the Audit Committee comprising of Shri Vinod Somani, Independent Director (Chairman), Dr. Vinayshil Gautam, Independent Director and Shri Sumit Sinha, Director (Technical) as members.

However, with the induction of one more Independent Director i.e Shri Debidas Datta, the Audit Committee was re-constituted by inducting him as member of the Audit Committee in May, 2011.

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

- ✓ Oversight of the Company's financial reporting process and the disclosures of its financial information to ensures that the financial statements are correct, sufficient and credible;
- ✓ Recommending to the Board regarding the fixation of audit fees;
- ✓ Approval of payment to statutory auditors for any other services rendered by them;
- ✓ Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of

clause(2AA) of section 217 of the Companies Act, 1956;

- Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with the legal requirements relating to financial statements;
 - Disclosures of any related party transactions; and
 - Qualifications in the draft audit report.
- ✓ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 - ✓ Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issues etc), the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or right issue and making appropriate recommendations to the Board to take up steps in this matter;
 - ✓ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control system;
 - ✓ Reviewing, the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
 - ✓ Discussion with Internal Auditors on any significant findings and follow-up thereon.
 - ✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
 - ✓ Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
 - ✓ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - ✓ To review the functioning of the whistle blower mechanism, in case the same is existing;
 - ✓ To review the follow up action on the audit observations of the C&AG audit;
 - ✓ To review the follow up action taken on the recommendation of committee on public Undertakings ('COPU') of the Parliament;
 - ✓ Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
 - ✓ Review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a

member who shall be responsible for pre-approving related party transactions;

- ✓ Reviewing with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
- ✓ Consider and review the following with the independent auditor and the management;
 - The adequacy of the internal controls including computerized information system controls and security, and
 - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- ✓ Consider and review the following with the management, internal auditor and the independent auditor;
 - Significant findings during the year, including the status of previous audit recommendations.
 - Any difficulty encountered during audit work including any restrictions on the scope of activities or access to required information.
- ✓ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4.3 Meeting of Audit Committee:

The Audit Committee met four times during the financial year 2010-11 on 22nd July, 2010, 25th August, 2010, 15th December, 2010 and 4th March, 2011. The attendance of each member at Audit Committee meetings is as under:

Member	Status	Audit Committee meeting held during the year 2010- 11	
		Held during tenure	Attended
Shri A.K Sanwalka	Chairman	4	4
Ms. Reenat Sandhu (Upto 15th March, 2011)	Member	4	3
Shri B.K Makhija (Upto 3rd Nov, 2010)	Member	2	2
Shri Sumit Sinha (From 4th Nov, 2010)	Member	2	1

4.4 Powers of Audit Committee:

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

5. Remuneration Committee:

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

As per Guidelines on Corporate Governance for CPSEs 2010 issued by DPE in May, 2010, each CPSE is required to constitute a Remuneration Committee comprising of atleast three Directors, all of whom should be Part-time Directors (i.e Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director. Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits. In accordance of these guidelines, Board of Directors in their meeting held in November, 2010 re-constituted Remuneration Committee comprising of one Independent Director, Shri. A.K Sanwalka as Chairman and one Government Nominee Director, Ms. Reenat Sandhu as member pending the appointment of three Independent Directors, the proposal of which was under consideration of Ministry of Railways. One meeting of Remuneration Committee was held during the year 2010-11 i.e on 15.12.2010.

However, consequent to the appointment of Independent Directors by Ministry of Railways, Board in its meeting held in March, 2011 has reconstituted Remuneration Committee comprising of Dr. Vinayshil Gautam, Independent Director (Chairman), Shri Vinod Somani, Independent Director and Smt Reenat Sandhu, Government nominee Director as members.

Details of Remuneration of Functional Directors of the company during the year 2010-11 are as under:

Name of Director	Salary	Benefits	Bonus/ Commission Ex-gratia	Performance linked incentives (2009-10)	Stock option during the year	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Shri V.K Agarwal Managing Director (Upto 31st October,2010)	13,34,681	1,82,701	0	0	0	15,17,382
Shri B.K Makhija Director Projects/ with additional charge of Managing Director w.e.f 1st November, 2010	21,91,131	58,479	0	10,15,560	0	32,65,170
Shri Rajeev Mehrotra Director Finance	19,86,717	57,505	0	9,38,950	0	29,83,172

Name of Director	Salary	Benefits	Bonus/ Commission Ex-gratia	Performance linked incentives (2009-10)	Stock option during the year	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Shri Sumit Sinha Director Technical	18,63,669	3,65,415	0	4,71,335	0	27,00,419

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

Details of payments towards sitting fees to Independent Directors during the financial years 2010-11 are as under:

Name of the Independent Non-Official Directors	Sitting Fees*			
	Board Meeting (₹)	Audit Committee Meeting (₹)	Remuneration Committee Meeting (₹)	Total (₹)
Shri A.K Sanwalka	90,000	60,000	15,000	1,65,000
Dr. Vinayshil Gautam	30,000	N.A	N.A	30,000
Shri Vinod Somani	30,000	N.A	N.A	30,000
Shri Debidas Datta	-	N.A	N.A	-
Total	1,50,000	60,000	15,000	2,25,000

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

6. Risk Management Committee:

Board of Directors in their meeting held in November, 2010 reconstituted Risk management Committee comprising of Shri A.K Sanwalka, Independent Director (Chairman), Director Finance and the concerned whole time director as members pending the appointment of Independent Directors, the proposal of which was under consideration of Ministry of Railways. However, consequent to the appointment of Independent Directors, Board in its meeting held in May, 2011 had re-constituted Risk Management Committee comprising of Shri Debidas Datta, Independent Director (Chairman), Dr. Vinayshil Gautam, Independent Director, Shri Vinod Somani, Independent Director, Director Finance and Director Technical as members.

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

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

7. Project Investment Committee:

Board of Directors in their meeting held in November, 2010 reconstituted Project Investment Committee comprising of Shri A.K Sanwalka, Independent Director (Chairman), Director Finance and the concerned Functional director as members pending the appointment of Independent Directors, the proposal of which was under consideration of Ministry of Railways. However, Consequent to the appointment of Independent Directors, Board in its meeting held in July, 2011 has reconstituted Project Investment Committee comprising of Shri Vinod Somani, Independent Director as Chairman, Dr. Vinayshil Gautam, Independent Director, Shri Debidas Datta, Independent Director, Director Finance and the concerned whole time Director as members to deal with the appraisal and approval of all the projects involving Equity participation

8. General Body Meeting:

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

AGM	Year	Date of holding Meeting	Time	Venue	Special Resolution
36th	2009-10	29th September, 2010	17:15 HRS	Railway Board, Rail Bhawan, New Delhi	NIL
35th	2008-09	31st August, 2009	12:00 HRS	India Habitat Centre, New Delhi	NIL
34th	2007-08	23rd September, 2008	12:00 HRS	India Habitat Centre, New Delhi	NIL

9. Subsidiary Companies:

The Company has one Indian Subsidiary i.e RITES Infrastructure Services Limited incorporated on 27.04.2010 with main object of construction, operation and maintenance of Multi-functional Complexes in the vicinity of Railway land. Further, the Company has three subsidiary companies, abroad namely RITES AFRIKA (PTY) Limited, Botswana, Tanzania Railways Limited, Tanzania, and RITES Mohwarean Arabia Company Limited (RMAC), Saudi Arabia. Under the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, issued by Department of Public Enterprises in May, 2010, Subsidiary Company means only those subsidiaries, whose turnover or net worth is not less than 20% of the turnover or net worth of the holding company. No subsidiary of RITES comes under the ambit of above mentioned definition of Subsidiary Company. Hence, this is not applicable to RITES Limited.

10. Disclosures:

- During the year, there has been no materially significant related party transaction with the Directors, Management or their relatives that have a potential conflict with the interest of the company.

Transactions with related parties as per requirements of Accounting Standard (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note no. 23.4 of Schedule 'N'.

- The company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial Statements.
- No penalties imposed or strictures passed against the company by any statutory authorities on any matters related to any guidelines issued by the Government during the last three years.
- There were no instances of non-compliance by the Company.

11. Means of Communication:

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

12. Training of Board Members:

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

13. CEO/CFO Certification:

The certification by Managing Director and Director Finance was placed before the Board of Directors at the meeting held on 07.07.2011 (placed as Annexure-3 to this report)

14. Whistle Blower Policy:

The Company is in the process of formulating Whistle Blower Policy.

15. Compliance:

The Company complies with the requirements of the Guidelines on Corporate Governance for CPSEs 2010.

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

Attendance of Board of Directors Meeting during the year 2010-11

Name of Directors	183 8th June, 10	184 15th July, 10	185 25th Aug,10	186 4th Nov,10	187 18th Dec,10	188 18th Mar, 11	189 28th Mar, 11	Total 7 Meetings
Shri Sanjiv Handa Chairman (From 14th May 2010)	✓	✓	✓	✓	✓	✓	✓	All
Shri V.K Agarwal Managing Director (Upto 31st October, 2010)	✓	✓	✓	NA	NA	NA	NA	3 (All)
Shri B.K Makhija Director Projects (Additional Charge of Managing Director w.e.f 1st Nov, 2010)	✓	✓	✓	✓	✓	✓	✓	All
Shri Rajeev Mehrotra Director Finance	✓	✓	✓	✓	✓	✓	✓	All
Shri Sumit Sinha Director Technical	✓	✓	✓	•	✓	✓	✓	6
Smt Reenat Sandhu Director (Upto 15th March, 2011)	•	•	•	✓	✓	NA	NA	2
Shri A.K Sanwalka Director (Upto 19th March, 2011)	✓	✓	✓	✓	✓	✓	NA	6 (All)
Dr. Vinayshil Gautam Director (From 29th Dec., 2010)	NA	NA	NA	NA	NA	✓	✓	2 (All)
Shri Vinod Somani Director (From 29th Dec., 2010)	NA	NA	NA	NA	NA	✓	✓	2 (All)
Shri Debidas Datta Director (From 25th March, 2011) (Letter dt. 25th March, 2011 of his appointment from Ministry of Railways was received on 29th March, 2011)	NA	NA	NA	NA	NA	NA	NA	NA

Note:

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

DECLARATION BY MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL DURING THE YEAR 2010-11

I hereby affirm that the Company has obtained from all the members of the Board and Senior Management Personnel ("Senior Management Personnel" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management i.e. Executive Directors and all functional heads) affirmation that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year 2010-11.



B.K Makhija

Managing Director

Date: 10th June, 2011

MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION

- (a) We have reviewed financial statements and the cash flow statement for the financial year 2010-11 and to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
 - (ii) these statements together presents a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the company. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have discussed with the auditors and the Audit Committee
- (i) significant changes made/to be made in internal control during the year,
 - (ii) significant changes in accounting policies during the year, and the same have been disclosed in the notes to the financial statements; and
- (e) There are no instance of significant fraud of which we are aware nor there has been involvement of the management or an employee having a significant role in the Company's internal control system.

Place: New Delhi
Date: 7th July, 2011



Rajeev Mehrotra
Director Finance



B.K Makhija
Managing Director

CERTIFICATE

To
The Members
RITES LIMITED

We have examined the compliance of conditions of Corporate Governance by RITES LIMITED for the year ended 31st March, 2011 as stipulated in guidelines on Corporate Governance for CPSE's 2010 issued by DPE.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

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

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

For Akhil Rohatgi & Co.



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

Place: Delhi
Date: 07th July, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

This analysis report briefly describes about the Company, the industry and developments which include specific business areas, the current business environment and the ability of RITES to avail opportunities, exhibit strength, handling of threats/weaknesses, financial performance, internal controls and other related issues.

I. ABOUT THE COMPANY, THE INDUSTRY AND DEVELOPMENTS

Over the years, RITES has been established as a pioneer organisation in providing multi-disciplinary services as consultants, engineers and project managers in the entire spectrum of the transport infrastructure sector, i.e. in railways, highways, airports, ports, ropeways, urban transport, inland waterways etc. Company also provides concept to commissioning solution in the aforesaid sectors along with export, leasing of railway rolling stock and operating railway systems. Company is utilising its overseas experience gained in leasing of railway rolling stock in the domestic front particularly to power and port sectors. Company also started taking construction activities on turnkey basis in the last year which is on a growing path.



RCF Bogie shope

RITES is recognized as the national think tank on transport infrastructure sector and will continue to assist the central and the state governments in developing national and state level plans and projects for speedy development of infrastructure, thus facilitates in achieving milestone in respect of nation building and towards mission of taking India into the league of developed countries.

The Indian economy continued to show recovery during the year 2010-11 and climbing back to pre-crisis levels. The Government policies played a crucial role in supporting the path of sustained recovery with greater stability. The policies included a balanced mix of gradual exit from fiscal stimulus measures, enhanced public spending directed at expanded and targeted social activities, critical infrastructure needs to ensure jobs and incomes etc.

The aforesaid policies of Govt. of India on the infrastructure development will definitely contribute to growth in company business from the emerging



Vikram Sarabhai Residential Complex at IIT Kharagpur

new areas such as industrial hubs and corridors, logistics parks, air cargo complex, mass urbanization etc.

RITES is successfully executing projects secured in emerging business segments such as wheel set assembly plant / wagon rehabilitation facility, leasing of locomotives in domestic market, development of multi-modal logistics parks, Inland Container Depots (ICDs), airport projects i.e. development of smaller airports and projects in urban transportation / urban infrastructure sector. RITES has embarked upon a new business venture for manufacture of wagons for Indian Railways established through a Joint Venture with SAIL.

After intensified focus on PPP through various government approved programs, potential areas has also opened up in transaction advisory and scheme formulation. RITES participation in building up of infrastructure of the country further strengthens the company brand image as "The Infrastructure People".

II. STRENGTH AND WEAKNESS

The strength of the company lies in its ability to provide comprehensive range of services in the diverse areas of transport infrastructure sectors having wide range of domestic and international experiences. The company has acquired technical expertise through in-house development as well as through alliances with domestic and international companies. The company also enjoys key position in conceptualisation of infrastructure plans for Government of India and has an experienced management and technical personnel team with the track record of successfully completing projects in time to the satisfaction of the clients. The company is cash rich and financially sound which has consistently been making profits and paying dividend since its inception.

RITES functions under the umbrella of the sprawling Indian Railways, one of the largest rail networks in the world and is one of the largest infrastructure consultancy companies in the Public Sector in the country, having experience in more than sixty countries. The company enjoys a Mini Ratna Category – I status and is one of the first public sector enterprises (PSEs) to have achieved ISO 9001- 2000 certification for its entire range of services.

Company still has to face the challenge of competing with international consultants for handling mega projects without joining hands with

strategic partners in higher end technology fields. In the overseas business, the major areas of operations are in Africa where the economy is highly volatile and open to political and financial risks.

III. OPPORTUNITIES AND THREATS

Projects in infrastructure, a thrust area for our company, will get boost by infusion of funds through various schemes and policies which in turn will provide business opportunities for the company. The mid-term appraisal for the Eleventh Five Year Plan envisages an outlay of ₹ 41 lakhs crore in the infrastructure sector during the Twelfth Five Year Plan period. The financing will be shared equally by public and private sectors. The allocation for infrastructure in the Union Budget 2011-12 has been increased by 23.3 per cent over the year 2010-11 which is evident from the various provisions announced in the budget. The Ministry of Railways (MoR) announced the Railways' Policy for Connectivity to Coal and Iron Ore Mines in February 2011 which will provide ample opportunities for our company business. India is gradually moving towards sustainable urban transport systems, a niche area in which our company could find more opportunities.

Conscious and continuous focus on new business segments has resulted in securing projects in areas such as workshop modernization projects on turnkey basis, domestic leasing business, development of integrated transport system, planning for infrastructure projects at state levels. This has resulted in establishing and recognising RITES as "Total Solution Provider" for its client's needs for infrastructure development.

There is stiff competition in export and in consultancy businesses from private and multinational companies who at times prices their services aggressively to enter the booming Indian market. RITES also faces competition from several small consultancy companies, where RITES cannot match their prices due to least bid price methods of competitive tendering.

IV. RISKS AND CONCERNS

Consultancy organizations around the world have developed from single discipline set up to multidisciplinary consultancy firms through joint ventures and consortiums with specialised expertise. In such arrangements, there is an inherent risk that the company may be kept at low profile which needs to be guarded.

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

Major reliance on Export Business which is further dependent on Government policies, line of credit facilities extended by concerned government and supply of goods by Indian railways. Reduction/delay in these factors may lead to revenue loss. Export of railway goods largely depends upon the financial aid by multilateral institutes or line of credit

facilities extended to the concerned Governments and any change in the policy of giving such aids/facilities may result into consequential change in export business.

RITES global operations are exposed to international legal, tax and economic risks. These risks are inherent in establishing and conducting operations in international market due to cultural, regulatory and statutory requirements. Getting and retaining of requisite talented/experienced experts continues to be a matter of concern for the company to sustain its growth. Limited experience in managing mega projects for rendering consulting services in overseas market is another area of concern.

V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

RITES has an effective internal control and audit systems for maintaining efficiency of operations and compliances of applicable relevant laws and regulations. The organisation has well structured policies and guidelines which are documented with pre-defined authorities. Regular and exhaustive internal audits are being conducted by experienced firms of Chartered Accountants and in house internal Audit team headed by a qualified and experience Advisor. Internal Audit has resulted into in improving quality of processes and deliverables. The Company has an Audit Committee in accordance with Section 292 A of the Companies Act, 1956. The internal control and audit systems are being reviewed periodically by the Management and the Audit Committee and steps are taken from time to time as a part of continuous improvement.

RITES has also started the process of putting in place an effective Enterprise Resource Planning (ERP) system as a solution to cover key areas of operations for strengthening the checks and control mechanism of the organisation.

Risk Management System

To strengthen the risk management system, a committee of the Board of Directors consisting of three Independent Directors, Director (Finance) and Director (Technical) one another whole time Director has been constituted to review the risk management aspects of our business. During the year, a risk assessment study was got conducted through an international consultant and major risks were identified and their mitigation process was under discussion stage. Further, we have a currency risk management policy approved by our Board which prescribes the guidelines and processes to be followed to minimise currency risk. Various aspects of currency risk management approach, benchmarking, hedging and risk appetite, permissible instruments, hedging policy, structure of the risk management committee and treasury group, reporting procedures have been covered in the policy.

Treasury Risk and Liquidity Management

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

The liquidity management of the company was further strengthened and new avenues were explored to optimise the returns from investment of surplus funds. The Board of Directors made a separate sub-committee of the Board comprising of Managing Director, Director (Finance) and one another functional director to take timely investment decisions, as a result, funds were invested in the instruments with highest safety and returns as per DPE guidelines. Some of the investments were made in UTI Liquid Daily Dividend Payment Option Scheme, Debt Instruments, Corporate Bonds and deposits with banks etc. The investments made by the committee are being reported to the Board of Directors on periodical basis.

VI. FINANCIAL PERFORMANCE

The company has achieved highest ever income of ₹ 881 crores as against ₹ 623.26 crores of previous year which is higher by 41.36% and profit before tax of ₹ 363 crores as against ₹ 165.65 crores of the previous year, higher by 119.14%. The operating income of the year was ₹ 698 crores as compared to ₹ 556 crores of previous year, higher by 26%. Income has increased from all the streams of business activities, except construction projects. The other income has increased from ₹ 67 crores to ₹ 183 crores, higher by ₹ 116 crores as a result of settlement of claim by Government of Tanzania and reversal of provision of ₹ 63 crores made previous year towards exposure in the concessioning project. The net worth has increased from ₹ 695 crores to ₹ 876 crores. Company has also created reserve of ₹ 5.46 crores towards corporate social responsibilities to be performed in the next year.

VII. SEGMENT-WISE PERFORMANCE

During the year 2010-11, consultancy services including quality assurance services accounted for 75% of the total operating income, export sales accounted for 21%, leasing income accounted for 3% and balance 1% from construction projects. A segment-wise comparison is given below which shows an increase in the export sale business during the year.

(₹ in crore)

	2008-09		2009-10		2010-11	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy Services						
- Domestic	381	71	444	80	482	69
- Abroad	27	5	31	6	40	6
Construction Projects	20	4	17	3	5	1
Export	59	11	47	8	149	21
Leasing (Domestic & Abroad)	50	9	17	3	22	3
Total	537	100	556	100	698	100

OPERATIONAL PERFORMANCE

VIII. BUSINESS OUTLOOK

RITES is consistently striving to built up its existing strengths and upgrade

its capability and capacity to expand its operations in Indian infrastructure market. The business outlook of the company is encouraging which can be witnessed from the new orders secured worth of ₹ 1000 crores during the current year, this is the result of strong corporate fundamentals and its inherent competitive strengths.

OVERSEAS BUSINESS

Company had secured during last financial year a prestigious operations and maintenance project in Kingdom of Saudi Arabia for North South Railways (NSR) network and has completed activities related to mobilization phase covering system, testing plan, facilities build-out plan and staff and training plan during the year under review.



Export of Cranes for Myanmar Railways

Company secured major contracts for exporting of in-service MG locos and AC coaches, wagons, machines, spare parts and various type of equipment from Myanmar Railways & Benin Railways. The locomotive leasing arrangements continued to operate in Mozambique through out the year.

Other consultancy projects secured during the year were feasibility study for Myumba new standard gauge Railway line in Gabon in Africa, feasibility study for construction of a New Railway lines for transport of coal from the Coal mines taken on concession by Jindal Steel & Power Ltd. in Mozambique in Africa. RITES continued to contribute to the Civil Aviation sector in Botswana by providing design consultancy for the relocation of airfields.

RITES with association of Department of Ocean Engineering, Indian Institute of Technology (IIT) Chennai has secured consultancy project in port sector for preparation of Detailed Project Report (DPR) for Rehabilitation of Kanakesanturai (KKS) Harbour and Geo-technical investigations in Sri Lanka.

The Concession Company Tanzania Railways Limited (TRL) was incorporated in Tanzania in 2007 and was facing serious financial problems since inception, thus it was agreed that Government of Tanzania (GOT) would acquire company's 51% stake in TRL and has agreed to pay settlement dues in instalments, pending formal execution of settlement deed.

Another concession company named as M/s Companhia dos Caminhos de Ferro da Beira, SARL (CCFB) Mozambique was formed in the year

2004 to operate, manage and rehabilitate railway systems and the strategic shareholders are RITES(26%), IRCON(25%) & CFM(49%), a parastatal of Govt. of Mozambique. Government of Mozambique (GOM) has awarded coal concessions and negotiations on coal tariff and take or pay agreement took place in November 2010. There are certain issues in respect of coal tariff with mines concessioners, management control of CCFB, etc due to which it is not possible for RITES and IRCON to continue in the said concessioning project. Now it has been decided by the shareholders that RITES and IRCON will exit from the project through amicable settlement with GOM.

DOMESTIC BUSINESS



Restoration of Railway Siding inside the premise

The company continued to secure businesses for sustained growth for all the streams like consultancy, leasing and construction projects in the domestic market. Company has also started operations in leasing business, apart from core consultancy business. Company started leasing business of locomotives during the last financial year and after successfully executing contracts of shunting loco leasing to non-railway clients such as Bandel Thermal Power Station, Dhamra Port Company Ltd. and NSPCL (NTPC-SAIL Power Company Limited), company has ventured into leasing of main line locos for running Merry-Go-Round Systems.

RITES in Joint Venture with SAIL have set up a Company for manufacture of wagons for Indian Railways at SAIL Growth Works, Kulti, district Bardhaman in West Bengal. RITES has been assigned activities related to construction, procurement and installation of Machinery & Plant.

Company secured a prestigious study under stiff international competition from NHAI for providing 'Road Safety Consultancy' by covering 1250Km of Eight National Highway Sections. This is new area of consultancy and the potential of further business in the field is tremendous, considering length of National Highway alone is over 70,000 Km.

Company has successfully completed various works like Development of Practice venue for Rugby – 7S & Table Tennis at Jamia Millia Islamia, New Delhi for Commonwealth Games 2010 in tight schedule and requisite quality. Execution of a project for design consultancy and construction supervision of Northern Railway Tunnel in difficult terrain in Himalayan

region is another landmark achievement for the company. Other major consultancy projects secured during the year were feasibility study for preparation of DPR for four new metro Corridors in Kolkata.

The first major turnkey work is being executed for Enhancement of LHB coach production facilities at Rail Coach Factory, Kapurthala on successful completion of these works in time, work for Bogie Shop for RCF at Budge-Budge will also be executed by RITES.

Third Party Inspection assignments were undertaken covering extensive quality checks of Wheels, Axles, Prototype testing of AC Chilling Plant sets and Crankshaft in China, Ukraine & Czech Republic on behalf of Railways and other wagon manufacturers.

Company has entered into the field of consultancy on Funicular Railway system. The project management of India's first Funicular Railway at Saptashrungi Temple, Nashik is being carried out by the company on BOT basis.

REVIEW OF BUSINESS DIVISIONS

Major projects secured and works executed during the year for both, foreign and domestic segments by various business units, are covered below:-

RAIL INFRASTRUCTURE DIVISION (RI)



Commissioning of Track Hopper for unloading coal rakes at DSTPS Power House of DVC at Andal, West Bengal

The Rail Infrastructure division provides consultancy in Civil Engineering Design, Geotechnology, Track and Survey, Signal and Telecommunication and services related to rail infrastructure



RCC Box Pushing work of KMDA at Patipukur below Quadruple suburban Railway track near Sealdah

development. This division operates through Strategic Business Units (SBU) at Corporate Office and Regional Project Offices (RPO) at Mumbai, Kolkata, Lucknow, Secunderabad, Nagpur and Bhubaneswar, to manage the needs of various clients and projects which include project management, operation & maintenance etc. of railway logistics for Central & State power utilities, coal companies etc.

CIVIL ENGINEERING DESIGN UNIT



Construction of Pirpanjal Tunnel in progress near Banihal in J & K

This unit provides services from concept to commissioning in the field of civil engineering design which include designing of new rail, road bridges, rail cum road bridges and rehabilitation of existing rail, road and rail cum road bridges across major rivers and gorges, rail over bridges, rail under bridges including viaduct and rail & road tunnels. One of the bridge design project was over river Brahmaputra for NF Rly comprising of 1x32.6m+39x125m+1x32.6m composite welded steel truss spans for main bridge including North & South approaches each of 34x24.5m RCC Girder Deck Spans. The main bridge spans are supported on deep foundation i.e. Well foundation (max. depth 71m). The approach spans are supported on RCC cast in situ bored piles as (max. length 50m) the bridge is situated in high seismic zone V with liquefiable strata, the substructure design has been a challenging task.

Other important project is in fragile Himalayas for "USBRL Project" in the J&K state. The bridges comprise of tall piers (up to 105m height) on steep unstable slopes alongwith steel concrete composite superstructure. Detailed designs of cutting/slope stabilization with soil nails/ground anchors are also being undertaken alongwith high steep reinforced earth embankments.

The design consultancy and construction supervision of Northern Railway Tunnel -1 is being undertaken by the unit under joint venture which is located in Himalayan region near Udhampur in the state of J&K. The length of the tunnel is 3.1km which is blocked due to collapses and heavy deformations at several places. This unit has designed the rehabilitation works including fresh tunneling of 1.8 km length by-passing the most affected areas.

GEO-TECHNOLOGY UNIT

This unit provides technical services to carry out extensive geotechnological investigations as part of pre-feasibility, DPR studies and also manages and supervises projects involving geotechnical work during pre-construction and construction stages of investigations. During the year, the unit has completed major works of Detailed Geotechnical Investigation for Laole-Qazigund new B.G. line (km 120 – km 168), GT investigation for 2X500 MW Anpara 'D' TPP phase-1 for M/s UPRVUNL, Geophysical Investigation at IGI Airport in Delhi for DMRC,. In addition to this, Unit has also completed the field works for new BG Rail line from Agartala to Sabroom in Tripura.

The unit is also carrying out Detailed Geo-technical investigation for Katra-Laole new BG Rail line from km 30 to km 120, Detailed Design Consultancy for heavy seepage in T-3 on Udhampur-Katra section of USBRL project, GT investigation for Bogibeel Rail cum Road Bridge on river Brahmaputra at Dibrugarh. The unit has also provided services for Geotechnical/Geophysical investigation for Seismic Microzonation of NCT Delhi which is a important research oriented work, GT investigation for new B.G. rail line from Tupul to Imphal and Jiribam to Tupul in Northeast, Detailed GT investigation for Bridge-39 & Bridge-43 for KRCL for USBRL project, Geotechnical Investigation for Bridge No. 139 in between Chainage Km 147/100-Km. 147/500 for Ircon International Limited. In addition, the unit is carrying out GT investigation for conveyor corridor for coal mines in Barwadih, Jharkhand for NTPC.



Seismic reflection survey test done at different location in J&K for new BG Rail link project

The unit has recently secured prestigious work for Detailed GT investigation for Bridge- 39 & Bridge-43 for KRCL for USBRL project which includes extensive exploratory drilling and Geophysical works for design of the bridges, Feasibility Study for Coal Transportation study for Chattiberyattu & Kerendhari Mine to Banadag station by Conveyor System. Unit has also been awarded the work of Geotechnical investigations for Design of Alignment and Associated Survey work along the stretch of realignment for Katra-Dharam section (km 33.000 to km 100.868) of USBRL.

TRACK & SURVEY UNIT

This unit conducts surveys for Railways, Highways, Airports, Ports & Harbors, Pipelines, Transmission Lines and Ropeways. The unit has been awarded two international projects this year. First project is for feasibility Study for Myumba new standard gauge Railway line in Gabon in Africa and Second project is for carrying out feasibility Study for construction of a New Railway lines for Transport of Coal from the Coal mines taken on concession by Jindal Steel & Power Ltd. in Mozambique(Africa). The unit has also been awarded the work of "design of alignment & associated survey works along the stretch of realignment between Katra & Dharam on Udhampur-Srinagar-Baramulla Rail link project" by Konkan Railway corporation Ltd.



Discussion with Locals at Doussala-Gabon

The unit has completed project of "Feasibility Study of new Railway lines from Mechi to Mahakali & Pokhara to Kathmandu in Nepal including connections to Indian Border towns" during 2009-2010 . The project of " Feasibility study for upgradation of existing Railway line between Al Sharkia and Tartus port in Syria " was also completed in consortium with MECON & PDIL.

Final location survey of New Railway lines from "Bhairbhi to Sairang in the state of Mizoram" and from "Dimapur to Kohima in the state of Nagaland" have also been completed for North East Frontier Railway during the current year.

SIGNALLING & TELECOMMUNICATION UNIT

The unit provides appropriate and cost effective solutions to wide ranging signaling and telecommunication requirements of user agencies in Railway and non-railway sectors. During the year, the unit has completed Project Management Consultancy for S&T works at Tenughat Vidyut Nigam Limited at Lalpania, Jharkhand and major portion of S&T works have also been completed at BPCL, BORL, NSPCL Bhillai, IOCL Panipat and project at NTPC locations at Rihand (U.P), Sipat(Chhatisgarh) and Ramagundam(A.P). The unit has already completed Phase I & II of Consultancy assignments for modernization of signaling system in Ghaziabad-Kanpur section of Indian Railway. The work of Phase III is in-progress.

Project Management Consultancy for S&T works are in-progress for HMEI Bhatinda, APCPL Jhajjar, NTPC Dadri, NTPC Simhadri, Visakhapatnam Port Trust and SAIL Bhilai and Rourkela. Consultancy services for Detailed Engineering in connection with construction of 5th & 6th lines on Western and Central Railway are also in-progress.

In addition, Project Management Consultancy Services for Planning, Designing, Supply and installation of "Intelligent Traffic System" for Delhi is also in-progress.

Projects secured during the year include e-Governance & ITS for Noida Authority Technical Consultancy Project, awarded by Noida Authority, for Surveillance and traffic management in Gautam Budh Nagar(U.P). Project Management Consultancy works by M/s Visakhapatnam Port Trust for Panel Interlocking at R&D yard and Revamped East yard including replacement of 14 lever goomty by Panel Interlocking at NH yard of VPT.

TRANSPORTATION & ECONOMIC DIVISION

This unit carries out studies for integrated transportation systems, intermodal planning, rail engineering and logistics covering infrastructure development, planning of operations, systemic improvements etc. The nature of services include comprehensive and integrated rail transport consultancy involving traffic analysis, forecast, modal split determination, transport solutions for industrial units and handling arrangements.

The unit has undertaken varied assignments besides its core activities for development of rail infrastructure for industrial complexes, freight terminals, thermal power plants and ports. Apart from traditional clientele, studies were conducted for new clients engaged in automobile manufacturing and infrastructure promotion.

The detailed project report along with detailed engineering work covering movement of coal and limestone as well as development of rail facility for Bongaigaon Thermal plant has been completed for NTPC. Draft feasibility reports for transportation of coal involving two ultra mega power plants at Akaltara and Sundergarh respectively and for thermal station at Banswara have been submitted to Power Finance Corporation Consulting Limited. Similarly, the unit has completed the feasibility study for expansion of rail infrastructure for a 16 mtpa steel plant at Vijaynagar for Jindal Steel Works Ltd. Further, an infrastructure development project is underway for creation of tourism related facilities at Mandad Island in Raigarh district, Maharashtra. Draft reports on provision of rail facilities at an automobile plant in Pune and a business plan for setting up a common user terminal had been submitted to M/s. Volkswagen India Ltd.

Andhra Pradesh Industrial Infrastructure Corporation has awarded an integrated project encompassing feasibility study for a logistics hub and railway corridor followed by detailed project report for the proposed corridor in special economic zone, Vishakhapatnam. T&E group is also engaged in traffic studies and rail connectivity plan for a new port facility at Sagar Island conceived by Kolkata Port Trust.

Traffic and rail operation experts have been deputed to Gabon for a feasibility study of a new railway line linking Mayumba port. At the same

time, unit has been short listed for development of a Transport Master Plan under Northern Corridor Transport project in Kenya being funded by the World Bank.

BUILDING AND AIRPORT DIVISION

AIRPORT UNIT

This unit offers specialised consultancy services in the area of planning, design and construction management relating to airports. The unit has successfully completed the Techno – Economic Feasibility Study and Risk Assessment for the 2nd runway at SSR International Airport in Mauritius for Airbus A380 operations. The unit continued to contribute to the Civil Aviation sector in Botswana and the project at Francistown Airport and the design consultancy for the relocation of airfields at Tsabong and Hukuntsi had entered into detailed engineering stage.



Main Entrance of Terminal Building at Francistown Airport, Botswana

In the domestic sector, Project Management services for the construction of airstrips at Azamgarh and Chitrakoot in Uttar Pradesh on nearly completion and consultancy design services for the extension of runway at Moradabad had been commenced. Construction of surveillance radar tower buildings at Chandigarh, Agra and Hindon Airfields had been completed and works at Allahabad airfield is in progress. Construction of surveillance radar tower buildings at four stations had been awarded by M/s Bharat Electronics Limited. Project Management for the construction of International check posts at Attari along Indo – Pakistan border and Birgunj, Raxaul and Jogbani along Indo-Nepal border had been commenced during the year and the works are in progress.

URBAN ENGINEERING UNIT

This unit offers consultancy services for conducting Environmental Impact Assessment (EIA) study, design of water supply and sanitation, solid waste management for infrastructure projects i.e. hydropower, airports, roadways, railways, ropeways, waterways, township, landfill, integrated check posts, ports and harbours etc. The unit has been accredited by National Accreditation Board of Education and Training (NABET) as EIA consultant organization under the mandatory scheme of Ministry of Environment and Forest (MoEF) for (i) River Valley, Hydel, Drainage and Irrigation projects (ii) Airports (iii) Highways, Railways, Transport Terminals, Mass Rapid Transport Systems (iv) Ariel Ropeways (v)

Common Municipal Solid Waste Management Facilities (vi) Building and large construction projects including shopping malls, multiplexes, commercial complexes, housing estates, hospitals, institutions.

The unit has completed Environmental Impact Assessment (EIA) studies along with Environmental Clearance from Ministry of Environment and Forest (MoEF)/State Level Environment Impact Assessment Authorities (SEIAA) for Integrated Check Posts at Attari, Raxaul, Jogbani, Petrapole and for Environment studies for Feasibility- cum- Preliminary Design for 4/6 laning of Kandla-Mundra Port section of NH-8A (Ext), Trans harbour link Mumbai, High speed corridor from Pune to Ahmadabad via Mumbai, Elevated Suburban Rail Corridor from Church Gate to Virar, LRT Corridor between Noida and Greater Noida and UBDC Stage III project in Gurdaspur, Punjab.

The Environmental Impact Assessment studies for Bowala Nand Prayag, Chango Yangthang, Mori Hanol, Tiuni-Plasu Hydro Electric Projects, Integrated Check Post (ICP) at Morey, Dawaki, Agartala, Heliport at Rohini, Underground Caveran Facility at HPCL Manglore, Material and Passenger Ropeway project at the Holy Shrine of Shri Mata Vaishno Devi, MUTP Phase II, Mono Rail Project Mumbai, Mumbai Metro Phase II, 3 Corridors of Kolkata Metro, Rail Connectivity for Development of port at Sagar Island are in progress. Water Supply, Sewerage and Drainage design of ICP Attari, Jogbani, Raxaul, Pertapole, Agartala, Dwaki, Biratnagar and Birjang had been completed and for ICP Moreh is in-progress.

CONSTRUCTION PROJECT MANAGEMENT UNIT

The unit is involved in providing Project Management Services in connection with Construction of Institutional, Commercial and Residential Buildings along with Third Party Inspection of Infrastructure works. During the year this unit had been awarded Project Management Services for establishment of various new Polytechnic in Haryana, Construction of Police Lines and Residential Quarters for Delhi Police in Delhi, Construction of Hostel Blocks at NIT – Hamirpur, Establishment of Central University of Karnataka at Gulbarga etc. The unit had also secured Projects for Third Party Inspection for works related to Noida, Greater Noida Authorities, Delhi Jal Board, Ministry of Food Processing Industry, Ministry of Personnel, Training & Public Grievances etc.



Project Management for Fine Arts Institute at Rohtak

The major works under execution for Project Management Consultancy services are Expansion and Up-gradation of Jawaharlal Nehru University - New Delhi, North and South Campus – Delhi University, Indian Institute of Technology - Kharagpur, MNNIT - Allahabad and University of Allahabad. Construction of 1200 seated Auditorium/ Convention Centre at Nation Agriculture Science Centre of Indian Council of Agricultural Research - New Delhi, Construction of Institutional Buildings of Directorate of Technical Education, Govt. of Haryana at Rohtak, Expansion and Up gradation of University of Pondicherry and Hyderabad, Construction of Married Accommodation Projects of Ministry of Defence, Construction of Police lines and Residential Complex of Delhi Police at Delhi, Construction of School Building, Hostels and other Infrastructures of Navodaya Vidyalaya Samiti at various locations in India. The unit is also providing Project Management services for establishment of new Central University of Karnataka at Gulbarga and hostel Blocks at NIT – Hamirpur.



Delhi University North Campus Students Hostel

The major works of Third Party Inspection have also been undertaken for Building and Infrastructure works related to NOIDA, Greater NOIDA Authority and Delhi Jal Board. Border Fencing and Roads to Ministry of Home Affairs, Integrated Infrastructure Up gradation Scheme to Ministry of Commerce and NIFTEM complex to Ministry of Food Processing Industry.

The unit has successfully completed various works for Commonwealth Games 2010 during the year like Development of Practice venue for Rugby – 7S & Table Tennis Jamia Millia Islamia, New Delhi, Third Party Inspection of Works at Thyagraj, Sirifort and Jamuna Sports Complexes – Delhi. The Construction of Navodaya Vidyalayas at various places and Construction of Polytechniques at Cheeka, Narwana and Sampla in Haryana had been successfully completed.

ELECTRICAL ENGINEERING UNIT

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

Presently projects being undertaken by this unit include electrification of buildings with HVAC, Lifts, solar installation and associated LT Sub-

stations etc at Jawahar Lal Nehru University, New Delhi, Delhi Police, Rail-Tel, ILS Bhuvaneshwar, Jamia Millia Islamia university, Delhi, IIT Delhi, IIT Kharagpur, Haryana Govt. Polytechnic, Haryana Govt Institutional Campus, Rohtak, MNNIT Allahabad, Allahabad University, Hamirpur University, Pondicherry University, Gulbarga University, Ministry of Defence and State Trading Corporation of India.

This unit has also provided Consultancy services to MRVC, Mumbai for Overhead Equipment (OHE), Detailed Design Engineering for MUDP phase-II works on Western & Central Railways and Project Management Consultancy Services to SAIL, RINL, NTPC & IOL for electrification of Rail Sidings in their respective premises. PMC works related to Common wealth Games-2010 comprising of indoor & outdoor field lighting, HVAC, D.G Set and Electric Sub-station for the practice venue of Table Tennis & Rugby 7s have been successfully completed & commissioned with in the scheduled time to the satisfaction of client.

This unit has also provided consultancy services for Third Party Audit/ Inspection of electrified villages with associated feeders & Transformers under Rajeev Gandhi Gramin Vidyut Yojana (RGGVY) Scheme. Under this scheme Third Party Audit/ Inspections are being conducted with various Electrical Power Distribution companies of states viz JVVNL and WBSEDCL.

The Third party Inspection work had been completed in three nos. of DISCOMs of UPPCL. Recently a Third party Audit assignment for REC –PDCIL, New Delhi, in 1113 villages spread over 1159 km net work of BESCOM in Karnataka state had been completed in a record time of 6 months using latest Technology of GPS etc.

This unit is also exploring the business opportunities in the field of renewable energy viz. solar and wind power.

ARCHITECTURE & PLANNING UNIT

This unit offers consultancy for designs for institutional/office complexes, group housing, educational campuses, transport terminals, hospitals, workshops, industrial buildings, recreation centres, convention centre, etc. The unit had been involved with planning, designing and drawings for several buildings and ancillary structures for the Kashmir Rail Link Project for IRCON International Ltd.



Front view of Gitanjali Museum at Bolpur (West Bengal)

The unit had finalised the Detailed Project Reports for expansion of the Indira Gandhi National Open University Campus at Maidan Garhi, Delhi & for IGNOU Regional centre at Karnal (Haryana).

All drawings for the Cast Wheel Plant at Chapra and the POH Workshop at Harnaut, both in Bihar, have been submitted to Eastern Central Railway and the Construction activities are in full swing at the sites.

The unit has been providing design consultancy services to the Navodaya Vidyalaya Samiti (Ministry of Human Resource & Development) for setting up Jawahar Navodaya Vidyalayas all over India and during the year, the unit had designed the Jawahar Navodaya Vidyalayas at Pauri Garhwal, Shrawasti, Dhule & Tawang.

Design for an institutional cum residential campus for Delhi Armed Police Lines at Dwarka, Delhi is in progress.

In addition the unit is handling the planning & design of 3 Museums, 6 Training Institutes, and one Skill Development Institute for Ministry of Railways.

TECHNICAL SERVICES DIVISION

OPERATION & MAINTENANCE MANAGEMENT UNIT

The unit provides railway related technical support to captive railway systems for private and public sectors in India for Power Industry, Steel and Aluminium Plants, Ports etc. The unit has secured works from a number of clients in the recent past like NTPC, SAIL, Port Companies, TATA Steel, Vedanta Aluminium Ltd. & WBPDCL for operation of their railway systems, maintenance of rolling stock, track, signalling etc. The unit has also secured orders for supplying and commissioning DLW manufactured DG Sets to domestic clients.

The new business of offering shunting locomotives on wet lease including operation & maintenance has been well received by domestic non-railway customers. The unit has, so far, leased one loco each to Bandel Thermal Power Station/Bandel, NTPC-SAIL Power Co. Ltd./Bhilai, Lloyds Steel Industries/Wardha, Vedanta Aluminium Ltd./ Jharsuguda and three locos to Dhamra Port Co. Ltd./ Dhamra. After successful leasing of shunting locos, the unit is venturing into leasing of main line locos to non-railway clients running Merry-Go-Round Systems.

ROPEWAY & INDUSTRIAL ENGINEERING UNIT

The unit provides consultancy from concept to commissioning of the aerial ropeway projects in the country. Unit is presently doing project management of passenger ropeways at Namchi (Sikkim) and Guwahati (Assam). The Passenger and Material ropeway projects at Mata Vaishno Devi Shrine are being constructed, with the role of project supervision during construction.

The consultancy for a material ropeway at the famous Sabrimala Shrine in Kerala is also being done by the unit. Based on the project report by RITES, Govt. of Bihar has sanctioned the project of a ropeway at Rajgir.

The unit has entered in the field of consultancy of Funicular Railway system. The project management of India's first Funicular Railway unit at Saptashrungi Temple, Nashik is being done under supervision of the unit.



Ropeway project executed at Trikut Hill, Jharkhand

Funicular Railways on BOT basis at Haji Malang Shrine (Thane) and at Chotila and Saputara in Gujarat are in planning stage under the supervision of the unit.

The unit also provides consultancy service for setting up of new manufacturing and overhauling workshops. The unit has taken up the Turnkey works of construction and supply, installation and commissioning of Machinery & Plant for upgradation/ modernization of Railway Workshops and Production Units.

The first major turnkey work is being executed for Enhancement of LHB coach production facilities from 1400 to 1500 coaches at Rail Coach Factory, Kapurthala. Work for Bogie Shop for RCF at Budge-Budge is to be executed by the unit. The project of setting up of M-15 Gas Turbine Aggregate Testing facilities for Indian Navy at Visakhapatnam is being executed under the supervision of the unit.

RITES and SAIL have set up a Joint Venture Company for manufacture of wagons for Indian Railways at SAIL Growth Works, Kulti, district Bardhaman in West Bengal. This project is being handled by this unit for all construction activities and procurement, installation of Machinery & Plant.

ROLLING STOCK DESIGN UNIT

This unit provides consultancy services in design and development of railway rolling stocks using state-of-the-art hardware and advanced software techniques like solid modeling, finite element modeling & analysis and simulation techniques such as crash and vehicle dynamics simulation, marketing of rolling stock design and also offers technical support to rolling stock manufactures.

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

Major projects in hand are ammonia tank wagon for carrying liquefied ammonia at high pressure, design and development of fly-ash and clinker wagons, high capacity milk van, bi-level autocar wagon for transportation of automobiles. The unit is also working on a prestigious assignment of

development of crashworthy locomotive design and occupant protection for Indian Railways.

MATERIALS SYSTEM MANAGEMENT UNIT

The unit provides consultancy services in public procurement of goods and works in India as well as abroad. The unit had completed procurement consultancy contract for Islamic Republic of Afghanistan for the project funded by multilateral funding agencies viz. World Bank, ADB etc.

During the year, the unit had executed three procurement consultancy contracts funded by World Bank and other international funding agencies like Global fund etc. Ministry of Agriculture, Govt. of India had awarded a contract for National Agriculture Innovation Project. Ministry of Health & Family Welfare, Govt. of India had also awarded contract for period for three years to work as Procurement Agent for four major projects funded by World Bank and GFATM viz. (i) Reproductive and Child Health (RCH-II) (ii) Second National Tuberculosis Control Project (iii) Malaria Control Project and (iv) Polio Eradication Program. In addition, the unit has signed a contract with Ministry of Health & Family Welfare, for acting as a Procurement Agent for National AIDS Control Organization (NACO). During the year a procurement of ₹ 1000 crores approx. was made against the two projects of Ministry of Health & Family Welfare for various vaccines, drugs, pharmaceuticals & diagnostic kits.

TRANSPORT INFRASTRUCTURE DIVISION

HIGHWAYS UNIT



Yamuna Expressway Project

The unit provides comprehensive road Transport Consultancy Services covering all aspects of Conceptual and Detailed Design, Supervision Operation and Maintenance of Expressways, Highways, Feeder/ Rural Roads, Bridges/Viaducts and Tunnels, Maintenance Planning/ Management of Road Networks, Strategic Planning for improvement/ upgradation of road System. The unit has been providing services in highway sector to various projects in India, Nepal, Bhutan, Botswana, Uganda, Malaysia, Myanmar and Ethiopia.

In Overseas, the unit had been providing consultancy services for design and construction supervision for (1) Construction supervision for Reconstruction of Francistown – Ramokgwebana Road, 82 km in Botswana (2) Construction supervision of Access Roads in Botswana (3)

Consultancy services for supervision for up gradation to paved Road standard of existing Roads in Terai Region of Nepal.



Road in Hill Section, Narsinghpur-Harrai-Amarwara Road Section, NH-26B, Madhya Pradesh

The unit had been awarded 'Road Safety Consultancy' by NHAI covering 1250Km of Eight National Highway Sections of NH-1, 2,3,8,12,34 & 59 extending from Gujarat to West Bengal, which had been secured through International Competitive Bidding. NHAI has appointed the unit as safety consultant first time and the Potential of further business in the field is tremendous, considering length of National Highway alone is over 70,000 Km.

The unit had also secured the contract for (i) Consultancy Services for DPR for link road (Corridor No.4)-Client-JCDL/Orissa (ii) Consultancy Services for Pre-Tender activities for the work of Construction of Versova-Bandra Sea link Project (10.63Km)-Joint Venture with Parsons, UK (Lead member) & others; Client-MSRDC (iii) DPR for common rail road corridor in Angul-Talcher-Chendipada belt in Orissa –Client-IDCO/ Orissa (iv) Junction Improvement at E.M Bypass Prince Anwar Shah Road Connector & Bridge over T.P Canal-Client-Road Department, Kolkata Municipal Corporation. (v) Consultancy Services for Construction of new two lane Road Bridge adjacent to the existing Bridge at RD 8.5 over Feeder canal of Farakka - NTPC Ltd.

URBAN INFRASTRUCTURE DIVISION

URBAN TRANSPORT UNIT

This unit provides comprehensive consultancy services for the complete spectrum of urban transport. During the year the unit was involved in Feasibility Study for Elevated Corridor between Churchgate-Virar section of Western Railway, Mumbai; General Consultancy for Phase II as well as Airport Metro Express Link for Delhi Metro; General Consultancy for Bangalore Metro Project; Feasibility Study for Monorail in Mumbai Metropolitan Region; Monorail for Patna; Detailed design of Peenya Depot cum workshop for Bangalore Metro; Feasibility study for Ahmadabad Regional Rail System; consultancy for ROBs in Punjab; Project Management of Flyovers/ ROBs in NOIDA, Greater NOIDA and Dadri; Detailed Project Report (DPR) for Mumbai Metro from BKC to Kanjurmarg; Comprehensive Mobility Plans for Ludhiana, Raipur and Chandigarh; Feasibility Study of Running of 15 car EMU Trains in Mumbai



Bangalore Metro - Erection of precast segment of viaduct in progress

Sub – Urban Section of Western Railway and Planning for Metro Stations on various corridors in Delhi and Bangalore. Unit also carried out a traffic impact assessment study for developing New Delhi as world class station.

The unit was awarded the work of Feasibility Study for preparation of DPR for four new metro Corridors in Kolkata. Other major assignments secured by the unit include additional ROBs and Flyovers in Punjab, Comprehensive Mobility Plan for Indore, Independent quality monitoring for stage – I of the Jaipur Metro Rail Project, DPR for extension of existing track from 2 km to 4 km for terminal ballistic research laboratory in Panchkula and Preparation of Detailed Structural Design/ drawing etc. for proposed RUB connecting Greater NOIDA to Megapolis site Delhi-Aligarh section of Northern Railway.

PORTS AND WATER RESOURCES UNIT

This unit provides total consultancy services from concept to commissioning for Ports & Harbours, Water Resources Engineering and Inland Water Transport. In this financial year, this unit had secured a prestigious consultancy project for preparation of feasibility report for development of new port facilities at Sagar Island with rail connectivity from Kolkata Port Trust. The unit had entered into international market in port sector with association of renowned Department of Ocean Engineering, Indian Institute of Technology (IIT) Madras and signed an agreement with Ministry of External Affairs (MEA). The agreement is for preparation of Detailed Project Report (DPR) for Rehabilitation of Kanakesanturai (KKS) Harbour and Geo-technical investigations in Sri Lanka. The unit had also secured new contracts for preparation of Detailed Project Report for Mandovi river, Zuari river and Cumberjua canal in Goa and Identification of Potential Waterways in eight North Eastern States under stiff competition from Inland Waterways Authority of India (IWAI). The prestigious projects for carrying out technoeconomic feasibility studies for redevelopment of five berths in the inner harbour area of Visakhapatnam Port secured from Visakhapatnam Port Trust are in-progress. The unit had been providing support services in development of port infrastructure for Tuticorin Port.

EXPOTECH DIVISION

This division provides integrated export packages for rolling stock including leasing, rehabilitation, management support, technical assistance in workshop modernization and maintenance facility planning.

During the year, supplies of Diesel Multiple Units to Sri Lanka were commenced. The contract for the supply of 15 DMU train sets was amended and enhanced to 20 DMU train sets. Furthermore, the contract for supply of 3 diesel electric locos was also secured from Sri Lanka. The construction for setting up new maintenance facilities at 3 locations in Sri Lanka was also started and is nearing completion. Supply of machinery and other equipment to Sri Lanka had also started. The training programme for training of 600 personnel of Sri Lanka Railways continued according to the schedule.



Export of DMUs for Sri Lankan Railways

The unit also completed the contracts of OCBN, Benin with the dispatches of 6 MG coaches in the beginning of the year, followed later by supply of rails and other equipment.

The locomotive leasing arrangements continued to operate in Mozambique through out the year. Six locomotives are working with CFM Mozambique Railway and another nine locomotives with CCFB Mozambique Railway. In addition, the unit continues to maintain six locomotives belonging to CDN Railway (Nacala).

The trial and commissioning of the first two 88 Class locomotives in Tanzania which had been rehabilitated earlier to 2300 HP was achieved and the locomotives were handed over to Tanzania Railways Ltd. for regular operations. Similarly, one GE make locomotive in Mozambique which had been rehabilitated with complete change of power pack was commissioned during the year.

The contract for supply of 4 sets of DMUs to Senegal is presently in hand and production of the coaches is in progress at RCF, Kapurthala.

Efforts to secure new business from other markets were intensified. After

prolonged negotiations, division was able to secure major contracts for supply of in-service MG locos and AC coaches, loco spares, new wagons, machines and various type of equipment from Myanmar Railways, Myanmar. Offers had also been submitted for supply of 10 BG diesel locomotives to Bangladesh Railways.

PRIVATISATION AND CONCESSIONS UNIT

During the year, this unit continued to provide technical and management support to railways concessions projects in Africa.

Concession Company named as Companhia dos Caminhos de Ferro da Beira, SARL (CCFB) was formed in the year 2004 to operate, manage and rehabilitate the Mozambique railway system for 25 years on concession basis. RITES (26% equity) and IRCON International Limited (25% equity) both under the ambit of Indian Railways, together holds majority share and CFM (a parastatal of Govt. of Mozambique) has 49% equity holding in the concession company. Machipanda line (320 km.) is under operation and Sena line (547 route-km.) has been rehabilitated and was handed over for inspection in February 2011. Government of Mozambique (GOM) has awarded coal concessions to two concessioners. These concessioners intend to move 5 million tonnes per annum (mtpa) of coal from their mines to Beira Port. The negotiation on coal tariff and take or pay agreement took place in November 2010. There are certain issues in respect of finalization of coal tariff with miners, management control of CCFB, etc due to which it is not possible for RITES and IRCON to continue with this project. Now it has been decided by the shareholders that RITES and IRCON will exit from Mozambique Concession Project through amicable settlement with GOM.

The Concession Company, Tanzania Railways Limited (TRL) with equity holding by RITES and Government of Tanzania (GOT) has been incorporated in year 2007 in Tanzania. The concession was for a period of 25 years which was taken over on 1st October 2007. As TRL was facing serious financial problems, it was agreed that GOT will acquire RITES stake in TRL. Accordingly, RITES submitted its proposal to sell its 51% stake to GOT. Tanzanian Negotiating Team agreed to settle with RITES as per the minutes of meeting dated 22nd and 23rd March, 2011. Pending the execution of deed of settlement, GOT has agreed to pay settlement dues in instalments by June 2014.

On the domestic front, the unit continued to provide services of proof consultancy work on long-term basis to Government of Andhra Pradesh for Kakinada Deep Water Port. Beside this, a project on drafting of Concession Agreement for development of Chudamani Port was completed. On Transaction Advisory front, unit was awarded two projects, one for development of Banana Park in Assam and other for Development of Warehousing cum Transport Yard at Udhampur on PPP basis. Unit provided advisory services for these two projects in the current year. Unit also provided consultancy service to RVNL and Railway Board on policy and documentation related to implementation of PPP scheme in railways.

QUALITY ASSURANCE DIVISION



Inspection of Engine Valves

The unit renders Third Party Inspection and Laboratory Testing services in India and abroad to clients in Govt., Public and Private Sectors. During the year, the unit was able to enhance business with the Power Utilities & infrastructure projects of different States with renewal of the contracts & extension in scope of inspection with existing clients. Many new organizations and clients like Uttrakhand, Urban Infrastructure Development Project, Ranchi, Water Supply & Sewerage Department under JNNURM project, Braithwaite & Jessop, Kolkata, Gujarat Urban Development Corpn, Ujjain Municipal Corporation etc. have also awarded contracts for Third Party Inspection and related services.

Besides above the unit has secured the largest order of inspection of a number of AC coaches and EMU/ DEMU coaches at ICF, Indian Railways. The unit has also been assigned the job of third party Inspection Services by Steel Authority of India Ltd.

The unit performed extensive Inspection of Wheels, Axles and Wheel sets in China, Ukraine & Czech Republic on behalf of Railways, BEML, CONCOR, TEXMACO, TWL & other wagon manufacturers. Inspection of Crankshaft at China on behalf of DMW, Prototype testing of AC Chilling Plant at China have been conducted for Northern Railway.

The unit continued to assist Bureau of Energy Efficiency (BEE), an independent Agency for Monitoring & Evaluation in their star rating scheme for various electrical products and this work has increased many fold during the year. The unit also continued to provide services to Bureau of Indian Standards in the management of their Product Certification Scheme.

The unit had rendered consultancy services for QMS (ISO 9001), EMS (ISO 14000), FMS (ISO 22000), OHSAS 18001, Service Quality Management System (IS 15700) and had conducted Customer

Satisfaction Surveys and Lead Auditor trainings for various prestigious PSUs/ State Govts. Organizations. Consultancy had also been undertaken for NHSRC towards Quality Improvement in hospitals at different locations. The Unit also continued to progress with projects in the field of Clean Development Mechanism.

INFORMATION TECHNOLOGY UNIT

The unit provides consultancy services like conducting feasibility studies, system study & design, software development, site preparation, user training etc. to various Government and semi Government organizations. It also supports in-house needs of company by continuously upgrading / modifying application software like Payroll, Financial Management System, Personnel Information System, Inspection, Billing, etc. Services related to hardware procurement, Access to internet and corporate e-mail etc. are also provided by the unit.

During the year, the unit had provided consultancy and project management services for Migration of Materials Management and Production, Planning & Control System from FoxPro to browser based environment for DLW, Varanasi, Upgradation of Treasury Operation System for Tripura State Government, Development of Vigilance Information System for Vigilance Department, Railway Board, Development of Internet based Information System for Manpower data for Indian Railway, Manpower Planning Department Railway, Centralised Apportionment of Indian Railway Earnings for Goods & Passengers among various zones of Indian Railways, Cashless Medical Services to retired railway employees using Smart Card for Central Hospital Northern Railway.

The unit also provided AMC support for various application software developed for KRWSA, Railway Board, IRCON, CONCOR, etc.

Knowledge Management System developed in-house has been fully stabilized and regular updation had been carried out by various divisions towards CVs of experts, new projects executed, etc. Progress had also been made towards implementation of ERP in RITES. Process for selection of implementation partner and requisite hardware had been planned.

The unit was providing full support to prestigious Saudi Arabia project. The report on "Draft System Support Plan" comprises of requirement for all information system support components necessary for operations of North Saudi Railway was prepared and submitted. IT Division also developed

and hosted on-line capturing of applications for recruitment of personnel for the said projects.

TRAINING UNIT

The unit is executing the project of training of 600 Sri Lanka Railway personnel of different disciplines in Railway Training Institutes in India. During the current year, unit have imparted training to 269 personnel for



Training program on Track maintenance for users of Railway sidings

1165 man weeks. Other trainings of railway personnel conducted include training of nine personnel of OCBN Benin on maintenance of coaches and locos and six personnel of PTB Senegal on maintenance of DEMUs.

During the year, six training programs for Railway Siding Users on commercial, operation and maintenance related subjects were organized. In these programs 158 officials from NTPC, SAIL, IFFCO, ACC, NFL and other organizations participated. In addition training for 47 Indian Railways officers has also been organized during the current year.

As a part of HRD activities, the unit is organizing training of the organization's personnel regularly to upgrade their skill and knowledge to meet the business goals. During the year, 5974 mandays of training had been imparted. This was a quantum leap over last year's figure of 4548 mandays of training.

During the year, induction training and refresher training programs were introduced, under which four refresher and three induction programs were conducted for 201 employees.

AUDITORS' REPORT

To,
The shareholders of
RITESLTD.

We have audited the attached Balance Sheet of RITES LTD. as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated accounts of one Branch/Regional Office (consisting of Project and Inspection offices) audited by us and three Branch/Regional Offices (consisting of Project and Inspection Offices) audited by Branch Auditors appointed by the Comptroller and Auditor General of India, New Delhi. The Head Office accounts include transactions relating to overseas assignments, which have been incorporated on the basis of return/receipts and payment accounts, vouchers, books of account, received from there. In respect of joint ventures in India, the company has incorporated its proportionate share of income and expenditure in the said joint ventures. The gross consultancy receipts and gross expenditure so incorporated amounts to ₹ 510.43 lacs and ₹ 322.53 lacs respectively, which have resulted into a profit of ₹ 187.90 lacs before taxes on income. We cannot comment on such figures as the same are audited by other auditors. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's report) order 2003, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - b. In our opinion, proper books of accounts, as required by law, have

been kept by the company, so far as appears from our examination of those books;

- c. Reports of the branch Auditors in respect of Branches/Regions not audited by us have been forwarded to us and the same have been appropriately dealt with;
 - d. The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with audited returns from the branches;
 - e. In our opinion, the Profit & Loss Account and the Balance Sheet dealt with by this report are in compliance with the Accounting standard referred to in Section 211(3C) of the Companies Act, 1956;
 - f. In pursuance to the notification No. GSR 829 (E) dated 21.10.2003, issued by the Department of Company Affairs; clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, pertaining to disqualification of Directors is not applicable to Government Company.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :-
- a. In the case of Balance Sheet of the State of Affairs of the Company, as at 31st March 2011.
 - b. In the case of Profit & Loss Account of the Profit of the Company for the year ended on that date.
 - C. In the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

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



(SANJEEV KWATRA)
PARTNER
M.No. 90130

Place: New Delhi
Dated:07.07.2011

ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph-1 of our report of even date on the accounts for the year ended on 31st March, 2011 of RITES LTD.)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. The Management during the year has physically verified the Fixed Assets and last verification was done in February 2011. We are informed that the management on such verification has noticed no material discrepancy.
 - b) In our opinion and according to information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year and therefore do not affect the going concern status of the company.
2. a) As reported to us, the physical verification of inventories has been conducted by the management at reasonable intervals during the period.
 - b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) In our opinion, the company is maintaining proper records of inventory and as explained to us, during the period, no material discrepancy has been noticed on physical verification of inventories as compared to records.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with size of the company and the nature of its activities & business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
5. According to the information and explanations given to us, the company has not entered into any contracts or arrangements required to be entered in the registers maintained under Section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under would apply.
7. The Company has appointed external Chartered Accountant firms for the purpose of conducting Internal Audit. The same in our opinion is commensurate with the size of the company and nature of its business.
8. Cost records under Section 209(1) (d) of the Companies Act, 1956 are not required to be maintained by the Company.
9. a) According to the information and explanation given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Excise Duty & Custom Duty, Cess which have remained outstanding as on March 31, 2011, for a period exceeding six months from the date they became payable.
 - b) According to Information and explanation given to us, there are no disputed statutory dues in respect of Sales tax/Income tax/Service Tax/Wealth Tax/Excise duty/Cess outstanding as on March 31, 2011.
10. There are no accumulated losses as at March 31, 2011 and the company has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us, no dues are outstanding towards any Financial Institution or Bank.
12. According to information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of Pledge of shares, Debentures, and other Securities.
13. The Provisions of any special statue applicable to Chit Fund / Nidhi / Mutual benefit fund / Societies are not applicable to the company.
14. According to information and explanation given to us, the company is not dealing or trading in Shares, Securities, Debentures and other Investments.
15. According to information and explanations given to us, the company has pledged its entire shareholding in Tanzania Railways Limited (TRL), a subsidiary of the company, comprising of 1,02,00,000 equity shares of face value TSH 1000 each equivalent to ₹ 3284.27 lacs with International Financial Corporation against loan of US \$ 440 lacs, disbursed / to be disbursed by it to Tanzania Railways Limited.
16. The company has not raised any term loan during the year.
17. According to information and explanation given to us, the company has not raised any short-term loan during the year.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures and hence requirement of reporting regarding creation of security or charge in respect of debentures issued doesn't arise.
20. The company has not raised any money by public issue during the year.
21. During the course of our examination of books of accounts and records of the company and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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



(SANJEEV KWATRA)
PARTNER
M. No. 90130

Place: New Delhi
Dated: 07.07.2011

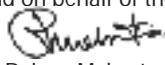
BALANCE SHEET AS AT 31st MARCH, 2011

		(₹ in Lakhs)			
		SCHEDULE	AS AT 31.03. 2011	AS AT 31.03. 2010	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS :					
- CAPITAL	A		4,000.00	4,000.00	
- RESERVES AND SURPLUS	B		84,176.28	65,483.90	69,483.90
	TOTAL		<u>88,176.28</u>	<u>69,483.90</u>	<u>69,483.90</u>
APPLICATION OF FUNDS					
FIXED ASSETS :					
- GROSS BLOCK	C		23,653.99	20,207.58	
LESS: DEPRECIATION			8,549.86	7,428.73	
LESS: PROVISION FOR IMPAIRMENT			489.08	-	
- NET BLOCK			<u>14,615.05</u>	<u>12,778.85</u>	
ADD: CAPITAL/DEV. WORK IN PROGRESS			3,577.57	3,590.49	16,369.34
INVESTMENTS:	D		11,159.04		6,206.70
DEFERRED TAX ASSETS (NET) {Refer note no. 23.7.1}			4,503.90		5,846.90
CURRENT ASSETS, LOANS AND ADVANCES :					
- INVENTORIES	E		7,835.67	3,696.37	
- WORK IN PROGRESS			1,506.08	1,385.55	
- SUNDRY DEBTORS			35,078.52	21,915.08	
- CASH AND BANK BALANCES			156,540.20	111,616.16	
- OTHER CURRENT ASSETS			3,964.63	3,973.07	
- LOANS AND ADVANCES			<u>35,130.25</u>	<u>24,586.30</u>	167,172.53
LESS: CURRENT LIABILITIES AND PROVISIONS :	F				
- LIABILITIES			160,094.82	108,662.01	
- PROVISIONS			25,639.81	17,449.56	126,111.57
NET CURRENT ASSETS			<u>54,320.72</u>	<u>41,060.96</u>	<u>41,060.96</u>
	TOTAL		<u>88,176.28</u>	<u>69,483.90</u>	<u>69,483.90</u>
PRINCIPAL ACCOUNTING POLICIES	M				
NOTES TO ACCOUNTS	N				
SCHEDULES "A" TO "N" FORM AN INTEGRAL PART OF ACCOUNTS					



P.T. Mittal
Company Secretary

For and on behalf of the Board




Rajeev Mehrotra
Director (Finance)



B.K. Makhija
Managing Director

AS PER OUR REPORT OF EVEN DATE ATTACHED



Sanjeev Kwatra
Partner
Membership No. 90130
For Dinesh Mehta & Company
Chartered Accountants
FRN : 000220N


Place: New Delhi
Dated : 7th July, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in Lakhs)			
	SCHEDULE	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
INCOME	G		
FROM OPERATIONS			
- CONSULTANCY FEE		44,479.16	39,900.77
- CONSTRUCTION PROJECTS		515.44	1,669.07
- EXPORT SALES		14,854.74	4,718.61
- INSPECTION FEE		7,805.85	7,591.40
- LEASE SERVICES		2,177.09	1,719.30
TOTAL INCOME FROM OPERATIONS		69,832.28	55,599.15
- OTHER INCOME		18,267.77	6,726.86
	TOTAL	88,100.05	62,326.01
EXPENDITURE			
- EMPLOYEES' COST	H	24,353.05	21,826.06
- TRAVEL		3,110.63	2,523.91
- SUPPLIES & SERVICES		6,207.50	5,975.25
- COST OF EXPORT SALES	I	11,020.31	3,772.64
- COST OF CONSTRUCTION PROJECTS INCLUDING WORK IN PROGRESS	J	474.08	1,484.58
- OTHER EXPENSES	K	5,406.70	8,841.34
- DEPRECIATION		1,231.87	1,164.24
- PRIOR PERIOD ADJUSTMENTS (NET)	L	22.61	77.62
-(INCREASE) / DECREASE - WORK IN PROGRESS - CONSULTANCY PROJECTS		(27.91)	95.03
	TOTAL	51,798.84	45,760.67
PROFIT BEFORE TAX		36,301.21	16,565.34
PROVISION FOR TAXATION			
- CURRENT YEAR		(10,502.16)	(6,605.87)
- EARLIER YEARS (NET)		(64.14)	(288.67)
DEFERRED TAX (NET)		(1,343.00)	1,523.82
PROFIT AFTER TAX		24,391.91	11,194.62
APPROPRIATIONS			
DIVIDEND			
- INTERIM		1,200.00	1,000.00
- FINAL (PROPOSED)		3,700.00	1,300.00
- TAX ON DIVIDEND		799.53	385.86
TRANSFER TO CSR ACTIVITIES RESERVE {Refer note no. 24}		546.37	-
TRANSFER TO GENERAL RESERVE		18,146.01	8,508.76
		24,391.91	11,194.62
EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC & DILUTED {Refer note no. 23.6}		₹ 60.98	₹ 27.99
NUMBER OF SHARES USED IN COMPUTING EARNING PER SHARE		40,000,000	40,000,000



P.T. Mittal
Company Secretary

For and on behalf of the Board


Rajeev Mehrotra
Director (Finance)


B.K. Makhija
Managing Director

AS PER OUR REPORT OF EVEN DATE ATTACHED


Sanjeev Kwatra
Partner
Membership No. 90130
For Dinesh Mehta & Company
Chartered Accountants
FRN : 000220N

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH , 2011

(₹ in Lakhs)		
PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	36,301.21	16,565.34
ADJUSTMENTS FOR:		
- DEPRECIATION AND AMORTIZATION	1,179.09	1,164.24
- LOSS/(PROFIT) ON SALE OF ASSETS (NET)	2.84	1.06
- INTEREST INCOME EXCLUDING INTEREST ON FDs	(824.75)	(589.64)
- INTEREST ON FDs	(4,486.11)	(4,591.72)
- INTEREST ON INTER CORPORATE DEPOSITS	-	(42.29)
- INCOME FROM INVESTMENTS	(137.68)	(82.19)
- PROVISION FOR IMPAIRMENT	489.08	-
- FIXED ASSETS -LOST IN ACCIDENT/WRITTEN OFF	0.54	0.63
- PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT	-	3,284.27
- PROVISION FOR DOUBTFUL DEBTS/ADVANCES/TDS/BANKS	229.60	380.05
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY		
- CASH & CASH EQUIVALENTS	(51.08)	917.72
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>32,702.74</u>	<u>17,007.47</u>
- DECREASE/(INCREASE) IN INVENTORIES	(4,139.30)	(1,497.27)
- DECREASE/(INCREASE) IN WORKS IN PROGRESS	(120.53)	95.03
- DECREASE/(INCREASE) IN SUNDRY DEBTORS	(13,383.18)	(5,379.14)
- DECREASE/(INCREASE) IN FDs UNDER LIEN	(1,116.10)	(261.31)
- DECREASE/(INCREASE) IN OTHER ASSETS EXCLUDING INTEREST ACCRUED ON FDs	(31.72)	(191.59)
- DECREASE/(INCREASE) IN LOANS & ADVANCES	(9,475.58)	9,645.21
- INCREASE/(DECREASE) IN CURRENT LIABILITIES & PROVISIONS	<u>52,920.74</u>	<u>25,154.85</u>
CASH GENERATED FROM OPERATIONS	<u>57,357.07</u>	<u>44,573.25</u>
- INCOME TAX PAID	<u>(7,560.36)</u>	<u>(7,131.10)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>49,796.71</u>	<u>37,442.15</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- PURCHASE/CONSTRUCTION OF FIXED ASSETS	(3,508.51)	(4,480.03)
- PROCEEDS FROM SALE OF ASSETS	13.68	4.76
- INVESTMENTS IN SHARES	(552.69)	2.63
- INVESTMENTS IN BONDS	(5,000.00)	(5,000.00)
- LOANS TO JOINT VENTURE COMPANY	(186.17)	996.47
- LOAN RECEIVED BACK FROM IRWO	20.00	20.00
- INTEREST INCOME	5,310.86	5,181.36
- INTEREST ON INTER CORPORATE DEPOSITS	-	42.29
- INCOME FROM INVESTMENTS	137.68	82.19
NET CASH FROM INVESTING ACTIVITIES	<u>(3,765.15)</u>	<u>(3,150.33)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
- DIVIDEND PAID	(2,500.00)	(2,200.00)
- DIVIDEND TAX PAID	(415.21)	(373.89)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,915.21)</u>	<u>(2,573.89)</u>

PARTICULARS	(₹ in Lakhs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY		
- CASH & CASH EQUIVALENTS	51.08	(917.72)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>43,167.43</u>	<u>30,800.21</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	113,078.50	82,278.29
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>156,245.93</u>	<u>113,078.50</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
CASH & BANK BALANCES {REFER SCHEDULE E(D)}	156,540.20	111,616.16
ADD : INTEREST ACCRUED ON FDRs {REFER SCHEDULE E(E)}	2,650.50	2,690.66
INVESTMENT IN UTI LIQUID PLAN {REFER SCHEDULE D (C)}	-	600.35
LESS: FDRs UNDER LIEN / MARGIN {REFER SCHEDULE E(D)}	<u>(2,944.77)</u>	<u>(1,828.67)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>156,245.93</u>	<u>113,078.50</u>

NOTE: CASH AND CASH EQUIVALENTS CONSIST OF CASH AND BANK BALANCES INCLUDING FDS , INTEREST ACCRUED AND LIQUID INVESTMENT EXCLUDING FDS UNDER LIEN / MARGIN .



P.T. Mittal
Company Secretary

For and on behalf of the Board



Rajeev Mehrotra
Director (Finance)



B.K. Makhija
Managing Director

AS PER OUR REPORT OF EVEN DATE ATTACHED



Sanjeev Kwatra
Partner

Membership No. 90130
For Dinesh Mehta & Company
Chartered Accountants
FRN : 000220N

Place: New Delhi
Dated : 7th July, 2011

SCHEDULE : A SHARE CAPITAL

	(₹ in Lakhs)	
	AS AT 31.03.2011	AS AT 31.03.2010
AUTHORISED		
100,000,000 EQUITY SHARES (PREVIOUS YEAR 100,000,000) OF ₹ 10/- EACH	10,000.00	10,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
40,000,000 EQUITY SHARES OF ₹ 10/- EACH FULLY PAID UP	4,000.00	4,000.00
(INCLUDE 39,900,000 EQUITY SHARES OF ₹ 10/- EACH ISSUED AS FULLY PAID BONUS SHARES BY CAPITALISATION OF RESERVES)		
TOTAL	4,000.00	4,000.00

SCHEDULE : B RESERVES AND SURPLUS

	(₹ in Lakhs)	
	AS AT 31.03.2011	AS AT 31.03.2010
GENERAL RESERVE		
AT THE BEGINNING OF THE YEAR	65,483.90	56,975.14
ADD: TRANSFER FROM PROFIT & LOSS ACCOUNT	18,146.01	8,508.76
SUB-TOTAL	83,629.91	65,483.90
CSR ACTIVITIES RESERVE		
TRANSFER FROM PROFIT & LOSS ACCOUNT	546.37	-
SUB-TOTAL	546.37	-
TOTAL	84,176.28	65,483.90

SCHEDULE : C FIXED ASSETS

DESCRIPTION	GROSS BLOCK					DEPRECIATION					PROVISION FOR IMPAIRMENT			NET BLOCK	
	AS AT 01/04/2010	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2010	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2010	FOR THE YEAR	TOTAL	AS AT 31/03/2011	AS AT 31/03/2010
LAND FREEHOLD	1,865.39	965.16	-	-	2,830.55	-	-	-	-	-	-	-	-	2,830.55	1,865.39
LAND LEASEHOLD	268.35	-	-	-	268.35	192.38	7.57	-	-	199.95	-	-	-	68.40	75.97
BUILDING FREEHOLD	2,579.78	-	-	-	2,579.78	361.52	51.99	-	-	413.51	-	-	-	2,166.27	2,218.26
BUILDING LEASEHOLD	1,164.83	-	-	-	1,164.83	234.39	21.20	-	-	255.59	-	-	-	909.24	930.44
RESIDENTIAL QUARTERS FREEHOLD	234.43	-	-	-	234.43	121.34	3.19	-	-	124.53	-	-	-	109.90	113.09
RESIDENTIAL QUARTERS LEASEHOLD	479.91	300.00	-	-	779.91	244.42	28.96	-	-	273.38	-	-	-	506.53	235.49
SURVEY AND OTHER INSTRUMENTS	1,273.39	62.59	-	12.11	1,323.87	1,021.43	65.71	-	8.96	1,078.18	-	-	-	245.69	251.96
COMPUTER AND EQUIPMENTS	2,028.00	143.42	-	15.28	2,156.14	1,716.93	161.24	-	12.83	1,865.34	-	-	-	290.80	311.07
INTANGIBLE ASSETS	376.66	38.27	-	0.87	414.06	336.53	34.88	-	0.87	370.54	-	-	-	43.52	40.13
OFFICE AND OTHER EQUIPMENTS	770.99	58.22	-	13.68	815.53	613.07	46.76	-	8.91	650.92	-	-	-	164.61	157.92
AIR-CONDITIONER AND EQUIPMENTS	120.57	18.40	-	10.74	128.23	92.40	7.76	-	5.46	94.70	-	-	-	33.53	28.17
AIR CONDITIONER PLANT	924.83	-	-	-	924.83	320.97	46.49	-	-	367.46	-	-	-	557.37	603.86
FURNITURES	452.85	39.63	-	3.20	489.28	315.86	40.99	-	2.20	354.65	-	-	-	134.63	136.99
FIXTURES	381.96	23.55	-	0.54	404.97	297.68	25.69	-	0.13	323.24	-	-	-	81.73	84.28
VEHICLES	305.01	39.01	-	18.60	325.42	242.60	20.72	-	18.60	244.72	-	-	-	80.70	62.41
VEHICLES ABROAD	77.81	-	-	-	77.81	53.96	11.80	-	-	65.76	-	-	-	12.05	23.85
LOCOMOTIVES ABROAD	5,665.56	78.41	-	-	5,743.97	960.61	368.21	(18.45)	-	1,310.37	-	313.49	313.49	4,120.11	4,704.95
LOCOMOTIVES DOMESTIC	285.00	1,754.77	-	-	2,039.77	21.39	138.35	-	-	159.74	-	-	-	1,880.03	263.61
COACHES	952.26	-	-	-	952.26	281.25	150.36	(34.33)	-	397.28	-	175.59	175.59	379.39	671.01
SUB TOTAL	20,207.58	3,521.43	-	75.02	23,653.99	7,428.73	1,231.87	(52.78)	57.96	8,549.86	-	489.08	489.08	14,615.05	12,778.85
CAPITAL WORK IN PROGRESS	3,590.49	1,741.85	(1,754.77)	-	3,577.57	-	-	-	-	-	-	-	-	3,577.57	3,590.49
GRAND TOTAL	23,798.07	5,263.28	(1,754.77)	75.02	27,231.56	7,428.73	1,231.87	(52.78)	57.96	8,549.86	-	489.08	489.08	18,192.62	16,369.34
PREVIOUS YEAR	19,435.63	5,244.22	(777.68)	104.10	23,798.07	6,375.63	1,164.24	(13.49)	97.65	7,428.73	-	-	-	16,369.34	-

SCHEDULE : D INVESTMENTS

		(₹ in Lakhs)	
		AS AT 31.03. 2011	AS AT 31.03. 2010
A)	TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS (IN SHARES)		
	(I) In Foreign Companies		
	(a) Subsidiary Companies		
	(i) RITES (Afrika) (Pty) Ltd., Botswana 10,000 (previous year 10,000) equity shares of face value of Pula 1/- each, fully paid-up.	1.20	1.20
	(ii) Tanzania Railways Ltd., Tanzania {Refer note no. 14.0} 10,200,000 (previous year 10,200,000) equity shares of face value of TSH 1,000/- each, fully paid-up.	3,284.27	3,284.27
	Less: Provision for Diminution in value of Investment	<u>(3,284.27)</u>	<u>(3,284.27)</u>
	(iii) RITES Mohawarean Arabia Co. Ltd. 380 (previous year nil) equity shares of face value of Saudi Riyal 1,000/- each, fully paid-up.	47.01	-
	(b) In Foreign Joint Ventures Companhia Dos Caminhos De Ferro Da Beira, SARL (CCFB), Mozambique 1,300,000 (previous year 1,300,000) equity shares of face value of US\$ 1/- each, fully paid up.	600.89	600.89
	(II) In Indian Companies		
	(a) Subsidiary Company RITES Infrastructure Services Limited 50,000 (previous year nil) equity shares of face value of ₹ 10 each	5.00	-
	(b) Joint Ventures SAIL-RITES Bengal Wagon Industry Private Limited 5,000,000 (previous year nil) equity shares of face value of ₹ 10 each, fully paid up.	500.00	-
	(c) (i) Global Procurement Consultants Limited 32,279 (previous year 30,000) equity shares of face value of ₹ 10/- each, fully paid-up (Include 2,279 Equity shares of face value of ₹ 10/-each at a price of ₹ 30 /- each).	3.68	3.00
	(ii) Ganga Expressway Consultants Ltd. 12,500 (previous year 12,500) equity shares of face value of ₹ 10/- each, fully paid-up.	1.25	1.25
	(III) In Indian Building Cooperative Societies	0.01	0.01
	(i) Moru Mahal Co-operative Society Limited 10 (previous year 10) Equity Shares of face value of ₹ 50/- each and		
	(ii) Amit Industrial Premises Co-operative Society Limited 5 (previous year 5) Equity Shares of face value of ₹ 50/- each		
	AGGREGATE OF UNQUOTED - CARRYING VALUE AT COST	<u>1,159.04</u>	<u>606.35</u>
B)	TRADE (QUOTED)-AT COST, LONG TERM INVESTMENTS		
	INDIAN RAILWAY FINANCE CORPORATION (7 YEAR SECURED REDEEMABLE 6.30% TAX FREE BONDS) 5,000 Bonds of face value of ₹ 100,000/- each , fully paid	5,000.00	5,000.00
	INDIAN RAILWAY FINANCE CORPORATION (7 YEAR SECURED REDEEMABLE 6.32% TAX FREE BONDS) 5,000 Bonds of face value of ₹ 100,000/- each , fully paid	5,000.00	-
	AGGREGATE OF QUOTED INVESTMENTS - CARRYING VALUE AT COST	<u>10,000.00</u>	<u>5,000.00</u>
C)	TRADE CURRENT INVESTMENTS -AT COST		
	UTI Liquid Cash Plan	-	600.35
	AGGREGATE OF QUOTED INVESTMENTS - CARRYING VALUE AT COST	-	<u>600.35</u>
	TOTAL	<u>11,159.04</u>	<u>6,206.70</u>

SCHEDULE : E

CURRENT ASSETS, LOANS AND ADVANCES

	(₹ in Lakhs)	
	AS AT 31.03. 2011	AS AT 31.03. 2010
CURRENT ASSETS		
(A) INVENTORIES		
(AS CERTIFIED BY MANAGEMENT)		
STORES AND SPARE PARTS	378.71	307.74
FINISHED GOODS (INCLUDES GOODS IN TRANSIT ₹ 102.67 lakhs, Previous year nil)	7,456.96	3,388.63
	<u>7,835.67</u>	<u>3,696.37</u>
(B) WORK IN PROGRESS	<u>1,506.08</u>	<u>1,385.55</u>
(C) SUNDRY DEBTORS		
UNSECURED CONSIDERED GOOD		
1. DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS	6,562.52	4,805.00
2. OTHERS	<u>27,307.82</u>	<u>16,024.04</u>
(UNSECURED, CONSIDERED DOUBTFUL)		
OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS	3,057.34	9,134.66
LESS: PROVISION FOR DOUBTFUL DEBTS	<u>(3,057.34)</u>	<u>(9,134.66)</u>
RETENTION MONEY	<u>1,208.18</u>	<u>1,086.04</u>
	<u>35,078.52</u>	<u>21,915.08</u>
(D) CASH AND BANK BALANCES **		
1) CASH/CHEQUES IN HAND	25.09	55.54
2) BALANCES WITH SCHEDULED BANKS IN : {Refer note no. 5.0}		
CURRENT ACCOUNTS	2,820.68	4,238.06
FIXED DEPOSIT ACCOUNTS	150,674.12	105,442.70
MARGIN MONEY ACCOUNTS {Refer note no. 3.0}	<u>2,944.77</u>	<u>1,828.67</u>
3) BALANCE WITH OTHER BANKS IN CURRENT ACCOUNTS {Refer note no. 4.0}	78.77	54.43
LESS: PROVISION FOR DOUBTFUL BANK BALANCES	<u>(3.23)</u>	<u>(3.24)</u>
	<u>156,540.20</u>	<u>111,616.16</u>
(E) OTHER CURRENT ASSETS		
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON		
BANK DEPOSITS	2,650.50	2,690.66
LOANS AND ADVANCES	<u>1,314.13</u>	<u>1,282.41</u>
	<u>3,964.63</u>	<u>3,973.07</u>
(F) LOANS AND ADVANCES (SECURED/ UNSECURED, CONSIDERED GOOD)		
(SECURED, CONSIDERED GOOD)		
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED FROM:-		
- STAFF ADVANCES	81.12	82.81
(UNSECURED, CONSIDERED GOOD)		
LONG TERM LOANS TO :		
INDIAN RAILWAY WELFARE ORGNISATION	-	20.00
JOINT VENTURE ENTITIES		
- COMPANHIA DOS COMINHOS DE FERRO DA BEIRA, SARL (CCFB) MOZAMBIQUE	8,789.04	8,602.87
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED FROM:-		
- STAFF ADVANCES (NET)	295.14	330.40
- RENT ADVANCE	33.46	47.15
- SUBSIDIARY COMPANIES	73.84	5.18
- JOINT VENTURES	1,051.06	1,188.66

			(₹ in Lakhs)	
	AS AT 31.03. 2011		AS AT 31.03. 2010	
GOVT. OF TANZANIA {Refer note no. 14.1}		9,201.94		-
- OTHER ADVANCES /RECOVERABLES				
- CONSIDERED GOOD	4,338.20		3,937.54	
- CONSIDERED DOUBTFUL	<u>1,469.51</u>		<u>1,471.59</u>	
	5,807.71		5,409.13	
LESS: PROVISION FOR DOUBTFUL ADVANCES / RECOVERABLES	<u>1,469.51</u>	4,338.20	<u>1,471.59</u>	3,937.54
SECURITY & OTHER DEPOSITS				
- CONSIDERED GOOD	178.54		270.47	
- CONSIDERED DOUBTFUL	<u>38.80</u>		<u>16.70</u>	
	217.34		287.17	
LESS: PROVISION FOR DOUBTFUL SECURITY & OTHER DEPOSITS	<u>38.80</u>	178.54	<u>16.70</u>	270.47
ADVANCE INCOME TAX		10,927.07		10,015.01
PREPAID EXPENSES		<u>160.84</u>		<u>86.21</u>
		35,130.25		24,586.30
TOTAL		<u>240,055.35</u>		<u>167,172.53</u>

** INCLUDE CLIENT FUNDS OF ₹ 110,384.58 LAKHS (PREVIOUS YEAR ₹ 70,343.38 LAKHS) {Refer note no. 5.0}

SCHEDULE : F

CURRENT LIABILITIES AND PROVISIONS

			(₹ in Lakhs)	
	AS AT 31.03. 2011		AS AT 31.03. 2010	
CURRENT LIABILITIES				
SUNDRY CREDITORS :				
OUTSTANDING DUE TO				
(I) MICRO AND SMALL ENTERPRISES {Refer note no. 7.0}		11.74		4.86
(II) OTHER CREDITORS FOR SUPPLIES, SERVICES AND OTHERS		12,450.25		8,394.19
OTHER LIABILITIES		2,727.32		2,231.10
PAYABLE TO JOINT VENTURES		121.35		-
CUSTOMERS' ADVANCES		123,738.61		81,860.96
SECURITY DEPOSITS/ RETENTION MONEY DUE TO CONTRACTORS / AGENCIES		13,502.85		9,650.14
SALARY PAYABLE		7,202.75		5,954.95
FOREIGN SERVICE CONTRIBUTION		<u>339.95</u>		<u>565.81</u>
		160,094.82		108,662.01
PROVISIONS FOR :				
PROPOSED DIVIDEND		3,700.00		1,300.00
TAXATION [includes wealth tax]		10,414.00		6,496.00
DIVIDEND TAX		600.23		215.91
LEAVE SALARY		6,410.13		5,533.35
GRATUITY		862.54		167.81
POST RETIRAL BENEFITS (PENSION/MEDICAL) {Refer note no. 17}		2,495.83		1,679.30
LEAVE TRAVEL CONCESSION		84.09		79.15
CONTRACT EMPLOYEES BENEFITS		241.62		303.18
LONG SERVICE AWARD		97.33		63.22
EXCISE DUTY		61.35		61.35
CONCESSIONING EXPOSURE {Refer note no. 23.10}		-		1,097.66
WARRANTIES {Refer note no. 23.10}		526.84		264.76
SHORTAGE OF FIXED ASSETS		0.03		3.59
COMMITMENTS {Refer note no. 23.10}		<u>145.82</u>		<u>184.28</u>
		25,639.81		17,449.56
TOTAL		<u>185,734.63</u>		<u>126,111.57</u>

SCHEDULE : G

INCOME

	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2011	YEAR ENDED 31.03. 2010
i) CONSULTANCY FEE (GROSS)	48,832.70	43,736.08
LESS: SERVICE TAX	(4,353.54)	(3,835.31)
CONSULTANCY FEE (NET)	<u>44,479.16</u>	<u>39,900.77</u>
ii) CONSTRUCTION PROJECTS	<u>515.44</u>	<u>1,669.07</u>
iii) EXPORT SALES	<u>14,854.74</u>	<u>4,718.61</u>
iv) INSPECTION FEE(GROSS)	<u>8,607.63</u>	<u>8,392.91</u>
LESS: SERVICE TAX	<u>(801.78)</u>	<u>(801.51)</u>
INSPECTION FEE (NET)	<u>7,805.85</u>	<u>7,591.40</u>
v) LEASE SERVICES	<u>2,239.91</u>	<u>1,729.57</u>
LESS: SERVICE TAX	<u>(62.82)</u>	<u>(10.27)</u>
LEASE SERVICES (NET)	<u>2,177.09</u>	<u>1,719.30</u>
vi) OTHER INCOME		
INTEREST EARNED ON		
- DEPOSITS WITH BANKS (INCL.TDS OF ₹ 443.26 LAKHS , PREVIOUS YEAR ₹ 486.02 LAKHS)	4,486.11	4,591.72
- TAX FREE BONDS	402.88	20.71
- STAFF ADVANCES	47.20	49.20
- LOAN TO INDIAN RAILWAY WELFARE ORGNISATION (INCL. TDS OF ₹ 0.07 LAKH, PREVIOUS YEAR ₹ 0.24 LAKHS)	0.75	2.45
- LOAN TO CCFB, MOZAMBIQUE	332.08	389.61
- INTER CORPORATE DEPOSITS	-	42.29
- INCOME TAX REFUND	15.00	3.74
- OTHERS	26.84	123.93
PROVISION NO LONGER REQUIRED *	7,850.45	1,080.99
EXCEPTIONAL ITEMS**	3,873.08	-
PROFIT ON SALE OF FIXED ASSETS	2.28	3.36
DIVIDEND FROM:		
- TRADE LONG TERM INVESTMENTS	0.75	0.75
- TRADE CURRENT INVESTMENTS	136.93	81.44
EXPORT INCENTIVES	135.48	56.88
RENT	80.09	80.09
EXCHANGE VARIATION	51.08	-
MISCELLANEOUS RECEIPTS ***	<u>826.77</u>	<u>199.70</u>
	<u>18,267.77</u>	<u>6,726.86</u>
TOTAL	<u>88,100.05</u>	<u>62,326.01</u>

* Includes provision written back of TRL projects of ₹ 6,287.23 lakhs towards concessioning exposure ₹ 1,097.66 lakhs and doubtful debts ₹ 5,189.57 lakhs.

** Settlement of claims by Govt. of Tanzania

*** Miscellaneous receipts include sale of tenders, LD charges, claims from Bank/ Insurance companies, forfeited upfront receipts etc.

SCHEDULE : H

EMPLOYEES' COST

	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2011	YEAR ENDED 31.03. 2010
SALARIES	12,821.97	11,531.25
SALARIES CONTRACT EMPLOYEES	2,861.11	1,955.04
SALARIES -ABROAD	801.25	1,233.14
BONUS	4.66	47.52
FOREIGN SERVICE CONTRIBUTION	131.84	504.09
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	1,246.25	1,076.36
GRATUITY	878.91	384.67
POST RETIRAL BENEFITS (PENSION/MEDICAL)	816.53	1,679.30
HOUSE RENT (NET)	64.70	166.33
MAINTENANCE OF RESIDENTIAL BUILDINGS	33.58	54.39
MEDICAL AND WELFARE	694.00	711.98
STAFF INSURANCE	37.13	39.35
CONTRACT EMPLOYEES BENEFITS	118.92	195.01
LEAVE TRAVEL CONCESSION	39.44	58.54
PERFORMANCE RELATED PAYMENTS	2,317.00	854.00
AWARD/HONORARAIM	92.32	51.90
LEAVE SALARY	1,393.44	1,283.19
TOTAL	<u>24,353.05</u>	<u>21,826.06</u>

SCHEDULE : I

COST OF EXPORT SALES

	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2011	YEAR ENDED 31.03. 2010
OPENING STOCK OF FINISHED GOODS (PURCHASED)	3,388.63	1,632.74
PURCHASES	13,025.18	4,551.24
CONSUMABLES	49.13	83.11
FREIGHT & FORWARDING	740.30	395.31
INSURANCE	3.70	2.56
FEES FOR SERVICES OBTAINED	634.85	204.55
PROVISION FOR WARRANTIES {Refer note no. 23.10}	430.98	260.76
OTHER PROCUREMENT EXPENSES	-	31.00
	<u>18,272.77</u>	<u>7,161.27</u>
LESS: CLOSING STOCK OF FINISHED GOODS (PURCHASED)	<u>(7,252.46)</u>	<u>(3,388.63)</u>
TOTAL	<u>11,020.31</u>	<u>3,772.64</u>

SCHEDULE : J

COST OF CONSTRUCTION PROJECTS

	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2011	YEAR ENDED 31.03. 2010
SUPPLIES AND SERVICES	566.70	1,484.58
(INCREASE) / DECREASE - WORK IN PROGRESS	<u>(92.62)</u>	-
TOTAL	<u>474.08</u>	<u>1,484.58</u>

SCHEDULE : K OTHER EXPENSES

	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2011	YEAR ENDED 31.03. 2010
PRINTING, STATIONERY AND DOCUMENTATION	401.35	393.81
EXPORT/BUSINESS PROMOTION	43.01	37.82
AUDITORS' REMUNERATION {Refer note no. 12.0}	9.29	8.04
AUDITORS' OUT OF POCKET EXPENSES {Refer note no. 12.0}	0.48	0.78
RATES AND TAXES	81.34	104.50
OFFICE RENT	265.61	238.17
POSTAGE & TELECOMMUNICATION	367.29	390.64
OFFICE, EQUIPMENT MAINTENANCE	557.31	523.73
REPAIRS TO BUILDING	2.78	13.13
POWER, FUEL AND WATER CHARGES	238.15	216.64
STORES AND SPARES CONSUMED-LEASED {Refer note no. 20.3}	290.20	325.42
STORES AND SPARES CONSUMED-OTHER {Refer note no. 20.3}	54.41	544.64
BOOKS AND PERIODICALS	25.70	28.20
INTERNAL AUDIT FEE	6.83	6.47
ADVERTISEMENT FOR PROCUREMENTS ETC	332.36	134.02
SUBSCRIPTION AND MEMBERSHIP FEE	38.13	15.89
LEGAL AND PROFESSIONAL FEE	187.01	158.64
ENTERTAINMENT	73.69	99.66
INSURANCE	41.13	38.49
BANK CHARGES	141.87	134.61
BAD DEBTS	440.77	106.87
FIXED ASSETS WRITTEN OFF	0.54	0.63
HIRE CHARGES OF EQUIPMENT	1.89	13.13
VEHICLE RUNNING AND MAINTENANCE	167.23	160.76
MANPOWER DEVELOPMENT	53.55	47.07
LOSS ON SALE OF FIXED ASSETS	5.12	4.42
PROVISION FOR:		
- DOUBTFUL DEBTS {Refer note no. 16.0}	219.74	360.50
- DOUBTFUL EMD/SD	22.09	-
- DOUBTFUL ADVANCES & BANKS	9.86	19.55
- DIMINUTION IN VALUE OF INVESTMENT	-	3,284.27
- COMMITMENTS	34.22	66.96
- PROVISION FOR IMPAIRMENT {Refer note no. 23.9}	489.08	-
DIRECTORS' SITTING FEE {Refer note no. 11}	2.25	4.95
SUNDRY EXPENSES*	560.79	441.21
CORPORATE SOCIAL RESPONSIBILITY {Refer note no. 24}	241.63	-
EXCHANGE VARIATION	-	917.72
TOTAL	5,406.70	8,841.34

* Includes cost of tender documents, visa charges, misc. staff/other claims, etc.

SCHEDULE : L PRIOR PERIOD ADJUSTMENTS [NET]

	(₹ in Lakhs)	
	YEAR ENDED 31.03. 2011	YEAR ENDED 31.03. 2010
(INCOME) /EXPENDITURE		
Fees	(102.89)	(387.57)
Other (Income)/Expenses	(52.19)	(6.75)
Employees' Cost	0.06	(1.15)
Supplies & Services	177.63	473.09
TOTAL	22.61	77.62

SCHEDULE : M

Principal Accounting Policies

1. GENERAL

Financial statements are prepared under historical cost convention on accrual basis and in conformity with applicable Indian Accounting Standards and provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where an accounting standard is newly adopted or an accounting policy is revised by the company.

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

2. REVENUE RECOGNITION

2.1 Consultancy Fee

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

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

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

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

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

2.2 Construction Projects

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

2.3 Inspection Fee

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

2.4 Export Sales

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

2.4.1 After Sales Service Expenses

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

2.5 Lease Services

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

2.6 Other Income

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

3. WORK IN PROGRESS

3.1 Consultancy Projects

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

3.2 Construction Projects

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

4. FIXED ASSETS AND INTANGIBLE ASSETS

- a) Fixed assets are stated at historical cost less accumulated depreciation.
- b) Incidental expenditure during construction period including interest charges incurred upto the date of completion, net of interest recovered on mobilisation advance are capitalised.
- c) Intangible Assets are recorded at the consideration paid for acquisition.

4.1 Depreciation and Amortization

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

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

- (c) In respect of BOT assets, depreciation is charged over the period of project or the life stated above whichever is lower.
- (d) Leasehold land is amortized over the lease term.
- (e) In respect of buildings on leasehold land, depreciation is charged over the period of lease of land or the useful life stated above for buildings on freehold land, whichever is lower.
- (f) Any addition or extension, which becomes an integral part of the existing asset is depreciated over the remaining useful life of that asset.
- (g) Individual low cost assets of value less than ₹ 5,000/- and software of value less than ₹ 100,000/- are entirely depreciated in the year of acquisition.
- (h) A nominal value of ₹ 1/- is assigned to the fully depreciated assets.

5. INVESTMENTS

- (a) Long-term investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided.
- (b) (i) Current Investments are stated at cost or fair value whichever is less.
(ii) Any diminution in the carrying amount and any reversals of such diminutions are recognized in the profit & loss account.

6. INVENTORIES

- (a) Inventories are valued at cost on First In First Out (FIFO) basis or net realizable value whichever is less.
- (b) Consumables are charged to profit and loss account in the year of purchase irrespective of the value.

7. EMPLOYEES BENEFITS

7.1 Gratuity

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

7.2 Provident Fund / Pension Scheme

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

7.3 Defined Benefits

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

7.3.2 Ex-gratia payments on death are recognized on payment basis.

7.4 Terminal Benefits to Contract Employees

Leave Encashment and Contract Completion Benefits are provided on accrual basis.

8. RESEARCH & DEVELOPMENT

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

9. TAXATION

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

10. DEFERRED TAX

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

11. RATES & TAXES

Overseas taxes on foreign assignments, service tax, value added tax, professional tax, property tax, entry tax, labour cess, octroi etc. in India are charged to this head.

12. ADVANCES

Interest on preparatory, house building, vehicle, computer, equipment, daughter marriage and multi purpose advances is accounted for on accrual basis and is recoverable after full recovery of the principal amount.

13. PREPAID EXPENSES AND PRIOR PERIOD ADJUSTMENTS

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

14. TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

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

14.1 Convertible Foreign Currencies

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

Current Assets and Liabilities are translated at the exchange rate prevalent at each balance sheet date. In respect of transaction covered by forward exchange contract, the difference between the contract rate and spot rate on the date of transaction is recognised in the profit & loss account over the period of the contract.

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

14.2 Non-Convertible Foreign Currencies

Income and Expenditure are translated at the average rate. Current Assets and Liabilities are translated at the exchange rate prevalent at each balance sheet date.

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

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

15. CASH FLOW STATEMENT

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

16. EARNINGS PER SHARE

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

17. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

SCHEDULE : N

Notes to Accounts

- 1.0 Contingent Liabilities not provided for include:
- 1.1 Counter Guarantees given by the company against Guarantees issued by the Bankers outstanding as at 31st March 2011 amounted to ₹ 28,858.97 lakhs (previous year ₹ 25,215.20 lakhs). This includes counter guarantee of ₹ 61.32 lakhs (previous year ₹ 61.32 lakhs) on behalf of Geoconsult-RITES, a joint venture entity, in which RITES has 13% share.
- 1.2 Claims against the company not acknowledged as debts as certified by the Management are ₹ 22,616.63 lakhs (previous year ₹ 75,542.05 lakhs). These include:-
- (a) Claims (excluding interest) amounting to ₹ 4,992.35 lakhs (previous year ₹ 5,653.62 lakhs) against the company by the sub-contractors / other agencies including award against the company pending in courts. The management does not foresee any liability on the company as the same are contested by the company or on behalf of the clients.
- (b) Other claims (excluding interest) amounting to ₹ 17,624.28 lakhs (previous year ₹ 69,888.43 lakhs) are contested by the company and the company has made counter claims of ₹ 64,453.06 lakhs (previous year ₹ 64,453.06 lakhs) on an executing agency.
- 1.2.1 Contingent liabilities of joint venture entities are referred to in para 23.8.2.2 of the Notes to Accounts.
- 1.3 Excise Bonds amounting to ₹ 1,057.74 lakhs (previous year ₹ 794.35 lakhs) are outstanding against export obligations with Central Excise Department. Out of this, bonds valuing of ₹ 417.10 lakhs (previous year ₹ 300.38 lakhs) are due for release by the department.
- 2.0 Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amounting to ₹ 3,151.39 lakhs (previous year ₹ 1,829.62 lakhs).
- 2.1 The company has undertaken development of Locomotives for which a sum of ₹ 1,400 lakhs (previous year ₹ 1,400 lakhs) has been approved. Amount spent on creation of the new locomotives will be capitalized and other expenditure incurred on design etc. is being charged to revenue. The unspent approved amount of ₹ 448.71 lakhs (previous year ₹ 452.77 lakhs) has been included in capital commitment.
- 3.0 Fixed Deposits and Margin Money include ₹ 2,944.77 lakhs (previous year ₹ 1,828.67 lakhs) pledged as security against the guarantees issued and letter of credits granted by banks.
- 4.0 Details of balances with Banks other than Scheduled banks and maximum balances outstanding at any time during the year with them are as under:-

Figures in ₹

Name of Bank	Balance		Maximum Balance during the	
	As on		Year ended	
	31.03.11	31.03.10	31.03.11	31.03.10
First Bank of Nigeria*	# 17,214	17,214	17,214	17,214
Rafidian Bank, Iraq*	# 876	876	876	876
Banque Meridian Biao, Cameroon*	# 66,745	66,745	66,745	66,745
Banque Internationale Araba De Tunisia *	# 237,847	237,847	237,847	237,847
Commercial Bank of Ethiopia*	981,746	981,746	981,746	1,580,308
Standard Bank, Mozambique	4,596,401	-	5,463,909	-
Bank of Baroda, Uganda*	335,965	335,965	335,965	-
Standard Chartered Bank, Dhaka*	1,639,569	1,708,872	1,708,872	1,755,503
Kabul Bank, Kabul	-	2,093,887	2,093,887	2,897,531
Total	7,876,363	5,443,152	-	-

* Balances, subject to confirmation, could not be converted at the closing rate of the Balance Sheet date because of non-availability of exchange rates.

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

- 5.0 Balances with Scheduled Banks include ₹ 110,384.58 lakhs (previous year ₹ 70,343.38 lakhs) towards funds received from clients against Construction/ Project Management Contracts.
- 6.0 A sum of ₹ 51.24 lakhs (previous year ₹ 34.58 lakhs) has been received from Indian railways/its units and others without adequate details. Pending reconciliation with specific bills, the amount has been adjusted against sundry debtors on which service tax has been deposited.

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

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

₹ in Lakhs

Subsidiaries Companies	Dues			
	Balance as on		Maximum Balance during the year	
	31.03.11	31.03.10	2010-11	2009-10
Sundry Debtors				
RITES Afrika (Pty.) Ltd.	107.20	217.71	217.71	393.89
RITES Mohawarean Arabia Co. Ltd.	1,313.05	-	1,316.87	-
Advances				
RITES Infrastructure Services Ltd.	73.84	-	73.84	-

9.0 The conveyance/lease deeds are pending for execution in respect of the following:-

9.1 Residential Buildings at Asiad Village, New Delhi and IRWO flats in Gurgaon (Haryana) of ₹ 237.41 lakhs (previous year ₹ 237.41 lakhs).

9.2 Office Building at Central Metro Railway Building, 56,C.R. Avenue, Kolkata of ₹ 346.06 lakhs (previous year ₹ Nil).

9.3 Land in Kolkata of ₹ 965.00 lakhs (previous year ₹ Nil).

9.4 Residential flats at Bandra, Mumbai of ₹ 300 lakhs (previous year ₹ Nil)

10.0 In the absence of details available regarding component of land value comprised in the value of freehold flats in southern region of ₹ 50.62 lakhs (previous year ₹ 50.62 lakhs) depreciation is charged on the total cost of such flats.

11.0 Details of expenditure incurred on/by Directors (including Managing Director) included in Employees' Cost, except sitting fee and travel expenses, are as under:-

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Salaries*	101.52	159.51
Sitting Fee	2.25	4.95
House Rent (Net) and Perquisites	6.28	11.80
Contribution to Provident Fund and Group Saving Linked Insurance Scheme	6.23	6.32
Medical Expenses	0.09	0.85
Travel Expenses	68.71	33.60
Total	185.08	217.03

*Salaries includes Performance Related Pay (PRP).

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

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

12.0 Auditors' Remuneration:-

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
(A) Statutory Auditors		
• Audit Fee		
(i) Statutory Audit	3.00	2.50
(ii) Tax Audit	1.20	1.00
(iii) Limited Review Audit and Consolidation	1.80	2.00
• For other Services, i.e., certification etc.	0.38	0.30
Sub Total (A)	6.38	5.80
• Out of pocket expenses (C)	NIL	0.34

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
(B) Branch Auditors		
• Audit Fee		
(i) Statutory Audit	0.87	0.70
(ii) Tax Audit	0.69	0.58
(iii) Limited Review Audit	1.35	0.96
Sub Total (B)	2.91	2.24
• Out of Pocket Expenses (D)	0.48	0.44
Auditors' Remuneration (A+B)	9.29	8.04
Auditors' out of pocket expenses(C+D)	0.48	0.78

- 13.0 In a pre-closed contract in the year 2005–06, the company raised claims against the client of ₹ 23,392.95 lakhs (previous year ₹ 22,195.43 lakhs) and the client raised counter claims of ₹ 46,910 lakhs.
- 13.1 In an award by the arbitrator, during the year, against the claims of the company of ₹ 23,392.95 lakhs, an amount of ₹ 8,831.49 lakhs with interest has been awarded in favour of the company. The award amount of ₹ 8,831.49 lakhs and interest of ₹ 8,453.55 lakhs upto 31.03.2011 have not been recognized in the books since the company has appealed against it before the Appellate Authority i.e. the Law Secretary Govt. of India for reconsideration of some of the fully or partly rejected claims of the company. Further, the counter claims of ₹ 46,910 lakhs of the client disallowed by the arbitrator in the same award have been excluded from contingent liabilities. [Refer note No. 1.2(b)].
- 13.2 The executing agency raised claims (excluding interest) of ₹ 18,441.31 lakhs (previous year ₹ 18,441.31 lakhs) against the company and company raised counter claims of ₹ 64,453.06 lakhs (previous year ₹ 64,453.06 lakhs) against the executing agency in a contract which became void due to commitment of fraud by the agency, thus terminated. The arbitration proceedings are under process.
- 13.3 Against the claims (excluding interest) of ₹ 18,441.31 lakhs (previous year ₹ 18,441.31 lakhs) of the executing agency an amount of ₹ 16,684.29 lakhs (previous year ₹ 16,684.29 lakhs) has been included in the contingent liabilities, after adjustment of provision already existing in the books for ₹ 1,084.08 lakhs (previous year ₹ 1,084.08 lakhs) and receivable amount of ₹ 672.94 lakhs (previous year ₹ 672.94 lakhs).
- 13.4 Cumulative Interest up to 31.03.11 is of ₹ 1,185.92 lakhs (previous year ₹ 984.26 lakhs) on mobilization advance due from the executing agency has not been recognized as income due to uncertainty as regard to realizability. This includes interest of ₹ 201.66 lakhs for the year (previous year ₹ 201.66 lakhs).
- 14.0 The Company pledged its entire shareholding of 51% in Tanzania Railways Limited (TRL), a subsidiary company in Tanzania, in the year 2007 aggregating to 10,200,000 equity shares of face value of TSH 1000 each equivalent to ₹ 3,284.27 lakhs with International Finance Corporation (IFC) for financial assistance of US\$ 440 lakhs to TRL. Similar pledging was done by other 49% stakeholder, Government of Tanzania (GOT) also, as this was the pre-condition of IFC loan.
- 14.1 Consequent to acceptance of the offer of GOT to buy the entire shareholding of the company in TRL, the company and GOT have agreed vide minutes of the meeting between the Government Negotiating Team (GNT) of GOT and company held on 22nd & 23rd March, 2011 in Tanzania, pending formal execution of settlement deed, to settle the issues relating to dues of the company, payment terms and consideration for transfer of shares. Pursuant to agreed terms of minutes, GOT has agreed to pay to the company its various claims of ₹ 9,266.17 lakhs (equivalent to US\$ 20.72 million), converted at 23rd March, 2011, settlement date, which includes debts recognized by the company in earlier years amounting to ₹ 5,189.57 lakhs. The balance amount of ₹ 4,076.60 lakhs recognized as revenue of the year towards leasing of locomotives and coaches services upto 28th December 2009 and management services rendered during current & earlier years. Revenue to the extent of ₹ 3,873.08 lakhs towards leasing and management fees pertaining to earlier years has been recognized as exceptional items. GOT will make payments in instalments which shall be fully paid by 30th June' 2014 and same has been considered as Amount Recoverable from GOT. As realization has become certain, provisions of ₹ 6,287.23 lakhs created in earlier years towards doubtful debts of ₹ 5,189.57 lakhs and concessioning exposure of ₹ 1,097.66 lakhs are no longer required, thus have been written back.
- 14.2 The shareholding of the company in TRL is to be transferred to GOT for US\$ 1 after obtaining consent of the IFC as shares are under lien with them. This transaction will be accounted for on transfer of the shares to GOT, thus the existing provision for diminution in value for investments has been retained.
- 15.0 CCFB Mozambique, a railway concessioning company in Mozambique, in which the company has 26% stake was served notice of intent to terminate the concession by the conceding Authority on 20th December 2010. The same was contested by CCFB and replied on 7th March 2011. This notice provides for consultation period of 90 days. During the consultation period, the Conceding Authority, CCFB and the shareholders agreed to resolve the matters by an amicable settlement, for which efforts were continuing. Since the efforts for amicable settlement were not concluded, the Conceding Authority served a

termination notice on 4th April 2011 on expiry of 90 days consultation period, which was also replied by the CCFB. The notice, as per the provisions of concession agreement would have become effective on 3rd May 2011 and Conceding Authority would have taken over the concession but the Government of Mozambique (GOM) allowed time to conclude the process of amicable settlement. Pursuant to this, a draft amicable settlement agreement has been forwarded by the conceding authority vide their letter dated 6th June' 2011 which is under negotiation with them. As per the proposed amicable settlement agreement, the conceding authority can choose to acquire shareholding of the company at its nominal value or carry out an international public bid, in Mozambique, for selection of a new private eligible entity to acquire company's share. In addition to above, conceding authority will pay all dues and loans with interest till the actual date of payment to the company.

- 16.0 As per the existing practice, company has made a provision for doubtful debts of ₹ 219.74 lakhs (previous year ₹ 360.50 lakhs) including debts outstanding for more than three years, except those which in the opinion of management are good or where client has confirmed the debts or court has given direction to the debtors/clients to pay the debts to the company.
- 17.0 As per DPE guidelines, Employees' Post Retirement Pension Scheme effective from 1st Jan'2007 is under finalization and approval. However, a provision of ₹ 1,709.36 lakhs (previous year ₹ 1,141.30 lakhs) has been kept from 1st January' 2007 to 31st March' 2011 which includes provision of ₹ 568.06 lakhs (previous year ₹ 1,141.30 lakhs) made for the year. For Post Retirement Medical Scheme, the company has made a provision of ₹ 786.47 lakhs (previous year ₹ 538.00 lakhs) which includes provision of ₹ 248.47 lakhs (previous year ₹ 538.00 lakhs) made for the year.
- 18.0 Sundry Creditors, Customers Advances, Amounts Recoverable, Security Deposits receivable/payable are subject to confirmation.
- 19.0 In cases where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle, computer, multipurpose and equipment advances are considered unsecured.
- 20.0 Additional information as required by Schedule VI, Part II of the Companies Act, 1956:-
- 20.1 Particulars in respect of purchases, sales and inventories of goods traded in:-

₹ in Lakhs

Class of Goods	Opening Stock		Purchases*		Closing Stock		Sales	
	No.	₹	No.	₹	No.	₹	No.	₹
Locomotives	-	# 56.59	6	705.74	3	415.34	3	454.88
(previous year)	(-)	(-)	(6)	(743.74)	(-)	(-)	(6)	(1,956.83)
Coaches	-	# 539.15	6	21.05	-	0.00	6	1,140.02
(previous year)	(-)	(-)	(4)	(255.97)	(-)	(-)	(4)	(648.43)
DMU	-	# 1,950.63	19	8,725.64	14	5,926.93	5	8,102.79
(previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Flat Wagons	-	0.00	20	525.62	-	0.00	20	858.26
(previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mobile Cranes	-	0.00	11	1,594.78	-	0.00	11	1,865.99
(previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	# 842.26	-	1,656.85	-	1,114.69	-	2,432.80
(previous year)	(-)	(1,632.74)	(-)	(3,551.53)	(-)	(3,388.63)	(-)	(2,113.35)

* excludes expenditure associated with exports incurred by the company.

previous year figures are recasted / regrouped.

- 20.2 Expenditure in foreign currencies

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
(i) Salaries & others abroad	740.58	1,182.22
(ii) Supplies and Services	744.10	792.91
(iii) Travel	676.60	479.51
(iv) Others*	71.03	93.61

*includes entertainment expenses, bank charges, office expenses etc.

20.3 Stores and spare parts consumed

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Imported	-	-
Indigenous	344.61	870.06
(%)	100%	100%

20.4 Earning in foreign currencies

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
(i) Fees	3,420.24	2,711.00
(ii) Interest on loan	332.08	389.61
(iii) Miscellaneous Receipt*	599.01	10.12
(iv) Export sale - FOB Value	14,458.27	4,693.60
(v) Lease Services	1,567.20	1,619.55
(vi) Exceptional Item	3,873.08	-

*Misc. Receipt includes forfeited upfront receipts of ₹ 482.61 (previous year ₹ Nil), insurance claims of ₹ 111.67 Lakhs (previous year Nil), etc.

21.0 Pending issuance of notification under section 441A of the companies Act, 1956, no provision has been made towards cess on the turnover of the Company.

22.0 The company is contributing through RITES Employees Group Gratuity cum LIC Scheme to Life Insurance Corporation of India (LIC) to meet its gratuity liability. The present value of the plan assets represents the balance available with the LIC at the end of the year. The aggregated value of plan assets, as certified by the LIC, as at 31st March 2011 and 31st March 2010 amount to ₹ 4,570.74 lakhs and ₹ 4,381.91 lakhs respectively.

Further, no planned assets have been created by the company for other employee benefits.

23.0 Disclosures as per Accounting Standards:

23.1 Disclosure Pursuant to Requirement of Accounting Standard – 7 (Revised) issued by The Institute of Chartered Accountants of India on construction contracts.

₹ in Lakhs

S. No.	Particulars	Year ended	
		31.03.11	31.03.10
1.	Contract revenue recognised	515.44	1669.07
2.	Agreed amount of Costs incurred	512.04	1473.70
3.	Recognized profits upto reporting date	3.40	195.37
4.	Amount of advances received	200.00	1200.00
5.	Amount of retentions	Nil	Nil
6.	Gross amount due from customers for the contract work presented as asset	Nil	Nil
7.	Gross amount due to customers for contract work presented as a liability	Nil	Nil

23.2 Employees Benefits

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

₹ in Lakhs

Defined benefits wholly unfunded	Leave	LTC	Medical
	Encashment		Leave
Opening Balance as on 01.04.10	3,741.00	79.15	1,792.36
Interest Cost	299.28	6.33	143.39
Current Service Cost	293.34	42.82	130.32
Benefit paid	(682.96)	(36.01)	(11.80)
Actuarial (Gain)/Loss on obligation	599.85	(8.20)	105.35
Closing Balance as on 31.03.11	4,250.51	84.09	2,159.62

23.2.2 Net present value of long service award as on 31.03.2011 is ₹ 97.33 lakhs. The same has been charged to Profit and Loss Account.

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

₹ in Lakhs

Defined benefits wholly unfunded	Leave Encashment	LTC	Medical Leave
Current Service Cost	293.34	42.82	130.32
Interest Cost	299.28	6.33	143.39
Net actuarial (Gain)/Loss recognized during the year	599.85	(8.20)	105.35
Expenses recognized in the statement of Profit & Loss	1,192.47	40.95	379.06

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

Defined benefits wholly unfunded	Leave Encashment	LTC	Long Service Award	Medical Leave
Discount rate	8.00%	8.00%	8.00%	8.00%
Future cost/salaries increased	8.00%	8.00%	-	8.00%

23.3 Segment Reporting

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

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

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

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

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

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

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

23.3.6 Business Segment:

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
REVENUE		
Consultancy Services		
• Domestic	48,252.29	44,364.96
• Abroad	4,032.72	3,127.21
Export includes export incentives ₹ 135.48 Lakhs (Previous year ₹ 56.88 Lakhs)	14,990.22	4,775.49
Leasing		
• Domestic	609.89	99.75
• Abroad	1,567.20	1,619.55
Constructions Projects-Domestic	515.44	1,669.07
Total Income from Operations (A)	69,967.76	55,656.03

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
IDENTIFIABLE OPERATING EXPENSES		
Consultancy Services		
• Domestic	31,110.01	28,035.65
• Abroad	1,924.31	2,420.60
Export**	13,627.77	4,678.80
Leasing**		
• Domestic	288.50	44.08
• Abroad	761.46	1,631.36
Constructions Projects-Domestic	512.04	1,473.70
Total Operating Expenses (B)	48,224.09	38,284.19
SEGMENTAL PROFIT FROM OPERATIONS		
Consultancy Services		
• Domestic	17,142.28	16,329.31
• Abroad	2,108.41	706.61
Export	1,362.45	96.69
Leasing		
• Domestic	321.39	55.67
• Abroad	805.74	(11.81)
Constructions Projects-Domestic	3.40	195.37
Operating Profit (A-B)	21,743.67	17,371.84
Add:		
Income from Investments/ Deposits	5,026.66	4,736.91
Other Income *	13,105.63	1,933.07
Less:		
Un-allocable Expenses	3,574.75	7,476.48
Net Profit before taxes	36,301.21	16,565.34
Income Tax (including Deferred Tax)	11,909.30	5,370.72
Net Profit after taxes	24,391.91	11,194.62

23.3.7 Other Information

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Fixed Assets (Net) excluding Work in Progress ***	14,615.05	12,778.85
Current Assets, Loans & Advances	240,055.35	167,172.53
Current Liabilities, Provisions & Loans	185,734.63	126,111.57
Capital Employed ***	68,935.77	53,839.81

23.3.8 Geographical Segment (Secondary Segment)

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Operating Revenue		
- India	49,377.62	46,133.78
- Abroad	20,590.14	9,522.25
Total	69,967.76	55,656.03

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Operating Expenditure		
- India	31,910.55	29,553.43
- Abroad	16,313.54	8,730.76
Total	48,224.09	38,284.19
Operating Profit		
- India	17,467.07	16,580.35
- Abroad	4,276.60	791.49
Total	21,743.67	17,371.84

* Other income includes interest on staff advance, profit on sale of assets/ long term investments, interest on income tax refund, loan to CCFB, dividends on trade current investment, provision no longer required, exceptional item etc.

** Identifiable operating expenses pertaining to Export & Leasing segments include provision towards impairment losses also.

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

23.4 Related Party Disclosures

23.4.1 Relationship

Nature of relationship	Name of Party
Joint Venture	<ol style="list-style-type: none"> 1. M/s RICON – Established in India 2. M/s Companhia Dos Caminhos De Ferro De Beira, SARL, Beira (CCFB) - Established in Mozambique 3. M/s. Ganga Expressway Consultants Pvt. Ltd.- Established in India 4. M/s. SAIL-RITES Bengal Wagon Industry Private Limited (SAIL- RITES) - Established in India
Subsidiary Companies	<ol style="list-style-type: none"> 1. M/s. RITES (Afrika) (Pty) Ltd. – Established in Botswana 2. M/s.Tanzania Railways Limited (TRL) – Established in Tanzania 3. M/s RITES Mohawarean Arabia Co. Ltd. (RMAC) - Established in Saudi Arabia 4. M/s RITES Infrastructure Services Ltd. (RISL) – Established in India
Directors	<ol style="list-style-type: none"> 1. Shri Sanjiv Handa, Chairman (from 14-05-2010) 2. Shri V.K. Agarwal, Managing Director (upto 31-10-2010) 3. Shri B.K. Makhija, Director Projects with Additional charge of Managing Director w.e.f. 01.11.2010 4. Shri Rajeev Mehrotra, Director Finance 5. Shri Sumit Sinha, Director Technical 6. Smt. Reenat Sandhu, Director (upto 15-03-2011) 7. Shri A.K. Sanwalka, Director (upto 19-03-2011) 8. Shri Vinod Somani, Director (from 29-12-2010) 9. Dr. Vinayshil Gautam, Director (from 29-12-2010) 10. Shri Dabidas Datta, Director (from 25-03-2011)

23.4.2 Remuneration to Key Personnel's-Refer note no.11

23.4.3 Transactions

Joint Ventures

₹ in Lakhs

Transaction	CCFB		SAIL - RITES	
	Year ended		Year ended	
	31.03.11	31.03.10	31.03.11	31.03.10
Investments	-	-	500.00	-
Loans / Advances given	-	1056.90	378.65	-
Export Sales	70.80	-	-	-

₹ in Lakhs

Transaction	CCFB		SAIL - RITES	
	Year ended		Year ended	
	31.03.11	31.03.10	31.03.11	31.03.10
Leasing Charges	818.18	560.15	-	-
Interest on loan	332.08	389.61	-	-

₹ in Lakhs

Particulars	RICON		CCFB		SAIL-RITES	
	As on		As on		As on	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Loans/Advances given	-	-	8789.04	8602.87	-	-
Receivables	75.96	352.28	1510.36	1136.06	-	-
Payables	-	-	-	-	121.35	-

Subsidiary Companies

₹ in Lakhs

Transaction	RITES (Afrika)		TRL		RMAC		RISL	
	Year ended		Year ended		Year ended		Year ended	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Investments	-	-	-	-	47.01	-	5.00	-
Loans/Advances given	-	-	-	-	-	-	73.84	-
Export Sales	-	-	1155.63	477.55	-	-	-	-
Consultancy fees	288.45	325.70	184.63	-	1316.87	-	-	-
Leasing Charges	-	-	2736.42	-	-	-	-	-

₹ in Lakhs

Particulars	RITES (Afrika)		TRL		RMAC		RISL	
	As on		As on		As on		As on	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Loans/Advances given	-	-	-	-	-	-	73.84	-
Receivables	107.20	217.71	-	5202.34	1313.05	-	-	-

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

23.5 Lease

23.5.1 Operating Lease (Cancelable)

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

23.5.1.2 Lease arrangement with Tanzania Railways Limited (TRL).

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

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

The company has entered into an agreement with CCFB for lease of 9 Nos. of Cape Gauge Diesel Locomotives for a period of 5 years. Under the contract, Company is also providing services of its experts for maintenance of these locomotives for which a consolidated lump sum payment including the lease rent is received from the client on bi-monthly basis. The period of lease is upto May'2011.

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

The company has entered into an agreement with CFM for lease of 6 Nos. of Cape Gauge Diesel Locomotives for a period of one year. Under the contract, Company is also providing services of its experts for maintenance of these locomotives for which a consolidated lump sum payment including the lease rent is received from the client on bi-monthly basis. The period of lease is upto August'2011.

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

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

23.5.1.6 Lease arrangement with NTPC-SAIL Power Company Private Limited (NSOCL)-Domestic

The Company has leased One No. of locomotive up to 2nd April' 2011 on wet arrangement. Lease rent including maintenance charges are receivable on monthly basis.

23.5.1.7 Lease arrangement with Lloyds Steel Industries Limited (Lloydsteel)-Domestic.

The Company has leased One No. of locomotive up to 18th August, 2012 on wet arrangement. Lease rent including maintenance charges are receivable on monthly basis.

23.5.1.8 Lease arrangement with The Dhamra Port Company Limited (DPCL)-Domestic.

The Company has leased Two Nos. of locomotive up to 21st August, 2012 on wet arrangement. Lease rent including maintenance charges are receivable on monthly basis.

23.5.1.9 Lease arrangement with Vedanta Aluminum Limited (Vedanta)-Domestic

The Company has leased One No. of locomotive up to 18th November,2012 on wet arrangement. Lease rent including maintenance charges are receivable on monthly basis.

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

23.5.2.1 Lease arrangement with Tanzania Railways Limited (TRL).

The Company has entered into an agreement with TRL for lease of 23 Nos. of Coaches for five years. The contract has since been terminated prematurely.

23.5.3 Details of the leased assets:

Locomotives

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Gross carrying amount	7,783.74	5,950.56
Depreciation provided for the year	488.11	365.41
Accumulated depreciation	1,470.11	982.00
Provision for impairment loss	313.49	-
Net carrying amount	6,000.14	4,968.56

Coaches

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Gross carrying amount	952.26	952.26
Depreciation provided for the year	116.03	190.46
Accumulated depreciation	397.28	281.25
Provision for impairment loss	175.59	-
Net carrying amount	379.39	671.01

23.5.4 Other Lease (Cancelable)

23.5.4.1 Description of lease arrangement of Scope Office Complex.

The company has leased 620 sq. m. area of furnished accommodation to Railway Board, Indian Railways on lease rent basis receivable every month. The lease arrangement was for a period of 3 years upto March 2009 which has been extended upto 31st March 2013.

23.5.4.2 Details of the leased assets: Office Premises

₹ in Lakhs

Description	Year ended	
	31.03.11	31.03.10
Gross carrying amount	209.04	209.04
Depreciation provided for the year	3.64	3.68
Accumulated depreciation	26.85	23.21
Net carrying amount	182.19	185.83

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

23.5.4.4 Operating Leases for Companies offices and staff residential premises are renewable / cancelable as laid down in the respective agreements. The total of minimum lease payments recognized in the profit & loss account for the year is ₹ 312.93 lakhs.

23.5.5 There are no provisions relating to contingent rent.

23.6 Earning Per Share (EPS)

Particulars	Year ended	
	31.03.11	31.03.10
A Net profit for the year attributable to Equity Shareholder (₹ in lakhs)	24,391.91	11,194.62
B Weighted average number of Equity Shares	40,000,000	40,000,000
C Basic & Diluted Earning Per Share (A)/(B)	₹ 60.98	₹ 27.99
D Nominal value per share	₹ 10/-	₹ 10/-

23.7 Deferred Tax

23.7.1 Components of deferred tax assets to the extent recognized and deferred tax liabilities as on 31st March 2011 are as follows:

₹ in Lakhs

Particulars	As at 31.03.10	For the year	As at 31.03.11
Deferred tax Liability on account of :			
(i) Depreciation on fixed assets	628.99	(81.04)	547.95
Deferred Tax Assets on account of :-			
(i) Provision for Doubtful Debts, Security Deposits/EMD, Advances etc.	3,984.95	(2,467.28)	1,517.67
(ii) Leave Encashment and other provisions	2,490.94	1,043.24	3,534.18
ASSET (NET)	5,846.90	(1,343.00)	4,503.90

23.8 Interest in Significant Joint Ventures

23.8.1 RITES has following Joint Ventures:

₹ in Lakhs

Name / Place of JV	Nature of Interest	Proportionate share of interest	Amount of investment
Geoconsult – RITES, India	RITES has formed a Joint venture with M/s Geoconsult-ZT-Gmbh (Austria) for detailed design consultancy and construction supervision of about 11 kms long railway tunnel in J&K State. Both the venturers contributed in the seed money as agreed for operational and execution purposes.	13%	Nil
Geoconsult – RITES, NRT1, India	RITES has formed a Joint venture with M/s Geoconsult-ZT-Gmbh (Austria) for detailed design consultancy & construction supervision of Tunnel No.1 (3.1 km long) on Udampur – Katra Section for the USBRL project in the state of J&K.	16%	Nil
RICON, India	RITES has formed a Joint Venture with M/s IRCON International Ltd. to secure and execute contracts to be awarded by M/s Companhia Dos Caminhos de Ferro Beira, SARL, Beira, Mozambique to RICON for rendering Management Support Services, Consultancy Works, Project Management, Construction Supervision, Supply of Materials, Rolling Stock and equipment, Works Contracts, Leasing of Equipments / Rolling Stocks etc.	51%	Nil

Name / Place of JV	Nature of Interest	Proportionate share of interest	Amount of investment
Ganga Expressway Consultants Pvt. Ltd. (GECPL), India	RITES has formed a joint venture with SREI Infrastructure Finance Ltd. (SREI) (as lead partner) and Consulting Engineers Services (India) Pvt. Ltd., (Consulting Engineers) for the project for development of eight lane access control expressway from Greater Noida to Ghazipur/ Balia (Ganga Expressway).	25%	1.25
Companhia Dos Caminhos De Ferro de Beira, SARL, Beira, (CCFB) Mozambique	CCFB is a Joint Venture of RITES, IRCON International Ltd. and CFM (Parastatal of Government of Mozambique managing Ports and Railways in Mozambique) which is managing concession for Beira Rail Corridor since Dec 2004. Concession period is 25 years.	26%	600.90
M/s. SAIL-RITES Bengal Wagon Industry Private Limited, India	RITES has formed a Joint Venture with SAIL for manufacturing Wagons at SGW, Kulti, West Bengal.	50 %	500.00

23.8.2 RITES Share in Joint Ventures

23.8.2.1 Income, Expenditure, Assets & liabilities:

₹ in Lakhs

Description / JVs	Fixed Assets (Net)/ Non Current Assets	Current Assets, Loans & Advances	Current Liabilities & Provisions	Other Liabilities	Capital	Retained Earning/ (losses)	Income	Expenditure
RICON								
Year ended 31.03.11	-	1,347.99	487.12	-	-	860.88	294.67	164.85
Year ended 31.03.10	-	1,294.31	563.25	-	-	731.06	416.21	142.97
GEOCONSULT - RITES - NRT-1								
Year ended 31.03.11	1.97	50.03	31.71	-	-	20.30	46.70	27.84
Year ended 31.03.10	0.04	20.47	11.43	-	-	9.08	38.91	31.45
GEOCONSULT - RITES								
Year ended 31.03.11	1.87	157.06	71.41	-	-	87.51	169.06	129.84
Year ended 31.03.10	2.05	154.34	81.33	-	-	75.07	153.28	120.48
CCFB-LTDA								
Year ended 31.12.10	22,772.24	3,578.26	3,167.30	23,276.61	439.98	(533.45)	2,039.94	1,871.21
Year ended 31.12.09	22,983.46	4,015.61	3,915.20	23,132.93	535.92	(584.98)	1,386.39	1,575.87

- Proportioned share of the company in the Income and Expenditure of M/s Geoconsult-RITES, M/s Geoconsult-RITES-NRT-1 and M/s RICON have been considered in Profit & loss Account under respective heads.
- M/s CCFB LTDA has calendar year as financial year and figures are recorded from the audited financial statement as on 31.12.2010.
- M/s GECPL is not yet functional and has gone into liquidation.
- RITES-SAIL Joint Venture, where each has 50% stake equity in value.

23.8.2.2 Contingent Liabilities:

- Geoconsult-RITES has given bank guarantees of ₹ 4.24 lakhs (previous year ₹ 4.24 lakhs), out of which RITES share @ 13% comes to ₹ 0.55 lakh (previous year ₹ 0.55 lakh).

- (ii) Geoconsult-RITES NRT-1 has given bank guarantees of ₹9.01 lakhs (previous year ₹2.14 lakhs), out of which RITES share @ 16% comes to ₹1.44 lakh (previous year ₹0.34 lakh).
- (iii) Geoconsult ZT GmbH Austria got issued bank guarantees of Euro 439,384.80 (equivalent ₹ 281.23 lakhs), previous year Euro 439,384.80 (equivalent ₹265.89 lakhs) on behalf of Geoconsult- RITES, a joint venture entity in which share of RITES @ 13% comes to ₹36.56 lakhs (previous year ₹34.57 lakhs).
- (iv) Geoconsult ZT GmbH Austria got issued bank guarantees of Euro 38,538.20 (equivalent ₹ 24.67 lakhs) previous year Euro 22,314.70 (equivalent ₹ 13.50 lakhs) on behalf of Geoconsult-RITES a joint venture entity in which share of RITES @ 16% comes to ₹ 3.95 lakhs (previous year ₹2.16 lakhs)
- (v) In CCFB Mozambique, withholding tax demand against the company, amount to MZM 7,836,076 (equivalent ₹110.50 lakhs) in which share of RITES @ 26% comes to ₹28.73 lakhs .

23.8.3 Jointly Controlled Operations

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

Name of Venturers	Project Name
M/s Pacific Consultants International M/s Parsons Brickerhoff International INC. M/s Japan Railways Technical Services M/s Tonichi Engineering Consultants, INC.	General Consultancy services for Delhi Mass Rapid Transport System Project
M/s Pacific Consultants International, M/s Parsons Brickerhoff International INC. M/s SYSTRA S.A.	General Consultancy Services for Bangalore Metro Rail Project Phase – I
M/s De Consult – Germany	Modernization of Signalling System in Ghaziabad – Kanpur section
M/s Stanlay Consultants INC. Iowa -USA	Rehabilitation and upgrading of KM 229.000 to KM 381.000 of NH-26 to 4 lane configuration in the state of Rajasthan and I.C. Services for 4/6 laning of Salem to Kumarapalyam Section of NH-47 in the state of Tamil Nadu on the N.S. Corridor under Ph.II programme of NHDP.
M/s Geo-Consult-ZT GmbH (Austria) M/s Secon Pvt. Ltd. India	Consulting Services for feasibility & detailed Design of Road Tunnels in Shimla and other parts of Himachal Pradesh.
M/s Systra S.A. M/s Italferr S.P.A.	Consultancy services for pre-feasibility study for high speed rail corridor (Pune-Mumbai- Ahmedabad)
M/s Mukesh & Associates	Independent Engineer Services for development of Chennai Outer Ring Road on DBFOT on annuity basis- Phase I in the state of Tamil Nadu.

- 23.9 The company has carried out the assessment on impairment of assets in terms of AS 28 “Impairment of Assets” issued by the Institute of Chartered Accountants of India. Accordingly, impairment loss of ₹489.08 lakhs (previous year ₹ Nil) has been recognized in Profit & Loss accounts during the year in respect of damaged coaches and locomotives as a result of accident.

23.10 Provisions

₹ in Lakhs

Items	Carrying amount 01.04.10	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.11
Warranties	264.76	430.98	168.90	-	526.84
Concessioning Exposure	1,097.66	-	-	1,097.66	-
Commitments	184.28	34.22	-	72.68	145.82

- 24.0 An amount of ₹ 300 lakhs was approved for CSR projects for the year 2010-11, as per DPE guidelines, against which an amount of ₹ 241.63 lakhs (previous year ₹ Nil) was spent during the year and the balance amount of ₹ 58.37 lakhs has been kept in the CSR reserve. Further during the year, a reserve of ₹ 488 lakhs (previous year ₹ Nil) has been created for the CSR projects for the financial year 2011-12, hence total reserves comes to ₹ 546.37 lakhs (previous year ₹ Nil).

- 25.0 Previous year figures have been regrouped/recasted/rearranged, wherever necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	:	7227	State Code	:	55
Balance Sheet Date	:	31 03 2011			
		Date Month Year			

II. Capital Raised during the year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

(₹ in Thousands)

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	27,391,091	Total Assets	27,391,091
Source of Funds			
Paid up Capital	400,000	Reserves & Surplus	8,417,628
Secured Loans	NIL	Unsecured Loans	NIL
Current Liabilities & Provisions	18,573,463		
Application of Funds			
Net Fixed Assets	1,819,262	Investment	1,115,904
Current Assets, Loans & Advances	24,005,535	Deferred Tax Assets(Net)	450,390
Misc. Expenditure	NIL	Accumulated Losses	NIL

(₹ in Thousands)

IV. Performance of Company

Gross Turnover (incl. Other Income of ₹ 1,826,777)	8,810,005	Total Expenditure	5,179,884
Profit Before Tax	3,630,121	Profit After Tax	2,439,191
* Earning per share	₹ 60.98	Dividend Rate %	122.5%

(₹ in Thousands)

* EPS figure is in ₹ only

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

Item Code No. (ITC Code)	:	N.A.	(₹ in Thousands)
Product Description	:	a) Consultancy	4,447,916
		b) Construction Projects	51,544
		c) Export Sales	1,485,474
		d) Inspection	780,585
		e) Lease Services	217,709

COMMENTS BY CAG

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RITES LIMITED, GURGAON, FOR THE YEAR ENDED 31st MARCH 2011

The preparation of financial statements of RITES Limited, Gurgaon for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956, based on 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 stated to have been done by them vide their Audit Report dated 7th July, 2011.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956, of the financial statements of RITES Limited, Gurgaon, for the year ended 31st March 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 personnel and a selective examination of some of the accounting records.

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

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



(John K. Sellate)

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

Place : New Delhi

Dated : 19th July, 2011

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

RITES AFRIKA (PTY) LTD.

1. RITES continue to hold whole of the share capital of RITES AFRIKA (PTY) LTD, Botswana totaling to 10,000 shares of 1 Pula each amounting to 10,000 Pula.
2. During the year under review RITES AFRIKA (PTY) LTD achieved operating income of Pula 12,051,239 (₹ 814.85 lakhs) (previous year operating income of Pula 11,552,855 [₹ 817.10 lakhs]) and net profit of Pula 661,576 (₹ 44.73 lakhs) (previous year net profit of Pula 630,441 [₹ 44.56 lakhs]) and accumulated profits at the end of the year is Pula 2,025,030 (₹ 136.92 lakhs).
3. Keeping in view the performance of the Company, Board of Directors of the RITES (AFRIKA) (PTY) LTD have recommended dividend of pula 600.0 % of the paid capital for the year 2010-11.
4. The draft final detail design report for the Hukuntsi and Tsabong Airport has been submitted and the comments from the Civil Aviation Authority of Botswana are awaited.
5. Francistown Airport construction activities are in full swing where RITES AFRIKA (PTY) LTD is the Project Management Consultant. The work on construction phase for Francistown Airport is nearing completion. Presently 98% progress has been achieved on both construction of main terminal building and runway. The airport is likely to be opened for operation by July- August 2011 with all state of the art facilities.
6. The work on construction phase for the construction of Francistown-Ramokgwebana project is progressing satisfactorily and about 75% progress has been achieved. The work is likely to be completed by Dec, 2011. The Access road project is divided in five packages. The work on three packages has been completed and balance two packages are likely to be completed by June, 2012.
7. Botswana is economically and politically stable country and has good potential especially in infrastructure development, civil construction and information technology areas. However, due to economic recession, the emphasis is now on completing ongoing projects.

RITES INFRASTRUCTURE SERVICES LIMITED (RISL)

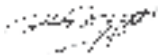
1. RITES entered into an MOU with Rail Land Development Authority (RLDA) for development, operations and maintenance of Multi-Functional Complexes (MFCs) at/in the vicinity of identified or prescribed premises of Railway Stations and on sites assigned by the Ministry of Railways.
2. RITES Infrastructure Services Limited, a wholly owned subsidiary of RITES was incorporated on 27th April, 2010 with the objects to undertake the above mentioned work.
3. RITES Limited holds the whole of the share capital of RITES Infrastructure Services Limited (RISL) totaling to 50,000 equity shares fully paid up, of ₹10 each, amounting to ₹ 5 Lakhs.
4. During the year under review, works regarding constructions of Multi-Functional Complexes (MFCs) are in progress at six stations under CSR scheme of RITES on which expenses incurred by RITES amounting to ₹ 2.41 crores as on 31.03.2011. On completion of these projects, MFCs will be transferred to the Company (RISL) by RITES. Capital expenditure upto ₹ 3 crores will be considered as grant from RITES and expenditure over ₹ 3 crores will be capitalized in the books of accounts of the Company. Works are also in progress in other fourteen stations by RITES Limited on behalf of the Company on which RITES has incurred capital expenditure of ₹ 0.68 crore as on 31.03.2011.
5. During the year, there is no income. However, expenses amounting to ₹ 500,923 have been incurred.

RITES MOHAWAREAN ARABIA COMPANY LIMITED (RMAC)

1. RITES has entered into a contract with SAR (Saudi Railway Company) for operation and maintenance of the mineral line of the North South Railway network. In terms of this contract RITES has established RMAC (RITES Mohawarean Arabia Company Limited) – a joint venture in the kingdom of Saudi Arabia in association with the local partner M/s Mohawarean International Group Company limited (MIG) for execution of the project.
2. The joint venture Company i.e RMAC was incorporated on 21st December, 2010 with RITES contributing 76% of the equity i.e SR 380,000 and the local partner contributing 24% of the equity i.e SR 120,000.
3. The project is being carried out in two phases – mobilization period and operations period. RMAC has formulated and submitted the mobilization period plans to SAR. The Company is assisting the client to operationalise the mineral line.
4. The first Annual Report of the Company will be prepared on conclusion of the accounting year ending 31st December, 2011.


TANZANIA RAILWAYS LIMITED (TRL)

1. Tanzania Railways Limited (TRL), a subsidiary Company of RITES was incorporated on 25th May, 2007. RITES hold 51% of equity in TRL
2. TRL, took over railways on 1st October, 2007 under Concession Agreement with Reil Assets Holding Company (RAHCO), the Conceding Authority.
3. During the period under review, 0.256 million tons (251.843 million ton kms) were carried and 0.29 million Passengers (149.87 million psg kms) were transported. The operations were severely hampered due to the condition in which assets were handed over to TRL. The operations were further seriously hampered as a result of flood damage to track between Kilosa-Gulwe causing suspensions of traffic between Dar es Salaam- Dodoma from end of December, 2009 to end of May, 2010. Many of the assets have not received the maintenance attention over a long period and the number of active rolling stock handed over was also significantly less than what was indicated. The cost of rehabilitation has gone up for reasons stated and the rehabilitation of the assets will take time, before the full effects of improvements are realized. Also the external factors relating to the poor functioning of Dar-es Salaam port, non-availability of additional ferries in Lake Victoria for Uganda bound traffic, inadequate handling capacity at Kigoma Port, inadequate siding capacity and unloading facilities at wayside stations, weekend closure of associated business establishments, withdrawal of RVR wagons from TRL system etc continued to adversely impact TRL operations and business during the period under review. Further, the stoppage of further usage of loan amount already disbursed by IFC has adversely affected the rehabilitation process and thus the availability of assets. As of now out of the total sanctioned loan of USD 44 million, IFC had disbursed USD 14 million. Out of this, TRL had used about USD 7.15 million when IFC stopped further use of the amount already disbursed. The liquidity position of the company is very bad and the company is struggling to meet even the current essential commitments and needs for fuel, salaries, utilities etc. Liabilities to suppliers and other creditors are accumulating- as at the end of 31st December 2010 the current liabilities to Trade and other creditors total TSh 88.346 billion (US\$ 62.73 million).
4. The company is in urgent need of infusion of funds by way of additional capital and/or loan, if the company is to survive. The position was brought to the notice of the shareholders, who after reviewing the status in November 2009, agreed that Govt. of Tanzania, the other shareholder of 49% will buy the shares held by RITES in TRL. RITES and Govt. of Tanzania have concluded discussions on the process of disengagement and settlement of amounts due to RITES. The formal agreement has been arrived at. Consequent transfer and handing over is awaiting conclusion agreement between the Government of Tanzania and the IFC.



(PT Mittal)
Company Secretary

For and on behalf of the Board



(Rajeev Mehrotra)
Director Finance



(BK Makhija)
Managing Director

Place: New Delhi

Dated: 7th July, 2011

RITES (AFRIKA) (PROPRIETARY) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31st MARCH 2011

GENTLEMEN,

Your Directors have immense pleasure to present to you the annual report of your company together with the audited statement of accounts and the report of statutory auditors for the year ending 31st March 2011.

During the year under review, your company achieved an income of Pula 12,201,155 as compared to income of Pula 11,717,888 achieved during the previous financial year. Income from consultancy services is of Pula 12,051,239 for the year, as compared to Pula 11,552,855 for the last year. Your company made a net profit before tax of Pula 862,290 as compared to net profit of Pula 804,746 made during the last financial year.

FINANCIAL RESULTS

The financial results of the company are summarized below:

Particulars	(Figures in Botswana Pula)	
	2010-2011	2009-2010
Income	12,201,155	11,717,888
Expenditure	11,338,865	10,913,142
Depreciation (included in above expenses)	4,407	3,845
Net Profit/(Loss) before tax	862,290	804,746
Income tax Expenses	200,714	174,305
Net Profit/(Loss) after tax	661,576	630,441
Income from Consultancy fee	12,051,239	11,552,855
Other Incomes	149,916	165,033
Accumulated Profit/ (Loss) at the end to year	2,025,030	1,363,454

DIVIDEND

The Board of Directors is pleasure to announce a dividend of 600% for the year 2010-2011

PROJECTS SECURED & EXECUTED

Against the backdrop of global recession & budget deficit, the Govt. of Botswana announced very few projects during 2010-11. Due to stiff competition & emphasis on empowerment of local citizen consultant, no major new projects could be secured in the fiscal year 2010-2011. However existing consultancy contracts for Francistown Airport & Roads Project have been extended from September 2010 to August 2011 & August 2010 to December 2011 respectively.

The company has business at hand for next one year. It is difficult to sustain the current operation level due to Botswana Government decisions not to award any new projects during F.Y. 2011-12 to reduce the budget deficit. It is expected that the company shall be operating at half of the current operation level. The Draft final detail design report for the Hukuntsi and Tsabong airport has been submitted, and the comments from the Civil Aviation Authority of Botswana are awaited.

The work on construction phase for Francistown Airport is nearing completion. Presently 98% progress has been achieved on both

construction of Main Terminal Building & Runway. The Airport is likely to be opened for operation by July - August 2011 with all state of the art facilities.

The work on construction phase for the construction of Francistown-Ramokgwebana project is progressing satisfactorily and about 75% progress has been achieved. The work is likely to be completed by Dec. 2011. The Access road project is divided in five packages. The work on three packages has been completed & balance two packages are likely to be completed by June 2012.

FUTURE PROJECTS

The Government of Botswana made an announcement during the presentation of 2011-12 national budgets that the state spending is forecasted at 41 billion Pula and revenue at 34 billion Pula. As such no new projects would be taken up in the F.Y. 2011-12 to contain the budget deficit. The priority areas include completion of ongoing projects, poverty eradication programs & maintenance & operation of existing infrastructure. Also there is an emphasis on empowerment of local citizen consultant; therefore no new major projects are expected during fiscal year 2011-2012. The Government of Botswana is seeking to reduce the reliance on Diamond export. Botswana has about 200 Billion tons of coal reserves. There is proposal to construct a Railway line between Botswana and Namibia at an estimated cost of USD 9 Billion through private sector participation to export the coal. There may be opportunities in the field of supplying rail equipments, wagons & supervision consultancy.

PROPOSAL SUBMITTED

Your company participated in (a) Procurement of 160 salt wagons- Proposal under evaluation (b) Design & construction of Railway spur to Tshela hills (c) EIA study for Nteletsa-resuscitation project (d) EOI for development of Pandamatanga farm project under Ministry of Agriculture- Your company was qualified (e) Consultancy for preparing approach & landing procedure for 5 airports in Botswana- Proposal under evaluation.

BOTSWANA SCENARIO

Botswana is an economically and politically stable country and has good potential especially in infrastructure development, civil construction and information technology area. However, due to economic recession the emphasis now is on completing ongoing projects. New projects have been kept under hold to contain Budget deficit. It is expected that Diamond export will improve & will reach pre recession level by 2013. It is projected that there will be opportunities in Highways, Airports & infrastructure sector in 2012-13

RITES LTD.

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

AUDITOR

M/S Arora was the auditors of the Company for the year 2010-2011. The

Board of Directors would like to place on record sincere thanks for the valuable services rendered by them.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors



Place: Gaborone, Botswana
Date : 6th June 2011

Sanjai Kumar Jain
Director

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

Directors' Responsibilities and Approval

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk

management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to March 31, 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on page 70.

The financial statements set out on pages 71 to 76, which have been prepared on the going concern basis, were approved by the directors on June 3, 2011 and were signed on its behalf by:



Director

INDEPENDENT AUDITOR REPORT

To the Members of Rites Afrika (Proprietary) Limited

I have audited the financial statements of Rites Afrika (Proprietary) Limited, which comprise the statement of financial position as at March 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 71 to 76.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of Botswana. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Rites Afrika (Proprietary) Limited as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of Botswana.

Other matter

Without qualifying my opinion, I draw attention to the fact that the supplementary information set out on page 76 does not form part of the financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.



ARORA

Place: Gaborone, Botswana

Date : 7th June, 2011

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2011

	Note(s)	2011 Pula	2010 Pula
Assets			
Non-Current Assets			
Property, plant and equipment	2	8,906	7,693
Fixed Deposits	4	143,967	139,896
Deferred tax	5	15,569	18,566
		<u>168,442</u>	<u>166,155</u>
Current Assets			
Work in progress	6	-	1,100,891
Trade and other receivables	7	3,019,807	1,911,235
Cash and cash equivalents	8	2,544,531	2,857,242
		<u>5,564,338</u>	<u>5,869,368</u>
Total Assets		<u>5,732,780</u>	<u>6,035,523</u>

	Note(s)	2011 Pula	2010 Pula
Equity and Liabilities			
Equity			
Stated capital	9	10,000	10,000
Reserves and surplus		2,025,030	1,363,454
		<u>2,035,030</u>	<u>1,373,454</u>
Liabilities			
Current Liabilities			
Loans from group companies	3	1,575,582	3,303,603
Current tax payable		26,189	93,404
Trade and other payables	10	2,075,979	1,245,062
Dividend payable		20,000	20,000
		<u>3,697,750</u>	<u>4,662,069</u>
Total Equity and Liabilities		<u>5,732,780</u>	<u>6,035,523</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2011

	Note(s)	2011 Pula	2010 Pula
Revenue	11	12,051,239	11,552,855
Cost of sales	12	(9,921,449)	(9,787,968)
Profit before Operating Expenses		2,129,790	1,764,887
Other income		149,916	165,033
Operating expenses		(1,417,416)	(1,125,174)
Operating profit		<u>862,290</u>	<u>804,746</u>
Profit before taxation		862,290	804,746
Taxation	14	(200,714)	(174,305)
Profit for the year		<u>661,576</u>	<u>630,441</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>661,576</u>	<u>630,441</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2011

	Stated Capital	Reserves and surplus	Total equity
	Pula	Pula	Pula
Balance at April 01, 2009	10,000	733,013	743,013
Changes in equity			
Total comprehensive income for the year	-	630,441	630,441
Total changes	-	630,441	630,441
Balance at April 01, 2010	10,000	1,363,454	1,373,454
Changes in equity			
Total comprehensive income for the year	-	661,576	661,576
Total changes	-	661,576	661,576
Balance at March 31, 2011	10,000	2,025,030	2,035,030
Note(s)	9		

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
MARCH 31, 2011

	Note(s)	2011 Pula	2010 Pula
Cash flows from operating activities			
Cash generated from operating activities		-	1,562,533
Cash paid to suppliers and employees		<u>1,689,933</u>	<u>(2,285,933)</u>
Cash generated from (used in) operations	16	1,689,933	(723,400)
Tax paid	17	<u>(264,932)</u>	<u>(168,010)</u>
Net cash from operating activities		<u>1,425,001</u>	<u>(891,410)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5,620)	-
Repayment to/ from group companies and suppliers		(1,728,021)	1,474,211
Net movement in operating activities		(4,071)	(4,256)
Deferred taxation adjustment		-	4,570
Net cash from investing activities		<u>(1,737,712)</u>	<u>1,474,525</u>
Total cash movement for the year		(312,711)	583,115
Cash at the beginning of the year		<u>2,857,242</u>	<u>2,274,127</u>
Total cash at end of the year	8	<u>2,544,531</u>	<u>2,857,242</u>

ACCOUNTING POLICIES

1. Presentation of Financial Statements

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

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

1.1 Significant judgements and sources of estimation uncertainty

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

Financial assets measured at cost and amortised cost

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

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

Impairment testing

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

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

Provisions

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

Taxation

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

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and

taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Investment property

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

Investment property is initially recognised at cost.

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

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

1.3 Property, plant and equipment

Property, plant and equipment are tangible items that:

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

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

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

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

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

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

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

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

1.4 Financial instruments

Financial instruments at amortised cost

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

Financial instruments at cost

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

Financial instruments at fair value

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

1.5 Tax

Current tax assets and liabilities

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

Deferred tax assets and liabilities

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

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

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

Tax expenses

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

1.6 Leases

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

Operating leases - lessor

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

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments

are recognised as an operating lease asset. This liability is not discounted.

1.7 Work in progress

Work in progress are measured at the lower of cost and selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis. Inventory/ work in progress represents work done not invoiced during the year ended 31/3/2011.

1.8 Impairment of assets

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

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

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

1.9 Share capital and equity

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

1.10 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

1.11 Provisions and contingencies

Provisions are recognised when:

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

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue

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

- the initial amount of revenue agreed in the contract to the extent

completed and invoiced; and

- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

1.13 Borrowing costs

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

1.14 Translation of foreign currencies

Foreign currency transactions

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

At the end of each reporting period:

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

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

1.15 Prior year figures

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

NOTES TO THE FINANCIAL STATEMENTS

2. Property, plant and equipment

	2011 Pula			2010 Pula		
	Cost	Accu. Carrying Depn. Value	Value	Cost	Accu. Carrying Depn. Value	Value
Furniture & fixtures	65,939	(60,880)	5,059	60,319	(60,318)	1
Motor vehicles	57,728	(57,727)	1	57,728	(57,727)	1
Office equipment	92,809	(92,808)	1	92,809	(92,808)	1
IT equipment	26,884	(23,039)	3,845	26,884	(19,194)	7,690
Total	243,360	(234,454)	8,906	237,740	(230,047)	7,693

Reconciliation of property, plant and equipment - 2011				2011 Pula	2010 Pula		
	Op. Bal.	Additions	Depreciation	Total			
Furniture and fixtures	1	5,620	(562)	5,059	VAT Payable	154,537	-
Motor vehicles	1	-	-	1	Audit fee payable	37,000	35,000
Office equipment	1	-	-	1	Expenses payable	201,810	7,500
IT equipment	7,690	-	(3,845)	3,845	Deposits received	2,000	2,000
	<u>7,693</u>	<u>5,620</u>	<u>(4,407)</u>	<u>8,906</u>	Other payables	482,425	669,582
						<u>2,075,979</u>	<u>1,245,062</u>
3. Group company balances					11. Revenue		
		2011 Pula	2010 Pula		Consulting fee	12,051,239	11,552,855
Holding company					12. Cost of sales		
Rites Limited		(1,575,582)	(3,303,603)		Rendering of services		
Rites Limited is a holding company of Rites Afrika Botswana (Pty) Limited. The payable represented in the books are transacted on an arms length basis and pure of business transactions.					Consultancy Expenses (Local)	5,513,744	4,692,734
Group company payable represents, the amount payable to Rites Limited amounting to BWP 1,575,582.					Consultancy fee - Rites Limited	4,255,334	4,965,599
					PDA of visiting Eng. & WHT on Technical fee	152,371	129,635
						<u>9,921,449</u>	<u>9,787,968</u>
4. Fixed Deposits					13. Finance costs		
At fair value					14. Taxation		
Bank of Baroda - USD Fixed Deposit		143,967	139,896		Major components of the tax expense		
Investment represented above are fixed deposit with Bank of Baroda @ 0.5% pa					Current		
Non-current assets					Local income tax - current period	200,714	174,305
Bank of Baroda Fixed Deposit		143,967	139,896		15. Auditor's remuneration		
The fair values of listed or quoted investments are based on the quoted market price at reporting period date.					Audit Fees	37,000	35,000
5. Deferred tax					16. Cash generated from (used in) operations		
Deferred tax asset					Profit before taxation	862,290	804,746
Accelerated capital allowances for tax purposes		15,569	18,566		Adjustments for:		
6. Work in progress					Depreciation and amortisation	4,407	3,845
Work in progress		-	1,100,891		Changes in working capital:		
7. Trade and other receivables					Work in progress	1,100,891	(610,300)
Trade receivables		2,993,740	1,847,532		Trade and other receivables	(1,108,572)	(1,167,726)
Deposits/Prepayments		16,612	36,774		Trade and other payables	830,917	246,035
VAT		-	11,997			<u>1,689,933</u>	<u>(723,400)</u>
WHT on call account		9,455	14,932		17. Tax paid		
		<u>3,019,807</u>	<u>1,911,235</u>		Balance at beginning of the year	(93,404)	(87,109)
8. Cash and cash equivalents					Current tax for the year recognised in profit or loss	(200,714)	(174,305)
Cash and cash equivalents consist of:					Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	2,997	-
Cash on hand		2,016	2,394		Balance at end of the year	26,189	93,404
Bank balances		2,542,515	2,854,848			<u>(264,932)</u>	<u>(168,010)</u>
		<u>2,544,531</u>	<u>2,857,242</u>		18. Dividends paid		
9. Stated capital					Balance at beginning of the year	(20,000)	(20,000)
Issued					Balance at end of the year	20,000	20,000
Ordinary		10,000	10,000			-	-
10. Trade and other payables							
Trade payables		1,198,207	530,980				

	2011 Pula	2010 Pula
19. Related parties		
Relationships		
Holding company		Rites Limited
Related party balances		
Amounts included in (Trade receivable) Trade Payable regarding related parties		
Rites India Limited	-	3,303,603

20. Directors' emoluments		
The directors emoluments paid during the year amounting to BWP 243,455.		

21. Going concern
The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the company.

DETAILED INCOME STATEMENT

	Note(s)	2011 Pula	2010 Pula
Revenue			
Consulting revenue		12,051,239	11,552,855
Expenses			
Direct Expenses		<u>(9,921,449)</u>	<u>(9,787,968)</u>
Gross profit		2,129,790	1,764,887
Other income			
Rental income		46,365	54,600
Discount received		-	13,949
Interest Income		103,551	96,484
		<u>149,916</u>	<u>165,033</u>
Expenses		<u>(1,417,416)</u>	<u>(1,125,174)</u>
Profit before taxation		862,290	804,746
Taxation	14	200,714	174,305
Profit for the year		<u>661,576</u>	<u>630,441</u>

OPERATING EXPENSES

	Note(s)	2011 Pula	2010 Pula
Accounting fees		(32,070)	(20,200)
Advertising		-	(18,875)
Auditors remuneration	15	(37,000)	(35,000)
Bank charges		(5,282)	(10,086)
Computer expenses		(5,039)	(6,450)
Depreciation, amortisation and impairments		(4,407)	(3,845)
Donations		(1,600)	-
Salaries & Wages		(229,103)	(97,524)
Office Expenses		(18,129)	(1,012)
Interest to BURS		(1,351)	(3,991)
Unrealised foreign exchange gain/(loss)		66,794	123,840
Retention money & leave pay Expenses		(397,574)	-
IT expenses		(3,667)	(3,992)
Insurance, Licenses and Permits		(74,512)	(89,466)
Rental payments		(189,816)	(169,773)
Medical expenses		(116,459)	(116,128)
Motor vehicle expenses		(30,434)	(31,449)
Postage		(4,596)	(18,304)
Printing and stationery		(77,119)	(108,049)
Repairs and maintenance		(6,656)	(19,649)
Security		(27,323)	(9,517)
Staff welfare		(39,710)	(28,523)
Telephone and fax		(81,940)	(55,714)
Training Levy		(28,316)	(21,309)
Travel - local		(10,072)	(14,255)
Travel - overseas		(30,900)	(331,135)
Electricity and water charges		(31,135)	(34,768)
		<u>(1,417,416)</u>	<u>(1,125,174)</u>

TANZANIA RAILWAYS LIMITED

DIRECTORS REPORT OF THE 4th ACCOUNTING YEAR
ENDED 31st DECEMBER 2010

1. INTRODUCTION

The Directors are pleased to present their report and audited financial statements for the 4th accounting year ended 31st December 2010. The Company was incorporated on 25th May 2007 as a Private Company to implement the concession granted by Reli Assets Holding Company Limited for providing Railway Services. The Railways was taken over and the operations commenced on the 1st October 2007 and the Company has completed 39 months of operation as at the end of 2010.

2. STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENT

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

3. BOARD OF DIRECTORS

The names of Directors who served the Company during the period ended 31st December 2010 are:

Name	Status	Nationality
Shri V.K. Agarwal (Till 30.10.10)	Chairman	Indian
Shri Rajeev Mehrotra (From 01.11.10)	Chairman	Indian
Shri Hundi Lal Chaudhary	Managing Director	Indian
Shri S.K. Seth (Till 30.10.10)	Director	Indian
Shri Sumit Sinha (From 01.11.10)	Director	Indian
Hon'ble S.J. Kabayonga (MP) (Till 30.09.10)	Director	Tanzania
Mrs. A.E. Bukuku (Till 04.06.10)	Director	Tanzania
Shri G.M. Msella (From 04.06.10)	Director	Tanzania

4. PRINCIPAL ACTIVITIES

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

5. PHYSICAL PERFORMANCE

During the period under review, 0.256 million tons (251.843 million ton kms) were carried and 0.29 million Passengers (149.87 million psg kms) were transported. The operations were severely hampered due to the condition in which assets were handed over to TRL. The operations were further seriously hampered as a result of flood damage to track between Kilosa-Gulwe causing suspensions of traffic between Dar es Salaam- Dodoma from end of December, 2009 to end of May, 2010.

Many of the assets have not received the maintenance attention over a long period and the number of active rolling stock handed over was

also significantly less than what was indicated. The cost of rehabilitation has gone up for reasons stated and the rehabilitation of the assets will take time, before the full effects of improvements are realized.

Also the external factors relating to the poor functioning of Dar-es-Salaam port, non-availability of additional ferries in Lake Victoria for Uganda bound traffic, inadequate handling capacity at Kigoma port, inadequate siding capacity and unloading facilities at wayside stations, weekend closure of associated business establishments, withdrawal of RVR wagons from TRL system etc. continued to adversely impact TRL operations and business during the period under review.

Further, the stoppage of further usage of loan amount already disbursed by IFC has adversely affected the rehabilitation process and thus the availability of assets. As of now out of the total sanctioned loan of USD 44 million, IFC had disbursed USD 14 million. Out of this, TRL had used about USD 7.15 million when IFC stopped further use of the amount already disbursed. The liquidity position of the Company is very bad and the company is struggling to meet even the current essential commitments and needs for fuel, salaries, utilities etc. Liabilities to suppliers and other creditors are accumulating- as at the end of 31st December 2010 the current liabilities to Trade and other creditors total TSh 88.346 billion.

6. FINANCIAL PERFORMANCE

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

	(TShs. in Thousand)	
	2010	2009
INCOME:		
Freight	19,783,800	35,204,527
Passenger	3,317,817	7,911,386
Wagon lease	80,463	1,317,061
Operating Income	23,182,080	44,432,974
Others	6,131,226	238,827
Total Income	29,313,306	44,671,801
EXPENSES:		
Operating Expenses	(52,180,954)	(68,745,256)
General Expenses	(1,995,257)	(3,583,412)
Administrative Expenses	(9,100,296)	(11,787,695)
Financial Expenses	(56,150)	(1,338,425)
Foreign Exchange Gain/ (Loss)	(7,606,122)	(637,798)
Total Expenses	(70,938,779)	(86,092,585)
Loss before (Govt. Grant and Tax)	(41,625,473)	(41,420,784)
Government Grant	18,024,300	-
Loss after Govt. Grant before Tax	(23,601,173)	(41,420,784)
Withholding Tax on Interest Income	(7,360)	(5,551)
Corporate Tax	-	-
Deferred Tax	-	(15,096,293)
Net Loss	(23,608,533)	(56,522,628)

No dividend is recommended as there is no distributable income.

7. CURRENT FINANCIAL SITUATION AND STEPS TAKEN BY SHAREHOLDERS

The Company is in urgent need of infusion of funds by way of additional capital and/or loan, if the Company is to survive. The position was brought to the notice of the Shareholders, who after reviewing the status in November 2009, agreed that Govt. of Tanzania will buy the shares held by RITES in TRL. RITES and Govt. of Tanzania have concluded discussions on the process of disengagement and settlement of amounts due to RITES. The formal agreement and consequent disengagement is awaiting conclusion agreement between the Government of Tanzania and the IFC.

Although the working capital is a negative figure of TSh 78.693 billion and Shareholders' funds is a negative figure of TSh 91.915 billion, nothing has come to the attention of the Directors that the Company shall not remain a going concern for at least 12 months from the date of this statement.

8. OUTLOOK

With the deteriorating condition of assets, both infrastructure and rolling stock, the business outlook for the year 2011 is not good. The assets are in need of substantial attention and investment and until this happens things are not likely to improve. However with the shares of RITES in TRL expected to get transferred to Government soon, it is expected that it will facilitate the Government to fund the investment needs of the Railways by itself and from other Agencies such as World Bank, IDA etc. This over a period of time should help in gradually improving the operations and consequently the financial performance of the Railways. With the economy of Tanzania growing at a steady rate there should be reasonable business opportunities for the Railways if it can equip itself to efficiently service the needs of its customers.

9. AUDITORS

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

10. ACKNOWLEDGEMENTS

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

The Directors also wish to place on record their appreciation for the services rendered by the Directors who ceased to be in office during the year.

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

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



HUNDI LAL CHAUDHARY
MANAGING DIRECTOR - TRL

Date: 4th July, 2011

AUDITORS' REPORT TO THE MEMBERS OF TANZANIA RAILWAYS LIMITED

1. Pre-amble

We have audited the financial statements on pages 79 to 84 in accordance with International Standards on Auditing. The financial statements are in agreement with the accounting records.

2. Respective responsibilities of directors and auditors

As mentioned on page 77, the company's directors are responsible for the preparation of the financial statements and adopting the accounting policies. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

3. Basis of opinion

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

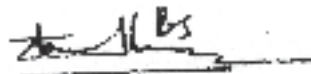
4. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion we also evaluated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

5. Opinion

In our opinion the financial statements give a true and fair view of the state of the company's financial affairs as at 31 December 2010 and of its loss of Tsh. 23,608,533,000 and cash flow for the year then ended in accordance with the International Financial Reporting Standards and comply with the Companies Act, 2002.

6. Emphasis of matter

Without qualifying our opinion, we draw attention to Note No. 7 to the Directors' Report which explains the justification for preparing the financial statements under the going concern basis & Note No. 17 to the accounts in respect of treatment of money received from GOT through RAHCO as grant, although there is no confirmation from Government of Tanzania/RAHCO regarding the treatment of the amounts received.



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

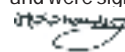

Dar Es Salaam
Date: 4th July, 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

		2010	2009
	Notes	T.Shs'000	T.Shs'000
OPERATING INCOME	3	23,182,080	44,432,974
OPERATING EXPENSES	4	(52,180,954)	(68,745,256)
GROSS OPERATING LOSS		(28,998,874)	(24,312,281)
GENERAL EXPENSES	5	(1,995,257)	(3,583,412)
ADMINISTRATIVE EXPENSES	6	(9,100,296)	(11,787,695)
FINANCIAL EXPENSES	7	(56,150)	(1,338,425)
FOREIGN EXCHANGE VARIATION		(7,606,122)	(637,798)
		(47,756,699)	(41,659,611)
OTHER INCOME	8	6,131,226	238,827
GOT - GRANTS	17	18,024,300	-
LOSS BEFORE TAX		(23,601,173)	(41,420,784)
WITHHOLDING TAX ON INTEREST INCOME		(7,360)	(5,551)
CORPORATE TAX	9(a)	-	-
DEFERRED TAX ASSET	9(c)	-	(15,096,293)
LOSS FOR THE YEAR		(23,608,533)	(56,522,628)

The accounting policies and notes on pages 80 to 84 form part of these financial statements.

These financial statements were approved by the Directors on 04-07-2011 and were signed on its behalf on the same date by:

	
Managing Director H L Chaudhary	Director G.M.K. Msella



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

		2010	2009
	Notes	T.Shs'000	T.Shs'000
CAPITAL EMPLOYED:			
SHARE CAPITAL		20,000,000	20,000,000
ACCUMULATED LOSS		(111,915,146)	(88,306,613)
SHAREHOLDERS' INTEREST		(91,915,146)	(68,306,613)
GOT- TOP UP MONEY	23	12,189,370	12,189,370
LONG TERM LOAN	15	10,119,879	19,714,764
		(69,605,897)	(36,402,479)
REPRESENTED BY:			
PROPERTY, PLANT AND EQUIPMENT	11	7,827,337	8,424,712
START UP COSTS	10	1,259,590	1,972,629
DEFERRED TAX ASSET	9(c)	-	-
		9,086,927	10,397,341
CURRENT ASSETS			
Inventories	12	3,532,235	4,441,882
Trade and other receivables	13	4,405,236	3,478,184
Due from related party	16	378,301	373,580
Margin Money		314,020	486,494
Bank and cash balances		1,023,043	10,198,065
Total		9,652,835	18,978,205

		2010	2009
	Notes	T.Shs'000	T.Shs'000
CURRENT LIABILITIES			
Bank Balance overdrawn		-	306,670
Due to related parties	16	77,570,036	55,338,445
Trade and other payables	14	10,775,623	10,132,910
		88,345,659	65,778,025
NET CURRENT LIABILITIES		(78,692,824)	(46,799,820)
Total		(69,605,897)	(36,402,479)

The accounting policies and notes on pages 80 to 84 form part of these financial statements.

These financial statements were approved by the Directors on 04-07-2011 and were signed on its behalf on the same date by:

	
Managing Director H L Chaudhary	Director G.M.K. Msella

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital	Accumulated loss	Total
	T.Shs'000	T.Shs'000	T.Shs'000
Year ended 31 December 2009			
As at 1 January 2009	20,000,000	(31,783,985)	(11,783,985)
Loss for the year	-	(56,522,628)	(56,522,628)
As at 31 December 2009	20,000,000	(88,306,613)	(68,306,613)
Year ended 31 December 2010			
As at 1 January 2010	20,000,000	(88,306,613)	(68,306,613)
Loss for the year	-	(23,608,533)	(23,608,533)
As at 31 December 2010	20,000,000	(111,915,146)	(91,915,146)
SHARE CAPITAL:			
		2010	2009
		T.Shs'000	T.Shs'000

Authorized			
20,000,000 equity shares of TShs 1,000 each		20,000,000	20,000,000
Issued and fully paid			
20,000,000 equity shares of TShs 1,000 each		20,000,000	20,000,000

The accounting policies and notes on pages 80 to 84 form part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2010

		2010	2009
		T.Shs'000	T.Shs'000
CASH FLOW FROM OPERATING ACTIVITIES:-			
Loss before tax		(23,601,173)	(41,420,784)
Depreciation and amortisation		617,797	578,201
Amortisation of Start up costs		713,039	713,040
		(22,270,337)	(40,129,543)
WORKING CAPITAL CHANGES IN:-			
Inventories		909,647	(1,218,447)

	2010 T.Shs'000	2009 T.Shs'000
Trade and other receivables	(927,051)	1,811,782
Trade and other payables	642,713	1,660,037
Due from related party	(4,721)	(1,111)
Due to related parties	<u>22,231,590</u>	<u>31,469,768</u>
	<u>22,852,178</u>	<u>33,722,029</u>
Cash generated from operations before tax	581,841	(6,407,515)
Withholding tax	(7,360)	(5,551)
Net cash from operations	<u>574,481</u>	<u>(6,413,066)</u>
CASH FLOW FROM INVESTING ACTIVITIES:-		
Purchase of property, plant and equipment	(20,420)	(3,785,834)
Net cash flow from investing activities	<u>(20,420)</u>	<u>(3,785,834)</u>
CASH FLOW FROM FINANCING ACTIVITIES:-		
GOT- Top up money	-	6,571,575
Loan	(9,594,885)	977,117
Net cash flow from financing activities	<u>(9,594,885)</u>	<u>7,548,692</u>
NET CASH FLOW FOR THE YEAR / PERIOD	<u>(9,040,825)</u>	<u>(2,650,208)</u>
CASH AND CASH EQUIVALENT AS AT 1 JAN	<u>10,377,889</u>	<u>13,028,096</u>
CASH AND CASH EQUIVALENT AS AT 31 DEC	<u>1,337,064</u>	<u>10,377,889</u>
CASH AND CASH EQUIVALENT AS AT 31 DEC COMPRISE OF:		
MARGIN MONEY	314,020	486,494
BANK AND CASH BALANCES	1,023,043	10,198,065
BANK BALANCE OVERDRAWN	-	(306,670)
TOTAL	<u>1,337,064</u>	<u>10,377,889</u>

The accounting policies and notes on pages 80 to 84 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING BASIS

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

Revenue is recognised as below:-

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

(b) Inventories

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

(c) Translation of foreign currencies

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

(d) Property, plant & Equipment and depreciation

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

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

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

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

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

(e) Intangible assets

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

(f) Trade and other receivables

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

(g) Cash and cash equivalents

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

(h) Provisions

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

(i) Pensions and other post-employment benefits

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

<p>(j) Leases</p> <p>Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.</p> <p>(k) Prior period adjustments, prepaid expenses and expenses payable</p> <p>Income and expenditure relating to prior period, prepaid expenses and expenses payable not exceeding equivalent to TShs 1,000,000 in each case are treated as income and expenditure of the year in which payments are made.</p> <p>(l) Borrowing costs</p> <p>Borrowing costs in the ordinary course of business are recognised as an expense in the period in which they are incurred.</p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset.</p> <p>(m) Taxation</p> <p>Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions.</p> <p>(n) Deferred tax</p> <p>Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is possible that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused assets and unused tax losses can be utilised. Due to uncertainty that the company will generate sufficient profits in the near future to set off the temporary differences, deferred tax has not been calculated.</p> <p>(o) Cash flow statement</p> <p>Cash flows are made using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and deferrals or accruals of part or future cash receipts or payments. The cash flows from operating activities, financing and investing activities of the company are segregated.</p> <p>(p) Impairment of assets</p> <p>The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price at an arms length transaction and its present value of future cash flows from the use of the asset and its disposal at the end of its useful economic life. This impairment is recognised as a charge in the income statement.</p>	<table border="0"> <tbody> <tr> <td style="width: 5%;">3</td> <td style="width: 75%;">OPERATING INCOME</td> <td style="width: 10%; text-align: right;">2010</td> <td style="width: 10%; text-align: right;">2009</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">T.Shs'000</td> <td style="text-align: right;">T.Shs'000</td> </tr> <tr> <td></td> <td>Goods</td> <td style="text-align: right;">19,783,800</td> <td style="text-align: right;">35,204,527</td> </tr> <tr> <td></td> <td>Passengers</td> <td style="text-align: right;">3,317,817</td> <td style="text-align: right;">7,911,386</td> </tr> <tr> <td></td> <td>Wagon Lease</td> <td style="text-align: right;">80,463</td> <td style="text-align: right;">1,317,061</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>23,182,080</u></td> <td style="text-align: right;"><u>44,432,974</u></td> </tr> <tr> <td>4</td> <td>OPERATING EXPENSES</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Maintenance of ways and works</td> <td style="text-align: right;">9,498,374</td> <td style="text-align: right;">11,025,032</td> </tr> <tr> <td></td> <td>Maintenance of rolling stock</td> <td style="text-align: right;">8,838,005</td> <td style="text-align: right;">11,041,165</td> </tr> <tr> <td></td> <td>Locomotive running expenses</td> <td style="text-align: right;">9,701,772</td> <td style="text-align: right;">15,608,275</td> </tr> <tr> <td></td> <td>Concession fee</td> <td style="text-align: right;">14,598,901</td> <td style="text-align: right;">12,236,647</td> </tr> <tr> <td></td> <td>Locomotive hire charges</td> <td style="text-align: right;">3,545,569</td> <td style="text-align: right;">11,012,431</td> </tr> <tr> <td></td> <td>Traffic expenses</td> <td style="text-align: right;">5,380,537</td> <td style="text-align: right;">7,243,506</td> </tr> <tr> <td></td> <td>Depreciation</td> <td style="text-align: right;">617,797</td> <td style="text-align: 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	2010 T.Shs'000	2009 T.Shs'000
Miscellaneous income	175,385	140,506
Reversal of IFC Interest (Refer Note 15)	1,493,443	-
Reversal of RITES, Management Fee, Coaches & Loco. Charges (Refer Note 16 (iii))	4,388,701	-
	<u>6,131,226</u>	<u>2 38,827</u>
9 TAX		
(a) Tax Charge for the year	-	-
There is no tax charge for the year as the company has a tax loss amounting to T.Shs117,936,203,279 to be carried forward.		
(b) Tax recoverable		
As at 1 January	-	-
Tax charge for the year	-	-
Tax paid	(7,360)	(5,551)
Less: Tax written off	<u>7,360</u>	<u>5,551</u>
As at 31 December	-	-
(c) Deferred tax asset		
As at 1 January	-	15,096,293
Movement during the year	-	(15,096,293)
As at 31 December	-	-
Deferred tax has not been provided as it is uncertain that the company will generate sufficient profits in the near future against which the temporary differences can be set off.		
10 START UP COSTS		
Start Up Costs	1,972,629	2,685,669
Less: Amortisation during the year	<u>(713,040)</u>	<u>(713,040)</u>
	<u>1,259,590</u>	<u>1,972,629</u>

11 PLANT, PROPERTY & EQUIPMENT

a) Plant, Machinery and equipment

	Furniture Tshs'000	Computers Tshs'000	Machinery and equipment Tshs'000	Motor cycles Tshs'000	Motor vehicles Tshs'000	Total Tshs'000
Cost						
As at 1 January 2010	16,103	157,250	1,033,980	6,318	651,175	1,864,826
Additions	3,190	5,297	9,017	2,917	-	20,421
Transfers	-	-	-	-	-	-
As at 31 December 2010	19,293	162,547	1,042,997	9,235	651,175	1,885,247
Depreciation						
As at 1 January 2010	4,161	91,842	121,556	1,981	208,488	428,028
Charge for the year	2,115	47,034	129,943	2,965	130,235	312,292
As at 31 December 2010	6,276	138,876	251,499	4,946	338,723	740,320
Net book value						
As at 31 December 2010	13,017	23,671	791,498	4,289	312,452	1,144,927
As at 31 December 2009	11,942	65,408	912,423	4,338	442,686	1,436,797

b) Rehabilitation of Coaches, Locomotives & Tracks

	Rehabilitation of Coaches Tshs'000	Rehabilitation of Locomotives Tshs'000	Rehabilitation of Tracks Tshs'000	Total Tshs'000
As at 1 January 2010	979,718	5,984,742	333,591	7,298,051
Additions	-	-	-	-
As at 31 December 2010	979,718	5,984,742	333,591	7,298,051
Amortisation				
As at 1 January 2010	50,185	252,777	7,174	310,136
Amortisation for the year	40,401	250,756	14,348	305,505
As at 31 December 2010	90,586	503,533	21,522	615,641

	Rehabilitation of Coaches Tshs'000	Rehabilitation of Locomotives Tshs'000	Rehabilitation of Tracks Tshs'000	Total Tshs'000
Net book value				
As at 31 December 2010	889,132	5,481,209	312,069	6,682,410
As at 31 December 2009	929,533	5,731,965	326,417	6,987,915

	2010 Tshs'000	2009 Tshs'000
Summary of Property , Plant and Equipment :		
a) Net book value of Plant, Machinery and equipment	1,144,927	1,436,797
b) Net book Value of Rehabilitation of Coaches and Locomotives	6,682,410	6,987,915
Total (a + b)	<u>7,827,337</u>	<u>8,424,712</u>
12 INVENTORIES		
Fuel	557,548	478,717
Store items	2,974,686	3,963,165
	<u>3,532,235</u>	<u>4,441,882</u>
13 TRADE & OTHER RECEIVABLES		
Trade receivables	4,840,214	3,668,247
Provision for doubtful debts	(825,782)	(825,782)
	<u>4,014,432</u>	<u>2,842,465</u>
Staff Loans & Advances	69,813	65,410
Prepayment & Deposits	192,183	166,845
Other receivables	128,806	403,464
	<u>4,405,236</u>	<u>3,478,184</u>
14 TRADE & OTHER PAYABLES		
Trade Payables	5,409,317	5,611,720
Customer Deposits	519,102	867,331
Taxes and duties	1,614,251	1,349,442
Accruals	3,232,953	2,304,417
	<u>10,775,623</u>	<u>10,132,910</u>
15 LONG TERM LOAN		
IFC Loan		
Principal	10,119,879	18,386,060
Interest accrued	-	1,328,704
	<u>10,119,879</u>	<u>19,714,764</u>

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

Purpose of the Loan:

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

Terms of the loan

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

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

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

During the year, the company has repaid a principal amount of USD 7,037,770.72 to IFC.

Based on the ongoing discussion between, GOT, RITES and IFC, whereby IFC has offered to forgo the unpaid interest & cost subject to the modalities being agreed to with GOT. This is in advanced stage of discussion and therefore the interest has not been provided during the year and all the unpaid interest of previous period has been reversed.

16 Related party transactions

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

	2010 Tshs'000	2009 Tshs'000
i) Purchase of goods and services		
RITES Ltd	4,218,387	16,813,394
Reli Assets Holding Company	13,751,468	12,307,822
	<u>17,969,855</u>	<u>29,121,216</u>
ii) Outstanding balances arising from sale and purchase of goods/services		
Amounts due from related parties		
Reli Assets Holding Company	<u>378,301</u>	<u>373,580</u>
Amounts due to related parties		
RITES Ltd	30,672,683	27,469,888
Reli Assets Holding Company	46,897,352	27,868,557
	<u>77,570,036</u>	<u>55,338,445</u>

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

iii) The settlement agreement between GOT and RITES have been finalized and initialled. The deed is to be signed after clearance of IFC. The agreed amount due to RITES on account of loco and coaches leasing are being provided in the books of TRL and balance amount of Tsh 104.102 Million has been reversed. In respect of management fee payable to RITES, as agreed in the settlement, 49% of the fee has been provided and 51% of the same pertaining to the previous outstanding amounting to Tsh 4,284.60 Million have been reversed.

	2010 Tshs'000	2009 Tshs'000
17 GOT - GRANTS		
Disbursement for Salaries	15,623,010	-
Payment of Expenses/Creditors	2,401,291	-
	<u>18,024,300</u>	<u>-</u>

During the year 2010 GOT through RAHCO has paid money for part Salaries of TRL staff and also paid for various expenses and TRL's Creditors as above. Upto 31.12.2009 these payments of salaries were treated by TRL as GOT Top up Money (refer Note 23) but the same for the year 2010 has been taken into income as the grants. This treatment is in line with the intimation of TRL to Government of Tanzania.

	2010 Tshs'000	2009 Tshs'000
18 Directors Remuneration		
Directors' Sitting Fees	11,344	18,998
19 Financial Risk Management Objectives and policies		
The company's activities expose it to a variety of financial risks, including credit risk, foreign currency exchange risk and liquidity risk. The company's overall risk management programme seeks to minimize potential adverse effects on its financial performance. The company does not hedge foreign exchange risks as it has a steady inflow of US Dollar denominated revenue.		
20 CONTINGENT LIABILITY		
a) M/s RAHCO has made claims in respect of hire charges for usage of vehicles, cannibalization, wagon vandalism amounting to TSh.3,323,958,650 which is not accepted by the company. RAHCO has also raised a demand of USD 671,508.25 & TSH 604,620,717 as interest on unpaid concession fee, which has been disputed by management. At the same time RITES has also claimed expenses to be incurred on rehabilitation of locomotives and wagons estimated at US\$ 41.9 Million, out of this TRL has incurred expenses of USD 1,720,944 on rehabilitation of four 73 class locomotives and has also having a capital commitment of US\$ 8,760,000 on six 88 class locomotives. Apart from this the expenses incurred by TRL on procurement of VHF Radio system amounting to Tsh 803,992,027 has also been claimed from RAHCO.		
b) There are claims from the customers on account of loss of the goods when transporting goods and by a NGO for delayed departure of passenger train totaling to Tsh 918,124,447 and USD 280,836. Liabilities in respect of these has not been provided for pending determination of amounts for which claims can be settled. This does not include the claims which are pending with insurance company.		
c) There are some claims lodged by employees seeking compensation through arbitration/court /Manpower department. The liability, if any, arising on decision of the cases by the respective authorities will be accounted for at the time of finalization of the claim/case.		
21 CAPITAL COMMITMENT		
There is capital commitment of USD 1,538,000 for rehabilitation of 2 No of 88 class locomotives, & EURO 512,407 for rehabilitation of 30 traction motors and 30 magnet frame.		
22 PRIOR PERIOD		
Income for the year is net of Tsh 5,882,143,650 (Refer Note 8) adjustment for the previous year and expenses for the year include Tsh 456,135,687 pertaining to previous year.		
23 GOT- TOP UP MONEY		
Till 31.12.2009 a sum of Tsh 12,189,370,073 had been received from		

Government of Tanzania ("GOT") for part payment of salaries as Top up Money. This amount does not have any specific terms of repayment.

24 INCORPORATION

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

25 CURRENCY

The financial statements are prepared in Tanzanian Shillings (TShs'000'). The Exchange rate as on 31st Dec, 10 is Tsh. 1,453.54 per USD (Previous Year Tsh 1,313.29 per USD).

26 COMPARATIVES

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

SUPPLEMENTARY INFORMATION

(DETAIL OF TOTAL EXPENDITURE UNDER NATURAL HEADS OF ACCOUNTS) FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	T.Shs'000	T.Shs'000
DETAILS OF EXPENSES		
Salaries, Wages and Other Costs Refer A	19,475,245	21,663,679
Locomotive Fuel Cost	9,644,632	15,569,678
Travelling & Transport Allowance	2,062,912	3,000,923
Fuel Cost - Motor Trolley	353,779	487,940
Workshop Material Consumption	2,913,903	3,652,101
Locomotives, Coaches Lease Charges	3,545,569	11,012,431
Locomotive, Wagons and		
Track Maintenance Charges	690,217	1,197,065
Management Fee	1,195,878	3,831,544
Concession Fee	14,598,901	12,236,647
Levies	298,865	580,552
Electricity and Water	572,547	562,108
Rent	207,539	256,363
Postage and Telecommunication Expenses	337,758	395,283
Printing and Stationery	35,772	40,677
Insurance	138,459	910,644
Plant and Machinery Repair and Maintenance	92,042	180,174

	2010	2009
	T.Shs'000	T.Shs'000
Other Repair Maintenance	167,211	214,919
Office Expenditure	835,561	1,323,584
Board Meeting expenses	16,687	38,937
Motor Vehicles' Running Expenses	203,289	253,381
Audit Fee and Expenses	46,361	43,156
Fee for Services Obtained	366,553	324,915
Sales Promotion and Advertisement	27,236	34,112
Transport and Travelling	293,774	389,347
Financial Expenses	56,150	1,338,426
Foreign Exchange Variation	7,606,122	637,798
Miscellaneous Refer B	3,824,981	4,381,129
Depreciation	617,797	578,201
Amotization of Prer./Pre Operative Expenses	713,040	713,040
Provision for Doulful Debt	-	243,831
TOTAL	70,938,780	86,092,585

A SALARIES AND WAGES

Salary	12,112,228	12,724,799
Overtime	2,591,288	3,998,898
Staff House Allowance	1,448,198	1,729,628
Special Allowance	75,420	123,745
Employers' Contribution	1,402,825	1,423,456
Medical Expenses	813,753	534,879
Skill and Development Levy	957,092	1,097,795
Other	74,441	30,479
TOTAL	19,475,245	21,663,679

B MISCELLANEOUS EXPENSES

Security Expenses	2,545,882	2,577,943
Subscriptions and Donations	6,863	8,123
Stock Written Off	95,218	274,503
News Paper and Periodicals	6,484	5,992
Itigi Primary School Expenses	357,192	379,864
Railway Training School Expenses	58,843	102,347
Others	754,498	1,032,356
TOTAL	3,824,981	4,381,129

RITES INFRASTRUCTURE SERVICES LIMITED

DIRECTORS' REPORT

Distinguished Shareholders

The Directors of your company have immense pleasure in presenting 1st Annual Report on the state of affairs of the Company for the Financial Year 2010-11 together with the audited statements of Accounts and Auditors' Report for the year ended 31st March, 2011.

Your Company was incorporated by the name RITES Infrastructure Services Ltd on 27th April, 2010 as a wholly owned subsidiary of RITES Ltd. The main objects of your Company are to undertake infrastructure projects for development, operation & maintenance of Multi Functional Complexes (MFCs) at/in the vicinity of identified or prescribed premises of Railway Stations and on sites assigned by the Ministry of Railways. Your Company has obtained a certificate of Commencement of Business on 1st July, 2010.

Twenty stations have been identified by Ministry of Railways (MOR) for construction of Multi Functional Complexes (MFCs) by RITES and Rail Land Development Authority (RLDA). A Memorandum of Understanding (MoU) between Rail Land Development Authority (RLDA) and RITES was signed on 8th January 2010, the salient features of which are as follows:-

- RITES or its wholly owned Subsidiary is required to develop, construct, operate and maintain the MFCs through equity/debt funding or borrowings or through private participation to provide multiple facilities like shopping, food stalls/restaurants, book stalls, PCO Booths, ATMs, medicine and variety stores, budget hotels, entertainment and recreation, parking facilities etc. mainly to railway users and in addition to provide office spaces without hindering rights/access of railway users.
- The suitable sites/locations for MFCs will be selected jointly by RLDA, RITES and Zonal Railways. RLDA shall coordinate with Zonal Railways for assignment of selected lands to RLDA and shall arrange to provide encumbrance free possession of the Project site/space to RITES/Wholly Owned Subsidiary (WOS) for implementation of the Projects.
- The lease period shall be 35-45 years depending upon financial viability. The revenue share of MOR/RLDA will be equal to minimum 6% of the land value per annum determined as per extant policy of Ministry of Railways.

In view of the above, RITES incorporated a WOS Company for the aforesaid purpose.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2010-11 is given below:

	(Amount in ₹)
Particulars	2010-11
Authorised Share Capital	50,000,000
Subscribed Share Capital	500,000

Particulars	2010-11
Capital Work in Progress	6,864,164
Total income/Gross Sales	Nil
Total operating Income	Nil
Operating Expenditure	500,923
Profit Before Tax (PBT)	(500,923)
Gross Margin	Nil
Net worth	(923)
Earning per Share	(13.36)

PERFORMANCE HIGHLIGHTS

This is the first year of operation of the company. RITES Ltd, as holding company, has been constructing six MFCs under Corporate Social Responsibility (CSR) and fourteen MFCs on behalf of the RISL. CSR projects has been undertaken at six sites namely Alipurduar Jn, Ghatsila, Haldia, Kakdwip, Manmad & New Alipur up to ₹ 3.0 Crore which are in progress on reporting date on which holding company has incurred ₹ 24,162,788/- on aforesaid MFCs upto 31st March, 2011. Any expenditure above ₹ 3.0 crore on construction of aforesaid MFCs will be payable to the holding company. However on completion of construction of six such projects, the same will be transferred to the RISL as grant and will be recognized in the books of RISL at nominal value of ₹ 1/-.

Holding company has also started construction works/ tendering process on other fourteen MFCs sites namely Darjeeling, Ernakulam Junction, Guntur, Kattayam, Kurukshetra, Kozhikode, Palkkad Junction, Rajkot, Rameswaram, Ranchi, Tiruchchirappali Junction, Trichur, Vadadora & Visakhapatnam on behalf of the company. The expenditure incurred by the holding company upto 31st March, 2011 is of ₹ 6,864,164/-.

CAPITAL STRUCTURE

The Paid-up share capital of the Company is ₹ 5 lakhs as against the Authorised Share Capital of ₹ 5 crores.

DIVIDEND

Your Company is in the initial stage of its business and projects works are in- progress, thus have not generated any income to yield any profit, as such no dividend has been declared by the Company.

FIXED DEPOSITS

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

RESERVES

Your Company is in the initial stage of its business which has incurred losses, thus transferred to Miscellaneous Expenditure head under Application of Fund items of the Balance Sheet. However, no amount is proposed to be transferred to General Reserve.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Measures to conserve energy have been incorporated in the planning of projects being executed by the holding company. Technology absorption,

which is done on a continuing basis in the holding company, is being utilized in the projects. During the year under review, there is no foreign exchange earning and outgo.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)

The Company has not employed any person whose particulars are required to be given in report pursuant to provisions of Section 217(2A) of the Companies Act, 1956 and rules framed there under.

SCHEDULED CASTE, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES

At present there is no person on the rolls of the Company. All its projects under progress which are being executed by RITES on behalf of the company.

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

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

PRESIDENTIAL DIRECTIVE

No Presidential Directive was received during the year.

CORPORATE GOVERNANCE

The Report on Corporate Governance as stipulated under Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises (DPE) forms part of the Annual Report and has been placed at Annexure - I

BOARD OF DIRECTORS

During the year Shri K.K.Gupta, and Shri H.K.Bali, were appointed as Director/ Additional Director of the Company by the Holding Company (RITES).

The Board of Directors consists of four Directors, all are nominees of the Holding Company. The Board met four times during the year for transacting businesses.

The following Directors held office during the year:

Nominee Directors:

Shri G.V. Chanana	Chairman (up to 31/01/2011)
Shri Jeevan Gupta	Director
Shri M. Mahalingam	Director
Shri K.K.Gupta	Director (from 18/03/2011)
Shri H.K.Bali	Director (from 18/03/2011)

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

COMPLIANCE CERTIFICATE

The Compliance Certificate obtained from a Practicing Company Secretary regarding compliance of various requirements under the companies Act, 1956 and Rules thereunder, as required by proviso to sub-section (1) of section 383A of the Companies Act, 1956, is placed at an Annexure - III.

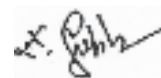
AUDITORS

The Comptroller & Auditor General of India appointed M/s VSH & Associates, Chartered Accountants as Company's Statutory Auditors for the year 2010-11. The Board would like to place on record their sincere thanks for the valuable services rendered by Statutory Auditors.

ACKNOWLEDGEMENTS

We record our appreciation and thanks to Holding company RITES Ltd, Ministry of Railways and other Ministries for their support to the Company, and also the employees of the Holding company for their efforts to take the company forward.

For and on behalf of Board of Directors



(K.K.Gupta)
Director



(Jeevan Gupta)
Director

Place: Gurgaon
Dated: 15 June, 2011

Annexure – I

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on the Code of Governance

The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and reporting that conforms fully with laws, rules, regulations and guidelines and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders value. The company believes in promoting the principles of sound Corporate Governance and its essential character is shaped by high standards of transparency, trust and integrity, performance orientation, responsibility, accountability, professionalism, social responsiveness and ethical business practices.

2. Incorporation

RITES Infrastructure Services Ltd was incorporated on 27th April, 2010 as wholly owned subsidiary of RITES Ltd with Authorised Share Capital of ₹ 5 Crores. It's Paid up Share Capital is ₹ 5 lakhs. The entire Paid up share capital of the company is held by Holding Company RITES Ltd.

3. Board of Directors

Board of the Company comprises of 4 Directors namely, Shri Jeevan Gupta, Shri M. Mahalingam, Shri K.K.Gupta & Shri H.K.Bali all are nominees of Holding Company (RITES) as on 31st March, 2011.

3.1 Composition of the Board of Directors

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

S. No.	Name and Designation	Category of Directors	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
1.	Shri G.V.Chanana (First Director) (up to 31-01-2011)	Nominee of Holding Company	Nil	Nil	Nil
2.	Shri Jeevan Gupta (First Director)	Nominee of Holding Company	1	Nil	Nil
3.	Shri M. Mahalingam (First Director)	Nominee of Holding Company	Nil	Nil	Nil
4.	Shri K.K.Gupta (Director) (From 18-03-2011)	Nominee of Holding Company	Nil	Nil	Nil
5.	Shri H.K.Bali (Additional Director) (18-03-2011)	Nominee of Holding Company	Nil	Nil	Nil

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

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

3.2 Brief Resume of Director/Additional Director who joined the Board as nominee of Holding Company during the year 2010-11

Shri Kamal Kishor Gupta - 55 years, is a nominee of RITES Ltd. He is presently Head of Transport Infra Division of RITES LTD. He has graduated as Civil Engineer, with distinction, from Punjab University in 1979 and he did his Master in Transport Engineering & Planning from Salford University, UK, in 2005. He has also obtained PG Diploma in Public Administration from IIPA, New Delhi, in 1997. He belongs to Indian Railway Service of Engineers (IRSE) cadre and has held several prestigious posts in Railways from February, 1981 to September, 2008. He joined RITES in October, 2008 and our Board on 18th March, 2011 as Director of the Company.

Shri Hari Kumar Bali - 54 years, is a nominee of RITES Ltd. He is presently Head of Central Accounts & Taxation Cells of Finance & Accounts Division of Corporate Office of RITES Ltd. He is post Graduate in Commerce, Chartered Accountant, Management Accountant from the Institute of Chartered Accountants (DMAC), LLB & Company Secretary. He has total experience of 28 years in financial & management accounting of public sector undertakings in India & abroad. He has worked as Management Accountant in Botswana Railway for a period of four years and chief of the Finance Services of CFM, South Mozambique Railway. He joined RITES in January, 1985 and has worked on various foreign assignments also and our Board on 18th March, 2011 as additional Director of the company.

3.3 Number of Board Meetings

The Board of Directors met 4 times during the year 2010-11 to discuss and decide about the business activities of the Company.

S No.	Name and Designation	Board Meetings During the Year	
		Held during tenure	Attended
1.	Shri G.V.Chanana (First Director) (up to 31-01-2011)	4	4
2.	Shri Jeevan Gupta (First Director)	4	4
3.	Shri M. Mahalingam (First Director)	4	1
4.	Shri K.K.Gupta (Director) (from 18-03-2011)	-	-
5.	Shri H.K.Bali (Additional Director) (from 18-03-2011)	-	-

3.4 Attendance of Board of Directors Meeting during the year 2010-11

S No.	Name of Directors	Nos. and Date of Board of Directors Meeting				Total meetings 4 (Four)
		1st BOD Meeting/ 24th May, 2010	2nd BOD Meeting/ 14th Sep, 2010	3rd BOD Meeting/ 6th Dec, 2010	4th BOD Meeting/ 28th Jan, 2011	
1.	Shri G.V.Chanana (up to 31-01-2011)	Attended	Attended	Attended	Attended	All
2.	Shri Jeevan Gupta	Attended	Attended	Attended	Attended	All
3.	Shri M. Mahalingam	Attended	Not Attended	Not Attended	Not Attended	1
4.	Shri K.K.Gupta (from 18-03-2011)	NA	NA	NA	NA	NA
5.	Shri H.K.Bali (from 18-03-2011)	NA	NA	NA	NA	NA

4. Code of Conduct

This is the first year of the Company. All Directors of the company are employees of the holding company, RITES Ltd. They have been following the code of conduct laid down by RITES Ltd. for all Board Members and senior Management of the company.

5. Committees of the Board of Directors

Audit committee, Remuneration committee etc will be constituted as and when need arises.

6. Extra - ordinary General Meeting

During the year under review one Extra - Ordinary General Meeting was held on 28th January, 2011.

7. Disclosures

- During the year, there has been no materially significant related party transaction with the Directors, Management or their relatives that have a potential conflict with the interest of the company.
- Transactions with related parties as per requirements of Accounting Standard (AS- 18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note no. 7 of Schedule H.
- The company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial Statements.
- No penalties imposed or strictures passed against the company by any statutory authorities on any matters related to any guidelines issued by the Government during the year.
- There were no instances of non-compliance by the Company.

8. Means of Communication

All important information pertaining to the Company has been mentioned in the Annual Report of the Company containing inter-alia Audited Accounts, Financial Statements, Directors' Report, Report

on Corporate Governance which is being circulated to the members and others entitled thereto. All other communications shall be sent to the members through electronic mail and/or by surface Post.

9. Training of Board Members

New Directors appointed by the Holding Company are given formal induction and orientation with respect to Company's vision, strategic directions, core values including ethics, financial matters and business operations and risk profile of the business of the Company.

10. Compliance

A Compliance Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in the Guidelines has been placed at Annexure – II.

Annexure- II

CERTIFICATE

To
The Members
RITES INFRASTRUCTURE SERVICES LIMITED

The RITES INFRASTRUCTURE SERVICES LIMITED was incorporated on 27th April, 2010 as a wholly owned subsidiary of RITES Ltd. The first financial year of the Company is from 27th April, 2010 to 31st March, 2011.

As regards compliance of conditions of Corporate Governance for the year ended 31st March, 2011 as stipulated in the guidelines on Corporate Governance for CPSE's 2010 issued by DPE, it has been informed by the management of the Company that since it is the first financial year, the Company is in the process of complying with these requirements in due course. This has also been mentioned by the Company in its Corporate Governance Report.

For Akhil Rohatgi & Co.


(Akhil Rohatgi)

Company Secretary in Practice

C.P. No. 2317

Place: Delhi
Date: 15th June, 2011

Annexure-III

COMPLIANCE CERTIFICATE

To
The Members
RITES INFRASTRUCTURE SERVICES LIMITED.

We have examined the registers, records, books and papers of RITES INFRASTRUCTURE SERVICES LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provision contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and to the best of our information and according to the

examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms or returns to the Regional Director, Central Government and Company Law Board.
3. The Company has a paid up capital of ₹ 500,000/- (₹ Five Lacs Only).
4. The Board of Directors duly met four times on 24.05.2010, 14.09.2010, 06.12.2010 and 28.01.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the Financial Year.
6. No Annual General Meeting was held during the financial year as the Company was incorporated on 27th April, 2010. The Company is required to convene its first Annual General Meeting by September, 2011.
7. One Extra Ordinary Meeting was held on 28/01/2011 after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. i) The Company has delivered all the share certificates on allotment/ lodgment thereof for transfer in accordance with the provisions of Act during the financial year.
ii) The company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
iii) The Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
- iv) There has not been any unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
- v) As the Company was incorporated on 27th April, 2010 no Directors' Report was required to be prepared during the financial year 2010-11.
14. The Board of Directors of the Company is duly constituted and the appointments of directors and additional directors have been duly made. There was no appointment of alternate directors and directors to fill casual vacancies.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year as no such securities were issued by the Company.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. There was no employee on the rolls of the Company during the financial year.

For Akhil Rohatgi & Co.
Company Secretaries



(Akhil Rohatgi)

Company Secretary in Practice

C.P. No.: 2317

F.C.S. No.: 1600

Place: Delhi

Date : 15th June, 2011

Annexure A

REGISTERS MAINTAINED BY THE COMPANY

- a) Register of Members under Section 150
- b) Minutes Book of Meetings of Shareholders and Board of Directors.
- c) Register of Contract in which Directors are interested u/s 301.
- d) Register of Directors, Managing Director, Manager and Secretary under Section 303
- e) Register of Directors' Shareholdings under Section 307
- f) Register of Allotment of shares.
- g) Register of Director's Attendance
- h) Register of Shareholder's Attendance

Annexure B

FORMS, RETURNS AND DOCUMENTS FILED BY THE COMPANY
AFTER INCORPORATION ON 27th APRIL, 2010

- (a) Form 23 on 23-02-2011 in respect of Alterations in Articles of Association.
- (b) Form 32 on 13-04-2011 in respect of appointment of Shri K.K. Gupta as Director and Shri H.K. Bali as Additional Director.
- (c) Form 32 on 22-04-2011 in respect of cessation of office of Directorship by Shri G.V. Chanana.

AUDITORS' REPORT

To the Members of RITES Infrastructure Services limited.

1. We have audited the attached Balance Sheet of RITES Infrastructure Services limited, as at March 31, 2011 and also the Profit and Loss Account 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) As per notification no.GSR(E) dated 21.10.2003 issued by Ministry of Finance, Section 274(1) (g) of the Companies Act, 1956 is not applicable to the company.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011; and
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date.

For V S H & ASSOCIATES
Chartered Accountants
(Registration No. 012420N)



(Sandeep Bhatnagar)

Partner

Place: New Delhi

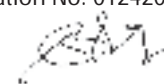
Date : 15th June, 2011

Membership no. 092821

ANNEXURE REFERRED TO IN THE AUDITOR'S REPORT
To the Members of Rites Infrastructure Services Limited

1. (a) The Company does not have Fixed Assets however it has Capital Work in progress in respect of projects being undertaken by the company for which it is maintaining details of expenditure in respect of each project. Therefore clauses 1(b) and (c) are not applicable to it.
2. (a) As per information provided to us, no inventory has been maintained by the management during the period. Hence para 1(ii) (a), (b) and (c) are not applicable
3. (a) During the year, the Company has not granted any kind of loans including the loans to concerns listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, no major weakness has been noticed in the internal control.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been properly entered in the said register;
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 500,000/- in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
6. The Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company;
7. The Company has a system of internal audit which, in our opinion, is commensurate with its size and nature of its business;
8. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the company.
9. (a) According to the records, information and explanations provided to us, the Company was not covered under Provident Fund. Also it was not registered under Service Tax and there is no liability towards TDS, Advance income-tax, cess and any other statutory dues.
- (b) According to the information and explanations given to us there were no undisputed amounts payable outstanding as at 31st March 2011 for a period of more than six months from the date they became payable;
10. The Company has accumulated losses at the end of the accounting year and has incurred cash losses during the year covered by the audit.
11. In our opinion and according to the information and explanations provided to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / society. Therefore the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations provided to us the company is not dealing or trading in shares, securities, debentures or other similar investment.
15. On the basis of the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on our examination and according to the information and explanations given to us, no term loans were taken by the Company.
17. On the basis of our examination and explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any secured debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For VSH & ASSOCIATES
Chartered Accountants
(Registration No. 012420N)



(Sandeep Bhatnagar)
Partner

Place: New Delhi
Date : 15th June, 2011

Membership no. 092821

BALANCE SHEET AS AT 31st MARCH, 2011

		Amount (₹)
PARTICULARS	SCHEDULE	AS AT 31.03.2011
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS:		
CAPITAL	A	500,000
	TOTAL	500,000
APPLICATION OF FUNDS		
FIXED ASSETS :	B	
CAPITAL WORK IN PROGRESS		6,864,164
CURRENT ASSETS, LOANS & ADVANCES:	C	530,000
LESS: CURRENT LIABILITIES AND PROVISIONS:	D	7,395,087
NET CURRENT ASSETS		(6,865,087)
MISCELLANEOUS EXPENDITURE	E	500,923
	TOTAL	500,000
PRINCIPAL ACCOUNTING POLICIES	G	
NOTES TO ACCOUNTS	H	

SCHEDULES "A" TO "H" FORM AN INTEGRAL PART OF ACCOUNTS

For and on behalf of the Board
(Jeevan Gupta) Director (H.K.Bali) Director

AS PER OUR REPORT OF EVEN DATE ATTACHED

Sandeep Bhatnagar
Partner
Membership No-92821
VSH & Associates
Chartered Accountants
FRN: 012420N

Place : Delhi
Date : 15th June, 2011

PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 1st JULY, 2010 TO 31st MARCH, 2011

		Amount (₹)
PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2011
INCOME		
INCOME		-
EXPENDITURE		
EXPENSES	F	500,923
		500,923
LOSS BEFORE TAX		500,923
PROVISION FOR TAXATION		-
LOSS AFTER TAX		500,923

		Amount (₹)
PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2011
EARNING PER SHARE (EQUITY SHARE OF ₹10/- EACH)-BASIC & DILUTED		₹ (13.36)
NUMBER OF SHARES USED IN COMPUTING EARNING PER SHARE		37,500

For and on behalf of the Board
(Jeevan Gupta) Director (H.K.Bali) Director

AS PER OUR REPORT OF EVEN DATE ATTACHED

Sandeep Bhatnagar
Partner
Membership No-92821
VSH & Associates
Chartered Accountants
FRN: 012420N

Place : Delhi
Date : 15th June, 2011

SCHEDULE : A SHARE CAPITAL

		Amount (₹)
		As at 31.03.2011
Authorised		
5,000,000 Equity Shares of ₹10/- each		50,000,000
Issued, Subscribed & Paid-Up		
50,000 equity shares of ₹10/- each, fully paid up		500,000
		500,000

SCHEDULE : B

FIXED ASSETS AS AT 31.03.2011

					Amount (₹)
GROSS BLOCK					
Description	As at 01.04.2010	Addition During the Period	Sale/Adj During the Period	Total	
Capital Work in Progress	-	6,864,164	-	6,864,164	
Total	-	6,864,164	-	6,864,164	
DEPRECIATION					NET BLOCK
Description	Upto 01.04.2010	For the Period	Sale/Adj During the Period	Total	As at 31.03.2011
Capital Work in Progress	-	-	-	-	6,864,164
Total	-	-	-	-	6,864,164

SCHEDULE : C

CURRENT ASSETS, LOANS AND ADVANCES

	Amount (₹)
	As at 31.03.2011
(i) CASH AND BANK BALANCES	
Current Account with Schedule Bank *	513,455
(ii) OTHER CURRENT ASSETS	
Amount Recoverable from AXIS Bank	16,545
	<u>530,000</u>

*Includes amount payable of ₹ 30,000/- to RITES Ltd a Holding Company.

SCHEDULE : D

CURRENT LIABILITIES AND PROVISIONS

	Amount (₹)
	As at 31.03.2011
CURRENT LIABILITIES	
Amount Payable to RITES LTD.	7,384,057
Auditors' Fee Payable	11,030
	<u>7,395,087</u>

SCHEDULE : E

MISCELLANEOUS EXPENDITURE

	Amount (₹)
	YEAR ENDED
	31.03.2011
Loss for the Year transferred from Profit & Loss Account	500,923
	<u>500,923</u>

SCHEDULE : F

EXPENSES

	Amount (₹)
	YEAR ENDED
	31.03.2011
Incorporation Expenses Written off	476,966
Legal and Filing Expenses	3,000
Professional Charges	9,927
Auditors' Fee	11,030
	<u>500,923</u>

SCHEDULE : G

PRINCIPAL ACCOUNTING POLICIES

1. GENERAL

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

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

2. REVENUE RECOGNITION

2.1 Lease Services

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

2.2 Other Income

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

3. OPERATING LEASE

Operating lease charges are charged as revenue on accrual basis.

4. TAXATION

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

5. DEFERRED TAX

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

6. EARNINGS PER SHARE

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

SCHEDULE : H

NOTES TO ACCOUNTS

1. RITES INFRASTRUCTURE SERVICES LIMITED (RISL) was incorporated on 27th April, 2010 with commencement of business on 1st July, 2010 under the Indian Companies Act, 1956, as a wholly owned subsidiary company of RITES Ltd, to carry on the business of development, operations & maintenance of Multi Functional complexes (MFCs) in the vicinity of identified or prescribed stations/ premises of Railway stations on sites assigned by the Ministry of Railways (MOR). This is the first year of operation of the company. RITES Ltd, as a holding company, is constructing six MFCs under Corporate Social Responsibility (CSR) and fourteen MFCs on behalf of the company.

2. Holding company has undertaken MFCs construction works at six sites namely Alipurduar Jn., Ghatsila, Haldia, Kakdwip, Manmad & New Alipur under CSR scheme upto ₹ 3 crores which are in progress on reporting date. Any expenditure more than ₹ 3 crores on construction of aforesaid MFCs on behalf of the company will be payable to the holding company. Holding company has incurred ₹ 24,162,788/- on aforesaid MFCs which are in progress, as on 31st March, 2011. However on completion of construction of six MFCs under CSR scheme the same will be transferred to the company by the holding company which will be recognized in the book at nominal value of ₹ 1/- as grant from holding company.

2.1 Holding company has also started construction works/tendering process on other fourteen MFCs sites namely Darjeeling, Ernakulam Junction, Guntur, Kattayam, Kurukshetra, Kozhikode, Palkkad Junction, Rajkot, Rameswaram, Ranchi, Tiruchirappalli Junction, Trichur, Vadadora & Visakhapatnam on behalf of the company. The expenditure incurred by the holding company as on 31st March, 2011 is of ₹ 6,864,164/-, shown as payable to the holding company as liability, correspondingly to Capital Work in Progress as assets.

3. Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amount to ₹ 21,650,600/-.

4. Expenditure incurred on/by Directors NIL
5. Statutory Auditors Fee ₹ 10,000 +
Service Tax ₹ 1,030

6. Additional information as required by Schedule VI, Part II of the Companies Act, 1956 NIL

7. Disclosure as per Accounting Standards:

7.1 Related Party Disclosures

7.1.1 Relationship with Holding Company.

Nature of relationship	Name of Party
Holding Company	RITES Ltd.
Directors	1. Sh. Jeevan Gupta 2. Sh. G.V.Chanana (upto 31/01/2011) 3. Sh. M.Mahalingam 4. Sh. H.K.Bali (w.e.f 18/03/2011) 5. Sh. K.K.Gupta (w.e.f 18/03/2011)

7.1.2 Transactions with Holding Company.

Transactions	Amount (₹)
Construction of MFCs on behalf of Company	6,864,164
Incorporation & other exp on behalf of Company	519,893
Amount Payable as on 31.03.2011	7,384,057

7.1.3 Construction of MFCs by holding company under CSR scheme which are in progress as on 31st March, 2011: - Refer Note-2.

7.2 Earning Per Share

(a) Numerator for basic & Diluted earning per share
Net Profit (loss) available to equity shareholders ₹ (500,923)
(b) Denominator for basic & diluted earning per share
Weighted average number of shares 37,500
(Based on 9 months w.e.f 1.7.2011 i.e date of business commencement)
(c) Basic & Diluted Earning Per Share (a/b) ₹ (13.36)

7.3 Operating lease

Rail Land Development Authority (RLDA) has given leased land on various locations for periods varying from 35-45 years to the company for construction of twenty MFCs. Pending decisions from RLDA on leased rate and on timing to start charging rent, no lease rent has been provided for as lease rent payable to RLDA will commence on/after commencement of revenue generation from MFCs.

7.4 Deferred Tax

Due to uncertainty regarding future profits, company has not recognized deferred tax assets.

8 This is the first year of accounting period for which accounts have been prepared, hence no corresponding comparative figures for the previous year are available.

BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE

(₹ in Thousands)

1. REGISTRATION DETAILS	
Registration No.	: U45200DL2010GOI202067
State Code	: 55 (Delhi)
Balance Sheet date	: 31/03/2011
2. CAPITAL RAISED DURING THE YEAR	
Public Issue	: NIL
Rights Issue	: NIL
Bonus Issue	: NIL
Private Placements	: NIL
3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	
Total Liabilities (Including Shareholders' Fund)	: 7,895
Total Assets	: 7,895
SOURCES OF FUNDS	
Paid-up Capital	: 500
Reserve & Surplus	: NIL
Secured Loans	: Nil
Unsecured Loans	: Nil
Current Liabilities & Provisions	: 7,395
APPLICATION OF FUNDS	
Net Fixed Assets	: 6,864
Investments	: Nil
Net Current Assets	: 530
Miscellaneous Expenditure	: Nil
Accumulated Losses	: 501
4. PERFORMANCE OF COMPANY	
Turnover (Including other income) :-	
Total Expenditure	: 501
Loss before tax	: 501
Loss after tax	: 501
Earning per share (in ₹)	: ₹ (13.36)
Dividend Rate %	: Nil
5. GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (as per monetary terms)	
Item Code (ITC Code)	: N.A
Product Description	: Construction & Leasing of MFCs


COMMENTS BY CAG

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RITES INFRASTRUCTURE SERVICES LIMITED, GURGAON, FOR THE YEAR ENDED 31st MARCH 2011

The preparation of financial statements of RITES Infrastructure Services Limited, Gurgaon for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15th June, 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of RITES Infrastructure Services Limited, Gurgaon for the year ended 31st March 2011 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

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


(John K. Sellate)

Place : New Delhi
Dated : 20th July, 2011

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

OFFICES, AUDITORS AND BANKERS

OFFICES: INDIA

Registered Office	RITES Limited SCOPE Minar, Core-1 Laxmi Nagar, Delhi-110092 Phone : (011) 23354800 Fax :(011) 22024660
Corporate Office-I	RITES Limited 1, Sector - 29, Gurgaon -122001(India) Phone : (0124) 2571666 Fax: (0124) 2571660 info@rites.com www.rites.com
Corporate Office-II	RITES Limited 1, Sector-44, Gurgaon -122001(India) Phone : (0124) 2728299 Fax: (0124) 2728371 info@rites.com www.rites.com

PROJECT OFFICES

Bhubaneswar	0674 - 2575493 / 2575284 (Fax) bbsrpo@rites.com
Kolkata	033 - 22367162 / 22367118 / 22367143 (Fax) pokolkata@rites.com, riteskol@vsnl.net
Lucknow	0522 - 2734892 / 2734894 / 2734893 (Fax) riteslko@yahoo.com
Mumbai	022 - 27812491 / 93 / 27812495 (Fax) mumbaipo@rites.com
Nagpur	0712 - 2520127 / 2547109 / 2527673 (Fax) nagpurpo@rites.com
Secunderabad	040 - 27812817 / 27841499 / 27818397 / 27813894 (Fax) secbadpo@rites.com

INSPECTION OFFICES

Bhilai	0788 - 2227304 / 2227776 / 2227305 (Fax) crinspn@rites.com
Chennai	044 - 28523364 / 28522610 / 28525408 (Fax) srinspn@rites.com
Delhi	011- 22029112 / 22402502 / 22024665 (Fax) nrinspn@rites.com
Kolkata	033 - 22348912 / 22348665 / 22348704 (Fax) erinspn@rites.com
Mumbai	022 - 22012523 / 22016621 / 22016220 (Fax) wrinspn@rites.com

OFFICES: OVERSEAS

Botswana	00267 - 3914113 (Telefax) 00267 -2404433 00267-75578742 ritesafrika@mega.bw
Mozambique	00258-2332884/258-3311987 ceoccfb@intra.co.mz
Tanzania	00255-762945945 hlchaudhary@rites.com 00255-22-2133428 Mob : 00255-786970553
Benin	00229-97979862 sudalaiyandi_in@yahoo.co.in
Sri Lanka	00947 - 87889708 sb_rites@rediffmail.com
Saudi Arabia	00966 01 2501111 00966 01 4807517 (Telefax) rnbartarya@rites.com

STATUTORY AUDITORS

M/s Dinesh Mehta & Co. New Delhi

BRANCH AUDITORS

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

BANKERS

AXIS Bank Ltd.
State Bank of Bikaner & Jaipur
State Bank of Patiala
Indian Bank
IndusInd Bank Limited
Punjab National Bank
State Bank of Mysore

UTES' WORLDWIDE EXPERIENCE



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



RITES Limited

(A Govt. of India Enterprise)

Registered Office :

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

Corporate Office :

RITES BHAWAN, No. -1, Sector-29, Gurgaon-122 001, Haryana (India)
Phone: +91 (124) 2571666, 2571667, Fax: 91 (124) 2571660
E-Mail: info@rites.com, Website: www.rites.com