

Consultancy



Engineering



Design





Mission

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

Establish new national / international trends and practices and assimilate state-of-the-art technologies to provide quality and value to client.

Be 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



Mr. Sanjiv Handa
Chairman
(Upto 29th Feb., 2012)



Mr. Keshav Chandra
Chairman
(From 2nd April, 2012)

Whole Time Directors



Mr. B. K. Makhija
Managing Director
& Director Projects
(Upto 31st Aug., 2011)



Mr. Rajeev Mehrotra
Managing Director
(From 1st Sep., 2011)
& Director Finance



Mr. Sumit Sinha
Director Technical



Mr. Arbind Kumar
Director Projects
(From 1st June, 2012)

Non-Executive (Independent) Directors



Mr. Vinod Somani



Dr. Vinayshil Gautam



Mr. Debidas Datta

Govt. Nominee Official Director



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

Senior Executives



Mr. G.S. Swaroop
ED- Technical Services



Mr. A.K. Arora
ED-Urban Infrastructure



Mr. V. K. Jain
ED-Expotech



Mr. Jeevan Gupta
ED-Rail Infrastructure



Mr. Rahul Jha
ED-Corporate Services



Mr. R.N. Bartarya
ED- Transport & Economic
(From 17th Oct., 2011)



Mr. R.L. Prasad
ED - Quality Assurance
(From 2nd March, 2012)



Mr. H. L. Chaudhary
GGM- Building & Airport
(From 1st Aug., 2011)



Mr. K.K. Gupta
GGM-Transport Infra



Mr. P. T. Mittal
Company Secretary

FINANCIAL PERFORMANCE OF A DECADE AT GLANCE

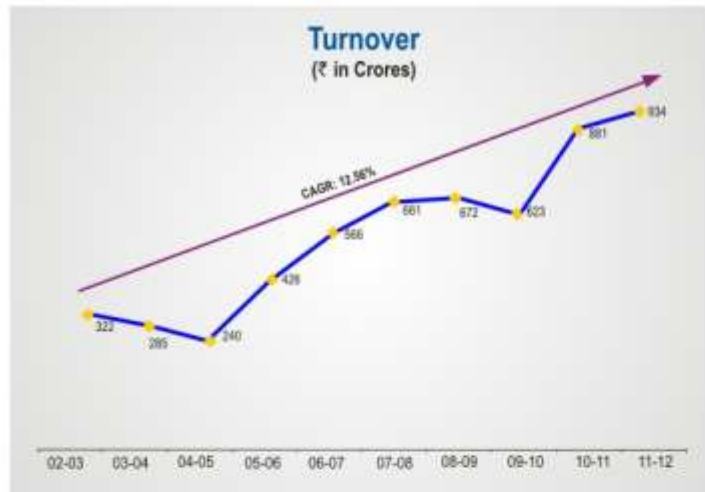
Particulars	(₹ in Crores)									
	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Total Income (including other income)	322	285	240	426	566	661	672	623	#881	934
Expenditure (including increase/decrease in stock)	222	213	173	293	395	481	522	457	518	678
Operating Margin	42	66	49	101	138	100	16	99	180	158
Interest Expenses	9	2	0	0	0	0	0	0	0	0
Depreciation	4	6	5	12	8	9	11	12	12	14
Profit Before Tax	100	72	67	133	171	180	150	166	363	256
Profit After Tax	54	48	41	99	118	104	94	112	244	164
Dividend	5	12	12	20	40	21	20	23	49	33
Foreign Projects Reserve	-	6	-	-	-	-	-	-	-	-
CSR Activities Reserve	-	-	-	-	-	-	-	-	6	7
General Reserve & Reserves & Surplus	247	273	307	383	456	499	570	655	836	961
Fixed Assets (Gross Block)	116	123	118	121	140	171	183	202	237	253
Inventories	16	1	3	50	8	16	22	37	78	62
Foreign Exchange Earnings	129	109	51	136	274	258	137	94	242	310
Share Capital	2	4	4	4	4	40	40	40	40	40
Capital Employed	237	263	299	367	433	435	501	538	689	602
Government Investment*	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Net Worth	249	283	311	387	460	539	610	695	876	1001
Profit Before Tax to Capital Employed	42%	27%	22%	36%	39%	41%	30%	31%	53%	43%
Operating Margin to Capital Employed	18%	25%	16%	28%	32%	23%	3%	18%	26%	26%
Profit After Tax to Share Capital	2700%	1200%	1025%	2475%	2950%	260%	235%	280%	610%	410%
Expenditure to Income	69%	75%	72%	69%	70%	73%	78%	73%	**66%	73%
Number of Employees	2321	2469	2493	2655	2760	2924	3048	3002	3134	3294
Income per Employee	0.14	0.12	0.10	0.16	0.21	0.23	0.22	0.21	0.28	0.28
Foreign Exchange Earning per Employee	0.06	0.04	0.02	0.05	0.10	0.09	0.04	0.03	0.08	0.09
Current Ratio	1.98	1.84	1.63	1.61	1.59	1.45	1.36	1.33	1.29	1.23
Debt / Equity Ratio	0.37	0.10	0	0	0	0	0	0	0	0
Investments	3	20	9	6	6	69	54	62	112	143

Includes exceptional income of ₹ 39 crores.
* Does not include bonus share of ₹ 39.90 crores issued from time to time.
** Excluding extraordinary and exceptional items.
Financial information from 2002-03 to 2010-11 based on pre-Revised Schedule VI.
Financial information for the year 2011-12 based on Revised Schedule VI.
1 Crore = 10 Million **1 US \$ = ₹ 50.83 (31.03.2012)**

FINANCIAL INDICATORS



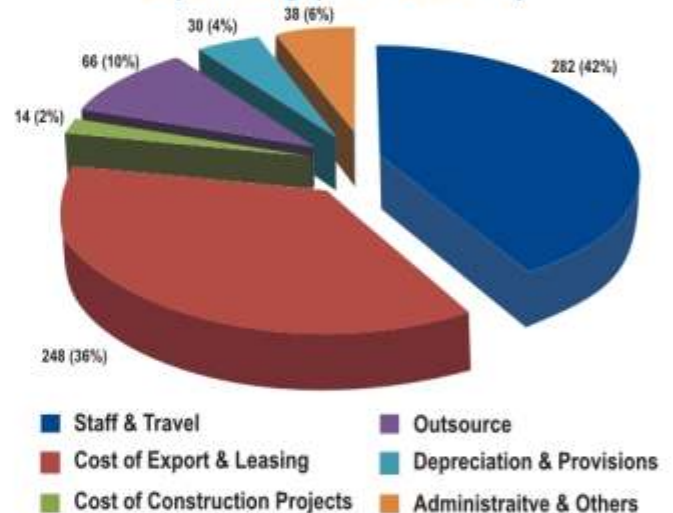
FINANCIAL INDICATORS



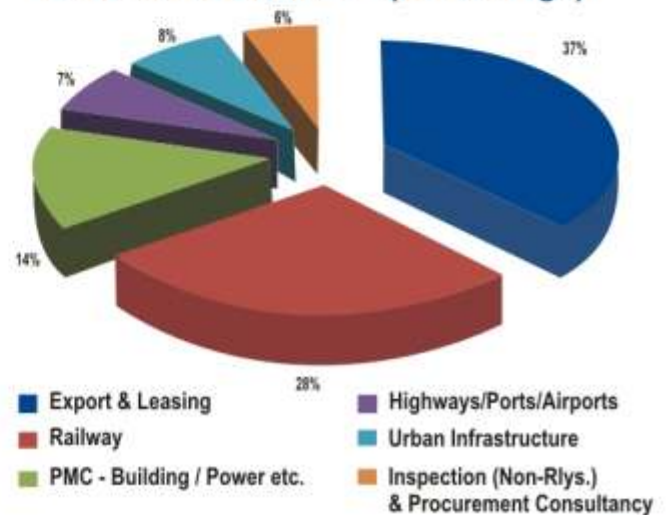
Earning (₹ 934 crores)



Spending (₹ 678 crores)



Sectorwise Business (Percentage)





CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure in welcoming you all to the 38th Annual General Meeting of the Company. Your Company has crossed many impressive milestones in its journey of 38 years since 1974 and these have made RITES a dominant player in the infrastructure sector. RITES delivered yet another sterling performance across several financial and operating indicators, with continuous focus on its diversified business growth strategy and contribution by its employees. I took over as Chairman of this Company in April, 2012 and feel extremely privileged to share with you the highlights of the Company's performance during the year 2011-12 and opportunities that lie ahead.

The year 2011-12 has been yet another year of impressive growth with highest ever total income of ₹ 934 crores as compared to previous year's total income of ₹ 842 crores, higher by 11%. The profit before tax for the year 2011-12 is ₹ 256 crores as against ₹ 363 crores in the previous year, lower mainly due to non recurring income of ₹ 102 crores accounted in 2010-11 from a foreign project.

Considering the profitability of the Company, the Directors have recommended final dividend of ₹ 18 crores in addition to one interim dividend of ₹ 15 crores paid during the year 2011-12. The total dividend payout for the year will amount to ₹ 33 crores (i.e ₹ 8.25 per share) which is 82.50% of paid up share capital of the Company.

The 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. The business development opportunities continued to receive focused attention both in the domestic and international market.

During the year, the business of offering shunting locomotives on wet lease including operation & maintenance has been well received by domestic Non-Railway clients. The company has, so far, leased 13 Locomotives to various companies in power, steel & transport sector.

RITES has also completed a prestigious project of Integrated Check Post (ICP) at Attari international border. This is a first of its kind project in India and proudly done by RITES. Seven more such projects are in the pipeline on Bangladesh, Nepal and Myanmar borders. This will greatly facilitate trade and passengers' movement amongst SAARC countries.

The Company is expanding its reach by venturing in business of wagon manufacturing and is also exploring business opportunities in the field of power sector including Green Energy etc. The company is also exploring business opportunities to provide total transportation solution as against pure consultancy assignments.

Your Company is committed towards pursuing the highest standards of Corporate Governance by ensuring transparency, disclosures and reporting as required under various laws, regulation and guidelines including those issued by DPE, Government of India. Your Company always focuses on transparent process and structures in overall working of the Company. 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 is also in the process of implementation of ERP which will further strengthen control mechanism.

Your Company has implemented its CSR policy with an aim to ensure that the Company becomes a socially responsible Corporate entity, contributing towards quality of life of the society at large. The Company has long-term plan on Corporate Social Responsibility (CSR) approved by its Board of Directors.

The thrust areas are community development with focus on education, health sanitation and clean drinking water, development of backward regions/ areas of the country, preservation of national heritage and culture, promotion of sports and arts. As a responsive corporate citizen to the nation, your Company has spent ₹ 3.80 crores on various CSR activities during the year 2011-12. The Board of Directors of the Company has earmarked ₹ 5 crores for CSR activities proposed to be carried out during the year 2012-13.

Your Company has been signing MOU with the Government every year, 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 2011-12.

With a vision to become one of the largest and best infrastructure consultancy Company of the world, we are in the process of revising Corporate Plan of the Company for the period 2012 - 2017. Long term planning horizons, maintaining financial stability with strong balance sheet, good cash flows, focus on operational costs and productivity, followed by good Corporate Governance determine our major decisions.

RITES enjoys enormous credibility in the infrastructure sector. With consistence in our ingenuity, imagination and initiative, we strive to make it a dynamic institution capable of responding to the innovative and evolving challenges of the future. We are confident to maintain the growth momentum in the next decade, given our planned investment, leadership position in the infrastructure sector and diversification initiatives.

Our investment in technology is directly linked to creating value for our stakeholders and society at large. Our substantial social investment is based on our strong belief that our success as a business is tied directly with the socio-economic vitality and health of the communities around our business units. We value the partnership we build with the communities around our units.


I acknowledge that organizations are built on a strong management - stakeholder relationship, which is a two way channel. I hope the coming year will further strengthen our relationship with all stakeholders for a sustainable growth and performance of your Company.

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 missions 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 endeavors 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, RITES will continue to excel and discharge its responsibilities, enhancing value to stakeholders.

We are indebted to our loyal set of clients who have been a constant source of inspiration for us to provide them value added services. Their continued support has sustained our excellent performance throughout the year. We are at the threshold of an exciting journey that will take us to even greater heights.

With Best Wishes


(Keshav Chandra)
Chairman

Dated : 12th Sept., 2012

DIRECTORS' REPORT

Distinguished Shareholders

The Directors of your company have immense pleasure in presenting the 38th Annual Report of the company together with the audited Statements of Accounts and Auditors' Report for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2011-12 is given below:

Particulars	₹ in Crores)	
	2011-12	2010-11
Financial Results:		
Total Income	934	842
Operating Turnover	836	698
Operating Expenditure	678	518
Other Income	98	144
Exceptional Item	-	39
Profit Before Tax (PBT)	256	363
Income /deferred tax	(92)	(119)
Profit After Tax (PAT)	164	244
Appropriations:		
Dividend including interim dividend	33	49
Dividend Tax	5	8
CSR Activities Reserve Created	5	6
CSR Activities Reserve Reversed	(4)	-
General Reserve	125	181

BUSINESS PERFORMANCE

The company has achieved highest ever total income of ₹ 934 crores for the year 2011-12 as compared to previous year income of ₹ 842 crores, higher by 11%. The operating turnover is also ever highest of ₹ 836 crores as compared to ₹ 698 crores of the previous year, higher by 20%. The profit before tax is of ₹ 256 crores for the year 2011-12 as against ₹ 363



MD Receiving Dun & Bradstreet Award 2012 from Dr. Veerappa Moily Hon'ble Union Minister of Corporate Affairs for best PSU in consultancy category

crores in the previous year. PBT for 2011-12 is lower compared with 2010-11 mainly due to non-recurring income of ₹102 crores on settlement in a foreign project included in 2010-11 accounts.



MD welcoming Sh. Keshav Chandra as new Chairman of RITES

During the year, company was engaged in number of prestigious domestic projects, which include works for setting up FIAT Bogie shop at Budge-Budge for RCF, Kapurthala, procurement of machinery & plant for Bogie Shop at ICF, Chennai, PET study for North-South and East-West Corridors-DFC, Successful commissioning and Operation of Byappanhalli to Cricket stadium portion of Bangalore Metro, Consultancy Services for feasibility study and preparation of DPR for six bypass on Gurgaon-Kotputli- Jaipur section of NH-8- NHAI, PMC for construction of underpass at three different locations in Noida - NOIDA Authority, DPR & Project



Chairman RITES heading Board Meeting

Management of Railway Siding for Aravali Power Corporation Ltd. at Jhajjar in Haryana, Project Management Consultancy for Railway siding for refinery of Hindustan Mittal Energy Ltd. at Bhatinda in Punjab, Maintenance of Rolling Stock & workshop equipment of MGR system at NTPC- Rihand, Sipat & Kahalgaon, PMC for ICP at Moreh along Indo-Myanmar Border & Third party inspection of Indo-China Border- Ministry of Home Affairs.

The company has completed a prestigious project of Integrated Check Post (ICP) at Attari international border. This is a first of its kind project in India and proudly done by RITES. Seven more such projects are in the pipeline on Bangladesh, Nepal and Myanmar borders. This will greatly facilitate trade and passengers' movement amongst SAARC countries.

During the year company was engaged in number of prestigious international assignments in export, lease and consultancy services which include supply of 9 DMU train sets with maintenance spares and 3 diesel electric locomotives of 2300 HP & training of 593 personnel of Sri Lanka



MD giving highest contribution per employee award for 2011-12 to Expotech Division

Railways–Sri Lanka, 12 in-services MG locomotives and 4 MG air-conditioned passenger Coaches and workshop equipment and plant to Myanmar, 15 locomotives leasing contract with CFM Railway & Maintenance services of 6 locomotives belonging to CDN Railway in Mozambique, 4 DMU train sets to Senegal, DPR and Geotechnical investigation for rehabilitation of Kanakesanturai (KKS) Harbour in Sri Lanka, Construction supervision of access roads in Botswana, Consultancy services for up-gradation to paved road standard of existing roads in Terai region of Nepal, DPR for Chaungma-Lingadow sections of Trilateral Highway in Myanmar, Design consultancy for the relocation of airfields at Tsabong and Hukuntsi and preparation of Instrument approach & landing procedures for the new runway at Maun Airport for the Civil Aviation Authority of Botswana, feasibility study of new Railway line from Mekelle to Tadjourh in Ethiopia and Djibouti, feasibility study for Mbigou-

manufacturing and is also planning to take up assignments to develop potential business avenues in the field of power sector including Green Energy etc. The company is also exploring business opportunities in captive railway systems in India through equity participation with other stake holders, with the 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 clients. The company has, so far, leased 13 Locos to various companies in power, steel & transport sector.

The Company has diversified by securing turnkey works for construction and supply, installation and commissioning of Machinery & Plant for upgradation / modernization of Railway Workshops.



Shri Pallab Pal, GM Project office Kolkata receiving Group Award for mile stone project "Laying of Tailah-Palta Dedicated Transmission Main-Micro tunneling" from MD and DT

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 ₹ 18 crores in addition to one interim dividend of ₹ 15 crores paid during the year 2011-12. The total dividend pay-out for the year will amount to ₹ 33 crores (i.e. ₹ 8.25 per share) which is 82.50% of paid up share capital of the company.

FIXED DEPOSITS

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

RESERVES

An amount of ₹ 124.94 crores is proposed to be transferred to General Reserve by appropriation from the profits of the Company. (Reserves & Surplus will increase from ₹ 841.76 crores at end of the previous year to ₹ 967.90 crores as at 31st March, 2012).

An amount of ₹ 5 crores (previous year ₹ 4.88 crores) was allocated for CSR projects for the year 2012-13, as per DPE Guidelines, against which an amount of ₹ 3.80 crores (previous year ₹ 2.42 crores) was spent during the year, recognised as expenditure and to that extent, CSR reserve has been written back. After creation of CSR reserve for the year and carry over of previous years balances, CSR reserve comes to ₹ 6.66 crores (previous year ₹ 5.46 crores) at the end of financial year 2011-12.

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



Sh. T.K. Chakravarty receiving employee of the year award 2011-12 for outstanding performance from MD and DT

Franceville New standard gauge Railway line Gabon.

OUTLOOK

Over the years, RITES, as one of the leading transport infrastructure Consultancy Companies in Public Sector in the Country, has been playing a pivotal role in the development of transport sectors Viz, Railways, Highways, Ports, Airports, Waterways, Ropeways, Urban Transport, Urban Engineering, Container Depots, Institutional Buildings, Power Transmission and Rural Electrification etc. RITES has eventually diversified in providing multi disciplinary services from concept to commissioning for efficient and economic implementation of the projects.

The Company continued to provide specialized, integrated services under single roof in transportation infrastructure sector and export packages for supply of locomotives, coaches, spare parts and modernization of workshops. The Company is expanding its reach by venturing in business of wagon

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 knowhow. 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 ₹ 310.15 crores (previous year ₹ 242.49 crores) and foreign exchange outgo were ₹ 28.57 crores (previous year ₹ 22.33 crores) respectively. This resulted in net foreign exchange earnings of ₹ 281.58 crores (previous year ₹ 220.16 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, the Vigilance has given more emphasis on preventive vigilance



Pledge taking during Vigilance awareness week on 31st Oct., 2011

and system improvement as compared to punitive vigilance. Accordingly, 15 system improvements were issued in different spheres of project management, quality assurance, finance and personnel management. During

the year 3 CTE type inspections were carried out at different on-going project sites which has resulted in issuance of number of corrective instructions and attracting recoveries to the tune of ₹ 14,42,438/- That apart, concerted effort has been made and has led to successful integration of vigilance function into management apparatus of the company. During the year Vigilance cell has investigated 60 cases out of which recommended 2 major DAR proceedings, 28 minor DAR proceeding and 08 administrative action against the delinquent officials.

CVC's instructions on leveraging of technology were closely monitored and it was ensured that all tenders were uploaded on the RITES website. Regular exchange of views between MD, Directors, CVO and other Sr. Executives has also been established for better co-ordination and overall improvement in vigilance functioning.

To ensure First in and First out with regard to payment to contractor as well as staff claim a system was initiated and is being fine tuned. Four



Advisor (Vig.) Railway Board addressing officers during Vig. awareness week organised in Nov., 2011

training programmes / workshops were organized on "Handling of Tenders, Vigilance angle, Common type of irregularities, role of IO / PO and procedure for imposing major & minor penalty." These programmes were held at ROC / Gurgaon and RPO / Kolkata and Bhubaneswar.

In furtherance to the initiative taken by the Vigilance cell with regard to monitoring / tracking of employee's complaint / representation / grievances an on-line system has been introduced on RITES portal. This portal is also accessible through employee corner option on RITES Website "www.rites.com". The disposal of the report can also be viewed on this site. Besides staff, for the outside party complaint (Contractors, vendors, organizations etc) an on-line system has been introduced and is also accessible through RITES website - <http://www.rites.com/> under heading "party Complaint".

RITES Vigilance contributed in formulating the whistle blower policy, which has been approved by the BOD. The policy aims to provide opportunity to its employees to "Blow a whistle" against any activity which is unethical or contrary to established practice of the company with immunity from victimization, harassment or reprisals.

Sustained follow-up with MD and Directors resulted in updation of 'Detailed Compendium for guidance of officers on all aspects of project management particularly for tendering. Similarly, Finance and Accounts manual has also been compiled with a view to curb pit falls in the system and guidance for the staff and officers dealing with finance matters. Both Guideline of construction project management and "RITES Finance Accounts manual" were released in the month of August, 2011.

During the year, initiative was taken to dispose off various D & AR

proceedings which were pending for more than a year and as a result of the same, 17 major penalty proceedings and 32 minor penalty proceedings were finally disposed by imposing suitable penalty against the employees.

As per the instruction of CVC, Vigilance awareness week was observed in all the offices of RITES from 31st October, 2011 to 5th November, 2011. The pledge was administered by MD in presence of all Directors, CVO, officers and staff. An interactive session on "Project management, material inspection and vigilance in Railway PSU" was held on 01.11.2011 wherein Sh. A.K.Maitra, Adviser, Railway Board was the Guest Speaker.

PROPAGATION OF HINDI



MD welcoming Sh. Kishanbhai V. Patel the Hon'ble Member of Raj Bhasha Committee

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 Various Meetings were prepared and issued in bilingual form. Rajbhasha Fortnight was organized smoothly from 14th September, 2011 to 28th September, 2011 'HINDI DIWAS' message by



Inspection by Parliamentary Committee on Raj Bhasha

MD/RITES was issued timely to all the officials of RITES located all over India. Competition like Noting and Drafting, Essay, Elocution and Typing on computer was organized during this period and Hindi workshop, Table Training and inspections of different departments were also conducted. 22



MD and DT awarding the winner of Hindi competitions

winners of different competitions were awarded cash and certificates by MD / RITES. New Year message, Republic Day, Annual Day and Independence Day speeches were delivered by MD in Hindi.

During the year, 11 inspections regarding progressive use of Hindi and 15 workshops in different Departments / Offices were conducted. 50% Hindi books were purchased in the library. The quarterly meetings of official language implementation Committee 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. Representatives of RITES also participated in Official Language Implementation Committee (OLIC), Railway Board and Town Official Language Implementation Committee (TOLIC) meetings held regularly that facilitated the implementation of Official Language.

During the inspection of project office, Vashi Mumbai on 23.01.2012 and RITES Headquarter office, Gurgaon on 08.02.2012 by Parliament Committee on Official Language, honorable members expressed their satisfaction over the progressive use of Hindi in RITES.

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 (2011-12). However, communication from DPE in this regard is expected in due course.

SCHEDULED CASTE, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES

The company continued to give utmost importance to implementation of the policies and directives of the Government of India in matters relating to reservations in employment to candidates belonging to SC/ST/OBC and Physically Handicapped categories. During the year 2011-12, 52 employees have been inducted against regular post, out of which 19 belongs to SC/ST/OBC Categories. Similarly during the year 211 employees were inducted against contractual post, out of which 93 belongs to SC/ST/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, 2014.

CORPORATE GOVERNANCE

"Corporate Governance Report" and "Management Discussion and Analysis Report" forms an integral part of this Director's Report have been placed at 'Annexure A & B.'

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 3 Independent non-official Directors. The Board met five (5) times during the year for transacting businesses of the Company.

The following Directors held office during the year:

Chairman (part-time)

Shri Sanjiv Handa	Chairman (up to 29.02. 2012)
Shri Keshav Chandra	Chairman (from 02.04.2012)

Whole-time Directors

Shri B. K. Makhija	Director Projects (up to 31.08.2011) (Additional charge of Managing Director w.e.f. 1.11.2010 up to 31.08.2011)
Shri Rajeev Mehrotra	Director Finance (Additional charge of Managing Director from 01.09.2011 & additional charge of Director Projects from 01.09.2011 to 26.01.2012)
Shri Sumit Sinha	Director Technical (Additional charge of Director Projects, (from 27.01.2012 to 31.05.2012)
Shri Arbind Kumar	Director Projects (from 01.06.2012)

Government nominee Director

Smt Radhika L. Lokesh	Director (from 24.06.2011)
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Independent Directors

Dr. Vinayshil Gautam	Director
Shri Vinod Somani	Director
Shri Debidas Datta	Director

AUDIT COMMITTEE OF DIRECTORS

The Board of Directors in their meeting held in May, 2011 reconstituted Audit Committee comprising of Shri Vinod Somani, Independent Director, (Chairman), Dr. Vinayshil Gautam, Independent Director, Shri Debidas Datta, Independent Director and Shri Sumit Sinha, Director Technical as Members. Shri P.T.Mittal, Company Secretary is the Secretary of the Audit Committee. The Committee is assigned with the task of overseeing the Company's financial reporting process, review in the adequacy of internal control and audit systems, and reviewing the Company's financial and risk management policies in addition to scrutinizing the annual financial statements before they are put to the Board of Directors. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee. The Audit Committee met 5 (Five) 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/JOINT VENTURE COMPANY

The Company has three Subsidiary Companies namely RITES (AFRIKA) (Proprietary) Limited in Botswana, a wholly owned company, RITES and RITES Mohawarean Arabia Company Limited (RMAC) in Saudi Arabia with 76% equity stake and 24% with local associates Mohawarean Ltd in abroad and RITES Infrastructure Services Ltd a wholly owned subsidiary in India & a Joint Venture Company SAIL-RITES Bengal Wagon Industry Pvt Ltd with 50% stake of RITES in India. However, RITES had sold its share in Tanzania Railways Limited to Government of Tanzania in July, 2011 and exited from TRL. Also, in RITES Mohawarean Arabia Company Limited (RMAC) the contract has been foreclosed in June, 2011.

RITES has 26% stake along with IRCON 25% and CFM (Govt of Mozambique Co.) 49% stake in CCFB, Mozambique, which has got Beira Rail Concession in Mozambique. GOM has illegally terminated the concession and taken over line since 7.12.2011. The company has initiated international Arbitration proceedings against the Govt. of Mozambique.

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, 2012 in respect of RITES (AFRIKA) (Proprietary) Limited, for the year ending 31st March, 2012 in respect RITES Infrastructure Services Ltd and for the period commencing from the date of incorporation i.e. 21st December, 2010 to 31st December, 2011 in respect of RITES Mohawarean Arabia Company Limited (RMAC) form an integral part of the annual report.

KNOWLEDGE MANAGEMENT SYSTEM

RITES had implemented Knowledge Management System (KMS) which caters to detailed information of the expertise available in RITES and projects executed by RITES. It is classified into functional units / departments and areas of expertise / key professional areas / sectors.

During the year 2011-12, SBU Heads, Project Leaders and employees /experts of Corporate Office and Project Offices contributed towards updation of Knowledge Management System by updating information on project secured, project reports submitted and additional expertise gained by employees.

In addition, the system also maintain information about the contractors and have a facility to upload contractor's experience certificate, solvency certificates and its verification letters. All SBUs regularly upload the said information. Regular reviews of the system were conducted in order to convert it into a strong and effective organisation wide knowledge base.

Knowledge Management System provides for an 'access right' based central repository to the employees. It has assisted the Management and project Leaders to get ready information of projects secured/ executed in

various sectors, experts in various job roles and specializations and project report submitted in various disciplines reducing their efforts and helping them in business development process. The selection criteria enables the management to search the project details, project reports and CVs of employees. The system has provided for sharing of valuable organizational information through out of RITES hierarchy considerably reducing effort.

ENVIRONMENTAL PROTECTION

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

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

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility emanates from the company's mission statement. A long-term plan on Corporate Social Responsibility (CSR) was approved by the Board of Directors in their meeting held in April, 2010. The thrust areas are community development with focus on education, health sanitation and clean drinking water, development of backward regions/ areas of the country, preservation of national heritage and culture, promotion of sports and arts. A provision of 3% of the profit after tax was made for funding the projects under CSR during the year. Following projects were undertaken under RITES Corporate Social Responsibility Plan during the year.

Navchetna School – Upgradation of special school for mentally and physically challenged children at Kishanganj run by NRWOW (Delhi Division) was upgraded in order to accommodate more children. The project finished in December 2011 and was inaugurated on the 3-12-2011. Its capacity has increased from 35 children to accommodate at least 50 children.

Rainwater harvesting system in Gurgaon - For arresting the fast depletion of ground water table in Gurgaon 24 Roof Top Rainwater Harvesting structures in 18 district schools of Gurgaon were completed in January, 2012.

Procurement of fully equipped ambulances for civil hospital, Gurgaon – Two Advanced Life Support ambulances were funded for the



Advanced life support ambulance for Civil Hospital, Gurgaon

Civil Hospital, Gurgaon which are expected to provide Neonatal Intensive Care Unit for seriously sick neonates and reduce maternal and infant mortality rates. The ambulances have been delivered and commissioned.

Maintenance of central verge – For beautification of Gurgaon city, maintenance of Central Verge of road in front of RITES Bhawan up to HUDA City Centre, Gurgaon has been taken up by RITES. Project is complete and is under regular maintenance.

Construction of community centre/ school at Salakati, New Bongaingaon Assam - RITES has taken up development of infrastructure in a backward area with components like Library Building, Weaving Centres, Cultural halls, Mahila Samiti centres, Sports complex being identified at Salakati. RITES has taken up construction of these facilities as a CSR activity.

Swapna Sarthak project – For helping those below poverty line, equipment for school for EWS in Gurgaon and for Handicapped children in Safdarjung Hospital was taken up as a CSR project with Gunjan



RITES supported School for economically weaker section in Gurgaon

Foundation as the implementing agency. Equipment was handed over to the beneficiaries in Safdarjung hospital in October, 2011. Furniture and other equipment for the school in Gurgaon were handed over in January, 2012.

Aged Wellness Centre, Patiala – In order to provide the facilities of basic



Inauguration of Aged wellness centre, Patiala

health care, physiotherapy, day care & recreational activities to disadvantaged older persons, RITES made part contribution for the

construction of an old-age home located in Patiala, Punjab at Village Rongla. Other sponsoring agency for the old-age home is Japanese Embassy. Implementing agency is HelpAge India. The project is complete and the centre is operational.

Construction of school in village Wazirpur, Gurgaon - To impart quality education and skill development among the Economically Backward Section RITES contributed for the construction of ground floor of a residential school under RITES CSR plan in Village Wazirpur, Gurgaon. The Executing Body of the project is Bharat Sevashram Sangh. The ground floor of the school is complete.

Computer centre for EWS children in Gurgaon - RITES agreed to fund a project by shiksha for setting up a computer centre for fostering and encouraging education pursuits of the charitable society dedicated to the children of economically weaker section. Project completed and made operational.

Residential complex for Mewat Model school, Khanpur Ghati - RITES agreed to partner with Mewat Development Agency for construction of the girl's hostel Hazrat Bibi Fatima Zahra in Khanpur Ghati. During the year, tendering process for the project was completed. The hostel is aimed at accommodating 200 girl students from a backward region of Mewat, Haryana.

Total amount spend on CSR activities during the year 2011-12 is ₹ 3.80 crores which includes ₹ 0.35 crore on CSR carry forward activities. Good image of RITES was generated among the community and disadvantaged, marginalized and economically weaker sections benefitted from the above activities.

SUSTAINABLE DEVELOPMENT PROJECTS

During the year Sustainable development initiative springs from the company's objectives to fulfill the expectations of the society and community and in accordance with DPE Guidelines. Under these initiatives, two solar projects of 25 Kwp and 10 Kwp have been successfully completed in RITES office Complex-I and complex-II (Green Building).

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your company is a knowledge based organization operating 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 486 recruitments had been made during the year. During the year 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. DPE has been laying great stress on professionalisation of Board level and below Board level position and have prescribed a template for implementation and monitoring of HR capacity building of CPSE's. 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



Celebrating Republic Day in RITES office complex, Gurgaon

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 2011-12. The following were appointed as Branch Auditors.

M/s C.B. JAIN & Co	Mumbai for Western Region
M/s V.P.C & ASSOCIATES	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 18-20, 2012, New Delhi.

AWARDS

1. Northern Regional Award for Excellence in Exports from Engineering Export Promotion Council for the year 2009-10.
2. Dun & Bradstreet award for Best PSU in Consultancy category.
3. "India Geospatial Excellence Award" in the field of construction for Yamuna Expressway project by 'India Geospatial Forum 2012'
4. 9th National Award for Excellence in cost management - 2011 in the public service sector (medium) category by The Institute of CostAccountants of India.



MD and DP receiving "Cost Management Award 2011" from Dr. Veerappa Moly
Hon'ble Union Minister of Corporate Affairs

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 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



(Keshav Chandra)

Chairman

Place: New Delhi

Dated: 21st July, 2012

Annexure – 'A'

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which business corporations are directed and controlled. It is one of the essential pillars for building efficient and sustainable environment. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. It also provides the structure through which the objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined. Corporate Governance 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 9 Directors viz Part-time Chairman, 4 functional Directors including Managing Director, two Government Nominee Directors including Chairman and 3 Independent Directors.

The composition of the Board is in consonance with the Guidelines issued by DPE.

As on 31st March, 2012, company has six (6) Directors including two Functional Directors (Shri Rajeev Mehrotra, Director Finance / RITES has been entrusted with the additional charge of the post of Managing Director w.e.f 1st September, 2011 and he also looked after the work of Director Projects w.e.f 1st September, 2011 upto 26.01.2012 in addition to his own duties as Director Finance. Shri Sumit Sinha, Director Technical / RITES had been entrusted with the additional charge of the post of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012, in addition to his own duties as Director Technical), one Government Nominee Director and three Independent Non-Official Directors.

Shri Keshav Chandra has assumed the charge of Part- time Chairman of the Company w.e.f 2nd April, 2012.

Shri Arbind Kumar has assumed the charge of Director Projects w.e.f. 1st June, 2012.

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 (Upto 29th Feb, 2012)	Part-Time Non- Executive	Nil	Nil	Nil
2.	Shri Keshav Chandra Chairman (From 2nd April, 2012)	Part-Time Non- Executive	Nil	Nil	Nil
3.	Shri B.K Makhija Director Projects with Additional charge of Managing Director w.e.f 1st November, 2010 upto 31st August, 2011)	Whole Time	Nil	Nil	Nil
4.	Shri Rajeev Mehrotra Director Finance with additional charge of Managing Director w.e.f 1st September, 2011 and the additional charge of Director Projects w.e.f 1st September, 2011 upto 26th January, 2012	Whole Time	Nil	Nil	Nil
5.	Shri Sumit Sinha Director Technical with additional charge of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	Whole Time	Nil	Nil	Nil
6.	Shri Arbind Kumar Director Projects (From 1st June, 2012)	Whole Time	Nil	Nil	Nil
7.	Smt Radhika L. Lokesh Director (From 24th June, 2011)	Govt Nominee	4	Nil	Nil

S. No.	Name and Designation	Category of Directors	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
8.	Dr. Vinayshil Gautam Director	Independent	5	1	Nil
9.	Shri Vinod Somani Director	Independent	2	Nil	Nil
10.	Shri Debidas Datta Director	Independent	1	Nil	Nil

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

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

2.2 Brief Resume of Directors who joined the Board as Whole - time / Part - time Directors during the year 2011-12:

(i) **Mr. Keshav Chandra** – 59 years, is our Part – time Chairman. He joined Indian Railway Services of Mechanical Engineering in 1975 and has got over 37 years of rich and wide experience of Railways. During his tenure with Railways, he has worked in various key positions including DRM, AGM/East Central and Northern Railway, General Manager / Northeast Frontier Railway. He has also worked as Executive Director in RDSO where he is credited with the concept of introducing Quality Audit on Railways and also as Railway Advisor (Berlin) for Europe. He took over the charge of Member Mechanical, Railway Board on 09.03.2012 and joined our Board on 02.04.2012. He is a man of many expertise – Author of a book on sports called "One Track mind", which talks of excellence in sports through celibacy. He has also been actively associated with the voluntary blood donation movement in India.

(ii) **Ms. Radhika L. Lokesh** – 56 years, is our Government Nominee Director. She has been heading the Investment and Technology Promotion Division in the Ministry of External Affairs since June, 2011. Since joining the Indian Foreign Services in 1982, she has held diplomatic assignments in Indian Missions in Brussels, Lagos, Washington, Pretoria, Vienna and Bern. She has also served as Consul General of India in St. Petersburg, Russia. In the Ministry of External affairs, she has worked in various capacities in the Europe, West and Pakistan Divisions. She had also served as Regional Passport Officer in Mumbai. She joined RITES Board on 24th June, 2011.

2.3 Number of Board Meetings:

The Board met five times during the year 2011-12 to review, discuss and decide about the various activities of the business of the Company.

The 37th Annual General Meeting of the Company scheduled to be held on 26th August, 2011 was adjourned for want of quorum and the adjourned Annual General meeting of the Company was held on 9th September, 2011. The details of which are as under:

S. No.	Name and Designation	Board Meetings During the Year		Attendance at the last AGM held on 26th August, 2011 (Original)	Attendance at the last AGM held on 9th September, 2011 (Adjourned)
		Held during tenure	Attended		
1.	Shri Sanjiv Handa Chairman (Upto 29th Feb., 2012)	5	5	Present	Present
2.	Shri B.K Makhija Director Projects with Additional charge of Managing Director w.e.f 1st November, 2010 upto 31st August, 2011)	2	2	Present	NA
3.	Shri Rajeev Mehrotra Director Finance with additional charge of Managing Director w.e.f 1st September, 2011 and the additional charge of Director Projects w.e.f 1st September, 2011 upto 26th January, 2012	5	5	Present	Present
4.	Shri Sumit Sinha Director Technical with additional charge of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	5	5	Present	Present
5.	Smt. Radhika L. Lokesh Director (From 24th June, 2011)	4	3	Absent	Present

S No.	Name and Designation	Board Meetings During the Year		Attendance at the last AGM held on 26th August, 2011 (Original)	Attendance at the last AGM held on 9th September, 2011 (Adjourned)
		Held during tenure	Attended		
6.	Dr. Vinayshil Gautam Director	5	5	Present	Present
7.	Shri Vinod Somani Director	5	5	Present	Present
8.	Shri Debidas Datta Director	5	5	Present	Absent

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, 2012 and a declaration to this effect signed by the Managing Director is placed as **Annexure – 2** to this report.

4. Committees of the Board of Directors:

4.1 Audit Committee:

The Board of Directors in their meeting held in May, 2011, reconstituted Audit Committee comprising of Shri Vinod Somani, Independent Director (Chairman), Dr. Vinayshil Gautam, Independent Director, Shri Debidas Datta, Independent Director and Shri Sumit Sinha, Director Technical as members. Shri P.T Mittal, Company Secretary is the Secretary of the Audit Committee.

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

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

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with the legal requirements relating to financial statements;
- Disclosures of any related party transactions; and
- Qualifications in the draft audit report.

- ✓ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- ✓ Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issues etc), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or right issue and making appropriate recommendations to the Board to take up steps in this matter;
- ✓ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control system;
- ✓ Reviewing, the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
- ✓ Discussion with Internal Auditors on any significant findings and follow-up thereon.
- ✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- ✓ Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
- ✓ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- ✓ To review the functioning of the whistle blower mechanism, in case the same is existing;
- ✓ To review the follow up action on the audit observations of the C&AG audit;
- ✓ To review the follow up action taken on the recommendation of

committee on public Undertakings ('COPU') of the Parliament;

- ✓ Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
- ✓ Review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions;
- ✓ Reviewing with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
- ✓ Consider and review the following with the independent auditor and the management;
 - The adequacy of the internal controls including computerized information system controls and security, and
 - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- ✓ Consider and review the following with the management, internal auditor and the independent auditor;
 - Significant findings during the year, including the status of previous audit recommendations.
 - Any difficulty encountered during audit work including any restrictions on the scope of activities or access to required information.
- ✓ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4.3 Meeting of Audit Committee:

The Audit Committee met five times during the financial year 2011-12 on 7th July, 2011, 26th August, 2011, 1st October, 2011, 28th November, 2011 and 29th February, 2012. The attendance of each member at Audit Committee meetings is as under:

Member	Status	Audit Committee meeting held during the year 2011- 12	
		Held during tenure	Attended
Shri Vinod Somani	Chairman	5	5
Dr. Vinayshil Gautam	Member	5	5
Shri Debidas Datta	Member	5	5
Shri Sumit Sinha	Member	5	5

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. To mitigate conflicts of interest by strengthening auditor independence.

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.

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 October, 2011, re-constituted Remuneration Committee comprising of Dr. Vinayshil Gautam, Independent Director (Chairman), Shri Vinod Somani, Independent Director, Shri Debidas Datta, Independent Director and Smt. Radhika L. Lokesh, Government Nominee Director as members. One meeting of Remuneration Committee was held during the year 2011-12 i.e on 28.11.2011 and all the members of the committee were present.

Details of Remuneration of Functional Directors of the company during the year 2011-12 are as under:

Name of Director	Salary (₹)	Benefits (₹)	Bonus/ Commission Ex-gratia (₹)	Performance linked incentives (2010-11) (₹)	Stock option during the year (₹)	Total (₹)
Shri B.K Makhija Director Projects with additional charge of Managing Director w.e.f 01.11.2010 (Upto 31.08.2011)	18,61,366	2,88,299	0	14,11,380	0	35,61,045
Shri. Rajeev Mehrotra Director Finance with additional charge of Managing Director w.e.f 01.09.2011 and the additional charge of Director Projects	21,51,444	3,42,855	0	13,70,250	0	38,64,549

*includes leave encashment of ₹ 9,68,876/-.

Name of Director	Salary (₹)	Benefits (₹)	Bonus/ Commission Ex-gratia (₹)	Performance linked incentives (2010-11) (₹)	Stock option during the year (₹)	Total (₹)
w.e.f 1st September, 2011 upto 26.01.2012						
Shri Sumit Sinha Director Technical with additional charge of Director Projects w.e.f 27.01.2012 upto 31st May, 2012	19,97,721	6,93,056	0	14,94,360	0	41,85,137

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 2011-12 are as under:

Name of the Independent Non-Official Directors	Sitting Fees*				Total (₹)
	Board Meeting (₹)	Audit Committee Meeting (₹)	Remuneration Committee Meeting (₹)	Sustainable Development Committee Meeting (₹)	
Dr. Vinayshil Gautam	75,000	75,000	15,000	NA	1,65,000
Shri Vinod Somani	75,000	75,000	15,000	NA	1,65,000
Shri Debidas Datta	75,000	75,000	15,000	15,000	1,80,000
Total	2,25,000	2,25,000	45,000	15,000	5,10,000

*Gross fees before Deduction of Tax at Source as per applicable Tax Laws and Rules.

6. Risk Management Committee:

Board of Directors in their 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. Board of Directors in their meeting held in October, 2011 reviewed and approved the amended policy document on Currency

Risk management providing guidelines, hedging operations, reporting procedures etc.

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 July, 2011 reconstituted Project Investment Committee comprising of Shri Vinod Somani, Independent Director (Chairman), Dr. Vinayshil Gautam, Independent Director, Shri Debidas Datta, Independent Director, Director Finance & the concerned whole time Director as members to deal with the appraisal and approval of all the projects involving Equity participation.

8. Sustainable Development Committee:

In order to comply with the Guidelines on Sustainable Development issued by DPE in September, 2011. Board of Directors in their meeting held in November, 2011 has constituted a Sustainable Development Committee comprising of Shri Debidas Datta, Independent Director (Chairman) and Shri Sumit Sinha, Director (Technical) as member to oversee the Sustainable Development projects. One meeting of Sustainable Development Committee was held during the year 2011-12 i.e on 23.01.2012 and all the members of the committee were present.

9. 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
37th (Adjourned)	2010-11	9th September, 2011	16:00 HRS	Railway Board, Rail Bhawan, New Delhi	NIL
37th (Original)	2010-11	26th August, 2011	12:00 HRS	Railway Board, Rail Bhawan, New Delhi	NIL
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

10. 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 company's, abroad namely RITES AFRIKA (PTY) Limited, Botswana, Tanzania Railways Limited (TRL), Tanzania and RITES Mohwarean Arabia Company Limited (RMAC), Saudi Arabia.

RITES had sold its shares in Tanzania Railways Limited to Government of Tanzania in July, 2011 and exited. Hence TRL is no more subsidiary of RITES. Further, RMAC, a local JV Company was formed for carrying out the O&M work of North South Railway network of Saudi Railway Company, but due to insurmountable differences with the client, the operations contract has been foreclosed in June, 2011. Therefore, at present RITES has two subsidiary company's, abroad namely RITES AFRICA (PTY) Limited, Botswana 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.

11. 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. 2.32.
- 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.

12. 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 / yearly basis.

13. 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, Board Charter, CPSE guidelines on Corporate Governance etc.

14. CEO/CFO Certification:

The certification by Managing Director and Director Finance was placed before the Board of Directors at the meeting held on 21.07.2012 (placed as **Annexure-3** to this report).

15. Whistle Blower Policy

Whistle Blower Policy has been formulated and posted on the website of the Company.

16. 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.

ANNEXURE - I

ATTENDANCE OF BOARD OF DIRECTORS MEETINGS DURING THE YEAR 2011-12

Name of Directors	190 2nd May, 2011	191 7th July, 2011	192 1st Oct, 2011	193 28th Nov, 2011	194 29th Feb, 2012	Total 5 Meetings
Shri Sanjiv Handa, Chairman (Upto 29th Feb., 2012)	✓	✓	✓	✓	✓	All
Shri B.K Makhija Director Projects (Additional Charge of Managing Director w.e.f 1st Nov., 2010) (Upto 31st August, 2011)	✓	✓	NA	NA	NA	All
Shri Rajeev Mehrotra Director Finance with additional charge of Managing Director w.e.f 1st September, 2011 and the additional charge of Director Projects w.e.f 1st September, 2011 upto 26.01.2012	✓	✓	✓	✓	✓	All
Shri Sumit Sinha Director Technical with additional charge of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	✓	✓	✓	✓	✓	All
Smt Radhika L. Lokesh Director (From 24th June, 2011)	NA	✓	•	✓	✓	3
Dr. Vinayshil Gautam	✓	✓	✓	✓	✓	All
Shri Vinod Somani	✓	✓	✓	✓	✓	All
Shri Debidas Datta	✓	✓	✓	✓	✓	All

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 2011-12

I Rajeev Mehrotra, Managing Director, RITES Limited do hereby declare that all the members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct during the year 2011-12.


(Rajeev Mehrotra)
Managing Director

Date: 30th May, 2012

MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION

- (a) We have reviewed financial statements and the cash flow statement for the financial year 2011-12 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 : 21st July, 2012


Rajeev Mehrotra
Managing Director / Director Finance

CERTIFICATE

To
The Members
RITES LIMITED

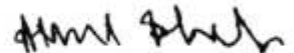
We have examined the compliance of conditions of Corporate Governance by RITES LIMITED for the year ended 31st March, 2012 as stipulated in guidelines on Corporate Governance for CPSE's 2010 issued by DPE.

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 : 21st July, 2012

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, leverage strengths, handling of threats / weaknesses, financial performance, internal controls and other related issues.

I. ABOUT THE COMPANY, THE INDUSTRY AND DEVELOPMENTS

RITES, a "Mini Ratna" Schedule 'A' Company, provides comprehensive array of consultancy and engineering services in transport infrastructure sectors under a single roof and believes in transfer of technology to clients. The company provides services as consultants, engineers and project managers in railways, highways, airports, ports, ropeways, urban transport, inland waterways areas in India and abroad. Company also provides services in 3rd party inspection, quality assurance, construction supervision & project management, operation & maintenance, leasing and export of rolling stock. The company has a global experience in over 60 countries and has contributed notably in the development of transport infrastructure in the last 38 years. Company enjoys key position in conceptualization of infrastructure plans for Government of India and has an experienced management and technical personnel team to provide innovative solutions to the satisfaction of the clients. With the track record of successfully handling projects in infrastructure domain, RITES has earned brand image as "The Infrastructure People".

To support the high economic growth, the investment requirements in infrastructure sector are estimated to be over \$ 1 trillion in Twelfth Plan period. Since resource constraints will continue to limit public investment in infrastructure, PPP-based development is purported to be encouraged by Government of India (GOI). Government is taking initiatives to push the investment for infrastructure sector i.e. Power, Railways, Roads, Shipping, Civil Aviation, Coal, etc. which will further enhance business opportunities for the company.

In line with the growth strategy, RITES is entering into new geographical areas abroad and new areas of businesses in domestic market. Company has also diversified by securing business in new areas such as turnkey works for upgradation / modernization of Railway Workshops and wet leasing of locomotives in domestic market. Company has further diversified in business of wagon manufacturing in joint ventures with SAIL. Company is also planning to take up assignments to develop potential business avenues in the field of power sector including renewable Energy, power trading etc.

II. STRENGTH AND WEAKNESS

RITES is a well established organization with a good track record endowed with a large pool of highly qualified and experienced technical personnel. Its access to the pool of technical experts & Infrastructure facilities of Indian Railways gives an edge for project delivery in efficient and professional manner. Its strength includes extensive experience in working with multi-lateral funding agencies and other International Organizations. The company's international visibility and reputation earned through vast global work experience is evident from the continuous growth and repeat orders.

Dependence on Government and PSU clients, limitations in recruiting desired competencies strains the performance and development of business. Limited experienced in managing mega-projects is another area that requires strengthening.

III. OPPORTUNITIES AND THREATS

There is a growing focus on the infrastructure development in India. The Twelfth Plan has the thrust on accelerating the pace of investment in infrastructure, as this is critical for sustaining and accelerating growth. Both Indian consultancy and construction industries are witnessing rapid growth to become a strong pillar in the national economy. Major investments expected to be made in the Infrastructure sector both in the transport and non-transport sectors can offer business opportunities to RITES in existing and new areas. Significant project opportunities are expected to be coming up in SAARC countries, Middle East, South East Asia and Africa in the coming years offering considerable scope for consultancy services. BOT projects in Railway, Highway, Power sector present opportunity to leverage financial strength of the company.

There is tough competition in export and in consultancy businesses from private and multinational companies, who at times price their services aggressively to enter the booming Indian market. RITES also faces competition from several small consultancy companies, where RITES may not be able to match their prices in competitive tendering. The scale of projects being tendered is becoming larger in size attracting international consultants / large Indian Companies putting a squeeze on RITES chances of grabbing business.

IV. RISKS AND CONCERNS

In view of increased globalization and cross border businesses, there is greater risk of competition from foreign companies in consultancy projects. Export of railway goods depends upon the financial aid by multilateral institutions or line of credit facilities extended to the concerned Governments. Any change in the policy 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.

In case of work undertaken in association with JV partners, success largely depends on ability of each partner for efficient planning and execution of business plans, there is an inherent risk in such arrangements. Availability of requisite experts and retaining them is a matter of concern for successful execution of projects.

Further, in India a major concern in execution of projects (Project Management Consultancy) is non availability of encumbrance free land and insurgency in certain areas due to which there is risk of time and cost overruns which are seldom compensated by the client.

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 organization 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 experienced Advisor. The Company has an Audit Committee in accordance with Section 292 A of the Companies Act, 1956 and Guidelines on Corporate Governance for CPSEs 2010 issued by DPE. The internal control and audit systems are being reviewed periodically by the Management and the Audit Committee. Corrective Measures, whenever necessary 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 in the organization.

RISK MANAGEMENT SYSTEM

A Risk Management framework is in place in RITES. The Company has a Risk Management Committee comprising of three Independent Directors (with one Independent Director as Chairman), Director Finance and Director Technical as members.

The company's employees and projects have been and are exposed to risks and threats to life, liberty and property while operating in risky geographical areas. The company has insurance coverage for its employees in such places.

TREASURY RISK AND LIQUIDITY MANAGEMENT

Execution of foreign projects necessitate balancing of inflows and outflows of foreign exchange and management of foreign exchange rate fluctuations. In order to mitigate this risk, foreign exchange movements are constantly monitored. To cope up with challenges posed by continuous changing external environment, in last financial year RITES has renewed its currency risk management policy and got it approved by BOD. 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 has been reviewed and changed to suit the present environment.

Company has also 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 optimize 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 functional director to take timely investment decisions, as a result, funds were invested in the instruments of highest safety yielding high returns, by following DPE guidelines. Some of the investments were made in UTI Liquid Daily Dividend Payment Option Scheme (Debt Instrument), Corporate Bonds and deposits with banks etc. The investments made by the committee are being reported to the Board of Directors on periodical basis.

During the year 2011-12, RITES has been assigned 'Fitch A1+(ind)', the highest short term rating, for its non-fund based working capital limits by Fitch Ratings, which has further strengthened the RITES credibility among its stakeholders and will help company to get non-fund based facilities at more attractive terms.

VI. FINANCIAL PERFORMANCE

During the year 2011-12, Company has achieved highest ever Operating Turnover of ₹ 836 crores as against ₹ 698 crores of previous year, which is higher by 20% and total revenue of ₹ 934 crores as against ₹ 842 crores of the previous year, higher by 11%. Income has increased from all the streams of business activities. The net worth has increased from ₹ 876 cores to ₹ 1001 crores. Company has also created reserve of ₹ 5 crores towards corporate social responsibilities to be performed in the next year and ₹ 3.80 crores has been spent during the financial year 2011-12.

VII. SEGMENT-WISE PERFORMANCE

During the year 2011-12, consultancy services including quality assurance services accounted for 60% of the total operating income, export sales accounted for 35%, leasing income accounted for 3% and balance 2% from construction projects. A segment-wise comparison is given below which shows an increase in the export sale business during the year.

(₹ in crores)						
	2009-10		2010-11		2011-12	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy Services						
- Domestic	444	80	482	69	473	56
- Abroad	31	6	40	6	32	4
Construction Projects	17	3	5	1	17	2
Export	47	8	149	21	290	35
Leasing (Domestic & Abroad)	17	3	22	3	24	3
Total	556	100	698	100	836	100

OPERATIONAL PERFORMANCE

VIII. BUSINESS OUTLOOK

Continuous up-gradation of work processes and acquisition of latest high-end technologies suitable for emerging transportation needs and diversifying into new areas have enabled company to retain its position of excellence. RITES is well known for providing innovative solutions to transport infrastructure sector through techno-economic feasibility studies and conceptual / preliminary detailed design, engineering surveys, geological studies and geo-technical investigation, detailed structural design and drawings, technical specifications, project management and quality assurance.

RITES is planning to take up renewable energy projects with Indian Railways initially with the set up of 25 MW wind mill project in Jaisalmer district of Rajasthan. This is a new business model for RITES which is aligned to sustainable development.

At present, the order book of RITES is reasonably comfortable especially in view of challenges of slow down abroad and in the domestic market.

OVERSEAS BUSINESS

RITES provides export services as 'Total Package' for supply of locomotives and rolling stock, equipment for workshops / railways systems and modernization of workshops. This also includes providing technical assistance to client railway systems. Presently, RITES is executing major export orders in Sri Lanka against Indian Line of credit for supply of 20 DMU train sets, supply & commissioning of three diesel electric locomotives of 2300 HP, machinery and plant, locomotive spares and unit exchange items. For Mynamar Railways, 10 separate contracts are in operation for supply of rolling stock, locomotive spares, machinery and plant and other equipments. RITES is exploring markets in the new geographical areas, e.g. Benin, Gabon etc. in Africa which includes supply of rolling stock as well as feasibility study of new lines. For the first time,



Ambassador of Sri Lanka at RITES clients meet alongwith Chairman, RITES

supplies of wagons, coaches and spares were made to Benin against international bidding.

Some of the foreign projects relate to contracts for working out cost estimate for proposed Muara-Wahau railway line in Indonesia, Engineering services for rail infrastructure in Ethiopia and Djibouti, Feasibility study and EIA for Mbigou-Franceville New standard gauge railway line in Gabon.

RITES is present in neighboring countries, Nepal and Myanmar, for PMC of up-gradation to Paved Road Standard of the existing roads in Terai Region of Nepal and consultancy for Trilateral Highway in Myanmar, launched under the auspices of the Mekong Ganga Co-Operation.

DOMESTIC BUSINESS

In domestic segment, company was engaged in various prestigious projects, which includes turnkey projects for FIAT Bogie shop for RCF at Budge Budge near Kolkata and Machinery & Plant for Bogie shop at ICF Chennai, consultancy for commissioning and operation of Byanhalli to Cricket stadium portion of Bangalore Metro, feasibility study and preparation of DPR for six no. bypass on Gurgaon-Kotputli-Jaipur section of NH-8, DPR and Project Management of Railway Siding for Aravali Power Corporaion Ltd. at Jhajjar in Haryana, PMC for ICP at Moreh along Indo-Mynamar Border & Third party inspection of Indo-China border. Work of preliminary engineering cum traffic survey of 4 new DFC corridors with a total length of more than 6000 kms is under progress.

RITES is a preferred choice (as a local associate) for international consultants for high-tech/ mega projects in India. Some of projects are Peer Panjal tunnel in J&K, the Bogibeel Bridge over river Brahmaputra, Metro design and supervision in Delhi and Bangalore, high speed train corridors, underground water transmission project (22 kms) in Kolkata by micro tunneling method etc. RITES led international consortium continues to provide General Consultant services for implementation of Metro Rail Project in Bangalore.

RITES completed a prestigious project of Integrated Check Post (ICP) at Attari international border. This is a first of its kind project in India and proudly done by RITES. Seven more such projects are under progress on Bangladesh, Nepal and Myanmar borders. This will greatly facilitate trade amongst SAARC countries.

REVIEW OF BUSINESS DIVISIONS

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

RAIL INFRASTRUCTURE DIVISION



Tallah-Palta dedicated transmission mains for Kolkata Municipal Corporation

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



Bridge for Coal Conveyor and CW pipe line across Ennore Creek, Buckingham canal and Railway track for Vairur Thermal Power Project

through conceptualisation, design and project management of rail based transportation system, including "merry-go-round" (MGR) system for transportation of bulk commodities like cement, fertilizers, coal etc. This division operates through a number of Strategic Business Units (SBU) at



Project Management Consultancy of MGR System of 2980 MW Capacity STPP for NTPC at Spat, Chhattisgarh

Corporate Office and Regional Project Offices (RPOs) at Mumbai, Kolkata, Lucknow, Secunderabad, Nagpur and Bhubaneswar to manage the needs of various clients.

CIVIL ENGINEERING DESIGN UNIT



Rail-cum road bridge across river Ganga, Patna

The unit provides designing services which involved planning and design of various Rail-cum Road Bridges, approach structure like Rail/Road viaducts, River training works, Rail & Road bridges, Road over/under bridges, Flyovers etc. Amongst the various major projects undertaken, the Bogibil Bridge project, one of the major projects, involves design consultancy services for a rail cum road bridge over river Brahmaputra near Dibrugarh in Assam for Northeast Frontier Railway. The state of the art bridge is first of its kind in India and comprises of 1x32.6m+39x125m+1x32.6m composite fully welded steel truss spans for main bridge and North & South road approaches comprises of 34x24.5m RCC Girders.

The unit also created a distinction in contributing for a R&D project done by RITES during 2011-12. The successful completion of this project equips RITES for undertaking work of design of high embankments independently.



Pir Panjal Tunnel near Banihal, J & K

Besides these, the unit bagged prestigious Consultancy services to be rendered to APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd) for preparation of Detailed Project Report for a Road Bridge proposed across Durgam Cheruvu Lake at Madhapur (Hi-tech city), Hyderabad for

putting up a signature bridge there. The unit is also involved in planning and design of Rail bridges in fragile Himalayas for prestigious "USBRL Project" in the state of J&K.

The unit takes pride in being part of JV for Detailed Design and Construction Supervision for 11 km long Pir Panjal Tunnel near Banihal and 3.1 km. long Northern Rly. Tunnel No.1 near Udhampur in J&K are being provided by this unit under joint venture. Civil works of Pir Panjal Tunnel is nearing completion and Northern Rly. Tunnel No.1 is in progress. Both the tunnels are located in the fragile geology of Himalayan region.

The unit has recently been awarded the work of preparing pre-feasibility report for Road Tunnel across Sela pass at a height of 14000 feet in Arunachal Pradesh by NHPC. This is a prestigious project in view of the strategic location of the work and difficult terrain.

GEO-TECHNOLOGY UNIT

This unit provides technical services to carry out extensive geo-technological investigation as part of pre-feasibility, DPR studies and also manages and supervises projects involving geo-technical work during pre construction and construction stage.

The unit during the year has carried out Detailed Geo-technical Investigation works along the stretch of realignment between Katra-



Geo-technical investigation in progress at site

Daram Section for USBRL and Bridges for M/s KRCL. Other major works carried out include Geo-Technical investigation for Umihal, Hingni & Arpinchila stations of Dharam-Qazigund section of USBRL project, consultancy works for seepage control study for T-3 of Udhampur-Katra section and scientific and extensive study of Detailed Geological Mapping work for Design of Alignment and Associated Survey work along the stretch of realignment for Katra-Dharam section (km 33.000 to km 100.868).

During this period, the unit has been awarded nationally important project work of Dedicated Freight Corridor (DFC) by DFCCIL for Geo-tech activities. In addition to this, NF Railway has also awarded major works for Geo-technical Investigation for construction of new BG Rail lines from Tupul to Imphal and from Jiribam to Imphal.

TRACK & SURVEY UNIT

This unit conducts feasibility studies, final location surveys, detailed project reports & detailed engineering mainly for railway projects. In addition, project management consultancy of railway projects like railway sidings is also being undertaken. The unit has been awarded two major



Trade linking works at Dadri

international projects of feasibility studies this year; namely feasibility study of New Railway line from Mekelle to Tadjourh in Ethiopia and Djibouti and for Mbigou-Franceville New standard gauge Railway line in Gabon. The unit has also been awarded a major work of Preliminary Engineering and Traffic Survey of four future DFC corridors by Dedicated Freight Corridor Corporation of India Ltd.

The unit has completed the work of Detailed Project Report, Detailed Engineering Project Management and Construction of Railway Siding for Aravali Power Corporation Ltd. at Jhajjar in Haryana and the work of Project Management Consultancy for Railway Siding for Refinery of Hindustan Mittal Energy Ltd. at Bhatinda in Punjab. Work of Feasibility Study for construction of a New Railway lines for Transport of Coal from the mines taken on concession by Jindal Steel & Power Ltd. In Mozambique in Africa has also been completed during the year.

SIGNALLING & TELECOMMUNICATION UNIT

This unit provides appropriate and cost effective solutions to wide ranging signal & telecommunication requirements of user agencies in both railways and non-railway sectors. During the year, unit has completed major works namely Project Management Consultancy for S&T works at BPCL, BORL, IOCL Panipat, NSPCL Bhilai, NTPC Ramagundam, major portion of works at HMEL Bhatinda and works for Thermal Power stations of NTPC located at Rihand (U.P), Vindhyachal (M.P), Sipat (Chhatisgarh). Other works completed include Inspection of equipments pertaining to Integrated Security System at 10 stations in Delhi area on Northern Railway and Consultancy for provision of proven and cost effective on board Train Protection System for Indian Railways.

A number of signalling works under execution are APCPL at Jhajjar, for NTPC at Dadri, Simhadri, Talchar and Mauda, for VPT at Vishakhapatnam, for NALCO at Angul, for SAIL at Bhilai and Rourkela and "Intelligent Traffic System" for Delhi Police.

Projects under progress for Consultancy services include modernization of signalling system in Ghaziabad-Kanpur section of Indian Railways (Phase-III), Detailed Engineering in connection with construction of 5th & 6th line on Western and Central Railway, project awarded by NOIDA Authority for C4i Surveillance in Gautam Budh Nagar UP, for rail infrastructure for TSL, Kalinganagar (Orissa) and consultancy for signalling system for existing and 6.3 MTPA expansion tracks in Railway owned yard at RINL, Visakhapatnam.

TRANSPORTATION & ECONOMIC DIVISION

This division expertises in transportation management and transport

economics, enables it to carry out specialized studies for integrated transportation systems, inter modal planning and traffic engineering analysis. Apart from its core activity involving development of rail infrastructure for industrial complexes and power sector, the division during the year entered into new business areas covering tourism, logistics, socio-economic appraisals, software integration and RO-RO train services.

As an outcome of railways' public-private partnership initiative, Central Warehousing Corporation has engaged RITES to prepare detailed project report(s) for development of private freight terminals at five locations in northern/northwest region of the country. In the same direction, DFCCIL through a competitive bidding awarded a detailed study for setting up a multimodal logistics park at Kanpur along the eastern dedicated freight corridor. Similarly, at the instance of Railway Board, an agreement was drafted on Wagon Leasing Scheme based on IR policy.

The Ministry of Urban Development, Government of India has entrusted a research project for development and implementation of an urban transport model through open source software for JNNRUM cities. Again, the division has been tasked for a comprehensive assessment of facilities and requirements for implementation of commuter rail system in Bangalore by the State Government of Karnataka. The Department of Tourism, Government of West Bengal has assigned an important project for preparation of perspective master plan for development of Digha and Darjeeling as world class tourist destinations. In the socio-economic sector, a study has been taken up for preparation of district perspective plan under MGNREGA scheme for Haryana Government.

The Vishakhapatnam Port Trust has retained RITES for a comprehensive study for assessment of long term needs of land based traffic, storage and cargo handling /mechanization system requirement. A consultancy assignment on introduction of RO-RO (shipping) service along the West Coast of India was further completed for a private sector agency. In power generation sector, feasibility studies are underway for development of rail facilities for thermal power plants located at Jagdalpur, Hemagir, Auriya, Chitrakoot and Khurja. Another feasibility project has been assigned by SAIL for a rail siding facilities at Gua ore mines.

The division also provided technical support services for rail connectivity to port(s) in Ethiopia. In addition, traffic, railway and financial / economics studies were carried out for setting up a new port facilities at Sagar Island. After being shortlisted, a RFP has been submitted to Ministry of Transport, Government of Kenya for preparation of a 50-year National Transfer Master Plan for the country, funded by World Bank. Likewise, an EOI was submitted to Ministry of Construction & Housing, Republic of Iraq for Development of a Transport Master Plan.

BUILDING AND AIRPORT DIVISION

The Building and Airport division provides consultancy and Project Management Services in Airport engineering, Urban engineering, Construction projects, Electrical Engineering and Architecture Planning to manage the needs of various clients.

AIRPORT UNIT

This unit offers specialized consultancy services in the area of planning, design and construction management of airport and integrated check post at international borders. During the year, the unit completed successfully the improvement of airport works at Francistown in Botswana.

The unit continued to contribute to the Civil Aviation sector in Botswana



Inauguration of International Check Post, Attari

and the design consultancy for the relocation of airfields at Tsbong and



Planning Designing and Project Management of Integrated Check-post at Attari, Indo-Pakistan Border

Hukunsi were also completed. Preparation of Instrument Approach & Landing Procedures was carried out for the new runway at Maun Airport for the Civil Aviation Authority of Botswana.



Consultancy Services for Francistown Airport, Botswana

In the domestic sector, unit secured project for providing consultancy services through feasibility study, detailed engineering and construction supervision for the expansion of airstrip at Pithoragarh for commencing commercial operations for Uttarakhand State Infrastructure Development

Corporation Ltd., development of helibase at Srinagar for the Border Security Force and study for evaluation of sites for development of heliport at 5 locations in Gujarat for Cairn Energy India.

Project Management services for the construction of airstrips at Azamgarh and Chitrakoot in Uttar Pradesh have been completed and consultancy design services for the extension of runway at Morabad is in progress. Construction management of surveillance radar tower buildings at Allahabad, Bikaner and Suratgarh have been completed and work at Sirsava and Gorakhpur are in progress.

Through Project Management services, Construction of International check posts at Attari along Indo-Pakistan border has been completed and construction at Birgunj, Raxaul and Jogbani along Indo-Nepal border are in progress. Construction works at Agartala and Petrapole along Indo-Bangladesh border have commenced.

URBAN ENGINEERING UNIT

This unit offers consultancy services for conducting Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) study for hydropower, airports, roadways, railways, metro, bus rapid transit system, monorail, ropeways, waterways, township, landfill sites, integrated check posts, ports and harbours, river linking projects, wind power projects, industries etc., design of water supply and sanitation, solid waste management, replacement cost study for land and property utilization and risk assessment and disaster management plan. The unit has been



Wheel Plant in Chhapra, Bihar

accredited by National Accreditation Board of Education and Training (NABET) as EIA consultant organization under the mandatory scheme of Ministry of Environment and Forests (MoEF) for (i) River Valley, Hydrel, Drainage and Irrigation projects (ii) Airports (iii) Highways, Railways, Transport Terminals, Mass Rapid Transport Systems (iv) Aerial 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) and Social Impact Assessment (SIA) studies along with Environmental Clearance from Ministry of Environment and Forests (MoEF) / State Level Environment Impact Assessment Authorities (SEIAA) for Heliport at Rohini in Delhi, Material and Passenger Ropeways at Shri Vaishno Devi Shrine in Katra (J&K) and Integrated Check post at Akhaura in Meghalaya and completed the projects of EIA and SIA for Delhi Metro Phase-III, Metro

Corridor from Sec 21 Dwarka to IFFCO Chowk, Gurgaon, Metro Depot at Vinod Nagar, Underground LPG Cavern storage facilities for HPCL at Mangalore, Mumbai Metro Phase-II and Monorail project in Mumbai. The unit has diversified their field completing the project of Cost Replacement Study for Delhi Metro Phase-III for Japan International Cooperation Agency (JICA), Review of Detailed Project Report of Lakes and Sewage Treatment Plant (STP) for Ministry of Environment and Forests while Inventorisation of major Railway Sidings in India and Guidelines for Environmental Management Plan for Central Pollution Control Board (CPCB) is in progress.

The on-going projects for EIA study are Landfill Sites for 11 Town in Rajasthan for RUIDP, Mumbai Metro Rail from Colaba to SEEPZ for Mumbai Mahanagar Regional Development Authority (MMRDA), Mass Transit Connectivity between Dwarka to Nangloi and Shastri Park Metro Station to Kalyanpuri for Delhi State Infrastructure and Industrial Development Corporation (DSIIDC), Setting up of Rail Electronic Signal Component Factory at Coochbehar in West Bengal, Bangalore Metro Project for Bangalore Metro Rail Corporation Limited (BMRCL), Chandigarh Metro and New Suburban corridor in Virar-Vasai-Diva-Panvel station and fast Corridor for CSTM-PNVL Harbour line project for Mumbai Rail Vikas Corporation (MRVC) Limited. Water Supply, Sewerage and Drainage design of Integrated Check Posts (ICP) at Attari, Jogbani, Raxaul, Petrapole, Agartala, Dawaki, Biratnagar, Birganj and Moreh has been completed. STP design for ICP Birganj has been completed and for ICP Jogbani and Raxaul are in progress.

CONSTRUCTION PROJECT MANAGEMENT UNIT

The unit is involved in providing Project Management Services in connection with Construction of Institutional, Commercial and residential



School of Tamil Nadu, Pondicherry University

Buildings along with Third Party Inspection of Infrastructure works. During the year this unit had been awarded Project Management Services for establishment of new Central University Campus for Himachal Pradesh, Construction of Zakir Hussain College at Delhi etc. The unit had also secured Projects for Third Party Inspection for works related to Delhi Development Authority, NOIDA, Greater Noida Authorities, Indo – China Border Fencing for Ministry of Home Affairs, etc.

The major works under execution for Project Management Consultancy Services are Expansion and Up-Gradation of Jawahar Lal Nehru University - New Delhi, Indian Institute of Technology-Kharagpur, MNNIT Allahabad and University of Allahabad. Construction of 1200 seated Auditorium/Convention Centre at Nation Agriculture Science Centre of



Boys Hostel, Motilal Nehru National Institute of Technology (MNNIT), Allahabad

Indian Council of Agricultural Research-New Delhi, Construction of Institutional Buildings of National Small Industries Corporation Ltd. at Okhla, New Delhi, expansion and Up-gradation of University of Pondicherry and Hyderabad, Construction of Married Accommodation Project of Ministry of Defence, at Shillong, 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, hostel Blocks at NIT-Hamirpur, Central university of Punjab at Bhatinda.

The Major works of Third Party Inspection have also been undertaken for Building and Infrastructure works related to DDA, NOIDA, Greater NOIDA Authority and Delhi Jal Board, Border Fencing and Roads to Ministry of Home Affairs.

The unit has also successfully completed various works for Construction of Navodaya Vidyalayas at various places.

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, standby 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-



OHE, SAIL steel plant, Rourkela

stations etc. Few major ongoing projects are for Ministry of Defence, State Trading Corporation of India, 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.

Further, Providing Consultancy services to (i) DFCCIL for carrying PETS Survey for future corridors: North-South Corridor (Delhi-Chennai), East - West Corridor (Kolkata- Mumbai), East Corridor (Kharagpur-Vijaywada), Southern Corridor (Chennai-Goa) (ii) MRVC, Mumbai for Overhead Equipment (OHE), Detailed Design Engineering for MUTP phase-II works on Western & Central Railways and (iii) Project Management Consultancy Services to SAIL, RINL and NTPC for electrification of Rail Sidings in their respective premises.

Consultancy services are also being provided 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 Electrical Power Distribution companies of the state of West Bengal and Rajasthan viz JVVNL and WBSEDCL.

The unit is exploring business avenues in the field of renewable sources of energy especially in the field of Wind Energy. Setting up of Wind Power plant of sizable capacity in the stipulated wind zones is under consideration of RITES Management. Solar Power is also being harnessed by installing two solar plants of the capacity of 10 Kwp and 25 Kwp respectively on RITES building in Gurgaon. Based on these solar power modules, possibilities are also being explored for new business in the field of Solar Energy.

ARCHITECTURE & PLANNING UNIT

This unit backed by modern equipment and facilities offers designs for institutional and office complexes, group housing, educational campuses,



Architectural design for Anantnag Railway Station, J & K

transport terminals, hospitals, workshops, industrial buildings, recreation centres, convention centre etc. During the year unit has been involved with planning, designing and drawings for several buildings and ancillary structures for the Kashmir Rail Link Project (a) Qazigund to Baramulla section (for IRCON)-111 bedded barrack, 42 bedded barrack, community hall, SSOC converted to barrack, Officer Rest House Srinagar, Additional platform Shelters, SSP office at Srinagar were completed. Ramps for physically challenged persons are in progress (b) Laole-Qazigund section



Design for Gitanjali Museum at Bolpur

(for IRCON)- Station building and residences of Banihal Yard, RPF / GRP Post, Community Centre, Station building of Banihal, ESS for North & South portal, Platform & Platform shelters, Over head tank were completed. 111 bedded barracks, circulation area near station building, Duty huts and Morcha are under progress (c) Katra - Laole Section - Planning of quarters, station building and layout plan of Sangaldan station, community hall, boundary walls, school building completed. Structural drawings are under progress.

The unit has completed the assignments for Detailed Project Report for expansion of the Indira Gandhi National Open University Campus at Maidan Garhi, Delhi and Detailed Project Report for IGNOU Regional centre at Kamal (Haryana). Work of POH Workshop at Harnaut in Bihar is nearing completion at site.

Assignment for providing architectural services for Cast Wheel Plant at Chhapra in Bihar is under progress. The Unit is coordinating with the construction agency Larson & Toubro in order to provide site specific design, drawings and details, as per requirement of Eastern Central Railway.

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 one Museum & 4 Training Institutes for Railways. These are the priority projects announced by Hon'ble Minister of Railways in March 2010. Work has been carried out on fast track mode and are nearing completion on the projects; (i) Gitanjali Museum at Bolpur (ER) (in memory of Kavi Guru Rabindranath Tagore) (ii) Multi-disciplinary Training Centre at Malda (ER) (iii) Advanced Track Training Centre at Beliaghata (ER) (iv) Multi-disciplinary Training Centre at New Coochbehar (NF Railway) (v) Advanced Loco Pilot Training Institute at Kharagpur (S.E. Railway). Multifunctional Complexes (MFC) are being set up at 20 Railway Stations. The unit has dealt with the planning and design of these MFCs.

TECHNICAL SERVICES DIVISION

This division provides consultancy & technical support services for Operation & Maintenance of captive railway system, engineering & project management services for ropeways, industrial engineering services for setting up of railway workshops and production units, consultancy services in design & development of railway rolling stock and consultancy services in procurement & logistics management.

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



Leasing locomotive working with Kolkata Port Trust, Kolkata

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. & WBPCL for operation of their Railway systems, Maintenance of Rolling Stock, 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 13 Locos, one each to BTPS / Bandel, NSPCL / Bhilai, Lloyds Steel/Wardha, Kolkata Port Trust & Tata Steel / Jodamines, two to VPT / Vizaj Port & DRDO / undisclosed defence site. Four (4 Nos) to DPCL/Dhamra Port.

After successful leasing of shunting locos and continuing expansion of this work, the unit is exploring business venture for 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 and presently doing project management



Project Management Consultancy for Ropeway project at Trikuta, Jharkhand

of passenger ropeways at Namchi (Sikkim) and Guwahati (Assam). The ropeway at Guwahati is being constructed across the mighty River Brahmaputra. The construction of Passenger and Material ropeway projects at Mata Vaishno Devi Shrine have also been finalized by RITES, with the role of project supervision during construction. The work will commence after signing of contract agreement. The consultancy for a material ropeway at the famous Sabrimala Shrine in Kerala is also being done by RITES.

Based on the project report by RITES, Govt. of Bihar has initiated the project of a ropeway at Rajgir.

RITES have entered the field of consultancy of Funicular Railway system. The project management of India's first Funicular Railway at Saptashrungi Temple, Nashik, being built on BOT basis, is being done by RITES. Funicular Railways on BOT basis at Haji Malang Shrine (Thane) and at Chotila and Saputara in Gujarat are being planned under the supervision of RITES.

The Industrial Engg. Unit provides consultancy for setting up of new manufacturing and overhauling workshops. The unit has also taken up the



Work in progress at Wagon factory at Kulti, West Bengal

Turnkey works of construction and supply, installation and commissioning of Machinery & Plant for up-gradation / modernization of Railway Workshops and Production Units.

The first major turnkey work for Enhancement of LHB coach production facilities from 1400 to 1500 coaches at Rail Coach Factory, Kapurthala has been completed. On successful completion of these works in time, work for Bogie Shop for RCF at Budge-Budge is now being executed by RITES. In addition, procurement of M&P for Bogie Shop at ICF, Chennai is being done by RITES. 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 RITES.

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 RW&IE SBU 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 stock using state-of-the-art hardware and advanced software technique like solid modeling, finite element modeling & analysis and simulation, marketing of rolling stock design and also offers technical support to rolling stock manufactures.

Some of 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, BFAT wagon for Ministry of Defence, food grain wagon for bulk transportation of food grains, frameless tank wagon for transportation of petroleum products and ammonia tank wagon for carrying liquefied ammonia at high pressure and clinker wagons.



Design of wagon for food grain

Major projects in hand are, design and development of wagon carrying fly ash and high capacity milk van. The unit is also working on a prestigious assignment of setting up of Design, Development and Testing Centre for wheels at Rail Wheel Factory, Bangalore on turnkey basis.



Design of frameless tank wagon

MATERIALS SYSTEM MANAGEMENT UNIT

This unit provides comprehensive Procurement & Logistics Management Consultancy Services in compliance with the Guidelines & Procedures of International Funding Organizations (IFOs) and National Government. The Core Competence of the unit to perform a range of services includes: In-depth knowledge of procurement policies & procedures of Government of India, bilateral / multilateral funding agencies, Railways & DGS&D, expertise in various field of materials management and use of state-of-art technology & resources in services delivery to ensure customer satisfaction and best value for money by adopting ISO based quality management systems.

During the year 2011-12, a new procurement consultancy contract for three years has been signed with Department of Agriculture and Cooperation, Ministry of Agriculture, Krishi Bhawan, New Delhi.

Total procurement finalized by MSM SBU for Polio Eradication Support Project; Reproductive Child Health Second Phase; Second National Tuberculosis Control Project, National Vector Borne Disease Control Project and National AIDS Control Organization (NACO), Ministry of Health & Family Welfare (MOH&FW), Govt. of India during Financial Year 2011-12 is around ₹ 733 Crores. The Consultants Contract as Procurement Agent for National AIDS Control Organization (NACO), Deptt. of AIDS Control project is further extended from March 2012 to September 2013.

TRANSPORT INFRASTRUCTURE DIVISION

This division provides consultancy services in feasibility studies and DPR, detailed engineering design, construction supervision of highways, roads, road over bridges etc. for various clients in India & abroad.

HIGHWAY UNIT



Project management consultancy for Francistown to Ramokgwebana road, Botswana

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 / up-gradation 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.

The major overseas consultancy services for Design and Construction Supervision being provided by the unit are (i) Construction Supervision of Access Roads in Botswana (ii) Consultancy Services for supervision for up-gradation to Paved Road Standard of existing roads in Terai Region of Nepal (iii) DPR for Chaungma-Lingadow Sections of Trilateral Highway in Myanmar.



Project management services for Mehrauli-Gurgaon highway project

The unit has also secured the contract for (i) PMC for construction of Underpass at three different locations in Noida; Client-NOIDA Authority (ii) Consultancy Services for Feasibility Study and Preparation of DPR for Six no. Bypass on Gurgaon-Kotputli-Jaipur Section of NH-8; Client-NHAI (iii) Independent Engineer Services for Development of Chennai Outer Ring

Road, Phase-1 in Tamilnadu – JV with Mukesh & Associates; Client –TNRDC (iv) Preparation of Feasibility cum Preliminary Design Report to develop Ahmedabad–Dholera Six Lane Expressway (Green Field Development) Km. 110–JV with Stanley (Lead member); Client–GSRDC, Gujarat (v) DPR for ROB near Ghantapada village; Client–MCL, Orissa (vi) Consultancy Services for Feasibility study & report for ROB cum flyover at Ranichak, Haldia, Client–Haldia Port Trust, WB (vii) Consultancy Services for detailed study of traffic movement inside & outside Haldia Dock Complex, Haldia, Client–Haldia Port Trust, WB. The unit has secured extension of contracts for (i) Taj Expressway Project; (ii) MG Road Project; (iii) Botswana Road Project.

URBAN INFRASTRUCTURE DIVISION

This division provides transport & engineering consultancy services relating to Urban areas through designing, feasibility studies, DPR, urban planning & engineering, project management etc. This division covers the services relating to Metros, mono-rail, etc. The division also provides consultancy services for Ports & Harbours, Water Resources Engineering and Inland Water Transport.

URBAN TRANSPORT UNIT

This unit provides comprehensive consultancy services for the complete spectrum of urban transport. The unit during the year was involved in Feasibility Study for Elevated Corridor between Churugate–Virar Section



Consultancy of Jaipur Metro

of Western Railway, Mumbai; General Consultancy for Phase II as well as General Consultancy for Bangalore Metro Project, Monorail for Patna, Detailed Design of Peenya Depot cum workshop for Bangalore Metro, Feasibility for Extension of Regional Rail System Ahmedabad, Project Management of Flyovers / ROB in NOIDA, Greater NOIDA and Dadri, Detailed Project Report (DPR) for Mumbai Metro from BKC to Kanjurmag, Comprehensive Mobility Plans for Ludhiana, Raipur, Chandigarh Indore, Srinagar and Jammu; Feasibility Study of 15 Car EMU Trains in Mumbai Sub-Urban Section of Central Railway, Feasibility Study for MRTS Corridors from Dwarka–Nangloi & Shastri Park–Trilok Puri sections in Delhi, PET Survey for Metro Corridor in Kolkata, Interim Consultancy for Phase –II of Bangalore metro Project, DPR for Colaba–Bandra – SEEPZ metro corridor, Feasibility Study for preparation of DPR for three new metro corridors in Kolkata, Comprehensive Mobility Plan for Indore, Independent Quality Monitor for Stage-I of Jaipur Metro Rail Project, DPR for extension of existing track from 2 km to 4 km for terminal ballistic research laboratory in Panchkula.

The unit was awarded the PET survey of new Metro Corridors in Kolkata,



Shri Jintendra Tyagi Director (Works), DMRC and Shri Arbind Kumar Director (Projects), RITES Ltd. exchanging contract agreement for Advisory Services for phase 3 of Delhi Metro Project

Interim Consultancy for Metro Corridor in Phase–II of Bangalore Metro Project and Feasibility and DPR for Virar–Diva–Panvel Commuter Services and Fast Corridor of Harbour line from CSTM to Panvel. Other major



General Consultancy by RITES led Consortium for Bangalore Metro Rail Corporation

assignments secured by the unit include additional ROB and Flyovers in Punjab, Project Management Consultancy for two fly-overs in Amritsar, DPR for Metro Line Extension from Central Silk Board Junction to Hebbal Junction along outer ring, Bangalore, and Traffic Improvement Plan of Outer Ring Road from IIT Gate to NH-8 and its influence area.

PORTS AND WATER RESOURCES UNIT



Detailed project report for rehabilitation of Kanakesanturai Harbour, Sri Lanka

This unit provides total consultancy services from concept to commissioning for Ports & Harbours, Water Resources Engineering and Inland Water Transport. During this financial year this unit had successfully executed one international project, Detailed Project Report (DPR) for Rehabilitation of Kanakesanturai (KKS) Harbour and Geo-technical investigations in Sri Lanka secured from Ministry of External Affairs and the other important domestic project, "Identification of Potential Waterways in all eight north east states" awarded by Inland Waterways Authority of India (IWAI) under stiff open competition. Out of the identified potential waterways in the north east states, in this financial year this unit had secured a consultancy project for preparation of Detailed Project Report (DPR) for development of Inland Water Transport (IWT) on rivers Gumti and Hoara in Tripura from Transport Department, Government of Tripura. The other projects successfully completed during the current year are preparation of techno-economic feasibility studies for development of five berths in the inner harbour area of Visakhapatnam Port secured from Visakhapatnam Port Trust. The ongoing prestigious project for carrying out techno-economic feasibility study for development of a deep water port at Sagar Island with rail connectivity in West Bengal awarded by Kolkata Port Trust is in advanced stage of completion.

EXPOTECH DIVISION



Export of MG Air Conditioned DMU Train sets to Senegal

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



Signing of agreement with Bangladesh Railways for supply of Locomotives



Business meeting with Bangladesh delegation

Two major projects were handled by the division during the year – those of Sri Lanka and Myanmar. The supplies of DMU train sets to Sri Lanka continued to be executed throughout the year and nine train sets were dispatched during the period. In addition to that, three diesel electric locomotives of 2300 HP were also supplied and commissioned in Sri Lanka. The construction related to the setting up of new DMU maintenance facilities at three different locations in Sri Lanka, was completed and these facilities were formally handed over to the Sri Lanka Railways. As part of the Sri Lanka project, this division had also been entrusted with the training of 600 personnel of Sri Lanka Railways, out of which 593 personnel had been trained by the end of the financial year.

In the Myanmar project, 10 separate contracts were in operation for supply of rolling stock, locomotive spares, machinery and plant and other equipment. Supplies of 12 in-service MG locomotives and 4 MG air-conditioned passenger coaches were completed during the year. Besides this, machinery and equipment consisting of items like dumper trucks,



Export of DMU Train sets to Sri Lanka

road mobile cranes, hydraulic re-railing equipment and some other machine tools were exported to Myanmar.

The contract for supply of 4 DMU train sets to Senegal, each of 4-car configuration was also completed with the dispatch of all the train sets from RCF, Kapurthala by December, 2011.

Locomotive leasing arrangements continued to operate in Mozambique through the year. Fifteen locomotives are working with CFM Railway in Mozambique under this arrangement. Apart from this, the division

continues to provide maintenance services to 6 locomotives belonging to CDN Railway in Mozambique.

Vigorous business development efforts made during the year resulted in award of contract by the Bangladesh Railways for supply of 10 BG diesel electric locomotives. These locomotives would be manufactured in DLW using the most modern technology and micro-processor based electronic controls. Negotiations are also on with the Sri Lanka Railways for supply of rolling stock as well as setting up of maintenance and training facilities as part of the Northern Line Rehabilitation Project in that country. Discussions have also been opened with Myanma Railways for fresh contracts relating to supply of locomotives, passenger coaches and DMU train sets.

QUALITY ASSURANCE DIVISION

The division renders third party Inspection and laboratory testing services in India and abroad to various clients in Government, Public and Private Sectors. This division has regional offices at Delhi, Chennai, Kolkata, Mumbai & Bhilai. During the year, the division was able to enhance its business with the Power Utilities & infrastructure projects of different



Inspection of Crank Shaft for Indian Railways in China

States with renewal of the contracts & extension in scope of inspection with existing clients. Many new organizations and clients like Gridco, Bhubaneswar, JNNURM related projects, Uttaranchal Jal Vidyut Nigam, GIDC, Gujarat etc. have awarded fresh contracts for Third Party Inspection and related services.

The division had secured inspection of 117 AC coaches and 65 EMU/ DEMU coaches at ICF during 2010-11. Due to excellent work at ICF by this unit, a repeat order from ICF for Third Party Inspection of 123 AC EMU, DEMU and 117 AC Coaches has been awarded.

Third Party Inspection Services for conversion Agent & Wet Leasing Agent by Steel Authority of India Ltd. has been appreciated by SAIL & many new conversion units have been added during the current financial year.

The division performed extensive Inspection of Wheels, Axles and Wheel sets in USA, China, Romania & Czech Republic on behalf of Railways, BEML, NTPC, CIMMCO, TAXMACO, TWL & other wagon manufacturers. Inspection of Crankshaft on behalf of DMW and Traction Motors on behalf of ICS, Senegal have been conducted at China.

The division continued assisting Bureau of Energy Efficiency (BEE) as independent Agency for Monitoring & Evaluation in their star rating scheme for various electrical products, which have increased many fold during the year. The division also continued to provide services to Bureau

of Indian Standards in the management of their Product Certification Scheme.

The division has rendered consultancy services for QMS (ISO 9001), EMS (ISO 14000), FMS (ISO 22000), OHSAS 18001, Service Quality Management System (IS 15700) and has conducted Customer Satisfaction Surveys and Lead Auditor trainings for various prestigious PSUs / State Govts. organizations. Consultancy has also been undertaken for NHSRC towards Quality Improvement in hospitals at different locations. The division also continues to progress with projects in the field of Clean Development Mechanism.

PRIVATISATION AND CONCESSIONS UNIT

This unit provides technical advisory services for privatization and concessioning of airports, waterways and environmental engineering, ports, railways, urban transport, real estate infrastructure projects to be implemented on BOT basis. During the year, this unit continued to provide technical and management support to railways concession company named CCFB in Mozambique. RITES and IRCON, both under the ambit of Indian Railways, together hold majority share in the concession company. Government of Mozambique (GoM) has illegally terminated the concession and taken-over line since 07.12.2011. The company has initiated international arbitration proceedings against the GoM.

Unit is associated with the assignment of Ministry of Railways for formation of National High Speed Rail Authority for planning, standard setting, implementation & monitoring of High Speed Rail lines. Other projects dealt with during the year include consultancy work for technical and financial audit of Kakinada Deep Water Port for Government of Andhara Pradesh, transaction Advisory services for development of Banana Park for Government of Assam, development of Warehousing-cum-Transport complex for Government of J&K, Model documents for RVNL and documentation for implementation of R3i Policy of Ministry of Railways.

INFORMATION TECHNOLOGY UNIT

The unit provides software engineering services such as custom application development and its maintenance, product migration, user training etc. to various government and semi government organizations. It also support in-house needs by continuously updating / modifying application systems like Payroll, Financial Management System, Personnel Management System, Inspection Monitoring and Billing System etc., hardware procurement, access to internet and corporate e-mail services.

The unit is actively involved in implementation of ERP system in the company amongst all RITES offices across the country. Planning for setting of IT infrastructure, which includes setting of data centre, servers and networking facilities that will ensure smooth functioning of ERP implementation, is in progress.

During the year projects undertaken by the unit include centralized apportionment of Indian Railway Earnings for Goods and Passenger among various zones of Indian Railways, Migration of Material Management System, Production and Planning Control and Financial Management System (FMS) to browser based environment for DLW Varanasi, Computerization of Manpower Planning and Training Formats at Railway Board, Development of on-line system for recruitment of staff at RITES and Upgradation of Treasury Operation system for Tripura State Government. Annual Maintenance support is provided by the division for application software developed for various clients like IRCON, CONCOR, KRWSA and Railway Board.

HRD AND TRAINING UNIT

The unit has imparted training to 593 personnel of Sri Lanka Railways for 2540 man weeks during the year. A study visit of high level officials from Government of Sri Lanka and Railways was also organized for business development perspective.



Training of Railway Personnel from African Countries

12 training programs for Railway Siding Users on commercial operation and maintenance related subjects were organized. In these programs, 173 officials from NTPC, SAIL, IFFCO, NFL, PPL, ACC & oil companies and other organizations participated. 10 training programs each of 5-week duration were conducted for SAG level Indian Railways officers in which 68 officers were trained.

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, some of the important training conducted in the company for staff of RITES and others were (i) 4-week Induction Training Program for newly recruited civil engineers; (ii) 3-week Induction Training for Sr. Assistants (HR); (iii) 6 Nos. of workshops on vigilance awareness conducted twice at corporate office, Gurgaon and one each at RPOs Kolkata, Bhubaneswar, Nagpur & Mumbai and (iv) Public Programs in HR field have been started for other PSUs on payment basis. Four such programs were conducted during the year and the response is encouraging.



Training programme on performance management system for PSUs

AUDITORS REPORT

To,
The Shareholders of
RITES LTD.

We have audited the attached Balance sheet of RITES LTD. as at 31st March 2012, the Statement of 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 ₹ 4.87 crores and ₹ 3.79 crores respectively, which have resulted into a profit of ₹ 1.08 crores 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 Statement of Profit & Loss 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 Statement of Profit & Loss 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 except regarding Accounting Standard 11 "Effect of changes in Foreign Exchange rates" as referred to in para no. 2.43.5 of the Notes to Accounts;

- 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, read with notes thereon, give the information required by the Companies Act 1956, in the manner so required *subject to paragraph 2(e) above*, 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 2012.
 - b. In the case of Statement of Profit & Loss 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.090130

Place: New Delhi
Dated: 21st July, 2012

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, 2012 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 2012. We are informed that the management on such verification has noticed no material discrepancy.
- b) In our opinion and according to information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year and therefore do not affect the going concern status of the company.
2. a) As reported to us, the physical verification of inventories has been conducted by the management at reasonable intervals during the period.
- b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion, the company is maintaining proper records of inventory and as explained to us, during the period, no material discrepancy has been noticed on physical verification of inventories as compared to records.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with size of the company and the nature of its activities & business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
5. According to the information and explanations given to us, the company has not entered into any contracts or arrangements required to be entered in the registers maintained under Section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public to which the provisions of section 58 A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under would apply.
7. The Company has appointed external Chartered Accountant firms for the purpose of conducting Internal Audit. The same in our opinion is commensurate with the size of the company and nature of its business.
8. Cost records under Section 209(1) (d) of the Companies Act, 1956 are not required to be maintained by the Company.
9. a) According to the information and explanation given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Excise Duty & Custom Duty, Cess which have remained outstanding as on March 31, 2012, for a period exceeding six months from the date they became payable.
- b) According to Information and explanation given to us, there are no disputed statutory dues in respect of Sale tax/Income tax/Service Tax/Wealth Tax/Excise duty/Cess outstanding as on March 31, 2012.
10. There are no accumulated losses as at March 31, 2012 and the company has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us, no dues are outstanding towards any Financial Institution or Bank.
12. According to information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of Pledge of shares, Debentures, and other Securities.
13. The Provisions of any special statute applicable to Chit Fund / Nidhi / Mutual benefit fund / Societies are not applicable to the company.
14. According to information and explanation given to us, the company is not dealing or trading in Shares, Securities, Debentures and other Investments.
15. The company has not raised any term loan during the year.
16. According to information and explanation given to us, the company has not raised any short-term loan during the year.
17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under sec.301 of the Companies Act, 1956.
18. 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.
19. The company has not raised any money by public issue during the year.
20. 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

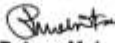

 (SANJEEV KWATRA)
PARTNER
 M.No.090130

Place: New Delhi
 Dated: 21st July, 2012

BALANCE SHEET AS AT 31st MARCH, 2012

			(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011	
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	2.1	40.00	40.00	
RESERVES AND SURPLUS	2.2	967.90	841.76	
		<u>1,007.90</u>	<u>881.76</u>	
NON CURRENT LIABILITIES				
OTHER LONG TERM LIABILITIES	2.3	80.42	123.95	
LONG TERM PROVISIONS	2.4	120.98	92.01	
		<u>201.40</u>	<u>215.96</u>	
CURRENT LIABILITIES				
TRADE PAYABLES	2.5	113.77	118.55	
OTHER CURRENT LIABILITIES	2.6	1,766.79	1,382.29	
SHORT TERM PROVISIONS	2.7	44.85	76.64	
		<u>1,925.41</u>	<u>1,577.48</u>	
TOTAL EQUITY AND LIABILITIES		<u>3,134.71</u>	<u>2,675.20</u>	
ASSETS				
NON CURRENT ASSETS				
FIXED ASSETS				
• TANGIBLE ASSETS	2.8.1	159.26	144.09	
• INTANGIBLE ASSETS	2.8.2	2.55	0.43	
• CAPITAL WORK-IN-PROGRESS	2.8.3	19.63	35.78	
		<u>181.44</u>	<u>180.30</u>	
NON CURRENT INVESTMENTS	2.9	138.19	113.22	
DEFERRED TAX ASSETS (NET)	2.10	41.49	45.04	
LONG TERM LOANS AND ADVANCES	2.11	141.87	88.52	
OTHER NON CURRENT ASSETS	2.12	266.60	344.59	
		<u>769.59</u>	<u>771.67</u>	
CURRENT ASSETS				
CURRENT INVESTMENTS	2.13	5.02	-	
INVENTORIES	2.14	61.67	78.36	
WORK IN PROGRESS	2.15	25.42	15.06	
TRADE RECEIVABLES	2.16	226.13	338.70	
CASH AND BANK BALANCES	2.17	1,885.51	1,347.07	
SHORT TERM LOANS AND ADVANCES	2.18	92.27	75.14	
OTHER CURRENT ASSETS	2.19	69.10	49.20	
		<u>2,365.12</u>	<u>1,903.53</u>	
TOTAL ASSETS		<u>3,134.71</u>	<u>2,675.20</u>	
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS 182				


 Sumit Sinha
 Director Technical

For and on behalf of the Board

 Rajeev Mehrotra
 Managing Director & Director Finance
 As per our report of even date attached

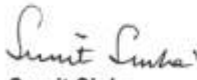

 P.T. Mittal
 Company Secretary


 Sanjeev Kwatra
 Partner
 Membership No. 090130
 For Dinesh Mehta & Company
 Chartered Accountants
 FRN : 000220N

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

PARTICULARS	NOTE NO.	₹ in crores)	
		YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
REVENUE			
REVENUE FROM OPERATIONS	2.20	835.63	698.32
OTHER INCOME	2.21	98.46	143.95
TOTAL REVENUE		934.09	842.27
EXPENDITURE			
EMPLOYEE BENEFITS EXPENSES	2.22	252.57	244.22
TRAVEL		29.62	30.42
SUPPLIES & SERVICES		66.03	62.68
COST OF EXPORT SALES	2.23	246.33	110.20
COST OF CONSTRUCTION PROJECTS	2.24	13.69	4.74
(INCREASE)/DECREASE IN WORK IN PROGRESS-CONSULTANCY PROJECTS	2.25	(9.44)	(0.28)
DEPRECIATION & AMORTISATION EXPENSES	2.8	13.94	12.32
OTHER EXPENSES	2.26	65.37	53.69
TOTAL EXPENDITURE		678.11	517.99
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		255.98	324.28
EXCEPTIONAL ITEMS	2.27	-	38.73
PROFIT BEFORE TAX		255.98	363.01
TAX EXPENSES			
- CURRENT YEAR		(87.16)	(105.02)
- EARLIER YEARS (NET)		(0.78)	(0.64)
DEFERRED TAX (NET)	2.10	(3.55)	(13.43)
PROFIT AFTER TAX		164.49	243.92
EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC & DILUTED			
	2.34	₹ 41.12	₹ 60.98
WEIGHTED AVERAGE NUMBER OF EQUITY SHARES USED IN COMPUTING EARNING PER SHARE		40,000,000	40,000,000

For and on behalf of the Board


Sumit Sinha
Director Technical


Rajeev Mehrotra
Managing Director & Director Finance


P.T. Mittal
Company Secretary

As per our report of even date attached


Sanjeev Kwatra
Partner
Membership No. 090130
For Dinesh Mehta & Company
Chartered Accountants
FRN : 000220N

Place : Delhi
Dated : 21st July, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in crores)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX		255.98	363.01
ADJUSTMENTS FOR:			
DEPRECIATION AND AMORTIZATION		13.94	11.79
LOSS/(PROFIT) ON SALE OF ASSETS (NET)		(0.03)	0.03
INTEREST FROM FDS/OTHERS		(66.03)	(53.11)
INCOME FROM INVESTMENTS		(2.08)	(1.38)
RENTAL INCOME FROM INVESTMENT PROPERTIES		(0.96)	(0.80)
CREATION/REVERSAL OF PROVISION FOR IMPAIRMENT		(4.89)	4.89
FIXED ASSETS WRITTEN OFF		1.76	0.01
CREATION/REVERSAL OF PROVISION FOR DOUBTFUL DEBTS, ADVANCES ETC.		15.91	(51.56)
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY			
CASH & CASH EQUIVALENTS		(7.04)	(0.51)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		206.56	272.37
CHANGE IN WORKING CAPITAL:			
ADJUSTMENTS FOR (INCREASE)/DECREASE IN OPERATING ASSETS:			
INVENTORIES		32.45	(41.40)
WORKS IN PROGRESS		(10.36)	(1.20)
TRADE RECEIVABLES		102.94	(89.54)
LOANS AND ADVANCES AND OTHER ASSETS		(40.97)	(95.95)
ADJUSTMENTS FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES:			
TRADE PAYABLES		(4.78)	36.20
OTHER LIABILITIES AND PROVISIONS		388.30	504.03
CASH GENERATED FROM OPERATIONS		674.14	584.51
INCOME TAX PAID		(144.27)	(75.60)
NET CASH FROM OPERATING ACTIVITIES		529.87	508.91
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASE/CONSTRUCTION OF FIXED ASSETS		(30.97)	(35.09)
PROCEEDS FROM SALE OF FIXED ASSETS		0.08	0.14
INVESTMENTS IN SHARES, BONDS ETC.		(24.99)	(55.53)
LOAN TO CCFB, MOZAMBIQUE (RELATED PARTY)		-	(1.86)
LOAN RECEIVED BACK FROM IRWO		-	0.20
BANK BALANCES NOT CONSIDERED AS CASH AND CASH EQUIVALENTS		(407.10)	(332.35)

(₹ in crores)

PARTICULARS	NOTE NO.	YEAR ENDED	YEAR ENDED
		31.03. 2012	31.03. 2011
INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS		(0.14)	(0.12)
INTEREST INCOME		66.03	53.11
INCOME FROM INVESTMENTS		2.08	1.38
RENTAL INCOME FROM INVESTMENT PROPERTIES		0.96	0.80
NET CASH FROM INVESTING ACTIVITIES		(394.05)	(369.32)
CASH FLOW FROM FINANCING ACTIVITIES			
DIVIDEND PAID		(52.00)	(25.00)
DIVIDEND TAX PAID		(8.43)	(4.16)
NET CASH FROM FINANCING ACTIVITIES		(60.43)	(29.16)
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY			
CASH & CASH EQUIVALENTS		7.04	0.51
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		82.43	110.94
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		201.50	90.56
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.28	283.93	201.50

NOTE: CASH AND CASH EQUIVALENTS CONSIST OF CASH AND BANK BALANCES INCLUDING FDs & INTEREST ACCRUED HAVING MATURITY 3 MONTHS OR LESS FROM THE DATE OF ACQUISITION AND LIQUID INVESTMENTS

For and on behalf of the Board


Sumit Sinha
Director Technical


Rajeev Mehrotra
Managing Director & Director Finance


P.T. Mittal
Company Secretary

As per our report of even date attached


Sanjeev Kwatra
Partner
Membership No. 090130
For Dinesh Mehta & Company
Chartered Accountants
FRN : 000220N

Place : Delhi
Dated : 21st July, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 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.

1.2 REVENUE RECOGNITION**1.2.1 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 recognized 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.

1.2.2 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.

1.2.3 Inspection Fee

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

1.2.4 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.

1.2.4.1 After Sales Service Expenses

Expenses for after sales services rendered in respect of export sales are recognized in the year in which sales are recognized.

1.2.5 Lease Services

Lease services are accounted for on time basis over the lease period. However, reimbursables under the contract are accounted for on accrual basis. Initial direct costs are charged to revenue.

1.2.6 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. Dividend is recognized when right to receive it is established.

1.3 WORK IN PROGRESS**1.3.1 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.

1.3.2 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.

1.4 TANGIBLE FIXED AND INTANGIBLE ASSETS

- a) Tangible Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any.

- 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 recognized at the consideration paid for acquisition less accumulated amortization and impairment losses, if any.
- d) Spare valuing more than ₹ 10 lakhs which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.
- e) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

1.4.1 Depreciation and Amortization

- (a) Depreciation and amortization on tangible fixed assets and intangible assets are 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 assets during the year, depreciation/amortization is charged on pro-rata basis.
- (b) The useful life and depreciation/amortization rates of the various assets, are as under:-

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

1.4.2 Capital/Development Work in Progress

Assets which are not ready for their intended use or under capital/development work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

1.5 INVESTMENTS

- (a) Long-term investments, excluding investment properties, 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 as revenue.
- (c) (i) Investment properties are stated at historical cost less accumulated depreciation and impairment, if any.
(ii) Investment properties are capitalised and depreciated, where applicable, in accordance with the policy stated for tangible fixed assets.
(iii) Impairment of investment property is determined in accordance with the policy stated for impairment of assets.

1.6 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 revenue in the year of purchase irrespective of the value.

1.7 EMPLOYEES BENEFITS

1.7.1 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.

1.7.2 Provident Fund / Pension Scheme

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

1.7.3 Defined Benefits

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 recognised to revenue of the year.

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

1.7.5 Terminal Benefits to Contract Employees

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

1.8 RESEARCH & DEVELOPMENT

Revenue expenditure incurred/paid during the year on research is charged to revenue. Development costs of product are also charged to revenue unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets are depreciated in accordance with the policy stated for tangible fixed and intangible assets.

1.9 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.

1.10 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 realized in future from the future taxable income.

1.11 RATES & TAXES

Overseas taxes on foreign assignments, service tax, value added tax, alike taxes, professional tax, property tax, entry tax, labour cess, octroi etc. paid/accrued in India or abroad for which credit are not available to the company are charged to revenue.

1.12 ADVANCES

Interest on 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.

1.13 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.

1.14 TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

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

1.14.1 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 recognized in the statement of profit & loss over the period of the contract.

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

1.14.2 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.

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

1.14.4 Exchange difference arising on translation of foreign currency transactions is recognized in the statement of profit & loss.

1.15 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances with an original maturity of three months or less from the date of acquisitions which are readily convertible into known amounts of cash and be subject to an insignificant risk of change in value.

1.16 CASH FLOW STATEMENT

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

1.17 EARNINGS PER SHARE

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

1.18 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 revenue 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 as no longer exists or may have decreased, such reversal of impaired loss is recognized as revenue.

1.19 PROVISION FOR WARRANTY

The estimated liability for warranties is recognized when products are sold with warranty provision as per the contract. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise or incurred.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past estimates.

2 NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2012

FIGURES IN FINANCIAL STATEMENTS ARE PRESENTED IN ₹ CRORES, BY ROUNDING OFF UPTO TWO DECIMALS EXCEPT FOR PER SHARE DATA AND AS OTHERWISE STATED. CERTAIN FIGURES THAT ARE REQUIRED TO BE DISCLOSED BUT DO NOT APPEAR DUE TO ROUNDING OFF ARE DETAILED IN NOTE 2.38.

THE FINANCIAL STATEMENTS HAVE BEEN PREPARED IN THE FORMAT PRESCRIBED BY THE REVISED SCHEDULE VI OF THE COMPANIES ACT, 1956. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED/RECASTED/REARRANGED ACCORDINGLY TO CONFORM TO THE CURRENT PERIOD PRESENTATION.

2.1 SHARE CAPITAL

PARTICULARS	(₹ in crores)	
	AS AT 31.03.12	AS AT 31.03.11
2.1.1 AUTHORISED		
100,000,000 EQUITY SHARES (PREVIOUS YEAR 100,000,000) OF ₹ 10/- EACH	100.00	100.00
2.1.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP		
40,000,000 EQUITY SHARES (PREVIOUS YEAR 40,000,000) OF ₹ 10/- EACH	40.00	40.00
	<u>40.00</u>	<u>40.00</u>

	NO. OF SHARES	(₹ in crores)	NO. OF SHARES	(₹ in crores)
2.1.3 RECONCILIATION OF NUMBER OF EQUITY SHARES				
OPENING BALANCE	40,000,000	40	40,000,000	40
CHANGES DURING THE YEAR	-	-	-	-
CLOSING BALANCE	<u>40,000,000</u>	<u>40</u>	<u>40,000,000</u>	<u>40</u>

2.1.4 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EQUITY SHARES

THE COMPANY HAS ONE CLASS OF EQUITY SHARES HAVING A PAR VALUE OF ₹10 EACH. EACH SHAREHOLDER IS ELIGIBLE FOR ONE VOTE PER SHARE HELD IN CASE POLL IS DEMANDED BY THE MEMBERS IN ACCORDANCE WITH THE PROVISION OF SECTION 179 OF THE COMPANIES ACT, 1956. THE DIVIDEND PROPOSED BY THE BOARD OF DIRECTORS IS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS IN THE ENSUING ANNUAL GENERAL MEETING, EXCEPT IN CASE OF INTERIM DIVIDEND. IN THE EVENT OF LIQUIDATION, THE EQUITY SHAREHOLDERS ARE ELIGIBLE TO RECEIVE THE REMAINING ASSETS OF THE COMPANY AFTER DISTRIBUTION OF ALL PREFERENTIAL AMOUNTS, IN PROPORTION TO THEIR SHAREHOLDING.

	NO. OF SHARES	NO. OF SHARES
2.1.5 EQUITY SHARES HELD BY EACH SHAREHOLDER MORE THAN 5% OF SHARES		
PRESIDENT OF INDIA ACTING THROUGH MINISTRY OF RAILWAYS	39,992,000	39,992,000
	(99.98%)	(99.98%)

	NO. OF SHARES	NO. OF SHARES
2.1.6 FULLY PAID-UP AGGREGATE NUMBER OF EQUITY SHARES ALLOTTED BY WAY OF BONUS SHARES DURING THE PERIOD OF FIVE YEARS IMMEDIATELY PRECEDING BALANCE SHEET DATE	36,000,000	36,000,000

2.2 RESERVES AND SURPLUS

			(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011	
2.2.1 GENERAL RESERVE				
OPENING BALANCE		836.30	654.84	
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.2.3	124.94	181.46	
CLOSING BALANCE		<u>961.24</u>	<u>836.30</u>	
2.2.2 CSR ACTIVITIES RESERVE				
OPENING BALANCE		5.46	-	
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.2.3	5.00	5.46	
LESS: TRANSFER TO STATEMENT OF PROFIT AND LOSS	2.2.3	(3.80)	-	
CLOSING BALANCE		<u>6.66</u>	<u>5.46</u>	
TOTAL		<u>967.90</u>	<u>841.76</u>	
2.2.3 PROFIT AFTER TAX IN STATEMENT OF PROFIT AND LOSS		<u>164.49</u>	<u>243.92</u>	
APPROPRIATIONS:				
DIVIDEND				
- INTERIM*		15.00	12.00	
- FINAL (PROPOSED)*		18.00	37.00	
- TAX ON DIVIDEND		5.35	8.00	
TRANSFER TO CSR ACTIVITIES RESERVE	2.2.2	5.00	5.46	
TRANSFER FROM CSR ACTIVITIES RESERVE	2.2.2	(3.80)	-	
TRANSFER TO GENERAL RESERVE	2.2.1	124.94	181.46	
TOTAL		<u>164.49</u>	<u>243.92</u>	
* DIVIDEND PAID AND PROPOSED PER SHARE		₹ 8.25	₹ 12.25	
NUMBER OF SHARES USED IN COMPUTING DIVIDEND PER SHARE		40,000,000	40,000,000	

2.3 OTHER LONG TERM LIABILITIES

			(₹ in crores)	
PARTICULARS		AS AT 31.03. 2012	AS AT 31.03. 2011	
CLIENT ADVANCES		4.38	46.96	
SECURITY DEPOSITS		76.04	76.99	
TOTAL		80.42	123.95	

2.4 LONG TERM PROVISIONS

			(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011	
EMPLOYEE BENEFITS		109.18	88.06	
COMMITMENTS	2.37	0.43	0.51	
WARRANTIES	2.37	11.37	3.44	
TOTAL		120.98	92.01	

2.5 TRADE PAYABLES

			(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011	
MICRO, SMALL AND MEDIUM ENTERPRISES	2.40	0.04	0.12	
CREDITORS FOR SUPPLIES, SERVICES AND OTHERS		113.73	118.43	
TOTAL		113.77	118.55	

2.6 OTHER CURRENT LIABILITIES

			(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011	
CLIENT ADVANCES		1,619.74	1,190.42	
SECURITY DEPOSITS		58.39	58.04	
FOREIGN SERVICE CONTRIBUTION		2.64	3.40	
PAYABLE TO RELATED PARTIES	2.32.3	-	1.21	
SALARY PAYABLES		56.55	61.82	
BANK BOOK OVERDRAFT*		9.49	30.10	
OTHER LIABILITIES		19.98	37.30	
TOTAL		1,766.79	1,382.29	

* BANK BOOK OVERDRAFT INDICATES CREDIT BANK BALANCES WHICH MAY BE CLEARED/PAID THROUGH DEPOSITS WITH THE RESPECTIVE BANKS.

2.7 SHORT TERM PROVISIONS

			(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011	
INCOME TAX (NET OF ADVANCE TAX)		-	10.13	
PROPOSED DIVIDEND		18.00	37.00	
DIVIDEND TAX		2.92	6.00	
EMPLOYEE BENEFITS		16.17	20.12	
EXCISE DUTY		0.62	0.61	
WARRANTIES	2.37	6.02	1.83	
COMMITMENTS	2.37	1.12	0.95	
TOTAL		44.85	76.64	

2.8.1 TANGIBLE FIXED ASSETS AS AT 31.03.2012

DESCRIPTION	(₹ in crores)														
	GROSS BLOCK					DEPRECIATION					PROVISION FOR IMPAIRMENT			NET BLOCK	
	AS AT 01/04/2011	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	TOTAL	AS AT 31/03/2012	AS AT 31/03/2011
LEASED HOLD															
LAND	2.68	-	-	-	2.68	2.00	0.07	-	-	2.07	-	-	-	0.61	0.68
BUILDING	9.52	0.34	-	-	10.16	2.36	0.24	-	-	2.60	-	-	-	7.56	7.46
RESIDENTIAL QUARTERS	7.80	-	-	-	7.80	2.74	0.20	-	-	2.94	-	-	-	4.86	5.06
SUB TOTAL	20.30	0.34	-	-	20.64	7.10	0.51	-	-	7.61	-	-	-	13.03	13.20
OTHERS															
LAND	28.31	0.69	-	-	29.00	-	-	-	-	-	-	-	-	29.00	28.31
BUILDING	25.80	14.21	-	-	40.01	4.14	0.82	-	-	4.96	-	-	-	35.05	21.66
RESIDENTIAL QUARTERS*	2.34	-	-	-	2.34	1.24	0.03	-	-	1.27	-	-	-	1.07	1.10
SURVEY AND OTHER INSTRUMENTS	13.24	1.02	-	0.24	14.02	10.78	0.48	-	0.23	11.03	-	-	-	2.99	2.46
COMPUTER AND EQUIPMENTS	21.56	2.06	-	0.10	23.52	18.65	1.61	-	0.08	20.18	-	-	-	3.34	2.91
OFFICE AND OTHER EQUIPMENTS	8.16	2.13	-	0.12	10.17	6.51	0.71	-	0.10	7.12	-	-	-	3.05	1.65
AIR-CONDITIONER AND EQUIPMENTS	1.28	0.19	-	0.01	1.46	0.94	0.09	-	0.01	1.02	-	-	-	0.44	0.34
AIR CONDITIONER PLANT	9.25	3.22	-	-	12.47	3.68	0.64	-	-	4.32	-	-	-	8.15	5.57
FURNITURES	4.89	0.98	-	0.03	5.84	3.54	0.46	-	0.02	3.98	-	-	-	1.86	1.35
FIXTURES	4.05	2.41	-	-	6.46	3.23	0.73	-	-	3.96	-	-	-	2.50	0.82
VEHICLES	3.25	0.44	-	0.31	3.38	2.44	0.30	-	0.31	2.43	-	-	-	0.95	0.81
VEHICLES ABROAD	0.78	-	-	0.02	0.76	0.66	0.07	-	0.02	0.71	-	-	-	0.05	0.12
LOCOMOTIVES ABROAD**	57.44	-	(29.72)	-	27.72	13.11	2.33	(7.51)	-	7.93	3.13	(3.13)	-	19.79	41.20
LOCOMOTIVES DOMESTIC	20.40	16.88	3.45	-	40.73	1.80	3.20	0.23	-	5.03	-	-	-	35.70	18.80
COACHES	9.52	-	-	2.00	7.52	3.97	1.51	-	0.25	5.23	1.76	(1.76)	-	2.29	3.79
SUB TOTAL	210.27	44.23	(26.27)	2.83	225.40	74.49	12.98	(7.28)	1.02	79.17	4.89	(4.89)	-	146.23	130.89
TOTAL	230.57	44.57	(26.27)	2.83	246.04	81.59	13.49	(7.28)	1.02	86.78	4.89	(4.89)	-	159.26	144.09
PREVIOUS YEAR	196.48	34.83	-	0.74	230.57	70.74	11.95	(0.53)	0.57	81.59	-	4.89	4.89	144.09	

*DEPRECIATION ON FREEHOLD FLATS IS CHARGED ON THE TOTAL COST OF FLATS IN THE ABSENCE OF BREAK-UP OF LAND COMPONENTS IN THE FLATS VALUE.

** ASSETS TRANSFERRED TO INVENTORIES AT WRITTEN DOWN VALUE OF ₹15.77 CRORES AS LOWER THAN NET REALISABLE VALUE (GROSS BLOCK ₹ 21.54 CRORES LESS ACCUMULATED DEPRECIATION ₹ 5.77 CRORES) (PREVIOUS YEAR NIL).

2.8.2 INTANGIBLE ASSETS AS AT 31.03.2012

DESCRIPTION	(₹ in crores)														
	GROSS BLOCK					AMORTISATION					PROVISION FOR IMPAIRMENT			NET BLOCK	
	AS AT 01/04/2011	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	TOTAL	AS AT 31/03/2012	AS AT 31/03/2011
INTANGIBLE ASSETS	4.14	2.55	-	0.17	6.52	3.71	0.43	-	0.17	3.97	-	-	-	2.55	0.43
PREVIOUS YEAR	3.77	0.38	-	0.01	4.14	3.37	0.35	-	0.01	3.71	-	-	-	0.43	

2.8.3 CAPITAL WORK IN PROGRESS AS AT 31.03.2012

DESCRIPTION	(₹ in crores)														
	GROSS BLOCK					DEPRECIATION					PROVISION FOR IMPAIRMENT			NET BLOCK	
	AS AT 01/04/2011	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	TOTAL	AS AT 31/03/2012	AS AT 31/03/2011
CAPITAL WORK IN PROGRESS	35.78	22.02	(36.17)	-	19.63	-	-	-	-	-	-	-	-	19.63	35.78
PREVIOUS YEAR	35.91	17.42	(17.55)	-	35.78	-	-	-	-	-	-	-	-	35.78	
GRAND TOTAL FIXED ASSETS	270.49	69.14	(64.44)	3.00	272.19	85.30	13.92	(7.28)	1.19	90.75	4.89	(4.89)	-	181.44	180.30
PREVIOUS YEAR	236.16	52.63	(17.55)	0.75	270.49	74.11	12.30	(0.53)	0.58	85.30	-	4.89	4.89	180.30	

2.8.4 INVESTMENT PROPERTIES AS AT 31.03.2012

DESCRIPTION	(₹ in crores)														
	GROSS BLOCK					DEPRECIATION					PROVISION FOR IMPAIRMENT			NET BLOCK	
	AS AT 01/04/2011	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2011	FOR THE YEAR	TOTAL	AS AT 31/03/2012	AS AT 31/03/2011
LEASED HOLD BUILDING	1.83	-	-	-	1.83	0.20	0.02	-	-	0.22	-	-	-	1.61	1.63
PREVIOUS YEAR	1.83	-	-	-	1.83	0.18	0.02	-	-	0.20	-	-	-	1.63	
GRAND TOTAL INCLUDING INVESTMENT PROPERTIES	272.32	69.14	(64.44)	3.00	274.02	85.50	13.94	(7.28)	1.19	90.97	4.89	(4.89)	-	183.05	181.93
PREVIOUS YEAR	237.99	52.63	(17.55)	0.75	272.32	74.29	12.32	(0.53)	0.58	85.50	-	4.89	4.89	181.93	

2.9 NON CURRENT INVESTMENTS

		(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011
A) INVESTMENT PROPERTIES			
LEASEHOLD BUILDING	2.8.4	1.61	1.63
B) TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS IN SHARES			
(I) IN FOREIGN COMPANIES			
(a) SUBSIDIARY COMPANIES			
(i) TANZANIA RAILWAYS LTD., TANZANIA			
NIL (PREVIOUS YEAR 10,200,000) EQUITY SHARES OF FACE VALUE OF TSH 1000/- EACH, FULLY PAID-UP.		-	32.84
LESS: PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT		-	(32.84)
		-	-
(ii) RITES MOHAWAREAN ARABIA CO. LTD.		0.47	0.47
380 (PREVIOUS YEAR 380) EQUITY SHARES OF FACE VALUE OF SAUDI RIYAL 1000/- EACH, FULLY PAID-UP.			
(iii) RITES (AFRIKA) (PTY) LTD., BOTSWANA		0.01	0.01
10,000 (PREVIOUS YEAR 10,000) EQUITY SHARES OF FACE VALUE OF PULA 1/- EACH, FULLY PAID-UP.			
(b) JOINT VENTURE ENTITY			
COMPANHIA DOS CAMINHOS DE FERRO DA BEIRA, SARL (CCFB), MOZAMBIQUE		6.01	6.01
1,300,000 (PREVIOUS YEAR 1,300,000) EQUITY SHARES OF FACE VALUE OF US\$ 1/- EACH, FULLY PAID-UP.			
(II) IN INDIAN COMPANIES			
(a) SUBSIDIARY COMPANY			
RITES INFRASTRUCTURE SERVICES LIMITED		0.05	0.05
50,000 (PREVIOUS YEAR 50,000) EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FULLY PAID-UP.			
(b) JOINT VENTURE ENTITY			
SAIL-RITES BENGAL WAGON INDUSTRY PRIVATE LIMITED		5.00	5.00
5,000,000 (PREVIOUS YEAR 5,000,000) EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FULLY PAID-UP.			
(c) OTHER			
(i) GLOBAL PROCUREMENT CONSULTANTS LIMITED		0.04	0.04
32,279 (PREVIOUS YEAR 32,279) 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)			
(ii) GANGA EXPRESSWAY CONSULTANTS LTD.		-	0.01
NIL (PREVIOUS YEAR 12,500) EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FULLY PAID-UP.			
(III) IN INDIAN COOPERATIVE SOCIETIES			
(i) MORU MAHAL CO-OPERATIVE SOCIETY LIMITED	2.38	-	-
10 (PREVIOUS YEAR 10) EQUITY SHARES OF FACE VALUE OF ₹ 50/- EACH			
(ii) AMIT INDUSTRIAL PREMISES CO - OPERATIVE SOCIETY LIMITED	2.38	-	-
5 (PREVIOUS YEAR 5) EQUITY SHARES OF FACE VALUE OF ₹ 50/- EACH			
AGGREGATE OF UNQUOTED INVESTMENTS -CARRYING VALUE AT COST		11.58	11.59

		(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011
C) TRADE (QUOTED)-AT COST, LONG TERM INVESTMENTS			
(i) INDIAN RAILWAY FINANCE COPRPORATION *			
(7 YEAR SECURED REDEEMABLE 6.30% TAX FREE BONDS)			
5,000 BONDS OF FACE VALUE OF ₹100,000/- EACH, FULLY PAID		50.00	50.00
(ii) INDIAN RAILWAY FINANCE COPRPORATION *			
(7 YEAR SECURED REDEEMABLE 6.32% TAX FREE BONDS)			
5,000 BONDS OF FACE VALUE OF ₹100,000/- EACH, FULLY PAID		50.00	50.00
(iii) INDIAN RAILWAY FINANCE COPRPORATION *			
(10 YEAR SECURED REDEEMABLE 7.55% TAX FREE BONDS)			
2,500 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID		25.00	-
AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST		125.00	100.00
TOTAL		138.19	113.22

* BONDS' MARKET VALUES ARE NOT AVAILABLE AS ARE NOT BEING TRADED.

2.10 DEFERRED TAX ASSETS/LIABILITY (NET)

		(₹ in crores)	
PARTICULARS		AS AT 31.03. 2012	AS AT 31.03. 2011
DEPRECIATION ON FIXED ASSETS		(5.24)	(5.48)
PROVISION FOR DOUBTFUL DEBTS, SECURITY DEPOSITS/EMD, ADVANCES ETC.		17.99	15.18
LEAVE ENCASHMENT AND OTHER PROVISIONS		28.74	35.34
TOTAL		41.49	45.04
INCREASE/(DECREASE) IN DEFERRED TAX ASSETS/LIABILITY (NET)		(3.55)	(13.43)

2.11 LONG TERM LOANS AND ADVANCES

		(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011
(SECURED, CONSIDERED GOOD)			
STAFF ADVANCES		1.11	0.62
(UNSECURED, CONSIDERED GOOD)			
LOANS TO RELATED PARTIES	2.32.3	87.89	85.76
ADVANCES/RECOVERABLES IN CASH OR KIND OR FOR VALUE TO BE RECEIVED:			
- STAFF ADVANCES		3.37	1.93
- SECURITY DEPOSITS		0.49	0.21
- ADVANCE INCOME TAX (NET OF PROVISION)		49.01	-
TOTAL		141.87	88.52

2.12 OTHER NON CURRENT ASSETS

PARTICULARS	(₹ in crores)	
	AS AT 31.03. 2012	AS AT 31.03. 2011
GOVT. OF TANZANIA RECEIVABLES	46.70	74.36
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:		
-BANK DEPOSITS AND BONDS	0.09	2.39
-LOANS AND ADVANCES *	11.96	11.52
PREPAID EXPENSES	0.22	0.07
RETENTION MONEY	33.73	7.82
OTHER BANK BALANCES IN:		
-DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	173.90	248.43
TOTAL	266.60	344.59

* INCLUDES ₹ 6.45 CRORES (PREVIOUS YEAR ₹ 5.52 CRORES) FROM CCFB, MOZAMBIQUE (RELATED PARTY)

2.13 CURRENT INVESTMENTS

PARTICULARS	(₹ in crores)	
	AS AT 31.03. 2012	AS AT 31.03. 2011
TRADE CURRENT INVESTMENTS-AT COST/NAV		
UTI LIQUID CASH PLAN		
49196.76 (PREVIOUS YEAR NIL) UNITS OF ₹ 1019.4457 PER UNIT	5.02	-
AGGREGATE OF QUOTED INVESTMENTS - CARRYING VALUE AT COST/NAV	5.02	-

2.14 INVENTORIES

PARTICULARS	(₹ in crores)	
	AS AT 31.03. 2012	AS AT 31.03. 2011
(AS CERTIFIED BY MANAGEMENT)		
STORE & SPARES	3.55	3.79
FINISHED GOODS (INCLUDES GOODS IN TRANSIT NIL, PREVIOUS YEAR ₹ 1.03 CRORES)	58.12	74.57
TOTAL	61.67	78.36

2.15 WORK IN PROGRESS

PARTICULARS	(₹ in crores)	
	AS AT 31.03. 2012	AS AT 31.03. 2011
CONSULTANCY PROJECTS	23.57	14.13
CONSTRUCTION PROJECTS	1.85	0.93
TOTAL	25.42	15.06

2.16 TRADE RECEIVABLES

PARTICULARS	(₹ in crores)	
	AS AT 31.03. 2012	AS AT 31.03. 2011
TRADE RECEIVABLES UNSECURED		
FOR A PERIOD EXCEEDING SIX MONTHS		
CONSIDERED GOOD	90.51	65.62
CONSIDERED DOUBTFUL	40.26	30.57
LESS: PROVISION FOR DOUBTFUL DEBTS	(40.26)	(30.57)
OTHERS		
CONSIDERED GOOD	135.62	273.08
TOTAL	226.13	338.70

2.17 CASH AND BANK BALANCES

		(₹ in crores)	
PARTICULARS	AS AT 31.03. 2012	AS AT 31.03. 2011	
SHOWN UNDER CURRENT ASSETS :			
2.17.1 CASH & CASH EQUIVALENTS			
CHEQUES IN HAND	0.25		0.25
BANK BALANCES IN :			
- CURRENT ACCOUNTS	14.63	28.96	
- DEPOSITS #	273.47	202.33	231.29
	288.35		231.54
2.17.2 OTHER BANK BALANCES IN :			
- DEPOSITS ##	1,597.16		1,115.53
TOTAL	1,885.51		1,347.07
SHOWN UNDER NON CURRENT ASSETS :			
2.17.3 OTHER BANK BALANCES IN :			
- DEPOSITS ###	173.90		248.43
TOTAL CASH & BANK BALANCES *	2,059.41		1,595.50
(I) # HAVING MATURITY 3 MONTHS OR LESS FROM THE DATE OF ACQUISITION.			
(II) ## HAVING MATURITY OVER 3 MONTHS FROM THE DATE OF ACQUISITION AND UPTO 12 MONTHS FROM REPORTING DATE.			
(III) ### HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE.			
(IV) * INCLUDES CLIENTS' FUND	1,527.41		1,103.85
(V) * INCLUDES MARGIN MONEY AGAINST GUARANTEES ISSUED BY BANKS	21.77		29.45
(VI) * BANK BOOK OVERDRAFT ARE SHOWN IN NOTE NO. 2.6.			

2.18 SHORT TERM LOAN & ADVANCES

		(₹ in crores)	
PARTICULARS	NOTE NO.	AS AT 31.03. 2012	AS AT 31.03. 2011
(SECURED, CONSIDERED GOOD)			
- STAFF ADVANCES		0.42	0.24
(UNSECURED, CONSIDERED GOOD)			
LOANS TO RELATED PARTIES	2.32.3	-	2.13
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED:			
- STAFF ADVANCES		1.49	0.97
- RELATED PARTIES		22.54	11.25
- OTHER ADVANCES	68.77		58.08
LESS: PROVISION FOR DOUBTFUL ADVANCES	(14.57)	54.20	(14.70)
- SECURITY DEPOSITS	1.76		2.30
LESS: PROVISION FOR DOUBTFUL EMD/SD	(0.59)	1.17	(0.39)
INCOME TAX RECEIVABLES		12.45	15.26
TOTAL		92.27	75.14

2.19 OTHER CURRENT ASSETS

PARTICULARS	(₹ in crores)	
	AS AT 31.03. 2012	AS AT 31.03. 2011
GOVT. OF TANZANIA RECEIVABLES	31.13	17.66
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:		
- BANK DEPOSITS HAVING MATURITY		
3 MONTHS OR LESS FROM THE DATE OF ACQUISITION	0.05	0.06
OVER 3 MONTHS FROM THE DATE OF ACQUISITION AND UPTO 12 MONTHS FROM REPORTING DATE	23.24	21.73
- BONDS	3.65	2.33
- LOANS AND ADVANCES *	0.68	1.62
PREPAID EXPENSES	0.67	1.54
RETENTION MONEY	9.68	4.26
TOTAL	69.10	49.20

* INCLUDES ₹ NIL (PREVIOUS YEAR ₹ 0.93 CRORE) FROM CCFB, MOZAMBIQUE (RELATED PARTY)

2.20 REVENUE FROM OPERATIONS

PARTICULARS	(₹ in crores)	
	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
I) CONSULTANCY FEE (GROSS)	457.71	485.07
LESS: SERVICE TAX	(38.68)	(43.23)
CONSULTANCY FEE (NET)	419.03	441.84
II) QUALITY ASSURANCE (GROSS)	94.42	89.33
LESS: SERVICE TAX	(8.71)	(8.32)
QUALITY ASSURANCE (NET)	85.71	81.01
III) EXPORT SALES	290.14	148.55
IV) CONSTRUCTION PROJECTS	16.56	5.15
V) LEASE SERVICES (GROSS)	25.60	22.40
LESS: SERVICE TAX	(1.41)	(0.63)
LEASE SERVICES (NET)	24.19	21.77
TOTAL (I TO V)	835.63	698.32

2.21 OTHER INCOME

(₹ in crores)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
INTEREST EARNED ON:			
- DEPOSITS WITH BANK		58.31	44.86
- TAX FREE BONDS		7.06	4.03
- STAFF ADVANCES		0.52	0.47
- LOAN TO CCFB, MOZAMBIQUE (RELATED PARTY)	2.32.3	-	3.32
- OTHER DEPOSITS		0.14	0.43
PROVISION NO LONGER REQUIRED		14.25	78.50
PROFIT ON SALE OF FIXED ASSETS		0.06	0.02
DIVIDEND FROM:			
- RITES (AFRIKA) (RELATED PARTY)	2.32.3	0.03	-
- TRADE NON CURRENT INVESTMENTS		0.01	0.01
- TRADE CURRENT INVESTMENTS		2.04	1.37
EXPORT INCENTIVES		3.16	1.36
RENT FROM INVESTMENT PROPERTIES		0.96	0.80
EXCHANGE VARIATION		7.04	0.51
MISCELLANEOUS INCOME		4.88	8.27
TOTAL		98.46	143.95

2.22 EMPLOYEE BENEFITS EXPENSES

(₹ in crores)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
SALARIES		144.61	128.74
SALARIES-ABROAD		11.09	8.01
SALARIES CONTRACT EMPLOYEES		30.06	28.61
FOREIGN SERVICE CONTRIBUTION		0.70	1.32
CONTRIBUTION TO PROVIDEND FUND & OTHER FUNDS		13.00	12.46
GRATUITY		4.79	8.79
POST RETIRAL BENEFITS (PENSION/MEDICAL)	2.45	14.56	8.17
STAFF WELFARE EXPENSES		10.90	10.62
LEAVE TRAVEL CONCESSION		0.39	0.39
PERFORMANCE RELATED PAYMENT		9.56	23.17
LEAVE SALARIES		12.91	13.94
TOTAL		252.57	244.22

2.23 COST OF EXPORT SALES

PARTICULARS	NOTE NO.	(₹ in crores)	
		YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
PURCHASES/TRANSFER		177.90	130.25
CONSUMABLES		8.11	0.49
FREIGHT & FORWARDING		18.81	7.40
INSURANCE		0.16	0.04
FEES FOR SERVICES OBTAINED		12.65	6.35
PROVISION FOR WARRANTIES	2.37	14.30	4.31
(INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS		14.40	(38.64)
TOTAL		246.33	110.20

2.24 COST OF CONSTRUCTION PROJECTS

PARTICULARS	(₹ in crores)	
	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
SUPPLIES & SERVICES	14.61	5.67
(INCREASE)/DECREASE IN WORK IN PROGRESS	(0.92)	(0.93)
TOTAL	13.69	4.74

2.25 (INCREASE)/DECREASE IN WORK IN PROGRESS

PARTICULARS	(₹ in crores)	
	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
CONSULTANCY PROJECTS	(9.44)	(0.28)

2.26 OTHER EXPENSES

PARTICULARS	NOTE NO.	(₹ in crores)	
		YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
PRINTING, STATIONARY AND DOCUMENTATION		3.64	4.01
BUSINESS PROMOTION		1.20	1.36
AUDITORS' REMUNERATION	2.26.1	0.10	0.09
RATES & TAXES		1.58	0.81
RENT		3.40	2.66
POSTAGE & TELECOMMUNICATION		3.55	3.67
OFFICE MAINTENANCE		6.08	5.01
REPAIRS TO MACHINERY/EQUIPMENTS		0.60	0.57
REPAIRS TO BUILDING		-	0.03
POWER AND FUEL CHARGES		2.73	2.38
STORES AND SPARES CONSUMED-LEASED	2.26.2	2.16	2.90
STORES AND SPARES CONSUMED-OTHERS	2.26.3	0.28	0.54
BOOKS AND PERIODICALS		0.22	0.26
INTERNAL AUDIT FEE		0.08	0.07
ADVERTISEMENT AND PUBLICITY		2.36	3.32
SUBSCRIPTION AND MEMBERSHIP FEE		0.36	0.19
LEGAL AND PROFESSIONAL FEE		1.09	1.87
INSURANCE		0.73	0.41
BANK CHARGES		2.74	1.42
BAD DEBTS		1.75	4.41

PARTICULARS	NOTE NO.	(₹ in crores)	
		YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
FIXED ASSETS WRITTEN OFF		1.76	0.01
HIRE CHARGES OF EQUIPMENTS		0.02	0.02
VEHICLE RUNNING AND MAINTENANCE		1.84	1.67
MANPOWER DEVELOPMENT		1.00	0.54
LOSS ON SALE OF FIXED ASSETS		0.03	0.05
PROVISION FOR:			
- DOUBTFUL DEBTS, ADVANCES, SECURITY DEPOSITS ETC.		15.36	2.52
- COMMITMENTS	2.37	0.50	0.34
- IMPAIRMENT OF ASSETS	2.36	-	4.89
DIRECTORS' SITTING FEE		0.05	0.02
CORPORATE SOCIAL RESPONSIBILITY	2.46	3.80	2.42
SUSTAINABLE DEVELOPMENT		0.72	-
PRIOR PERIOD ADJUSTMENTS (NET)	2.26.4	2.97	0.23
MISCELLANEOUS EXPENSES *		2.67	5.00
TOTAL		65.37	53.69

* INCLUDES COST OF TENDER DOCUMENTS, VISA CHARGES, MISC. STAFF/OTHER CLAIMS ETC.

2.26.1 AUDITORS' REMUNERATION

PARTICULARS	NOTE NO.	(₹ in crores)	
		YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
(A) STATUTORY AUDITORS			
STATUTORY AUDIT FEE		0.03	0.03
TAX AUDIT FEE		0.01	0.01
LIMITED REVIEW AUDIT FEE		0.02	0.02
OTHER SERVICES, I.E. CERTIFICATION ETC.		0.01	-
SUB TOTAL (A)		0.07	0.06
(B) BRANCH AUDITORS			
STATUTORY AUDIT FEE		0.01	0.01
TAX AUDIT FEE		0.01	0.01
LIMITED REVIEW AUDIT FEE		0.01	0.01
SUB TOTAL (B)		0.03	0.03
AUDITORS' REMUNERATION (A+B)		0.10	0.09
AUDITORS' OUT OF POCKET EXPENSES	2.38	-	-

2.26.2 STORES AND SPARES CONSUMED-LEASED

PARTICULARS	(₹ in crores)	
	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011
PURCHASES	1.66	1.32
CONSUMABLES	0.04	0.15
FREIGHT & FORWARDING	0.21	2.09
OTHER PROCUREMENT EXPENSES	0.06	0.05
(INCREASE)/DECREASE IN STOCK	0.19	(0.71)
TOTAL	2.16	2.90

2.26.3 STORES AND SPARES CONSUMED-OTHERS

			(₹ in crores)	
PARTICULARS	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011		
CONSUMABLES	0.12	0.27		
FREIGHT & FORWARDING	0.12	0.25		
INSURANCE	-	0.02		
(INCREASE)/DECREASE IN STOCK	0.04	-		
TOTAL	0.28	0.54		

2.26.4 PRIOR PERIOD ADJUSTMENTS (NET)

			(₹ in crores)	
PARTICULARS	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011		
FEES	1.41	(1.03)		
OTHER (INCOME)/EXPENSES	(1.02)	(0.52)		
SUPPLIES & SERVICES	2.58	1.78		
TOTAL	2.97	0.23		

2.27 EXCEPTIONAL ITEMS

			(₹ in crores)	
PARTICULARS	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011		
SETTLEMENT OF CLAIMS BY GOVT. OF TANZANIA	-	38.73		
REVERSAL OF PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT-TRL	32.84	-		
LOSS ON SALE OF LONG TERM INVESTMENT-TRL	(32.84)	-		
TOTAL	-	38.73		

2.28 RECONCILIATION OF CASH AND CASH EQUIVALENTS

			(₹ in crores)		
PARTICULARS	NOTE NO.	YEAR ENDED 31.03. 2012	YEAR ENDED 31.03. 2011		
CASH AND CASH EQUIVALENTS	2.17.1	288.35	231.54		
ADD : INTEREST ACCRUED ON BANK DEPOSITS HAVING MATURITY OF 3 MONTHS OR LESS FROM ACQUISITIONS' DATE	2.19	0.05	0.06		
INVESTMENT IN UTI LIQUID PLAN	2.13	5.02	-		
LESS : BANK BOOK OVERDRAFT	2.6	(9.49)	(30.10)		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		283.93	201.50		

Disclosures As Per Accounting Standards:

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

S.No.	Particulars	₹ in crores)	
		Year Ended	
		31.03.12	31.03.11
1.	Contract revenue recognized during the year	16.56	5.15
2.	Aggregate amount of Costs incurred upto reporting date	53.55	38.93
3.	Recognized profits upto reporting date	5.24	3.29
4.	Amount of advances received	7.12	2.00
5.	Gross amount due from customers for the contract work presented as an asset	1.85	0.93

2.30 Employees Benefits

- 2.30.1** 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:

Defined benefits wholly unfunded	₹ in crores)		
	Leave Encashment	LTC	Medical Leave
Opening Balance as on 01.04.11	42.50	0.84	21.60
Interest Cost	3.61	0.07	1.83
Current Service Cost	3.01	0.51	1.40
Benefit paid	(8.58)	(0.24)	(2.87)
Actuarial (Gain)/Loss on obligation	6.15	(0.21)	2.10
Closing Balance as on 31.03.12	46.69	0.97	24.06

- 2.30.2** Net present value of long service award as on 31.03.2012 is ₹ 0.97 crore. The same has been charged to Statement of Profit & Loss.

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

Defined benefits wholly unfunded	₹ in crores)		
	Leave Encashment	LTC	Medical Leave
Current Service Cost	3.01	0.51	1.40
Interest Cost	3.61	0.07	1.83
Net actuarial (Gain)/Loss recognized during the year	6.15	(0.21)	2.10
Expenses recognized in the statement of Profit & Loss	12.77	0.37	5.33

- 2.30.4** 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 (%)	8.50	8.50	8.50	8.50
Rate of Increase of Future cost / salaries (%)	8.50	8.50	-	8.50

- 2.30.5** 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 2012 and 31st March 2011 amounts to ₹ 56.19 crores and ₹ 45.71 crores respectively.

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

2.31 Segment Reporting

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

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

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

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

(a) Revenue within India from consultancy including project management services, construction projects and domestic lease executed rendered to clients located within the country.

(b) Revenue from outside India for services rendered, export sales of rolling stock & spare parts and lease rental from the clients located outside India.

2.31.4 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.

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

2.31.6 Business Segment:

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
REVENUE		
Consultancy Services		
• Domestic	473.21	482.52
• Abroad	31.53	40.33
Export Sale	290.14	148.55
Leasing		
• Domestic	13.66	6.10
• Abroad****	10.53	15.67
Constructions Projects-Domestic	16.56	5.15
Total Income from Operations (A)	835.63	698.32
IDENTIFIABLE OPERATING EXPENSES		
Consultancy Services		
• Domestic	310.03	311.10
• Abroad	23.76	19.24
Export**	261.00	136.28
Leasing**		
• Domestic	4.73	2.89
• Abroad	8.62	7.61
Constructions Projects-Domestic	15.71	5.12
Total Operating Expenses (B)	623.85	482.24
SEGMENTAL PROFIT FROM OPERATIONS		
Consultancy Services		
• Domestic	163.18	171.42
• Abroad	7.77	21.09
Export	29.14	12.27
Leasing		
• Domestic	8.93	3.21
• Abroad	1.91	8.06
Constructions Projects-Domestic	0.85	0.03
Operating Profit (A-B)	211.78	216.08

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
Add:		
Income from Investments/ Deposits****	67.45	50.27
Other Income *	31.01	132.41
Less:		
Un-allocable Expenses	54.26	35.75
Net Profit before taxes	255.98	363.01
Income Tax (including Deferred Tax)	91.49	119.09
Net Profit after taxes	164.49	243.92

2.31.7 Other Information

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
Fixed Assets (Net) excluding Work in Progress ***	161.81	144.52
Current Assets, Loans & Advances	2365.12	1903.53
Current Liabilities, Provisions & Loans	1925.41	1577.48
Capital Employed ***	601.52	470.57

2.31.8 Geographical Segment (Secondary Segment)

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
Operating Revenue		
- India	503.43	493.77
- Abroad	332.20	204.55
Total	835.63	698.32
Operating Expenditure		
-India	330.47	319.11
-Abroad	293.38	163.13
Total	623.85	482.24
Operating Profit		
-India	172.96	174.66
-Abroad	38.82	41.42
Total	211.78	216.08

* 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.

**** Due to uncertainty of realization from CCFB Mozambique, ₹ 4.16 crores on account of interest on loan and income of ₹ 6.36 crores for the services provided by the company during the year have not been recognized. (Refer note no.2.43.3).

2.32 Related Party Disclosures

2.32.1 Relationship

Nature of relationship	Name of Party
Joint Ventures	<ol style="list-style-type: none"> M/s RICON – Established in India. M/s Companhia Dos Caminhos De Ferro De Beira, SARL, Beira CCFB) - Established in Mozambique. M/s SAIL-RITES Bengal Wagon Industry Private Limited (SAIL - RITES) - Established in India
Subsidiary Companies	<ol style="list-style-type: none"> M/s RITES (Afrika) (Pty) Ltd. – Established in Botswana (100%). M/s RITES Mohawarean Arabia Co. Ltd.(RMAC)-Established in Saudi Arabia (76%). M/s RITES Infrastructure Services Ltd. (RISL) – Established in India (100%).
Directors	<ol style="list-style-type: none"> Shri Sanjiv Handa, Chairman (Upto 29.02.2012) Shri B.K. Makhija, Director Projects (upto 31.08.2011) (Additional charge of Managing Director from 01.11.2010 to 31.08.2011) Shri Rajeev Mehrotra, Director Finance (Additional charge of Managing Director from 01.09.2011 and Additional charge of Director Projects from 01.09.2011 to 26.01.2012) Shri Sumit Sinha, Director Technical (Additional charge of Director Projects from 27.01.2012) Smt. Radhika L. Lokesh, Director (From 24.06.2011) Dr. Vinayshil Gautam, Director Shri Vinod Somani, Director Shri Debidas Datta, Director

2.32.2 Remuneration to Key Personnels

Description	₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
Salaries and other employee benefits	0.92	1.14

2.32.3 Joint Ventures

Transaction	₹ in crores)			
	CCFB		SAIL - RITES	
	Year Ended		Year Ended	
	31.03.12	31.03.11	31.03.12	31.03.11
Investments	-	-	-	5.00
Loans/Advances given	-	-	4.43	3.79
Export Sales	-	0.71	-	-
Consultancy Fee	-	-	4.00	-
Leasing Charges	-	8.18	-	-
Interest on loan	-	3.32	-	-

Particulars	₹ in crores)					
	RICON		CCFB		SAIL - RITES	
	As on		As on		As on	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Loans/Advances given	10.23	9.37	87.89	87.89	8.02	-
Receivables	-	-	13.61	21.55	0.21	-
Payables	-	-	-	-	-	1.21

Subsidiary Companies

Transaction	(₹ in crores)							
	RITES (Afrika)		TRL		RMAC		RISL	
	Year Ended		Year Ended		Year Ended		Year Ended	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Investments	-	-	-	-	-	0.47	-	0.05
Loan/Advances given	-	-	-	-	-	-	2.14	0.74
Export Sales	-	-	-	11.56	-	-	-	-
Consultancy fees	2.32	2.88	-	1.85	-	13.17	-	-
Dividend	0.03	-	-	-	-	-	-	-

Particulars	(₹ in crores)					
	RITES (Afrika)		RMAC		RISL	
	As on		As on		As on	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Loan/Advances given	-	-	-	-	2.88	0.74
Receivables	0.91	1.07	0.41	13.13	-	-

2.32.4 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.

2.33 Lease

2.33.1 Operating Lease (Cancelable)

2.33.1.1 The company has leasing arrangement of locomotives in domestic and overseas markets. Period of lease varies from one year to two years. Under the contracts, 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/monthly basis.

2.33.1.2 **Detail of the leased assets: Locomotives**

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
Gross carrying amount	68.45	77.84
Accumulated depreciation	12.96	14.71
Accumulated provision for impairment	-	3.13
Net carrying amount	55.49	60.00
Depreciation provided for the year	5.53	4.88
Provision for impairment loss	-	3.13
Provision reversed (impairment loss)	3.13	-

2.33.2 Other Lease (Cancelable)

2.33.2.1 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 is upto 31st March 2013.

2.33.2.2 **Details of the leased assets: Office Premises***

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
Gross carrying amount	2.09	2.09
Accumulated depreciation	0.30	0.27
Net carrying amount	1.79	1.82
Depreciation provided for the year	0.04	0.04

* Leased assets include building, air conditioners, AC plant, furniture and fixture.

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

2.33.2.4 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 Statement of Profit & Loss for the year is ₹ 5.85 crores.

2.33.3 There are no provisions relating to contingent rent.

2.34 Earning Per Share (EPS)

Particulars	Year Ended	
	31.03.12	31.03.11
(A) Net profit for the year attributable to Equity Shareholder (₹ in crores)	164.49	243.92
(B) Weighted average number of Equity Shares	40,000,000	40,000,000
(C) Basic & Diluted Earning Per Share (A)/(B)	₹ 41.12	₹ 60.98
(D) Nominal value per share	₹ 10/-	₹ 10/-

2.35 Interest in Significant Joint Ventures

2.35.1 RITES has following Joint Ventures:

Name / Place of JVs	Nature of Interest	₹ in crores)	
		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, NRT-1, 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
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%	6.01
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 %	5.00

2.35.2 RITES Share in Joint Ventures
2.35.2.1 Income, Expenditure, Assets & Liabilities:

Description /JVs	(₹ in crores)							
	Fixed Assets (Net)/Non Current Assets	Current Assets, Loans & Advances	Current Liabilities & Provisions	Other Liabilities	Capital	Retained Earning/ (Losses)	Income	Expenditure
RICON								
Year ended 31.03.12	-	10.24	0.83	-	-	9.41	1.83	1.03
Year ended 31.03.11	-	13.48	4.87	-	-	8.61	2.95	1.65
GEOCONSULT - RITES - NRT-1								
Year ended 31.03.12	0.03	0.80	0.68	-	-	0.14	0.96	0.94
Year ended 31.03.11	0.02	0.50	0.32	-	-	0.20	0.47	0.28
GEOCONSULT – RITES								
Year ended 31.03.12	0.02	1.92	1.15	-	-	0.79	2.08	1.82
Year ended 31.03.11	0.02	1.57	0.71	-	-	0.88	1.69	1.30
CCFB-LTDA								
Year ended 31.12.11	0.08	131.19	118.78	-	5.73	6.76	49.02	36.09
Year ended 31.12.10	227.72	35.78	31.67	232.77	4.40	(5.33)	20.40	18.71
SAIL-RITES								
Year ended 29.02.12	9.83	0.45	0.10	-	10.22	(0.04)	0.03	0.07

- (i) 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 Statement of Profit & Loss under respective heads.
- (ii) M/s. CCFB LTDA has calendar year as financial year and figures are recorded from the audited financial statements as on 31.12.2011.
- (iii) SAIL-RITES Joint Venture, where each venture has 50% equity and its first financial statements were prepared from 30.12.2010 to 29.02.2012.

2.35.2.2 Contingent Liabilities:

- (i) Geoconsult-RITES has given bank guarantees of ₹ 0.66 crore (previous year ₹ 0.66 crore), out of which RITES share @ 13% comes to ₹ 0.09 crore (previous year ₹ 0.09 crore).
- (ii) Geoconsult-RITES-NRT-1 has given bank guarantees of ₹ 0.09 crore (previous year ₹ 0.09 crore), out of which RITES share @ 16% comes to ₹ 0.01 crore (previous year ₹ 0.01 crore).
- (iii) Geoconsult ZT GmbH Austria got issued bank guarantees of ₹ 2.97 crores (equivalent Euro 439385), previous year ₹ 2.81 crores (equivalent Euro 439385) on behalf of Geoconsult-RITES, a joint venture entity in which share of RITES @ 13% comes to ₹ 0.39 crore (previous year ₹ 0.37 crore).
- (iv) Geoconsult ZT GmbH Austria got issued bank guarantees of ₹ 0.26 crore (equivalent Euro 38538.20) previous year ₹ 0.25 crore (equivalent Euro 38538.20) on behalf of Geoconsult-RITES-NRT-1 a joint venture entity in which share of RITES @ 16% comes to ₹ 0.04 crore (previous year ₹ 0.04 crore).
- (v) (a) In CCFB Mozambique, withholding tax demand against the company, amount to ₹ 1.44 crore (equivalent MZM 7836076) previous year ₹ 1.11 crore (equivalent MZM 7836076), in which share of RITES @ 26% comes to ₹ 0.37 crore (previous year ₹ 0.29 crore).

- (b) In CCFB Mozambique, Claims against the company amounting to ₹ 8.10 crores (equivalent MT 44076725.47) have not been acknowledged as debt in which share of RITES @ 26% comes to ₹ 2.11 crores.

2.35.2.3 Capital Commitment:

SAIL-RITES Bengal Wagon Industry Private Limited has liability on account of capital commitment of ₹ 68.61 crores in which share of RITES @ 50% comes to ₹ 34.31 crores.

2.35.3 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 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.

- 2.36 The company has carried out the assessment on impairment of assets in terms of AS 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Accordingly, impairment loss of ₹ nil (previous year ₹ 4.89 crores) has been recognized in the statement of Profit & Loss in respect of damaged rolling stock as a result of accident. Assets on which provision of impairment was made have re-started generating revenue/written off, thus provision of impairment loss of ₹ 4.89 crores created in previous year has been reversed.

2.37 Provisions

Items	(₹ in crores)				
	Carrying amount as on 01.04.11	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.12
Warranties	5.27	14.30	1.76	0.42	17.39
Commitments	1.46	0.50	-	0.41	1.55

- 2.38 The financial statements are presented in ₹ crore. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest ₹ crore are given as follows :-

Balance Sheet items

Note	Description	(Figures in ₹)	
		As at 31.03.2012	As at 31.03.2011
2.9	Non-current investment		
	(i) Moru Mahal Co-operative Society Ltd.	500.00	500.00
	(ii) Amit Industrial Co-operative Society Ltd.	250.00	250.00

Statement of Profit & Loss items

Note	Description	(Figures in ₹)	
		Year Ended on	
		31.03.2012	31.03.2011
2.26.1	Auditors' out of pocket expenses	44697.00	48302.00

2.39 Additional information as required by revised Schedule VI, Part II of the Companies Act, 1956:-
2.39.1 Value of imports calculated on C.I.F. basis:-

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
(i) Components & Spares Parts	0.39	1.03
(ii) Capital Goods	0.02	-

2.39.2 Expenditure in foreign currencies:-

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
(i) Consultation Fees	12.73	7.44
(ii) Salaries & others	10.76	7.41
(iii) Travel	4.64	6.77
(iv) Others*	0.44	0.71

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

2.39.3 Spare parts and components consumed

Description	(₹ in crores)			
	Year Ended			
	31.03.2012		31.03.2011	
	Value	%	Value	%
Imported	0.39	15.98	1.03	29.94
Indigenous	2.05	84.02	2.41	70.06

2.39.4 Earning in foreign currencies:-

Description	(₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
(i) Export sale - FOB basis	283.30	144.58
(ii) Lease Services	10.53	15.67
(iii) Consultation Fees	15.72	34.20

Description	₹ in crores)	
	Year Ended	
	31.03.12	31.03.11
(iv) Interest & Dividend	0.06	3.32
(v) Other Income*	0.54	5.99
(vi) Exceptional Item	-	38.73

*Other income includes reimbursement of demobilization expenses from TRL, Tanzania of ₹ 0.22 crore, Directors sitting fee from CCFB, Mozambique of ₹ 0.14 crore, etc.

- 2.40** 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.
- 2.41** The conveyance/lease deeds are pending for execution in respect of the following buildings/ flats:-
- 2.41.1** Residential Buildings at Asiad Village, New Delhi and IRWO flats in Gurgaon (Haryana) of ₹ 2.37 crores (previous year ₹ 2.37 crores).
- 2.41.2** Office Building at Central Metro Railway Building, 56, C. R. Avenue, Kolkata of ₹ 3.46 crores (previous year ₹ 3.46 crores).
- 2.41.3** Residential flats at Bandra, Mumbai of ₹ 3 crores (previous year ₹ 3 crores).
- 2.42** In a pre-closed contract in the year 2005-06, the company raised claims of ₹ 233.93 crores (previous year ₹ 233.93 crores) against a client and the client raised counter claims of ₹ 469.10 crores (previous year ₹ 469.10 crores).
- 2.42.1** Consequent to appeal filed by the company, the appellate authority during the year awarded claims of ₹ 231.68 crores with interest in favour of the company. Since the client has filed a petition in the civil court of Ranchi for setting aside the aforesaid award and also sought permission for amending its earlier petition, the award amount of ₹ 231.68 crores and interest of ₹ 272.72 crores up to 31st March, 2012 have not been recognized.
- 2.42.2** The executing agency raised claims (excluding interest) of ₹ 184.41 crores (previous year ₹ 184.41 crores) against the company and company raised counter claims of ₹ 644.53 crores (previous year ₹ 644.53 crores) 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.
- 2.42.3** Against the claims (excluding interest) of ₹ 184.41 crores (previous year ₹ 184.41 crores) of the executing agency, an amount of ₹ 166.84 crores (previous year ₹ 166.84 crores) has been included in the contingent liabilities, after adjustment of provision already existing in the books for ₹ 17.57 crores (previous year ₹ 17.57 crores).
- 2.42.4** Cumulative Interest up to 31.03.12 is of ₹ 13.88 crores (previous year ₹ 11.86 crores) 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 ₹ 2.02 crores for the year (previous year ₹ 2.02 crores).
- 2.43** Pursuant to a joint venture entered into in CCFB, Mozambique, the company invested a sum of ₹ 6.01 crores in equity of the said joint venture company for a 26% share. The company further extended a shareholder loans of ₹ 74.75 crores (equivalent to US\$ 1.68 crores). The said joint venture had a 25 years concessioning agreement with the Government of Mozambique (GoM) to rehabilitate, operate and manage railway systems.
- 2.43.1** During the year, the GoM unilaterally terminated the concessioning agreement and took over the project on 8th December 2011 which in the opinion of the company is unlawful and against the provisions of the agreement. Consequently CCFB, the joint venture has initiated arbitration against the said decision of GoM.
- 2.43.2** Till the year ended 31st March 2011 the company had been recognizing interest on the said shareholder's loans in accordance with the loan agreements entered into with CCFB. The company was also recognizing income in respect of services provided to CCFB till 31st March 2011.
- 2.43.3** In view of the present uncertainties, the management has considered it prudent not to recognize further income of the year 2011-12 in respect of interest on loan amounting to ₹ 4.16 crores and in respect of the services provided amounting to ₹ 6.36 crores.
- 2.43.4** As per terms of the Concession Agreement, the management considers good the amounts due in respect of loans and interest accrued upto the year ended 31st March 2011 and accordingly does not consider it necessary to make any provision in respect of the said sums. However the management has considered necessary to make a provision in respect of services provided to CCFB till last year, amounting to ₹ 6.80 crores (equivalent US\$ 0.15 crores) as a prudent measure. Debt receivables and provision for doubtful debts upto 31st March, 2011 have been shown at the exchange rate prevailing on that date which have no impact due to non recognition on exchange gain or loss as a result of offsetting.

- 2.43.5** The company in accordance with the provisions of Accounting Standard 11 has been recognizing the exchange differences on the aforesaid foreign currency amounts till the year ended 31st March 2011. In view of the arbitration proceedings launched and consequent uncertainties, the management has considered it prudent not to recognize any exchange differences in respect of the amounts due from CCFB in foreign exchange towards loans, interest accrued, debts as well as of provision for doubtful debts and these are being stated at the prevailing exchange rate on 31st March 2011, resulting non-recognition of exchange gain of ₹ 13.64 crores (previous year Nil). However, any loss due to unfavorable exchange differences would have been/will be recognized and provided for.
- 2.44** As per the existing practice, company has made a provision for doubtful debts of ₹14.98 crores (previous year ₹ 2.20 crores) including those debts which are 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 clients to pay the debts to the company.
- 2.45** As per DPE guidelines, Employees' Post Retirement Pension Scheme effective from 1st January 2007 is under finalization and approval. However, a provision of ₹ 23.40 crores (previous year ₹ 17.09 crores) has been kept from 1st January 2007 to 31st March 2012 which includes provision of ₹ 6.31 crores (previous year ₹ 5.68 crores) made for the year. Similar Post Retirement Medical Scheme effective from 1st January 2007 is pending for approval with Ministry of Railways, the company has made a provision of ₹ 16.12 crores from 1st January 2007 to 31st March, 2012 (previous year ₹ 7.87 crores) which includes provision of ₹ 8.25 crores (previous year ₹ 2.49 crores) made for the year.
- 2.46** As per DPE guidelines, a reserve of ₹ 5.00 crores (previous year ₹ 4.88 crores) has been created for the CSR projects for the financial year 2012-13 and an amount of ₹ 3.80 crores (previous year ₹ 2.42 crores) spent during the year has been recognized as expenditure and to that extent CSR's reserve has been written back. After creation of CSR reserve for the year and left over previous years balances, CSR reserve comes to ₹ 6.66 crores (previous year ₹ 5.46 crores) at the end of financial year 2011-12.
- 2.47** Sundry creditors, customers advances, amounts recoverable, security deposits receivable/payable are subject to confirmation.
- 2.48** In cases where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle and multipurpose advances are considered unsecured.
- 2.49** Contingent liabilities and commitments to the extent not provided for include:
- 2.49.1 Contingent Liabilities**
- (a) Claims against the company not acknowledged as debts as certified by the Management are ₹ 223.41 crores (previous year ₹ 226.16 crores). These include:-
- (i) Claims (excluding interest) amounting to ₹ 51.18 crores (previous year ₹ 49.92 crores) 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.
- (ii) Other claims (excluding interest) amounting to ₹ 172.23 crores (previous year ₹ 176.24 crores) are contested by the company and the company has made counter claims of ₹ 644.53 crores (previous year ₹ 644.53 crores) on an executing agency.
- (b) Guarantees:
- Counter Guarantees given by the company against Guarantees issued by the Bankers outstanding as at 31st March 2012 amounted to ₹ 373.82 crores (previous year ₹ 288.59 crores). This includes counter guarantee of ₹ 0.61 crore (previous year ₹ 0.61 crore) on behalf of Geoconsult-RITES, a joint venture entity, in which RITES has 13% share.
- (c) Others money for which the company is contingently liable:
- (i) Excise bonds amounting to ₹ 11.36 crores (previous year ₹ 10.58 crores) are outstanding against export obligations with Central Excise Department. Out of this, bonds valuing of ₹ 6.44 crores (previous year ₹ 4.17 crores) are due for release by the department.
- (ii) In respect of joint venture entities refer to note no. 2.35.2.2
- (iii) Income tax demands contested by the company is ₹ 32.74 crores (previous year nil).
- 2.49.2 Commitments**
- (a) Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amounting to ₹ 25.17 crores (previous year ₹ 31.51 crores), includes ₹ 9.93 crores (previous year nil) on account of intangible assets.
- (b) The company has undertaken development of Locomotives for which a sum of ₹ 14 crores (previous year ₹ 14 crores) 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 ₹ 4.49 crores (previous year ₹ 4.49 crores) has been included in capital commitment.
- 2.50** 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.

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 LTD. FOR THE YEAR ENDED 31st MARCH 2012.

The preparation of financial statements of RITES Ltd. for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) 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 21st July, 2012.

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 on the financial statements of RITES Ltd. for the year ended 31st March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619 (4) of the Companies Act, 1956.

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



(Dinesh Bhargava)
PDA RC/COFMOW

Place : New Delhi

Dated : 31st July, 2012

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 RITESAFRIKA (PTY) LTD achieved income of Pula 12.69 million (₹ 858.25 lakh) (previous year income of Pula 17.61 million [₹ 1191.00 lakh]) and net profit of Pula 0.21 million (₹ 14.20 lakh) (previous year net profit of Pula 2.03 million [₹ 137.30 lakh]) and accumulated profits at the end of the year is Pula 2.92 million (₹ 197.49 lakh).
3. Keeping in view the performance of the Company, Board of Directors of the RITES (AFRIKA) (PTY) LTD have recommended dividend of pula 600 % of the paid capital for the year 2011-12.
4. The final design report for the Hukuntsi and Tsabong Airport has been submitted to Civil Aviation Authority of Botswana. The construction phase of the project has been deferred due to paucity of funds with CAAB.
5. The work on construction phase for Francistown International Airport has been completed and commercial operation has commenced w.e.f. 01.09.2011. The work of the project was appreciated by the Ministry of Transport.
6. The work on construction phase for the construction of Francistown-Ramokgwebana project has also been completed and commercial operation commenced w.e.f. 23.02.2012.
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 slowdown and effect of European economy on the Botswana economy recession, the emphasis is now on to complete ongoing projects. New projects have been kept under abeyance.

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 Lakh.
4. During the year under review physical works of construction and service connections at three MFCs have been completed out of six MFCs under CSR scheme of RITES at a total expenditure of ₹ 1.90 crore and an amount of ₹ 87 Lakh has been incurred on other three MFCs under CSR scheme of RITES up to 31st March, 2012. The three completed MFCs under CSR scheme of RITES has been transferred by Holding Company to RITES Infrastructure Services Ltd and company has recognised the assets of three MFCs at nominal value of ₹ 1/- per MFC.
5. The construction works / tendering process on other fourteen MFCs sites is in progress and the holding company has incurred ₹ 2.82 crore on behalf of the company upto 31st March, 2012.
6. During the year Company has not recorded operating turnover since company has not yet started its commercial activities. However, company has recognised accrued interest on FDR of ₹ 2,487/- against the total expenditure ₹ 57,931/-.

RITES MOHAWAREAN ARABIA COMPANY LIMITED (RMAC)

1. 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 for operation and maintenance of the mineral line of the North South Railway network, a contract awarded by SAR (Saudi Railway Company).
2. The accounts of the Company for the 1st year commencing from the date of incorporation i.e 21st December, 2010 to 31st December, 2011 have been audited by the auditors and form part of the Annual Report of the holding Company (RITES Ltd.). The Company is in the process of winding up since the execution of project for which it was formed has been closed in June 2011.

For and on behalf of the Board



(PT Mittal)

Company Secretary



(Sumit Sinha)

Director Technical



(Rajeev Mehrotra)

Managing Director/Director Finance

Place : Delhi

Dated: 16th August, 2012

BITES AFRIKA (PROPRIETARY) LIMITED**DIRECTORS REPORT****FOR THE YEAR ENDED 31st MARCH, 2012****GENTLEMEN,**

Your directors have immense pleasure to present you the annual report of the company together with the audited statement of accounts and the report of statutory auditors thereon for the year ended 31st March, 2012.

During the year under review your company has achieved the income of Pula 12.69 million as compared to income of Pula 17.61 million of the previous financial year, lower by Pula 4.92 million (39%) due to economic slowdown & effect of European economy on the Botswana economy. Income from consultancy services is of Pula 9.92 million for the year as compared to Pula 13.66 million of the last year, lower by Pula 3.74 million (38%). Your company has made a net profit before tax of Pula 0.21 million as compared to Pula 2.04 million of the last financial year which is lower by Pula 1.83 million.

FINANCIAL RESULTS

The financial results of the company are summarized below;

(Figures in Pula million)		
Particulars	2011-2012	2010-2011
Income	12.69	17.61
Expenditure	12.48	15.57
Depreciation (included in above expenses)	0.05	0.04
Net Profit / (Loss) before tax	0.21	2.04
Income tax Expenses	0.13	0.46
Net profit / (Loss) after tax	0.08	1.58
Dividend paid for the year	0.06	0.04
Income from:		
- Consultancy fee	9.92	13.66
- Other incomes	2.77	3.95
Accumulated Profit/ (Loss) at the end of year	2.92	2.90

The company received arrears of Income of Pula 1.5 Million during the year 2011-12 pertaining to previous years which has been recognized in previous years resulted into increase of reserves & surplus by Pula 914,906 after taxes.

In view of the above previous year figures are recasted.

DIVIDEND

The board of Directors is pleased to announce a dividend of 600% for the year 2011-2012.

PROJECTS SECURED & EXECUTED

Due to economy slowdown, stiff competition & emphasis on empowerment of local citizen consultant, no major project has been secured in the fiscal year 2011-2012 by the company, except a small value contract i.e preparation of landing procedures for Maun Airport. Existing

consultancy projects i.e. Francistown International airport & Ramokhehana Road have been extended up to September 2011 and February 2012 respectively. EOI for integrated transport project and DPR for Airports in Namibia are under evaluation.

The work order position during 2012-13 is almost NIL except company's commitments for the post construction period for the completed projects and ongoing access road packages (2nos), which is a minor project. It is difficult to sustain the current operation level. The turnover during 2012-13 is likely to reduce to Pula 2 million as against Pula 10 million during the year 2011-12.

The final design report for the Hukuntsi and Tsabong airport has been submitted to Civil Aviation Authority of Botswana (CAAB). The construction phase of the project has been deferred due to paucity of funds with CAAB. The work on construction phase for Francistown International Airport has been completed and commercial operation has commenced w.e.f 1.09.11. The work of the project was appreciated by the Ministry of Transport. The work on construction phase for Francistown-Ramokhehana project has also been completed and commercial operation commenced w.e.f 23.02.12.

BOTSWANA SCENARIO

The Government of Botswana made an announcement during the presentation of 2012-13 national budget that the priority areas for the Government would be on completion of ongoing projects, poverty eradication programme & maintenance & operation of existing infrastructure. There is emphasis on empowerment of local citizen consultants; thus no major new projects are expected during fiscal year 2012-2013. The Government of Botswana is seeking to reduce the reliance on Diamond export. Botswana has about 200 billion ton coal reserves. The Govt. is planning to construct Railway line between Botswana- Namibia at an estimated cost of US\$ 9 billion through private sector participation to haul the local export traffic. There may be opportunities in the field of supplying rail equipments, wagons & supervision consultancy to the company. However due to economic slowdown and effect of European economy on the Botswana economy recession the emphasis is now on to complete ongoing projects. New projects have been kept under abeyance. The meeting was also held with Hon'ble Minister of Transport and communication Botswana along with High commissioner of India in order to utilize LOC extended by Govt of India to Republic of Botswana in the year 2006. The efforts are going on in this direction to secure some Railway Projects.

PROPOSALS SUBMITTED

Your company has submitted bids in (a) EOI for Integrated Transport project in Botswana (b) EOI for preparation of DPR for Airports in Namibia (c) Preparation of landing procedures for 5 Airports.

ACKNOWLEDGEMENTS

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

M/s Ramani & Associates was the statutory auditors of the Company for the year 2011-2012. Board of Directors would like to place on record their sincere thanks for the valuable services rendered by them.

We take this opportunity to acknowledge with thanks the valuable cooperation received from the Department of Civil Aviation, Department of Roads, Ministry of Works & Transport, Ministry of Finance, Department of

Town and regional Planning, Department of Mines, Department of Crop Production and Forestry, Departments 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 & co-operation.

For and on behalf of the Board of Directors



Place: Gaborone, Botswana

Sanjai Kumar Jain

Dated: 30th June, 2012

Director

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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 auditor is 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 judgements 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 board 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, 2013 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 74-75.

The financial statements set out on pages 75 to 80, which have been prepared on the going concern basis, were approved by the board on 30th June, 2012 and were signed on its behalf by Sh. Sanjai Kumar Jain, Director:



Director

INDEPENDENT AUDITOR'S REPORT

To the members of Rites Afrika (Pty) Ltd

I have audited the financial statements of Rites Afrika (Pty) Ltd, which comprise the statement of financial position as at March 31, 2012, 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, as set out on pages 75 to 80.

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 requirements of the Companies Act of Botswana, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 (Pty) Ltd as at March 31, 2012, 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 the requirements of the Companies Act of Botswana.

Ramani and Associates



JRV Ramani

Certified Auditor

Practising number: 19900324.33

July 05, 2012

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2012

		(Figures in Pula)	
	Note(s)	2012	2011
Assets			
Non-Current Assets			
Property, plant and equipment	1.2 & 2	8,211	8,906
Deferred tax	5	-	15,569
		<u>8,211</u>	<u>24,475</u>
Current Assets			
Trade and other receivables	6	5,351,580	4,626,155
Cash and cash equivalents	7	1,700,989	2,688,498
		<u>7,052,569</u>	<u>7,314,653</u>
Total Assets		<u>7,060,780</u>	<u>7,339,128</u>
Equity and Liabilities			
Equity			
Share capital	8	10,000	10,000
Retained income		2,924,625	2,899,936
		<u>2,934,625</u>	<u>2,909,936</u>
Liabilities			
Current Liabilities			
Loans from group companies	3	779,013	1,575,581
Current tax payable		265,402	284,162
Trade and other payables	9	3,061,740	2,549,449
Dividend payable		20,000	20,000
		<u>4,126,155</u>	<u>4,429,192</u>
Total Equity and Liabilities		<u>7,060,780</u>	<u>7,339,128</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2012

		(Figures in Pula)	
	Note(s)	2012	2011
Revenue	10	9,919,576	13,657,587
Cost of sales	11	(8,484,111)	(10,355,188)
Gross profit		<u>1,435,465</u>	<u>3,302,399</u>
Other income		2,771,683	3,953,353
Operating expenses		(3,996,457)	(5,219,227)
Operating profit		<u>210,691</u>	<u>2,036,525</u>
Finance costs	12	-	(1,355)
Profit before taxation		<u>210,691</u>	<u>2,035,170</u>
Taxation	13	(126,002)	(458,688)
Profit for the year		<u>84,689</u>	<u>1,576,482</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>84,689</u>	<u>1,576,482</u>
Total comprehensive income attributable to:			
Owners of the parent		84,689	1,576,482

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2012

	(Figures in Pula)		
	Share capital	Retained income	Total equity
Balance at April 01, 2010	10,000	1,363,454	1,373,454
Changes in equity			
Total comprehensive income for the year	-	1,576,482	1,576,482
Dividends	-	(40,000)	(40,000)
Total changes	-	1,536,482	1,536,482
Balance at April 01, 2011	10,000	2,899,936	2,909,936
Changes in equity			
Total comprehensive income for the year	-	84,689	84,689
Dividends	-	(60,000)	(60,000)
Total changes	-	24,689	24,689
Balance at March 31, 2012	10,000	2,924,625	2,934,625
Note(s)	8		

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2012

		(Figures in Pula)	
	Note(s)	2012	2011
Cash flows from operating activities			
Cash (used in) generated from operations	15	(123,823)	1,664,221
Finance costs		-	(1,355)
Tax paid	16	(129,193)	(264,933)
Net cash from operating activities		(253,016)	1,397,933
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(4,950)	(5,620)
Repayment of loans to/ from holding company		(796,568)	(1,728,022)
Net cash from investing activities		(801,518)	(1,733,642)
Cash flows from financing activities			
Repayment of other financial liabilities		127,025	67,069
Dividends paid		(60,000)	(40,000)
Net cash from financing activities		67,025	27,069
Total cash movement for the year		(987,509)	(308,640)
Cash at the beginning of the year		2,688,498	2,997,138
Total cash at end of the year	7	1,700,989	2,688,498

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 Botswana Pulas.

These accounting policies are consistent with the previous period.

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 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 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 supply demand, together with economic factors such as exchange rates inflation interest.

Provisions

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

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 5 – Deferred tax.

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 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.

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 property, plant and equipment.

This includes cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

1.3 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.

1.4 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.

1.5 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.

1.6 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests goodwill, with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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.

1.7 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.

1.8 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.

Termination benefits

Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting period date.

1.9 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.

Contingencies are disclosed in note .

1.10 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 amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- 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.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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.

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract cost associated with the construction contract is recognised by reference to the stage completion of the contract activity at the end of the reporting period.

Stage 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.

1.11 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, 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.

When a gain or loss on a non-monetary item is recognised in other comprehensive income or directly in equity, any exchange component of that gain or loss is recognised in other comprehensive income or directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Property, plant and equipment

	(Figures in Pula)					
	2012			2011		
	Cost/ Valuation	Accu. Carrying Depn. Value		Cost/ Valuation	Accu. Carrying Depn. Value	
Furniture & fixtures	65,939	(61,442)	4,497	65,939	(60,880)	5,059
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	31,834	(28,122)	3,712	26,884	(23,039)	3,845
Total	248,310	(240,099)	8,211	243,360	(234,454)	8,906

Reconciliation of property, plant and equipment - 2012

	Op. Bal.	Additions	Depreciation	Total
Furniture and fixtures	5,059	-	(562)	4,497
Motor vehicles	1	-	-	1
Office equipment	1	-	-	1
IT equipment	3,845	4,950	(5,083)	3,712
	8,906	4,950	(5,645)	8,211

Reconciliation of property, plant and equipment - 2011

	Op. Bal.	Additions	Depreciation	Total
Furniture and fixtures	1	5,620	(562)	5,059
Motor vehicles	1	-	-	1
Office equipment	1	-	-	1
IT equipment	7,690	-	(3,845)	3,845
	7,693	5,620	(4,407)	8,906

3. Loans to (from) group companies

Holding company

RITES Limited (779,013) (1,575,581)

The amount payable stated above are as a result of charges from the company to its holding company for the staff salaries charged to them and the consulting fee charged by the holding company to this company transacted at arms length. This is a trade account and does not carry interest. The amount is normally payable within 12 months.

4. Other financial assets

The fair values of listed or quoted investments are based on the quoted market price at reporting period date.

5. Deferred tax

Deferred tax asset

Accelerated capital allowances
for tax purposes

- 15,569

Reconciliation of deferred tax asset (liability)

At beginning of the year 15,569 18,566
Originating temporary difference
on tangible fixed assets (15,569) (2,997)
- 15,569

(Figures in Pula)

	2012	2011
6. Trade and other receivables		
Trade receivables	4,061,863	3,046,423
Prepayments (if immaterial)	-	8,912
Deposits	7,700	7,700
Accrued income-Escalation Claims	1,276,788	1,553,665
WHT call account	5,229	9,455
	5,351,580	4,626,155
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2,976	2,016
Bank balances	1,175,363	2,542,515
Short-term deposits	522,650	143,967
	1,700,989	2,688,498
8. Share capital		
Issued		
Ordinary	10,000	10,000
9. Trade and other payables		
Trade payables	1,956,611	1,467,114
VAT	72,858	154,537
WHT payable	125,556	124,579
Accrued leave pay	71,050	124,508
Accrued bonus	-	201,810
Accrued utilities expense	6,165	4,161
Accrued rent expense	924	-
ccrued audit fees	37,000	37,000
Accrued Consulting Fee	786,860	433,740
Dividends Payable	2,716	-
Deposits received	2,000	2,000
	3,061,740	2,549,449
10. Revenue		
Rendering of services	9,919,576	13,657,587
11. Cost of sales		
Rendering of services		
Consulting Expenses (Holding Company) Rites Ltd	3,324,805	4,255,334
Consulting fee - local	4,864,798	5,947,483
Travelling Expenses and WHT of visiting consultants	294,508	152,371
	8,484,111	10,355,188
12. Finance costs		
Group companies	-	1,355
13. Taxation		
14. Auditor's remuneration		
Fees	37,000	37,000
15. Cash (used in) generated from operations		
Profit before taxation	210,691	2,035,170
Adjustments for:		
Depreciation and amortisation	5,645	4,407
Profit on foreign exchange	(127,025)	(67,069)
Finance costs	-	1,355
Changes in working capital:		
Inventories	-	1,100,891
Trade and other receivables	(725,425)	(2,714,920)

	(Figures in Pula)	
	2012	2011
Trade and other payables	512,291	1,304,387
	<u>(123,823)</u>	<u>1,664,221</u>
16. Tax paid		
Balance at beginning of the year	(284,162)	(93,404)
Current tax for the year recognised in profit or loss	(110,433)	(458,688)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	-	2,997
Balance at end of the year	<u>265,402</u>	<u>284,162</u>
	<u>(129,193)</u>	<u>(264,933)</u>
17. Related parties		
Relationships		
Ultimate holding company	RITES Limited	
Holding company	RITES Limited	
Related party balances		
Loans to and from holding company represent charges from one to the other for trade transactions, being charge for consulting services rendered through its employees and expenses paid by one for the other. They are transacted at arms length. No interest is provided for and there are no repayment terms prescribed for these trade balances. They are payable within a period of 12 months. They are unsecured.		
Loan accounts - Owing (to) by related parties		
RITES Limited	779,013	1,575,581
18. Directors' remuneration-Executive		
	2012	2011
	Emoluments	Emoluments
S.K. Jain	307,634	236,736
Total	<u>307,634</u>	<u>236,736</u>
19. Prior period errors		
Certain revenue and expenses items have been corrected in the prior year as detailed below:		
Civil Aviation Airport was invoiced in USD partly. This amount was converted at a standard exchange rate and was not converted using the exchange rate ruling on the transaction date. This was corrected and the resultant amount charged to consulting income for prior year and this amounted to P52,682.91		
Pula Consultants invoice for the month of March, 2011 amounting to P350,980.32 was not accounted for last year and this was restated to include this cost.		
Salaries paid on behalf of holding company to the deputed staff, which were netted off against salaries in the earlier year is shown separately as income and expenses (no effect on profits or retained earnings). There is an escalation claim based on cost of living which was relating to prior year that was not accrued in the earlier year, is now accrued which amounted to P1,553,665. Similarly escalation claim due to subcontractor for earlier year that was not accrued earlier is now accrued amounting to P433,740 :		
Statement of Financial Position		
Accrued Income	-	1,553,665
Accrued Consulting fees	-	(433,740)
Tax Provision	-	(257,974)
Receivables	-	52,683

	(Figures in Pula)		
	Note(s)	2012	2011
Profit or Loss			
Consulting Income		-	(1,606,348)
Consulting Exp		-	433,740
Tax for the year		-	257,974
DETAILED INCOME STATEMENT			
Revenue			
Rendering of services		9,919,576	13,657,587
Cost of sales			
Purchases		(8,484,111)	(10,355,188)
Gross profit		1,435,465	3,302,399
Other income			
Rental income		51,252	46,365
Other income		65,990	103,551
Salaries charged to holding company		2,527,416	3,736,368
Profit on exchange differences		127,025	67,069
		<u>2,771,683</u>	<u>3,953,353</u>
Expenses		(3,996,457)	(5,219,227)
Operating profit		210,691	2,036,525
Finance costs	12	-	(1,355)
Profit before taxation		210,691	2,035,170
Taxation	13	126,002	458,688
Profit for the year		<u>84,689</u>	<u>1,576,482</u>
Operating expenses			
Accounting fees		(37,566)	(50,199)
Advertising		(5,153)	-
Auditor's remuneration	14	(37,000)	(37,000)
Bad debts		(50,070)	-
Bank charges		(8,194)	(5,282)
Computer expenses		(8,244)	(5,039)
Depreciation, amortisation and impairments		(5,645)	(4,407)
Donations		-	(1,600)
Employee costs		(3,190,798)	(4,479,504)
Entertainment		(17,956)	-
Office Expenses		(4,700)	(4,000)
Permit and Licence Expenses		(28,336)	(43,494)
Insurance		(19,634)	(31,018)
Lease rentals on operating lease		(191,558)	(189,816)
Motor vehicle expenses		(10,154)	(14,709)
Other expenses		-	(596)
Petrol and oil		(17,282)	(15,725)
Postage		(7,707)	(8,952)
Printing and stationery		(89,418)	(68,167)
Repairs and maintenance		(17,049)	(6,656)
Security		(16,406)	(27,323)
Staff welfare		(52,115)	(39,710)
Telephone and fax		(48,521)	(85,607)
Training Levy		(21,049)	(28,316)
Travel - local		(19,645)	(10,072)
Travel - overseas		(53,101)	(30,900)
Utilities		(39,156)	(31,135)
		<u>(3,996,457)</u>	<u>(5,219,227)</u>

RITES INFRASTRUCTURE SERVICES LTD.**DIRECTORS' REPORT****Distinguished Shareholders**

The Directors of your company have immense pleasure in presenting 2nd Annual Report of the Company together with the audited Statements of Accounts and Auditors' Report for the year ended 31st March, 2012.

The company was incorporated on 27th April, 2010 as a wholly owned Subsidiary (WOS) of RITES Limited. The main objects of the company are to undertake infrastructure projects for development, operation & maintenance of Multi Functional Complex (MFC's) at/in the vicinity of identified or prescribed premises of Railway Stations and on sites assigned by the Ministry of Railways.

The Company is executing the work of development, operation and maintenance of Multi-functional Complexes at 20 railway stations which have been identified by the Ministry of Railways, Government of India.

RITES Ltd., on behalf of the Company, is executing the construction of the Multi-functional Complexes. Contracts for operation and maintenance of the MFCs shall be awarded through tender process. During the year under review physical works of construction and service connections at three stations have been completed and are in advanced stages at eleven other stations. Site is to be finalized by Zonal Railway at one station and tendering is in process at one station. Tendering for development shall be taken up for two stations subject to directions which are awaited from Ministry of Railways; decision to take up development at two stations is awaited from the Ministry.

FINANCIAL HIGHLIGHTS

The financial performance of the company for the year 2011-12 is given below:

Particulars	(Amount in ₹)	
	2011-12	2010-11
Authorised Share Capital	5,00,00,000	5,00,00,000
Subscribed Share Capital	5,00,000	5,00,000
Reserves & Surplus	(5,56,364)	(5,00,923)
Tangible Assets *	3	-
Capital Work in Progress	2,82,47,171	68,64,164
Total Income / Gross Sales	2,487	Nil
Total Operating Income	Nil	Nil
Total Expenditure	57,931	5,00,923
Profit Before Tax (PBT)	(55,444)	(5,00,923)
Profit After Tax (PAT)	(55,444)	(5,00,923)
Gross Margin	Nil	Nil
Net worth	(56,364)	(923)

*Transfer of Assets of 3 MFC'S by the holding company recognised at nominal value of ₹ 1/- per MFC.

BUSINESS PERFORMANCE

The company has not recorded operating turnover during the year since company has not yet started its commercial activities. However, company has recognised accrued interest on FDR of ₹ 2,487/- during the year 2011-12.

CAPITAL STRUCTURE

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

DIVIDEND

Since the company has not yet started its commercial activities, no dividend has been declared by the company for the year 2011-12.

FIXED DEPOSITS

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

RESERVES

The Company has incurred losses hence, 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 earnings 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

"Management Discussion and Analysis Report" and "Corporate Governance Report" forms an integral part of this Director's Report have been placed at **Annexure - I & II**

BOARD OF DIRECTORS

The Board of Directors consists of three (3) Directors all are part time Director nominated by the Holding Company (RITES). The Board met five (5) times during the year for transacting businesses.

The following Directors held office during the year:

Nominee Directors: (Part-time)

Shri Jeevan Gupta	Director
Shri M. Mahalingam	Director
Shri K.K. Gupta	Director
Shri H.K. Bali	Director (up to 18/08/2011)

DIRECTORS' RESPONSIBILITY STATEMENT

Annexure - I

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.

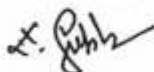
AUDITORS

The Comptroller & Auditor General of India appointed M/s SSAS & Associates, Chartered Accountants as Company's Statutory Auditors for the year 2011-12. 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



M.Mahalingam
Director

Place: Gurgaon

Dated: 27th June, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

AN OVER VIEW

The company was incorporated on 27th April, 2010 as a wholly owned Subsidiary (WOS) of RITES Limited, a schedule 'A' Miniratna, Category 'I' Company under the Ministry of Railways.

OBJECTIVES

The main objects of the company are to undertake infrastructure projects for development, operation & maintenance of Multi Functional Complex (MFC's) at/in the vicinity of identified or prescribed premises of Railway Stations and on sites assigned by the Ministry of Railways.

FINANCIAL PERFORMANCE

The company has not recorded operating turnover during the year, since company has not yet started its commercial activities. However, company has recognised accrued interest on FDR of ₹ 2,487/- during the year 2011-12.

OPERATIONAL PERFORMANCE

The Company is executing the work of development, operation and maintenance of Multi-functional Complexes at 20 railway stations which have been identified by the Ministry of Railways, Government of India.

RITES Ltd., on behalf of the Company, is executing the construction of the Multi-functional Complexes. Contracts for operation and maintenance of the MFCs shall be awarded through tender process. During the year under review physical works of construction and service connections at three stations have been completed and are in advanced stages at eleven other stations. Site is to be finalized by Zonal Railway at one station and tendering is in process at one station. Tendering for development shall be taken up for two stations subject to directions which are awaited from Ministry of Railways; decision to take up development at two stations is awaited from the Ministry.

STRENGTH

Supervision of construction and all tendering in connection with the MFC works is being handled by the parent RITES Ltd. who are experienced in construction management.

RISK AND CONCERN

The revenue is variable, geography-specific and is subject to significant un-quantified risk.

INTERNAL CONTROL SYSTEM

The performance is regularly monitored by its Board of Directors.

HUMAN RESOURCE

The Company has no human resources on rolls. The personnel involved in supervision of construction, tendering and financial management are all employees of RITES Ltd.

Annexure – II

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The philosophy of the Company in relation to Corporate Governance is the constant endeavor of the Company to adopt and maintain the highest standards of ethics in all spheres of business activities.

Initiatives are being taken to implement Corporate Governance principles and measures as contained in the Guidelines on Corporate Governance for Central Public Sector Enterprises May, 2010 issued by the Department of Public Enterprises.

2. Incorporation

The company was incorporated on 27th April, 2010 as wholly owned subsidiary of RITES Ltd with Authorised Share Capital of ₹ 5 Crore. It's Paid up Share Capital is ₹ 5 lakh. 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 3 Directors namely, Shri Jeevan Gupta, Shri M. Mahalingam and Shri K.K. Gupta all are part time Directors nominated by RITES, the holding company, as on 31st March, 2012.

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 Whole Time/ Part Time	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
1.	Shri Jeevan Gupta	Part Time Director	-	-	-
2.	Shri M. Mahalingam	Part Time Director	-	-	-
3.	Shri K.K. Gupta	Part Time Director	-	-	-
4.	Sh H.K. Bali (up to 18/08/2011)	Part Time Director	-	-	-

Notes:

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

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

3.2 Brief Resume of Director who have been appointed during the year as part time Directors – Non of the Director is appointed during the year 2011-12.

3.3 Number of Board Meetings

The Board of Directors met 5 times during the year 2011-12 to discuss and decide about the business activities of the Company.

S. No.	Name and Designation	Board Meetings During the Year		1st Annual General Meeting held on 18th August, 2011
		Held During tenure	Attended	
1.	Shri Jeevan Gupta Director	5	5	Present
2.	Shri M. Mahalingam Director	5	2	-
3.	Shri K.K. Gupta Director	5	5	-
4.	Shri H.K. Bali Director (up to 18/08/2011)	2	2	Present

3.4 Attendance of Board of Directors Meeting during the year 2011-12

S. No.	Name of Directors	Nos. and Date of Board of Directors Meeting					Total Meetings
		5th BOD Meeting/ 25th April, 2011	6th BOD Meeting/ 15th June, 2011	7th BOD Meeting/ 19th Sep, 2011	8th BOD Meeting/ 19th Dec, 2011	9th BOD Meeting/ 29th March, 2012	Total (5)
1.	Shri Jeevan Gupta	Attended	Attended	Attended	Attended	Attended	All
2.	Shri M. Mahalingam	Not Attended	Not Attended	Not Attended	Attended	Attended	2
3.	Shri K.K. Gupta	Attended	Attended	Attended	Attended	Attended	All
4.	Shri H.K. Bali (up to 18/08/2011)	Attended	Attended	NA	NA	NA	2(All)

4. Remuneration of Directors

Part time Directors, nominated on the Board by the holding company, do not draw any remuneration from the Company.

No sitting fee is paid to the part – time Directors.

5. Code of Conduct

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.

6. Committees of the Board of Directors

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

7. General Body Meetings

7.1 Annual General Meeting

i) The First Annual General meeting of the Company was held on 18th August, 2011 at 12:30 HRS at the Registered Office of the Company.

ii) No special Resolution were taken up in the 1st Annual General Meeting.

7.2 Extra - ordinary General Meeting

During the year under review one Extra – Ordinary General meeting was held on 15th June, 2011.

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.

AUDITOR'S 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, 2012 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 2012; and
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date.

**For SSAS & Associates
Chartered Accountants
(Registration No. 008550N)**

Alpana Saxena
(Alpana Saxena)

Partner

Membership no. 095837

Place: New Delhi

Dated: 27th June, 2012

Annexure referred to in the Auditor's report to the Members of RITES Infrastructure Services Limited

1. (a) During the year Company has received Fixed Assets from its Holding Company & the same has been recorded in the Fixed Asset Register. Company has also Capital Work in progress for which it is maintaining details of expenditure in respect of each project.
(b) The Fixed Assets have been physically verified by the management during the year & no material discrepancies were noticed.
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 ₹ 5,00,000/— 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. Keeping in view the size of the operations the Company do not have any internal audit system.
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 since the Company has no human resources on rolls. The personnel involved in supervision of construction, tendering and financial management are all employees of RITES Ltd. 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 2012 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.

Place: New Delhi
Dated: 27th June, 2012

For SSAS & Associates
Chartered Accountants
(Registration No. 008550N)

Alpana Saxena

(Alpana Saxena)
Partner
Membership no. 095837

BALANCE SHEET AS AT 31st MARCH, 2012

(Amount in ₹)			
PARTICULARS	NOTE NO.	AS AT 31.03.2012	AS AT 31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	2.1	500,000.00	500,000.00
RESERVES AND SURPLUS	2.2	(556,364.00)	(500,923.00)
		<u>(56,364.00)</u>	<u>(923.00)</u>
CURRENT LIABILITIES			
OTHER CURRENT LIABILITIES	2.3	28,770,440.00	7,395,087.00
		<u>28,770,440.00</u>	<u>7,395,087.00</u>
TOTAL EQUITY AND LIABILITIES		<u>28,714,076.00</u>	<u>7,394,164.00</u>
ASSETS			
NON CURRENT ASSETS			
FIXED ASSETS			
TANGIBLE ASSETS	2.4	3.00	-
CAPITAL WORK-IN-PROGRESS	2.5	28,247,171.00	6,864,164.00
		<u>28,247,174.00</u>	<u>6,864,164.00</u>
CURRENT ASSETS			
CASH AND BANK BALANCES	2.6	453,385.00	513,455.00
OTHER CURRENT ASSETS	2.7	13,517.00	16,545.00
		<u>466,902.00</u>	<u>530,000.00</u>
TOTAL ASSETS		<u>28,714,076.00</u>	<u>7,394,164.00</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS			
	1&2		

For and on behalf of the Board

K. K. Gupta

K. K. Gupta
Director

M. Mahalingam

M. Mahalingam
Director

As per our report of even date attached

Alpana Saxena

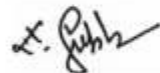
Alpana Saxena
Partner
Membership No.095837
For SSAS & Associates
Chartered Accountants
FRN : 008550N

Place : Delhi
Dated : 27th June, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(Amount in ₹)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
REVENUE			
OTHER INCOME	2.8	2,487.00	-
TOTAL REVENUE		2,487.00	-
EXPENDITURE			
EXPENSES	2.9	57,931.00	500,923.00
TOTAL EXPENDITURE		57,931.00	500,923.00
LOSS BEFORE TAX		(55,444.00)	(500,923.00)
PROVISION FOR TAXATION		-	-
LOSS AFTER TAX		(55,444.00)	(500,923.00)
EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC & DILUTED			
		₹ (1.11)	₹ (13.36)
NUMBER OF SHARES USED IN COMPUTING EARNING PER SHARE			
		50,000	37,500

For and on behalf of the Board

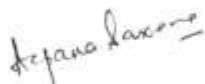


K. K. Gupta
Director



M. Mahalingam
Director

As per our report of even date attached



Alpana Saxena
Partner
Membership No.095837
For SSAS & Associates
Chartered Accountants
FRN : 008550N

Place : Delhi
Dated : 27th June, 2012

1 PRINCIPAL ACCOUNTING POLICIES

1.1 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.

1.2 REVENUE RECOGNITION

1.2.1 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.

1.2.2 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.

1.3 OPERATING LEASE

Operating lease charges are charged as revenue on accrual basis.

1.4 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.

1.5 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 taxable income.

1.6 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.

2 NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2012

2.1 SHARE CAPITAL

(Amount in ₹)			
PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011	
2.1.1 AUTHORISED			
5,000,000 EQUITY SHARES (PREVIOUS YEAR 5,000,000) OF ₹ 10/- EACH	50,000,000.00	50,000,000.00	
2.1.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP			
50,000 EQUITY SHARES (PREVIOUS YEAR 50,000) OF ₹ 10/- EACH FULLY PAID UP	500,000.00	500,000.00	
TOTAL	500,000.00	500,000.00	
	NO. OF SHARES	NO. OF SHARES	
2.1.3 SHARES HELD BY EACH SHAREHOLDER MORE THAN 5%			
RITES LTD	50,000.00	50,000.00	

2.2 RESERVES AND SURPLUS

(Amount in ₹)			
PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011	
2.2.1 SURPLUS / (DEFICIT)			
IN STATEMENT OF PROFIT AND LOSS			
OPENING BALANCE	(500,923.00)	-	
ADD: PROFIT/(LOSS) FOR THE YEAR	(55,444.00)	(500,923.00)	
TOTAL (A)	(556,367.00)	(500,923.00)	

2.2 CAPITAL RESERVE

(Amount in ₹)		
PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
CAPITAL GRANT RECEIVED FROM RITES LTD (A WHOLLY OWNED HOLDING COMPANY)	3.00	-
TOTAL (B)	3.00	-
CLOSING BALANCE (A+B)	(556,364.00)	(500,923.00)

2.3 OTHER CURRENT LIABILITIES

(Amount in ₹)		
PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
AMOUNT PAYABLE TO RITES LTD.	28,750,164.00	7,384,057.00
EXPENSES PAYABLE	9,040.00	-
AUDITORS' FEE PAYABLE	11,236.00	11,030.00
TOTAL	28,770,440.00	7,395,087.00

2.4 TANGIBLE FIXED ASSETS AS AT 31.03.2012

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.11	ADDITION DURING THE PERIOD	SALE/ADJ DURING THE PERIOD	TOTAL 31.03.12	AS AT 01.04.11	FOR THE PERIOD	SALE/ADJ DURING THE PERIOD	TOTAL 31.03.12	AS AT 31.03.12	AS AT 31.03.11
MULTI FUNCTIONAL COMPLEXES AT										
HALDIA (RECEIVED FROM RITES LTD AS GRANT)	-	1.00	-	1.00	-	-	-	-	1.00	-
KAKDWIP (RECEIVED FROM RITES LTD AS GRANT)	-	1.00	-	1.00	-	-	-	-	1.00	-
NEW ALIPUR (RECEIVED FROM RITES LTD AS GRANT)	-	1.00	-	1.00	-	-	-	-	1.00	-
TOTAL	-	3.00	-	3.00	-	-	-	-	3.00	-

2.5 CAPITAL WORK IN PROGRESS AS AT 31.03.2012

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.11	ADDITION DURING THE PERIOD	SALE/ADJ DURING THE PERIOD	TOTAL 31.03.12	AS AT 01.04.11	FOR THE PERIOD	SALE/ADJ DURING THE PERIOD	TOTAL 31.03.12	AS AT 31.03.12	AS AT 31.03.11
CAPITAL WORK IN PROGRESS	6,864,164	21,383,007	-	28,247,171	-	-	-	-	28,247,171	68,64,164
TOTAL	6,864,164	21,383,007	-	28,247,171	-	-	-	-	28,247,171	68,64,164

2.6 CASH AND BANK BALANCES

(Amount in ₹)		
PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
BANK BALANCES IN :		
CURRENT ACCOUNTS	53,385.00	513,455.00
OTHER BANK BALANCES		
DEPOSITS WITH MORE THAN 3 MONTHS MATURITY	400,000.00	-
TOTAL	453,385.00	513,455.00

2.7 OTHER CURRENT ASSETS

(Amount in ₹)		
PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
AMOUNT RECOVERABLE FROM		
AXIS BANK	11,030.00	16,545.00
INTEREST ACCRUED ON FDR WITH		
AXIS BANK	2,487.00	-
TOTAL	13,517.00	16,545.00

2.8 OTHER REVENUE

(Amount in ₹)		
PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
INTEREST ACCRUED ON FDR	2,487.00	-
TOTAL	2,487.00	-

2.9 EXPENSES

(Amount in ₹)		
PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
LEGAL AND FILING EXPENSES	28,000.00	3,000.00
PROFESSIONAL CHARGES	8,000.00	9,927.00
INCORPORATION EXPENSES	-	476,966.00
MISC EXPENSES	9,040.00	-
AUDITORS' EXPENSES		
- STATUTORY AUDIT FEE	11,236.00	11,030.00
- OUT OF POCKET EXPENSES	1,655.00	-
TOTAL	57,931.00	500,923.00

2.10 Capital commitments to the extent not provided for include:

Estimated amount of contracts remaining to be executed on capital account as not provided for amounting to ₹ 5,56,35,353/- (previous year ₹ 2,16,50,600/-).

2.11 Additional information as required by Revised Schedule VI, Part II of the Companies Act, 1956:- NIL

2.12 Disclosures as per Accounting Standards:

2.12.1 Government Grant

During the year company has received following MFCs at free of cost from RITES Ltd (wholly owned holding company).

1. MFC at New Alipur Jn. (cost to RITES Ltd is ₹ 88,23,557/-)
2. MFC at Haldia. (cost to RITES Ltd is ₹ 79,74,100/-)
3. MFC at Kakdwip. (cost to RITES Ltd is ₹ 22,37,973/-)

Company has adopted Capital Approach method for recognizing the above MFCs. Company has recognized the assets of MFCs at nominal value @ ₹ 1/- per MFC by crediting to Capital Reserve.

2.12.2 Related Party Disclosures

a) Relationship with Holding Company.

Nature of relationship	Name of Party
Holding Company	RITES Ltd.
Directors	1. Sh. Jeevan Gupta 2. Sh. M. Mahalingam 3. Sh. K. K. Gupta 4. Sh. H. K. Bali (Upto 18/08/2011)

b) Holding company had decided for construction six MFCs under CSR scheme. During the year Holding company has completed three MFCs under CSR and the same has been transferred to the company at free of cost (Refer Note:-2.12.1). The following three MFCs under CSR expenditure of RITES Ltd are still under construction and the same will be transferred to company on completion at free of cost.

1. MFC at Alipurduar Cost to RITES LTD. ₹ 37,09,367/- (upto 31.03.2012).
2. MFC at Manmad Cost to RITES LTD. ₹ 30,55,149/- (upto 31.03.2012).
3. MFC at Ghatshila Cost to RITES LTD. ₹ 18,90,937/- (upto 31.03.2012).

c) Holding company is also doing construction works/ tendering process on other fourteen MFCs sites namely Darjeeling, Ernakulam Junction, Guntur, Kattayam, Kurukshetra, Kozhikode, Palkkad Junction, Rajkot, Rameswaram, Ranchi, Tiruchchirappalli Junction, Trichur, Vadadora & Visakhapatnam on behalf of the company. The expenditure incurred by the holding company upto 31st March, 2012 is ₹ 2,82,47,171/-, shown as payable to the holding company as liability, correspondingly to capital work in progress as assets.

d) Transactions during the year with RITES Ltd. (Holding company).

(Amount in ₹)		
Nature of Transaction	2011-2012	2010-2011
Construction of MFCs on behalf of Company	2,13,83,007	68,64,164
Eexpenses on behalf of Company	13,100	4,89,893

e) Balances with RITES Ltd (Holding company).

(Amount in ₹)		
Particulars	At 31.03.2012	At 31.03.2011
Amount Payable	2,87,50,164	73,84,057

2.12.3 Earning Per Share

- Numerator for basic & Diluted earning per share Net Profit (loss) available to equity shareholders ₹ (55,444)
- Denominator for basic & diluted earning per share Weighted average number of shares 50,000
- Basic & Diluted Earning Per Share (a/b) ₹ (1.11)

2.12.4 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.

2.12.5 Deferred Tax

Due to uncertainty regarding future profits, company has not recognized deferred tax assets.

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 FOR THE YEAR ENDED 31st MARCH 2012

The preparation of financial statements of RITES Infrastructure Services Limited for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statement under section 227 of the Companies Act, 1956 based on independent audit in accordance with 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 27th June, 2012.

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 for the year ended 31st March 2012 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



(Dinesh Bhargava)
Principal Director,
Rly-Commercial

Place : New Delhi
Dated : 3rd August, 2012

BITES MOHAWAREAN ARABIA COMPANY LIMITED
AUDITORS' REPORT TO THE PARTNERS OF BITES
MOHAWAREAN ARABIA COMPANY LIMITED

Scope of audit

We have audited the accompanying balance sheet of Rites Mohawarean Arabia Company Limited (the "Company") as at 31 December 2011 and the related statements of income, cash flows and changes in partners' deficit for the period from 21 December 2010 to 31 December 2011. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 175 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. 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 the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified opinion

In our opinion, the financial statements taken as a whole:

- i) present fairly, in all material respects, the financial position of the Company as at 31 December 2011 and the results of its operations and its cash flows for the period then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's articles of association in so far as they affect the preparation and presentation of the financial statements.

Emphasis of a matter

Without qualifying our opinion, we draw attention to the fact that the accumulated losses of the Company at the balance sheet have exceeded its capital. The Regulations for Companies requires that in situations where losses are in excess of one half of capital, the managers should call for a meeting at which the partners resolve whether to continue with the operations of the Company and provide support or to dissolve it before the expiry of its term. Accordingly, the partners have met on 28 Ramadan 1433H corresponding to 16th August, 2012 and decided to dissolve the Company. These financial statements are accordingly prepared on a break up basis. However, the resolution has not been published in the official gazette.

for Ernst & Young



Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354
Riyadh
28 Ramadan 1433H
(16th August, 2012)

BALANCE SHEET

AS AT 31 DECEMBER 2011

	NOTES	SR
ASSETS		
CURRENT ASSET		
BANK BALANCE		965,899
TOTAL ASSET		965,899
LIABILITIES AND PARTNERS' DEFICIT		
CURRENT LIABILITIES		
ACCRUED EXPENSES		76,000
DUE TO PARTNERS	4	10,242,372
TOTAL CURRENT LIABILITIES		10,318,372
PARTNERS' DEFICIT		
CAPITAL	7	500,000
ACCUMULATED LOSS		(9,852,473)
TOTAL PARTNERS' DEFICIT		(9,352,473)
TOTAL LIABILITIES AND PARTNERS' DEFICIT		965,899

STATEMENT OF INCOME

PERIOD FROM 21 DECEMBER 2010 TO 31 DECEMBER 2011

	NOTES	SR
REVENUE		16,250,000
COST OF REVENUE	8	(25,858,101)
GROSS LOSS		(9,608,101)
LEGAL AND PROFESSIONAL FEES		(244,372)
LOSS FOR THE PERIOD		(9,852,473)

STATEMENT OF CASH FLOWS

PERIOD FROM 21 DECEMBER 2010 TO 31 DECEMBER 2011

	SR
OPERATING ACTIVITIES	
LOSS FOR THE PERIOD	(9,852,473)
ADJUSTMENTS FOR:	
DEPRECIATION	132,656
LOSS ON DISPOSAL OF EQUIPMENTS	78,826
WRITE OFF OF EQUIPMENTS	509,791
CHANGES IN OPERATING LIABILITY	(9,131,200)
ACCRUED EXPENSES	76,000
NET CASH USED IN OPERATING ACTIVITIES	(9,055,200)
INVESTING ACTIVITIES	
PURCHASE OF EQUIPMENTS	(876,299)
PROCEEDS FROM DISPOSAL OF EQUIPMENTS	155,026
NET CASH USED IN INVESTING ACTIVITIES	(721,273)
FINANCING ACTIVITIES	
ISSUE OF CAPITAL	500,000
DUE TO PARTNERS	10,242,372
NET CASH FROM FINANCING ACTIVITIES	10,742,372
INCREASE IN BANK BALANCE	965,899
BANK BALANCE AT THE END OF THE PERIOD	965,899

**STATEMENT OF CHANGES IN PARTNERS' DEFICIT
PERIOD FROM 21 DECEMBER 2010 TO 31 DECEMBER 2011**

	CAPITAL SR	ACCUMU- LATED LOSS SR	TOTAL SR
ISSUE OF CAPITAL	500,000	-	500,000
LOSS FOR THE PERIOD	-	(9,852,473)	(9,852,473)
BALANCE AT 31 DEC. 2011	500,000	(9,852,473)	(9,352,473)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1 ACTIVITIES

Rites Mohawarean Arabia Company Limited (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010299275 dated 15 Muharram 1432H corresponding to 21 December 2010.

The company was engaged in providing services for the operation and maintenance of railway lines, handling and storage of goods, construction, operation and maintenance of telecom networks associated with railway lines, and the maintenance of power generation system in accordance with investment licence no. 102031118917 dated 24 Dhul Qada 1431H corresponding to 1 November 2010 issued by the Saudi Arabian General Investment Authority. The Company is owned 24% by Saudi and 76% by non Saudi partners.

According to the Company's article of association, the first financial period of the Company started from the commercial registration date and ended on 31 December 2011. Therefore these financial statements cover the period from 21 December 2010 to 31 December 2011.

2 ACCUMULATED LOSS AND FUNDAMENTAL ACCOUNTING CONCEPT

The Company's contract with its customer has been mutually revoked and the Company has not entered into any further contracts.

The accumulated losses of the Company at the balance sheet date exceeded half of its capital. The Saudi Arabian Regulations for Companies require that in situations where the accumulated losses are in excess of one-half of the capital, the managers should call for a meeting at which the partners resolve whether to continue with operations of the Company and to provide support or to dissolve it before expiry of its terms. The partners of the Company have met and decided to discontinue the operations of the Company and to dissolve the Company. Accordingly, these financial statements have been prepared on a break up basis. The resolution has not yet been published in the official gazette.

Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying values to their estimated realisable amounts, to provide for any further liabilities which will arise.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

As set out in note 2 above, the financial statements are prepared on a break-up basis.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue recognition

Revenue from rendering of services was recognised when contracted services were performed and there was no uncertainty as regard to its realisability.

Equipments

Equipments is stated at cost less accumulated depreciation and any impairment in value.

The carrying values of equipments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance is charged as statement of income. Other subsequent expenditure is capitalised only when it increases the value or materially extends the life of the related assets.

Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. The liability is charged to retained earnings.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Foreign currencies transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Expenses

All expenses were incurred in connection with the project. Hence all costs were considered as cost of revenue except for legal and professional fees which are reported separately.

4 RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the period and the related balances at the period end:

Related party	Nature of transaction	Amount of transaction SR	Balance SR
Rites Limited	Technical services	3,250,000	-
	Expenses incurred on behalf of the Company	15,534,916	7,618,216
Mohawarean International Group	Technical services	1,137,500	-
	Expenses incurred on behalf of the Company	4,579,629	2,624,156
			10,242,372

Amounts due to partners is shown on the balance sheet.

5 EQUIPMENTS

	Office equipments SR	Furniture and fixtures SR	Computer equipments SR	Total SR
Cost:				
Additions	120,914	587,742	167,643	876,299
Write off	(21,928)	(442,592)	(131,605)	(596,125)
Disposals	(98,986)	(145,150)	(36,038)	(280,174)
At the end of the period	-	-	-	-
Depreciation:				
Charge for the period	20,867	82,801	28,988	132,656
Write off	(3,763)	(58,341)	(24,230)	(86,334)
Disposals	(17,104)	(24,460)	(4,758)	(46,322)
At the end of the period	-	-	-	-
Net book amounts:				
31 Dec. 2011	-	-	-	-

6 ZAKAT AND INCOME TAX**a) ZAKAT****Charge for the period**

Due to negative zakat base, no provision has been made during the period.

The provision is based on the following:

	SR
Equity	500,000
Adjusted loss for the period	(9,852,473)
Negative Zakat base	(9,352,473)
Share of Saudi partner	(2,244,594)

b) INCOME TAX

Due to loss incurred, no income tax provision has been made during the period.

7 CAPITAL

Capital is divided into 500 shares of SR 1,000 each.

8 COST OF REVENUE

	Pre incorporation SR	Post incorporation SR	Total SR
Employee costs	5,205,014	6,810,397	12,015,411
Travel	2,412,061	2,343,024	4,755,085
Technical services	-	4,387,500	4,387,500
Apartment rent and maintenance	399,028	758,726	1,157,754
Visa fees	-	900,000	900,000
Bank charges	132,371	475,408	607,779
Equipments written off	-	509,791	509,791
Office rent	277,400	82,637	360,037
Postage and telecommunication	41,519	126,933	168,452
Vehicle maintenance	11,398	154,012	165,410
Depreciation (note 5)	-	132,656	132,656
Advertisement	45,176	85,093	130,269
Loss on disposal of equipment	-	78,826	78,826
Printing, stationery and documentation	27,816	37,474	65,290
Electricity charges	4,240	4,035	8,275
Sundry expenses	123,780	291,786	415,566
	8,679,803	17,178,298	25,858,101

The Company has incurred pre-incorporation operations from 8 March 2010 to 20 December 2010. These are accordingly reported as pre-incorporation expenses.

9 RISK MANAGEMENT**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company has ceased operations and is dependent on funding by the partners.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the period.

As the Saudi Riyal is pegged to the US Dollar, the company is not significantly exposed to currency risk.

10 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial asset consists of bank balance; its financial liability consists of accrued expenses.

The fair values of financial instruments are not materially different from their carrying values.

11 CONTINGENT LIABILITIES

The Company has ceased operations and is in the process of initiating liquidation. Management has taken reasonable steps to ensure that all liabilities are provided for. Management is not aware of any pending or threatened litigation. However, it is possible but not probable, that the company might be liable for additional costs and expenses pertaining to its cessation of operations.

OFFICES, AUDITORS AND BANKERS

OFFICES: INDIA

Registered Office	RITES Limited SCOPE Minar, Core-1 Laxmi Nagar, Delhi-110092 Phone : (011) 23354800, 22024610 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 144, Sector-44, Gurgaon -122001(India) Phone : (0124) 2728299 Fax: (0124) 2728371 info@rites.com www.rites.com

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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 / 2565228 / 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
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Delhi	011- 22029119 / 22402502 / 22024665 (Fax) nrinspn@rites.com
Kolkata	033 - 22348912 / 22348665 / 22348704 (Fax) erinspn@rites.com
Mumbai	022 - 22012523 / 22016621 / 22084155 (Fax) wrinspn@rites.com

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Tanzania	00255 - 764716577, 688386564 tomarpremchandra@gmail.com
Sri Lanka	00947 - 55299565 tk15452@yahoo.co.in
Myamar	0095943097368 dlwsushil@yahoo.com
Senegal	00221 - 706395158 rsivarajanrites@gmail.com

STATUTORY AUDITORS

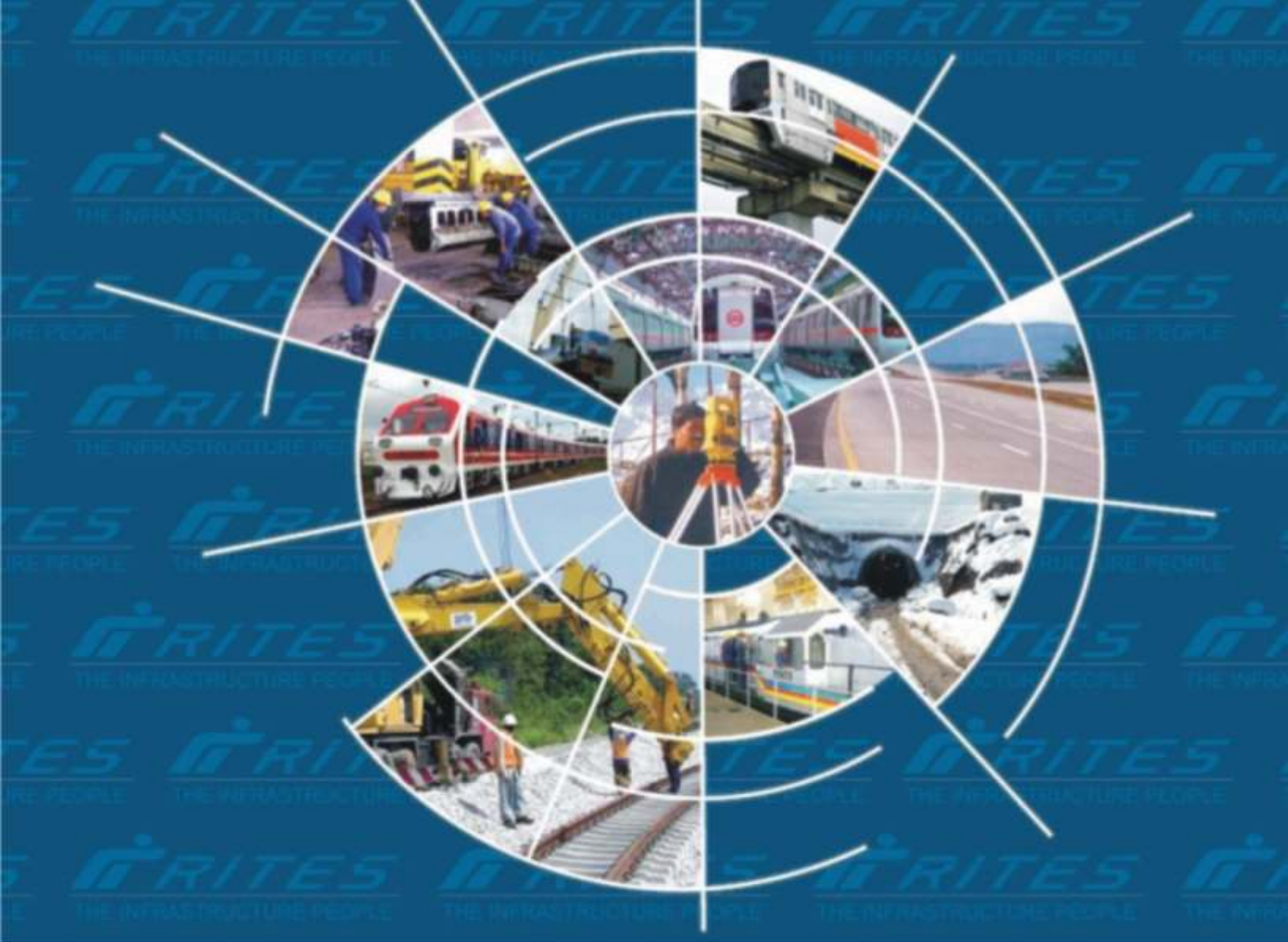
M/s Dinesh Mehta & Co. Delhi

BRANCH AUDITORS

M/s VPC & Associates Kolkata
M/s C B Jain & Co. 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
State Bank of India



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



RITES Limited

(A Govt. of India Enterprise)

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