

# ANNUAL REPORT 2 0 1 2 - 2 0 1 3



**RITES Limited**

(A Govt. of India Enterprise)



# 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.



# Table of Contents

BOARD OF DIRECTORS	2
FINANCIAL PERFORMANCE OF A DECADE AT GLANCE	4
CHAIRMAN & MANAGING DIRECTOR'S MESSAGE	6
DIRECTORS' REPORT	7
REPORT ON CORPORATE GOVERNANCE	16
MANAGEMENT DISCUSSION AND ANALYSIS	23
INDEPENDENT AUDITORS' REPORT	37
FINANCIAL STATEMENTS	39
COMMENTS BY CAG	71
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956	72
FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES	73
OFFICES, AUDITORS AND BANKERS	92

## Board of Directors

### At the Helm



**Mr. Keshav Chandra**  
Chairman  
(Upto 11th Oct., 2012)



**Mr. Rajeev Mehrotra**  
Chairman & Managing Director  
(From 11th Oct., 2012)  
& Director Finance

### Whole Time Directors



**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**  
(Upto 12th Dec., 2012)



**Mr. Pramod Sharma**  
(From 11th April, 2013)

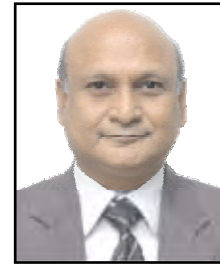
## Senior Executives



**Mr. G.S. Swaroop**  
ED- Technical Services  
(Upto 30th April, 2013)



**Mr. Jeevan Gupta**  
ED-Rail Infrastructure  
(Upto 31st Jan., 2013)



**Mr. Rahul Jha**  
ED-Corporate Services  
(Upto 31st Oct., 2012)



**Mr. R.N. Bartarya**  
ED- Transport & Economics  
(Upto 30th Nov., 2012)



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



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



**Mr. R.L. Prasad**  
ED - Quality Assurance



**Mr. H. L. Chaudhary**  
ED-Regional Projects  
(From 30th April, 2013)



**Mr. S. B. Malik**  
ED- Technical Services  
(From 30th April, 2013)



**Mr. K.K. Gupta**  
ED-Rail Infrastructure  
(From 30th April, 2013)



**Mr. Rajiv Milind**  
ED-Corporate Services  
(From 30th April, 2013)



**Mr. P. T. Mittal**  
Company Secretary

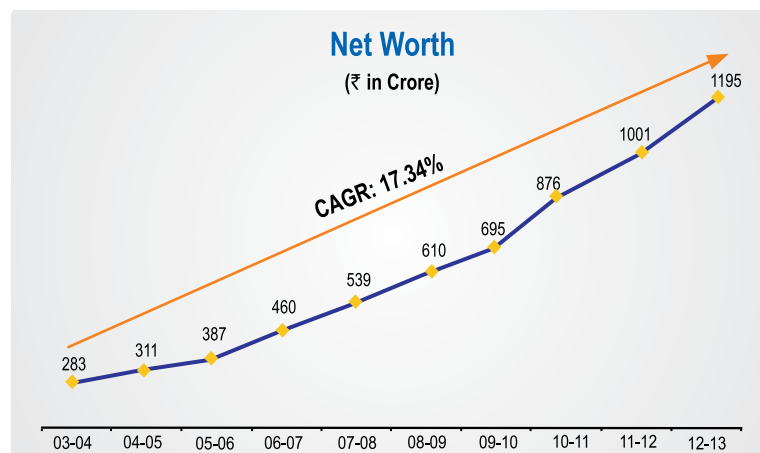
## FINANCIAL PERFORMANCE OF A DECADE AT GLANCE

(₹ in Crore)										
Particulars	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Total Income (including other income)	285	240	426	566	661	672	623	#881	934	1076
Expenditure (including increase/decrease in stock)	213	173	293	395	481	522	457	518	678	731
Operating Margin	66	49	101	138	100	16	99	180	158	222
Interest Expenses	2	-	-	-	-	-	-	-	-	-
Depreciation	6	5	12	8	9	11	12	12	14	16
Profit Before Tax	72	67	133	171	180	150	166	363	256	345
Profit After Tax	48	41	99	118	104	94	112	244	164	245
Dividend	12	12	20	40	21	20	23	49	33	50
CSR Activites Reserve	-	-	-	-	-	-	-	6	7	0.22
General Reserve	273	307	383	456	499	570	655	836	961	1095
Fixed Assets (Gross Block)	123	118	121	140	171	183	202	237	253	281
Inventories	1	3	50	8	16	22	37	78	62	26
Foreign Exchange Earnings	109	51	136	274	258	137	94	242	310	342
Share Capital	4	4	4	4	40	40	40	40	40	100
Capital Employed	263	299	367	433	435	501	538	689	602	781
Government Investment*	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Net Worth	283	311	387	460	539	610	695	876	1001	1195
Profit Before Tax to Capital Employed (in %)	27	22	36	39	41	30	31	53	43	44
Operating Margin to Capital Employed (in %)	25	16	28	32	23	3	18	26	26	28
Profit After Tax to Share Capital (in %)	1200	1025	2475	2950	260	235	280	610	410	245
Expenditure to Income (in %)	75	72	69	70	73	78	73	**66	73	68
Number of Employees	2469	2493	2655	2760	2924	3048	3002	3134	3294	3247
Income per Employee	0.12	0.10	0.16	0.21	0.23	0.22	0.21	0.28	0.28	0.33
Foreign Exchange Earning per Employee	0.04	0.02	0.05	0.10	0.09	0.04	0.03	0.08	0.09	0.11
Current Ratio	1.84	1.63	1.61	1.59	1.45	1.36	1.33	1.29	1.23	1.32
Investments	20	9	6	6	69	54	62	112	143	318

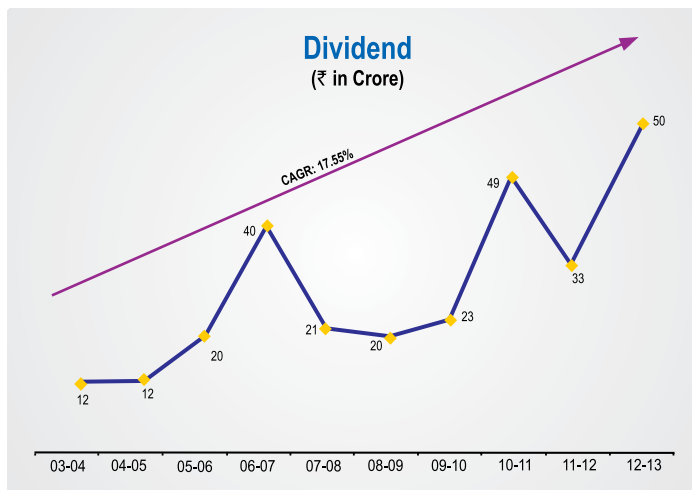
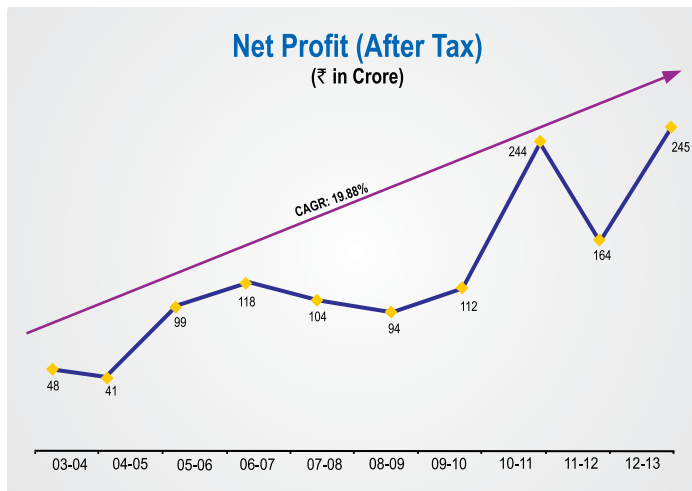
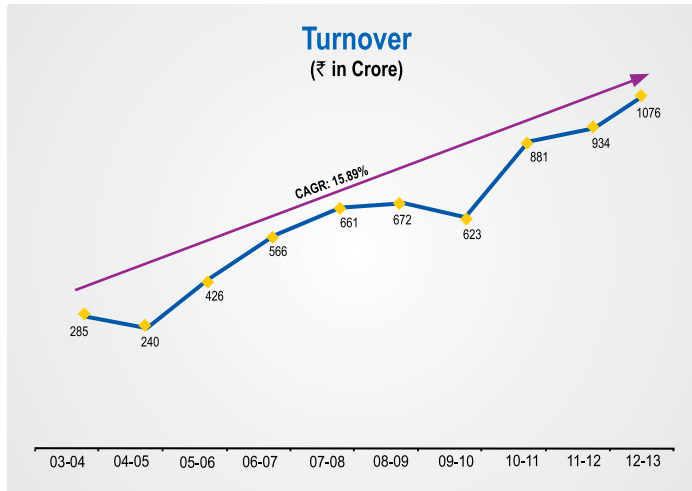
# Includes exceptional income of ₹ 39 crore.  
 \* Does not include bonus share of ₹ 99.90 crore issued from time to time.  
 \*\* Excluding extraordinary and exceptional items.  
 Financial information upto 2010-11 based on pre-Revised Schedule VI and thereafter on Revised Schedule VI.

**1 Crore = 10 Million**      **1 US \$ = ₹ 53.83 (31.03.2013)**

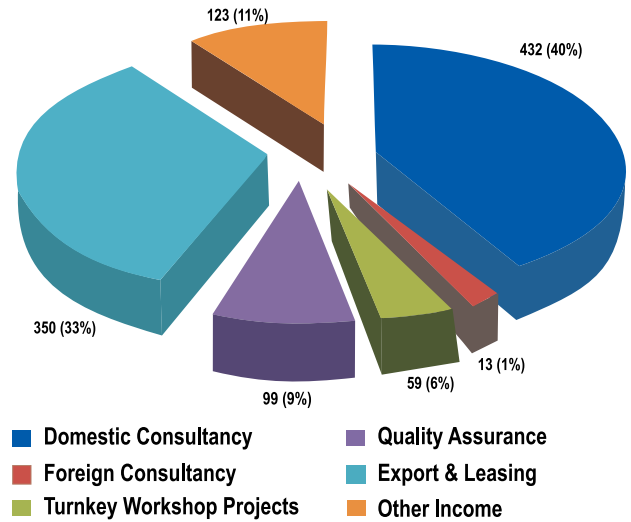
## FINANCIAL INDICATORS



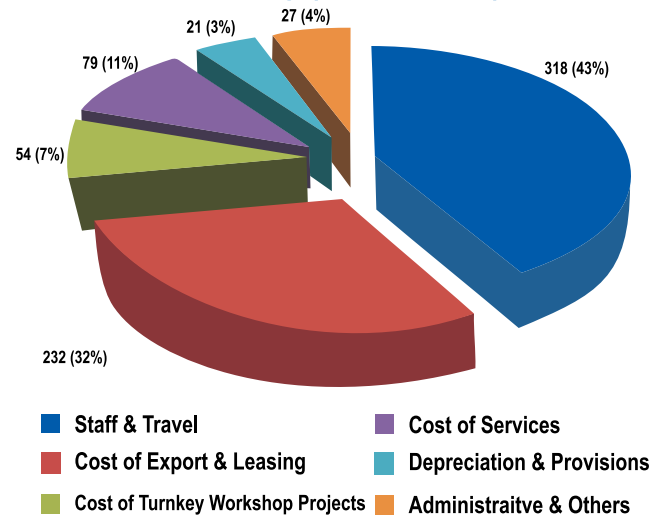
## FINANCIAL INDICATORS



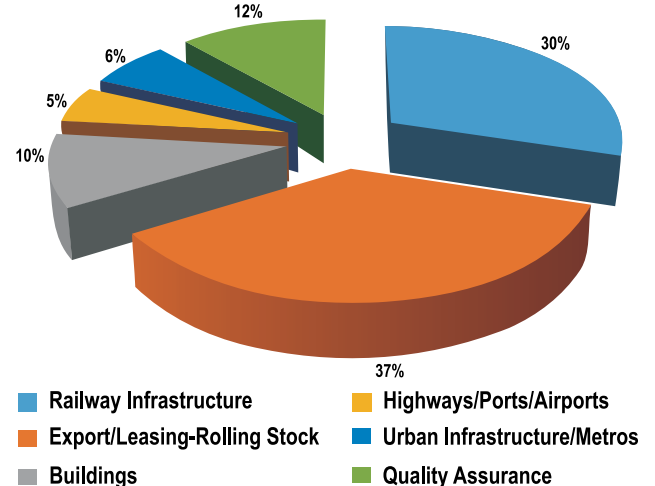
## Earning (₹ 1076 crore)



## Spending (₹ 731 crore)



## Sectorwise Business (Percentage)





## CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It is my immense pleasure to extend a warm welcome to all of you on the occasion of 39th Annual General Meeting of your Company. I am happy to share with you the best ever financial performance of your company achieved during the year 2012-13, despite a challenging business environment the infrastructure sector faced globally. Your company continued its growth trajectory along with maintaining its profitability and multi-sectoral presence. We built further on our good performance consistently and strengthened our position as a global leader in our sector.

RITES has travelled a long road indeed over last 38 years of its operations and maintained its pivotal position as a leading consultancy organisation focusing on several infrastructure sectors. In this competitive world, despite business challenges we have been able to secure new business with dominance and are prepared to take up lead position in the development of projects planned under huge infrastructure spending in the country during 12th Plan.

The audited accounts of the Company for the financial year 2012-13 along with the Directors' Report and report of Auditors' and comments of Comptroller and Auditor General of India have already been circulated to you and with your permission, I take them as read.

During the year 2012-13, your Company achieved highest ever turnover of ₹ 1076 crore (previous year turnover of ₹ 934 crore) showing a growth of 15 % over previous year. Similarly, your Company also earned the highest ever profit after tax of ₹ 245 crore as against ₹ 164 crore in the previous year, higher by 49%. Despite a very competitive and challenging environment, the overall performance of the Company is promising and the growth in earnings was largely driven by strong focus on growth of business and maintaining margins during the year.

During the year, company has increased its Paid-up share capital from ₹ 40 crore to ₹ 100 crore by issuing bonus shares of ₹ 60 crore i.e 6 Bonus Equity Share for every 4 fully paid-up Equity Shares held. The Authorised Share Capital of the Company has been increased from ₹ 100 crore to ₹ 150 crore.

Further, considering the financial performance and profitability of the Company, the Directors have recommended final dividend of ₹ 30 crore in addition to one interim dividend of ₹ 20 crore paid during the year 2012-13. The total dividend payout for the year will amount to ₹ 50 crore (i.e ₹ 5 per share) which is 50% of the paid up share capital of the Company. This is the highest amount of Dividend your company has paid so far.

During the year, company was engaged in number of prestigious domestic projects as well as international assignments in export, lease and consultancy services, including the Commissioning of locomotives supplied to Bangladesh Railways, which was inaugurated by Hon'ble President of India Shri Pranab Mukherji and Hon'ble Prime Minister of Bangladesh H.E. Sheikh Hasina on 5th March, 2013 at Dhaka. The company has also signed a Memorandum of Understanding with Airports Authority of India (AAI) for mutual collaboration in the areas of aviation projects for offering consultancy / construction management services for foreign projects and domestic 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 16 Locos to various companies in power, steel & transport sector.

RITES embarked on the process to extend its footprint across other growing segments of the economy. The Company is expanding its reach by venturing in business of wagon manufacturing and is also planning to take up assignments to develop potential business avenues in the field of power sector including Green Energy etc.

During the year, in a far reaching development, Company has signed a MOU with Ministry of Railways on 28th January, 2013 for formation of Railway Energy Management Company (REMC), in joint venture with Indian Railways, to explore business opportunities in power sector, including Green Energy, especially in the field of Wind and Solar by installing windmills and solar plants for generating and selling renewable

energy, mainly for railways consumption. The formation of the JV Company is in final stage of completion.

Your Company always strives to attain highest standards of Corporate Governance coupled with transparency, accountability and equity in all facets of its operations, with the aim of enhancing long term economic value of all the stakeholders and the society at large. A detailed report on compliance of the Guidelines on Corporate Governance as per the Guidelines on Corporate Governance issued by DPE for CPSEs forms part of the Directors' report. Your Company is in the process of implementing ERP which will further strengthen internal controls, compliances and transparency.

Corporate Social Responsibility and Sustainability policy adopted by RITES shows its commitment to operate in economically, socially and environmentally sustainable manner. RITES strives to integrate social and environmental concerns in its business processes and work towards providing the best possible solutions for sustainable developmental needs of the society. Your Company has a long term plan on CSR approved by its Board of Directors. As a responsive Corporate citizen, your Company has spent ₹ 6.44 crore on various CSR activities during the year 2012-13, which includes amount spent in respect of CSR carry forward activities of ₹ 1.65 crore from previous years.

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 2012-13.

RITES enjoys enormous credibility in the infrastructure sector. With consistency 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. The company has made a revised Corporate Plan for 2012-17, keeping in view present growth opportunities.

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 in business is tied directly with the socio-economic vitality and health of the communities around our business units.

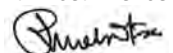
I acknowledge that organizations are built on a strong management - stakeholder relationship, which is a two way channel. I hope the coming year will further strengthening our relationship with all stakeholders for a sustainable growth and performance of your Company.

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 and trust in us and our journey. We are particularly grateful to the Ministries of Railways, Road, Transport and Highways, Commerce, Finance, External Affairs and Urban Development and other Ministries, Indian Embassies and Missions abroad, 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 also like to place on record my deep appreciation for the devotion and dedication of all the RITES employees, who have been the pillars of strength for the Company and continue to deliver despite difficulties and obstacles. Powered by the talent of our people and vesting reaffirmed faith in the resilience of our business model, we look forward to overcoming any challenges that may lie ahead of us. I am confident that with the goodwill and support of all of you and all those associated with RITES, your company will achieve more landmarks in the years to come.

We are indebted to our 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



(Rajeev Mehrotra)

Chairman and Managing Director

Dated : 11th Sept., 2013



## DIRECTORS' REPORT

### Distinguished Shareholders

The Directors of your company have immense pleasure in presenting the 39th Annual Report of the company together with the audited Statements of Accounts and Auditors' Report for the year ended 31st March, 2013.

### FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2012-13 is given below:

(₹ in Crore)		
Particulars	2012-13	2011-12
<b>Financial Results:</b>		
Total Turnover	<b>1076</b>	934
Operating Turnover	<b>953</b>	836
Operating Expenditure	<b>731</b>	678
Other Income	<b>123</b>	98
<b>Profit Before Tax (PBT)</b>	<b>345</b>	256
Income / Deferred Tax	<b>(100)</b>	(92)
<b>Profit After Tax (PAT)</b>	<b>245</b>	164
<b>Appropriations:</b>		
Dividend including Interim Dividend	<b>50</b>	33
Dividend Tax	<b>8</b>	5
CSR Reserve (Net of utilization)	<b>(7)</b>	1
Transfer to General Reserve	<b>194</b>	125

### BUSINESS PERFORMANCE

Progressing on the path of growth and excellence, the company has achieved highest ever turnover of ₹ 1076 crore during the year 2012-13 as compared to previous year turnover of ₹ 934 crore, higher by 15%. The operating turnover is also ever highest of ₹ 953 crore as compared to previous year of ₹ 836 crore, higher by 14%. The profit before tax is of ₹ 345 crore as against ₹ 256 crore of the previous year, higher by 35%.



Commissioning of broad gauge locomotives and tank wagons supplied under the Indian Line of Credit to Bangladesh Railway (BR). President of India Shri Pranab Mukherjee and Prime Minister of Bangladesh H.E. Sheikh Hasina jointly flagging off the train

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



One day salary contributions from RITES' employees presented to Hon'ble Minister of Railways, towards Prime Minister's Relief Fund, for flood-affected people in Uttarakhand

machinery & plant for Bogie Shop at ICF- Chennai, setting up of M-15 Gas Turbine aggregate testing facilities for Indian Navy at INS Eksila at Visakhapatnam, Preliminary Engineering & Traffic Survey (PETS) study of 4 new DFC corridors (more than 6000 km) for DFCCIL, DPR and Independent Engineer Services for Development of Chennai Outer Ring Road, Phase-1 in Tamilnadu for TNRDC, Preparation of Feasibility cum Preliminary Design Report to develop Ahmedabad-Dholera Six Lane Expressway (Green Field Development) in JV with Stanley Consultants USA for GSRDC, Gujarat, Detailed Project Preparation for Development of Six Lane Suspension Cable Green Field Bridge project over river Ganga at Patna for Bihar State Road Development Corporation (BSRDC), DPR for Construction of ROB's/Flyover at 6 locations for DDA, DPR for 3 Metro Corridors in Kolkata, Consultancy for Bangalore Metro Phase-2 and Delhi Metro Phase-3, Maintenance of Rolling Stock & workshop equipment of MGR system at various location of NTPC like Rihand, Singrauli, Sipat, Talcher, Kahalgaon & Farakka, Project Management Consultancy services for (i) Central university at Pondicherry, Gulbarga, Allahabad, Himachal, Karnataka, IIT at Kharagpur & Delhi, NIT Hamirpur (ii) the National Automotive Testing and R&D Infrastructure Project (NATRIP) - Ministry of Heavy Industries (iii) Rail Infrastructure for DVC at different locations and (iv) Construction of International



Memento to Hon'ble Minister of railways on the occasion of RITES Annual Day

check posts at Raxaul and Jogbani along Indo-Nepal border, at Agartala, Dawaki and Petrapole along Indo-Bangladesh border, Moreh along Indo - Myanma border. However, first Phase of International check post at Attari along Indo- Pak border has been successfully completed.

The company has signed a Memorandum of Understanding with Airports Authority of India (AAI) for mutual collaboration in the areas of aviation projects for offering consultancy / construction management for foreign projects and domestic assignments.

During the year, company was engaged in number of prestigious international assignments in export, lease and consultancy services which include supply of 6 DMU train sets to Sri Lanka Railways, 208 wagons, 16 air conditioned coaches, 8 locomotives besides other equipments and spare parts for locomotives to Myanmar, Contract of leasing locomotives with CFM Railway extended for further two years upto August, 2014 with addition of 2 more locomotives one 3000HP & another 2300HP (making the fleet of 15 locomotives in Mozambique), 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.

Further, the Commissioning of 2 locomotives supplied to Bangladesh Railway was inaugurated by Hon'ble President of India Shri Pranab Mukherji and Hon'ble Prime Minister of Bangladesh H.E. Sheikh Hasina on 5th March, 2013 at Dhaka.

## 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 multidisciplinary services from concept to commissioning for efficient and economic implementation of the projects.



Hon'ble President of India, Shri Pranab Mukherjee giving away HelpAge India Gold Plate Award for Corporate Social Responsibility 2011-12 to Shri Rajeev Mehrotra, CMD

The Company continued to provide specialized, integrated services under single roof in transportation infrastructure sector and export packages for supply of locomotives, coaches, wagons, spare parts and modernization of workshops. The Company is expanding its reach by venturing in business of wagon 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 16 Locos to various companies in power, steel & transport sector.



CMD welcoming Hon'ble Minister of State for Railways Shri Adhir Ranjan Chowdhury during Annual Clients' Meet 2013

The Company has diversified by (i) securing turnkey works for construction and supply, installation and commissioning of Machinery & Plant for upgradation / modernization of Railway Workshops (ii) setting up wagon manufacturing factory at Kulti 50:50 JV with SAIL to undertake manufacture and sale of wagons to Indian Railways and other domestic & overseas markets and (iii) during the year MOU was signed between RITES & Ministry of Railway on 28th January, 2013 for formation of Railway Energy Management Company (REMC) in joint venture with Indian Railways to explore business opportunities in power sector, including Green Energy, especially in the field of Wind and Solar by installing windmills and solar plants for generating and selling renewable energy. The formation of the JV Company is in process.

## CAPITAL STRUCTURE

During the year, company has increased its Authorised share capital and Paid-up share capital from ₹ 100 crore to ₹ 150 crore and ₹ 40 crore to ₹ 100 crore respectively.



Shri Rajeev Mehrotra, CMD and other Directors presenting Bonus shares of ₹ 60 crore to the Hon'ble Minister of Railways Shri Pawan Bansal, in a function in Railway Board

## DIVIDEND

Your Directors have recommended final dividend of ₹ 30 crore in addition to one interim dividend of ₹ 20 crore paid during the year 2012-13. The total dividend pay-out for the year will amount to ₹ 50 crore (i.e. ₹ 5 per share) which is 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 ₹ 193.54 crore is proposed to be transferred to General Reserve by appropriation from the profits of the Company for the year 2012-13. During the year (i) Company has issued Bonus Share of ₹ 60 crore by capitalization of Reserve & Surplus of the company and (ii) an amount of ₹ 6.44 crore spent during the year for CSR activities has been recognised as expenditure and to that extent CSR's reserve has been written back.

With the above appropriations, Reserves & Surplus will increase from ₹ 967.90 crore at end of the previous year to ₹ 1095 crore as at 31st March, 2013.

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

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

### ENERGY CONSERVATION

As a consultancy organization, RITES is not a major energy consumer and hence our carbon emissions are minimum. Yet, in the consultancy studies undertaken by RITES, in the design and project proposals and specifications, it has been the practice of RITES to pursue the national goal of energy conservation and accordingly, suggest to our clients measures and methods to conserve energy.

In Gurgaon, RITES is housed in two large buildings (ROC-I&II) where energy saving measures have been implemented and energy audits conducted regularly for continuous improvement in energy conservation.



Signing of MOU with PTC India for power trading in august presence of Hon'ble Minister of Railways Shri Pawan Bansal and Chairman, Railway Board, Shri Vinay Mittal

In both these buildings where most of its employees are housed, solar power panels have been mounted on roof tops, to generate electricity from solar power and minimize our energy-dependence and reduce drawl from power grid.

LED lamps have been replaced by conventional sodium vapor lamps for street lighting in RITES colony in Ashok Vihar, Delhi and has resulted in a saving of energy by nearly 40%.



Dr. M. Veerappa Moily Hon'ble Union Minister for Petroleum presenting India Pride Award 2012 in 'Transport' Category to CMD RITES

### 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 ₹ 342.14 crore (previous year ₹ 310.15 crore) and foreign exchange outgo were ₹ 24.67 crore (previous year ₹ 28.57 crore) respectively. This resulted in net foreign exchange earnings of ₹ 317.47 crore (previous year ₹ 281.58 crore).

### 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

RITES Vigilance in line with last year trend has given emphasis on Preventive Vigilance and System Improvements as compared to Punitive Vigilance. Accordingly, 08 System Improvements were issued in different spheres of quality assurance, project management, finance and personnel management. During the year 05 CTE type inspections were carried out at different on-going project sites, which has resulted in issuance of number of corrective instructions and recovery to the tune of ₹ 67,70,360/-. 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 79 cases, out of which 05 were referred by Commission. 60 Nos. of investigation were completed resulting in recommendation of 12 major, 32 minor and 10 administrative actions against the delinquent officials.



Vigilance Awareness Week 2012: CMD administering pledge to RITES employees

On the preventive side, the most important effort has been concentrated towards leveraging of technology. Implementation of ERP was approved by the Management and is under implementation. The ERP is expected to put in place strong checks and balances particularly in financial matters ensuring greater transparency and compliance. Online vigilance clearance is being developed as a part of ERP. E-procurement is also being considered for implementation.

In furtherance of the initiative taken by the vigilance cell, online filing of complaint - both by parties and employees is now available. Payment of bills / supplies is mainly done through ECS. Uploading of tender details on the website is being undertaken and monitored. All the circulars and office orders are put on the intranet for immediate availability to all the concerned.

Stress has been given to training aspects in the Company. Executives of the Company were imparted training on issues relating to Estimation processes (particularly P-way items) and execution of Civil Works (particularly adjudging correctness of Concrete Mix Design and Acceptance of Concrete) and conduct of inquiries by IOs and POs. Periodical meetings are held by CVO with Directors and CMD to deliberate on issues leading to strengthening of vigilance administration. Almost 25% of property returns were scrutinized to ensure compliance and adequate disclosures. RITES vigilance furnished more than 3000 Vigilance clearance status. A vigilance history data bank on RITES officers and staff in alphabetic order with employee number has been created to facilitate decision making and updating the same regularly. Preventive checks were extended to new areas like Expotech, O&M and IT Divisions. Specific emphasis was given for improvement in Quality Assurance Division. These include-streamlining call marking, rationalization of work distribution of IEs and their periodic rotation, call updation on website for benefit of client and vendor. IEs are also informed through Inspection Billing & Monitoring System (IBMS) and simultaneously through e-mail and SMS. IEs have been given laptop, data cards and digital camera with instruction to use the same for accessing the applicable standard and specification as well as for taking photographs of the stock inspected and submitting the same

along with specific case file. In addition, accountability of Inspecting Engineers with respect to the inspections done by them is being ensured through appropriate disciplinary measures. Accountability of Controlling Managers has been further defined by including key performance areas in their APARs to cover follow up of joint inspection cases and complaint handling.

During the year, initiative was taken to dispose of various DAR proceedings, which were pending for more than a year and as a result of the same, 47 DAR proceedings (15 major and 32 minor) were disposed off.

As per the instruction of CVC, Vigilance Awareness Week was observed in all the offices of RITES from 29th October, 2012 to 3rd November, 2012. The pledge was administered by CMD in presence of all the Directors, CVO, Officers and staff. An interactive session on "Transparence in Public Procurement, Cases, Concerns & Expectations from public procurement bill" was held on 30.10.2012. Shri Sandeep Verma, Director (Plg. & Coordination)/ Dept. of Defence Production was the Guest Speaker on the occasion. Beside this, debate and drawing competition for children was also organized at various offices of RITES.

#### PROPAGATION OF HINDI

In pursuance of Official Language policy of the Govt. of India (Ministry of Home Affairs, Official Language department) and the directions received from Railway Board from time to time, all round efforts were made to accelerate the progressive use of Hindi in official work of the Company. Important documents, such as Annual Report, MOU, Circulars, Office Orders and Minutes of various meetings were prepared and issued in bilingual form. Rajbhasha Fortnight was organized from 14th September to 28th September, 2012. 'HINDI DIWAS' message by MD/RITES was issued timely to all the officials of RITES Located all over India. Competitions like; noting and Drafting, Essay, Elocution and Typing on Computer were organized during this period and Hindi books exhibition was held in library and Hindi workshop, Table Training and inspections of different departments were also conducted. On 01.10.2012, 24 winners of various competitions and 60 winners of other incentive and reward schemes of Rajbhasha were awarded cash prizes and certificates.



Hindi Pakhwada celebrations at RITES: CMD giving away prizes to winners

During the year, 06 inspections regarding Progressive use of Hindi and 09 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. Representative of RITES also participated in Official Language Implementation Committee (OLIC), Railway Board and Town Official Language Implementation Committee (TOLIC) meetings regularly that facilitated the implementation of Official Language.

During the inspection of Inspection Office, Mumbai on 18.01.2013 by Parliament Committee on Official Language, Hon'ble members expressed their satisfaction over the progressive use of Hindi in RITES.

RITES was awarded Certificate and a Shield as Second Prize for commendable initiative in the field of Rajbhasha Implementation at "All India Official Language Conference" organized by "Rajbhasha Karyanvayan Evam Prashikshan Mission" (RAKAMI), Delhi at Port Blair, Andaman from 12th to 14th February, 2013.

## 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 (2012-13). However, communication from DPE in this regard is expected in due course.



MOU for the year 2013-14: Shri Rajeev Mehrotra, Chairman and Managing Director, RITES Limited and Shri H K Jaggi, Secretary, Railway Board exchanging the MOU document

## 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 differently abled categories. During the year 2012-13, 34 employees have been inducted against regular post, out of which 9 belong to SC/ST/OBC Categories. Similarly during the year, 141 employees were inducted against contractual post, out of which 57 belong to SC/ST/OBC/differently abled 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

"Report on Corporate Governance" and "Management Discussion and Analysis" form an integral part of this Directors' Report and have been placed at Annexure "A" & "B" respectively.

## BOARD OF DIRECTORS

The Board of Directors Comprises of 9 Directors viz four functional Directors including Chairman and Managing Director, two Government nominee official Directors and Three Independent non-official Directors. The Board met seven (7) times during the year for transacting businesses of the Company.

The following Directors held office during the year:

### Chairman (Part-time)

Shri Keshav Chandra Chairman (up to 11.10.2012)

### Whole-time Directors

Shri Rajeev Mehrotra Chairman and Managing Director w.e.f. 11.10.2012, with Additional charge of Director Finance.

Director Finance with additional charge of Managing Director up to 10.10.2012.

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 (up to 12.12.2012)

Shri Pramod Sharma Director (from 11.04.2013)

### 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 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 2012-13.

## 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.



RITES Expert Advisory Group meeting, March, 2013

### SUBSIDIARIES/JOINT VENTURE COMPANIES

The Company has three Subsidiary Companies namely RITES (AFRIKA) (Proprietary) Limited in Botswana, a wholly owned company, RITES Mohawarean Arabia Company Limited (RMAC) in Saudi Arabia with 76% equity stake of RITES Ltd. and 24% equity stake of local associates Mohawarean Ltd. 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. Further, RITES Mohawarean Arabia Company Limited (RMAC) incorporated primarily for the execution of operation & maintenance contract awarded by Saudi Railway Company (SAR) is in the process of winding up, since the execution of the project for which it was formed has been foreclosed in June, 2011.



Detailed Design and Construction Supervision works for 11km long prestigious Pir Panjal Railway Tunnel and Northern Railway Tunnel No.1

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, 2013 in respect of RITES (AFRIKA) (Proprietary) Limited, for the year ending 31st March, 2013 in respect RITES Infrastructure Services Ltd and for the year ended 31st December, 2012 in respect of RITES Mohawarean Arabia Company Limited (RMAC) form an integral part of the annual report.

### KNOWLEDGE MANAGEMENT SYSTEM

Knowledge Management System is a Knowledge base data that captures, stores and disseminates information of expertise available & projects executed by various functional units / departments of RITES in different areas of expertise / key professional areas / sectors.

During the year 2012-13, the Knowledge base of the system was made stronger & effective by updating information on projects secured, project reports submitted and additional expertise gained by employees. The Contractor's information was updated by uploading their Experience Certificate, Solvency Certificates and Verification letters.



Hon'ble Minister of State for Railways Shri Adhir Ranjan Chowdhury, inaugurating RITES Clients' Meet on 22nd March, 2013

Knowledge Management System has enabled SBU Heads, Project Leaders, employees/ experts to have ready access to the central repository of employees & projects as per their access rights. Management & Project Leaders get ready information of experts in various jobs roles & specializations, projects in various sectors & project reports in various disciplines reducing effort & helping them in Business Development process.

### 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 and Sustainability policy is RITES commitment to operate in economically, socially and environmentally sustainable manner that is transparent and ethical. It encourages engagement with the stake holders in determining their needs and expectations. The stake holders include employees, shareholders, investors, customers, clients, business associates, civil society groups, Central / State / Local government, communities, environment and society at large.

RITES strives to integrate social and environment concerns in its business processes and work towards providing the best possible solutions for sustainable developmental needs of the society.

## CSR PROJECTS EXECUTED DURING 2012 – 13

### 1. Project–Construction of a youth facility house (residential complex) for SOS Village children, Faridabad

In order to strengthen children and family in need in Faridabad, RITES Ltd. is partnering with SOS Children's Villages of India, a non profit, non-government, voluntary organization. In this project, SOS is constructing SOS Children's Village, Greenfields, Faridabad. Such a facility will offer immediate benefit to 20-25 young boys who have attained 14 yrs of age and remain a permanent infrastructure for many generations to come. The Ground floor was completed on 31st Dec., 2012.

After completion of the project, about 24 young boys will be benefitted every year.



CSR: Youth House Facility (residential complex) for SOS Village children, Faridabad under construction

### 2. Project–Construction of The Resource Center for age care management counseling by health medical professionals – Patiala Wellness centre (Phase – B)

RITES took up the project for construction of an old-age home located at Village Rongla in Patiala, Punjab with HelpAge India. The Ground floor was completed by 31st Dec., 2012. The centre will cater to more than 55 thousand elderly from 13 villages around Patiala in Punjab District. RITES received HelpAge India gold plate award from the Hon'ble President of India for partnering with this CSR project.

### 3. Project–Construction of Kalyan Mandap for Central University of Karnataka

Villages in the District Gulbarga lack in the basic amenities like drinking water, sanitation facilities and community centers. Absence of a community center in these villages makes the villagers travel more than 15 KM for ceremonial purposes. Construction of Kalyan Mandap Community Centre in the village of Khadganchi and Sukhnoor in the Aland Taluka of the district ensures a source of safe drinking water. RITES took up the project under the year's CSR plan. Project was completed in December, 2012. 75% population of rural areas around District Gulbarga benefitted from the project.

### 4. Project – Construction of school complex at Village-Wazirpur, Manesar–Complete first floor of phase 1 (Continued from the year 2011-12)

To impart quality education and skill development among the Economically Backward Section in Village Wazirpur, Gurgaon RITES contributed for the construction of a residential school under RITES CSR plan. The proposed school in Gurgaon aims to spread education with a view to bringing students from the financially-handicapped and socially-neglected section of the society within the ambit of proper educational system.

RITES contributed for the construction of the complete first floor. Work up to roof level of second floor was completed by 31st March, 2013. 600 children per year from economically weaker section will benefit.



CSR: Construction of school complex at Village Wazirpur, Manesar

### 5. Project–Girl's residential school complex, Khanpur Ghati (Continued from the year 2011-12)

RITES agreed to partner with Mewat Development Board (MDB) in constructing a girls' residential school in Khanpur Ghati, Mewat, and Haryana. Commissioner, Gurgaon is the Chairman of the Mewat Development Agency (MDA) which is the implementing agency of MDB. RITES have agreed to contribute for construction of the girl's hostel in the same complex with a capacity of accommodating 200 girls.

On 9th January, 2012, the Foundation Stone of Hazrat Bibi Fatima Zahra Girl Hostel was laid by Mr. Aftab Ahmad, Member of the Legislative Assembly, Nuh (Mewat). Construction of the Ground Floor was completed by 31st March, 2013. 200 girl children from backward community will benefit every year.



CSR: Construction of Girl's hostel at Khanpur Ghati, Mewat, Haryana

#### 6. Project–Baseline survey for 2013 - 14

RITES conducted a baseline survey in the National Capital Territory consisting of Delhi, Gurgaon, Manesar, Faridabad, Ghaziabad, Ballabgarh and other contiguous areas to identify 10 CSR projects and 10 SD projects focused on the thrust areas of RITES CSR policy namely, environment, health, education. Projects were identified based on the needs of community and in compliance with the CSR guidelines of DPE. Survey for CSR and Sustainable Development Projects was completed and projects were identified in May, 2012.

#### 7. Project–Construction of building of Asian Institute of Transport Development at Dwarka, New Delhi

In order to promote balanced, equitable and sustainable development in the country for enhancing overall welfare of the society, RITES partnered with Asian Institute of Transport Development for construction of part of the campus at Dwarka under its CSR plan. The campus has teaching block, library and an IT centre, hostels for scholars and visiting faculty. The estimated cost of entire project is ₹ 20 crore. Construction of the academic building upto 2nd floor level was completed by 31st March, 2013. About 50 students per year from marginalized population from all over India will get an opportunity to pursue higher studies in the Transport sector.

#### 8. Project–Maintenance of Median Verge, C. R. Avenue, Kolkata

For the beautification of Kolkata City, Maintenance of Median Verge length, 200m from Indian Airline Crossing up to Mahatma Gandhi Crossing, C. R. Avenue, Kolkata, has been taken up by RITES. Project is completed and under maintenance.

Total of ₹ 4.80 crore was spent by 31.03. 2013 for the CSR projects listed in the MOU 2012 -13. A total of ₹ 6.44 crore was spent during 2012–13 which includes expenditure on projects from previous years. Good image of RITES was generated among the community and disadvantaged, marginalized and economically weaker sections benefitted from the above activities.

#### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

RITES deploys knowledge labour. Hence, nurturing and developing its human resources is critical, particularly as RITES is operating in a global environment.

RITES pursues a very progressive and dynamic manpower policy, sourcing professionals and experts with rich experience,

on deputation from Railways, Government & PSUs. This expertise is supplemented by market induction of qualified and knowledgeable personnel as also through campus recruitment of engineers & management graduates from premier institutions. Thus, the talent pool in RITES is vast, diversely experienced and professionally updated to meet emerging business needs.

As RITES business activities are growing by the day, in volume and variety, the flow of talent recruited from open market and on deputation from Government /PSUs has been a regular feature in RITES. During the year, 62 deputationists and 191 recruitees from market have been inducted. Further, 384 employees have been promoted to next level and 7351 man-days of training imparted. The professional and career development of these personnel has been achieved through cadre review, modified promotion policy and appropriate strategies for professional excellence through capability building and resources mobilization. The professional development of Board-level incumbents has been ensured duly pursuing the MOU parameters and norms as laid down by DPE guidelines.



Employee of the Year award being presented by Hon'ble Minister of Railways Shri Pawan Bansal

RITES has maintained cordial relations with employees, across levels and has promoted industrial peace through employees motivation measures, welfare and social security schemes and has ensured employees participation in management decision through regular dialogues with its consultative committee (CONCERT). A slew of these employees' oriented measures have made RITES a model employer in today's global competitive scenario.

Our efforts have sustained RITES to be a vibrant and dynamic enterprise and become a market leader in infrastructure consultancy and have enabled RITES to achieve its targets year after year and meet the ever-growing expectations of its clientele.

#### IMPLEMENTATION OF RTI ACT, 2005

In RITES, we are according highest priority to RTI applications and make all sincere efforts to provide the relevant information to the applicant(s) within the provisions of the RTI Act, 2005 in letter and spirit.

In pursuance of this policy, we are receiving application(s) through APIOs located at various Regional Inspection/Project Offices all over India and by Public Information Officer (PIO) at Corporate Office, Gurgaon. Appeals against the decision of the PIO to the First Appellate Authority can be tendered at the RITES Corporate



Office, Gurgaon. RITES ensures timely response to the citizen's requests for information under the RTI Act, 2005.

During the year 2012-13, 692 RTI applications and 129 appeals to the First Appellate Authority were catered by RITES. RITES also complied with the decision of the Hon'ble Central Information Commission (CIC) in five second appeals.

## AUDITORS

The Comptroller & Auditor General of India appointed M/s Dinesh Mehta & Company, Chartered Accountants as Company's Statutory Auditors for the year 2012-13. The following were appointed as Branch Auditors.

M/s MAYRA & KHATRI	Mumbai for Western Region
M/s MARODIA KHANNA & ASSOCIATES	Kolkata for Eastern Region
M/s C.S.HARIHARAN & 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.



Shri Rajeev Mehrotra, CMD interacting with the Korean Railway officials

## AWARDS

1. India Pride Award 2012 in "Transport" Category
2. Financial Pride Award for CMD, RITES



Shri Ajay Shankar, Member Secretary, National Manufacturing Competitiveness Council, Govt. of India presenting Top Rankers Excellence Awards 2013 to Shri Rajeev Mehrotra, CMD

3. Helpage India Gold Plate award from the Hon'ble President of India for Corporate Social responsibility
4. Dun & Brad Street top PSU Award 2012 (Consultancy)
5. Second prize for commendable initiative in the field of Rajbhasha Implementation

## 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, Indian Embassies & Missions abroad and Foreign Missions & Embassies in India, 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

Place: Gurgaon  
Dated: 21st June, 2013

(Rajeev Mehrotra)  
Chairman and Managing Director

## Annexure – ‘A’

### REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which business corporations are directed and controlled by focusing on the internal and external corporate structure. Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions and meet its stakeholders aspirations and societal expectations. Corporate Governance facilitates efficient and effective management and is all about maintaining a valuable relationship and trust with all its stakeholders. It helps in building efficient and sustainable environment. Corporate Governance is a journey for constantly improving sustainable value creation and maximizing stakeholder value. It also provides the structure through which the objectives of the Company are set, 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. 4 functional Directors including Chairman & Managing Director, two Government Nominee Directors and 3 Independent Directors.

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

During the year 2012-13, the positions of ‘Chairman’ and ‘Managing Director’ have been merged into one.

As on 31st March, 2013, Company has six (6) Directors including three Functional Directors (Shri Rajeev Mehrotra assumed the charge of the post of Chairman & Managing Director of the Company w.e.f 11.10.2012 and is also looking after the work of Director Finance at present. Earlier, Shri

Rajeev Mehrotra, was the Director Finance of the Company since 12.10.2007 and also held the additional charge of Managing Director w.e.f 01.09.2011 upto 10.10.2012. Shri Sumit Sinha, Director Technical / RITES held 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) and three Independent Non-Official Directors.

Shri Keshav Chandra, Member Mechanical, Railway Board / Part-time Chairman of the Company has relinquished the charge of Part-time Chairman of RITES Limited w.e.f 11.10.2012 consequent to the appointment of Shri Rajeev Mehrotra as Chairman & Managing Director of the Company w.e.f 11.10.2012.

Ms. Radhika L. Lokesh, Joint Secretary, Ministry of External Affairs, Government Nominee Director of the Company had resigned from the Board of RITES w.e.f 12.12.2012. However, new nomination vice Ms. Radhika L. Lokesh is still awaited.

Shri Pramod Sharma, Executive Director (PSU), Railway Board has been appointed as Government Nominee Director of the Company w.e.f 11.04.2013.

#### 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 Keshav Chandra Chairman (upto 11th Oct, 2012)	Part-Time Non-Executive	Nil	Nil	Nil
2.	Shri Rajeev Mehrotra Chairman & Managing Director of the Company w.e.f 11.10.2012 and is also looking after the work of Director Finance at present. Earlier he was the Director Finance of the Company since 12.10.2007 and also held the additional charge of Managing Director w.e.f 01.09.2011 upto 10.10.2012	Whole Time	Nil	Nil	Nil
3.	Shri Sumit Sinha Director Technical with the additional charge of the post of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	Whole Time	Nil	Nil	Nil
4.	Shri Arbind Kumar Director Projects (From 1st June, 2012)	Whole Time	Nil	Nil	Nil
5.	Dr. Vinayshil Gautam Director	Independent	4	Nil	2
6.	Shri Vinod Somani Director	Independent	3	1	Nil

S. No.	Name and Designation	Category of Directors	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
7.	Shri Debidas Datta Director	Independent	1	Nil	Nil
8.	Smt Radhika L. Lokesh Director (upto 12th Dec., 2012)	Govt Nominee	4	Nil	Nil
9.	Shri Pramod Sharma Director (From 11th April, 2013)	Govt Nominee	Nil	Nil	Nil

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

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

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.

## 2.2 Brief Resume of Director(s) who joined the Board as Whole - time / Part - time Directors during the year 2012-13:

**Mr. Arbind Kumar** – 55 years, is our Director Projects, heading a multi-disciplinary team of engineers, professionals, experts providing detailed consultancy services in the transport sector. He joined RITES in January, 2001 and held positions of GM/GGM/ED. He has international experience of working for Railway projects in Mozambique, Malaysia, UAE and Oman. He worked as Railway Advisor to the Government of Oman in planning of 1051 km of 'Oman National Railway'. He joined Indian Railways in Feb., 1982 as an IRSE probationer and held various positions such as AEN/DEN/ Sr. DEN, JD/RDSO, Sr. Prof/IRICEN etc. As a Civil Engineer he has rich and wide experience of more than 31 years of handling Railway projects—Teaching, planning, survey, design, bid process management, project management, quality assurance and operations and maintenance. In addition, he has rich experience of technical studies of many railway civil engineering projects – both domestic and international. He assumed the charge of Director Projects w.e.f 1st June, 2012.

## 2.3 Number of Board Meetings:

The Board met seven times during the year 2012-13 to review, discuss and decide about the various activities of the business of the Company.

S. No.	Name and Designation	Board Meetings During the Year		Attendance at the last AGM held on 12th September, 2012
		Held During tenure	Attended	
1.	Shri Keshav Chandra Chairman (Upto 11th Oct, 2012)	3	3	Present
2.	Shri Rajeev Mehrotra Chairman & Managing Director of the Company w.e.f 11.10.2012 and is also looking after the work of Director Finance at present. Earlier he was the Director Finance	7	7	Present

S. No.	Name and Designation	Board Meetings During the Year		Attendance at the last AGM held on 12th September, 2012
		Held During tenure	Attended	
	of the Company since 12.10.2007 and also held the additional charge of Managing Director w.e.f 01.09.2011 upto 10.10.2012			
3.	Shri Sumit Sinha Director Technical with the additional charge of the post of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	7	7	Present
4.	Shri Arbind Kumar Director Projects (From 1st June, 2012)	6	6	Present
5.	Smt Radhika L. Lokesh Director (upto 12th Dec, 2012)	6	2	Absent
6.	Dr. Vinayshil Gautam Director	7	6	Absent
7.	Shri Vinod Somani Director (Chairman, Audit Committee)	7	6	Present
8.	Shri Debidas Datta Director	7	7	Present

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

## 3. Code of Conduct:

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

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013 and a declaration to this effect signed by the Chairman and 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 ensures that the financial statements are correct, sufficient and credible;
- ✓ Recommending to the Board regarding the fixation of audit fees;
- ✓ Approval of payment to statutory auditors for any other services rendered by them;

- ✓ Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to;
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with the legal requirements relating to financial statements;
  - Disclosures of any related party transactions; and
  - Qualifications in the draft audit report.
- ✓ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- ✓ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issues etc), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or right issue and making appropriate recommendations to the Board to take up steps in this matter;
- ✓ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control system;
- ✓ Reviewing, the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
- ✓ Discussion with Internal Auditors on any significant findings and follow-up thereon.
- ✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- ✓ Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
- ✓ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- ✓ To review the functioning of the whistle blower mechanism, in case the same is existing;
- ✓ To review the follow up action on the audit observations of the C&AG audit;
- ✓ To review the follow up action taken on the recommendation of Committee on Public Undertakings ('COPU') of the Parliament;
- ✓ Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;

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

#### 4.3 Meetings of Audit Committee:

The Audit Committee met five times during the financial year 2012-13 on 21st July, 2012, 7th September, 2012, 26th November, 2012, 7th December, 2012 and 25th February, 2013. The attendance of each member at Audit Committee meetings is as under:

Member	Status	Audit Committee meeting held during the year 2012- 13	
		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, reconstituted 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 2012-13 i.e on 25th February, 2013 and all the members of the committee were present except Smt Radhika L. Lokesh, who had resigned from the Board of the Company on 12.12.2012.

Details of Remuneration of Functional Directors of the company during the year 2012-13 are as under:

Name of Director	Salary (₹)	Benefits (₹)	Bonus/Commission Ex-gratia (₹)	Performance linked incentives (2011-12) (₹)	Stock option during the year (₹)	Total (₹)
Shri Rajeev Mehrotra Chairman & Managing Director of the Company w.e.f 11.10.2012 and is also looking after the work of Director Finance at present. Earlier he was the Director Finance of the Company since 12.10.2007 and also held the additional charge of Managing Director w.e.f 01.09.2011 upto 10.10.2012	23,86,971	1,85,546	-	7,38,435	-	33,10,952
Shri Sumit Sinha Director Technical with the additional charge of the post of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	22,44,544	4,82,633	-	8,05,371	-	35,32,548
Shri Arbind Kumar Director Projects (From 1st June, 2012)	18,04,852	1,32,244	-	90,419	-	20,27,515

The Independent Directors were paid sitting fee of ₹ 15,000/- for attending each meeting of the Board and Committee thereof, which has been increased to ₹ 17,500/- for attending each Committee meeting and ₹ 20,000/- for attending each Board meeting, by the Board of Directors in their meeting held on 11th September, 2012.

Detail of payments towards sitting fees to Independent Directors during the financial year 2012-13 are as under:

Name of the Independent Directors	Sitting Fees*						Total (₹)
	Board Meeting (₹)	Audit Committee Meeting (₹)	Remuneration Committee Meeting (₹)	Sustainable Development Committee Meeting (₹)	Project Investment Committee Meeting (₹)	Risk Management Committee Meeting (₹)	
Dr. Vinayshil Gautam	1,10,000	82,500	17,500	NA	30,000	17,500	2,57,500
Shri Vinod Somani	1,10,000	82,500	17,500	NA	30,000	17,500	2,57,500
Shri Debidas Datta	1,25,000	82,500	17,500	17,500	30,000	17,500	2,90,000
<b>Total</b>	<b>3,45,000</b>	<b>2,47,500</b>	<b>52,500</b>	<b>17,500</b>	<b>90,000</b>	<b>52,500</b>	<b>8,05,000</b>

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

## 6. Risk Management Committee:

Board of Directors in their meeting held in May, 2011 reconstituted 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. One meeting of Risk Management Committee was held during the year 2012-13 i.e on 23rd March, 2013 and all the members of the committee were present except Director Technical.

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), Additional 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. Two meetings of Project Investment Committee were held during the year 2012-13 i.e on 29th April, 2012 and 7th July, 2012 and all the members of the committee were present.

#### 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, constituted 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 2012-13 i.e on 07.12.2012 and all the members of the committee were present.

#### 9. General Body Meeting:

The Annual General Meeting of the company is 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 Meeting	Time	Venue	Special Resolution
38th	2011-12	12th September, 2012	12:00 HRS	Railway Board, Rail Bhawan, New Delhi	Increase in Authorised Capital and Issue of Bonus Shares
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

#### 10. Subsidiary Companies:

The Company has one Indian Subsidiary i.e RITES Infrastructure Services Limited incorporated on 27.04.2010 with the main object of construction, operation and maintenance of Multi-functional Complexes in the vicinity of Railway land. Further, the Company has two subsidiary company's, abroad namely RITES AFRIKA (PTY) Limited, Botswana and RITES Mohwarean Arabia Company Limited (RMAC), Saudi Arabia.

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 operation contract has been foreclosed in June, 2011. Since there was no business purpose left for the JV Company, Board of Directors in its meeting held in July, 2012 has decided to wind up the Company and the necessary formalities for the same are underway.

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. 2.34.
- 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, 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](http://www.rites.com). Compliance report of Corporate Governance is being sent to Ministry of Railways on quarterly and yearly basis for onward submission to DPE.

#### 13. Training of Board Members:

New Directors on joining the Board 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 Chairman and Managing Director and Director Finance was placed before the Board of Directors at the meeting held on 21.06.2013 (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-1

### ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING THE YEAR 2012-13

Name of Directors	195 12th May, 2012	196 21st July, 2012	197 11th Sep, 2012	198 25th Oct, 2012	199 26th Nov, 2012	200 7th Dec, 2012	201 25th Feb, 2013	Total 7 Meetings
<b>Shri Keshav Chandra</b> Chairman (Upto 11th Oct, 2012)	✓	✓	✓	NA	NA	NA	NA	3 (All)
<b>Shri Rajeev Mehrotra</b> Chairman & Managing Director of the Company w.e.f 11.10.2012 and is also looking after the work of Director Finance at present. Earlier he was the Director Finance of the Company since 12.10.2007 and also held the additional charge of Managing Director w.e.f 01.09.2011 upto 10.10.2012	✓	✓	✓	✓	✓	✓	✓	All
<b>Shri Sumit Sinha</b> Director Technical with the additional charge of the post of Director Projects w.e.f 27th January, 2012 upto 31st May, 2012	✓	✓	✓	✓	✓	✓	✓	All
<b>Shri Arbind Kumar</b> Director Projects (From 1st June, 2012)	NA	✓	✓	✓	✓	✓	✓	6 (All)
<b>Smt Radhika L. Lokesh</b> Director (upto 12th Dec, 2012)	•	•	✓	•	✓	•	NA	2 out of 6
<b>Dr. Vinayshil Gautam</b> Director	✓	✓	•	✓	✓	✓	✓	6
<b>Shri Vinod Somani</b> Director	•	✓	✓	✓	✓	✓	✓	6
<b>Shri Debidas Datta</b> Director	✓	✓	✓	✓	✓	✓	✓	All

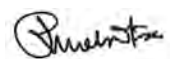
**Note:**

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

## ANNEXURE-2

### DECLARATION BY CHAIRMAN & MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL DURING THE YEAR 2012-13

I Rajeev Mehrotra, Chairman & 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 2012-13.



(Rajeev Mehrotra)

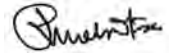
Chairman & Managing Director

Date: 22nd May, 2013

**ANNEXURE-3**

**CHAIRMAN AND MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION**

- (a) We have reviewed financial statements and the cash flow statement for the financial year 2012-13 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 present 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 indicated to the auditors and the Audit Committee that:-
- (i) there were no significant changes in internal control systems during the year,
  - (ii) there were no significant changes in accounting policies during the year.
  - (iii) 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 June, 2013**

**(Rajeev Mehrotra)**

**Chairman & Managing Director / Director Finance**

**ANNEXURE-4**

**CERTIFICATE**

**To**

**The Members**

**RITES LIMITED**

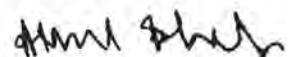
We have examined the compliance of conditions of Corporate Governance by RITES LIMITED for the year ended 31st March, 2013 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises 2010' issued by Department of Public Enterprises.

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)**

**Place : New Delhi**

**Date : 21st June, 2013**

**Company Secretary in Practice**

**C.P. No. 2317**



## Annexure – ‘B’

### MANAGEMENT DISCUSSION AND ANALYSIS

This analysis report briefly describes about the Company, the industry and 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 AND THE INDUSTRY

RITES, a “Mini Ratna” Schedule “A” Company, provides comprehensive array of consultancy and engineering services in transport infrastructure sector 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 of over 60 countries and has contributed notably in the development of transport infrastructure for the last 39 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”.



Shri Vinay Mittal Chairman Railway Board being welcomed to RITES Bhawan, Gurgaon on RITES Annual Day function

To support the growth in the economy, development of infrastructure is inevitable. The Government has planned investment in infrastructure sector to the tune of \$ 1 trillion in Twelfth Plan. Half of this investment is expected to be met through private investment under PPP mode. In Railways sector, projects with sizeable investments like the dedicated corridors etc. have already gone for implementation and the larger investments in the capacity building and technology up-gradation are being focused by Government. There is focus on two sunrise sectors - Mass Rapid Transport System (MRTS) and Renewable Energy and these sectors have got independent recognition for investments in 12th five year Plan. Government’s initiative to push the investment for infrastructure sector by various means will enhance business opportunities for the company.

RITES is strengthening its presence, in new areas of business taken up in recent past i.e. turnkey works of construction & supply of plant and machinery for up-gradation / modernization of Railway workshops and wet leasing of locomotives in domestic

markets. RITES in line with its strategy to diversify is entering into energy sector by forming a joint venture with Indian Railways called “Railway Energy Management Company” (REMC).

In spite of stiff competition, RITES is maintaining growth in its business by providing value addition services to various clients in India and abroad. Key revenue drivers for RITES are development of Railway siding, Metro Rail projects, Operation and Maintenance projects from non-Railways clients, Highway, Material Procurement for Ministries / GOI projects, Growth in Project management consultancy (PMC) for railway infrastructure for coal, metal and other bulk movement material, PMC for new areas-Institutional building, integrated check posts etc. and export of rolling stock and leasing of rolling stock in domestic & international markets.



Shri Rajeev Mehrotra, CMD, receiving award during the Global HR Summit organized by Institute of Public Enterprise in Mumbai

RITES is planning to enhance its business in domestic infrastructure sector through BOT/PPP/Concession project arrangements. RITES is also eyeing business opportunities in the area of providing workshop facilities for servicing domestic loco leasing business.



Engine Roll out at NTPC/Barh

#### 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 repeated orders.

Dependence on Government and PSU clients, limitations in recruiting desired competencies strains the performance and development of business. Limited experience 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 strong pillars in the development of 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 offering considerable opportunity for consultancy services. BOT projects in Railway, Highway, Power sector present opportunity to leverage financial strength of the company. Opportunities also exist for Multi-modal interconnectivity projects facilitating international trade and commerce.

There is tough competition in export and consultancy businesses from private and multinational companies, who at times price their services aggressively to enter the booming Indian market. The scale of projects being tendered is becoming larger in size attracting international consultants/large Companies, adding to competition for business. Retention and attrition of manpower is also a threat to the Company.



Hon'ble Minister of State for Railways, Shri Adhir Ranjan Chowdhury, and other Railway Board members during the RITES Annual Clients' Meet function

### IV. RISKS AND CONCERNS

In view of increased globalization and cross border businesses, there is a greater risk of competition from foreign companies in consultancy projects. Export of railway goods mainly depends upon the financial aid by multilateral funding agencies or line of credit facilities extended to the concerned Governments. Any change in the Government's foreign 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 being undertaken in association with JV partners, success largely depends on the 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.

The company's employees and projects 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.

### V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

RITES has effective internal control and audit systems for maintaining efficiency in operations and compliances of applicable relevant laws and regulations. The organization has well structured policies and guidelines which are documented with pre-defined authorities. Detailed F&A Manual is already in place to guide and strengthen the internal checks and controls. 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. 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 started the process of implementation of SAP-ERP as a solution to cover key areas of operations with inbuilt checks for strengthening the checks and control mechanism in the organization. During the year, Business Blue Print (BBP) and Unit Testing phases have been completed and "realization phase" has taken up which covers test run of various modules under implementation.

Steps for strengthening of legal cell has also been taken up to improve due diligence process for diverse nature of contracts / agreements entered into with various Clients / contractors / partners

#### 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. Framework covers areas of risk, identification, solution to mitigate the effect of risks.

#### Treasury Risk and Liquidity Management

Execution of foreign projects necessitates 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, RITES has a sound currency risk management policy in place. Policy covers 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 etc.

For control and directions of operations pertaining to currency risk management, Company has a committee comprising of Director (Finance), three Executive Directors of operations units, General Manager (Treasury), Additional General Manager (Treasury) and

an external consultant. Committee provides guidance for day to day decisions with regard to efficient treasury operation.

Company has continued to optimize the returns from investment of surplus funds by adhering to efficient decision process through which funds are invested in the instruments of highest safety and yielding high returns, by following DPE guidelines. In line with DPE guidelines, company invests its surplus funds in deposits with banks, mutual funds and corporate bonds etc. To enhance the yield from short term investments, RITES has also started investing in public sectors mutual funds with strong financials, in addition to UTI Mutual Fund. The investments made by the company are being reported to the Board of Directors on periodical basis.

Company has been affirmed 'IND A1+', the highest short term rating for its non fund based working capital limits by India Ratings & Research (erstwhile Fitch Ratings). This rating helps the company to get non fund based facilities at more attractive terms.



Hon'ble Minister of State for Railways, Shri Adhir Ranjan Chowdhury, and other Railway Board members during the RITES Annual Clients' Meet function

## VI. FINANCIAL PERFORMANCE

During the year 2012-13, Company has achieved highest ever Operating Turnover of ₹ 953 crore as against ₹ 836 crore of previous year, which is higher by 14% and total revenue of ₹ 1076 crore as against ₹ 934 crore of the previous year, higher by 15%. Income has increased from all streams of business activities. The net worth has increased from ₹ 1001 crore to ₹ 1195 crore. Company has spent ₹ 6.4 crore during the financial year 2012-13 towards corporate social responsibilities.

## VII. SEGMENT-WISE PERFORMANCE

During the year 2012-13, consultancy services including quality assurance services contributed 57% of the total operating income,



RITES officials Interacting with the Myanmar Railways officials

export sales contributed 32%, leasing income contributed 5% and balance 6% by construction projects. A segment-wise comparison is given below which shows increase in the export sale, consultancy services – domestic sector, construction projects & leasing business particularly in domestic market.

(₹ in crore)						
	2010-11		2011-12		2012-13	
	Operating Income	%	Operating Income	%	Operating Income	%
<b>Consultancy Services</b>						
-Domestic	482	69	473	56	529	55
-Abroad	40	6	32	4	15	2
Construction Projects	5	1	17	2	59	6
Export	149	21	290	35	307	32
Leasing (Domestic & Abroad)	22	3	24	3	43	5
<b>Total</b>	<b>698</b>	<b>100</b>	<b>836</b>	<b>100</b>	<b>953</b>	<b>100</b>

## 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.

In line with Company strategy to diversify, RITES is entering into energy sector by forming a joint venture with Indian Railways named Railway Energy Management Company. RITES is planning to take up a project to set up wind mill of 25 MW capacity in joint venture with Indian Railways, in Jaisalmer district of Rajasthan. Further, business segment in turnkey works of construction and supply of plant & machinery for up-gradation / modernization of Railway Workshops is proving to be a sustainable revenue stream.

### OVERSEAS BUSINESS

To overseas clients, 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. RITES was quick to grab opportunities in SAARC region, with several "export contracts" tied up in Sri Lanka, Bangladesh, Myanmar, Nepal etc.

During the year, RITES has executed major export orders for Myanmar Railways for supply of wagons, service coaches, locomotives and other equipment; Bangladesh Railways for BG locomotives; Sri Lanka for DMU train sets as part of project for supply of rolling stock, Machinery, spares, construction of sheds, training, locos leasing services in Mozambique etc. RITES secured a second contract for supply of 16 more BG locomotives to Bangladesh Railways.

Major projects under execution include consultancy projects for survey and feasibility studies awarded by Gabon Railways and Ethiopia & Djibouti, Construction supervision of Francistown –



Artists from Jodhpur, Rajasthan performing during RITES Annual Clients' Meet

Ramokwebana road and access roads for Govt. of Botswana, supervision for up-gradation of Paved Road Standard of existing roads in Terai Region of Nepal & for Chaungma-Lingadow Sections of Trilateral Highway in Myanmar.

RITES secured a prestigious World Bank aided overseas project through international competitive bidding on Development of a 50 year National Transport Master Plan for Ministry of Transport, Republic of Kenya.

#### DOMESTIC BUSINESS

On the domestic front RITES further strengthened its business by providing consultancy services to various clients from Ministries / Departments of Central Government, State Government and private corporate houses. Continuous business was secured/ executed for providing consultancy services for; Metro Rail / Mass Rapid Transport System (MRTS); for development of Railway projects (DFC, in difficult terrain - J & K, NF Railways etc); technical support including operation and maintenance services to captive railway systems; quality assurance assignments; procurement and logistics management; project management and consultancy services for institutional buildings and other infrastructure works; comprehensive services for development of roads, highways, airports, ports, ropeways, inland container depot; turnkey works for construction and supply, design, installation & commissioning of machinery and plant for up-gradation / modernization of Railway workshops and production units; contracts for leasing of locomotives, training assignments etc.



RITES Annual Day function: Lighter moments

RITES has recently completed some of the key consultancy projects including National Total Transport Study on Traffic Flows and Modal Costs, Golden Quadrilateral (GQ), Dedicated Freight Corridors – pre-feasibility study, Pune-Mumbai-Ahmedabad High speed Corridor pre-feasibility study etc. RITES is a preferred choice, (as a local associate), for international consultants for high-tech/ mega projects in India.



Cultural evening in progress on RITES Clients' Meet

During the year RITES was engaged in various prestigious projects, which include Detailed Project Preparation for Development of Six Lane Suspension Cable Green Field Bridge project over river Ganga at Patna, Project Management Consultancy services for Expansion & up-gradation of buildings of prestigious educational and research institutions, Project Monitoring Consultancy for seven Integrated Check Posts at international borders, Geo technical investigations for new BG line from Jirbam to Tupul, PETS study of future DFC corridors, S&T works for panel interlocking of Visakhapatnam port trust, supply of locomotives on wet lease including operation and management to domestic non-railway customers, project management of passenger ropeways, consultancy for setting up of new manufacturing and overhauling workshops, procurement consultancy contracts with Ministry of Health and Family Welfare, feasibility study and preparation of DPR and independent engineers services for development of roads, highways, ports etc.

#### 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 (RI)

Rail Infrastructure division provides consultancy in Transportation & Economic, Electrical Engineering, Signal & Telecommunication,



CMD Shri Rajeev Mehrotra and other officials inspecting the site of Tallah-Palta Dedicated Transmission Main, Kolkata

Track and Survey, Geo-Technology, Civil Engineering Design and services related to Rail Infrastructure development through conceptualization, 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 Corporate Office.

## TRANSPORTATION & ECONOMICS UNIT

The division expertise in transportation management and transport economics, enables it to carry out specialized studies for integrated transportation systems, inter modal planning and traffic engineering analysis.

The unit has recently secured a prestigious World Bank aided overseas project through international competitive bidding for Development of a 50 year National Transport Master Plan for Ministry of Transport, Republic of Kenya. The assignment spans all major mechanized modes viz. road, rail, air, waterways and pipeline besides urban transportation. Similarly, at home, an important institution building study was awarded by the Ministry of Railways for creation of a dedicated agency namely, Logistics Corporation which would render all encompassing logistics services to rail users through converting goods sheds into logistics terminals and setting up of multimodal logistics parks (a new generation of freight terminals) at strategic locations in the country. An appraisal study on growth of rail traffic vis-à-vis country's GDP and measures to enhance railway share has also been undertaken for Ministry of Railways.

The other projects secured by the unit include study for establishment of a container freight station at Vizag port for Andhra Pradesh State Warehousing Corporation, feasibility study for a rail siding at Jagdishpur thermal power plant for NTPC-SAIL Power Corporation, planning of pet coke rail loading facilities at Panipat for Indian Oil Corporation and developing an operational model for train operations aimed at de-congesting terminals in Delhi area for Northern Railway.

On-going assignments handled by this unit include, detailed project reports for development of private freight terminals at Bamanheri, study for development of rail facilities for thermal power plants at Khurja for TERI Hydro Development Corporation and Jagdalpur and Hemagir plants for PFCCCL as well as detailed assessment for long term needs of land based traffic, storage and cargo handling/mechanization system requirement for Vishakhapatnam Port Trust. The project for development of multimodal logistics park at Kanpur alongside the Eastern DFC is nearing completion and consultancy assignment for Nabha and Jaipur have since been completed for Central Warehousing Corporation.

The unit acts as part of think-tank for transportation planning in the country and has made significant contribution in terms of traffic estimation and allocation, planning of railway facilities, connectivity with eastern DFC and formulation of project implementation structure through PPP route including participation of State Government. As part of the R&D activities, the group in collaboration with IIT, Mumbai has prepared software of simulation tool for assessment of line capacity on rail network.

## 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 Sub-stations etc. Some of the major ongoing projects are for Ministry of Defence, State Trading Corporation of India, Jawahar Lal Nehru University, New Delhi, Delhi Police, Rail-Tel, ILS Bhubaneswar, Jamia Millia Islamia university, Delhi, IIT Delhi, IIT Kharagpur, Haryana Govt. Polytechnic, Haryana Govt Institutional Campus, Rohtak, MNNIT Allahabad, Allahabad University, NIT, Hamirpur, Pondicherry University, Gulbarga University, Institutional Campus at Rohtak.



Sub-Station for Wind Energy

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 embarking upon the renewable sources of energy. Solar Power is being harnessed by installing two solar plants



Wind Turbine, Thiruvavelli, TN

of the capacity of 10 Kwp and 25 Kwp respectively on RITES buildings in Gurgaon. Based on these solar power modules, possibilities are also being explored for new business in the field of Solar Energy.

Presently this unit is going to set up a windmill of 25 MW capacity in joint venture with Indian Railways in Rajasthan. Further, possibilities are also being explored to develop business opportunities in the field of 'Power Trading'.

#### **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.

The unit assists industries like power plants, Steel Plants, Refineries, Port trust, Coal Mines etc. in provision of signaling and telecommunication in their captive railway yards as well as on the siding taking off from Indian Railway network. This unit prepares feasibility reports, detailed engineering and provide project management consultancy services for execution of these systems.

During the year, this division has completed number of projects like panel interlocking systems, electronic interlocking systems as well as automatic signaling for NTPC, BPCL, BORL, NSPCL-Bhilai, HMEL-Bhatinda and Vishakhapatnam port trust etc. This unit also assisted Indian Railway in framing policy for roll out of "Train Projection and Warning System" (TPWS) in India.

#### **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 is also being undertaken. During the year the unit has diversified into the area of preparation of Detailed Project Report and Project Management Consultancy for Inland Container Depots. The unit has been awarded one major work of DPR



Design of alignment - Udhampur-Srinagar-Baramulla Rail Link (USBRL) Project

and PMC for Development of Multimodal Logistic Park at Kila Raipur near Ludhiana (Punjab) by CONCOR. In addition the unit has also been awarded 5 works of modification of ICDs at various locations by CONCOR. The prestigious work of Design of alignment and associated survey work between Katra-Daram on Udhampur – Srinagar – Baramulla Rail Link Project has been completed by the unit. A major consultancy work of "PETS Study of future DFC Corridors" is going on in full swing. Out of 4 corridors, work of North – South and East – West DFC corridors has been undertaken by this unit in the year.

#### **GEO TECHNOLOGY UNIT**

This unit provides technical services to carry out extensive geotechnological investigation as part of 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 completed major works of Geotechnical investigation for detailed design of Bridge No. 39 - 43 of Katra – Quazigund Rail Link of USBRL Project (J & K), Carrying Out the work of Geological exploration for proposed Rammam Stage-I hydroelectric Project (56MW) at Rammam in Darjeeling District. For NF Railway project, consultancy assignment for new BG Rail line from Bhairabi to Sairang in Mizoram and Tupul to Imphal in Manipur have been completed.



Aquifer mapping

The unit is presently carrying out Detailed Geotechnical investigation along the stretch of Realignment between Katra - Dharam (km 30.000 - km 100.868), Geo-Technical investigation work for construction of new BG line from Jirbam to Tupul, Geo Technical Investigation and Topographic Survey for Pre-construction survey and feasibility studies for Bhanupali-Bilaspur-Beri New BG Rail Link Project. The Unit has also provided services for Detailed Design Consultancy for finding & suggesting solution to heavy seepage in T-3 on Udhampur-Katra section of USBRL project.

During the year, unit was awarded important research oriented work of Geophysical Surveys including Vertical Electrical Sounding & Profiling (500 Nos.) and 2-D Resistivity Imaging (100 line km) in NCR area in India by M/s WAPCOS. In addition to this, Northern Railway has awarded major works for Geo Technical Investigation and Topographic Survey for Pre-construction survey and feasibility studies for Bhanupali-Bilaspur-Beri New BG Rail Link Project.

#### **CIVIL ENGINEERING DESIGN UNIT**

The unit provides engineering design services which involves planning and design of various Rail-cum Road Bridges, Approach structure like Rail/Road viaduct, River Modeling and Training Works, Road Over/Under bridges, Flyovers, Suspension bridges on various rivers/gorges of India and abroad. The unit is providing Designer's Association services during construction for Rail cum Road Bridge over river Brahmaputra for NF Rly. This state of the art bridge, declared, as National Project, comprises of 4.93 km long, 125 m span composite fully welded steel truss. The project includes river training and model studies of 16 kms (9 kms upstream to 7 kms down stream) stretch including North and South approach viaduct of 800 m each.

The unit has moved up the value chain in its business portfolio after securing the prestigious Project Advisory Services including Detailed Project Preparation for Development of Six Lane Suspension Cable Green Field Bridge project over river Ganga at Patna for Bihar State Road Development Corporation (BSRDC) and the completion of the feasibility report for construction of Six Lane Suspension bridge across Durgam Chevuru at Hitech City, Hyderabad for APIIC.



Design of Bogibil bridge across the Brahmaputra river in Assam

The unit is also involved in planning and design of Rail bridges in fragile Himalayas for "USBRL Project" in the state of J&K. The bridges comprise of specialized steel structures/ steel & concrete composite superstructure designed to Euro norms including forces due to LWR / CWR. Designs for slope stability with soil nails/ground anchors are also being undertaken alongwith high reinforced earth embankments.

The unit has successfully completed the Detailed Design and Construction Supervision works for 11 km long prestigious Pir Panjal Railway Tunnel and Northern Railway Tunnel No. 1 under joint venture with M/s Geoconsult, Austria. The tunnelling works have been executed with New Austrian Tunneling Method, which has been deployed extensively in Pir Panjal Tunnel, for the first time in India. Trial run of the train has been successfully completed in December, 2012.

The unit has also substantially completed the pre feasibility study of 12.6 km long Road Tunnel across Sela Pass at an altitude of 14000', which shall provide all weather connectivity to Tawang area in Arunachal Pradesh. When constructed, it shall be longest road tunnel in India.



Inspection of site of Bogibil bridge project by Member Engineering Railway Board

## REGIONAL PROJECTS DIVISION

Regional Projects division provides consultancy in Construction Project Management and Airport. This division also provides services related to Rail Infrastructure development through conceptualization, design and project management of Rail based transportation system through Regional Project offices (RPOs) at Mumbai, Kolkata, Lucknow, Secunderabad, Nagpur and Bhubaneswar to manage the needs of various clients.

### CONSTRUCTION PROJECT MANAGEMENT UNIT

This unit is providing Project Management Consultancy and Third Party Quality Inspection, Assurance & Audit Services to various Clients and have been successfully executing various prestigious Building and Infrastructure projects for Central / State Govt. Organisations, PSU's, Universities, Institutions of National Importance, Autonomous bodies, Private Sector etc. at various locations in India and abroad.



PMC for Boys' hostel for MNNIT, Pondicherry

The major works under execution for Project Management Consultancy services include Expansion & up gradation of prestigious institutions like Jawahar Lal University, Delhi University (North & South Campus), Central university at Pondicherry, Karnataka & Punjab, Indian Institute of Technology at Kharagpur & Delhi, University of Allahabad, NIT Hamidpur, Institutional Buildings of Directorate of Technical Education at Rohtak, Construction of School buildings, hostels & other infra Structures of Navodaya Vidyalaya Samit (NVS) at various locations in India. Construction of 1200 seated Auditorium / convention centre at National Agriculture science centre (Indian Council of Agriculture Research), New Delhi. Construction of Police Lines & Residential Complex of Delhi Police at various locations in NCT Delhi. Construction of Married Accommodation Project of Ministry of Defence at Shillong. Construction of Marketing Development cum Business park (MDBP) at Okhla for National Small Industries Corporation Ltd. (NSIC), New Delhi. 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. Construction of Inland Container works at Khatuwas, Pant Nagar and Haridwar. The Unit has also undertaken construction and development of agri-food cluster campus at Sector 81, Mohali (Punjab).

The Major works of third party Inspection have also been undertaken for Building and Infrastructure works related to DDA, NOIDA, Greater Noida Authority, 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,

Construction of various buildings for Pondicherry University and Construction of Fine Arts & Guest House for Institutional Campus, Rohtak. Hon'ble Prime Minister inaugurated and dedicated to nation "UNECOSO" the Madanjeet Singh Block of Pondicherry University in July 2012 for which project management consultancy was provided by RITES.

#### 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.



Collaborative partnership: MOU with Airports Authority of India Limited

The unit secured the prestigious study for Site Finalization and Development of Taj International Airport from Uttar Pradesh Tourism Department for implementation of the project through PPP. This unit also secured the engineering consultancy projects for expansion of Shimla airport involving the feasibility study for expansion of the existing airport by erection of massive earth retaining structures. Another important assignment bagged by the unit included the Study for improvement of air connectivity in the North-Eastern Region, India including 8 States.



Feasibility study and design for expansion of Kamembe and Gisenyi Airports, Rwanda

During the year consultancy design services for the extension of runway at Morabad was completed. Construction of surveillance radar tower buildings at Jaisalmer and Uttarlai were also completed and work at Sirsava, Gorakhpur, Jorkhat and Jammu is under progress.

Project Management for the Construction of International check posts at Birgunj, Raxaul and Jogbani along Indo-Nepal border, at Agartala and Petrapole along Indo-Bangladesh border is under progress.

RITES and Airports Authority of India have signed a Memorandum of Understanding for mutual collaboration in the areas of aviation

projects for offering consultancy / Construction management for foreign projects and domestic assignments

**Regional Project Offices (RPO's )** have been strategically formed at various Metros and other three tier cities to cater to the business potential pan India to provide "Single Window" Consultancy services to clients at their door step for easy interactions and serve the clients better. A brief of projects relating to Rail Infrastructure segment handled by RPOs for various clients is given below.

**RPO-Bhubaneswar-** One of the most prestigious Detailed Project Report related to Development of Common Rail Corridor for evacuation of Coal from the Talcher Coal Fields via the Angul-Chendipada-Kalinganagar route is being developed for Odisha Industrial Development Corporation-(IDCO). Project Management Consultancy for augmentation of Rail Infrastructure towards capacity addition to SAIL's plant at Rourkela, FR, DPR and PMC for M/s TATA Steel in connection with their projects at Kalinganagar, Nayagarh , Gopalpur etc. NTPC, RINL, NALCO, OPGC, MCL , BRPL, VISA Steel, Bhushan Energy are other major clients for whom Consultancy services are being provided.

**RPO-Kolkata-** This office is catering to clients in West Bengal, Jharkhand, part of Bihar and the North East. In addition to several projects related to development of Rail Infrastructure from concept



Commissioning of Railway siding: DVC Koderma Thermal Power Station, Jharkhand

to commissioning for various power and coal mining projects for Clients like BCCL, CCL, NECL-Subsidiaries of CIL, NTPC projects at Farakka, Bongaigaon and Barh, SAIL, CONCOR, JRDA, EIL, DVC, WBPDC, KPT, CESC, TATA Steel, JSPL etc. This office has also undertaken diversified projects related to conducting Detailed Project Report and Detailed Engineering for Kolkata Metropolitan Development Authority-KMDA & Kolkata Municipal Corporation-KMC for laying of under-ground water supply pipe lines through micro-tunneling method and also water supply and water treatment plants and several Box pushing works which are technically challenging for execution in the metropolis.

**RPO-Lucknow-** This office is rendering Consultancy for preparation of Feasibility Report, Detailed Project Report, Detailed Engineering and Project Management Consultancy for several projects related to NTPC at Rihand, Vindychal, Kehalgaon, Nabi Nagar & Meja -MUNPL for JV between NTPC and UP Govt. In addition, rail infrastructure projects of Northern Coal Fields, BPCL, LANCO, UPSEB, Jaypee Cement, CONCOR, SAIL etc. are also being handled by this office.

**RPO-Nagpur-** Some of the important clients being dealt with by this office are NTPC at Korba, Sipat & Mouda , CONCOR, SAIL, State Electricity Board of Madhya Pradesh, Maharashtra, &



Chatisgarh, SECL, Jaypee Cement, Hiedelberg Cement, Grasim Cement, TATA Steel for their Rail Infrastructure Development Projects from Concept to Commissioning. State Government bodies like PWD, Indore Municipal Corporation, Vidharba Irrigation Department, have also entrusted their RUB, ROB works for design and construction which relate to crossing of Rail Tracks.

**RPO-Mumbai-** In addition to Consultancy services related to Railway Infrastructure for Clients like MRVC, IOCL, CONCOR, GSFCL several prestigious projects that are highly challenging related to Construction supervision of ROB and RUB in connection with crossing of Railway Tracks are also being dealt with by this office for a varied clientele ranging from Surat Municipal Corporation, Mumbai Metropolitan Region Development Authority, Mira Bhayander Municipal Corporation, Vadodara Municipal Corporation, Rajkot Municipal Corporation, Gujarat Water Supply and Sewage Board, Vadodara Mahanagar Seva Sadan, Mumbai Metro One Private Ltd, L & T etc.

**RPO-Secunderabad-** This office serves Tamil Nadu, Karnataka, Andhra Pradesh and Kerala for Consultancy services related to Rail infrastructure & its maintenance and Project Management Consultancy for Building works. Some of the important clients being served are NTPC, CONCOR, Andhra Pradesh Power Generation Corporation, Karnataka Road Development Corporation, Visveswaraya Technological University, Tobacco Board, EPFO etc.

## TRANSPORT INFRASTRUCTURE DIVISION

### PORTS AND WATER RESOURCES UNIT

The unit provides consultancy services for Ports & Harbours, Water Resources Engineering and Inland Water Transport (IWT). During the financial year this unit has secured consultancy project for preparation of techno-economic feasibility study for captive port for Rashtriya Ispat Nigam Ltd, Visakhapatnam. Under the existing MOU, Visakhapatnam Port Trust has awarded a feasibility study for modernization of West Quay Berth – 8 (WQ-8) in inner harbour area. From water resources front, this unit has secured a prestigious project for 'Long term flood mitigation measures and pollution abatement studies in Thiruvananthapuram city, Kerala from Ministry of Water Resources, Government of Kerala. In Inland Water Transport sector, this unit has secured a project "National Waterway Grid Study" from Inland Waterways Authority of India. This unit is also providing consultancy services for preparation of ' Guidelines for assessment of land requirement for the port projects in Odisha', to Ministry of Commerce and Transport, Government of Odisha. The projects, successfully completed during the current year, are preparation of Detailed Project Report for Rehabilitation of Kanakesanturai Harbour in Sri Lanka, Identification of potential waterways in the North East States and DPR for development of Goa waterways. 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.

### HIGHWAYS UNIT

The unit provides comprehensive Road Transport Consultancy Services & Construction & Contract Management covering all aspects of Highways (Expressway, NH, SH, Rural road etc.) including Bridges/Viaducts and Tunnels in the area of Conceptual & Detailed Design, Supervision, Operation and Maintenance,

Planning/Management of Networks, improvement/upgradation, Safety Audit etc. The unit is well equipped to carry out a variety of services viz. survey, investigation, traffic studies, pre-feasibility studies, feasibility studies, DPR etc. This unit has been providing services since mid eighties covering geographic regions in India & abroad (Nepal, Bhutan, Botswana, Uganda, Malaysia, Myanmar, Ethiopia Afghanistan, Bangladesh, Cameroon, Ghana, Mozambique, Tanzania, United Arab Emirate and Zambia).



PMC for Construction of road for Terai Project in Nepal

During the year, the unit has provided overseas consultancy services for Construction Supervision of Access Roads in Botswana, supervision for up-gradation to Paved Road Standard of existing roads in Terai Region of Nepal & for Chaungma-Lingadow Sections of Trilateral Highway in Myanmar. This unit has also provided domestic services for Feasibility Study and Preparation of DPR for Six nos. Bypass on Gurgaon-Kotputli-Jaipur Section of NH-8 for NHAI; Independent Engineer Services for Development of Chennai Outer Ring Road, Phase-1 in Tamilnadu for TNRDC; Preparation of Feasibility cum Preliminary Design Report to develop Ahmedabad – Dholera Six Lane Expressway (Green Field Development) in JV with Stanley Consultants USA for GSRDC, Gujarat; DPR for ROB near Ghantapada village for MCL, Orissa; Consultancy Services for Feasibility study & report for ROB cum flyover at Ranichak for Haldia Port Trust WB, Consultancy Services for detailed study of traffic movement inside & outside Haldia Dock Complex, Haldia Port Trust, WB; Yamuna Expressway Project; MG Road Project; NATRIP; Assam Project; Salem Project; Koderma Project; Goa Project.

Some of the important projects secured by this unit are Project Management Consultancy Services for Construction of Utility Corridor-IV in Bhubaneswar; Consultancy Services for Preparation of pre-Feasibility Study Report for Selected State Highway Corridors in West Bengal; Consultancy Services for Geometric Design, structural design/drawing, preparation of detailed estimates and tender documents for Construction of ROB/Flyovers at intersection at 6 locations for DDA; Consultancy Services for preparation of detailed project report for Widening and upgradation of Mandi road for PWD, Delhi; Proof Checking of Design & Drawing, CRS approval and GAD approval from Railway Authority for the work of Design & Construction of ROBs under JNNURM Project, Kolkata & Consultancy Services for Supervision and Quality Control work for Coal Transportation Road in Talcher Coal Fields, MCL, Sambalpur.

## URBAN INFRASTRUCTURE DIVISION

### URBAN TRANSPORT UNIT

This unit provides comprehensive consultancy for the complete spectrum of Urban Transport. During the current year, this unit was involved in PET surveys of new Metro Corridors in Kolkata, 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 Panval. Other major assignments carried out during the year include additional ROBs and Flyovers in Punjab; Project Management Consultancy for one Fly-over in Amritsar; and Traffic Improvement Plan of Outer Ring Road from IIT Gate to NH-8 and its Influence Area; Feasibility Study of Elevated Corridor between Churchgate-Virar Section of Western Railway Mumbai; Comprehensive Mobility Plans for Ludhiana, Raipur, Indore, Srinagar and Jammu; Feasibility Study of 15 Car EMU Trains in Mumbai Sub-Urban Section of Central Railway; DPR for MRTS from Dwarka to Munirka and DPR for MRTS from Shastri Park Metro Station to Kalyanpuri; Independent Quality Monitor for Stage -I of Jaipur Metro Rail Project.



General Consultancy for Bengaluru Metro Rail Project, Phase-1 & 2

During the year, unit was awarded General Consultancy Services for Delhi Mass Rapid Transit System Phase-III; Consultancy Services for "Project Management Consultancy" for Project TERA at RTRS Facility at TBRL Range, Ramgarh, Panchkula; Study of Road Traffic Plan from Kalindi Kunj to Botanical Garden & City Centre and Sector 32 to Sector-62 (NH-24); Final Location Survey, Geotechnical Investigations; Preparation of Detailed Estimate, Detailed Design / Drawings of all Civil Engineering Works and Structures Required for provision of 3rd Line between Kalyan-Kasara of Central Railway; Consultancy Services for providing Western Access from Dwarka to IGI Airport for Delhi Development Authority; Interim Consultancy for Phase-2 of Bangalore Metro Rail Project; pre-feasibility study of proposed quadrupling of Virar-Dahanu Road Section for Mumbai Rail Vikas Corporation; Traffic and Transportation Study Work for Phase-IV Corridors of Delhi Metro; Feasibility Study for the proposed East-West Metro Project on the Change of Alignment between Sealdah and Brabourne Road and Extension from Sector-V Station ( WIPRO) to Technopolis.

### ARCHITECTURE & PLANNING UNIT

The unit provides designs for institutional and office complexes, transport terminals, housing, educational campus, hospitals, industrial buildings & workshops. During the current year, the Unit has completed design and drawings for several additional buildings for the Kashmir Rail Link Project on the Laole - Qazigund section and Katra - Laole Section. These include external development works for Banihal, staff quarters at Banihal, barracks at Arpinchilla & Sumber, equipment rooms for North and South portal, duty huts and morchas etc.

As a result of incorporation of several parameters for energy Green Building Rating by GRIHA and MNRE, the Detailed Project Report for Indira Gandhi National Open University Campus at

Maidangarhi, Delhi was being modified and finalised accordingly. Approval of Revised Master Plan of this campus has been received from civic authorities including Delhi Development Authority, Airport Authority of India, Delhi Urban Art Commission, Chief Fire Office and Municipal Corporation of Delhi. Approval of building plans from civic authorities is in progress. Working drawings good for construction for IGNOU Regional centre at Karnal (Haryana) are nearing completion. Construction is expected to start at site soon.

Projects for design and drawings of Periodical Overhauling Workshop at Harnaut and for the Cast Wheel Plant at Chhapra for East Central Railway have been completed during the year.

Detailed Design for institutional cum residential campus for Delhi Armed Police Lines at Dwarka, Delhi has been completed. The construction of Institutional buildings have been completed at site. Administrative Approval and Expenditure sanction for residential buildings has been received from the Ministry of Home Affairs. The drawings have been sanctioned by various civic authorities. Working drawings good for construction of residential buildings are in process of finalisation. Construction work is expected to commence at site shortly.



Architectural Design of IGNOU campus at Maidangarhi, Delhi

Construction of Gitanjali Museum at Bolpur, designed by this unit has been completed. It was inaugurated by the Hon'ble Chief Minister of West Bengal, and greatly appreciated by all.

### URBAN ENGINEERING UNIT

The unit offers consultancy services for conducting Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) study for Airports, Ropeways, Hydropower projects, Building Construction, Transportation projects (Highways, Railways, Metro, Rapid Bus Transit system, Monorail etc.) and for other infrastructure projects. The unit is executing the projects on design of water supply, sewerage, drainage and sewage/effluent treatment plant. Feasibility and Detailed Study for Solid Waste Management is also being taken up by the unit. The division has successfully completed Environmental Audit for the Industries during ISO 14001 study. The unit has been accredited by National Accreditation Board of Education and Training (NABET) as EIA Consultant Organisation under the mandatory scheme of Ministry of Environment and Forest (MOEF).

The unit has completed EIA study with Environmental Clearance for Landfill site at Jhalawar, Ropeways project at Shri Mata Vaishno Devi Shrine Board, Katra and Heliport in Sector 36 of Rohini in New Delhi during the year. Environmental Clearance for Airports at Pithoragarh and landfill sites at Churu, Sikar and

Nagaur are under process. During the year, following projects were completed i.e. EIA study of C-B-S Metro Corridor in Mumbai, EIA Study for three corridors of Calcutta Metro Rail Projects, EIA study for CSTM-PNVL Fast Track Corridor in Mumbai, EIA Study for Mass Rapid Transit Connectivity between Dwarka to Nangloi and Shastri Park to Kalyanpuri, EIA Study for Chandigarh Metro Rail Project, Design of Water Supply, Sewerage, Drainage and Sewage Treatment Plant for ICPs of Jogwani, Birganj, Raxaul, Akhaura, Moreh, Petrapole and Dawaki. The unit also undertook Plastic Waste Management study for Central Pollution Control Board for Indira Gandhi International Airport and three railway stations (New Delhi, Nizamuddin and Old Delhi Railway stations), based on which CPCB has formed and issued guidelines on Plastic Waste Management at Airports and Railway stations.

The ongoing EIA studies include New Suburban Corridor of Virar-Vasai-Diva-Panvel section of Central Railway in Mumbai, Aerial Ropeway at Rajgir in Bihar, Restoration of Basic Strip & Prevention of Soil erosion including feasibility studies for runway extension at Shimla Airport, Multi-Modal Logistic Park (MMLP) at Kathuwas in Rajasthan, International Airport at Agra in Uttar Pradesh and Delhi Metro Phase IV. As a diversification of UE unit, the unit is in the process of executing a project on Pollution Abatement of the Thiruvananthapuram City in Kerala. The unit is also undertaking inventorisation of Railway sidings for CPCB in India which will lead to formation of guidelines by CPCB for Environmental management of Railway siding.

## EXPOTECH DIVISION

The division offers integrated export packages for rolling stock including leasing, rehabilitation, maintenance and spare part support. Apart from that, it also renders technical consultancy services for workshop modernization, facility planning for rolling stock maintenance, training and technology transfer.



Export of BG Locomotives to Bangladesh

During the year, the Sri Lanka project was completed with the supply of the remaining six DMU train sets. The execution of the project, which consisted of six contracts relating to supply of 20 DMU train sets, 3 locomotives, machinery and plant, loco spares, construction of maintenance sheds and training of 600 Sri Lanka Railway personnel, was kick started in 2009 with the supply of unit-exchange spares, and all contracts were successfully completed within about 3 years time.

The export of rolling stock and other equipment to Myanmar acquired full momentum during the year. Major despatches included 208 wagons, 16 air-conditioned in-service coaches, 8 in-service locomotives besides other equipments like stone crushers, rail gang cars and spare parts for locomotives.

Supplies in respect of the contract agreement for 10 BG locomotives with Bangladesh Railways, which had been signed in January, 2012, started with the commissioning of the first two locomotives in Bangladesh in March, 2013. The inauguration of the maiden run of the first loco was done by the Hon'ble President of India Shri Pranab Mukherji and Hon'ble Prime Minister of Bangladesh H.E. Sheikh Hasina on 5th March, 2013 at Dhaka.

The division continued to extend services of leased loco to CFM, Mozambique. The existing contract came to an end in August, 2012. Not only was the contract extended by CFM for another two years upto August, 2014, but they also agreed to take 2 more locomotives, one 3000 HP and another 2300 HP to join the existing fleet of 15 locomotives in Mozambique. The leased locomotives have been providing satisfactory services to the client for the last 6 to 7 years. RITES has also been providing maintenance services for 6 locomotives to CDN in Mozambique for quite some time. In view of excellent performance by RITES, the CDN Management has extended contract for current year.

RITES was awarded a second contract for supply of 16 more BG locomotives to Bangladesh Railway. These locomotives identical to the 10 locos of previous contract, are presently under execution.

Negotiations are underway with Bangladesh Railway and Myanmar Railway for establishing new contract agreements for supply of rolling stock. Two tenders were notified by Bangladesh Railway for procurement of 70 BG coaches (LHB Type) and 5 DMU train sets in late 2012. RITES has submitted offers, which are under active consideration with Bangladesh Railway. Efforts are being made to secure loco rehabilitation work from few countries.

## 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 at different states with renewal of the contracts & extension in the scope of inspection with existing clients. Many new organisations and clients like Gridco, Bhubaneswar, JNNURM related projects. Jodhpur Development Authority, Delhi Jal Board Works, GUDM, GWSSB, Gujarat etc. have awarded contracts for Third Party Inspection & related services.



Third Party Inspection of rails at Bhilai Steel Plant

RITES has been awarded accreditation to ISO 17020 by NABCB with enhanced scope of service by including "coaches and wagons" under the head "rolling stock inspection".

The division had secured inspection of AC coaches, EMU, DEMU coaches at ICF during 2010-11. Due to excellent work at ICF by this unit, repeat order from ICF for Third Party inspection has been awarded during the year.

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 Crank shaft, Wheels Axles, Wheel sets, Machines in USA, Canada, China, Romania, Ukraine & Czech Republic on behalf of Railways, BEML, NTPC, CIMMCO, TEXMACO, TWL & Other wagon manufacturers.

The division continued assisting Bureau of Energy Efficiency (BEE) as Independent Agency for monitoring & evaluation in their star rating scheme for various electrical products. The division also continued to provide the 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 19001, Service Quality Management System (IS 15700) and has conducted Customer satisfaction surveys and Lead Auditor trainings for various prestigious PSUs/State Government Organization. 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 fields of Clean Development Mechanism.

## TECHNICAL SERVICES DIVISION

### ROLLING STOCK DESIGN UNIT

This unit specializes in design and development of railway rolling stocks using state-of-the-art hardware and advanced software techniques like solid modeling, finite element modeling & analysis and simulation techniques such as crash and vehicle dynamics simulation, marketing of rolling stock design and also offers technical support to rolling stock manufacturers. However, taking advantage of its inherent expertise it has diversified to offer expert technical services in setting-up of state of art R&D facilities, test centers, and setting-up of modern coaching/freight car depots on turnkey basis.



Design of 24-Axle 300t Special Wagon for BHEL, Tiruchirappalli

Some of the major achievements of this unit includes design of crashworthy coaches for IR, highly successful container flat wagon with speed potential of 100 kmph freight operation, Ro-Ro wagon for Roll-on and Roll-off freight such as loaded trucks,

BFAT wagon for Ministry of Defence, food grain wagon for bulk transportation of food grains, and frameless tank wagon for transportation of petroleum products.

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

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

### MATERIALS SYSTEM MANAGEMENT UNIT

The unit has been providing comprehensive Procurement & Logistics Management Consultancy Services in compliance with the Guidelines & Procedures of International Funding Organisations (IFOs) and National Government. For providing these consultancy services, the unit uses its core competencies which include expertise and in-depth knowledge of procurement policies & procedures of Government of India, bilateral/multilateral funding agencies, expertise in various fields of Material Management and use of state-of-art technology and resources to ensure customer satisfaction and best value for money while adopting ISO based Quality Management Systems. Presently two major Procurement Consultancy contracts are under execution for Empowered Procurement Wing and National Aids Control Organisation under Ministry of Health and Family Welfare, Government of India.

During the year, existing procurement consultancy contracts with Ministry of Health and Family Welfare have been extended for additional procurements under external aid and domestic procurements as per General Financial Rules.

Procurements have been finalized 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 Organisation (NACO), Ministry of Health & Family Welfare (MOHF&W), Government of India during the current financial year for a value of around ₹ 1045 crore.

The Contract Management of contracts worth over ₹ 750 crore has been undertaken during this year which includes Inspection & Testing of Drugs/Equipments, Monitoring of Supplies, Co-ordination with as many as 635 consignees country wide, and processing of around 16000 Supplier Bills for payment.

### OPERATION & MAINTENANCE MANAGEMENT UNIT

The unit provides railway related technical support to captive railway systems for public and private sectors in India for Power Industries, Steel and Aluminum Plants, Ports etc. The unit has



Leased Locomotives working at Dhamra Port Company Ltd.

secured works from number of clients in the recent past like NTPC, SAIL, Port Companies, & Power Plants for operation of their railway systems, maintenance of rolling stock, track etc.

The 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 18 Locos, one each to BTPC/ Bandel, NSPCL/ Bhilai, CLP/ Jhajjar, KTPS/ Kolaghat, Tata Steel/ Jodamines, 2 to Uttam Galva/ Wardha, KOPT/Kolkata, 4 to VPT/ Vizag Port & 5 to 10 DPCL/ Dhamra Port.

After successful leasing of shunting locos to VPT & Dhamra Port, the unit is focusing on taking turn-key shunting operation in green field steel plants & power plants for major non-railway clients.

## ROPEWAY & INDUSTRIAL ENGINEERING UNIT

The unit provides consultancy from concept to commissioning of the aerial ropeway projects in the country. This unit is presently doing project management of passenger ropeways at Namchi (Sikkim) and Guwahati (Assam). The construction supervision contract of Passenger and Material ropeway projects at Mata Vaishno Devi Shrine has also been finalized. The project of passenger ropeway at Jammu is also under the supervision of this unit. Project reports for new ropeways at Trimbakeshwar (Nasik), Markanday Hill (Nasik), Mandar Hill (Banka, Bihar), and Bhaleydungta (Sikkim) have been prepared for approvals by the concerned authorities.



Turnkey work for FIAT Bogie Shop at ICF, Chennai: Installation of Plate Straightening machine

RITES has entered in 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 under progress. On similar basis, another Funicular Railway on BOT basis is being constructed at Haji Malang Shrine (Thane) under the supervision of this unit.

**The Industrial Engineering Unit** provides consultancy for setting up of new manufacturing and overhauling workshops. The Industrial Engineering Unit has also taken up the Turnkey construction works at Railway Workshops and Production Units, comprising of Civil & Electrical works and supply, installation and commissioning of Machinery & Plant for up-gradation / modernization / new installations.

This unit is executing turnkey work for FIAT Bogie Frame Shop for RCF at Budge-Budge. The procurement of M&P on turnkey for FIAT Bogie Shop at ICF, Chennai is another project being done by this unit.

The project of setting up of M-15 Gas Turbine Aggregate Testing facilities for Indian Navy at INS Eksila at Visakhapatnam is being executed under the supervision of this unit.

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



Turnkey work for FIAT Bogie Shop at ICF, Chennai: Installation of Robotic Welding machine

The unit is also handling the work of Bid Process management for setting up of Railway Production Units for Diesel Locomotives, Passenger Coaches and Axles on Public Private Participation modes.

## INFORMATION TECHNOLOGY UNIT

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



Inauguration of ERP Data centre by Hon'ble Minister of Railways Shri Pawan Bansal

The unit is actively involved in implementation of SAP ERP, across all RITES offices in the country. As part of the ERP implementation, IT infrastructure has been upgraded,

which includes setting up of state of art data centre having latest technology servers, networking equipments, modern surveillance system, BMS etc. Implementation of ERP will help in inter departmental information sharing & communication and provides a real time access for efficient decision making for various business processes.

During the year, the unit has executed projects like: (i) Migration of Materials Management and Production, Planning & Control System from FoxPro to browser based environment for Diesel Locomotive Works, Varanasi; (ii) Up-gradation of Treasury Operation System for Tripura State Government; (iii) Project Management Services for development of Vigilance Information System for Vigilance Department, Railway Board; (iv) Development of Internet based Information System for Manpower data for Indian Railway (v) Centralised Apportionment of Indian Railway Earnings for Goods & Passengers among various zones of Indian Railways.

The unit also provides AMC support for various application software developed for various clients.

### PRIVATISATION AND CONCESSIONS UNIT

The unit continued to provide Transaction Advisory services for various Public Private Partnership project in Infrastructure Sector. During the current financial year, the unit secured three major consultancy assignments from Ministry of Railways namely i) Setting up of Rail Coach Factory at Kanchrapara in West Bengal; ii) Setting up of 5 Medical Colleges on PPP Mode; and iii) Development of Electric Loco factory at Madhepura on PPP basis. The work on these assignments is under progress.

In Port Sector, unit secured and substantially completed three transaction advisory services assignments for Visakhapatnam Port Trust namely Extension of the Existing Container terminal at Visakhapatnam Port on DBFOT basis; Development of West Quay North (WQ-7 and WQ-8) berth with Mechanized facilities for dry bulk / break bulk cargo on DBFOT basis in inner harbor of Vishakhapatnam Port; and Modernisation and upgradation of existing Ore Handling Complex of Visakhapatnam Port Trust on DBFOT basis; Unit also secured and completed assignment of Allotment of Captive Berths to Mahaguj Collieries to handle coal at Paradip Port for Paradip Port Trust.

### HRD AND TRAINING UNIT



Training of Sri Lanka Railway personnel



Training session on Performance Management System

The unit organises training for its clients in manpower planning, assists in the design and setting up of training infrastructure in India & abroad. Besides this, Division also organises technical training for foreign railway personnel against supply contracts.

During the year, training was imparted to (i) 2 Sri Lanka Railway personnel for 8 man weeks, (ii) 21 Myanmar Railway personnel for 42 man weeks, (iii) 1 Zambia Railway official for 11 weeks and (iv) 8 Bangladesh Railways personnel for 64 weeks in various railway shops, sheds and training institutes in India.

Six programs, each of 3-days duration, were organized during the year on Commercial and Operational aspects & maintenance of railway sidings. 93 officials from NTPC, SAIL, ACC, IFFCO, PPL, State Thermal plants, IOCL, BPCL, Coal India, MCL, CCL, Port Trust etc participated in the program. A two week training was organised for 16 Loco Drivers of National Fertilizers Limited at Panipat and Nangal and for 12 Loco Drivers of KRIBHCO Ltd. at Surat.

5-weeks training programmes are being organised by RITES for Indian Railway officers regularly. Ten such programs were completed in the year in which 103 Railway SAG-level officers attended programme on various managerial development topics like (i) performance/talent management (ii) leadership & motivation (iii) conflict management & negotiation skills (iv) project management (v) manpower planning/ outsourcing/managing its performance (vi) vigilance administration, disciplinary proceedings, etc.

Detailed Feasibility Report (DFR) for setting up of "Skill Development Institute" at Dankuni, West Bengal was prepared for Indian Railways by the division during the year.

As part of in-house training, the staff & officers of RITES have taken through technical up-gradation and skill development at all levels.

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
RITES LIMITED

We have audited the accompanying financial statements of RITES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow for the year ended 31st March 2013, and a summary of significant accounting policies and other explanatory information, 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 returns/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 ₹ 3.11 crore and ₹ 2.13 crore respectively, which have resulted into a profit of ₹ 0.98 crore before taxes on income. We cannot comment on such figures as the same are audited by other auditors.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of risks 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 company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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 II (e) below, 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 March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) order, 2003 ("the order") issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.
- II. As required by section 227 (3) of the Act, 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 our audit;
  - b) 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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 *except regarding Accounting Standard 11 "Effects of Changes in Foreign Exchange Rates" as referred to in Para no. 2.44.5 of 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.
  - g) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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



(SANJEEV KWATRA)

PARTNER

Membership No.: 090130

Place : New Delhi

Dated : 21st June, 2013

## ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph-I of our report of even date on the accounts for the year ended on 31st March, 2013 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, 2013. 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, no disposal of substantial part of the fixed assets of the company has taken place during the period, which affects 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 explanation given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of the 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) As per the information and explanation given to us and the records produced to us for our verification, the company has not granted any loans secured or unsecured, to any company, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956, therefore provisions related to Para 4 (iii) (b), (c), (d) are not applicable to the company.
- b) The Company has not taken loan, secured or unsecured, from Companies, Firms or Other parties listed in the register required to be maintained under section 301 of the Companies Act, 1956, therefore provisions for sub clause (e), (f) & (g) are not applicable.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its activities & business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
5. According to the information and explanations given to us, the company has not entered into any contracts or arrangements required to be entered in the registers maintained under Section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under would apply.
7. The Company has appointed external Chartered Accountant firms for the purpose of conducting Internal Audit. The same in our opinion is commensurate with the size of the company and nature of its business.
8. Cost records under Section 209 (1) (d) of the Companies Act, 1956 are not required to be maintained by the Company.
9. a) According to the information and explanation given to us, and verification of records of the company, the company is generally regular in depositing with appropriate authorities undisputed applicable statutory dues, including Provident fund, Employee's state insurance, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have been outstanding as on 31st March, 2013 for a period of more than six months from the day 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/Wealth Tax/Excise Duty/Custom Duty/Service Tax/Cess outstanding as on 31st March, 2013.
10. There are no accumulated losses as at March 31, 2013 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 information and explanation 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 loan 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/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 and debentures during the period covered under audit.
15. According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to information and explanation given to us, the Company has not taken any term loan during the year.
17. According to information and explanation given to us, the Company has not raised any short term loan during the year.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under sec. 301 of the Companies Act, 1956 during the year.
19. The Company has not issued debentures and hence requirement of reporting regarding creation of securities or charge in respect of debentures issued does not arise.
20. The Company has not raised any money by public issue.
21. During the course of our examination of books of accounts and records of the company and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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



**(SANJEEV KWATRA)**  
**PARTNER**

**Place : New Delhi**  
**Dated : 21st June, 2013**

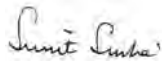
**Membership No.: 090130**



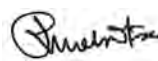
**BALANCE SHEET AS AT 31st MARCH, 2013**

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	2.1	100.00	40.00
RESERVES AND SURPLUS	2.2	1,095.00	967.90
		<u>1,195.00</u>	<u>1,007.90</u>
<b>NON CURRENT LIABILITIES</b>			
OTHER LONG TERM LIABILITIES	2.3	75.50	80.42
LONG TERM PROVISIONS	2.4	144.83	120.98
		<u>220.33</u>	<u>201.40</u>
<b>CURRENT LIABILITIES</b>			
TRADE PAYABLES	2.5	137.10	113.77
OTHER CURRENT LIABILITIES	2.6	1,655.87	1,766.79
SHORT TERM PROVISIONS	2.7	73.14	44.85
		<u>1,866.11</u>	<u>1,925.41</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,281.44</u>	<u>3,134.71</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
• TANGIBLE ASSETS	2.8.1	181.30	159.26
• INTANGIBLE ASSETS	2.8.2	3.55	2.55
• CAPITAL WORK-IN-PROGRESS	2.8.3	7.10	19.63
		<u>191.95</u>	<u>181.44</u>
NON CURRENT INVESTMENTS	2.9	195.17	138.19
DEFERRED TAX ASSETS (NET)	2.10	47.43	41.49
LONG TERM LOANS AND ADVANCES	2.11	168.91	142.09
OTHER NON CURRENT ASSETS	2.12	39.47	93.29
OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS	2.13	176.38	173.09
		<u>819.31</u>	<u>769.59</u>
<b>CURRENT ASSETS</b>			
CURRENT INVESTMENTS	2.14	122.47	5.02
INVENTORIES	2.15	25.96	61.67
WORK IN PROGRESS	2.16	33.95	25.42
TRADE RECEIVABLES	2.17	280.93	226.13
CASH AND BANK BALANCES-OWNED FUND	2.18	618.70	531.19
CASH AND BANK BALANCES-CLIENTS FUND	2.19	1,153.69	1,354.32
SHORT TERM LOANS AND ADVANCES	2.20	125.88	92.94
OTHER CURRENT ASSETS	2.21	100.55	68.43
		<u>2,462.13</u>	<u>2,365.12</u>
<b>TOTAL ASSETS</b>		<u>3,281.44</u>	<u>3,134.71</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS	1&2		

For and on behalf of the Board



**Sumit Sinha**  
Director Technical



**Rajeev Mehrotra**  
Chairman & Managing Director  
and Director Finance



**P.T. Mittal**  
Company Secretary

As per our report of even date attached



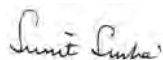
**Sanjeev Kwatra**  
Partner  
Membership No. 090130  
For Dinesh Mehta & Company  
Chartered Accountants  
FRN : 000220N

Place : Delhi  
Dated : 21st June, 2013

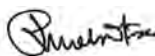
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
<b>REVENUE</b>			
REVENUE FROM OPERATIONS	2.22	<b>952.96</b>	835.63
OTHER INCOME	2.23	<b>122.84</b>	98.46
<b>TOTAL REVENUE</b>		<b>1,075.80</b>	934.09
<b>EXPENDITURE</b>			
EMPLOYEE BENEFITS EXPENSES	2.24	<b>287.05</b>	252.57
TRAVEL		<b>30.68</b>	29.62
SUPPLIES & SERVICES		<b>79.01</b>	66.03
COST OF EXPORT SALES	2.25	<b>227.10</b>	246.33
COST OF CONSTRUCTION PROJECTS	2.26	<b>54.33</b>	13.69
(INCREASE)/DECREASE IN WORK IN PROGRESS -CONSULTANCY PROJECTS	2.27	<b>(8.38)</b>	(9.44)
DEPRECIATION & AMORTISATION EXPENSES	2.8	<b>15.82</b>	13.94
OTHER EXPENSES	2.28	<b>62.98</b>	62.40
PRIOR PERIOD ADJUSTMENTS (NET)	2.29.1	<b>(17.86)</b>	2.97
<b>TOTAL EXPENDITURE</b>		<b>730.73</b>	678.11
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>345.07</b>	255.98
EXCEPTIONAL ITEMS	2.29.2	-	-
<b>PROFIT BEFORE TAX</b>		<b>345.07</b>	255.98
TAX EXPENSES			
• CURRENT YEAR		<b>(114.12)</b>	(87.16)
• EARLIER YEARS (NET)		<b>8.55</b>	(0.78)
DEFERRED TAX (NET)	2.10	<b>5.94</b>	(3.55)
<b>PROFIT AFTER TAX</b>		<b>245.44</b>	164.49
<b>EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC &amp; DILUTED</b>			
	2.36	<b>₹ 24.54</b>	₹ 16.45
WEIGHTED AVERAGE NUMBER OF EQUITY SHARES USED IN COMPUTING EARNING PER SHARE		<b>100,000,000</b>	100,000,000

For and on behalf of the Board



**Sumit Sinha**  
Director Technical



**Rajeev Mehrotra**  
Chairman & Managing Director  
and 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 June, 2013


## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
<b>NET PROFIT BEFORE TAX</b>		<b>345.07</b>	255.98
<b><u>ADJUSTMENTS FOR:</u></b>			
• DEPRECIATION AND AMORTIZATION		<b>15.82</b>	13.94
• LOSS/(PROFIT) ON SALE OF ASSETS (NET)		<b>(0.08)</b>	(0.03)
• INTEREST FROM FDs/OTHERS		<b>(80.19)</b>	(66.03)
• INCOME FROM INVESTMENTS		<b>(2.86)</b>	(2.08)
• INCOME FROM INVESTMENT PROPERTIES		<b>(0.96)</b>	(0.96)
• PROVISION FOR IMPAIRMENT		-	(4.89)
• FIXED ASSETS WRITTEN OFF		<b>0.01</b>	1.76
• PROVISION FOR DOUBTFUL DEBTS, ADVANCES ETC.		<b>(3.04)</b>	15.91
<b><u>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</u></b>			
• CASH & CASH EQUIVALENTS		<b>(8.87)</b>	(7.04)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>264.90</b>	206.56
<b><u>CHANGE IN WORKING CAPITAL:</u></b>			
<b><u>ADJUSTMENTS FOR (INCREASE)/DECREASE IN OPERATING ASSETS:</u></b>			
• INVENTORIES		<b>35.71</b>	32.45
• WORKS IN PROGRESS		<b>(8.53)</b>	(10.36)
• TRADE RECEIVABLES		<b>(53.24)</b>	102.94
• LOANS AND ADVANCES AND OTHER ASSETS		<b>(12.75)</b>	(40.97)
<b><u>ADJUSTMENTS FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES:</u></b>			
• TRADE PAYABLES		<b>23.33</b>	(4.78)
• OTHER LIABILITIES AND PROVISIONS		<b>(76.90)</b>	388.30
<b>CASH GENERATED FROM OPERATIONS</b>		<b>172.52</b>	674.14
• INCOME TAX PAID		<b>(128.10)</b>	(144.27)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>44.42</b>	529.87
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
• PURCHASE/CONSTRUCTION OF FIXED ASSETS		<b>(26.35)</b>	(30.97)
• PROCEEDS FROM SALE OF FIXED ASSETS		<b>0.11</b>	0.08
• INVESTMENTS IN SHARES, BONDS ETC.		<b>(57.00)</b>	(24.99)
• LOAN TO CCFB, MOZAMBIQUE (RELATED PARTY)		<b>4.44</b>	-
• DEPOSITS AND INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS		<b>87.21</b>	(407.24)
• INTEREST INCOME		<b>80.19</b>	66.03
• INCOME FROM INVESTMENTS		<b>2.86</b>	2.08
• INCOME FROM INVESTMENT PROPERTIES		<b>0.96</b>	0.96
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>92.42</b>	(394.05)

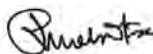
(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
• DIVIDEND PAID		(38.00)	(52.00)
• DIVIDEND TAX PAID		(6.16)	(8.43)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(44.16)</u>	<u>(60.43)</u>
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>			
• CASH & CASH EQUIVALENTS		<u>8.87</u>	<u>7.04</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>101.55</b>	<b>82.43</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>283.93</b>	<b>201.50</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	2.30	<u><b>385.48</b></u>	<u><b>283.93</b></u>

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**  
Chairman & Managing Director  
and 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 June, 2013

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF THE 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 lakh 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 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 capitalized 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 recognized 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 capitalized. The amount capitalized 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, 2013

FIGURES IN FINANCIAL STATEMENTS ARE PRESENTED IN ₹ CRORE, 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 2.40. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED/RECASTED/REARRANGED, WHEREVER NECESSARY.

### 2.1 SHARE CAPITAL

PARTICULARS	AS AT		AS AT	
	31.03.2013		31.03.2012	
<b>2.1.1 AUTHORISED</b>				
150,000,000 (PREVIOUS YEAR 100,000,000) EQUITY SHARES OF ₹ 10/- EACH		<b>150.00</b>		100.00
<b>2.1.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>				
100,000,000 (PREVIOUS YEAR 40,000,000) EQUITY SHARES OF ₹ 10/- EACH		<b>100.00</b>		40.00
		<b>100.00</b>		40.00
PARTICULARS	NO. OF SHARES	(₹ in crore)	NO. OF SHARES	(₹ in crore)
<b>2.1.3 RECONCILIATION OF NUMBER OF EQUITY SHARES</b>				
OPENING BALANCE (01.04.2012)	<b>40,000,000</b>	<b>40.00</b>	40,000,000	40.00
ADD: DURING THE YEAR 60,000,000 EQUITY SHARES ALLOTTED AS FULLY PAID BONUS SHARES BY CAPITALISATION OF RESERVE	<b>60,000,000</b>	<b>60.00</b>	-	-
CLOSING BALANCE (31.03.2013)	<b>100,000,000</b>	<b>100.00</b>	40,000,000	40.00



## 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.

PARTICULARS	(No. of Shares)	
	AS AT 31.03.2013	AS AT 31.03.2012
<b>2.1.5 EQUITY SHARES HELD BY EACH SHAREHOLDER MORE THAN 5% OF SHARES</b>		
PRESIDENT OF INDIA ACTING THROUGH MINISTRY OF RAILWAYS	<u>99,980,000</u>	<u>39,992,000</u>
	<u>( 99.98 % )</u>	<u>( 99.98 % )</u>
<b>2.1.6 FULLY PAID-UP AGGREGATE NUMBER OF EQUITY SHARES ALLOTTED BY WAY OF BONUS SHARES DURING THE YEAR OF FIVE YEARS IMMEDIATELY PRECEDING BALANCE SHEET DATE</b>	<u>60,000,000</u>	<u>36,000,000</u>

## 2.2 RESERVES AND SURPLUS

PARTICULARS	NOTE NO.	(₹ in Crore)	
		AS AT 31.03.2013	AS AT 31.03.2012
<b>2.2.1 GENERAL RESERVE</b>			
OPENING BALANCE		961.24	836.30
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.2.3	193.54	124.94
LESS: CAPITALISATION OF RESERVE THROUGH ISSUING BONUS SHARES		(60.00)	-
<b>CLOSING BALANCE</b>		<u>1,094.78</u>	<u>961.24</u>
<b>2.2.2 CSR ACTIVITIES RESERVE</b>			
OPENING BALANCE		6.66	5.46
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.2.3	-	5.00
LESS: TRANSFER TO STATEMENT OF PROFIT AND LOSS	2.2.3	(6.44)	(3.80)
<b>CLOSING BALANCE</b>		<u>0.22</u>	<u>6.66</u>
<b>TOTAL</b>		<u>1,095.00</u>	<u>967.90</u>
<b>2.2.3 PROFIT AFTER TAX IN STATEMENT OF PROFIT AND LOSS</b>		<u>245.44</u>	<u>164.49</u>
<b>APPROPRIATIONS:</b>			
DIVIDEND			
• INTERIM*		20.00	15.00
• FINAL (PROPOSED)*		30.00	18.00
• TAX ON DIVIDEND		8.34	5.35
TRANSFER TO CSR ACTIVITIES RESERVE	2.2.2	-	5.00
TRANSFER FROM CSR ACTIVITIES RESERVE	2.2.2	(6.44)	(3.80)
TRANSFER TO GENERAL RESERVE	2.2.1	193.54	124.94
<b>TOTAL</b>		<u>245.44</u>	<u>164.49</u>
* DIVIDEND PAID AND PROPOSED PER SHARE		₹ 5.00	₹ 8.25
NUMBER OF SHARES USED IN COMPUTING DIVIDEND PER SHARE		100,000,000	40,000,000

### 2.3 OTHER LONG TERM LIABILITIES

			(₹ in Crore)	
PARTICULARS		AS AT 31.03.2013	AS AT 31.03.2012	
CLIENTS ADVANCES		5.09	4.38	
SECURITY DEPOSITS		66.68	76.04	
CREDITORS FOR SUPPLIES, SERVICES AND OTHERS		3.73	-	
<b>TOTAL</b>		<u>75.50</u>	<u>80.42</u>	

### 2.4 LONG TERM PROVISIONS

			(₹ in Crore)	
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012	
EMPLOYEE BENEFITS		137.40	109.18	
EXCISE DUTY		0.30	-	
WARRANTIES	2.39	6.78	11.37	
COMMITMENTS	2.39	0.35	0.43	
<b>TOTAL</b>		<u>144.83</u>	<u>120.98</u>	

### 2.5 TRADE PAYABLES

			(₹ in Crore)	
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012	
MICRO, SMALL AND MEDIUM ENTERPRISES	2.42	0.41	0.04	
CREDITORS FOR SUPPLIES, SERVICES AND OTHERS		136.69	113.73	
<b>TOTAL</b>		<u>137.10</u>	<u>113.77</u>	

### 2.6 OTHER CURRENT LIABILITIES

			(₹ in Crore)	
PARTICULARS		AS AT 31.03.2013	AS AT 31.03.2012	
CLIENTS ADVANCES		1,492.14	1,619.74	
SECURITY DEPOSITS		69.91	58.39	
FOREIGN SERVICE CONTRIBUTION		2.37	2.64	
SALARY PAYABLES		63.72	56.55	
BANK BOOK OVERDRAFT-OWNED FUND*		0.03	5.82	
BANK BOOK OVERDRAFT-CLIENTS FUND*		10.71	3.67	
OTHER LIABILITIES		16.99	19.98	
<b>TOTAL</b>		<u>1,655.87</u>	<u>1,766.79</u>	

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

### 2.7 SHORT TERM PROVISIONS

			(₹ in Crore)	
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012	
PROPOSED DIVIDEND		30.00	18.00	
DIVIDEND TAX		5.10	2.92	
EMPLOYEE BENEFITS		17.63	16.17	
EXCISE DUTY		0.32	0.62	
WARRANTIES	2.39	19.25	6.02	
COMMITMENTS	2.39	0.84	1.12	
<b>TOTAL</b>		<u>73.14</u>	<u>44.85</u>	

## 2.8.1 TANGIBLE FIXED ASSETS AS AT 31.03.2013

DESCRIPTION	(₹ in Crore)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01/04/2012	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2012	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2013	AS AT 31/03/2012
<b>LEASED HOLD</b>												
LAND	2.68	-	-	-	2.68	2.07	0.08	-	-	2.15	0.53	0.61
BUILDING	10.16	1.24	-	-	11.40	2.60	0.29	0.49	-	3.38	8.02	7.56
RESIDENTIAL QUARTERS	7.80	-	-	-	7.80	2.94	0.20	-	-	3.14	4.66	4.86
<b>SUB TOTAL</b>	<b>20.64</b>	<b>1.24</b>	-	-	<b>21.88</b>	<b>7.61</b>	<b>0.57</b>	<b>0.49</b>	-	<b>8.67</b>	<b>13.21</b>	<b>13.03</b>
<b>OTHERS</b>												
LAND	29.00	-	-	-	29.00	-	-	-	-	-	29.00	29.00
BUILDING	40.01	-	0.43	-	40.44	4.96	0.82	-	-	5.78	34.66	35.05
RESIDENTIAL QUARTERS*	2.34	-	-	-	2.34	1.27	0.03	-	-	1.30	1.04	1.07
SURVEY AND OTHER INSTRUMENTS	14.02	0.92	-	0.59	14.35	11.03	0.54	-	0.59	10.98	3.37	2.99
COMPUTER AND EQUIPMENTS	23.52	1.90	-	6.88	18.54	20.18	1.65	-	6.87	14.96	3.58	3.34
OFFICE AND OTHER EQUIPMENTS	10.17	1.00	-	0.43	10.74	7.12	0.82	-	0.41	7.53	3.21	3.05
AIR CONDITIONER AND EQUIPMENTS	1.46	0.26	-	0.19	1.53	1.02	0.11	-	0.19	0.94	0.59	0.44
AIR CONDITIONER PLANT	12.47	-	-	-	12.47	4.32	0.63	-	-	4.95	7.52	8.15
FURNITURES	5.84	0.44	-	1.15	5.13	3.98	0.44	-	1.14	3.28	1.85	1.86
FIXTURES	6.46	0.15	-	-	6.61	3.96	0.62	-	-	4.58	2.03	2.50
VEHICLES #	3.38	0.36	-	0.25	3.49	2.43	0.27	-	0.25	2.45	1.04	0.95
VEHICLES ABROAD	0.76	-	-	-	0.76	0.71	0.04	-	-	0.75	0.01	0.05
LOCOMOTIVES ABROAD	27.72	10.25	-	-	37.97	7.93	1.97	-	-	9.90	28.07	19.79
LOCOMOTIVES DOMESTIC	40.73	21.22	(1.68)	-	60.27	5.03	4.84	(0.94)	-	8.93	51.34	35.70
COACHES	7.52	-	-	-	7.52	5.23	1.51	-	-	6.74	0.78	2.29
<b>SUB TOTAL</b>	<b>225.40</b>	<b>36.50</b>	<b>(1.25)</b>	<b>9.49</b>	<b>251.16</b>	<b>79.17</b>	<b>14.29</b>	<b>(0.94)</b>	<b>9.45</b>	<b>83.07</b>	<b>168.09</b>	<b>146.23</b>
<b>TOTAL</b>	<b>246.04</b>	<b>37.74</b>	<b>(1.25)</b>	<b>9.49</b>	<b>273.04</b>	<b>86.78</b>	<b>14.86</b>	<b>(0.45)</b>	<b>9.45</b>	<b>91.74</b>	<b>181.30</b>	<b>159.26</b>
PREVIOUS YEAR	230.57	44.57	(26.27)	2.83	246.04	81.59	13.49	(7.28)	1.02	86.78	159.26	

\* 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.

# INCLUDES ₹ 31,500/- TOWARDS SUSTAINABLE DEVELOPMENT EXPENSES INCURRED ON INSTALATION OF CNG KIT.

## 2.8.2 INTANGIBLE ASSETS AS AT 31.03.2013

DESCRIPTION	(₹ in Crore)											
	GROSS BLOCK					AMORTISATION					NET BLOCK	
	AS AT 01/04/2012	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2012	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2013	AS AT 31/03/2012
<b>INTANGIBLE ASSETS</b>	<b>6.52</b>	<b>1.94</b>	-	<b>0.33</b>	<b>8.13</b>	<b>3.97</b>	<b>0.94</b>	-	<b>0.33</b>	<b>4.58</b>	<b>3.55</b>	<b>2.55</b>
PREVIOUS YEAR	4.14	2.55	-	0.17	6.52	3.71	0.43	-	0.17	3.97	2.55	

## 2.8.3 CAPITAL WORK IN PROGRESS AS AT 31.03.2013

DESCRIPTION	(₹ in Crore)											
	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	AS AT 01/04/2012	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2012	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2013	AS AT 31/03/2012
<b>CAPITAL WORK IN PROGRESS**</b>	<b>19.63</b>	<b>17.08</b>	<b>(29.61)</b>	-	<b>7.10</b>	-	-	-	-	-	<b>7.10</b>	<b>19.63</b>
PREVIOUS YEAR	35.78	22.02	(38.17)	-	19.63	-	-	-	-	-	19.63	
<b>GRAND TOTAL FIXED ASSETS</b>	<b>272.19</b>	<b>56.76</b>	<b>(30.86)</b>	<b>9.82</b>	<b>288.27</b>	<b>90.75</b>	<b>15.80</b>	<b>(0.45)</b>	<b>9.78</b>	<b>96.32</b>	<b>191.95</b>	<b>181.44</b>
PREVIOUS YEAR	270.49	69.14	(64.44)	3.00	272.19	85.30	13.92	(7.28)	1.19	90.75	181.44	

\*\* CAPITAL WORK IN PROGRESS INCLUDES A SUM OF ₹ 2.21 CRORE SPENT DURING THE YEAR ON R&D OF LOCOMOTIVES. (NOTE NO. 2.47.1)

## 2.8.4 INVESTMENT PROPERTIES AS AT 31.03.2013

DESCRIPTION	(₹ in Crore)											
	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	AS AT 01/04/2012	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2012	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2013	AS AT 31/03/2012
<b>LEASED HOLD BUILDING</b>	<b>1.83</b>	-	-	-	<b>1.83</b>	<b>0.22</b>	<b>0.02</b>	-	-	<b>0.24</b>	<b>1.59</b>	<b>1.61</b>
PREVIOUS YEAR	1.83	-	-	-	1.83	0.20	0.02	-	-	0.22	1.61	
<b>GRAND TOTAL INCLUDING INVESTMENT PROPERTIES</b>	<b>274.02</b>	<b>56.76</b>	<b>(30.86)</b>	<b>9.82</b>	<b>290.10</b>	<b>90.97</b>	<b>15.82</b>	<b>(0.45)</b>	<b>9.78</b>	<b>96.56</b>	<b>193.54</b>	<b>183.05</b>
PREVIOUS YEAR	272.32	69.14	(64.44)	3.00	274.02	85.50	13.94	(7.28)	1.19	90.97	183.05	

## 2.9 NON CURRENT INVESTMENTS

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
<b>A) INVESTMENT PROPERTIES</b>			
<b>LEASEHOLD BUILDING</b>	2.8.4	<u>1.59</u>	<u>1.61</u>
<b>B) TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS IN SHARES</b>			
<b>(I) IN FOREIGN COMPANIES</b>			
<b>(A) SUBSIDIARY COMPANIES</b>			
<b>(I) RITES MOHAWAREAN ARABIA CO. LTD.</b>		<b>0.47</b>	0.47
380 (PREVIOUS YEAR 380) EQUITY SHARES OF FACE VALUE OF SAUDI RIYAL 1000/- EACH, FULLY PAID-UP.			
<b>(II) RITES (AFRIKA) (PTY) LTD., BOTSWANA</b>		<b>0.01</b>	0.01
10,000 (PREVIOUS YEAR 10,000) EQUITY SHARES OF FACE VALUE OF PULA 1/- EACH, FULLY PAID-UP.			
<b>(B) JOINT VENTURE ENTITY</b>			
<b>COMPANHIA DOS CAMINHOS DE FERRO DA BEIRA, SARL (CCFB), MOZAMBIQUE</b>		<b>6.01</b>	6.01
1,300,000 (PREVIOUS YEAR 1,300,000) EQUITY SHARES OF FACE VALUE OF US\$ 1/- EACH, FULLY PAID-UP.			
<b>(II) IN INDIAN COMPANIES</b>			
<b>(A) SUBSIDIARY COMPANY</b>			
<b>RITES INFRASTRUCTURE SERVICES LIMITED</b>		<b>0.05</b>	0.05
50,000 (PREVIOUS YEAR 50,000) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, FULLY PAID-UP.			
<b>(B) JOINT VENTURE ENTITY</b>			
<b>SAIL-RITES BENGAL WAGON INDUSTRY PRIVATE LIMITED</b>		<b>12.00</b>	5.00
12,000,000 (PREVIOUS YEAR 5,000,000) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, FULLY PAID-UP.			
<b>(C) OTHER</b>			
<b>GLOBAL PROCUREMENT CONSULTANTS LIMITED</b>		<b>0.04</b>	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).			
<b>(III) IN INDIAN COOPERATIVE SOCIETIES</b>			
<b>(I) MORU MAHAL CO-OPERATIVE SOCIETY LIMITED</b>	2.40	-	-
5 (PREVIOUS YEAR 5) EQUITY SHARES OF FACE VALUE OF ₹ 50/- EACH			
<b>(II) AMIT INDUSTRIAL PREMISES CO-OPERATIVE SOCIETY LIMITED</b>	2.40	-	-
10 (PREVIOUS YEAR 10) EQUITY SHARES OF FACE VALUE OF ₹ 50/- EACH			
<b>AGGREGATE OF UNQUOTED INVESTMENTS-CARRYING VALUE AT COST</b>		<u><b>18.58</b></u>	<u>11.58</u>
<b>C) TRADE (QUOTED)-AT COST, LONG TERM INVESTMENTS</b>			
<b>(I) INDIAN RAILWAY FINANCE COPRPORATION *</b>		<b>50.00</b>	50.00
<b>(7 YEAR SECURED REDEEMABLE 6.30% TAX FREE BONDS)</b>			
5,000 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID			
<b>(II) INDIAN RAILWAY FINANCE COPRPORATION *</b>		<b>50.00</b>	50.00
<b>(7 YEAR SECURED REDEEMABLE 6.32% TAX FREE BONDS)</b>			
5,000 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID			

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
<b>(III) INDIAN RAILWAY FINANCE COPRPORATION *</b>		<b>25.00</b>	25.00
<b>(10 YEAR SECURED REDEEMABLE 7.55% TAX FREE BONDS)</b>			
2,500 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID			
<b>(IV) INDIAN RAILWAY FINANCE COPRPORATION *</b>		<b>30.00</b>	-
<b>(10 YEAR SECURED REDEEMABLE 7.21% TAX FREE BONDS)</b>			
300 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(V) INDIAN RAILWAY FINANCE COPRPORATION *</b>		<b>10.00</b>	-
<b>(10 YEAR SECURED REDEEMABLE 7.22% TAX FREE BONDS)</b>			
100 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(VI) INDIAN RAILWAY FINANCE COPRPORATION *</b>		<b>10.00</b>	-
<b>(10 YEAR SECURED REDEEMABLE 7.18% TAX FREE BONDS)</b>			
100,000 BONDS OF FACE VALUE OF ₹ 1,000/- EACH, FULLY PAID			
<b>AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST</b>		<b>175.00</b>	125.00
<b>TOTAL</b>		<b>195.17</b>	138.19

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

## 2.10 DEFERRED TAX ASSETS/LIABILITY (NET)

(₹ in Crore)		
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
DEPRECIATION ON FIXED ASSETS	(6.65)	(5.24)
PROVISION FOR DOUBTFUL DEBTS, SECURITY DEPOSITS/EMD, ADVANCES ETC.	17.63	17.99
LEAVE ENCASHMENT AND OTHER PROVISIONS	36.45	28.74
<b>TOTAL</b>	<b>47.43</b>	<b>41.49</b>
<b>INCREASE/ (DECREASE) IN DEFERRED TAX ASSETS/LIABILITY (NET)</b>	<b>5.94</b>	<b>(3.55)</b>

## 2.11 LONG TERM LOANS AND ADVANCES

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
<b>(SECURED, CONSIDERED GOOD)</b>			
STAFF ADVANCES		5.07	1.11
<b>(UNSECURED, CONSIDERED GOOD)</b>			
LOANS TO RELATED PARTIES	2.34.3	83.45	87.89
ADVANCES/RECOVERABLES IN CASH OR KIND OR FOR VALUE TO BE RECEIVED:			
• STAFF ADVANCES		1.06	3.37
• SECURITY DEPOSITS		0.45	0.49
ADVANCE INCOME TAX (NET OF PROVISION)		77.66	49.01
PREPAID EXPENSES		1.22	0.22
<b>TOTAL</b>		<b>168.91</b>	<b>142.09</b>

## 2.12 OTHER NON CURRENT ASSETS

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
GOVT. OF TANZANIA RECEIVABLES		16.49	46.70
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:			
• BANK DEPOSITS AND BONDS		0.01	0.09
• LOANS AND ADVANCES *		11.75	11.96
RETENTION MONEY		10.84	33.73
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	2.18.3	0.38	0.81
<b>TOTAL</b>		<b>39.47</b>	<b>93.29</b>

\* INCLUDES ₹ 6.45 CRORE (PREVIOUS YEAR ₹ 6.45 CRORE) FROM CCFB, MOZAMBIQUE (RELATED PARTY).

## 2.13 OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE:			
• CLIENTS DEPOSITS	2.19.3	176.38	173.09
<b>TOTAL</b>		<b>176.38</b>	<b>173.09</b>

## 2.14 CURRENT INVESTMENTS

(₹ in Crore)			
PARTICULARS		AS AT 31.03.2013	AS AT 31.03.2012
<b>TRADE CURRENT INVESTMENTS -AT COST/NAV</b>			
UTI LIQUID CASH PLAN		24.70	5.02
242262.506 (PREVIOUS YEAR 49196.76) UNITS OF ₹ 1019.4457 PER UNIT.			
CANARA ROBECO LIQUID FUND		74.71	-
743022.459 (PREVIOUS YEAR NIL) UNITS OF ₹ 1005.50 PER UNIT.			
SBI MUTUAL LIQUID FUND		23.06	-
229868.971 (PREVIOUS YEAR NIL) UNITS OF ₹ 1003.25 PER UNIT.			
<b>AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST/NAV</b>		<b>122.47</b>	<b>5.02</b>

## 2.15 INVENTORIES

(₹ in Crore)			
PARTICULARS		AS AT 31.03.2013	AS AT 31.03.2012
(AS CERTIFIED BY MANAGEMENT)			
STORE & SPARES		1.85	3.55
FINISHED GOODS		24.11	58.12
<b>TOTAL</b>		<b>25.96</b>	<b>61.67</b>

## 2.16 WORK IN PROGRESS

(₹ in Crore)		
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
CONSULTANCY PROJECTS	31.95	23.57
CONSTRUCTION PROJECTS	2.00	1.85
<b>TOTAL</b>	<b>33.95</b>	<b>25.42</b>

## 2.17 TRADE RECEIVABLES

(₹ in Crore)		
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
TRADE RECEIVABLES UNSECURED		
FOR A PERIOD EXCEEDING SIX MONTHS		
• CONSIDERED GOOD	87.27	90.51
• CONSIDERED DOUBTFUL	38.70	40.26
LESS: PROVISION FOR DOUBTFUL DEBTS	(38.70)	(40.26)
OTHERS		
• CONSIDERED GOOD	193.66	135.62
<b>TOTAL</b>	<b>280.93</b>	<b>226.13</b>

## 2.18 CASH AND BANK BALANCES-OWNED FUND

(₹ in Crore)		
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
<b><u>SHOWN UNDER CURRENT ASSETS :</u></b>		
<b>2.18.1 CASH &amp; CASH EQUIVALENTS</b>		
CHEQUES IN HAND	4.61	0.25
BANK BALANCES IN :		
• CURRENT ACCOUNTS	4.42	4.63
• DEPOSITS #	45.16	35.16
	<b>54.19</b>	<b>40.04</b>
<b>2.18.2 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ##	564.51	491.15
<b>TOTAL</b>	<b>618.70</b>	<b>531.19</b>
<b><u>SHOWN UNDER NON CURRENT ASSETS :</u></b>		
<b>2.18.3 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ###	NOTE NO. 2.12	0.81
<b>TOTAL CASH &amp; BANK BALANCES-OWNED FUND *</b>	<b>619.08</b>	<b>532.00</b>

(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 MARGIN MONEY AGAINST GUARANTEES ISSUED BY BANKS

(V) \* BANK BOOK OVERDRAFT ARE SHOWN IN NOTE NO. 2.6.

20.87

21.77

## 2.19 CASH AND BANK BALANCES-CLIENTS FUND

			(₹ in Crore)	
PARTICULARS		AS AT 31.03.2013	AS AT 31.03.2012	
<b><u>SHOWN UNDER CURRENT ASSETS :</u></b>				
<b>2.19.1 CASH &amp; CASH EQUIVALENTS</b>				
BANK BALANCES IN :				
• CURRENT ACCOUNTS		38.43	10.00	
• DEPOSITS #		180.92	238.31	
		<u>219.35</u>	<u>248.31</u>	
<b>2.19.2 OTHER BANK BALANCES IN :</b>				
• DEPOSITS ##		934.34	1106.01	
<b>TOTAL</b>		<u>1,153.69</u>	<u>1,354.32</u>	
<b><u>SHOWN UNDER NON CURRENT ASSETS :</u></b>				
<b>2.19.3 OTHER BANK BALANCES IN :</b>				
• DEPOSITS ###	NOTE NO. 2.13	<u>176.38</u>	<u>173.09</u>	
<b>TOTAL CASH &amp; BANK BALANCES-CLIENTS FUND ^</b>		<u>1,330.07</u>	<u>1,527.41</u>	

- (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) ^ BANK BOOK OVERDRAFT ARE SHOWN IN NOTE NO. 2.6.

## 2.20 SHORT TERM LOAN & ADVANCES

			(₹ in Crore)	
PARTICULARS		AS AT 31.03.2013	AS AT 31.03.2012	
<b>(SECURED, CONSIDERED GOOD)</b>				
STAFF ADVANCES		2.14	0.42	
<b>(UNSECURED, CONSIDERED GOOD)</b>				
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED:				
• STAFF ADVANCES		0.75	1.49	
• RELATED PARTIES		17.65	22.54	
• OTHER ADVANCES	109.62		68.77	
LESS: PROVISION FOR DOUBTFUL ADVANCES	<u>(15.02)</u>	<u>94.60</u>	<u>(14.57)</u>	54.20
• SECURITY DEPOSITS	3.45		1.76	
LESS: PROVISION FOR DOUBTFUL EMD/SD	<u>(0.62)</u>	<u>2.83</u>	<u>(0.59)</u>	1.17
INCOME TAX RECEIVABLES		6.33	12.45	
PREPAID EXPENSES		1.58	0.67	
<b>TOTAL</b>		<u>125.88</u>	<u>92.94</u>	



## 2.21 OTHER CURRENT ASSETS

		(₹ in Crore)	
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012	
GOVT. OF TANZANIA RECEIVABLES	32.97		31.13
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:			
• BANK DEPOSITS HAVING MATURITY:			
• 3 MONTHS OR LESS FROM THE DATE OF ACQUISITION	0.21		0.05
• OVER 3 MONTHS FROM THE DATE OF ACQUISITION AND UPTO 12 MONTHS FROM REPORTING DATE	30.42		23.24
• BONDS	4.80		3.65
• LOANS AND ADVANCES	0.68	<b>36.11</b>	0.68
RETENTION MONEY		<b>31.47</b>	9.68
<b>TOTAL</b>		<b>100.55</b>	<b>68.43</b>

## 2.22 REVENUE FROM OPERATIONS

		(₹ in Crore)	
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	
i) CONSULTANCY FEE (GROSS)	495.28		457.71
LESS: SERVICE TAX	(50.09)		(38.68)
CONSULTANCY FEE (NET)	<b>445.19</b>		419.03
ii) QUALITY ASSURANCE (GROSS)	110.46		94.42
LESS: SERVICE TAX	(11.88)		(8.71)
QUALITY ASSURANCE (NET)	<b>98.58</b>		85.71
iii) EXPORT SALES	<b>307.05</b>		290.14
iv) CONSTRUCTION PROJECTS	<b>59.02</b>		16.56
v) LEASE SERVICES (GROSS)	46.04		25.60
LESS: SERVICE TAX	(2.92)		(1.41)
LEASE SERVICES (NET)	<b>43.12</b>		24.19
<b>TOTAL (i to v)</b>	<b>952.96</b>		<b>835.63</b>

## 2.23 OTHER INCOME

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
INTEREST EARNED ON:			
• DEPOSITS WITH BANK		70.05	58.31
• TAX FREE BONDS		9.23	7.06
• STAFF ADVANCES		0.83	0.52
• OTHER DEPOSITS		0.08	0.14
PROVISION NO LONGER REQUIRED		17.32	14.25
PROFIT ON SALE OF FIXED ASSETS		0.10	0.06
DIVIDEND FROM:			
• RITES (AFRIKA) (RELATED PARTY)	2.34.3	0.01	0.03
• TRADE NON CURRENT INVESTMENTS		-	0.01
• TRADE CURRENT INVESTMENTS		2.85	2.04
EXPORT INCENTIVES		5.23	3.16
RENT FROM INVESTMENT PROPERTIES		0.96	0.96
EXCHANGE VARIATION		8.87	7.04
MISCELLANEOUS INCOME		7.31	4.88
<b>TOTAL</b>		<b>122.84</b>	<b>98.46</b>

## 2.24 EMPLOYEE BENEFITS EXPENSES

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
SALARIES		152.88	139.41
SALARIES-ABROAD		6.80	11.09
SALARIES CONTRACT EMPLOYEES		31.06	30.06
FOREIGN SERVICE CONTRIBUTION		0.70	0.70
CONTRIBUTION TO PROVIDEND FUND & OTHER FUNDS		14.33	13.00
GRATUITY		5.48	4.79
POST RETIRAL BENEFITS (PENSION/MEDICAL)	2.46	14.93	14.56
STAFF WELFARE EXPENSES		12.87	10.90
LEAVE TRAVEL CONCESSION		0.56	0.39
PERFORMANCE RELATED PAYMENT		19.00	9.56
LEAVE SALARIES		28.44	18.11
<b>TOTAL</b>		<b>287.05</b>	<b>252.57</b>

## 2.25 COST OF EXPORT SALES

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
PURCHASES/TRANSFER		156.77	177.90
CONSUMABLES		1.18	8.11
FREIGHT & FORWARDING		10.64	18.81
INSURANCE		0.21	0.16
FEES FOR SERVICES OBTAINED		12.31	12.65
PROVISION FOR WARRANTIES	2.39	13.44	14.30
(INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS		32.55	14.40
<b>TOTAL</b>		<b>227.10</b>	<b>246.33</b>

## 2.26 COST OF CONSTRUCTION PROJECTS

(₹ in Crore)			
PARTICULARS		YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
SUPPLIES & SERVICES		54.48	14.61
(INCREASE)/DECREASE IN WORK IN PROGRESS		(0.15)	(0.92)
<b>TOTAL</b>		<b>54.33</b>	<b>13.69</b>

## 2.27 (INCREASE)/DECREASE IN WORK IN PROGRESS

(₹ in Crore)			
PARTICULARS		YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
CONSULTANCY PROJECTS		(8.38)	(9.44)

## 2.28 OTHER EXPENSES

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
PRINTING, STATIONARY AND DOCUMENTATION		3.74	3.64
BUSINESS PROMOTION		1.78	1.20
AUDITORS' REMUNERATION	2.28.1	0.13	0.10
AUDITORS' OUT OF POCKET EXPENSES	2.40	0.01	-
RATES & TAXES		2.17	1.58
RENT		3.53	3.40
POSTAGE & TELECOMMUNICATION		3.57	3.55
OFFICE MAINTENANCE		5.88	6.08
REPAIRS TO MACHINERY/EQUIPMENTS		0.86	0.60
REPAIRS TO BUILDING		0.01	-
POWER AND FUEL CHARGES		3.30	2.73
STORES AND SPARES CONSUMED-LEASED	2.28.2	4.87	2.16
STORES AND SPARES CONSUMED-OTHERS	2.28.3	0.38	0.28
BOOKS AND PERIODICALS		0.23	0.22
INTERNAL AUDIT FEE		0.16	0.08
ADVERTISEMENT AND PUBLICITY		1.70	2.36

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
SUBSCRIPTION AND MEMBERSHIP FEE		0.27	0.36
LEGAL AND PROFESSIONAL FEE		1.22	1.09
INSURANCE		3.81	0.73
BANK CHARGES		2.60	2.74
BAD DEBTS		2.71	1.75
FIXED ASSETS WRITTEN OFF		0.01	1.76
HIRE CHARGES OF EQUIPMENTS		-	0.02
VEHICLE RUNNING AND MAINTENANCE		1.32	1.84
MANPOWER DEVELOPMENT		1.23	1.00
LOSS ON SALE OF FIXED ASSETS		0.02	0.03
PROVISION FOR:			
• DOUBTFUL DEBTS, ADVANCES, SECURITY DEPOSITS ETC.		5.19	15.36
• COMMITMENTS	2.39	0.18	0.50
DIRECTORS' SITTING FEE		0.08	0.05
CORPORATE SOCIAL RESPONSIBILITY	2.47	6.44	3.80
SUSTAINABLE DEVELOPMENT		0.77	0.72
RESEARCH AND DEVELOPMENT	2.47.1	0.71	-
MISCELLANEOUS EXPENSES *		4.10	2.67
<b>TOTAL</b>		<b>62.98</b>	<b>62.40</b>

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

#### 2.28.1 AUDITORS' REMUNERATION

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
<b>(A) STATUTORY AUDITORS</b>			
STATUTORY AUDIT FEE		0.03	0.03
TAX AUDIT FEE		0.02	0.01
LIMITED REVIEW AUDIT FEE		0.02	0.02
EARLIER YEAR FEE		0.01	-
OTHER SERVICES, i.e. CERTIFICATION ETC.		0.01	0.01
<b>SUB TOTAL (A)</b>		<b>0.09</b>	<b>0.07</b>
<b>(B) BRANCH AUDITORS</b>			
STATUTORY AUDIT FEE		0.01	0.01
TAX AUDIT FEE		0.01	0.01
LIMITED REVIEW AUDIT FEE		0.02	0.01
<b>SUB TOTAL (B)</b>		<b>0.04</b>	<b>0.03</b>
<b>AUDITORS' REMUNERATION (A+B)</b>		<b>0.13</b>	<b>0.10</b>
AUDITORS' OUT OF POCKET EXPENSES	2.40	0.01	-

## 2.28.2 STORES AND SPARES CONSUMED-LEASED

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
PURCHASES	1.26	1.66
CONSUMABLES	0.18	0.04
FREIGHT & FORWARDING	0.07	0.21
INSURANCE	0.14	-
OTHER PROCUREMENT EXPENSES	0.06	0.06
(INCREASE)/DECREASE IN STOCK	3.16	0.19
<b>TOTAL</b>	<b>4.87</b>	<b>2.16</b>

## 2.28.3 STORES AND SPARES CONSUMED-OTHERS

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
PURCHASES	0.02	-
CONSUMABLES	0.22	0.12
FREIGHT & FORWARDING	0.13	0.12
INSURANCE	0.01	-
(INCREASE)/DECREASE IN STOCK	-	0.04
<b>TOTAL</b>	<b>0.38</b>	<b>0.28</b>

## 2.29.1 PRIOR PERIOD ADJUSTMENTS (NET)

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
FEES	(18.93)	1.41
OTHER (INCOME)/EXPENSES	0.17	(1.02)
EMPLOYEES' COST	0.03	-
SUPPLIES & SERVICES	0.87	2.58
<b>TOTAL</b>	<b>(17.86)</b>	<b>2.97</b>

## 2.29.2 EXCEPTIONAL ITEMS

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
REVERSAL OF PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT-TRL	-	32.84
LOSS ON SALE OF LONG TERM INVESTMENT-TRL	-	(32.84)
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## 2.30 RECONCILIATION OF CASH AND CASH EQUIVALENTS

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
CASH AND CASH EQUIVALENTS-OWNED FUND	2.18.1	54.19	40.04
CASH AND CASH EQUIVALENTS-CLIENTS FUND	2.19.1	219.35	248.31
ADD : INTEREST ACCRUED ON BANK DEPOSITS HAVING MATURITY OF 3 MONTHS OR LESS FROM ACQUISITIONS' DATE	2.21	0.21	0.05
INVESTMENT IN LIQUID FUND PLAN	2.14	122.47	5.02
LESS : BANK BOOK OVERDRAFT-OWNED FUND	2.6	(0.03)	(5.82)
LESS : BANK BOOK OVERDRAFT-CLIENTS FUND	2.6	(10.71)	(3.67)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>385.48</b>	<b>283.93</b>

## DISCLOSURES AS PER ACCOUNTING STANDARDS:

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

(₹ in Crore)			
S. No.	Particulars	Year Ended	
		31.03.2013	31.03.2012
1.	Contract revenue recognized during the year	<b>59.02</b>	16.56
2.	Aggregate amount of Costs incurred upto reporting date	<b>112.26</b>	54.55
3.	Recognized profits upto reporting date	<b>5.54</b>	4.23
4.	Amount of advances received	<b>18.89</b>	7.12
5.	Gross amount due from customers for the contract work presented as an asset	<b>2.00</b>	1.85

### 2.32 Employees Defined Benefits

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

(₹ in Crore)			
Defined benefits wholly unfunded	Leave Encashment	LTC	Medical Leave
Opening Balance as on 01.04.12	46.69	0.97	24.06
Interest Cost	3.73	0.08	1.92
Current Service Cost	4.17	0.54	1.90
Benefit paid	(11.25)	(0.47)	(2.75)
Actuarial (Gain)/Loss on obligation	12.16	(0.06)	4.56
<b>Closing Balance as on 31.03.13</b>	<b>55.50</b>	<b>1.06</b>	<b>29.69</b>

- 2.32.2** Net present value of long service award as on 31.03.2013 is ₹ 0.89 crore (previous year ₹ 0.97 crore).

- 2.32.3** Total expenses recognized in the Statement of Profit & Loss are the following:

(₹ in Crore)			
Defined benefits wholly unfunded	Leave Encashment	LTC	Medical Leave
Current Service Cost	4.17	0.54	1.90
Interest Cost	3.73	0.08	1.92
Net actuarial (Gain)/Loss recognized during the year	12.16	(0.06)	4.56
Expenses recognized in the Statement of Profit & Loss	20.06	0.56	8.38

- 2.32.4** 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%	8%	8%	8%
Rate of Increase of Future cost / salaries (%)	8%	8%	8%	8%

- 2.32.5** 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, 2013 and 31st March, 2012 amount to ₹ 62.37 crore and ₹ 56.19 crore respectively.

- 2.32.5.1** Changes in Present Value of obligation as on 31.03.2013:

(₹ in Crore)	
Defined benefit wholly funded	Gratuity
Present Value of obligations as at beginning of year	59.75
Interest Cost	4.78
Current Service Cost	2.17
Benefits paid	(3.83)
Actuarial (Gain)/Loss on obligations	(2.90)
Present Value of Obligations as at end of year	59.97

### 2.32.5.2 Expenses recognized in Statement of Profit & Loss:

(₹ in Crore)	
Defined benefit wholly funded	Gratuity
Current Service Cost	2.17
Interest Cost	4.78
Net actuarial (Gain)/Loss recognized in the year	(2.90)
Expected Return on Plan Assets	(5.43)
Expenses recognized in Statement of Profit & Loss	5.48

### 2.32.5.3 Changes in the Fair Value of Plan Assets as on 31.03.2013:

(₹ in Crore)	
Defined benefit wholly funded	Gratuity
Fair Value of Plan Assets at beginning of year	56.19
Expected Return on Plan Assets	5.43
Contributions	4.58
Benefits Paid	(3.83)
Actuarial Gain / (Loss) on Plan Assets	Nil
Fair value of Plan Assets at the end of year	62.37

### 2.32.5.4 Fair Value of Plan Assets:

(₹ in Crore)	
Defined benefit wholly funded	Gratuity
Fair Value of Plan Assets at beginning of year	56.19
Actual Return on Plan Assets	5.43
Contributions	4.58
Benefits Paid	(3.83)
Fair value of the Plan Assets at the end of year	62.37
Funded Status	2.40
Excess of Actual over Estimated Return on Plan Assets	Nil

### 2.32.5.5 The principal actuarial assumptions:

Defined benefit wholly funded	Gratuity
Discount rate (%)	8%
Salary Escalation	6%

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

## 2.33 Segment Reporting

2.33.1 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

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

2.33.3 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.

2.33.4 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.

2.33.5 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.

### 2.33.6 Business Segment:

(₹ in Crore)		
Description	Year Ended	
	31.03.2013	31.03.2012
<b>REVENUE</b>		
<b>Consultancy Services</b>		
• Domestic	529.23	473.21
• Abroad	14.54	31.53
Export Sale	307.05	290.14
<b>Leasing</b>		
• Domestic	23.60	13.66
• Abroad (Refer note No. 2.44.3)	19.52	10.53
Constructions Projects-Domestic	59.02	16.56
<b>Total Income from Operations (A)</b>	<b>952.96</b>	<b>835.63</b>
<b>IDENTIFIABLE OPERATING EXPENSES</b>		
<b>Consultancy Services</b>		
• Domestic	338.26	310.03
• Abroad	12.58	23.76
Export**	241.15	261.00
<b>Leasing**</b>		
• Domestic	10.52	4.73
• Abroad	11.42	8.62
Constructions Projects-Domestic	57.71	15.71
<b>Total Operating Expenses (B)</b>	<b>671.64</b>	<b>623.85</b>
<b>SEGMENTAL PROFIT FROM OPERATIONS</b>		
<b>Consultancy Services</b>		
• Domestic	190.97	163.18
• Abroad	1.96	7.77
Export	65.90	29.14
<b>Leasing</b>		
• Domestic	13.08	8.93
• Abroad	8.10	1.91
Constructions Projects-Domestic	1.31	0.85
<b>Operating Profit (A-B)</b>	<b>281.32</b>	<b>211.78</b>
<b>Add:</b>		
Income from Investments/ Deposits	82.14	67.45
Other Income *	40.70	31.01
<b>Less:</b>		
Un-allocable Expenses	59.09	54.26
<b>Net Profit Before Taxes</b>	<b>345.07</b>	<b>255.98</b>
Income Tax (including Deferred Tax)	99.63	91.49
<b>Net Profit After Taxes</b>	<b>245.44</b>	<b>164.49</b>

### 2.33.7 Other Information

(₹ in Crore)		
Description	Year Ended	
	31.03.2013	31.03.2012
Fixed Assets (Net) excluding Work in Progress ***	184.85	161.81
Current Assets, Loans & Advances	2462.13	2365.12
Current Liabilities, Provisions & Loans	1866.11	1925.41
Capital Employed ***	780.87	601.52



## 2.33.8 Geographical Segment (Secondary Segment)

Description	(₹ in Crore)	
	Year Ended	
	31.03.2013	31.03.2012
<b>Operating Revenue</b>		
- India	<b>611.85</b>	503.43
- Abroad	<b>341.11</b>	332.20
<b>Total</b>	<b>952.96</b>	835.63
<b>Operating Expenditure</b>		
- India	<b>406.49</b>	330.47
- Abroad	<b>265.15</b>	293.38
<b>Total</b>	<b>671.64</b>	623.85
<b>Operating Profit</b>		
- India	<b>205.36</b>	172.96
- Abroad	<b>75.96</b>	38.82
<b>Total</b>	<b>281.32</b>	211.78

\* Other income includes interest on staff advance / bank deposits, profit on sale of assets / long term investments, interest on income tax refund, dividends on trade current investment, provision no longer required, etc.

\*\* Identifiable operating expenses include provision towards impairment losses also, if any.

\*\*\* 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.

## 2.34 Related Party Disclosures

### 2.34.1 Relationship

Nature of relationship	Name of Party
Joint Ventures	<ol style="list-style-type: none"> <li>1. M/s RICON – Established in India.</li> <li>2. M/s Companhia Dos Caminhos De Ferro De Beira, SARL, Beira (CCFB) - Established in Mozambique.</li> <li>3. M/s SAIL-RITES Bengal Wagon Industry Private Limited (SAIL-RITES) -Established in India.</li> </ol>
Subsidiary Companies	<ol style="list-style-type: none"> <li>1. M/s RITES (Afrika) (Pty) Ltd. – Established in Botswana (100%).</li> <li>2. M/s RITES Mohawarean Arabia Co. Ltd. (RMAC) - Established in Saudi Arabia (76%).</li> <li>3. M/s RITES Infrastructure Services Ltd. (RISL) – Established in India (100%).</li> </ol>
Directors	<ol style="list-style-type: none"> <li>1. Shri Keshav Chandra, Chairman (From 02.04.2012 to 11.10.2012)</li> <li>2. Shri Rajeev Mehrotra, Director Finance with additional charge of Managing Director upto 10.10.2012 and Chairman &amp; Managing Director from 11.10.2012 with additional charge of Director Finance</li> <li>3. Shri Sumit Sinha, Director Technical (Additional charge of Director Projects upto 31.05.2012)</li> <li>4. Shri Arbind Kumar, Director Projects (From 01.06.2012)</li> <li>5. Smt. Radhika L. Lokesh, Director (Upto 12.12.2012)</li> <li>6. Dr. Vinayshil Gautam, Director</li> <li>7. Shri Vinod Somani, Director</li> <li>8. Shri Debidas Datta, Director</li> </ol>

### 2.34.2 Remuneration to Key Personnels

(₹ in Crore)		
Description	Year Ended	
	31.03.13	31.03.12
Salaries and other employee benefits	<b>0.97</b>	0.92

### 2.34.3 Joint Ventures

(₹ in Crore)		
Transaction	SAIL-RITES	
	Year Ended	
	31.03.13	31.03.12
Investments	<b>7.00</b>	-
Loans/Advances given	<b>0.25</b>	4.43
Consultancy Fee	<b>19.38</b>	4.00

(₹ in Crore)						
Particulars	RICON		CCFB		SAIL-RITES	
	As on		As on		As on	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Loans/Advances given	<b>12.24</b>	10.23	<b>83.45</b>	87.89	<b>0.26</b>	8.02
Receivables	-	-	<b>13.65</b>	13.61	<b>3.69</b>	0.21

### Subsidiary Companies

(₹ in Crore)				
Transaction	RITES (Afrika)		RISL	
	Year Ended		Year Ended	
	31.03.13	31.03.12	31.03.13	31.03.12
Loan/Advances given	-	-	<b>1.85</b>	2.14
Consultancy fees	<b>0.54</b>	2.32	-	-
Dividend	<b>0.01</b>	0.03	-	-

No Transaction was made in RMAC during the Financial Years 2011-12 and 2012-13.

(₹ in Crore)						
Particulars	RITES (Afrika)		RMAC		RISL	
	As on		As on		As on	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Loan/Advances given	-	-	-	-	<b>4.73</b>	2.88
Receivables	<b>0.58</b>	0.91	<b>0.41</b>	0.41	-	-

**2.34.4** 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.

### 2.35 Lease

#### 2.35.1 Operating Lease (Cancelable)

**2.35.1.1** The company has leasing arrangement of locomotives in domestic and overseas markets. 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 clients as per terms of the contracts.

## 2.35.1.2 Detail of the leased assets: Locomotives

Description	(₹ in Crore)	
	Year Ended	
	31.03.13	31.03.12
Gross carrying amount	98.24	68.45
Accumulated depreciation	18.83	12.96
Net carrying amount	79.41	55.49
Depreciation provided for the year	6.81	5.53
Provision for impairment loss reversed	-	3.13

## 2.35.2 Other Lease (Cancelable)

### 2.35.2.1 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 30th September, 2013.

### 2.35.2.2 Details of the leased assets: Office Premises\*

Description	(₹ in Crore)	
	Year Ended	
	31.03.13	31.03.12
Gross carrying amount	2.09	2.09
Accumulated depreciation	0.34	0.30
Net carrying amount	1.75	1.79
Depreciation provided for the year	0.04	0.04

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

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

### 2.35.2.4 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 ₹ 8.09 crore.

## 2.35.3 There are no provisions relating to contingent rent.

## 2.36 Earning Per Share (EPS)

	Particulars	Year Ended	
		31.03.13	31.03.12
A	Net profit for the year attributable to Equity Shareholder (₹ in crore)	245.44	164.49
B	Weighted average number of Equity Shares	100,000,000	100,000,000
C	Basic & Diluted Earning Per Share (A)/(B)	₹ 24.54	₹ 16.45
D	Nominal value per share	₹ 10/-	₹ 10/-

Basic & Diluted Earning Per Share of previous year changed from ₹ 41.12 to ₹ 16.45 due to issue of additional 6 crore Bonus Shares in the ratio of 6:4 (6 bonus shares for every 4 shares held) in the year 2012-13. EPS of the previous year has been calculated based on increased paid up capital as per Accounting Standard 20 on "Earning Per Share" issued by the Institute of Chartered Accountants of India.

## 2.37 Interest in Significant Joint Ventures

### 2.37.1 RITES has following Joint Ventures:

Name / Place of JVs	Nature of Interest	(₹ in Crore)	
		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

(₹ in Crore)			
Name / Place of JVs	Nature of Interest	Proportionate share of interest	Amount of investment
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 %	12.00

## 2.37.2 RITES Share in Joint Ventures

### 2.37.2.1 Income, Expenditure, Assets & liabilities:

(₹ in Crore)								
Description / JVs	Fixed Assets (Net)/Non Current Assets	Current Assets, Loans & Advances	Current Liabilities & Provisions	Other Liabilities	Capital	Retained Earnings / (Losses)	Income	Expenditure
<b>RICON</b>								
Year ended 31.03.13	-	10.47	0.77	-	-	9.71	0.85	0.55
Year ended 31.03.12	-	10.24	0.83	-	-	9.41	1.83	1.03
<b>GEOCONSULT - RITES - NRT-1</b>								
Year ended 31.03.13	0.02	0.83	0.59	-	-	0.26	0.66	0.53
Year ended 31.03.12	0.03	0.80	0.68	-	-	0.14	0.96	0.94
<b>GEOCONSULT – RITES</b>								
Year ended 31.03.13	0.02	1.53	0.67	-	-	0.88	1.60	1.35
Year ended 31.03.12	0.02	1.92	1.15	-	-	0.79	2.08	1.82
<b>CCFB-LTDA</b>								
Year ended 31.12.12	0.02	111.12	98.94	-	5.60	6.60	4.27	4.28
Year ended 31.12.11	0.08	131.19	118.78	-	5.73	6.76	49.02	36.09
<b>SAIL-RITES</b>								
Year ended 31.03.13	17.41	0.51	0.15	5.82	12.00	(0.05)	0.03	0.03
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 the 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 31.12.2012 & 31.12.2011.
- (iii) SAIL-RITES joint venture, where each venture has 50% equity stake in the capital of the company and its second financial statements were prepared for a period from 01.03.2012 to 31.03.2013.

### 2.37.2.2 Contingent Liabilities:

- (a) In CCFB Mozambique, withholding tax demand against the company, amount to ₹ 1.44 crore (equivalent MZM 8036076) previous year ₹ 1.44 crore (equivalent MZM 7836076), in which share of RITES @ 26% comes to ₹ 0.37 crore (previous year ₹ 0.37 crore).
- (b) In CCFB Mozambique, claims against the company amounting to ₹ 3.27 crore (equivalent US\$ 607321) previous year ₹ 8.10 crore (equivalent MT 44076725.47) have not been acknowledged as debt in which share of RITES @ 26% comes to ₹ 0.85 crore (previous year ₹ 2.11 crore).

### 2.37.2.3 Capital Commitment:

SAIL-RITES Bengal Wagon Industry Private Limited has liability on account of capital commitment of ₹ 54.09 crore (previous year ₹ 68.61 crore) in which share of RITES @ 50% comes to ₹ 27.05 crore (previous year ₹ 34.31 crore).

### 2.37.3 Jointly Controlled Operations

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

Name of Venturers	Project Name
M/s Oriental Consultants Co. Ltd. M/s Parsons Brickerhoff International INC. M/s Tonichi Engineering Consultants INC.	General Consultancy to Delhi Metro Rail Corporation Ltd. for Delhi Mass Rapid Transit System Project-Phase-III
M/s Oriental Consultants Co. Ltd. M/s Parsons Brickerhoff International INC. M/s SYSTRA S.A.	General Consultancy to Bangalore Metro Rail Corporation Ltd. for Bangalore Metro-Phase-I
M/s De Consult – Germany	Modernization of Signaling 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.
M/s Louis Berger Group INC.	Independent Engineering to MMRDA for implementation of MRTS Versova – Andheri - Ghatkopar
M/s KPMG	Taj International Airport project work at Agra
M/s ITP Senergy Ltd.	Consultancy for Emission Reduction for Generation and transaction of certified Emission Reduction (CERs) for Punatsangchhu Hydroelectric Project (PHPA I & II) and Mangdechhu Hydroelectric Project (MHPA) towards replacement of fossil fuel based power.

- 2.38** 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, as there is no impairment in the assets, thus no impairment loss has been recognized during the year.

### 2.39 Provisions

(₹ in Crore)					
Items	Carrying amount 01.04.12	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.13
Warranties	17.39	13.44	3.89	0.91	<b>26.03</b>
Commitments	1.55	0.18	-	0.54	<b>1.19</b>

- 2.40** 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

(Figures in ₹)			
Description	Note No.	As at 31.03.2013	As at 31.03.2012
Non-current investment	2.9		
(i) Moru Mahal Co-operative Society Ltd.		<b>250.00</b>	250.00
(ii) Amit Industrial Co-operative Society Ltd.		<b>500.00</b>	500.00

Statement of Profit & Loss items

(Figures in ₹)			
Description	Note No.	Year ended on 31.03.2013	Year ended on 31.03.2012
Auditors' out of pocket expenses	2.28.1	<b>93006.00</b>	44697.00

- 2.41 Additional information as required by revised Schedule VI, Part II of the Companies Act, 1956:-**

- 2.41.1** Value of imports calculated on C.I.F. basis:-

(₹ in Crore)			
Description		Year Ended	
		31.03.13	31.03.12
(i)	Components & Spares Parts	-	0.39
(ii)	Capital Goods	-	0.02

- 2.41.2** Expenditure in foreign currencies:-

(₹ in Crore)			
Description		Year Ended	
		31.03.13	31.03.12
(i)	Consultation Fees	<b>12.66</b>	12.73
(ii)	Salaries & others	<b>6.78</b>	10.76
(iii)	Travel	<b>4.02</b>	4.64
(iv)	Others*	<b>1.21</b>	0.44

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

- 2.41.3** Spare parts and components consumed

(₹ in Crore)					
Description		Year Ended			
		31.03.13		31.03.12	
		Value	%	Value	%
Imported		-	-	0.39	15.98
Indigenous		<b>5.25</b>	<b>100</b>	2.05	84.02

## 2.41.4 Earning in foreign currencies:-

Description		(₹ in Crore)	
		Year Ended	
		31.03.13	31.03.12
(i)	Export sale - FOB basis	303.96	283.30
(ii)	Lease Services	19.51	10.53
(iii)	Consultation Fees	14.14	15.72
(iv)	Interest & Dividend	0.01	0.06
(v)	Other Income*	4.52	0.54

\*Other income includes sale of scrap of ₹ 3.34 crore, LD charges of ₹ 0.89 crore, etc.

**2.42** 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.

**2.43** In a pre-closed contract in the year 2005–06, the company raised claims of ₹ 233.93 crore (previous year ₹ 233.93 crore) against a client and the client raised counter claims of ₹ 469.10 crore (previous year ₹ 469.10 crore).

The arbitrator on 19th January, 2011 rejected the aforesaid counter claims of the client and awarded ₹ 88.31 crore in favour of the company against claims of ₹ 233.93 crore. Company filed an appeal before the appellate authority on 21st March, 2011 against the said award.

Further on 16th September, 2011, the appellate authority awarded ₹ 231.68 crore with interest in favour of the company. Client filed a petition in the civil court of Ranchi for setting aside the aforesaid award of the appellate authority, thus the award has not been recognized.

**2.43.1** The executing agency also raised claims (excluding interest) of ₹ 184.41 crore (previous year ₹ 184.41 crore) against the company and company raised counter claims of ₹ 644.53 crore (previous year ₹ 644.53 crore) against the executing agency for the contract which became void due to commitment of fraud by the agency, thus terminated. The arbitration proceedings are under process. The claims of the executive agency have been included in the contingent liabilities. (please refer note no. 2.52.1).

**2.44** Pursuant to a joint venture entered through CCFB, Mozambique in 2004, the company invested a sum of ₹ 6.01 crore in equity of the said joint venture company for a 26% share. The company further extended a shareholder loans of ₹ 74.75 crore (equivalent to US\$ 1.68 crore). Company received repayment of part loan amounting to ₹ 4.44 crore (equivalent to US\$ 0.1 crore) during the year. The said joint venture had a 25 years concessioning agreement with the Government of Mozambique (GoM) to rehabilitate, operate and manage railway systems.

**2.44.1** On 8th December, 2011, Government of Mozambique (GoM) unilaterally terminated the concessioning agreement and took over the project 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.

**2.44.2** 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.

**2.44.3** In view of the arbitration proceedings launched and consequent uncertainties, the management considered it prudent not to recognize income of the year 2012-13 in respect of interest on loan amounting to ₹ 4.87 crore (previous year ₹ 4.16 crore) and in respect of the services provided ₹ Nil (previous year ₹ 6.36 crore) as no services were provided during the year.

**2.44.4** 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 31st March, 2011, amounting to ₹ 6.80 crore (equivalent US\$ 0.15 crore) 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.

**2.44.5** 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 ₹ 6.07 crore for the year (previous year ₹ 13.64 crore). However, any loss due to unfavorable exchange differences would have been/will be recognized and provided for.

- 2.45** As per the existing practice, company has made a provision for doubtful debts of ₹ 4.56 crore (previous year ₹ 14.98 crore) 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.
- 2.46** As per DPE guidelines, Employees' Post Retirement Pension Scheme effective from 1st January, 2007 is under finalization and approval. However, a provision of ₹ 28.06 crore (previous year ₹ 20.38 crore) has been kept from 1st January, 2007 to 31st March, 2013 which includes provision of ₹ 7.68 crore (previous year ₹ 6.31 crore) made for the year. Similar Post Retirement Medical Scheme effective from 1st January, 2007 is pending for approval, the company has made a provision of ₹ 26.39 crore from 1st January, 2007 to 31st March, 2013 (previous year ₹ 19.14 crore) which includes provision of ₹ 7.25 crore (previous year ₹ 8.25 crore) made for the year.
- 2.47** An amount of ₹ 6.44 crore (previous year ₹ 3.80 crore) spent during the year has been recognized as expenditure and to that extent CSR's reserve has been written back and left over previous years balances in CSR reserve comes to ₹ 0.22 crore (previous year ₹ 6.66 crore) at the end of financial year 2012-13. CSR reserve for 2012-13 was created in the year 2011-12, thus no further reserve is required for 2012-13 and unspent amount is shown in note no. 2.2.2 under captioned "Reserve & Surplus".
- 2.47.1** During the year, Company incurred a sum of ₹ 2.92 crore towards R&D activities i.e. ₹ 0.71 crore as expenses shown under "Other Expenses" vide note no. 2.28 and ₹ 2.21 crore expenditure incurred towards R&D on development of locomotives shown vide note no. 2.8.3.
- 2.48** Sundry creditors, customers advances, amounts recoverable, security deposits receivable/payable are subject to confirmation.
- 2.49** In cases where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle and multipurpose advances are considered unsecured.
- 2.50** The lease deed is pending for execution in respect of the Office building at Central Metro Railway Building, 56, C.R. Avenue, Kolkata of ₹ 3.46 crore (previous year ₹ 3.46 crore).
- 2.51** Income tax demand of ₹ 25.25 crore (previous year ₹ 32.74 crore) for the financial year 2007-08 is contested. However, tax has been duly paid in next financial year 2008-09.
- 2.52** Contingent liabilities and commitments to the extent not provided for include:

**2.52.1 Contingent Liabilities**

- (a) Claims against the company not acknowledged as debts as certified by the Management are ₹ 244.94 crore (previous year ₹ 223.41 crore). These include:-
- (i) Claims (excluding interest) amounting to ₹ 53.08 crore (previous year ₹ 51.18 crore) 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 ₹ 191.86 crore (previous year ₹ 172.23 crore) are contested by the company and the company has made counter claims of ₹ 644.53 crore (previous year ₹ 644.53 crore) on the executing agency.
- (b) Other money for which the company is contingently liable:
- (i) Excise bonds amounting to ₹ 13.70 crore (previous year ₹ 11.36 crore) are outstanding against export obligations with Central Excise Department. Out of this, bonds value of ₹ 4.59 crore (previous year ₹ 6.44 crore) are due for release by the department.
- (ii) In respect of joint venture entities refer to note no. 2.37.2.2

**2.52.2 Commitments**

Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amounting to ₹ 81.85 crore (previous year ₹ 25.17 crore).

- 2.53** 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, 2013.

The preparation of financial statements of RITES Limited for the year ended 31st March, 2013 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 June, 2013.

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 Limited for the year ended 31st March, 2013. 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)  
Pr. Director Audit (Railway Commercial)**

**Place : New Delhi**

**Dated : 15th July, 2013**

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

### RITES AFRIKA (PTY) LTD.

1. RITES continue to hold whole of the share capital of RITES AFRIKA (PTY) LTD, Botswana totaling to 10,000 shares of 1 Pula each amounting to 10,000 Pula.
2. During the year under review, RITES AFRIKA (PTY) LTD achieved income of Pula 4.21 million (₹ 288.84 lakh) (previous year income of Pula 12.69 million [₹ 858.25 lakh]) and net loss of Pula (0.95) million (₹ 65.18 lakh) (previous year net profit of Pula 0.21 million [₹ 14.20 lakh]) and accumulated profits at the end of the year is Pula 1.97 million (₹ 128.02 lakh).
3. Keeping in view the performance of the Company, Board of Directors of the RITES (AFRIKA) (PTY) LTD has decided not to declare dividend for the year 2012-13.
4. The final detailed design report for the Hukuntsi and Tsabong Airfield project and Tsesebe-Maunga Road Project has been submitted to Civil Aviation Authority of Botswana and Roads Department respectively. The construction phase of these projects has been deferred due to paucity of funds.
5. The existing consultancy projects for Francistown International Airport and Ramokgwebana Road have been completed in September, 2011 and February, 2012 respectively and the Defects Liability Certificates have been issued to the contractor in October, 2012 and April, 2013 for airport and road project respectively.
6. Botswana is economically and politically stable country and has good potential especially in infrastructure development, civil construction and information technology areas. However, due to considerable uncertainty in the world economy resulting in economic slowdown in Botswana, during the year, priorities were given only to the maintenance of existing projects and poverty eradication by the Government. However, as a result of efforts made to develop business in other African countries, Company succeeded in getting work order from the Rwanda Civil Aviation Authority, Rwanda for the Project Feasibility & Design for expansion of Kemembe and Gisenyi Airports and agreement has been signed on 21.05.2013.

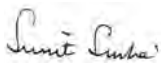
### RITES MOHAWAREAN ARABIA COMPANY LIMITED (RMAC)

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 year ended 31st December, 2012 have been audited by the auditors and form part of the Annual Report of the holding Company (RITES Limited). During the period under review, there was no transaction except provision towards professional fee of SR 95,000 covering Audit and Tax related services of SR 20,000 and Liquidation process charges of SR 75,000 and cumulative losses of the Company upto 31st December, 2012 is SR 99,56,392.
3. The Company is in the process of winding up since the execution of the project for which it was formed has been foreclosed in June, 2011.

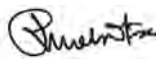
### RITES INFRASTRUCTURE SERVICES LIMITED (RISL)

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, work at seven stations is at an advanced stage. It was decided by Railway Board that MFCs at five stations shall be handed over to Railways after construction, however, MFC at one station was handed over. It has been agreed by Railway Board to consider the request of RITES to withdraw six sites where construction could not be commenced. Efforts to secure service connections to the MFCs are in progress.
5. During the year 2012-13, there is no operating turnover since Company has not yet started its commercial activities. However, Company has miscellaneous income of ₹ 39,741/-.

For and on behalf of the Board



**Sumit Sinha**  
Director Technical



**Rajeev Mehrotra**  
Chairman & Managing Director  
and Director Finance



**P.T. Mittal**  
Company Secretary

Place: Delhi

Dated: 21st June, 2013

## RITES AFRIKA (PROPRIETARY) LIMITED

### DIRECTORS REPORT

FOR THE YEAR ENDED 31st MARCH, 2013

#### GENTLEMEN,

Your directors have immense pleasure to present you the annual report of the Company "RITES AFRIKA (PTY) LTD" together with the audited statement of accounts and the report of statutory auditors thereon for the year ended 31st March, 2013.

During the year under review your company has achieved the income of Pula 4.21 million as compared to income of Pula 12.69 million of the previous financial year, lower by Pula 8.48 million (66%) due to continue economic slowdown & effect of European economy on the Botswana economy. Income from consultancy services is of Pula 3.33 million for the year as compared to Pula 9.92 million of the last year, lower by Pula 6.59 million (66%). Your company has made a net (loss) / profit before tax of (Pula 0.95 million) as compared to Pula 0.21 million of the last financial year which is lower by Pula 1.16 million due to completion of both Francistown Airport Project and Francistown-Ramokgwebana Road Project.

#### FINANCIAL RESULTS

The financial results of the company are summarized below:

(Figures in Pula million)		
Particulars	2012-13	2011-12
Income	4.21	12.69
Expenditure	5.16	12.48
Depreciation (included in above expenses)	0.02	0.05
Net Profit/(Loss) before tax	(0.95)	0.21
Income tax expenses	-	0.13
Net profit/(Loss) after tax	(0.95)	0.08
Dividend paid for the year	-	0.06
Income from:		
- Consultancy fee	3.33	9.92
- Other incomes	0.88	2.77
Accumulated Profit/(Loss) at the end of year	1.97	2.92

The company received arrears of Income of Pula 0.83 million during the year 2012-13 pertaining to previous years.

#### DIVIDEND

In view of loss situation for the year, The Board of Directors has decided not to declare dividend for the year 2012-13. However in view of some new projects coming up in the Company, the Board is hopeful of better results next year and shall announce dividends accordingly.

#### PROJECTS SECURED & EXECUTED

Due to the context of considerable uncertainty in the world economy, there is effect of economy slowdown in Botswana and priorities were given only to the maintenance projects and poverty eradication by the government. Due to these constraints and stiff competition & emphasis on empowerment of local citizen consultant, no major project has been secured in the fiscal year 2012-13 by the company.

In this scenario and to sustain the current operation level, efforts were made to participate in the Transkalahari Railway Project to secure the business for providing transactional assistance to the Coal Development Unit formed by the Cabinet, GoB, through Indian High Commissioner, Gaborone, Botswana under the line of credit extended to African countries by Ministry of External Affairs, Govt. of India. In addition efforts have been made to develop business in other African countries and succeeded to secure Airport Project in Rwanda country for Value of Contract 0.70 million US Dollar (Pula 5.90 million) and were at the verge of securing another airport project in Lesotho country for supervision consultancy for value of Pula 5.2 million being ranked-1 consultant in the evaluation, however the project awarded to ranked-2 consultant by the authority.

Existing consultancy projects i.e Francistown International Airport & Ramokgwebana Road Projects have been completed in September, 2011 and February, 2012 respectively and the Defects Liability Certificates have been issued to the contractor in October, 2012 and April, 2013 for airport and road project respectively.

The work order has been received from the Rwanda Civil Aviation Authority, Rwanda for the Project Feasibility & Design for Expansion of Kemembe and Gisenyi Airports and agreement has been signed on 21.05.2013. In addition there are company's commitments for the post construction period for the completed projects viz recommendations of Final Statement and providing assistance in claims for Main Roads under 2013-14. The turnover during 2013-14 is likely to increase to Pula 6.9 million as against 3.3 million during the year 2012-13.

The final detailed design report for the Hukunsi and Tsabong Airfield Project and Tsebebe-Maunga Road Project has been submitted to Civil Aviation Authority of Botswana (CAAB) and Roads Department respectively. The Construction phase of these projects has been deferred due to paucity of funds with the authorities. As discussed with the CAAB, the project for feasibility and design of relocation of Serowe-Palapye Airport may be awarded to RITES Afrika to reduce the consultancy cost since feasibility and design consultancy of the airport on the old location was done by RAPL.

#### BOTSWANA SCENARIO

The Government of Botswana made an announcement during the presentation of FY 2013-2014 national budget and the budget speech delivered by, Hon'ble Minister of Finance and Development Planning (Govt. of Botswana), Mr. Kenneth Matambo, the following were indicated:

- Hon'ble Minister informed that the 2013-14 budget was prepared within the context of considerable uncertainty in the world economy.
- Govt. has recommended Pula 34.48 billion under recurrent budget and Pula 11.10 billion under development budget.

The economy of Botswana may continue to experience depressing developments due to declining output and exports of diamond. Therefore in order to develop business in future, the Company need to expand business in other fields like irrigation, environment and building works etc. in Botswana and also try to look for an opportunity in other African countries such as Zambia, Namibia, Rwanda, Uganda and Lesotho etc.

The Government of Botswana is seeking to reduce the reliance on Diamond export. Botswana has about 200 billion tone coal reserves which are to be exploited in near future. The Government

is planning to construct Railway line between Botswana-Namibia at an estimated cost of US\$ 9 billion through private sector participation to the local export traffic. There may be opportunities on the field of supplying rail equipments, wagons and supervision consultancy to the company.

#### PROPOSAL SUBMITTED

Your company has submitted bids as under:

- Development of Botswana National Climate change policy and comprehensive National climate change strategy and action plan in Botswana (United Nations Development Programme) –07th December, 2012  
Outcome: Under evaluation.
- EOI for Consultancy Services for a Feasibility study for Mass Transit alternatives for Gaborone City in Botswana – 1st November, 2012  
Outcome: Under evaluation.
- Consultancy Services for Design review, Bidding documents and Supervision Services for the Upgrading and Rehabilitation of Mejametalana Airport in Government of the Kingdom of Lesotho (Ministry of Works and Transport) – 6th November, 2012  
Outcome: Successful in Technical Bid but not successful in Financial Bid even after securing 1st Rank in overall contract.
- Consultancy Services for the Economic Feasibility, Preliminary and Detailed Design, Environment and Social Impact Assessment, Tender Documentation for the Moshoeshoe 1 International Airport in Government of the Kingdom of Lesotho (Ministry of works and Transport) – 6th November, 2012  
Outcome: Not Successful.
- Consultancy Services for the Economic Feasibility, Preliminary and Detailed Design, Environment and Social Impact Assessment, Tender Documentation for the Design of Kemembi and Genyseni Airports in Rwanda Country – December, 2012  
Value of Work: Pula 5.2 million  
Outcome: Successful in Bidding and work awarded to RAPL by Rwanda Civil Aviation Authority on 12th March, 2013.
- EOI for Consultancy Services for Feasibility and Design for Water Resources Project for Zambezi River in Zambia – 11th February, 2013  
Outcome: Under evaluation.
- EOI for Consultancy Services for Monitoring / Supervision of a Pilot Project for Area Wide Output and Performance based Road Contracts (OPRC) for a Network size of about 335 km in Botswana – 21st May, 2013  
Outcome: Under evaluation.

#### ACKNOWLEDGEMENTS

We are thankful to the management of RITES 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.

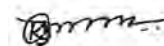
M/s Ramani & Associates was the statutory auditors of the company for the year 2012-2013. Board of Directors would like to place on record their sincere thanks for the valuable services rendered by them.

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, Council of Francistown City, Department of Mines, Coal Development Unit, Department of Crop Production and Forestry, Department of Sanitation and Waste Management, BURS and other Departments of Government of Botswana. We are also thankful to officers and staff of Bank of Baroda (Botswana) Ltd. for their valuable support and timely help.

We are also to His Excellency the Indian High Commissioner, the Secretary and other officers and other staff of the Indian High Commissioner in Botswana for their valuable support & co-operation.

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



**Place: Gaborone, Botswana  
Date: 04th June, 2013**

**Rajesh Kumar  
Director**

## FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 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 judgments and estimates.

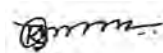
The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal 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 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 75.

The financial statements set out on pages 75 to 79, which have been prepared on the going concern basis, were approved by the board on 04.06.2013 and were signed on its behalf by:



**Rajesh Kumar**  
Director

## INDEPENDENT AUDITOR'S REPORT

### To the member 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, 2013, 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 79.

### 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for small and Medium sized Entities, and the requirements of the Companies Act of Botswana.

### Ramani & Associates



**J.R.V. Ramani**

**Certified Auditor**

**Practising membership no : 19900324.33**

**June 04, 2013**

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2013

(Figures in Pula)			
	Note(s)	2013	2012
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	8,629	8,211
<b>Current Assets</b>			
Trade and other receivables	4	1,474,491	5,351,580
Cash and cash equivalents	5	1,665,945	1,700,989
		<b>3,140,436</b>	<b>7,052,569</b>
<b>Total Assets</b>		<b>3,149,065</b>	<b>7,060,780</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	6	10,000	10,000
Retained income		1,975,271	2,924,625
		<b>1,985,271</b>	<b>2,934,625</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from group companies	3	478,564	779,013
Current tax payable		16,662	265,402
Trade and other payables	7	668,568	3,061,740
Dividend payable		-	20,000
		<b>1,163,794</b>	<b>4,126,155</b>
<b>Total Equity and Liabilities</b>		<b>3,149,065</b>	<b>7,060,780</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2013

(Figures in Pula)			
	Note(s)	2013	2012
Revenue	8	3,329,294	9,919,576
Cost of sales	9	(3,025,938)	(8,484,111)
<b>Gross profit</b>		<b>303,356</b>	1,435,465
Other income		883,421	2,771,683
Operating expenses		(2,120,729)	(3,996,457)
<b>Operating (loss) profit</b>		<b>(933,952)</b>	210,691
Finance costs		(15,402)	-
<b>(Loss) profit before taxation</b>		<b>(949,354)</b>	210,691
Taxation	10	-	(126,002)
<b>(Loss) profit for the year</b>		<b>(949,354)</b>	84,689
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(949,354)</b>	84,689
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(949,354)	84,689

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2013

(Figures in Pula)			
	Share Capital	Retained Income	Total Equity
<b>Balance at April 01, 2011</b>	<b>10,000</b>	<b>2,899,936</b>	<b>2,909,936</b>
<b>Changes in Equity</b>			
Total comprehensive income for the year	-	84,689	84,689
Dividends	-	(60,000)	(60,000)
Total changes	-	24,689	24,689
<b>Balance at April 01, 2012</b>	<b>10,000</b>	<b>2,924,625</b>	<b>2,934,625</b>
<b>Changes in Equity</b>			
Total comprehensive loss for the year	-	(949,354)	(949,354)
Total changes	-	(949,354)	(949,354)
<b>Balance at March 31, 2013</b>	<b>10,000</b>	<b>1,975,271</b>	<b>1,985,271</b>
Note(s)	6		

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2013

(Figures in Pula)			
	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	11	552,504	(123,823)
Finance costs		(15,402)	-
Tax paid	12	(248,740)	(129,193)
<b>Net cash from operating activities</b>		<b>288,362</b>	(253,016)

(Figures in Pula)			
	Note(s)	2013	2012
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(2,957)	(4,950)
Proceeds from loans from group companies		(300,449)	(796,568)
<b>Net cash from investing activities</b>		<b>(303,406)</b>	(801,518)
<b>Cash flows from financing activities</b>			
Movement in other liability		-	127,025
Dividends paid		(20,000)	(60,000)
<b>Net cash from financing activities</b>		<b>(20,000)</b>	67,025
<b>Total cash movement for the year</b>		<b>(35,044)</b>	(987,509)
Cash at the beginning of the year		1,700,989	2,688,498
<b>Total cash at end of the year</b>	5	<b>1,665,945</b>	1,700,989

## 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 production

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

## Provisions

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

## Taxation

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

## 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.

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 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.

## 1.6 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.

## 1.7 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.

## 1.8 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting period date as a result of a past event;
  - it is probable that the company will be required to transfer economic benefits in settlement; and
  - the amount of the obligation can be estimated reliably.
- Contingent assets and contingent liabilities are not recognised.

## 1.9 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.

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

## 1.10 Borrowing costs

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

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Property, plant and equipment

(Figures in Pula)						
	2013			2012		
	Cost / Valuation	Accu. Depn.	Carrying value	Cost / Valuation	Accu. Depn.	Carrying value
Furniture and fixtures	65,939	(62,004)	3,935	65,939	(61,442)	4,497
Motor vehicles	57,728	(57,728)	-	57,728	(57,727)	1
Office equipment	92,809	(92,808)	1	92,809	(92,808)	1
IT equipment	34,791	(30,098)	4,693	31,834	(28,122)	3,712
<b>Total</b>	<b>251,267</b>	<b>(242,638)</b>	<b>8,629</b>	<b>248,310</b>	<b>(240,099)</b>	<b>8,211</b>

### Reconciliation of property, plant and equipment -2013

(Figures in Pula)				
	Opening Balance	Additions	Depre- ciation	Total
Furniture and fixtures	4,497	-	(562)	3,935
Motor vehicles	1	-	(1)	-
Office equipment	1	-	-	1
IT equipment	3,712	2,957	(1,976)	4,693
	<b>8,211</b>	<b>2,957</b>	<b>(2,539)</b>	<b>8,629</b>

### Reconciliation of property, plant and equipment -2012

(Figures in Pula)				
	Opening Balance	Additions	Depre- ciation	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
	<b>8,906</b>	<b>4,950</b>	<b>(5,645)</b>	<b>8,211</b>

(Figures in Pula)		
	2013	2012

### 3. Loans to (from) group companies

**Holding company - Rites Limited** (478,564) (779,013)

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. Trade and other receivables

Trade receivables	<b>960,259</b>	4,061,863
Employee costs in advance	<b>8,500</b>	-
Prepayments - Insurance	<b>12,433</b>	-
Deposits	<b>7,700</b>	7,700
VAT	<b>32,516</b>	-
Accrued income - Escalation Claims	<b>446,431</b>	1,276,788
WHT on call account	<b>6,652</b>	5,229
	<b>1,474,491</b>	<b>5,351,580</b>

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	<b>22,915</b>	2,976
Bank balances	<b>591,782</b>	1,175,363
Short-term deposits	<b>1,051,248</b>	522,650
	<b>1,665,945</b>	<b>1,700,989</b>

### 6. Share capital Issued

Ordinary	<b>10,000</b>	10,000
----------	---------------	--------



(Figures in Pula)		
	2013	2012
<b>7. Trade and other payables</b>		
Trade payables	584,612	1,956,611
VAT	-	72,858
Dividend payable	2,716	-
Accrued rent expenses	-	924
Accrued expenses	1,135	2,716
Accrued Leave pay	63,881	71,050
Accrued utilities expenses	2,661	6,165
Accrued audit fees	-	37,000
WHT & PAYE payables	10,563	125,556
Deposits received	3,000	2,000
Accrued consulting fees	-	786,860
	<b>668,568</b>	<b>3,061,740</b>
<b>8. Revenue</b>		
Rendering of services	<b>3,329,294</b>	<b>9,919,576</b>
<b>9. Cost of sales</b>		
<b>Rendering of services</b>		
Consulting expenses - Rites Ltd (Holding Company)	781,386	3,324,805
Consulting fee - Local	2,007,845	4,864,798
Travelling expenses & WHT on visiting consultants	236,707	294,508
	<b>3,025,938</b>	<b>8,484,111</b>
<b>10. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	-	110,433
<b>Deferred</b>		
Originating and reversing temporary differences	-	15,569
	-	126,002
No provision has been made for 2013 tax as the company has no taxable income. There is no deferred tax provision for the year as there is no temporary differences.		
<b>11. Cash generated from (used in) operations</b>		
(Loss) profit before taxation	(949,354)	210,691
<b>Adjustments for:</b>		
Depreciation and amortisation	2,539	5,645
Finance costs	15,402	-
Profit on exchange gain	-	(127,025)
<b>Changes in working capital:</b>		
Trade and other receivables	3,877,089	(725,425)
Trade and other payables	(2,393,172)	512,291
	<b>552,504</b>	<b>(123,823)</b>
<b>12. Tax paid</b>		
Balance at beginning of the year	(265,402)	(284,162)
Current tax for the year recognised in profit or loss	-	(110,433)
Balance at end of the year	<b>16,662</b>	<b>265,402</b>
	<b>(248,740)</b>	<b>(129,193)</b>

(Figures in Pula)		
	2013	2012
<b>13. Related parties</b>		
<b>Relationships</b>		
Ultimate holding company	Rites Limited	
Holding company	Rites Limited	
<b>Related party balances</b>		
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		

(Figures in Pula)			
	Note(s)	2013	2012
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 secured.			
<b>Loan accounts - Owing (to) by related parties</b>			
Rites Limited		478,564	779,013
<b>DETAILED INCOME STATEMENT</b>			
<b>Revenue</b>			
Rendering of services		3,329,294	9,919,576
<b>Cost of sales</b>			
Purchases		(3,025,938)	(8,484,111)
<b>Gross profit</b>		<b>303,356</b>	<b>1,435,465</b>
<b>Other income</b>			
Salaries charged to holding company		717,214	2,527,416
Rental income		54,074	51,252
Profit on exchange differences		32,054	127,025
Interest income		80,079	65,990
		<b>883,421</b>	<b>2,771,683</b>
<b>Expenses</b>			
<b>Operating (loss) profit</b>		<b>(933,952)</b>	<b>210,691</b>
Finance costs		(15,402)	-
<b>(Loss) profit before taxation</b>		<b>(949,354)</b>	<b>210,691</b>
Taxation	10	-	126,002
<b>(Loss) profit for the year</b>		<b>(949,354)</b>	<b>84,689</b>
<b>Operating expenses</b>			
Accounting fees		(33,775)	(37,566)
Advertising		-	(5,153)
Auditor's remuneration		-	(37,000)
Bad debts		(431,520)	(50,070)
Bank charges		(5,402)	(8,194)
Computer expenses		(6,219)	(8,244)
Depreciation		(2,539)	(5,645)
Discount allowed		(1,300)	-
Employee costs		(1,117,482)	(3,190,798)
Entertainment		(4,336)	(17,956)
Tender expenses		(1,470)	-
Training levy		(11,896)	(21,049)
Permits and licence expenses		(2,000)	(28,336)
Office expenses		(3,432)	(4,700)
Sundry expenses		(285)	-
Government levy		(8,860)	-
Insurance		(10,537)	(19,634)
Lease rentals on operating lease		(206,028)	(191,558)
Motor vehicle expenses		(8,931)	(10,154)
Petrol and oil		(9,965)	(17,282)
Postage		(4,171)	(7,707)
Printing and stationery		(31,010)	(89,418)
Repairs and maintenance		(8,771)	(17,049)
Security		(5,901)	(16,406)
Staff welfare		(31,210)	(52,115)
Telephone and fax		(39,147)	(48,521)
Training		(11,665)	-
Travel - local		-	(19,645)
Travel - overseas		(87,701)	(53,101)
Utilities		(35,176)	(39,156)
		<b>(2,120,729)</b>	<b>(3,996,457)</b>

## RITES INFRASTRUCTURE SERVICES LTD.

### DIRECTORS' REPORT

#### Distinguished Shareholders

The Directors of your company have immense pleasure in presenting 3rd Annual Report of the Company together with the audited Statements of Accounts and Auditors' Report for the year ended 31st March, 2013.

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 Complexes (MFCs) 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 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. Work at seven stations is at an advanced stage. It was decided by Railway Board that MFCs at five stations shall be handed over to Railways after construction, however, MFC at one station was handed over. It was agreed by Railway Board to consider the request of RITES to withdraw six sites where construction could not be commenced. Efforts to secure service connections to the MFCs are in progress.

#### FINANCIAL HIGHLIGHTS

The financial performances of the Company for the year 2012-13 are given below:

Particulars	(Amount in ₹)	
	2012-13	2011-12
Authorised Share Capital	50,000,000	50,000,000
Subscribed Share Capital	500,000	500,000
Reserves & Surplus	(2,617,025)	(556,364)
Tangible Fixed Assets	2	3
Capital Work in Progress	44,707,308	28,247,171
Total income/Gross Sales	39,741	2,487
Total operating Income	Nil	Nil
Total Expenditure	2,100,401	57,931
<b>Profit / (Loss) Before Tax (PBT)</b>	<b>(2,060,660)</b>	<b>(55,444)</b>
<b>Profit / (Loss) After Tax (PAT)</b>	<b>(2,060,660)</b>	<b>(55,444)</b>
Net worth	(2,117,025)	(56,364)

#### 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 fixed deposits, miscellaneous income and excess provision written back of ₹ 39,741/- during the year 2012-13.

#### CAPITAL STRUCTURE

Paid-up share capital of the Company is ₹ 5 lakh & the Authorised Share Capital is ₹ 5 crore.

#### DIVIDEND

Since the company has not yet started its commercial activities, no dividend has been declared by the company for the year 2012-13.

#### 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 read with Companies (Particulars of Employees) Rules, 1975 as amended.

#### 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 are being executed by RITES Ltd. (Holding Company) 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

"Corporate Governance Report" and "Management Discussion and Analysis Report" form an integral part of this Director's Report and have been placed as Annexure – "I" & "II" respectively.

#### BOARD OF DIRECTORS

The Board of Directors consists of three (3) Directors all are part time Director nominated by the Holding Company (RITES Ltd.). The Board met four (4) times during the year for transacting businesses.

The following Directors are holding office as on date:

Shri K.K.Gupta

Shri Ajay Kumar Gaur, (from 01.07.2012)

Shri Alok Garg, (from 25.02.2013)

The following Directors ceased to hold office after 31st March, 2012

Shri M. Mahalingam, (up to 30.06.2012)

Shri Jeevan Gupta, (up to 31.01.2013)

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departure from the same.

- (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, to audit the accounts of the company for the year 2012-13. 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



**Alok Garg**  
Director



**Ajay Kumar Gaur**  
Director

Place: Gurgaon  
Dated: 11th June, 2013

Annexure - I

## 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.

### 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 three Directors namely, Shri K.K.Gupta, Shri Ajay Kumar Gaur and Shri Alok Garg, all are part time Directors nominated by RITES, the holding company, as on 31st March, 2013.

#### 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.	Directors	Category of Directors Whole Time/Part Time	No. of other Directorship*	No. of Committee Membership**	
				As Chairman	As Member
1.	Shri K.K.Gupta	Part Time Director	Nil	Nil	Nil
2.	Shri Ajay Kumar Gaur (from 01.07.2012)	Part Time Director	Nil	Nil	Nil
3.	Shri Alok Garg (from 25.02.2013)	Part Time Director	Nil	Nil	Nil
4.	Shri Jeevan Gupta (up to 31.01.2013)	Part Time Director	Nil	Nil	Nil
5.	Shri M.Mahalingam (up to 30.06.2012)	Part Time Director	Nil	Nil	Nil

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 Number of Board Meetings

The Board of Directors met 4 times during the year 2012-13 to discuss and decide about the business activities of the Company.

S. No.	Directors	Board Meetings During the Year			2nd Annual General Meeting held on 5th September, 2012
		Held During tenure	Attended	Actually Held	Present
1.	Shri K.K.Gupta	4	4	4	Not Present
2.	Shri Ajay Kumar Gaur (from 01.07.2012)	3	3	4	Present
3.	Shri Alok Garg (from 25.02.2013)	1	1	4	-NA-
4.	Shri Jeevan Gupta (up to 31.01.2013)	3	1	4	Present
5.	Shri M. Mahalingam (up to 30.06.2012)	1	1	4	-NA-

### 3.3 Attendance of Board of Directors Meeting during the year 2012-13

S. No.	Directors	Nos. and Date of Board of Directors Meeting				Total Meetings
		10th BOD Meeting/ 27.06.2012	11th BOD Meeting/ 25.09.2012	12th BOD Meeting/ 27.12.2012	13th BOD Meeting/ 28.03.2013	Total (4)
1.	Shri K.K.Gupta	Attended	Attended	Attended	Attended	All
2.	Shri Ajay Kumar Gaur (from 01.07.2012)	-NA-	Attended	Attended	Attended	3(All)
3.	Shri Alok Garg (from 25.02.2013)	-NA-	-NA-	-NA-	Attended	1(All)
4.	Shri Jeevan Gupta (up to 31.01.2013)	Not Attended	Attended	Not Attended	-NA-	1out of 3
5.	Shri M. Mahalingam (up to 30.06.2012)	Attended	-NA-	-NA-	-NA-	1(All)

#### 4 Disclosures about Directors

4.1 Brief Resume of Directors who have appointed during the year as part time directors.

i) **Shri Ajay Kumar Gaur**

(With effect from 01.07.2012)

Date of Birth: 19.07.1959

After graduating in commerce stream from Delhi University, completed professional qualification of Chartered Accountancy and is a Fellow Member of the Institute of Chartered Accountants of India. He started his career in RITES as Assistant Manager (Finance) and presently holding the position of General Manager (Finance). He is head of Finance for Strategic Business Units, in-charge of Treasury Management and is involved in formulation of business strategies and decision making.

As expert in finance & accounts with equal proficiency in budgeting, project appraisal and treasury management, he carries with him over 28 years of rich and varied experience of working in various capacities in RITES and other public sector undertaking.

He introduced a fully computerized and networked accounting and financial management information system, streamlined banking operations and cash management, widened investment portfolio and strengthened accounting management system & procedures. Was instrumental in revamping treasury function enhancing the yield on investments. His major trust areas cover budgeting performance review, evaluation of contracts, contract negotiations and finalization of accounts as per companies Act, and applicable Accounting Standard. Have experience of handling foreign projects and have worked with overseas clients on short and long term assignments.

ii) **Shri Alok Garg**

(With effect from 25.02.2013)

Date of Birth: 02.04.1961

Shri Alok Garg has been working with RITES Ltd. (Govt. of India Enterprise-Ministry of Indian Railways) as Group General Manager (Construction Projects) for more than 29 years and has 30+ years experience. He is Bachelor of Civil Engineering & Masters in Systems & Management and has been involved in rendering consultancy & project management services for multistoried Commercial / Institutional Residential buildings and mega Railway / Highway Tunnels, Bridges in India & Abroad. He has been team leader for the detailed engineering, project preparation & construction of a number of mega National importance multidisciplinary infrastructure projects. He has also held the position of Dy. Project Director of GC-RITES joint venture for two long Railway tunnels (10.9 km & 3.1 km) across Himalayan ranges in geologically most difficult mixed ground conditions in J&K State of India under execution with NATM technique. He was also team leader for detailed project preparation of longest highway tunnel (8.8 km) in high Himalayan region of India and a number of new tunnels & rehabilitation of existing tunnels. He is member of various National & International professional bodies and has published 21 technical papers in International Conferences & numerous project reports on infrastructures transportation projects. He is also technical advisory group member for important infrastructure projects & technical / organizing committee member for various National / International conferences.

#### 4.2 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 for attending meetings.

#### 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 1st Annual General Meeting of the Company was held on 18th August, 2011 at 12:30 HRS at the Registered Office of the Company.
- ii) The 2nd Annual General Meeting of the Company was held on 5th September, 2012 at 12:30 HRS at the Registered Office of the Company.
- iii) No special Resolution were taken up in the 2nd Annual General Meeting.

##### 7.2 Extra - Ordinary General Meeting

During the year under review, Extra-Ordinary General meeting was not held.

#### 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.

### Annexure - II

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### AN OVERVIEW

The company was incorporated on 27th April, 2010 as a Wholly Owned Subsidiary (WOS) of RITES Limited, a schedule 'A' Mini-ratna, 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 Complexes (MFCs) 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 fixed deposits, miscellaneous income and excess provision written back of ₹ 39,741/- during the year 2012-13.

### OPERATIONAL PERFORMANCE

The Company is executing the work of development, operation and maintenance of Multi-functional Complexes at 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. Work at seven stations is at an advanced stage. It was decided by Railway Board that MFCs at five stations shall be handed over to Railways after construction, however, MFC at one station was handed over. It was agreed by Railway Board to consider the request of RITES to withdraw six sites where construction could not be commenced. Efforts to secure service connections to the MFCs are in progress.

### STRENGTH

Supervision of construction and all tendering in connection with the MFC works is being handled by RITES Ltd., the holding company.

### RISKS AND CONCERNS

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.

## INDEPENDENT AUDITOR'S REPORT (Revised)

### To the Members of RITES Infrastructure Services Limited

We have audited the accompanying financial statements of RITES Infrastructure Services limited, ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss for the year ended 31st March, 2013, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance of the company in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of risks 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 company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

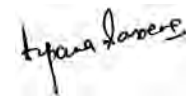
In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the Accounting Principles generally accepted in India:-

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) order, 2003 ("the order") issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.
- II. As required by section 227 (3) of the Act, 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 those books;
  - (iii) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet and Statement of Profit and Loss 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) 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;
  - (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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



**(ALPANA SAXENA)  
Partner  
MEMBERSHIP NO. 095837**

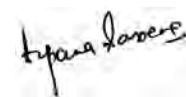
**Place: New Delhi  
Dated: 16th July, 2013**

## ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph-I of our report of even date on the accounts for the year ended on 31st March, 2013 of RITES Infrastructure Services Limited)

1. (a) During the year Company has handed over one of the MFC to Railways & hence it is eliminated from Company's 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 ₹ 500,000/- in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
6. The Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. 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, 2013 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 issue during the year.
21. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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



**(ALPANA SAXENA)  
Partner  
MEMBERSHIP NO. 095837**

**Place: New Delhi  
Dated: 16th July, 2013**

## BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in ₹)			
PARTICULARS	NOTE NO.	AS AT 31.03. 2013	AS AT 31.03. 2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
SHARE CAPITAL	2.1	500,000.00	500,000.00
RESERVES AND SURPLUS	2.2	(2,617,025.00)	(556,364.00)
		<u>(2,117,025.00)</u>	<u>(56,364.00)</u>
<b>CURRENT LIABILITIES</b>			
OTHER CURRENT LIABILITIES	2.3	47,316,242.00	28,770,440.00
		<u>47,316,242.00</u>	<u>28,770,440.00</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>45,199,217.00</u>	<u>28,714,076.00</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
• TANGIBLE ASSETS	2.4	2.00	3.00
• CAPITAL WORK-IN-PROGRESS	2.5	44,707,308.00	28,247,171.00
		<u>44,707,310.00</u>	<u>28,247,174.00</u>
<b>CURRENT ASSETS</b>			
CASH AND BANK BALANCES	2.6	485,842.00	453,385.00
OTHER CURRENT ASSETS	2.7	6,065.00	13,517.00
		<u>491,907.00</u>	<u>466,902.00</u>
<b>TOTAL ASSETS</b>		<u>45,199,217.00</u>	<u>28,714,076.00</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS	1&2		

For and on behalf of the Board

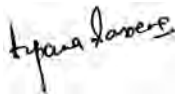


**Alok Garg**  
Director



**A.K. Gaur**  
Director

As per our revised report dated 16th July, 2013 attached



**Alpina Saxena**  
Partner  
Membership No. 095837  
For S S A S & Associates  
Chartered Accountants  
FRN : 008550N

Place : Delhi  
Dated : 11th June, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

(Amount in ₹)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
<b>REVENUE</b>			
OTHER INCOME	2.8	39,741.00	2,487.00
<b>TOTAL REVENUE</b>		<u>39,741.00</u>	<u>2,487.00</u>
<b>EXPENDITURE</b>			
EXPENSES	2.9	2,100,401.00	57,931.00
<b>TOTAL EXPENDITURE</b>		<u>2,100,401.00</u>	<u>57,931.00</u>
<b>LOSS BEFORE TAX</b>		<u>(2,060,660.00)</u>	<u>(55,444.00)</u>
PROVISION FOR TAXATION		-	-
<b>LOSS AFTER TAX</b>		<u>(2,060,660.00)</u>	<u>(55,444.00)</u>
<b>EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC &amp; DILUTED</b>		₹ (41.21)	₹ (1.11)
NUMBER OF SHARES USED IN COMPUTING EARNING PER SHARE		50,000	50,000

For and on behalf of the Board

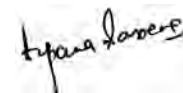


**Alok Garg**  
Director



**A.K. Gaur**  
Director

As per our revised report dated 16th July, 2013 attached



**Alpina Saxena**  
Partner  
Membership No. 095837  
For S S A S & Associates  
Chartered Accountants  
FRN : 008550N

Place : Delhi  
Dated : 11th June, 2013

### 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 Statement of Profit & Loss.

### 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, 2013

### 2.1 SHARE CAPITAL

PARTICULARS	(Amount in ₹)	
	AS AT 31.03.2013	AS AT 31.03.2012

#### 2.1.1 AUTHORISED

5,000,000 EQUITY SHARES **50,000,000.00** 50,000,000.00  
(PREVIOUS YEAR 5,000,000)  
OF ₹ 10/- EACH

#### 2.1.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP

50,000 EQUITY SHARES **500,000.00** 500,000.00  
(PREVIOUS YEAR 50,000) OF  
₹ 10/- EACH FULLY PAID UP

**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

PARTICULARS	(Amount in ₹)	
	AS AT 31.03.2013	AS AT 31.03.2012

### 2.2.1 SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS

OPENING BALANCE	<b>(556,367.00)</b>	(500,923.00)
ADD:PROFIT/(LOSS) FOR THE YEAR	<b>(2,060,660.00)</b>	(55,444.00)
<b>TOTAL (A)</b>	<b>(2,617,027.00)</b>	(556,367.00)

### 2.2.2 CAPITAL RESERVE

PARTICULARS	(Amount in ₹)	
	AS AT 31.03.2013	AS AT 31.03.2012
CAPITAL GRANT RECEIVED FROM RITES LTD. (HOLDING COMPANY)	<b>3.00</b>	3.00
ADJUSTMENT DURING THE YEAR	<b>(1.00)</b>	-
<b>TOTAL (B)</b>	<b>2.00</b>	3.00
<b>CLOSING BALANCE (A+B)</b>	<b>(2,617,025.00)</b>	(556,364.00)

## 2.3 OTHER CURRENT LIABILITIES

PARTICULARS	(Amount in ₹)	
	AS AT 31.03.2013	AS AT 31.03.2012
AMOUNT PAYABLE TO RITES LTD.(HOLDING COMPANY)	<b>47,305,442.00</b>	28,750,164.00
EXPENSES PAYABLE	<b>800.00</b>	9,040.00
AUDITOR'S FEE PAYABLE	<b>10,000.00</b>	11,236.00
<b>TOTAL</b>	<b>47,316,242.00</b>	28,770,440.00

## 2.4 TANGIBLE FIXED ASSETS AS AT 31.03.2013

Description	(Amount in ₹)									
	GROSS BLOCK				DEPRECIATION				Net Block	
	As at 01.04.12	Addition During the Period	Sale/ Adj During the Period	Total 31.03.13	As at 01.04.12	For the Period	Sale/ Adj During the Period	Total 31.03.13	As at 31.03.13	31.03.12
<b>MULTI FUNCTIONAL COMPLEXES AT</b>										
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	1.00
New Alipur (Received from RITES Ltd as Grant)	1.00	-	-	1.00	-	-	-	-	1.00	1.00
<b>Total</b>	<b>3.00</b>	<b>-</b>	<b>1.00</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.00</b>	<b>3.00</b>

## 2.5 CAPITAL WORK IN PROGRESS AS AT 31.03.2013

Description	(Amount in ₹)									
	GROSS BLOCK				DEPRECIATION				Net Block	
	As at 01.04.12	Addition During the Period	Sale/ Adj During the Period	As at 31.03.13	As at 01.04.12	For the Period	Sale/ Adj During the Period	As at 31.03.13	As at 31.03.13	31.03.12
Capital Work in Progress	28,247,171	18,403,923	1,943,786	44,707,308	-	-	-	-	44,707,308	28,247,171
<b>Total</b>	<b>28,247,171</b>	<b>18,403,923</b>	<b>1,943,786</b>	<b>44,707,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,707,308</b>	<b>28,247,171</b>



## 2.6 CASH AND BANK BALANCES

(Amount in ₹)		
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
<b>BANK BALANCES IN :</b>		
CURRENT ACCOUNTS	51,121.00	53,385.00
<b>OTHER BANK BALANCES</b>		
DEPOSITS WITH MORE THAN 3 MONTHS MATURITY	434,721.00	400,000.00
<b>TOTAL</b>	<b>485,842.00</b>	<b>453,385.00</b>

## 2.7 OTHER CURRENT ASSETS

(Amount in ₹)		
PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
AMOUNT RECOVERABLE FROM AXIS BANK	-	11,030.00
INTEREST ACCRUED ON FDR WITH AXIS BANK NET OF TDS TAX DEDUCTED AT SOURCE	2,235.00	2,487.00
<b>TOTAL</b>	<b>6,065.00</b>	<b>13,517.00</b>

## 2.8 OTHER REVENUE

(Amount in ₹)		
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
INTEREST ON FDR	38,299.00	2,487.00
MISC INCOME	206.00	-
EXCESS PROV WRITTEN BACK	1,236.00	-
<b>TOTAL</b>	<b>39,741.00</b>	<b>2,487.00</b>

## 2.9 EXPENSES

(Amount in ₹)		
PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
LEGAL AND FILING EXPENSES	28,400.00	28,000.00
PROFESSIONAL CHARGES	-	8,000.00
NIT / TENDERING EXPENSES	1,943,786.00	-
OFFICE MAINTENANCE	105,685.00	-
AUDITORS' RENUMERATIONS:		
- STATUTORY AUDIT FEE	10,000.00	11,236.00
- OUT OF POCKET EXPENSES	3,500.00	1,655.00
MISC EXPENSES	9,030.00	9,040.00
<b>TOTAL</b>	<b>2,100,401.00</b>	<b>57,931.00</b>

**2.10** Capital commitments to the extent not provided for include:  
Estimated amount of contracts remaining to be executed on capital account and not provided for amounting to ₹ 22,637,738/- (previous year ₹ 55,635,353/-).

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

**2.12** Disclosures as per Accounting Standards:

### 2.12.1 Government Grant

RITES Ltd. (holding company) had constructed three MFCs under CSR scheme and three MFCs are not ready

for use. The company has received three Multi Functional Complexes (MFCs) at free of cost from RITES Ltd. (Holding Company), during the year the company has handed over one MFC to the Railways and hence eliminated from capital reserve and tangible assets. Other three MFCs under CSR expenditure of RITES Ltd. (Holding Company) are not ready for use will be transferred to company on completion at free of cost. Cumulative expenditure incurred by the holding Company up to 31.03.2013 is ₹ 10,828,303/- (previous year ₹ 8,655,453/-).

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 (Upto 31/01/2013) 2. Sh. M.Mahalingam (Upto 30/06/2012) 3. Sh. K.K.Gupta 4. Sh. A.K. Gaur (From 01/07/2012) 5. Sh. Alok Garg (From 25/02/2013)

b) Managerial Remuneration -NIL

c) Transactions during the year.

(Amount in ₹)		
Nature of Transaction	2012-2013	2011-2012
RITES Ltd. (Holding Company)		
Construction cost of MFCs	18,403,923/-	21,383,007/-
Other expenses	142,315/-	13,100/-

d) Amount Payable

(Amount in ₹)		
Particulars	As At 31.03.2013	As At 31.03.2012
RITES Ltd (Holding Company)	47,305,442/-	28,750,164/-

### 2.12.3 Earnings Per Share (EPS)

	Particulars	Year Ended	
		31.03.2013	31.03.2012
a	Numerator for basic & Diluted earnings per share Net Profit (loss) available to equity shareholders	₹ (2,060,660)	₹ (55,444)
b	Denominator for basic & diluted earnings per share Weighted average number of shares	50,000	50,000
c	Basic & Diluted Earnings Per Share (a/b)	₹ (41.21)	₹ (1.11)
d	Nominal Value Per Share	₹ 10	₹ 10

#### 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 MFCs. Pending decisions of RLDA as regard to lease rent and the commencement / period of the same, lease rent has not been provided for.

#### 2.12.5 Deferred Tax

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

**2.12.6** Apart from expenditure under CSR scheme the holding company has also incurred a sum of ₹ 44,707,308/- towards construction of other MFCs up to 31.03.2013, which has been shown under Capital Work in Progress. During the year Railways has withdrawn / agreed to be withdrawn six MFCs sites from the company and expenditure incurred of ₹ 1,943,786/- for these MFCs is charged to profit and loss.

**2.12.7** The company has no employee as all the activities are carried out by holding 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 INFRASTRUCTURE SERVICES LIMITED FOR THE YEAR ENDED 31st MARCH, 2013.**

The preparation of financial statements of Rites Infrastructure Services Limited for the year ended 31st March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11th June, 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3 (b) of the Companies Act, 1956 of the financial statements of Rites Infrastructure Services Limited for the year ended 31st March, 2013. 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 the Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

#### Comments on Auditor's Report

(a) The Auditors of Rites Infrastructure Services Ltd. have furnished their Report on the financial statements of Rites Infrastructure Services Ltd. on 11th June, 2013. However,

the format of Auditor's Report is not in conformity with the mandatory provisions of 'Standard on Auditing (SA) 700 (Revised) – Forming an Opinion and Reporting on Financial Statements' effective for audits of Financial statements for periods beginning on or after 1st April, 2012 and thus do not include a suitable Title, Introductory Paragraph, a Section on 'Management's Responsibility for the financial statements', 'Auditor's Responsibility', 'Auditor's Opinion', and 'Report on Other legal and Regulatory Requirements'.

(b) The Statement of Profit and Loss for the year ended 31st March, 2013 depicts a **Loss for the year amounting to ₹ 20.61 lakh**. However, the Auditor in their opinion has wrongly stated that 'in the case of Profit and Loss Account, **Profit for the year** ended on March 31, 2013 gives a true and fair view.' The Auditor's Report is incorrect to that extent.

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



Place : New Delhi

(Dinesh Bhargava)

Dated : 25th July, 2013

Pr. Director Railway Commercial

### MANAGEMENT'S & AUDITOR'S REPLY

#### MANAGEMENT'S REPLY

Nil

#### AUDITOR'S REPLY

The statutory auditor's report in the revised format as per SA-700 & the typographical error mentioned by CAG auditors has already been corrected in the revised report submitted on 16th July, 2013.

The said information was put up to the Board of Directors for their information, in the meeting held on 12th August, 2013.

## RITES MOHAWAREAN ARABIA COMPANY LIMITED

### AUDITORS' REPORT

To the Shareholders  
Rites Mohawarean Arabia Company Ltd.  
Riyadh, Kingdom of Saudi Arabia

#### Scope of Audit

We have audited the accompanying Balance Sheet of Rites Mohawarean Arabia Company Ltd. (A Limited Liability Company - Mixed) as of December 31, 2012, and the related Statements of Operations, Cash Flows and Changes in Shareholders' Equity for the year then ended and notes 1 to 8 which form an integral part of these financial statements as prepared by the Company in accordance with Article (175) of the Regulations for Companies and presented to us with all the necessary information and explanations. 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 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 standards used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

#### Unqualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company and comply with the relevant provisions of the Regulations for Companies and the articles of association of the Company as these relate to the preparation and presentation of these financial statements.

#### Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that the Company resolved to liquidate its operations voluntarily. Accordingly, the accompanying financial statements have not been prepared on the going concern basis, rather, it is prepared on the liquidation basis as stated in note (2) to the Financial statements.

**Aiman M. Almeqham**  
for Accounting and Auditing



**Aiman M. Almeqham**  
License No. 453  
Jumada Althani 19, 1434H  
April 29, 2013

## BALANCE SHEET

### AS OF DECEMBER 31, 2012

	Notes	2012 SR	2011 SR
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
CASH AT BANK		965,899	965,899
<b>TOTAL CURRENT ASSETS</b>		<b>965,899</b>	965,899
<b>TOTAL ASSETS</b>		<b>965,899</b>	965,899
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
ACCRUED EXPENSES AND OTHER LIABILITIES	3	171,000	76,000
PROVISION OF ZAKAT AND INCOME TAX	7	8,919	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>179,919</b>	76,000
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	1	500,000	500,000
ADDITIONAL CAPITAL	4	285,980	10,242,372
ACCUMULATED DEFICIT	5	-	(9,852,473)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>785,980</b>	889,899
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>965,899</b>	965,899

## STATEMENT OF OPERATIONS

### FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 SR	For the period from December 21, 2010 (Date of commercial registration) to December 31, 2011 SR
REVENUES		-	16,250,000
COST OF REVENUES	6	-	(25,858,101)
<b>GROSS LOSS</b>		-	(9,608,101)
GENERAL AND ADMINISTRATIVE EXPENSES		(95,000)	(244,372)
<b>NET LOSS FOR THE YEAR / PERIOD</b>		<b>(95,000)</b>	(9,852,473)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	For the period from December 21, 2010 (Date of commercial registration) to December	
	2012 SR	31, 2011 SR
<b>OPERATING ACTIVITIES</b>		
NET LOSS	(95,000)	(9,852,473)
<b>ADJUSTMENTS FOR:</b>		
DEPRECIATION	-	132,656
LOSSES ON DISPOSAL OF PROPERTY AND EQUIPMENT	-	78,826
WRITE-OFF OF PROPERTY AND EQUIPMENT	-	509,791
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>		
ACCRUED EXPENSES AND OTHER LIABILITIES	95,000	76,000
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	-	(9,055,200)
<b>INVESTING ACTIVITIES</b>		
PURCHASE OF PROPERTY AND EQUIPMENT	-	(876,299)
PROCEEDS FROM SALE OF PROPERTY AND EQUIPMENT	-	155,026
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-	(721,273)
<b>FINANCING ACTIVITIES</b>		
ISSUANCE OF CAPITAL	-	500,000
PAYMENTS FROM SHAREHOLDERS	-	10,242,372
<b>NET CASH FROM FINANCING ACTIVITIES</b>	-	10,742,372
<b>NET CHANGE IN CASH AT BANK BALANCES</b>	-	965,899
CASH AT BANK BALANCES AT JANUARY 1	965,899	-
<b>CASH AT BANK BALANCES AT DECEMBER 31</b>	965,899	965,899
<b>NON-CASH TRANSACTIONS:</b>		
ABSORPTION OF ACCUMULATED DEFICIT BY SHAREHOLDERS	9,956,392	-

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	Share capital SR	Additional capital SR	Accumulated Deficit SR	Total SR
PAID CAPITAL		500,000	-	-	500,000
MOVEMENT IN ADDITIONAL CAPITAL		-	10,242,372	-	10,242,372
NET LOSS FOR THE PERIOD		-	-	(9,852,473)	(9,852,473)
BALANCE AT DECEMBER 31, 2011		500,000	10,242,372	(9,852,473)	889,899
NET LOSS FOR THE YEAR		-	-	(95,000)	(95,000)
ZAKAT AND INCOME TAX	7	-	-	(8,919)	(8,919)
ABSORPTION OF ACCUMULATED DEFICIT BY SHAREHOLDERS	5	-	(9,956,392)	9,956,392	-
<b>BALANCE AT DECEMBER 31, 2012</b>		<b>500,000</b>	<b>285,980</b>	<b>-</b>	<b>785,980</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 1. ORGANIZATION AND ACTIVITY

Rites Mohawarean Arabia Company Ltd. is a Limited Liability Company - Mixed - registered in Riyadh under commercial registration number 1010299275 dated 15 Muharram 1432 H (corresponding to December 21, 2010).

The capital of the Company amounts at SR 500,000 as of December 31, 2012 and it is divided into 500 shares which are fully paid, with a par value of SR 1000 distributed between shareholders as follows,

Shareholders	Nationality	2012		2011	
		No. of shares	Share Capital SR	No. of shares	Share capital SR
RITES Ltd.	Indian	380	380,000	380	380,000
Mohawarean International Group	Saudi	120	120,000	120	120,000
		<b>500</b>	<b>500,000</b>	<b>500</b>	<b>500,000</b>

The principal activity of the company in the following:

- The execution of operation contracts and maintenance of railway, handling and storage of goods.
- The constructing, operating, and maintaining telecommunication networks relate to railway.
- Maintaining power generation equipment under the license of the General Authority for Investment (102031118917) and dated 24 Dhu Al-Qidah 1431 H (corresponding to November 1, 2010).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in compliance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following

is a summary of significant accounting policies applied by the Company:

### Accounting Convention

The accumulated losses depleted company's capital, and in accordance with Article 180 of the regulations for Companies, the director of the company in such cases should invite the shareholders for a meeting to consider the continuation of the company or liquidating it before its expiration. Accordingly, the shareholders held a meeting on 24 Safar 1434 H (corresponding to January 6, 2013) and resolved to liquidate the company voluntarily. The legal formalities pertaining to the liquidation is under process.

As a result, the financial statements have been prepared under the liquidation basis.

### Accounting Convention

The financial statements are prepared on the basis of net realizable value.

### Zakat and Income Tax

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is charged to the Saudi shareholders' equity account while income tax is charged to the foreign shareholders' equity account. Zakat and income tax are provided on an accrual basis. Zakat charge is computed on the Zakat base. Income tax is computed on the adjusted net income. Any difference in the estimate is recorded when the annual return is filed, at which time the provision is cleared.

### General and Administrative Expenses

General and administrative expenses include direct and indirect costs not specifically part of revenues cost as required under generally accepted accounting standards in the Kingdom of Saudi Arabia. Allocations between general and administrative expenses and revenues cost, when required, are made on a consistent basis.

## 3 ACCRUED EXPENSES AND OTHER LIABILITIES

	2012 SR	2011 SR
PROFESSIONAL AND LEGAL FEES	171,000	76,000
	<u>171,000</u>	<u>76,000</u>

## 4 ADDITIONAL CAPITAL

Due to related parties comprise of the following as at December 31:

	2012 SR	2011 SR
rites COMPANY LTD.	58,137	7,618,216
MOHAWAREAN INTERNATIONAL GROUP	227,843	2,624,156
	<u>285,980</u>	<u>10,242,372</u>

The additional capital balance represents amounts paid by shareholders and bears no interest. It is intended to support the Company's operations.

## 5 ACCUMULATED DEFICIT

As shown in the accompanying financial statements, the accumulated losses depleted company's capital for the year ended December 31, 2012, and in accordance with Article 180 of the regulations for Companies, the shareholders held a meeting on 24 Safar 1434 H (corresponding to January 6, 2013) and resolved to absorb the accumulated losses amounts SR 9,956,392 (December 31, 2011:SR 9,852,473) through their additional capital.

## 6 COST OF REVENUES

	2012 SR	For the period from December 21, 2010 (Date of commercial registration) to December 31, 2011 SR
SALARIES, WAGES AND BENEFITS	-	12,015,411
TRAVEL AND TRANSPORTATION	-	4,755,085
TECHNICAL SERVICES	-	4,387,500
APARTMENTS RENT AND MAINTENANCE	-	1,157,754
VISA FEES	-	900,000
BANK CHARGES	-	607,779
WRITE-OFF OF PROPERTY AND EQUIPMENT	-	509,791
OFFICE RENT	-	360,037
POST AND TELEPHONE	-	168,452
CARS MAINTENANCE	-	165,410
DEPRECIATION	-	132,656
ADVERTISING AND PROMOTION	-	130,269
LOSSES ON DISPOSALS OF PROPERTY AND EQUIPMENT	-	78,826
STATIONERY AND PUBLICATIONS	-	65,290
ELECTRICITY	-	8,275
OTHERS	-	415,566
	-	<u>25,858,101</u>

## 7 ZAKAT AND INCOME TAX

### A Components of Zakat Base

The following are the significant components of zakat base of the Company:

	2012 SR	2011 SR
<b>CALCULATION OF ADJUSTED NET LOSS</b>		
NET LOSSES FOR THE YEAR	(95,000)	(9,852,473)
ADJUSTED NET LOSSES	<u>(95,000)</u>	<u>(9,852,473)</u>
<b>CALCULATION OF ZAKAT BASE</b>		
CAPITAL, BEGINNING OF THE YEAR	120,000	120,000
SAUDI SHAREHOLDER'S SHARE IN ADJUSTED LOSSES	(22,800)	(2,364,594)
SAUDI SHAREHOLDER'S SHARE IN ADDITIONAL CAPITAL	2,624,156	-
SAUDI SHAREHOLDER'S SHARE IN ACCUMULATED LOSSES	(2,364,594)	-
	<u>356,762</u>	<u>(2,244,594)</u>
LESS: PROPERTY AND EQUIPMENT, NET AS PER DZIT		
APPROXIMATE ZAKAT BASE OF THE COMPANY	356,762	(2,244,594)
ACCRUED ZAKAT 2.5%	8,919	-

### B Income Tax

Due to the fact that the adjusted net income is negative, the Company has not provided any provision for taxes during the year.

## 8 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for the year ended December 31, 2012 by the Company's management on Jumada Althani 19, 1434 (corresponding to 29 April, 2013).

## OFFICES, AUDITORS AND BANKERS

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### STATUTORY AUDITORS

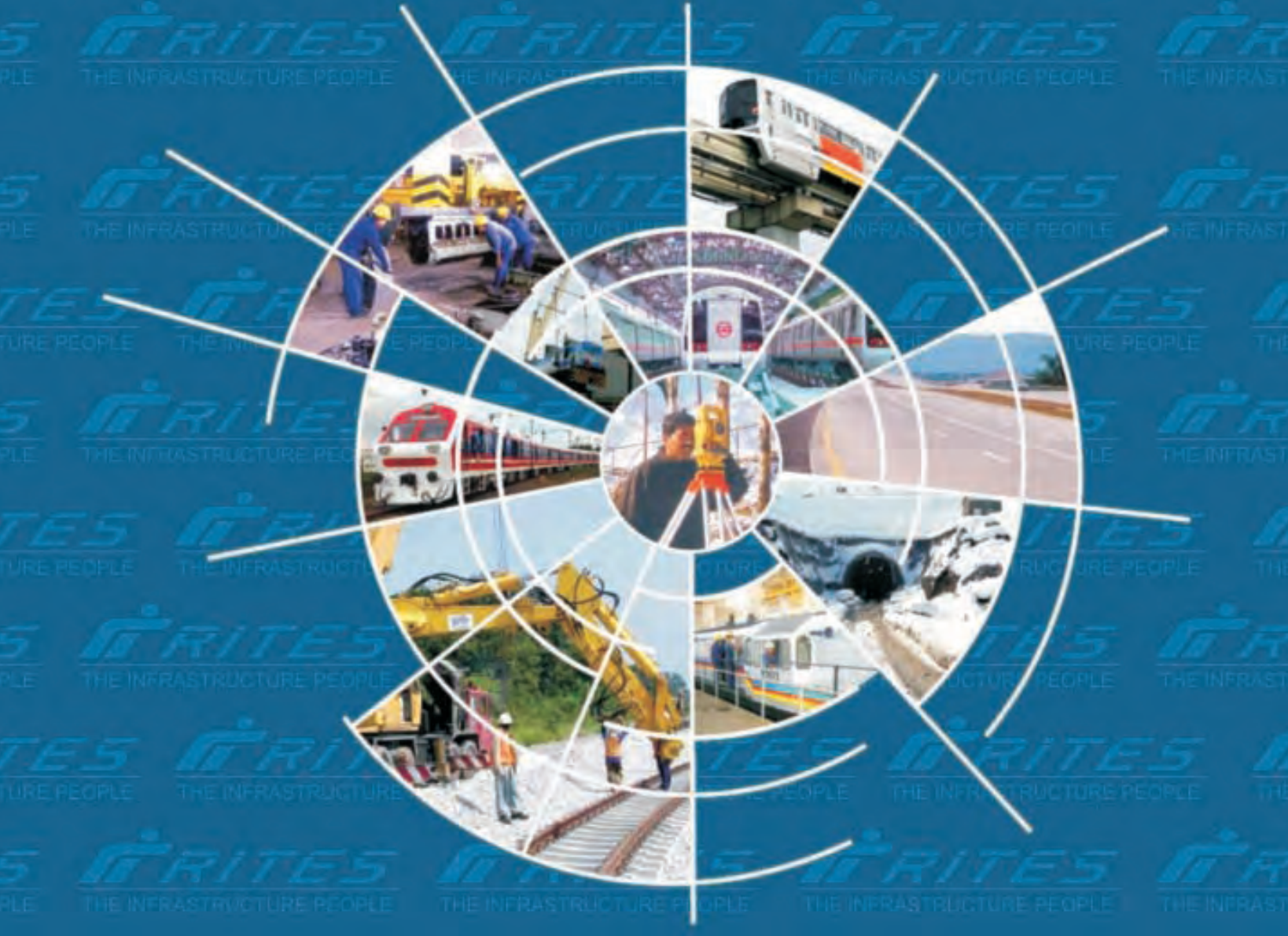
M/s Dinesh Mehta & Co. Delhi

### BRANCH AUDITORS

M/s Marodia Khanna & Associates Kolkata  
M/s Mayra & Khatri Mumbai  
M/s C.S. Hariharan & 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  
ICICI Bank



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



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(A Govt. of India Enterprise)

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