





## Mission

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

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

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



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## OFFICES, AUDITORS AND BANKERS

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- 112 AUDITORS
- 112 BANKERS



# Board of Directors

## At the Helm

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**Mr. Rajeev Mehrotra**  
Chairman & Managing Director

## Whole Time Directors

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**Mr. Sumit Sinha**  
Director Technical



**Mr. Arbind Kumar**  
Director Projects



**Mr. Ajay K. Gaur**  
Director Finance  
(From 2nd Sept., 2013)

## Non-Executive (Independent) Directors

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**Mr. Vinod Somani**  
(Upto 28th Dec., 2013)



**Dr. Vinayshil Gautam**  
(Upto 28th Dec., 2013)



**Mr. Debidas Datta**  
(Upto 24th June, 2014)

## Govt. Nominee Official Directors

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**Mr. Arvind Khare**  
(From 31st Dec., 2013)



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



# Senior Executives



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



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



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



**Mr. S. B. Malik**  
ED-Industrial Engineering



**Mr. Rajiv Milind**  
ED-Corporate Services



**Mr. K.K. Gupta**  
ED (CEO-RISL)



**Mr. S. K. Luthra**  
ED-Planning & Business  
Development



**Mr. R.K. Bariar**  
ED-Regional Projects



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

## FINANCIAL PERFORMANCE OF A DECADE AT A GLANCE

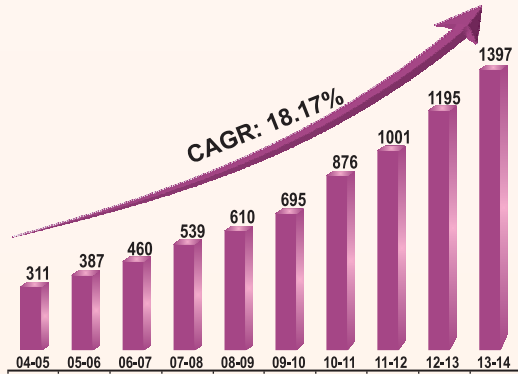
(₹ in Crore)

Particulars	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Total Income (including other income)	240	426	566	661	672	623	#881	934	1076	<b>1246</b>
Expenditure (including increase/decrease in stock)	173	293	395	481	522	457	518	678	731	<b>860</b>
Operating Margin	49	101	138	100	16	99	180	158	222	<b>233</b>
Depreciation	5	12	8	9	11	12	12	14	16	<b>20</b>
Profit Before Tax	67	133	171	180	150	166	363	256	345	<b>386</b>
Profit After Tax	41	99	118	104	94	112	244	164	245	<b>264</b>
Dividend	12	20	40	21	20	23	49	33	50	<b>53</b>
General Reserve	307	383	456	499	570	655	836	961	1095	<b>1297</b>
Fixed Assets (Gross Block)	118	121	140	171	183	202	237	253	281	<b>324</b>
Inventories	3	50	8	16	22	37	78	62	26	<b>17</b>
Foreign Exchange Earnings	51	136	274	258	137	94	242	310	342	<b>447</b>
Share Capital	4	4	4	40	40	40	40	40	100	<b>100</b>
Capital Employed	299	367	433	435	501	538	689	602	781	<b>853</b>
Government Investment*	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	<b>0.10</b>
Net Worth	311	387	460	539	610	695	876	1001	1195	<b>1397</b>
Profit Before Tax to Capital Employed (in %)	22	36	39	41	30	31	53	43	44	<b>45</b>
Operating Margin to Capital Employed (in %)	16	28	32	23	3	18	26	26	28	<b>27</b>
Profit After Tax to Share Capital (in %)	1025	2475	2950	260	235	280	610	410	245	<b>264</b>
Expenditure to Income (in %)	72	69	70	73	78	73	**66	73	68	<b>69</b>
Number of Employees	2493	2655	2760	2924	3048	3002	3134	3294	3247	<b>3226</b>
Income per Employee	0.10	0.16	0.21	0.23	0.22	0.21	0.28	0.28	0.33	<b>0.39</b>
Foreign Exchange Earning per Employee	0.02	0.05	0.10	0.09	0.04	0.03	0.08	0.09	0.11	<b>0.14</b>
Current Ratio	1.63	1.61	1.59	1.45	1.36	1.33	1.29	1.23	1.32	<b>1.32</b>
Investments	9	6	6	69	54	62	112	143	318	<b>231</b>
<p># Includes exceptional income of ₹ 39 crore.</p> <p>* Does not include bonus share of ₹ 99.90 crore issued from time to time.</p> <p>** Excluding extraordinary and exceptional items.</p> <p>Financial information upto 2010-11 based on pre-Revised Schedule VI and thereafter on Revised Schedule VI.</p>										
<b>1 Crore = 10 Million</b>		<b>1 US \$ = ₹ 58.94 (31.03.2014)</b>								

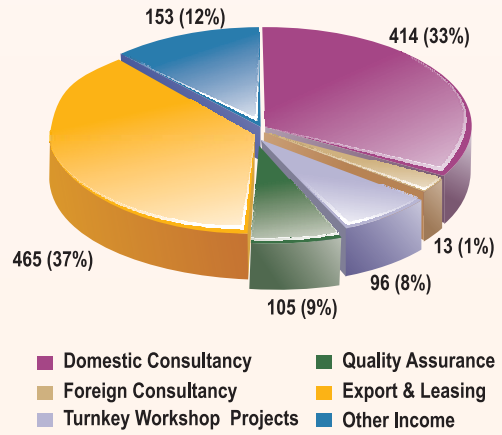


## FINANCIAL INDICATORS

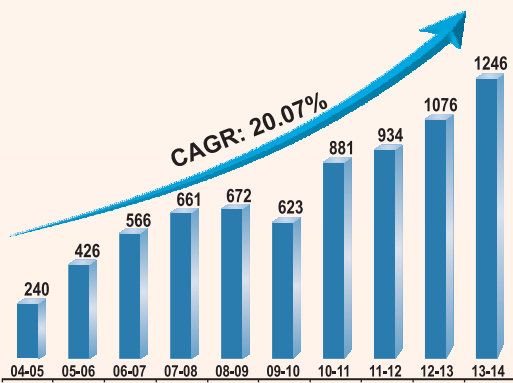
Net Worth (₹ in crore)



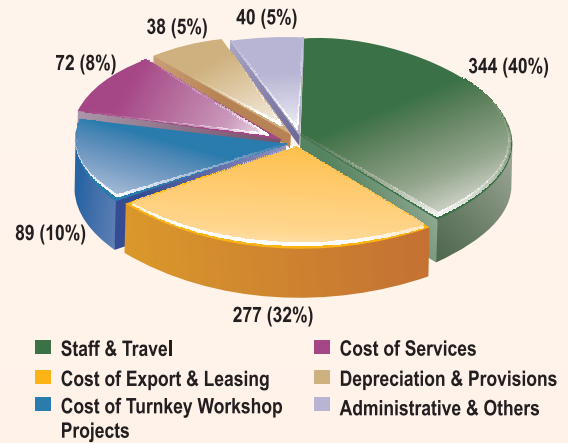
Earning (₹ 1246 crore)



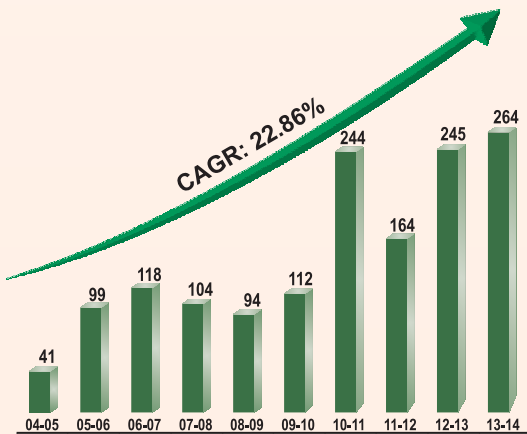
Turnover (₹ in crore)



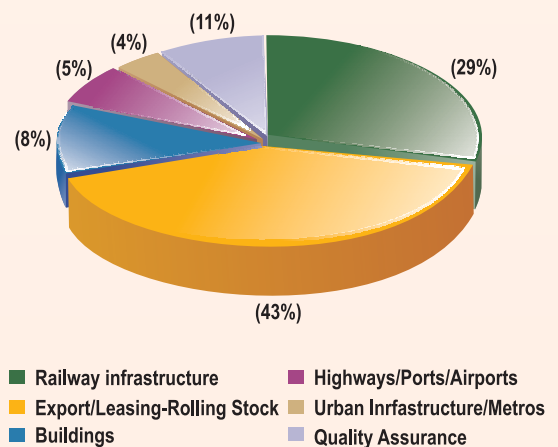
Spending (₹ 860 crore)



Profit After Tax (₹ in crore)



Sectorwise Business (Percentage)







## CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

On the occasion of 40th Annual General Meeting of your Company, I extend a very warm welcome to all the shareholders. The year 2013-14 has been a phenomenal year as your company has recorded the highest ever performance in turnover and profit

before tax, despite challenges in the infrastructure sector in the country and abroad. RITES has traversed a long way over the last 40 years of its operations and has maintained its pivotal position as a leading consultancy organization, focused on transport and other related infrastructure sectors, with experience in over 60 countries. The infrastructure sector, being the key growth accelerator, offers immense opportunities to your company and I am confident that your company is going to maintain its growth record.

The audited accounts of the Company for the financial year 2013-14 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.

Continuing on the path of growth, your Company has achieved the highest ever turnover of ₹ 1,246 crore (previous year turnover of ₹ 1,076 crore) showing a growth of 15.80% over previous year's turnover. Similarly, your Company has also earned the highest ever profit after tax of ₹ 264 crore as against ₹ 245 crore in the previous year, higher by 7.76%. Despite a very competitive and challenging environment, the overall performance of the Company has been promising and your Company is eligible to be rated as 'Excellent' for evaluation of performance by DPE under MOU for 2013-14.

During the year, Company has maintained its Paid-up Share Capital at ₹ 100 crore and the Authorised Share Capital at ₹ 150 crore. Total dividend payout proposed for 2013-14 is ₹ 53 crore including interim dividend of ₹ 30 crore already paid (i.e. ₹ 5.30 per share), which is 53% of the paid up share capital and is the highest ever by RITES so far.

Currently, the Company is carrying out PETS study for four new Dedicated Freight Corridors. RITES has completed the Feasibility Study for High Speed Rail (Pune-Mumbai-Ahmedabad) and is also associated with the study of certain new corridors being planned.

We are executing railway workshop turnkey projects viz., setting up a fiat bogie frame manufacturing plant at Budge Budge for RCF-Kapurthala & wagon manufacturing factory at Kulti, West Bengal. Installation of machinery & equipment for a fiat bogie frame manufacturing plant at Integral Coach Factory (ICF), Chennai has been completed. With this experience, RITES is fully geared for setting up of new workshops for Indian Railways and other clients on turnkey basis.

RITES continues to maintain its position in the Highway and Metro Rail sectors, despite stiff competition. During the year, RITES has secured consultancy contracts for Metro Rail in Patna, Kochi, Ahmedabad and Mumbai. A new chapter was added in February, 2014 in India's IT capital, i.e. Bangalore, with the flagging off of the first Metro Train between Peenya Industrial area-Sampige Road Metro Station covering 10 km section of Bangalore Metro for regular passenger operations, completed under General

Consultancy of RITES. Company has taken up Consultancy for Bangalore Metro Phase-2 and Delhi Metro Phase-3, Independent Quality monitoring for Jaipur Metro Rail Corporation.

During the year, business of offering shunting locomotives on wet lease including operation & maintenance continued to be well received by domestic Non-Railway clients.

International assignments in the fields of export, leasing and consultancy services include supply of 16 locomotives to Bangladesh Railways; 03 bore pile machines, 60 Rail Gang Cars and 42 wagons along with equipments and spare parts to Myanmar Railways. Contract of leasing locomotives with CFM Railway, Mozambique was extended for further two years up to August, 2014 for the fleet of 17 locomotives. In addition to leased locomotives, RITES has also been providing maintenance services for 05 locomotives to CDN in Mozambique.

In a significant development, RITES and Indian Railways made a Joint Venture Company called Railway Energy Management Company Ltd. (REMCL) for renewable energy projects, bilateral purchases, power trading and energy efficiency projects. The company is going to start business shortly.

A detailed report on the company's compliance to the Guidelines on Corporate Governance, issued by DPE for CPSEs, forms part of the Directors' report.

Corporate Social Responsibility and Sustainability policy adopted by RITES shows its commitment to operate in an economically, socially and environmentally sustainable manner. As a responsible corporate citizen, your Company has spent ₹ 5.32 crore on various CSR activities during the year 2013-14.

With the renewed focus on the infrastructure sector and various initiatives being taken up by the government, the sector is likely to see unprecedented growth. Your company is well-positioned to take advantage of the concomitant opportunities by virtue of its vast experience in the entire spectrum of Transport and related Infrastructure sectors.

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. We are grateful to the Ministries of Railways, Road Transport and Highways, Commerce, Finance, External Affairs, 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.

I would also like to place on record my deep appreciation for the dedication and commitment of all the RITES employees, who have been the pillars of strength for the Company and continue to deliver despite difficulties and challenges.

We are indebted to our clients who have been a constant source of inspiration for us and we will continue to satisfy them with our valuable services. Their continued support has helped us in sustaining 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)

Dated : 25th Sept., 2014 Chairman and Managing Director

## DIRECTORS' REPORT

### Distinguished Shareholders

The Directors of your company have immense pleasure in presenting the 40th Annual Report of the company together with the audited Statement of Accounts and Auditors' Report for the year ended 31st March, 2014.

### FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2013-14 is given below:

(₹ in Crore)		
Particulars	2013-14	2012-13
<b>Financial Results:</b>		
Total Income	<b>1,246</b>	1,076
Operating Turnover	<b>1,093</b>	953
Operating Expenditure	<b>860</b>	731
Other Income	<b>153</b>	123
Profit Before Tax (PBT)	<b>386</b>	345
Income /Deferred Tax	<b>(122)</b>	(100)
Profit After Tax (PAT)	<b>264</b>	245
<b>Appropriations:</b>		
Dividend including Interim Dividend	<b>53</b>	50
Dividend Tax	<b>9</b>	8
CSR Activities Reserve Reversed	-	(7)
Transfer to General Reserve	<b>202</b>	194

### BUSINESS PERFORMANCE

Progressing on the path of growth and excellence, the company has achieved highest ever turnover of ₹ 1,246 crore during



BT-STAR PSU EXCELLENCE award 2014 in Non Navaratna/Maharatna category presented by Dr. Jitender Singh, Hon'ble Minister of State (Independent charge) for Science & Technology and Earth Sciences, and MoS for PMO, Personnel, Public Grievances & Pensions, Department of Atomic Energy and Department of Space

the year 2013-14 as compared to previous year's turnover of ₹ 1,076 crore, registering an increase of 15.80%. The operating turnover of ₹ 1,093 crore is also the highest ever, registering an increase of 14.69% over previous year's operating turnover of



Inauguration of ICP Agartala

₹ 953 crore. The profit before tax is higher by 11.88% at ₹ 386 crore as against ₹ 345 crore of the previous year.

During the year, company was engaged in a number of prestigious domestic projects which include works for setting up a Fiat bogie frame manufacturing plant at Budge-Budge for RCF- Kapurthala, installation of machinery & equipment for a fiat bogie frame manufacturing plant at Integrate Coach Factory (ICF), Chennai, setting up of M-15 Gas Turbine aggregate testing facilities for Indian Navy at INS Eksila, Visakhapatnam, Preliminary Engineering & Traffic Survey (PETS) of Future Corridors for DFCCIL, DPR and Independent Engineer Services for Development of Chennai Outer Ring Road, Phase-1 in Tamilnadu for TNRDC, Substantial Completion of prestigious Project Advisory Services including Detailed Design & Report Preparation for Development of Six Lane Extradosed Bridge, a green field Bridge Project over river Ganga at Patna for Bihar State Road



Innugration of Bangalore Metro extension Project (between Peenya Industrial area-Sampige Road) done under General Consultancy of RITES

Development Corporation Ltd (BSRDCL), DPR for construction of Six lane Suspension Bridge across Durgam Cheruvu at Hi-Tech City, Hyderabad, DPR for Construction of ROBs/Flyover





Inauguration of campus of Central University, Gulbarga

at 6 locations for DDA, Consultancy for Bangalore Metro Phase-2 and Delhi Metro Phase-3, Independent Quality monitor for Jaipur Metro Rail Corporation, Technical feasibility study & DPR for Metro Rail in Patna, DPR for MRTS/RTS between Ahmedabad & Dholera, Feasibility study & DPR for Kochi Metro Phase II, Maintenance of Rolling Stock & workshop equipment of MGR system at various locations 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



Central University Gulbarga under PMC of RITES

Hamirpur (Himachal) & Meghalaya (ii) the National Automotive Testing and R&D Infrastructure Project (NATRIP) - Ministry of Heavy Industries (iii) Rail Infrastructure for DVC, NTPC, CIL and others at different locations and (iv) Construction of Integrated check posts at Raxaul and Jogbani along Indo-Nepal border; at Agartala, Dawaki and Petrapole along Indo-Bangladesh border; Moreh along Indo - Myanmar border, Consultancy services for Taj International Airport and engineering consultancy for expansion of Shimla airport, Construction works for the expansion of Pithoragarh airport, Construction of surveillance radar tower buildings at Jammu and Jorhat were completed and work at Thanjavur commenced during the year. The company has started a R&D Project of LiDAR Survey, which is an upcoming technology being used worldwide for final location surveys.

During the year, company was engaged in a number of prestigious international assignments in export, leasing and

consultancy services which include supply of 16 Locomotives to Bangladesh Railways; 03 bore pile machines, 60 Rail Gang Cars and 42 wagons, other equipments and spare parts to Myanmar Railways; contract of leasing locomotives with CFM Railway extended for further two years upto August, 2014 for the fleet of 17 locomotives including 02 locomotives of 3000 HP, 02 locomotives of 2300 HP and 13 locomotives of 1350 HP operating on leased arrangement at two different locations, Maputo and Beira in Mozambique. In addition to leased locomotives, RITES has also been providing maintenance services for 05 locomotives to CDN in Mozambique. Consultancy services for supervision for up-gradation to paved road standard of existing roads in Terai region of Nepal, consultancy services for the feasibility study and design for expansion of Kamembe and Gisenyi airports in Rwanda



CMD-RITES receiving the "Bronze Plate Award" of Help Age India from Dr. Syeda Hameed, Member Planning Commission on October 1, 2013

& Detailed Project Report for a new Railway line in Ethiopia and Djibouti in Africa were also taken up during past year.

## OUTLOOK

Over the years, RITES, as one of the leading transport infrastructure consulting companies in Public Sector in the Country, has been playing a pivotal role in the development of transport and infrastructure sectors viz., Railways, Highways, Ports, Airports, Waterways, Ropeways, Urban Transport, Urban Engineering, Container Depots, Institutional Buildings, and Railway Electrification etc. RITES has eventually diversified



Export of Locomotives to Bangladesh Railways





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



CMD RITES inspecting the site for River front beautification - Kolkata

The Company continued to provide specialized, integrated services under a 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 into the business of wagon manufacturing and is also planning to develop potential business avenues in 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 on providing total transportation solution as against pure consultancy assignments.

During the year, the business of offering shunting locomotives on wet lease including operation & maintenance continued to be well received by domestic Non-Railway clients.

The Company has diversified into: (i) turnkey works for construction and supply, installation and commissioning of Machinery & Plant for upgradation / modernization of Railway Workshops (ii) renewable energy projects through Railway Energy Management Company Ltd. (REMCL), a 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.

**CAPITAL STRUCTURE**

The Paid-up share capital of the company remained at ₹ 100 crore as against Authorised Share Capital of ₹ 150 crore.

**DIVIDEND**

Your Directors have recommended final dividend of ₹ 23 crore in addition to one interim dividend of ₹ 30 crore paid during the year 2013-14. The total dividend pay-out for the year will amount to ₹ 53 crore (i.e. ₹ 5.30 per share) which is 53% of paid up share capital of the company.



Shri Rajeev Mehrotra, CMD - RITES, presenting Dividend for the year 2012-13

**FIXED DEPOSITS**

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

**RESERVES**

An amount of ₹ 202 crore is proposed to be transferred to General Reserve by appropriation from the profits of the Company for the year 2013-14. Reserves & Surplus will increase from ₹ 1,095 crore at end of the previous year to ₹ 1,297 crore as at 31st March, 2014.

**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 energy conservation.

For both the buildings, solar power panels have been mounted on roof tops to generate electricity from solar power.



Inspection of the solar power plant at Gurgaon Railway station by the then General Manager - Northern Railway and CMD-RITES

Conventional sodium vapor lamps have been replaced by LED lamps for street lighting in RITES colony in Ashok Vihar, Delhi which has resulted in substantial energy savings.

### TECHNOLOGY ABSORPTION

The Company continues its endeavors to apply and absorb the latest technology, developments and innovations in its operations, which are taking place in different areas of its business, particularly related to new design software, 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 absorption of advanced technology.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earnings during the year under review were ₹ 446.51 crore (previous year ₹ 342.14 crore) and foreign exchange outgo were ₹ 40.03 crore (previous year ₹ 24.67 crore) respectively. This resulted in net foreign exchange earnings of ₹ 406.48 crore (previous year ₹ 317.47 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

During the year, emphasis continued on preventive vigilance. Accordingly eleven (11) system improvements were issued in different spheres of project management, quality assurance, finance and personnel. Two (2) CTE type inspections were carried out at different on-going project sites which resulted in issuance of a number of corrective instructions with substantial recoveries. A total of 70 investigation reports were submitted by CVO w.r.t. complaints, investigation of works and references from other

organizations. Annual property returns of 342 employees were scrutinized by RITES vigilance during the year.

CVC's instructions on leveraging of technology were closely monitored and it was ensured that all the tenders being invited are uploaded on RITES website. Regular exchange of views between CMD, CVO, Directors and other senior Executives has also been established for better co-ordination and overall improvement in Vigilance functioning. Sensitization program for DA's i.e. GM and above was organized. Similarly, a session on Role of Vigilance was conducted for freshly appointed Graduate Engineer Trainees by Vigilance Cell.

As a part of vigilance awareness week, a talk on promoting good governance in public sector was organized in RITES Bhawan.

### 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 Pakhwara celebrations in RITES: CMD and other Directors giving away Rajbhasha awards

Rajbhasha Fortnight was organized from 12th September to 25th September, 2013. Competitions like Noting and Drafting, Essay, Elocution and Typing on Computer were organized during this period, in which 68 officers and employees participated. Hindi books exhibition was held in library and Hindi workshop, Table Training and inspections of different departments were also conducted. On 25.09.2013, 24 winners of various competitions and 83 winners of other incentive and reward schemes of Rajbhasha were awarded cash prizes and certificates. In addition to the head office, RITES' various regional inspection offices also organized Rajbhasha Fortnight.

During the year, 05 inspections regarding Progressive use of Hindi and 06 workshops in different Departments/Offices were conducted. Hindi books of substantial value were purchased. 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. Officers of RITES also participated in meeting of Official Language Implementation Committee (OLIC), Railway Board, Railway Hindi advisory committee and Town Official Language Implementation Committee (TOLIC).



CMD RITES administering Pledge on the occasion of Vigilance Awareness Week-2013





Kavi sammelan at ROC-II

On the basis of overall rating by Town Official Language Implementation Committee (TOLIC), Gurgaon, the Secretary, Department of Official Language, Ministry of Home Affairs awarded shields and certificates to RITES Ltd for excellent work done in the implementation of Official Language policy of the Government of India for the year 2011-12 and 2012-13.

**MEMORANDUM OF UNDERSTANDING**



Shri Rajeev Mehrotra, Chairman & Managing Director, RITES Ltd. and Shri P.C. Gajbhiye, Secretary, Railway Board, exchanging the MOU for 2014-15

The company meets all the parameters for 'Excellent' rating in its performance evaluation under the MOU signed with the Ministry of Railways for the year under consideration (2013-14). However, communication from DPE in this regard is expected in due course.

**SCHEDULED CASTES, 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 for candidates belonging to SC/ST/OBC and differently abled categories. During the year 2013-14, 133 employees have been inducted against regular posts, out of which 60 belong to SC/ST/OBC Categories. Similarly during the year 2013-14, 54 employees were inducted against contractual posts, out of which 22 belonged to SC/ST/OBC/ differently abled categories.

**ISO 9001-2008 CERTIFICATION**

To ensure quality in its operations, the Company maintains an Excellent quality management system which conforms to ISO 9001:2008 and is certified by DEKRA, Netherlands. The certification covers all the activities and divisions of the Company.

**CORPORATE GOVERNANCE**

"Report on Corporate Governance" and "Management Discussion and Analysis" form an integral part of the 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. As on 31st March, 2014 Company has seven (7) Directors including four (4) Functional Directors, two (2) Government Nominee Directors and one (1) Independent Non-Official Director whose term has been extended for three months w.e.f. 25.03.2014. The Board met six (6) times during the year for transacting business of the Company.

The following Directors held office during the year:

**Whole-time Directors**

- Shri Rajeev Mehrotra            Chairman and Managing Director
- Shri Sumit Sinha                Director Technical
- Shri Arbind Kumar             Director Projects
- Shri Ajay Kumar Gaur         Director Finance (From 02.09.2013)



39th Annual General Meeting in progress



### Government Nominee Directors

Shri Pramod Sharma	Director (From 11.04.2013)
Shri Arvind Khare	Director (From 31.12.2013)

### Independent Directors

Shri Debidas Datta	Director (Term extended for 3 months w.e.f. 25.03.2014)
Dr. Vinayshil Gautam	Director (Upto 28.12.2013)
Shri Vinod Somani	Director (Upto 28.12.2013)

### 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.

However, since the term of two independent Directors viz Shri Vinod Somani, (Chairman) & Dr. Vinayshil Gautam, (Member) was completed on 28th December, 2013, the Company re-constituted Audit Committee comprising of Shri Debidas Datta, Independent Director as Chairman, Shri Pramod Sharma, Government Nominee Director and Shri Sumit Sinha, Director Technical as Member in compliance with the provisions of Section 292A of the Companies Act, 1956 w.e.f. 3rd March, 2014 which was ratified by the Board in its meeting held on 14.03.2014. The proposal for appointment / re-appointment of Independent Directors is under consideration of Ministry of Railways. The Audit Committee met 4 (Four) times during the year 2013-14.

### 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 departures from the same.
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) the directors have prepared the annual accounts on a going concern basis.

### SUBSIDIARIES/JOINT VENTURE COMPANIES

The Company has four Subsidiary Companies namely (i) RITES (AFRIKA) (Proprietary) Limited in Botswana, a wholly owned subsidiary, (ii) RITES Mohawarean Arabia Company Limited (RMAC) in Saudi Arabia with 76% equity stake of RITES Ltd. and 24% equity stake of local associate Mohawarean Ltd., (iii) RITES Infrastructure Services Ltd., a wholly owned subsidiary in India and (iv) Railway Energy Management Company Limited in India with 51% equity stake of RITES Limited and 49% equity stake of Ministry of Railways & a Joint Venture Company SAIL-RITES Bengal Wagon Industry Pvt. Ltd. with 50% stake of RITES. Further, RITES Mohawarean Arabia Company Limited (RMAC) incorporated primarily for the execution of operation & maintenance contract awarded by Saudi Railway Company (SAR), is under winding up. Equity money has been received back in June, 2014.

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 statement along with the respective reports of the Board of Directors' and the Auditors' thereon of the subsidiary companies for the year ending 31st March, 2014, in respect of RITES (AFRIKA) (Proprietary) Limited, for the year ending 31st March, 2014, in respect RITES Infrastructure Services Ltd., for the year ended 31st December, 2013, in respect of RITES Mohawarean Arabia Company Limited (RMAC), and for the year ending 31st March, 2014 in respect of Railway Energy Management Company Ltd. form an integral part of the annual report.

### KNOWLEDGE MANAGEMENT SYSTEM

Knowledge Management System contains a central repository of RITES knowledge which is classified into Functional Units/ Departments and areas of expertise/ Key/ Professional Areas/ Sectors. The system provides detailed information of the expertise available in RITES, projects executed and projects reports submitted by RITES, which are tagged with their functional areas and sectors.

During the year 2013-14, regular reviews and diagnostic processes of the Knowledge base were conducted to ensure a valuable and effective Knowledge Management System in place. To keep the system relevant and contemporary, regular updation of the content was done by updating information on projects secured, project reports submitted and additional expertise gained by employees. The Contractors' information was updated by uploading their certificates and verification letters.

Knowledge Management System has enabled SBU Heads, Project Leaders, employees/ experts to have ready access to the categorized information, thus helping in business development processes. The system has provided for sharing of valuable organizational information throughout RITES.



**ENVIRONMENTAL PROTECTION**

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

RITES has installed Sewerage Treatment Plants (STPs) in both the office buildings at Gurgaon and all the relevant environmental rules are being complied with. Periodic inspections are carried out to ensure continued compliance.

**CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY**

Corporate Social Responsibility and sustainability policy is our commitment to operate in economically, socially and environmentally sustainable manner that is transparent and ethical. It encourages engagement with the stakeholders in determining their needs and expectations. The stakeholders include employees, shareholders, investors, customers, clients, business associates, civil society groups, Center/State/local government, communities, environment and society at large.

During the year, the following projects have been taken up as part of RITES CSR and Sustainability initiatives:

**1. Setting up vocational cum skill development training center for rural youth and women from backward area of southern Rajasthan**



CSR: Vocational cum skill development training centre for rural women and youth, Udaipur



CSR: CMD-RITES & MD-IRFC interacting with rural women in Udaipur, Rajasthan

Objective of the project is socio-economic upliftment of the rural community through Skill Development and Vocational Training of the women and economically weaker sections of Rajasthan, covering the Districts of Banswara, Durgapur, Udaipur which have been identified as backward areas by the Planning Commission. This Institute will help to generate employment opportunity for Rural Women and Youth. Vishvas Sansthan is the implementing agency.

**2. Construction of a youth facility house (residential) for SOS children’s villages of India near Anangpur village, Faridabad, Haryana**



CSR: Youth Facility House for SOS Children’s Village Near Anangpur Village, Faridabad



CSR: Newly constructed building of youth facility house

Objective of setting up Youth House for SOS children’s villages of India is to provide residential accommodation for boys in the age group of 14-18 years, so that the youth who have lost parental care and grown up in SOS family homes can shift to the Youth House in their teens. The Youth House offers a permanent accommodation to boys over 14 years of age with family environment and provides them with a sense of security and stability. This facility will, in the first instance benefit 20-25 young boys who have attained 14 yrs of age. The building will serve as a permanent infrastructure for generations to come. SOS Children’s Villages of India is the implementing agency.



**3. Aged Day Care and Wellness Centre - Residential facility, Village Rongla, Patiala, Punjab - (Phase B)**



CSR: Aged day care & residential facility at Patiala

Objective of setting up the Aged Day Care and Wellness Centre - Residential Facility is to provide qualitative health care and thus enhance the quality of life of the needy elderly people of the area. This centre serves the remote areas and helps to provide the elderly with a sense of social security and enhances the overall well-being of the senior population through various initiatives. Project Components include Residential Facility for Senior Citizens alongwith Day Care & Recreational activities & Help Line and Resource Centre. HelpAge India is the implementing agency.

**4. Khanpur Ghati Girl's Hostel Complex, Mewat**



CSR: Girls' hostel in Khanpur Ghati, District Mewat, Haryana

RITES has undertaken Construction of girls' hostel as part of the residential school complex for the Mewat Model School at Khanpur Ghati. Objective of the project is to encourage education of girls from backward and remote areas by providing them with living accommodation within the school premises. RITES agreed to partner with Mewat Development Board for construction of 200 capacity girl's hostel in the school complex. Construction of the Ground Floor has been completed. Mewat Development Board is the implementing agency for the project.

**5. 25kwp Grid Interactive Solar Power Plant at Gurgaon Railway Station, Gurgaon, Haryana**

RITES Ltd. has set up a 25 KWp Solar Power Plant at the Gurgaon Railway Station as a CSR and Sustainability Project. Objective of the project is to tap solar energy for providing electricity to the grid. At the same time, passenger shelter and aesthetics of the railway station will also be enhanced. Success of this project can be replicated on bigger scale. This 25 KWp Solar Plant has been installed with the assistance of BHEL Electronics Division, Bangalore. SPV panels of capacity 25 KWp have been mounted atop the roof of one of the platform shelters in the station. This is the first of its kind and is a grid interactive system. Successful commissioning of the project has opened up new avenues for utilization of



25kw Solar Power Plant on Platform shelter at Gurgaon Railway Station under CSR

alternate energy resources by the Indian Railways and there are no constraints like land availability etc. which can hinder such projects.

**6. Jetty on the River Haldia for Ferry Crossing from Nandigram (Kendumari Ghat) to Haldia in District of East Midnapore, West Bengal**

Objective of the project is setting up of jetty and pontoon structure over the Haldia river bed to improve the water transport route for local people who avail the ferry service between Haldia and Nandigram. The people of Nandigram are required to visit industrial township of Haldia for their subsistence and livelihood. The shortest means of transit available to them is by ferry crossing using country boats, which can carry 100 to 120 people at a time. The Haldia river being a tidal river, ebb tide and high tide takes place twice daily. During the course of ebb tide, river recedes substantially from the shore line, as a result of which commuters of ferry services have to wade on the river bed with water up to their waist level carrying their belongings and children on their shoulders to approach the bank of the river. Other than this there is no alternate feasible public conveyance at their disposal. By road is a long detour of 60 km from Nandigram to reach Haldia. Providing this facility will improve the level of safety and ease of travel for the local population and will





CSR: Jetty on the River Haldia, East Midnapore, West Bengal

dispense with the existing hazardous, unsafe landing and embarkation system and provide people with better means of access to and from the ferries.

**7. Construction of Building of Asian Institute of Transport Development (AITD) at Dwarka, New Delhi**

AITD is an independent, not for profit organization devoted to educate, training and research in infrastructure sector with focus on transport and logistics. The Government has drawn heavily on the Institute's rich experience and expertise for development of the infrastructure sector in India. RITES partnered with Asian Institute of Transport Development for construction of part of the campus at Dwarka under its CSR plan. Objective is to promote balanced, equitable and sustainable development in the country for the welfare of the society. The campus has teaching block, library, IT centre, hostels for scholars and visiting faculty. In addition to this, RITES has contributed towards setting up Solar Power Plant and Rain Water Harvesting System in the premises. About



CSR: Partnering with AITD for Skill Development

50 students per year from the economically weaker sections of the society will get an opportunity to pursue higher studies in the Transport Sector.

**8. Maintenance of Central Verge, Gurgaon, Haryana**

RITES has taken up maintenance of Central Verge of road for the stretch from RITES Bhawan up to HUDA City Centre, Gurgaon, in the vicinity of the Leisure Valley with the



CSR: Maintenance of green cover, Central verge of sector road, Gurgaon

objective of contributing towards beautification of the city of Gurgaon in Haryana. The project covers plantation of new trees/plants/shrubs and maintenance of existing plants. The project promotes conservation of the environment for the benefit of the general public of the city.

**9. Contribution to Chief Minister's Relief Fund Natural Calamity in Uttarakhand**

On 16th June, 2013, North India experienced heavy rainfall that triggered devastating floods and landslides in the state of Uttarakhand. Landslides caused due to the floods, damaged several houses and structures, killing those who were trapped. Because of the landslides and rains, numerous houses collapsed. The roads were seriously damaged at more than 450 places, resulting in snarling traffic jams, and the floods caused many cars and other vehicles to be washed away. More than 12,000 pilgrims were stuck at various pilgrimage centers located on the banks of the rivers. RITES contributed to the Chief Minister's fund as part of its CSR program.

**10. Enrolment of Voluntary Blood Donors for Safe Blood Transfusion, in the Backward District of West Bengal**

RITES had undertaken a CSR project with Association of Voluntary Blood Donors, West Bengal. Objective of the project is to spread awareness, distribute course material and conduct programs regarding the importance of blood



CSR: Voluntary Blood Donation Camp in rural backward district 24 Parganas, West Bengal

donation, as well as encourage volunteers to donate blood. This is achieved through Education Programme, District Level Certificate Course for Blood Donor Motivators and University / College Level Certificate Course, Blood Donation camps, Publications, Exhibitions. It has spread awareness about the importance of blood donation and thus helped to give patients a new lease of life.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

RITES is a knowledge company, 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



Mr. S. K. Verma, Sr. DGM/RW&E receiving employee of the year award 2013-14 from CMD & Directors of RITES

knowledgeable personnel and also through campus recruitment of engineers & management graduates from premier institutes. Thus, the talent pool in RITES is vast, diversely experienced and professionally updated to meet emerging business needs.

As RITES business activities are growing, the flow of talent recruited from open market and on deputation from Government/PSUs has been a regular feature in RITES. During the year, 185 deputationists and 125 recruits from market have been inducted. Further, 290 employees have been promoted to next level and 10117 man-days of training imparted. The 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.



Training of Bangladesh Railway Officers

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, 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

RTI Act, 2005, as an instrument for improving the system of Governance and a 'weapon of mass empowerment' has raised the expectations of all sections of the society.

In order to promote transparency and accountability in administration at RITES, the designate Public Information Officer (PIOs) and Assistant Public Information Officers (APIOs) at all Regional Inspection/Project Offices are entrusted with the responsibility of providing information to citizens requesting for the information under the Act. The APIOs are required under sub-section 5(2) to receive all applications for information or appeals under the Act, and to forward these to the Public Information Officers (PIO) at Corporate Office, Gurgaon.

In RITES, during the year 2013-14, 607 RTI applications were responded to by the PIO and 85 appeals were disposed off by the First Appellate Authority. RITES also complied with the decision of the Hon'ble Central Information Commission (CIC) in two second appeals.

Reduction in number of first and second appeals by 34% and 60% respectively over the last year 2012-13 is a testimony of the adherence to the target dates set under various sections of the RTI Act, fulfillment of the obligations within the stipulated time period and the systematized record management in RITES.



## AUDITORS

The Comptroller & Auditor General of India appointed the following as Statutory & Branch Auditors for the year 2013-14:

M/s AGIWAL & ASSOCIATES, Delhi	Statutory Auditors
M/s MAYRA & KHATRI, Mumbai	Branch Auditors for Western Region
M/s MARODIA KHANNA & ASSOCIATES, Kolkata	Branch Auditors for Eastern Region
M/s C. S. HARIHARAN & CO., Chennai	Branch Auditors 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.

RITES participated in the following exhibitions:

### Abroad

- “2nd Enterprise India Show” in Yangon, Myanmar from January 16-18, 2014 organized by the Confederation of Indian Industry (CII) and the Embassy of India in Myanmar, supported by the Ministry of Commerce & Industry, Department of Commerce, Government of India.

### In India

- 10th CII Exim Bank Conclave on India-Africa Project Partnership organized by the Confederation of Indian Industry (CII) from March 09-11, 2014 at New Delhi.
- “The India Engineering Sourcing Show 2014, Mumbai” held from January 22, 2014 to January 24, 2014 at Bombay Exhibition Centre, NSE Ground (Off Western Express Highway) Goregaon (E), Mumbai.
- “Indian Railway Equipment Exhibition (IREE) 2013” held from 03.10.2013 to 05.10.2013 at Pragati Maidan, New Delhi.

## AWARDS

Company received following awards for its performance during the year 2013-14:

1. Golden Peacock Award for Corporate Social Responsibility, as Special Commendation for the year 2013 during a function held at Bengaluru on the occasion of ‘8th International Conference on Corporate Social Responsibility-2014’.



Golden Peacock Award for Corporate Social Responsibility, as Special Commendation for the year 2013

2. “Bronze Plate Award” for commendable contribution towards the cause and care of the under-privileged elderly persons on occasion of International Day of Older Persons on October 1, 2013.
3. “BT-STAR PSU Excellence Award 2013” on June 19, 2013 for the “Best Performing PSU” in Mini-Ratna Category.

## 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, EXIM Bank, 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: 20th August, 2014

(Rajeev Mehrotra)  
Chairman and Managing Director



## REPORT ON CORPORATE GOVERNANCE

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. Corporate Governance is a journey incorporating sustainable value creation and maximizing stakeholder value. Corporate Governance also provides competitive edge in the dynamic environment and establishes a climate of trust, confidence and creativity among its various constituents by making all necessary disclosures complying with all the laws of land and creation of wealth legally and ethically.

### 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 fields 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 Non-Official Directors.

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

As on 31st March, 2014, Company has seven (7) Directors including four Functional Directors, two Government Nominee Directors and one Independent Non-Official Director whose term has been extended for three months w.e.f 25.03.2014.

However, at present the position of two Independent Directors is lying vacant since 29.12.2013 and filling up of the same is under consideration of Ministry of Railways.

Shri Ajay Kumar Gaur, has assumed the charge of Director Finance w.e.f. 02.09.2013.

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

Shri Arvind Khare, Additional Member (PU), Railway Board has been appointed as Government Nominee Director of the Company w.e.f. 31.12.2013.

### 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 Rajeev Mehrotra Chairman & Managing Director (Also looked after the work of Director Finance upto 01.09.2013)	Whole Time	1 (RITES Nominee)	Nil	Nil
2.	Shri Sumit Sinha Director Technical	Whole Time	Nil	Nil	Nil
3.	Shri Arbind Kumar Director Projects	Whole Time	1 (RITES Nominee)	Nil	1 (RITES Nominee)
4.	Shri Ajay Kumar Gaur Director Finance (From 2nd September, 2013)	Whole Time	1 (RITES Nominee)	Nil	Nil
5.	Dr. Vinayshil Gautam Director (Upto 28th December, 2013)	Independent	1	Nil	2
6.	Shri Vinod Somani Director (Upto 28th December, 2013)	Independent	3	1	Nil
7.	Shri Debidas Datta Director (Term has been extended for three months w.e.f. 25.03.2014)	Independent	2	Nil	Nil
8.	Shri Pramod Sharma Director (From 11th April, 2013)	Govt. Nominee	Nil	Nil	Nil
9.	Shri Arvind Khare Director (From 31st December, 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 Directors who joined the Board as Whole-time/Part-time Directors during the year 2013-14:

1. **Mr. Ajay Kumar Gaur** – 54 years, is our Director Finance w.e.f. 2nd September, 2013. Prior to taking over as Director Finance, he held post of Group General Manager (Finance) in RITES. He is a graduate in Commerce stream with a 1st Class degree from Delhi University and completed Chartered Accountancy in 1984. Presently, he is a Fellow Member of the Institute of Chartered Accountants of India. He carries with him over 29 years of rich and varied experience of working in various capacities in RITES and other Public Sector Undertakings and is an expert in finance & accounts with equal proficiency in budgeting, project appraisal and treasury management.

He introduced a fully computerized and networked accounting and financial management information system, streamlined banking operations and cash management, widened investment portfolio, strengthened accounting systems & procedures and was involved in formulation & modification of Schedule of Powers. Project costing system was also introduced by him wherein procedure for allocation of Direct, Indirect & Overhead costs has been defined. He was instrumental in revamping treasury function, enhancing yield on investments. His major thrust areas cover budgeting, performance review, evaluation of contracts, contract negotiations, exports and finalization of accounts as per Companies Act and applicable Accounting Standards. He has experience of handling foreign projects and has worked with overseas clients on short and long term assignments and was involved in system improvements, treasury management, internal controls and audit on behalf of clients. He has also resolved issues pertaining to audit, preparation of accounts and taxation for overseas projects and have carried out special assignments.

2. **Mr. Arvind Khare** - 59 years, is our Government nominee Director. He is a Mechanical Engineer by profession with 36 years of experience with Railways. At present, he is working as Additional Member (Production Unit) in Railway Board where he does apex level coordination for production and maintenance of rolling stock in six production units and 44 workshops. Earlier, he has worked in Research Designs Standards Organisation (RDSO) on design of Diesel Locomotives and as Chief Design Engineer in Rail Coach factory, Kapurthala on new design coaches including transfer of technology from Germany. He also worked in Administrative jobs as Additional Divisional Railway Manager in Mysore, Divisional Railway Manager in Ahmedabad and Chief Mechanical Engineer in Rail Wheel factory, Bangalore. He also worked for four years as Chief Executive Officer of a Company which got the concession of 1000 kms Railway system in Mozambique and was responsible for rehabilitation of about 600 kms railway line and for starting coal transportation on it. He joined our Board on 31st December, 2013.

3. **Mr. Pramod Sharma** - 48 years, is our Government nominee Director. He has done Civil Engineering from Roorkee University, joined Indian Railways Service of Engineers (IRSE) in January-1991 and held various positions i.e. AEN, DEN, Sr. DEN, Sr. DEN(Coord), Dy. Chief Engineer/Construction at various places like Mirzapur, Lucknow, Ambala and Udhampur. He has rich and wide experience of more than 23 years of handling Railway maintenance and construction projects. Presently, he is working as Executive Director (PSU), Railway Board since October - 2012. He joined our Board on 11th April, 2013.

## 2.3 Number of Board Meetings:

The Board met six times during the year 2013-14 to review the working of the Company and discuss the future plans etc.

S. No.	Name and Designation	Board Meetings during the year		Attendance at the last AGM held on 11th September, 2013
		Held during tenure	Attended	
1.	Shri Rajeev Mehrotra Chairman & Managing Director (Also looked after the work of Director Finance upto 01.09.2013)	6	6	Present
2.	Shri Sumit Sinha Director Technical	6	6	Present
3.	Shri Arvind Kumar Director Projects	6	6	Absent
4.	Shri Ajay Kumar Gaur Director Finance (From 2nd September, 2013)	4	4	Present
5.	Dr. Vinayshil Gautam Director (Upto 28th December, 2013)	5	5	Present
6.	Shri Vinod Somani Director (Upto 28th December, 2013) (Chairman, Audit Committee upto 28th December, 2013)	5	5	Present
7.	Shri Debidas Datta Director (Term has been extended for three months w.e.f. 25.03.2014) (Chairman, Audit Committee w.e.f. 3rd March, 2014)	6	6	Present
8.	Shri Pramod Sharma Director (From 11th April, 2013)	6	6	Present
9.	Shri Arvind Khare Director (From 31st December, 2013)	1	1	NA

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

### 3. Code of Conduct:

rites Code of Conduct for Board Members and Senior Management Personnel as recommended by Corporate Governance is a comprehensive code that applies 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, 2014 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 the 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.

However, since the term of two Independent Directors viz Shri Vinod Somani, (Chairman) and Dr. Vinayshil Gautam, (Member) got completed on 28th December, 2013, Company by circulation of papers re-constituted the Audit Committee comprising of Shri Debidas Datta, Independent Director as Chairman, Shri Pramod Sharma, Government Nominee Director and Shri Sumit Sinha, Director Technical as Member in compliance with the provisions of Section 292A of the Companies Act, 1956 w.e.f. 3rd March, 2014 which was ratified by the Board in its meeting held on 14.03.2014. The proposal for appointment/re-appointment of Independent Directors is under consideration of Ministry of Railways.

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

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





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

#### 4.3 Meetings of Audit Committee:

The Audit Committee met four times during the financial year 2013-14 on 21st June, 2013, 27th September, 2013, 25th November, 2013 and 14th March, 2014. The attendance of each member at Audit Committee meetings is as under:

Member	Status	Audit Committee meeting held during the year 2013- 14	
		Held during tenure	Attended
Shri Vinod Somani (Upto 28th December, 2013)	Chairman	3	3
Dr. Vinayshil Gautam (Upto 28th December, 2013)	Member	3	3
Shri Debidas Datta (Term has been extended for three months w.e.f. 25.03.2014) (Chairman w.e.f. 3rd March, 2014)	Member / Chairman	4	4
Shri Sumit Sinha	Member	4	4
Shri Pramod Sharma (From 3rd March, 2014)	Member	1	1

#### 4.4 Powers of Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional 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:

ITES, being a Government Company, its Directors are appointed by the President of India through Ministry of Railways, draw remuneration as 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, the Board of Directors in their meeting held in October, 2011, re-constituted Remuneration Committee comprising of Dr. Vinayshil Gautam, Independent Director (Chairman), Shri Vinod Somani, Independent Director and Shri Debidas Datta, Independent Director as members. One meeting of Remuneration Committee was held during the year 2013-14 i.e. on 20th December, 2013 and all the members of the committee were present.

However, since the term of two Independent Directors viz Shri Vinod Somani, (Chairman) and Dr. Vinayshil Gautam, (Member) was completed on 28th December, 2013. Committee will be re-constituted once the Independent Directors are in position. The proposal for appointment/re-appointment of Independent Directors is under consideration of Ministry of Railways.

Details of Remuneration of Functional Directors of the company during the year 2013-14 are as under:

Name of Director	Salary (₹)	Benefits (₹)	Bonus/ Commission Ex-gratia (₹)	Performance linked incentives (2012-13) (₹)	Stock option during the year (₹)	Total (₹)
Shri Rajeev Mehrotra Chairman & Managing Director (Also looked after the work of Director Finance upto 1st September, 2013)	2,684,146	56,690	-	1,466,133	-	4,206,969
Shri Sumit Sinha Director Technical	2,720,887	673,841	-	1,356,205	-	4,750,933
Shri Arbind Kumar Director Projects	2,354,726	527,721	-	1,083,729	-	3,966,176
Shri Ajay Gaur Director Finance (From 2nd September, 2013)	1,391,929	18,810	-	504,053	-	1,914,792

The Independent Directors were paid sitting fee of ₹ 17,500/- for attending Committee meetings and ₹ 20,000 for attending Board meeting.

Details of payments towards sitting fees to Independent Directors during the financial years 2013-14 are as under:

Name of the Independent Non-Official Directors	Sitting Fees*				Total (₹)
	Board Meeting (₹)	Audit Committee Meeting (₹)	Remuneration Committee Meeting (₹)	Sustainable Development Committee Meeting (₹)	
Dr. Vinayshil Gautam (Upto 28th December, 2013)	100,000	52,500	17,500	NA	170,000
Shri Vinod Somani (Upto 28th December, 2013)	100,000	52,500	17,500	NA	170,000
Shri Debidas Datta (Term has been extended for three months w.e.f. 25.03.2014)	120,000	70,000	17,500	17,500	225,000
<b>Total</b>	<b>320,000</b>	<b>175,000</b>	<b>52,500</b>	<b>17,500</b>	<b>565,000</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 had re-constituted the 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. No meeting of Risk Management Committee was held during the year 2013-14. However, the information regarding currency risk management is being put up to the Board of Directors on quarterly basis.

However, since the term of two Independent Directors viz Shri Vinod Somani, (Chairman) and Dr. Vinayshil Gautam, (Member) was completed on 28th December, 2013. Committee will be re-constituted once the Independent Directors are in position. The proposal for appointment/re-appointment of Independent Directors is under consideration of Ministry of Railways.

To overcome the problem associated with currency fluctuations, the Company designed a policy on Currency Risk Management covering aspects namely risk identification, currency risk management approach, benchmarking, 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. However, since the term of two Independent Directors viz Shri Vinod Somani, (Chairman) and Dr. Vinayshil Gautam, (Member) got completed on 28th December, 2013, Committee will be re-constituted once the Independent Directors are in position. The proposal for appointment/re-appointment of Independent Directors is under consideration of Ministry of Railways. No meeting of Project Investment Committee was held during the year 2013-14.

#### 8. CSR and Sustainability Committee:

In order to comply with the Guidelines on CSR and Sustainable Development issued by DPE in September, 2011, the Board of Directors in their meeting held in November, 2011 had constituted a CSR and Sustainability Committee comprising of Shri Debidas Datta, Independent Director (Chairman) and Shri Sumit Sinha, Director (Technical) as members to oversee the Sustainable Development projects.

However, Board of Directors in their meeting held in February, 2013 re-constituted CSR and Sustainability Committee comprising of Shri Debidas Datta, Independent Director (Chairman), Director (Technical), Director (Projects) and Director (Finance) as members to oversee the Sustainable Development projects. One meeting of the committee was held during the year 2013-14 i.e on 27.09.2013 and all the members of the committee were present.

#### 9. General Body Meeting:

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



AGM	Year	Date of holding Meeting	Time	Venue	Special Resolution
39th	2012-13	11th September, 2013	12:00 HRS	Railway Board, Rail Bhawan, New Delhi	NIL
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

## 10. Subsidiary Companies:

The Company has two Indian Subsidiaries i.e (i) 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 and (ii) Railway Energy Management Company Limited incorporated on 16th August, 2013 in Joint Venture with Ministry of Railways for taking up various assignments/tasks to develop potential business avenues in the field of power sector including Green Energy, power trading etc. Further, the Company has two subsidiary companies, abroad namely (i) RITES AFRIKA (PTY) Limited, Botswana and (ii) 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. The Company is under liquidation.

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 also being sent to Ministry of Railways on quarterly basis/yearly basis for onward submission to DPE.

## 13. Training of Board Members:

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

## 14. CEO/CFO Certification:

The certification by Chairman and Managing Director and Director Finance was placed before the Board of Directors at the meeting held on 24.06.2014 (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 BOARD OF DIRECTORS MEETING DURING THE YEAR 2013-14

Name of Directors	202 20th May, 2013	203 21st June, 2013	204 27th Sep, 2013	205 25th Nov, 2013	206 20th Dec, 2013	207 14th Mar, 2014	Total Meetings
<b>Shri Rajeev Mehrotra</b> Chairman & Managing Director (Also looked after the work of Director Finance upto 1st September, 2013)	✓	✓	✓	✓	✓	✓	All
<b>Shri Sumit Sinha</b> Director Technical	✓	✓	✓	✓	✓	✓	All
<b>Shri Arbind Kumar</b> Director Projects	✓	✓	✓	✓	✓	✓	All
<b>Shri Ajay Kumar Gaur</b> Director Finance (From 2nd September, 2013)	NA	NA	✓	✓	✓	✓	4 (All)
<b>Dr. Vinayshil Gautam</b> Director (Upto 28th December, 2013)	✓	✓	✓	✓	✓	NA	5 (All)
<b>Shri Vinod Somani</b> Director (Upto 28th December, 2013)	✓	✓	✓	✓	✓	NA	5 (All)
<b>Shri Debidas Datta</b> Director (Term has been extended for three months w.e.f. 25th March, 2014) (Chairman Audit Committee w.e.f. 3rd March, 2014)	✓	✓	✓	✓	✓	✓	All
<b>Shri Pramod Sharma</b> Director (From 11th April, 2013)	✓	✓	✓	✓	✓	✓	All
<b>Shri Arvind Khare</b> Director (From 31st December, 2013)	NA	NA	NA	NA	NA	✓	1 (All)

**Note:**

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

## ANNEXURE-2

## DECLARATION BY CHAIRMAN &amp; MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL DURING THE YEAR 2013-14

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 2013-14.



(Rajeev Mehrotra)

Chairman &amp; Managing Director

Date: 13th June, 2014



**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 2013-14 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) for better understanding and clarity, some new accounting policies were introduced during the year but there is no significant change in the practice being followed,
  - (iii) there is 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.

(Rajeev Mehrotra)

**Chairman & Managing Director**

(Ajay K. Gaur)

**Director Finance**

**Place : Gurgaon**

**Date : 24th June, 2014**

**ANNEXURE-4**

**CERTIFICATE**

**To  
The Members  
RITES LIMITED**

We have examined the compliance of conditions of Corporate Governance by RITES LIMITED for the period ended 31st March, 2014 as stipulated in the DPE guidelines on Corporate Governance for Central Public Sector Enterprises issued by the 'Department of Public Enterprises' Ministry of Heavy Industries and Public Enterprises, Government of India.

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.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certification, etc. as had been required by us.

In our opinion and to the best of our knowledge and 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 guidelines on corporate governance issued by the 'Department of Public Enterprises'.

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

**For Akhil Rohatgi & Co.**

(Akhil Rohatgi)

**Company Secretary in Practice**

**F.C.S : 1600**

**C.P. No. 2317**

**Place : New Delhi**

**Date : 20th August, 2014**

## MANAGEMENT DISCUSSION AND ANALYSIS

This analysis report briefly describes about the Company, industry, present business environment and 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 Ltd., a “Mini Ratna” Schedule “A” and an ISO 9001-2008 certified Company, is a multi-disciplinary consultancy organization in the fields of transport infrastructure and related technologies. Company provides diversified and comprehensive array of consultancy and engineering services in transport infrastructure sector under a single roof. The major business



CMD-RITES in ET Dialogue on Restoring Economic Growth

engagements are as consultants, engineers and project managers in railways, highways, airports, ports, ropeways, urban transport, inland waterways areas in India and abroad. Apart from the aforesaid services, company provides the services of third party



Visit of Korean delegation to RITES

inspection, quality assurance, construction supervision & project management, operation & maintenance, leasing and export of rolling stock.



External view of ICP Agartala

The company has contributed notably in the development of transport infrastructure for the last 40 years. Company enjoys key position in conceptualization of infrastructure plans for Government of India and for a number of foreign Governments. Company has 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”. RITES has wide international experiences in over 50 countries.



External view of ICP Agartala

Infrastructure development provides pace in the growth of an economy. Government has rightly identified inadequate infrastructure as a significant barrier to economic growth and has planned investment of around \$ 1 trillion for infrastructure sector as part of twelfth five year plan. Government has been investing to upgrade transport infrastructure and has also shifted its focus towards capacity building and technology up-gradation which require large investments. The share of private investment in the total investment in infrastructure has also been planned to rise from 38 % in the eleventh plan to about 48 % in twelfth plan.

Despite Indian economy showing sluggish growth for fiscal year 2013-2014, RITES has continued its presence in infrastructure consulting domain and other areas of operations viz. turnkey works of construction & up-gradation / modernization of Railway workshops and wet leasing of locomotives in domestic markets.





External view of ICP Agartala

RITES, in line with its strategy to diversify, is entering into green field energy sector by forming a joint venture with Indian Railways.

In spite of stiff competition, RITES has been maintaining growth 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 from non-railways clients, roads, highway, quality assurance, material procurement for Ministries / GOI, Project Management Consultancy (PMC) for railway infrastructure for coal, metals and other bulk movement materials, PMC for new areas-Institutional buildings, integrated check posts etc. and export of rolling stock and leasing of rolling stock in domestic & international markets.

## II. STRENGTH AND WEAKNESS

RITES, a well known brand in transport infrastructure consulting domain, has 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 an efficient and professional manner. Its strength includes extensive experience in working with international and multi-lateral funding agencies/organizations. The company's visibility and reputation earned through its vast global & domestic works experience is evident from the continuous growth and repeat orders. Recruiting and retaining desired competency required for accelerated growth poses a challenge. Further establishing a strong foot hold in managing/handling mega projects also require more time & experience.

## III. OPPORTUNITIES AND THREATS

Infrastructure development in India is one of the major areas which has been under Government's focus as evident from twelfth plan. Both Indian consultancy and construction industries are expecting growth which is inevitable for the development of national economy. Major investments expected to be made in the Infrastructure sector, both in the transport and non-transport sectors may offer business opportunities to company in existing and new areas. Significant opportunities for consultancy services are expected to be coming up in SAARC countries, Middle East, South East Asia and Africa. BOT projects in Railway, Highway and Power sectors present an excellent opportunity to leverage financial strength of the company. Opportunities also exist for multi-modal interconnectivity projects facilitating international trade and commerce.

There is a threat from the aggressive pricing policies followed by several private companies & MNCs for the purpose of entering the consulting & construction industries in the booming Indian market. Further, market for pure consultancy assignments is continuously shrinking as focus is shifting to EPC/BOT projects. Reduction in business on nomination basis also poses a threat to the business.

## IV. RISKS AND CONCERNS

In view of increased globalization and opening up of cross border businesses, there is a greater risk of competition from foreign companies in consultancy projects. Export of rolling stock, equipment etc. depends upon the financial aid by multilateral funding agencies or line of credit extended by Government of India. Any change in the Government 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 conducting operations in international market due to cultural, regulatory and statutory requirements.

In case of work being undertaken in association with Joint Venture 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.

A major concern in India in execution of projects particularly in reference to Project Management Consultancy is non availability of encumbrance free land, credit squeeze and insurgency in certain areas due to which there is risk of time and cost overruns which are seldom compensated by the clients.

The company's employees and projects are exposed to various kinds of risks i.e. life, liberty and property etc. while operating in risky geographical areas in India and abroad, therefore, company takes necessary steps to mitigate such risks by taking insurance policies and also by protecting life.

## 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 well-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 qualified personnel. The internal control and audit systems are being reviewed periodically by the Management and the Audit Committee. Corrective measures, whenever necessary are being taken up from time to time as a part of continuous improvement system.

SAP-ERP is in implementation stage in the company as a solution to cover key areas of operations with in-built checks and controls for strengthening checks and control mechanism. Legal cell has also been strengthened to improve due diligence process for diverse nature of contracts / agreements entered into with various clients / contractors / partners.

## Risk Management System

A Risk Management system is already in place in the company. Company has a Risk Management Committee comprising of three Directors i.e. one Independent Director as Chairman, Director (Finance) and Director (Technical) as members. Framework covers areas of risk, identification and solution to mitigate the effect of risks.

## Treasury Risk and Liquidity Management

Execution of foreign projects gives rise to currency variation risk. For this purpose, company regularly monitors exchange fluctuations to mitigate this risk, as company has a sound currency risk management policy in place. Policy covers various aspects of currency risk management, 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 and an external consultant. Actions taken with respect to currency risk management are informed to Board periodically.

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 keeping in view safety and yield. Company invests its surplus funds in deposits with banks, mutual funds and corporate bonds etc. within the framework and guidelines given by government policies as approved by BOD. 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.

## VI. FINANCIAL PERFORMANCE

During the current financial year, Company has achieved highest ever Operating Turnover of ₹ 1,093 crore as against ₹ 953 crore of previous year, which is higher by ₹ 140 crore (15%) and total revenue of ₹ 1,246 crore as against ₹ 1,076 crore of the previous year, higher by ₹ 170 crore (16%). Income has increased from export, leasing & workshop construction segments of business activities. The net-worth has increased from ₹ 1,195 crore to ₹ 1,397 crore. Company has spent ₹ 5.32 crore towards corporate social responsibilities during the year.

## VII. SEGMENT-WISE PERFORMANCE

During the year, consultancy services including quality assurance services contributed 48% of the total operating income, export sales contributed 37%, leasing income contributed 6% and balance 9% was contributed by turnkey workshop construction projects. A segment-wise comparison is given below which shows increase in the export sale, construction projects & leasing business particularly in domestic market segments.

(₹ in crore)

	2011-12		2012-13		2013-14	
	Operating Income	%	Operating Income	%	Operating Income	%
<b>Consultancy Services</b>						
-Domestic	473	56	529	55	518	47
-Abroad	32	4	15	2	15	1
Construction Projects	17	2	59	6	96	9
Export	290	35	307	32	404	37
Leasing (Domestic & Abroad)	24	3	43	5	60	6
<b>Total</b>	<b>836</b>	<b>100</b>	<b>953</b>	<b>100</b>	<b>1,093</b>	<b>100</b>

## OPERATIONAL PERFORMANCE

### VIII. BUSINESS OUTLOOK

ITES is well known for providing innovative solutions to transport infrastructure sector through techno-economic feasibility studies, conceptual/preliminary detailed design, engineering surveys, geological studies, geo-technical investigation, detailed structural design and drawings, technical specifications, project management and quality assurance. Leasing of locomotives is one of the diversifications undertaken by the company and business in this segment is picking up, particularly in domestic market. As a matter of diversification, RITES has entered into green field renewable energy and power trading sector by forming a joint venture with Indian Railways named Railway Energy Management Company. The Joint Venture (JV) is planning to take up a windmill project, in Jaisalmer district of Rajasthan for generation of power. 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

ITES provides export services as 'Total Package' for supply of locomotives and rolling stock, equipment for workshops / railways systems and modernization of workshops to foreign Railway organisations. This also includes providing technical assistance to clients' railway systems as well as locomotives & rolling stock on wet-leasing. RITES has opportunities in SAARC region.



Hon'ble Minister Mr. U Myint Swe, Chief Minister of Yangon Region, Dr Aung Kyaw Myat, Deputy Minister, Ministry of Science and technology, Government of Myanmar, U Zaw Min Win, Vice President, UMFCCI along with Mr Gautam Mukhopadhyaya, Ambassador of India to Myanmar, at RITES stall, "The Enterprise India Show" at Yangon, Myanmar, January 16, 2014.





Visitors from Africa, Latin America, ASEAN and CIS countries at RITES stall at "The India Engineering Sourcing Show" Mumbai, January 2014.

Several "export contracts" are going on in Sri Lanka, Bangladesh and Myanmar.

During the year, RITES had executed export orders for supplies of 16 locomotives to Bangladesh; gang cars to Myanmar and wet-leasing locomotive services continued for Mozambique. Efforts are being made to secure new export order for supply of rolling stock from Bangladesh, Myanmar, Sri Lanka and Mozambique.

RITES has been trying to make more inroads into Africa. Recently in Rwanda, a contract for consultancy services for the feasibility study and design for expansion of Kamembe and Gisenyi airports has been secured through its wholly owned subsidiary company. Gabon Railways has awarded three projects for survey of New Standard Gauge Railway Lines. RITES has recently prepared the Detailed Project Report of fixed infrastructure for Ethiopia-Djibouti rail link project.

RITES has secured a world bank aided project on development of 50 year National Transport Master Plan for Ministry of Transport, Kenya comprising of roads, railways and ports. Some Major projects under execution include supervision & up-gradation to paved road standard of existing roads in Terai Region of Nepal; conducting inspection of equipment for Sewerage Treatment Plants in China, Italy, Sweden, USA & Germany.

### DOMESTIC BUSINESS

On the domestic front, RITES has provided consultancy services to various clients from Ministries / Departments of Central Government, State Government and private corporate houses.



River front beautification project - Kolkata

During the year, RITES association continued with several railway infrastructure projects for Indian Railways, NTPC, SAIL, DVC, CONCOR, Coal India, MCL, RINL and various private companies in steel, power, mining and port sector. RITES carried out the feasibility studies and preliminary engineering cum traffic survey for Eastern and Western Dedicated Freight Corridors. Currently RITES is carrying out PETS of four new Dedicated Freight Corridors.

RITES continues to maintain its firm position in the Highway and Metro rail sector, despite increased competition. During the year, RITES has secured consultancy contracts for Metro Rail in Patna, Kochi, Ahmedabad and Mumbai. A new chapter was added in February, 2014 in India's IT capital, i.e. Bangalore, with the flagging off of the first Metro Train between Peenya Industrial area-Sampige Road Metro Station covering 10 km section of Bangalore Metro for regular passenger operations.

RITES has developed capability in industrial engineering projects by successfully executing some railway workshop turnkey projects viz RCF Kapurthla, Budge Budge, SAIL Kulti. With this experience, RITES has geared up for setting up of new workshops for Indian Railways and other clients on turnkey basis.

The business of wet leasing of shunting locos including operation and maintenance has been well received by domestic non-railway customers and so far 20 locos have been leased out.

During the year, RITES has been awarded contracts for new Central University Campus for Bihar, NIT Meghalaya, Bose Institute at Kolkata, Centre for innovative and applied bio-processing at Mohali; feasibility study for setting up berthing facilities with mechanization facilities for Paradip port; "National Waterway Grid Phase-II study"; extension of consultancy contract with Ministry of Health and Family Welfare for additional procurements under external aid; Project Management Consultancy of Western Dedicated Freight Corridor.

Company has carried out prestigious assignments during the year which includes Project Management Consultancy Services in relation to; expansion/up-gradation of buildings of apex educational and research institutions, S&T works for panel interlocking, passenger ropeways, Geo technical investigations for BG line, Services to various State Governments for Airport design and Project Management, procurement consultancy services to Ministry of Health and Family Welfare, feasibility study and preparation of DPR and independent engineers services for development of roads, highways, ports, transaction advisory assignments in various sectors like ports, tourism, urban infra, health care, agro based complex etc.

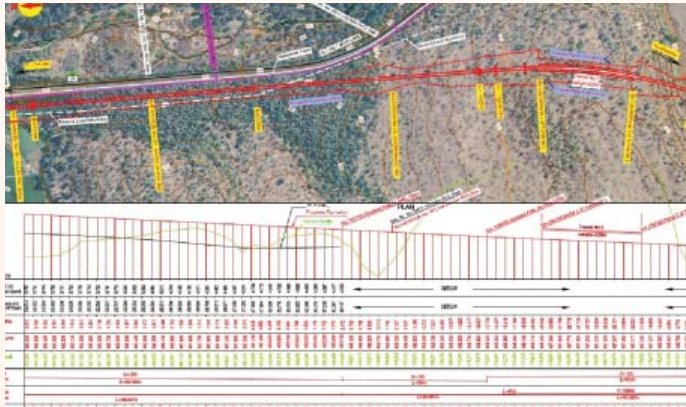
### REVIEW OF BUSINESS DIVISIONS

Major projects secured and executed during the year in 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, 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, iron ore etc. This division operates through a number of Strategic Business Units (SBU) at Corporate Office.





PET Survey for North South (Pirithala to Chennai) Corridor, DFC

### TRANSPORTATION & ECONOMICS UNIT

This unit plays a key role in the domain of transport logistics planning, traffic survey/assessment, modal integration and economic evaluation of projects, besides rendering specialized services in providing rail linkages for power generation facilities.

The unit is going ahead with its flagship project on Development of 50 Years National Transport Master Plan in Kenya, being undertaken at the instance of The World Bank. Expressions of Interest have been submitted for similar macro-level studies in Zambia, Botswana and South Sudan. On domestic front Government of Karnataka has retained RITES for preparation of a Detailed Project Report for implementation of Bangalore suburban rail project to provide mass transit link to the nearby cities in the region. The other assignments secured include development of a Container Freight Station and Container Buffer Yard at Visakhapatnam, a feasibility study on options for long distance bulk transportation of horticulture produce entrusted by National Horticulture Board.

In power generation sector, two Feasibility-cum-Detailed Project Reports and a Feasibility Study have been awarded by Rajasthan Rajya Vidyut Utpadan Nigam Ltd. for development of rail facilities for the upcoming Thermal Plants at Chhabra, Suratgarh and Banswara respectively. PFCCIL has tasked Company for preparation of details for land acquisition for rail siding and handling facilities at their Ultra Mega Power Plant in Cheyyur and Sundargarh.

A feasibility study has been successfully completed for an independent dedicated freight corridor between Chennai and Bangalore for DFCCIL. Similarly, a study on traffic assessment and creation of new handling facilities is undertaken for Paradip Port Trust.

### ELECTRICAL ENGINEERING UNIT

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

The major clientele for ongoing projects includes State Trading Corporation of India, ILS Bhubaneswar, CONCOR, Dadri/ Delhi and IGNOU, Karnal.

Further, this unit is providing Consultancy services to DFCCIL for carrying PET Survey for future corridors: North-South Corridor (Delhi-Chennai), East-West Corridor (Kolkata-Mumbai), East Corridor (Kharagpur-Vijaywada), Southern Corridor (Chennai-Goa); MRVC, Mumbai for Overhead Equipment (OHE), Detailed Design Engineering for MUTP phase-II works on Western & Central Railways; Project Management Consultancy Services to SAIL, RINL, TATA and NTPC for electrification of Rail Sidings in their respective premises and Detailed Project Report for Electrification of new Railway line between Assista and Tadjarah approx.230 km for Ethiopian Railway Corporation.

The unit also provides 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 for Electrical Power Distribution companies of the State of West Bengal viz WBSEDCL.

Solar Power is being harnessed by installing two solar plants of the capacity of 10 Kwp and 25 Kwp respectively on RITES building in Gurgaon. Based on these solar power modules, possibilities are also being explored for new business in the field of Solar Energy.

### SIGNALLING & TELECOMMUNICATION UNIT

This unit provides appropriate and cost effective solutions to wide ranging signal & telecommunication requirements of user agencies in both railway and non-railway sectors.

Presently, the unit is engaged in Project Management Consultancy for various S&T works and serving for prestigious clients like APCPL, NTPC (Dadri, Simhadri, Talcher, Mauda), Viskakhapatnam Port Trust, NALCO, MSPGCL, TISCO, MPPGCL, SAIL, Rourkela Steel Plant, J.P. Group of Companies, MRVC, DFCCIL, Indian Railways etc. Apart from feasibilities studies, detailed engineering, S&T unit is engaged in the projects related with Electronic Interlocking, Panel Interlocking, Upgradation/Rehabilitation of S&T assets, Intelligent Traffic Control Systems, Surveillance Systems, Video conferencing, Optical Fiber Network, GSM-R, Train Protection System etc.

During the year, unit has secured important works of provision of S&T system in inplant yard of Jaypee Nigree Cement Grinding Unit (CGU) for M/s JPVL, Jaypee group, provision of S&T system at Turki Road Railway station of W.C Railway and within Jaypee Rewa Cement Plant yard for JRC, Jaypee Group.

### TRACK & SURVEY UNIT

This unit conducts feasibility studies, final location surveys, detailed project reports & detailed engineering studies mainly for Railway projects. 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 this unit during the year. A major consultancy work of "PETS Study of future DFC Corridors" is going on in full swing. Out of 4 corridors on this assignment, work of North-South and East-West DFC corridors is nearing completion and work on Southern and East-Coast corridors of DFC has been started during the year. The unit has started a R&D project of LiDAR Survey, which is an upcoming technology being used worldwide for final location surveys. A project of preparing Detailed Project Report for a new Railway line in Ethiopia and Djibouti in Africa (from Assaita to Tadjourah)



Proposed Bridge for DFC at Km33/563 (Sec-6):- (1x24.4+1x12.2+1x24.40) PSC Girder

was secured from Govt. of Ethiopia and has also been completed during the year. Work of preparation of “Manual of specifications and standards for Dedicated Freight Corridor” was awarded by DFCCIL during the year and the same is under preparation.

**GEO TECHNOLOGY UNIT**

The unit imparts Consultancy services in Engineering Geology, Soil/Rock Mechanics, Geophysical Survey, Ground Water and allied fields including diamond core drilling of exploratory bore holes, in-situ and laboratory tests etc. This unit has carried out Geo-technical investigations for a number of prestigious projects in the country and has attained the status of being a premier organization that provides total consultancy for complete Geotechnical / Geological / Geophysical investigations.

The unit is having latest State-of-the-Art Machinery, Equipments and softwares with expertise to undertake any type of Geotechnical and Geological problems in the field of Geotechnical Engineering, Geology, Mining, Ground water exploration and other associated fields and also well equipped with Exploratory Drilling equipment which includes seven nos. heavy duty Hydraulic Rotary Feed Drilling machines in addition to eight nos. High capacity pumps. The machinery available is capable of drilling through all type of Geological Formation upto a depth of 400 m. below Natural Ground Level.

Projects under execution include Detailed Geotechnical investigation along the stretch of Realignment between Katra - Dharam (km 30.00-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 is also providing Geophysical services to M/s WAPCOS for work of Geophysical Surveys including Vertical Electrical Sounding & Profiling (500 Nos.) and 2-D Resistivity Imaging (100 line km) in NCR area in India.

During the year, the unit has secured the work of GT investigation between Chainage Km. 63.000 to Chainage Km. 91.000 of Katra-Dharam section of USBRL.

**CIVIL ENGINEERING DESIGN UNIT**

The unit provides engineering design services involving planning and design of various Rail-cum Road Bridges, Approach structures like Rail/Road viaduct, Road Over/Under bridges, Flyovers, Suspension, Cable Stayed & Extradosed bridges on various rivers/gorges of India and abroad. It also, provides

consultancy for River Engineering works involving hydraulic model studies, design of river training & protection measures and detailed design & supervision services for tunneling works.

Design and Designer’s Association services during construction are being provided for Rail cum Road Bridge over river Brahmaputra, Assam for North Frontier Railway. This state-of-the-art bridge 4.94 Km long (1x33.4 m + 39x125 m + 33.4 m), has been declared as National Project and comprises of 125 m long fully welded composite steel truss spans and North & South approach viaduct of 800 m each. It also includes model study for river training over 16 kms (9 kms upstream to 7 kms downstream).



Inspection of Bogibil bridge site by then Member Engineering, Railway Board

The unit has secured and substantially completed prestigious assignment for providing Project Advisory Services including Detailed Design & Report Preparation for Development of 9.76 Km long (123 m Spans) Six Lane Extradosed Bridge, a Green Field Bridge project over river Ganga at Patna for BSRDCL. Completion of the Detailed Project Report for construction of Six Lane Suspension bridge across Durgam Cheruvu at Hi-tech City, Hyderabad for APIIC has significantly moved the unit up the value chain in its business portfolio.

Rail Road Bridges comprising of PSC, specialized steel, steel-concrete composite with single/continuous spans catering to forces due to LWR / CWR have been planned, designed & detailed to Euro norms for USBRL project in fragile and highly seismically sensitive Himalayan Region in J&K. Designs for slope



T10 Manipur Jiribaum Tupul Tunnel Work in Progress



stability with soil nails/ground anchors are also being undertaken alongwith large height reinforced earth embankments.

After successful completion of Design Engineering services, the unit is now involved in providing designer's support to Eastern Railway for placement of Jubilee Rail Bridge with three span continuous steel truss span (132.65m+150m+132.65m) over river Hooghly, Kolkata. Such a bridge is being executed for the first time for Indian Railways.

The work of preparation of Employer's Requirement, tender drawings & cost estimates for inclusion in Bid documents of DFFCIL Rail Bridge across river Sone, 3.06 Km long has added a new segment of services and business.

Detailed Design and Construction Supervision works for 11 km long prestigious Pir Panjal Railway Tunnel (longest transportation tunnel in India) and Tunnel No. 1, between Udampur & Katra on Northern Railway have been successfully completed, under joint venture with M/s Geoconsult, Austria.

In these tunnels, New Austrian Tunneling Method has been deployed, now operational on USBRL project, for the first time for Indian Railways and has now become the norm for tunneling works in USBRL and North Frontier Railway projects.

The unit has completed the feasibility study of 12.6 km long Road Tunnel across Sela Pass at an altitude of 4200m, which shall provide all weather connectivity to Tawang area in Arunachal Pradesh. When constructed, it shall be longest transportation tunnel in India.

During the year, the unit has secured following works: DPR preparation for three large Rail bridges over tributaries (Gowthami River Bridge 3.5 km, Vyanatheya River Bridge 1.5 km & Vasishtha River Bridge 1.35 km) of river Godavari in Andhra Pradesh, a Rail bridge on River Kosi in Bihar and proof checking of detailed design for elevated structure of Metro Rail, Hyderabad at eight Railway crossing locations and DDC works in Tunnel No. 10 between Jiribam & Imphal from North Frontier Railway in JV with M/s Geo-consult, Austria.

### REGIONAL PROJECTS OFFICES (RPOs)

**North-** This unit provides Consultancy Services for preparation of Detailed Project Reports (DPRs), Detailed Engineering & Project Management, including Planning and Design for projects of Flyovers, Roads, Railway sidings, Inland Containers Depots etc. in Northern Region of the country.

During the year, the assignments executed by the unit includes PMC works for construction of 4-lane flyover on Rialto Chowk to Airport Road at Kitchlu Chowk in Amritsar; ROB and new link road at Dadri (UP); extension of existing track from 2 km to 3.83 km and construction of new 3.83 km track for Terminal Ballistics Research Laboratory (TBRL)/ DRDO (Ministry of Defence) in Panchkula; DPR, Detailed Engg., PMC of Railway siding for Indira Gandhi STPP, Jhajjar; for Railway siding and S&T system package for NCTPP Stage II Dadri; Renewal of Sleeper and turnout for construction of Inland Container Depot (ICD) at Dadri. The unit has also provided PMC for development and construction of Inland Container Depot (ICD) at Bhagat Ki Kothi, Jodhpur; Rai (Sonepat); Baddi (Solan); Babbarpur; Dhapper; Kanakpura, Jaipur; Killa Raipur, Ludhiana (Punjab), Dadri & Phillaur. The unit has also provided PMC for construction of Underpasses at three identified location in Noida.

**Nagpur-** This unit has executed four major project management consulting assignments in the area of construction of railway sidings for: NTPC at Mouda; CSPGCL at Marwa; MPPGCL at Khandwa and MSPGCL at Chadrapur.

During the year, the unit has secured PMC assignments like construction of Railway siding for MPJCL at Dongrital, Development of Logistic Parks for CONCOR at MIHAN –Nagpur and NRDA-Raipur, works for SECL & WCL at Jagannathpur, Umrer & Chirmiri Mines, ROB Projects at Indore & Nagpur and Installation of Wagon Tippler at Korba for NTPC.

Some of the major milestones achieved by this unit include Commissioning of RAILWAY SIDINGS for JBTPP-Bina - (7.2 Km), MSPGCL-Bhusawal - (23.50 Km), MPPGCL-Khandwa (Bir to Inplant Yard)–(19.30 km), NTPC-Mouda - Phase I - (24 Km), MPPGCL–Sarni (9.1 Km); completion of Launching of Girders for ROB for MSPGCL-KHAPERKHEDA (2 X 45M), FOB at Niwas Road (35m), Itwari ROB (1 x 24m), CSPGCL-Marwa (1 x 30.5m + 2 x 12.2m), PWD –Gondia ROB (30m, 26m, 14m); completion of Push Box Bridges for Geeta Nagar- Ramnagar RUB, NDC-Khargone (2.5 x 3 x 23.23 m), MPJML- Majhanli (6 x 6 x 39 m).

**Secunderabad-** This unit 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, Indian National Center for Ocean Information Services, Centre for DNA & Fingerprinting Diagnostic, Tamilnadu Energy Generation & Distribution Company, Chennai Petro Chemicals Ltd., Steel Authority of India, Chennai Port Trust, Tuticorin Port Trust, Visakhapatnam Port Trust, Kerala Industrial Infrastructure Corporation (KINFRA), Karnataka Road Development Corporation, Visveswaraya Technological University, Directorate of Technical Education, Directorate of Colligate Education, Tobacco Board, EPFO etc.

**Kolkata-** This unit covers eastern part of India covering West Bengal, Jharkhand, part of Bihar and the North East. This unit develops rail infrastructure of different industries, Steel, Power and Mining sectors belonging to DVC, BCCL, CCL, NECL, CIL, NTPC, SAIL, CONCOR, JRDA, EIL, WBPDC, KPT, CESC, TATA Steel, JSPL etc. During last 5 years this unit has diversified and developed expertise in infrastructure projects like water works projects of civil authorities, namely KMC, KEIP, KMDA. The water work project covers facilities of surface raw



Intake Facility (Jetty) at Bagh Bazar, Maerghat Kolkata - KMC





water withdrawal from river, laying of water transmission main by micro tunneling, pipe jacking, horizontal drilling and construction of water treatment plant from concept to commissioning. This unit has also diversified in preparation of detailed engineering work of oil gantry modification of IOCL and development and building of factory sheds of SGW, Kulti, RCF bogie factory of Budge-Budge. Besides above, this unit has also undertaken beautification work of riverfront and development of museums, multifunctional complexes, box pushing and pipe jacking below running railway track.

**Bhubaneswar-** This unit has got the geographical jurisdiction to work in South-East part of India covering Odisha & part of Jharkhand. Unit is involved in developing rail infrastructure for different industries, like Steel, Aluminium, Power and Mining sectors of Indian Railways, NALCO, MCL, RINL, NTPC, SAIL, CONCOR, JSPL, Bhushan Steel, Bhushan Energy, TATA Steel, Govt. of Odisha (IDCO), ILS etc. During last 5 years this office has diversified and developed expertise in infrastructure projects like EPCM for wagon tippler, Box pushing, Over Head Bridge on Railway's Running Main Line for M/s NALCO. The wagon tippler work covers transportation of coal from wagon tippler pit to the CHP/ Coal yard by constructing conveyor system both underground and over ground. This unit has been engaged by Govt. of Odisha (IDCO) for planning of coal corridor consisting of Railway line, Road and water pipe line in one corridor. This unit is also engaged by Institute of Life Science (ILS) for construction of their research centre, Animal houses, Hostel for scientists and water treatment plant and related land scaping etc. for the research of Scientists and by International Institute of Information Technology (IIIT), Bhubaneswar for construction of Faculty house, Guest house & Hostel buildings for their 2nd phase expansion. Unit has got total in-house expertise in preparation of FSR & DPR for Rail Infra Projects. As a result of this business potentiality for PMC services has also increased manifold.

**Lucknow-** This unit has got the geographical jurisdiction to work in areas covering Uttar Pradesh and part of Bihar and Madhya Pradesh. The services offered by this unit include concept to commissioning of infrastructure development works, consultancy, project management, design and drawing, procurement and quality assurance in the field of Rail Infrastructure.

This unit since its inception has been engaged in developing Rail Infrastructure for organisations like UPRVUNL, NTPC & NCL but in the recent past, it has also added organisation like LANCO,



OHE works at SAIL Rourkela Plant

BRBCL, JP Group, MUNPL & BRBCL to its clients list. It has developed in-house facilities for Design & Drawing of Bridges, ROB, RUB, Shed/Workshop, Signalling and OHE works.

Major works at hand are rail connectivity to Greenfield Power Plants at Nabinagar and Meja.



OHE works at SAIL Rourkela Plant

**BUILDING AND AIRPORT DIVISION  
CONSTRUCTION PROJECT MANAGEMENT UNIT**

The unit is involved in providing Project Management Services in connection with Construction of institutional, educational and residential Buildings along with Third Party Inspection of Infrastructure work. During the year, this unit had been awarded Project Management Services for establishment of new Central University Campus for Bihar, NIT Meghalaya, Bose Institute at Kolkata, Centre of innovative and applied bio processing at Mohali etc. The unit has also secured Project for Third Party Inspection for works related to Delhi Development Authority, NOIDA, Delhi Jal Board, HUDA, Ghaziabad Development Authority etc.

The major works under execution for Project Management Consultancy Services are Expansion and Up-Gradation of Jawahar Lal Nehru University – New Delhi, Indian Institute of Technology – Kharagpur, Delhi Police works at Kundli, Jyoti Nagar, Shahdara, Janak Puri, Greater Kailash – I, Seelampur, Punjabi Bagh, Delhi Cantt, Dwarka etc. Construction of School Buildings, Hostels and other infrastructures of Navodaya Vidyalaya Samiti at various locations in India. The unit is also providing Project Management Services for establishment of new Central University of Karnataka at Gulbarga, Construction of Hostels at Jamia Millia Islamia University. The unit is also providing construction supervision for multi modal logistic parks at Kathuwas (Rajasthan) and Pant Nagar (Uttarakhand) in addition to various container depots of CONCOR in India.

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

**AIRPORT UNIT**

This unit offers specialized consultancy services in the area of planning, design and construction management of airport and integrated check post at international borders.

During the year, this unit has achieved new heights and continued to achieve success in India and abroad. The unit has secured the consultancy services for the feasibility study and design for expansion of Kamembe and Gisenyi airports in Rwanda, the scope comprising the feasibility study for expansion of runway and terminal facilities, detailed engineering and preparation of bidding documents for implementation of the project.

In India, it has secured the consultancy services for the expansion of Karad Airport, Maharashtra from Maharashtra Airport Development Company Ltd. RITES extended its services to Uttar Pradesh State Civil Aviation in providing consultancy services for the design and construction management of strengthening of runway at Etawah. This unit was also awarded the consultancy services for development of Heliport in Greater Noida and Pavement evaluation using HWD at Dumka and Beas Airstrip.

During the year, this unit has successfully completed the Study for improvement of air connectivity in the North-Eastern Region, India covering the 8 sister States of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.



Terminal building, Gisenyi Airport, Rwanda

Consultancy services for Taj International Airport and engineering consultancy for expansion of Shimla airport are in progress. Construction works for the expansion of Pithoragarh airport also gained momentum. Construction of surveillance radar tower buildings at Jammu and Jorhat are completed and work at Thanjavur commenced during the year.

Project Management for the Construction of Integrated check post at Agartala has been successfully commissioned. Project Management for the ICPs at Birgunj, Raxaul and Jogbani along Indo-Nepal border and Petrapole along Indo-Bangladesh border are in progress.

#### ARCHITECTURE & PLANNING UNIT

The Unit provides design consultancy for institutional and office complex, transport terminals, housing, educational campus, hospitals, industrial buildings, workshops, etc.

During the year, the unit has completed design and working drawings for several buildings for the Kashmir Rail Link Project. On Laole-Qazigund section detailed design and drawings of external development works for Banihal, Staff quarters Phase-II, equipment rooms for North and South portal, duty huts and morchas at Banihal and Railway Police Force barracks at Sumber

have been completed. On the Katra – Dharam Section, the unit has completed Master Plan of Station & Residential Colony at Sangaldan, Master Plan of Salal-A, Master Plan of Kauri, Officers' Rest House at Kauri and school building at Sangaldan.



Platform side view of proposed Salal-A station building, near Bakkal end, Chenab bridge, Jammu & Kashmir

The unit is dealing with Green Building Rating by GRIHA (under Ministry of New & Renewable Energy, GOI). Two projects namely extension of IGNOU campus at Maidangarhi, Delhi and Regional Centre for IGNOU at Karnal have been taken up for the same. The DPR also incorporates materials and techniques specific for the purpose. During the year, complete “Good for Construction” working drawings have been finalised for Regional Centre for IGNOU at Karnal.

For the IGNOU Campus at Delhi, approval of building plans has been obtained from Chief Fire Office Delhi and is under process at the Delhi Urban Art Commission. Working drawings and details are under finalisation. A Pre-Engineered Building designed by the Unit and constructed at site has been handed over to the Client. Building has been highly appreciated by all concerned.

During the year, the “Good for Construction” drawings for residential quarters for the Institutional Cum Residential Campus for Delhi Armed Police Lines at Sector-9, Dwarka, Delhi have been completed.

**RPO-Ahmedabad-** This is a newly created unit, mandated to carry out business in Gujarat and adjoining states. This unit enjoys the patronage of clients like Container Corporation, Indian Oil, Gujarat State fertilizers and Chemicals Ltd. and several



Inauguration of Project Office, Ahmedabad by Director Projects, RITES Limited





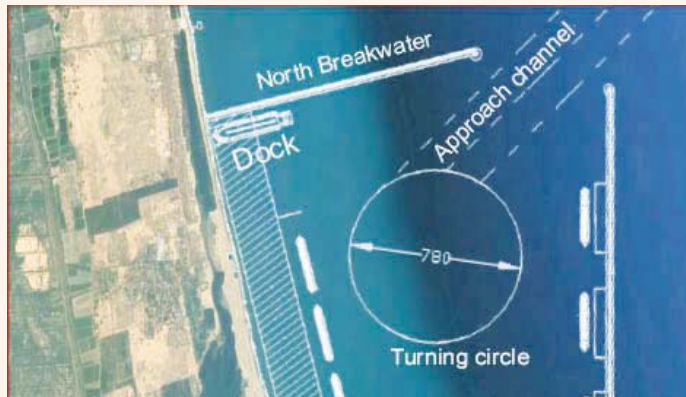
clients in private sector. This unit provides services ranging from feasibility studies, DPR, DER Project Management and Third party inspections.

Major projects being handled by this unit includes: Multimodal Logistic Hub at Khodiyar; Logistic hub at Varnama; Rail Transshipment hub at Swaroopgunj; Renewal of Track at IOCL Yard at Vadodara and Development of Coke siding. Besides, this unit is also assisting several clients in construction of ROBs by providing “Third Party Inspection” services.

**TRANSPORT INFRASTRUCTURE DIVISION**

This division has two strategic business units viz. Ports & Water Resources (PWR) & Highway.

**PORTS AND WATER RESOURCES UNIT**



Proposed port layout for Dugarajapatnam in AP

This unit provides consultancy services for Ports and Harbours, Water Resources Engineering and Inland Water Transport (IWT). During the year, this unit has secured prestigious consultancy project for preparation of techno-economic feasibility study for setting up a major port at Duggarajapatnam in Nellore District of Andhra Pradesh from Visakhapatnam Port Trust under Ministry of Shipping. Mahanadhi Coalfields Limited (MCL) has awarded a feasibility study for setting up berthing facilities with mechanization facilities in Paradip Port. This unit has secured a project “National Waterway Grid: Phase-II Study” from Inland Waterways Authority of India (IWAI) in Inland Water Transport sector. This unit is also providing consultancy services for Gopalpur Port to update



Marine Geo-technical investigations at the Dugarajapatnam port location

the Detailed Project Report study prepared for the port. The projects successfully completed during the year are Long term flood mitigation measures and pollution abatement study for Thiruvananthapuram city for Irrigation Department, Government of Kerala, preparation of Techno Economic Feasibility Report for Sagar Port and National Waterway Grid – Phase I Study for Inland Waterways Authority of India (IWAI), Noida. The ongoing prestigious project for carrying out Detailed Project Study for development of Gumti and Haora rivers in Tripura for navigation is in an advanced stage of completion.

**HIGHWAYS UNIT**

This unit provides comprehensive Road Transport Consultancy as well as Project Management Services covering all aspects of Highways viz. Expressway, National Highway, State Highway, Rural road etc. including Bridges/Viaducts and Tunnels in relation to Conceptual & Detailed Design, Supervision, Operation and Maintenance, Planning/Management of Networks, Improvement /Up-gradation, Safety Audit etc. It is well equipped to carry out a variety of services viz. survey, investigation, traffic studies, pre-feasibility studies, feasibility studies, DPR etc. Company is pioneer in conducting Safety Audit of Expressways and Highways during design, construction and maintenance stage. The 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 Outer Ring Road, Chennai

During the year, it provided overseas consultancy services for supervision & up-gradation to paved road standard of existing roads in Terai Region of Nepal. Unit had provided domestic services for feasibility study and preparation of DPR for 400 km ADB funded road project in Tamil Nadu, DPR for 300 km NH sections in Nagaland, feasibility study for 2 major bridges in Manipur, independent engineer services for development of Chennai outer ring road in Tamil Nadu for TNRDC, PAC services for Yamuna Expressway project, construction supervision of Mehrauli-Gurgaon road project, PMC services for NATRIP projects, construction supervision of NH sections in Assam, quality assurance services for PWD/Goa, safety audit for NH sections (1238 Km) during construction stage, PMC for utility corridor in Bhubaneswar, SOS for selected state highways in west Bengal, design and detailed estimate preparation for ROBs/Flyovers at





Bridge on River Barak in Manipur

intersections at 6 locations for Delhi Development Authority, DPR for Mandi road for PWD, Delhi, proof checking of design and construction of ROBs under NHHURM project, Kolkata; supervision and quality control services for coal transportation in Talcher Coal Fields, MCL, Sambalpur etc.

### URBAN INFRASTRUCTURE DIVISION

#### URBAN TRANSPORT UNIT

This unit provides comprehensive consultancy services in all aspects of urban transport: i.e. Planning of Integrated Multi-



Kochi Metro

Mode Public Transit Network; Design, Engineering and Project Management of infrastructure; O&M management of Public Transit Systems. The systems include high, medium and light capacity mass rapid rail transit (RRT) and bus rapid transit (BRT) systems. Regional transport studies have been undertaken for optimal use of available infrastructure and phased augmentation of facilities for medium and long term. During the year, the unit is involved in the General Consultancy for Bangalore Metro Phase I and Delhi Metro Phase III Projects; Interim Consultancy for Bangalore Metro Phase II; Independent Quality Monitor for Jaipur Metro Rail Corporation; Technical feasibility study & DPR for Metro Rail in Patna; DPR for MRTS/RTS between Ahmedabad & Dholera; Feasibility study & DPR for Kochi Metro, Phase II; Review of DPR for maintenance depots including Scope of Property Development of Kengeri & Anjanapura Depots of Bangalore Metro; Consultancy Services for preparation of DPR for Dahisar-Charkop-Bandra-Mankhurd Metro Corridor & Khadala-Ghatkopar-Thane-Kasarwadavali

Metro Corridors in Mumbai; Feasibility Study for Elevated Rail Corridor in Mumbai; Corridor Improvement for ORR from IIT Gate to NH-8 intersection Traffic Improvement Plan; DPR for BRT corridors in Delhi, Bhubaneswar; Consultancy Services for Providing Western Access from Dwarka to IGI Airport; Consultancy Services for construction of ROBs/RUBs/Subways in the State of Punjab.

During the year, this unit has secured major assignments like: Technical Feasibility study and DPR for Metro Rail System in Patna; Feasibility Study & DPR for Kochi Metro Phase-2; DPR for MRTS/RTS between Ahmedabad & Dholera; Consultancy Services for preparation of DPR for Dahisar-Charkop-Bandra-



PMC for Kochi Metro Construction work at site

Mankhurd & Khadala-Ghatkopar-Thane-Kasarwadavali Metro Corridors in Mumbai; Review of DPR for depots including scope of property development of Kengeri Depot and Anjanapura Depot of Phase-2 of Bangalore Metro Rail Project; Purchases of buses under JNNURM for 11 cities in Bihar; Comprehensive Mobility Plan for Hisar; Consultancy services for DPR, Structural Design/Drawings and Tender document for construction of proposed Underpass at Bhai Bala Chowk, Ludhiana.



General Consultant for Bangalore Metro

#### URBAN ENGINEERING UNIT

This unit offers consultancy services for conducting Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) study for various infrastructure projects. The unit also executes projects on design of water supply, sewerage, drainage and sewage/effluent treatment plants. Feasibility and Detailed Study



for Solid Waste Management is also being taken up by the unit. The unit has been accredited by National Accreditation Board of Education and Training (NABET) as EIA Consultant Organisation for 1) Airports, 2) Aerial Ropeways, 3) River valley, hydel, drainage and irrigation, 4) Highways, 5) Common Municipal Solid Waste Management Facilities, 6) Buildings and large construction, 7) Township and area development projects under the mandatory scheme of Ministry of Environment and Forest (MoEF). The division has also been empanelled by MoEF for Evaluation of DPRs under National River Conservation Plan and National Ganga River Basin Authority (NRCP/NGRBA) and National Lake Conservation Plan (NLCP).

Some of the projects executed during the year are EIA study with Environmental Clearance for Landfill site at Nagaur, Churu and Sikar; appraisal of DPR for STP at Salori, Allahabad and Pollution Abatement study for Thiruvananthapuram City in Kerala; inventorisation of Railway sidings and their Environmental Management Plan, Initial Environmental Examination for new railway line in Gabon.

Major ongoing projects on Environmental Assessment are: Tamil Nadu Road Sector Project- II (TNRSP II), Tamil Nadu, Panvel-Virar and CSTM-PNVL harbour line project in Mumbai, Kolkata Metro Rail Project, Delhi Metro Phase IV, Mumbai metro, Runway of Pithoragarh Airport, Development of Heliport at Greater Noida, Major port at Durgarajpatnam, Bhaledhunga Ropeway, South Sikkim, Multi-Modal Logistic Park (MMLP) at Kathuwas, Rajasthan. Means are being indentified to further enhance capability in Sustainable Development.

**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.

During the year, the division handled the following projects: Supply of locomotives to Bangladesh Railways; Supply of rolling stock and other equipments to Myanmar Railways and Leasing and maintenance of locomotives in Mozambique.

The Myanmar Railways contract was completed during the financial year with the supply of last batch of rail gang cars in March, 2014. The project which consisted of ten contracts

relating to supply of locomotives, AC coaches, wagons and other equipments had been started in 2011 with the supply of road cranes and locomotive batteries. During the year, the division completed the deliveries of three bore pile machines, sixty rail gang cars and forty two wagons.

Bangladesh Railways had placed two separate contracts for supply of a total of twenty six BG Diesel electric locomotives. The first contract for ten locomotives was completed in the month of April, 2013. The delivery of the locomotives of second contract of sixteen locomotives was started in July, 2013 and eight locomotives were delivered during the year. The total number of locomotives supplied to Bangladesh Railways in 2013-14 was sixteen. All the locomotives have been successfully commissioned and are operating satisfactorily on the BR network.

The locomotives leased by RITES to CFM/Mozambique continued to operate through out the year. The contract which was last extended in August, 2012 would run now up to August, 2014. The fleet of seventeen locomotives including two locomotives of 3000 HP, one locomotive of 2300 HP and fourteen locomotives of 1350 HP are operating on leased arrangements at two different locations, Maputo and Beira in Mozambique. The locomotives have been providing excellent services to the client for the last seven years. Company service teams located at these two places are providing complete maintenance support to ensure maximum availability of locomotives as per the clients requirement. In addition to leased locos, RITES has also been providing maintenance services for five locomotives to CDN in Mozambique. The CDN management continued to repose their faith in RITES and extended the maintenance contract till the end of the financial year.

Negotiations are underway with Bangladesh and Myanmar Railways for establishing new contract agreements for supply of rolling stock. Two tenders were notified by Bangladesh Railways for procurement of 50 BG coaches and 100 MG coaches in Nov-Dec., 2013. These projects are being funded by ADB. BR is also likely to process procurement of 120 BG (LHB type) coaches in the next financial year against Indian Line of Credit.

Our proposal submitted earlier to Sri Lanka Railways for the supply of locomotives and coaches under Indian Line of Credit is expected to be taken up for consideration by Govt. of Sri Lanka shortly.

**QUALITY ASSURANCE DIVISION**

The division renders third party inspection, vendor assessment and laboratory testing services in India and abroad to various clients in Government, Public and Private Sectors. The division also provides the services to Bureau of Indian Standards (BIS) in the management of their product certification scheme. This division at Corporate office has regional offices in Delhi, Chennai, Kolkata, Mumbai & Bhilai. During the year, division was able to enhance its business with the Power utilities and infrastructure projects in different states with renewal of the contracts & extension in the scope of inspection with existing clients. Many new organizations and clients like Assam Power, Elect. Departments, Govt. of Andaman & Nicobar, DMRC, Jaypee Nigrie STPP, Jamshedpur Annealing & Pressing, PUVVNL, Delhi Jal Board works, GUDM, GWSSB, SAIL, BEML etc. have awarded contracts for third party inspection & related services.



Rail Gang Cars supplied to Myanmar Railways



Division is maintaining ISO/ IEC 17020 accreditation by NABCB under QCI. Two additional scope sectors of "Construction" & "Water Supply" have been added in the accreditation rendering a total of 9 scope sectors.

The division had secured business of inspection of AC coaches, EMU, DEMU coaches from ICF during 2010-11. Due to good work done, a repeat order from ICF for third party inspection has been awarded during the year.



Inspection of rails at SAIL Bhilai plant

Third party inspection services for conversion Agent and Wet Leasing by Steel Authority of India Ltd. has been appreciated by SAIL & many new conversion units have been added during the current financial year. The work was started in 2010 for two years period & the contract has been extended till year 2015.

The division has carried out the inspection of Crank Shafts, Pistons, Wheels, Axles, Wheel sets, machines in foreign countries including USA, China, Romania, Ukraine & Czech Republic on behalf of Indian Railways, NTPC, CIMMCO, TEXMACO, TWL & other wagon manufacturers. Besides this, it has also conducted inspection of equipments for Sewerage Treatment Plant in China, Italy, Sweden, USA & Germany. It also undertook Capacity assessment of vendors in USA & UAE, in addition to indigenous firms.

The division has rendered consultancy services for QMS (ISO 9001), EMS (ISO 14001), FSMS (ISO 22000), OHSAS 18001,



Third Party Inspection of Railway Equipment

Service Quality Management System (IS 15700) and has conducted Customer satisfaction surveys and Lead Auditor trainings for various prestigious PSUs/State Government Organizations. The division has undertaken Energy Efficiency studies, Energy & Water audits for Indian Railways & PSU like CWC. The division also continues to progress with projects in the fields of Clean Development Mechanism (CDM). PPHA-I, Bhutan has been registered with UNFCCC & is one of the largest Hydro Power CDM Projects registered with UNFCCC so far.

The division is also coordinating the representation of RITES by participation of officers in various Standard Formulation Committees of BIS as well as Board Membership of QCI / NABCB to enhance Company's contribution in quality improvement at the national level.

## INDUSTRIAL ENGINEERING 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. It also markets Rolling Stock Designs and offers technical support to Rolling Stock Manufactures. 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 of modern coaching/freight car depots on turnkey basis.



Design of Special Purpose Tank Wagons

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

Major projects in hand are ammonia tank wagon for carrying liquefied ammonia at high pressure, design and development of fly-ash wagon and clinker wagon, high capacity milk van, design and development of special van for carrying milk over long distance at high speed.

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





### MATERIALS SYSTEM MANAGEMENT UNIT

This unit has been providing comprehensive Procurement & Logistics Management Consultancy Services in compliance with the Guidelines & Procedures of International Funding Organisations (IFOs) and National Government. The Core Competence of the unit to perform a range of services include: In-depth knowledge of procurement policies & procedures of Government of India, bilateral/multilateral funding agencies, Railways & DGS&D, expertise in various fields of Materials Management and use of state-of-art technology and resources to ensure customer satisfaction and best value for money duly adopting ISO based Quality Management Systems. Major Procurement Consultancy contracts include EPW and NACO under Ministry of Health and Family Welfare, Government of India & NAIP under Ministry of Agriculture.

During the year, consultancy contracts with Ministry of Health and Family Welfare, have been extended by another year for additional procurements under external aid and domestic procurements as per GFR.

Procurements have been processed by this unit for 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 year, procurement consultancy having a value of around ₹ 1,550 Crore has been provided under projects of Ministry of Health & Ministry of Agriculture.

The Contract Management of contracts worth over ₹ 1,100 Crore have been undertaken during this year which includes Inspection & Testing of Drugs/Equipments, Monitoring of Supplies, Co-ordination with as many as 814 consignees spread all over the country, and Processing of around 7000 Supplier Bills for payment.

### RAILWAY EQUIPMENT SERVICES UNIT

This unit provides effective and efficient 'technical support services' to captive railway systems for private and public sectors of Power Industry, Steel Plants, Ports etc. The unit has secured works from a number of clients in the recent past like NTPC, SAIL, Port companies and WBPDC for loco leasing, operation of their railway systems, maintenance of rolling stock/track etc. The unit has recently completed an order for supply and commissioning of DLW manufactured DG Sets to domestic clients.



O&M of locomotives

The business of wet leasing of shunting locos including operation and maintenance has been well received by domestic non-railway customers and so far 21 locos have been leased out; one loco each to WBPDC/Bandel, NSPCL/Bhilai, Uttamgalva/Wardha, KTPS/Kolaghat, CLP/Jhajjar, DVC/Andal, RCCPL/Maihar; two locos to KoPT/Kolkata, three locos to RSP/Rourkela, four locos to VSP/Visakhapatnam and five locos to DPCL/ Dhamra Port.

After successful leasing of shunting locos to Power Industry, Steel plants and ports, the unit is focusing on taking turnkey shunting operations in Green Field Projects of major non-railway clients.

### ROPEWAY & INDUSTRIAL ENGINEERING UNIT

**Ropeways unit** is recognised as a premier consultant for the aerial ropeway and funicular railway projects in the country. The unit provides comprehensive services from "concept to commissioning" and is presently undertaking project management for passenger ropeway at Namchi (Sikkim), for Shri Mata Vaishno Devi Ropeway and Jammu Ropeway projects and for revamping of 4 km long Joshimath - Auli ropeway. Ropeways unit is also undertaking design, quality control, testing and commissioning work for passenger ropeway at Makhdoom Sahib Shrine in Srinagar (J&K), which has recently been opened to public. Unit has also prepared and submitted feasibility reports for passenger ropeways at Vijayawada (A.P.), Munnar (Kerala) and Rohtasgarh Fort (Bihar).



Ropeway at Namchi, Sikkim

In the field of funicular railways, a new activity started by the unit in the year 2012-13, consisting of project management work is under execution for funicular railways, under construction at Nashik and at Thane in Maharashtra.

**Industrial Engineering unit** provides technical and financial consultancy services for the setting up of new industrial units in the railway / non-railway sectors. The unit has also developed capability for turnkey execution of industrial engineering projects. At present, the unit is setting up a Fiat bogie frame manufacturing plant at Budge Budge and a wagon manufacturing factory at Kulti, both in West Bengal besides installation of machinery & equipment for a Fiat bogie frame manufacturing plant at the Integral Coach Factory, Chennai, Tamilnadu, on turnkey basis.

The unit has prepared project reports for the setting up of a new Rail Coach Factory at Kolar, Karnataka and a dedicated Traction Machines Manufacturing/Repair Facility at Vidisha, M.P. Besides,

the unit is providing technical and financial consultancy services for the setting up of new projects such as a Diesel Locomotive Manufacturing Factory at Marhowra, Bihar and a Rail Coach Factory at Palakkad, Kerala.

Industrial Engineering unit is also providing project management services for the setting up of the first ever indigenous test bed for M-15 Gas Turbines for the Indian Navy at INS Eksila, Visakhapatnam.

### **PRIVATISATION AND CONCESSIONS UNIT**

During the year, the unit has continued to provide Transaction Advisory services for various Public Private Partnership projects in Infrastructure Sector. During the year, the Unit has secured a number of Transaction advisory assignments in various sectors like ports, tourism, urban infra, health care, agro based complex, etc.

In health care sector, the unit has secured and completed the assignment of Developing Framework and Selection of Operator to manage 102 Ambulatory Services under National Ambulance Services for the Government of Uttar Pradesh.

In Port Sector, the unit has completed two assignments of Vishakhapatnam Port Trust namely Modernization of existing Iron Ore handling Complex on DBFOT and Extension of Existing Container Terminal on DBFOT basis. It also secured and substantially completed two transaction advisory services assignments for Jawahar Lal Nehru Port Trust namely Development of Fourth Container Terminal and Development of Additional Liquid Terminal. It has also secured the assignment of selection of a Concessionaire for Development of Offshore Multipurpose Berth at Mumbai Port, which is under progress.

In the urban infra sector, the unit has secured the assignment of Selection of Developer cum operator for Vijayaraje Scindia Convention Centre at Udaipur, Development and Operation of Parking Structures at Silliguri. It has also secured the transaction advisory assignment for Beautification of Kestopur Kanal in Salt Lake Kolkata, development of Tomato Park at Silliguri and evaluation of Proposal for Development of New Township at Silliguri. Work on all these assignments are under execution.

The unit provided services for 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 under PPP Mode; and iii) Development of Electric Loco factory at Madhepura on PPP basis and achieved different milestones in consultation with the client.

### **INFORMATION TECHNOLOGY UNIT**

Information Technology Division is actively involved in providing services like project management, feasibility studies, system study & design, software development, site preparation, user training etc. primarily to Government organizations. It also supports in-house needs of RITES by providing services for hardware procurement, Access to internet and corporate e-mail services, etc. Procurement of engineering and system softwares including users' licenses is also managed by this division.

The unit is actively involved in implementation of SAP ERP in the organization to support its business operations, enhance its core capabilities to gain competitive advantage in market. The Division has its own state of art data centre equipped with high end blade

servers, network equipments, modern surveillance system, fire detection and fire suppression system, etc.

RITES Corporate office at Gurgaon has been made Wi-Fi enabled. Further Virtual Private Network (VPN) is set up to provide all RITES offices across India and individual users with secured access to RITES Corporate network. VPN is based on MPLS Technology. E-procurement system being implemented in RITES is also handled by this division.

Projects under execution include Centralized Apportionment of Indian Railway Earnings for Goods & Passengers among various zones of Indian Railways; Migration of Financial Management System from FoxPro to browser based environment for DLW, Varanasi; Development of RSP Portal for Ministry of Railways.

The unit also provides annual maintenance support for various application software developed for clients like Ministry of Railways, IRCON, etc.

### **HRD AND TRAINING UNIT**

As a Knowledge intensive Organization, RITES understands the importance of knowledge up-gradation. The Corporate Training Section undertakes the learning and development activities of RITES' employees. Training programs/ workshops are conducted in-house and officials are sent to institutes all over the country as well for participation in Workshop/Seminars/Training programs. Company also encourages participation of executives across levels in different seminar and conferences organized in the country and abroad to keep abreast of latest technology and market trends. The trainings are imparted to employees across various levels in the organization.

During the Vigilance awareness week, multiple workshops have been organized to sensitize employees towards Corporate Governance and Vigilance subjects. Similarly, a number of special programs are conducted throughout the year on various subjects which are intended not only to sharpen their technical skill set but also other aspects such as Soft skills, interpersonal skills and ability to work and perform as a team. Trainings are also organized to promote the general well being of employees and to help them prevent and manage specific ailments such as Diabetes. Employees are provided trainings to encourage Hindi usage in office work. RITES also conducted a well-planned one month induction program for newly recruited Graduate Engineer Trainees to effectuate their seamless assimilation in the organization.

Five-weeks training programmes are being organised by RITES for Indian Railway officers regularly on various subjects. Nine such programs were conducted in the current year which have been attended by 97 Railway SAG/SG/JAG officers. The programs are designed keeping in view the macro-economic scenario and the challenges faced by the officials in their areas of work. These programs cover a wide spectrum of business activities from Strategy, Marketing to sources of financing, public private partnership and other subjects of HR and General Management. The pedagogy includes modern learning tools such as, case studies to help participants better appreciate the challenges, complexities and opportunities abound in this dynamic business environment.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RITES LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of RITES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, 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 periodical statement of expenditure supported by bills 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 ₹ 1.38 crore and ₹ 1.10 crore respectively, which have resulted into a profit of ₹ 0.28 crore before taxes on income, related to joint venture. We cannot comment on such figures as the same are audited by other auditors.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's 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 presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

3. 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 and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 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 Company'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 Company's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

6. 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 8 (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, 2014;
- 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

7. 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.
8. 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, the Statement of Profit and Loss and the 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 & 2.44.6 of Notes to Accounts; resulting in non-recognition of exchange gain and understatement of the profit before tax by ₹ 10.34 crore (previous year ₹ 6.07 crore) for the year, Long term Loan & Advances by ₹ 27.30 crore (previous year ₹ 17.70 crore) and other non-current assets by ₹ 2.11 crore (previous year ₹ 1.37 crore) as on 31st March, 2014.*
  - 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 AGIwal & ASSOCIATES**

**Chartered Accountants**

**Firm Registration No.: 000181N**

**(P.C. AGIwal)**

**Partner**

**Place: New Delhi**

**Date: 24th June, 2014**

**Membership No. 080475**



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph-7 of our report of even date on the accounts for the year ended on 31st March, 2014 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 March 2014. 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, 2014 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, 2014.
10. There are no accumulated losses as at March 31, 2014 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 during the year.
21. During the course of our examination of books of accounts and records of the company and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For AGIWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Registration No.: 000181N**



**(P.C. AGIWAL)**

**Partner**

**Place: New Delhi**

**Date: 24th June, 2014**


**Membership No. 080475**

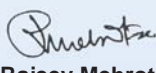
# BALANCE SHEET AS AT 31st MARCH, 2014

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	2.1	100.00	100.00
RESERVES AND SURPLUS	2.2	1,296.60	1,095.00
		<u>1,396.60</u>	<u>1,195.00</u>
<b>NON CURRENT LIABILITIES</b>			
OTHER LONG TERM LIABILITIES	2.3	85.46	75.50
LONG TERM PROVISIONS	2.4	112.81	144.83
		<u>198.27</u>	<u>220.33</u>
<b>CURRENT LIABILITIES</b>			
TRADE PAYABLES	2.5	108.61	137.10
OTHER CURRENT LIABILITIES	2.6	1,778.60	1,655.87
SHORT TERM PROVISIONS	2.7	135.71	73.14
		<u>2,022.92</u>	<u>1,866.11</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,617.79</b></u>	<u><b>3,281.44</b></u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
FIXED ASSETS			
TANGIBLE ASSETS	2.8.1	203.92	181.30
INTANGIBLE ASSETS	2.8.2	4.80	3.55
CAPITAL WORK-IN-PROGRESS	2.8.3	12.95	6.87
INTANGIBLE ASSETS UNDER DEVELOPMENT	2.8.4	0.49	0.23
		<u>222.16</u>	<u>191.95</u>
NON CURRENT INVESTMENTS	2.9	231.23	195.17
DEFERRED TAX ASSETS (NET)	2.10	59.70	47.43
LONG TERM LOANS AND ADVANCES	2.11	168.04	168.91
OTHER NON CURRENT ASSETS	2.12	152.87	39.47
OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS	2.13	116.59	176.38
		<u>950.59</u>	<u>819.31</u>
<b>CURRENT ASSETS</b>			
CURRENT INVESTMENTS	2.14	-	122.47
INVENTORIES	2.15	17.49	25.96
WORK IN PROGRESS	2.16	41.08	33.95
TRADE RECEIVABLES	2.17	311.22	280.93
CASH AND BANK BALANCES-OWNED FUND	2.18	622.96	618.70
CASH AND BANK BALANCES-CLIENTS FUND	2.19	1,476.75	1,153.69
SHORT TERM LOANS AND ADVANCES	2.20	73.39	115.15
OTHER CURRENT ASSETS	2.21	124.31	111.28
		<u>2,667.20</u>	<u>2,462.13</u>
<b>TOTAL ASSETS</b>		<u><b>3,617.79</b></u>	<u><b>3,281.44</b></u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS	1&2		

For and on behalf of the Board

  
Ajay K. Gaur  
Director Finance

  
Rajeev Mehrotra  
Chairman & Managing Director

  
P.T. Mittal  
Company Secretary

As per our report of even date attached

  
P.C. Agiwal

Partner (M.No. 080475)  
For Agiwal & Associates

Chartered Accountants (FRN : 000181N)

Place : Delhi  
Dated : 24th June, 2014


# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
<b>REVENUE</b>			
REVENUE FROM OPERATIONS	2.22	1,093.46	952.96
OTHER INCOME	2.23	152.77	122.84
<b>TOTAL REVENUE</b>		<b>1,246.23</b>	<b>1,075.80</b>
<b>EXPENDITURE</b>			
EMPLOYEE BENEFITS EXPENSES	2.24	309.98	287.05
TRAVEL		34.36	30.68
SUPPLIES & SERVICES		71.73	79.01
COST OF EXPORT SALES	2.25	273.25	227.10
COST OF TURNKEY CONSTRUCTION PROJECTS	2.26	88.89	54.33
(INCREASE)/DECREASE IN WORK IN PROGRESS -CONSULTANCY PROJECTS	2.27	(8.28)	(8.38)
DEPRECIATION & AMORTISATION EXPENSES	2.8	19.99	15.82
OTHER EXPENSES	2.28	76.68	62.98
PRIOR PERIOD ADJUSTMENTS (NET)	2.29	(6.46)	(17.86)
<b>TOTAL EXPENDITURE</b>		<b>860.14</b>	<b>730.73</b>
<b>PROFIT BEFORE TAX</b>		<b>386.09</b>	<b>345.07</b>
<b>TAX EXPENSES</b>			
• CURRENT YEAR		(137.35)	(114.12)
• EARLIER YEARS (NET)		2.60	8.55
DEFERRED TAX (NET)	2.10	12.27	5.94
<b>PROFIT AFTER TAX</b>		<b>263.61</b>	<b>245.44</b>
<b>EARNING PER SHARE</b>			
(EQUITY SHARE OF ₹ 10/- EACH) - BASIC & DILUTED		₹ 26.36	₹ 24.54
WEIGHTED AVERAGE NUMBER OF EQUITY SHARES USED IN COMPUTING EARNING PER SHARE		100,000,000	100,000,000

For and on behalf of the Board

  
Ajay K. Gaur  
Director Finance

  
Rajeev Mehrotra  
Chairman & Managing Director

  
P.T. Mittal  
Company Secretary

As per our report of even date attached

  
P.C. Agiwal

Partner (M.No. 080475)  
For Agiwal & Associates  
Chartered Accountants (FRN : 000181N)

Place : Delhi  
Dated : 24th June, 2014





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in Crore)


PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>NET PROFIT BEFORE TAX</b>		<b>386.09</b>	345.07
<b>ADJUSTMENTS FOR:</b>			
• DEPRECIATION AND AMORTIZATION		<b>19.99</b>	15.82
• LOSS/(PROFIT) ON SALE OF ASSETS (NET)		<b>(0.02)</b>	(0.08)
• INTEREST FROM FDs/OTHERS		<b>(90.25)</b>	(80.19)
• INCOME FROM INVESTMENTS		<b>(2.28)</b>	(2.86)
• INCOME FROM INVESTMENT PROPERTIES		<b>(1.12)</b>	(0.96)
• FIXED ASSETS WRITTEN OFF		-	0.01
• PROVISION FOR DOUBTFUL DEBTS, ADVANCES ETC.		<b>(17.97)</b>	(3.04)
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>		<b>3.17</b>	(8.87)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>297.61</b>	264.90
<b>CHANGE IN WORKING CAPITAL:</b>			
<b>ADJUSTMENTS FOR (INCREASE)/DECREASE IN OPERATING ASSETS:</b>			
• INVENTORIES		<b>7.36</b>	35.71
• WORKS IN PROGRESS		<b>(7.13)</b>	(8.53)
• TRADE RECEIVABLES		<b>(40.36)</b>	(53.24)
• LOANS AND ADVANCES AND OTHER ASSETS		<b>42.85</b>	(12.75)
<b>ADJUSTMENTS FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES:</b>			
• TRADE PAYABLES		<b>(28.49)</b>	23.33
• OTHER LIABILITIES AND PROVISIONS		<b>202.09</b>	(76.90)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>473.93</b>	172.52
• INCOME TAX PAID		<b>(126.79)</b>	(128.10)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>347.14</b>	44.42


(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
• PURCHASE/CONSTRUCTION OF FIXED ASSETS		(50.22)	(26.35)
• PROCEEDS FROM SALE OF FIXED ASSETS		0.08	0.11
• INVESTMENTS IN SHARES, BONDS ETC.		(36.10)	(57.00)
• LOAN TO CCFB, MOZAMBIQUE (RELATED PARTY)		-	4.44
• DEPOSITS AND INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS		(385.33)	87.21
• INTEREST INCOME		90.25	80.19
• INCOME FROM INVESTMENTS		2.28	2.86
• INCOME FROM INVESTMENT PROPERTIES		1.12	0.96
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(377.92)</b>	<b>92.42</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
• DIVIDEND PAID		(60.00)	(38.00)
• DIVIDEND TAX PAID		(10.20)	(6.16)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(70.20)</b>	<b>(44.16)</b>
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH &amp; CASH EQUIVALENTS</b>		<b>(3.17)</b>	<b>8.87</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(104.15)</b>	<b>101.55</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>385.48</b>	<b>283.93</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	2.30	<b>281.33</b>	<b>385.48</b>

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

  
Ajay K. Gaur  
Director Finance

  
Rajeev Mehrotra  
Chairman & Managing Director

  
P.T. Mittal  
Company Secretary

As per our report of even date attached

  
P.C. Agiwal

Partner (M.No. 080475)  
For Agiwal & Associates  
Chartered Accountants (FRN : 000181N)

Place : Delhi  
Dated : 24th June, 2014



# 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 lakhs which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.
- e) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

#### 1.4.1 Depreciation and Amortization

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

Assets	Useful Life (Years)	Depreciation / Amortization Rate (%)
i) Furniture	10	10.0
ii) Fixture	5	20.0
iii) Office Equipment	7	14.3
iv) Mobile hand Set	3	33.3
v) Coolers & Air Conditioners	7	14.3
vi) Air Conditioning Plant	20	5.0
vii) Computer Hardware	4	25.0
viii) Survey and Equipments	10	10.0
ix) Vehicles	6	16.7
x) Buildings on Freehold land	50	2.0
xi) Locomotives-Abroad	15	6.7
xii) Locomotives-Domestic	10	10.0
xiii) Coaches	5	20.0
xiv) Intangible Assets	4	25.0

- (c) In respect of BOT assets, depreciation is charged over the period of project or the life stated above whichever is lower.
- (d) Lease hold land is amortized over the lease term.
- (e) In respect of buildings on lease hold land, depreciation is charged over the period of lease of land or the useful life stated above for buildings on freehold land, whichever is lower.
- (f) Any addition or extension, which becomes an integral part of the existing asset, is depreciated over the remaining useful life of that asset.
- (g) Individual low cost assets of value less than ₹ 5,000/- and software of value less than ₹ 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 JOINT VENTURE

Contracts executed under Joint Venture

- (a) in jointly controlled operations, the Company recognizes its interest in the financial statements:
  - (i) the assets that it controls and the liabilities that it incurs; and
  - (ii) the expenses that it incurs and its share of the income that it earns from the joint venture.
- (b) (i) in an unincorporated jointly controlled entity, share of profit/loss from joint venture is accounted in the year when determined by way of incorporating proportionate income and expenditure.
- (ii) in an incorporated jointly controlled entity, dividend from joint venture is accounted when right to receive it is established/received.

## 1.7 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.
- (c) The diminution in the value of obsolete, unserviceable, slow moving and non-moving stores and spares is ascertained on review and provided for.

## 1.8 EMPLOYEES BENEFITS

### 1.8.1 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.

### 1.8.2 Provident Fund / Pension Scheme

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

### 1.8.3 Defined Benefits

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

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

### 1.8.5 Terminal Benefits to Contract Employees

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

## 1.9 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.

## 1.10 TAXATION

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

## 1.11 DEFERRED TAX

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

## 1.12 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.

## 1.13 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.

## 1.14 PREPAID EXPENSES AND PRIOR PERIOD ADJUSTMENTS

Prepaid expenses and prior period adjustments up to ₹ 50,000/- in each case are treated as expenditure/income of the year and accounted for to the natural head of accounts.

## **1.15 TRANSLATION OF FOREIGN CURRENCY ACCOUNTS**

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

### **1.15.1 Convertible Foreign Currencies**

Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items and contingent liabilities are restated at the exchange rates prevailing on the reporting date. Foreign currency non-monetary items are reported at the exchange rate prevailing on the date of transaction.

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.

### **1.15.2 Non-Convertible Foreign Currencies**

Income and Expenditure are translated at the available average rate. Non-Convertible foreign currency monetary and non-monetary items are initially recorded at the exchange rate prevailing on the date of transaction or at available average rate. Monetary items and contingent liabilities are restated at the exchange rate prevailing on the reporting date. Non-monetary items are reported at the exchange rate prevailing on the date of transaction.

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

## **1.16 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.

## **1.17 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.

## **1.18 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.

## **1.19 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.

## **1.20 PROVISION FOR DOUBTFUL DEBTS AND ADVANCES**

Provision for doubtful debts is made for debts outstanding for a period of over 3 years, except in cases where amount is considered recoverable as per the management. For other debts, provision is made when there is an uncertainty of realization.

Provision for advances is made when there is an uncertainty of realization irrespective of period of its due.

Debts and advances are written off when unrealisability is almost established.

## **1.21 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.

## **1.22 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- (i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- (ii) Contingent Liabilities are not recognized but are disclosed in the notes in any of the following cases :-
  - (a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
  - (b) a reliable estimate of the present obligation cannot be made; or
  - (c) a possible obligation, unless the probability of outflow of resource is remote.
- (iii) Contingent Assets are neither recognized nor disclosed.
- (iv) Contingent Liability is net of estimated provisions considering possible outflow on settlement.
- (v) Contingent Assets, Contingent Liabilities and Provisions needed against Contingent Liabilities are reviewed at each balance sheet date.





## 2. NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2014

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

(₹ in Crore)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
<b>2.1.1 AUTHORISED</b>		
150,000,000 (PREVIOUS YEAR 150,000,000) EQUITY SHARES OF ₹ 10/- EACH	<u>150.00</u>	<u>150.00</u>
<b>2.1.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
100,000,000 (PREVIOUS YEAR 100,000,000) EQUITY SHARES OF ₹ 10/- EACH	<u>100.00</u>	<u>100.00</u>
	<u>100.00</u>	<u>100.00</u>

PARTICULARS	NO. OF SHARES	(₹ in Crore)	NO. OF SHARES	(₹ in Crore)
<b>2.1.3 RECONCILIATION OF NUMBER OF EQUITY SHARES</b>				
OPENING BALANCE	100,000,000	100.00	40,000,000	40.00
ADD: DURING THE YEAR NIL (PREVIOUS YEAR 60,000,000) EQUITY SHARES ALLOTTED AS FULLY PAID BONUS SHARES BY CAPITALISATION OF RESERVE	-	-	60,000,000	60.00
CLOSING BALANCE	<u>100,000,000</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>

### 2.1.4 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EQUITY SHARES

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

(No. of Shares)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
<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> ( 99.98 %)	<u>99,980,000</u> ( 99.98 %)
<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 PRECEEDING BALANCE SHEET DATE</b>	<u>60,000,000</u>	<u>60,000,000</u>

### 2.2 RESERVES AND SURPLUS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
<b>2.2.1 GENERAL RESERVE</b>			
OPENING BALANCE		1,094.78	961.24
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.2.3	201.82	193.54
LESS: CAPITALISATION OF RESERVE THROUGH ISSUING BONUS SHARES		-	(60.00)
CLOSING BALANCE		<u>1,296.60</u>	<u>1,094.78</u>

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
<b>2.2.2 CSR ACTIVITIES RESERVE</b>			
OPENING BALANCE		0.22	6.66
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.2.3	-	-
LESS: TRANSFER TO STATEMENT OF PROFIT AND LOSS	2.2.3	(0.22)	(6.44)
<b>CLOSING BALANCE</b>		-	0.22
<b>TOTAL (2.2.1+2.2.2)</b>		<b>1,296.60</b>	<b>1,095.00</b>
<b>2.2.3 PROFIT AFTER TAX IN STATEMENT OF PROFIT AND LOSS</b>		<b>263.61</b>	<b>245.44</b>
<b>APPROPRIATIONS:</b>			
DIVIDEND			
• INTERIM*		30.00	20.00
• FINAL (PROPOSED)*		23.00	30.00
• TAX ON DIVIDEND		9.01	8.34
TRANSFER TO CSR ACTIVITIES RESERVE	2.2.2	-	-
TRANSFER FROM CSR ACTIVITIES RESERVE	2.2.2	(0.22)	(6.44)
TRANSFER TO GENERAL RESERVE	2.2.1	201.82	193.54
<b>TOTAL</b>		<b>263.61</b>	<b>245.44</b>
* DIVIDEND PAID AND PROPOSED PER SHARE		₹ 5.30	₹ 5.00
NUMBER OF SHARES USED IN COMPUTING DIVIDEND PER SHARE		100,000,000	100,000,000

**2.3 OTHER LONG TERM LIABILITIES**

(₹ in Crore)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
CLIENTS ADVANCES	13.47	5.09
SECURITY DEPOSITS	68.80	66.68
CREDITORS FOR SUPPLIES, SERVICES AND OTHERS	3.19	3.73
<b>TOTAL</b>	<b>85.46</b>	<b>75.50</b>

**2.4 LONG TERM PROVISIONS**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
EMPLOYEE BENEFITS		86.67	137.40
EXCISE DUTY		0.49	0.30
WARRANTIES	2.39	25.40	6.78
COMMITMENTS	2.39	0.25	0.35
<b>TOTAL</b>		<b>112.81</b>	<b>144.83</b>

**2.5 TRADE PAYABLES**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
MICRO, SMALL AND MEDIUM ENTERPRISES	2.42	1.13	0.41
CREDITORS FOR SUPPLIES, SERVICES AND OTHERS		107.48	136.69
<b>TOTAL</b>		<b>108.61</b>	<b>137.10</b>



**2.6 OTHER CURRENT LIABILITIES**

(₹ in Crore)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
CLIENTS ADVANCES	1,651.53	1,492.14
SECURITY DEPOSITS	78.24	69.91
FOREIGN SERVICE CONTRIBUTION	1.09	2.37
SALARY PAYABLES	22.61	63.72
BOOK OVERDRAFT-OWNED FUND*	0.04	0.03
BOOK OVERDRAFT-CLIENTS FUND*	9.68	10.71
STATUTORY LIABILITIES	10.89	14.96
STAFF & OTHER CLAIMS	4.52	2.03
<b>TOTAL</b>	<b>1,778.60</b>	<b>1,655.87</b>

\* BOOK OVERDRAFT DUE TO ISSUANCE OF CHEQUES, WHICH WILL BE CLEARED AGAINST FUNDS/DEPOSITS AVAILABLE IN BANKS.

**2.7 SHORT TERM PROVISIONS**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
PROPOSED DIVIDEND		23.00	30.00
DIVIDEND TAX		3.91	5.10
EMPLOYEE BENEFITS		94.00	17.63
EXCISE DUTY		0.01	0.32
WARRANTIES	2.39	12.97	19.25
COMMITMENTS	2.39	1.82	0.84
<b>TOTAL</b>		<b>135.71</b>	<b>73.14</b>

**2.8.1 TANGIBLE FIXED ASSETS AS AT 31.03.2014**

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01/04/2013	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2013	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2014	AS AT 31/03/2013
<b>LEASED HOLD</b>												
LAND	2.68	-	-	-	2.68	2.15	0.08	-	-	2.23	0.45	0.53
BUILDING	11.40	-	-	-	11.40	3.38	0.35	-	-	3.73	7.67	8.02
RESIDENTIAL QUARTERS	7.80	3.22	-	-	11.02	3.14	0.29	-	-	3.43	7.59	4.66
<b>SUB TOTAL</b>	<b>21.88</b>	<b>3.22</b>	-	-	<b>25.10</b>	<b>8.67</b>	<b>0.72</b>	-	-	<b>9.39</b>	<b>15.71</b>	<b>13.21</b>
<b>OTHERS</b>												
LAND	29.00	-	-	-	29.00	-	-	-	-	-	29.00	29.00
BUILDING	40.44	-	-	-	40.44	5.78	0.81	-	-	6.59	33.85	34.66
RESIDENTIAL QUARTERS*	2.34	-	-	-	2.34	1.30	0.03	-	-	1.33	1.01	1.04
SURVEY AND OTHER INSTRUMENTS	14.35	1.60	-	0.01	15.94	10.98	0.67	-	0.01	11.64	4.30	3.37
COMPUTER AND EQUIPMENTS	18.54	7.42	-	0.18	25.78	14.96	2.69	-	0.17	17.48	8.30	3.58
OFFICE AND OTHER EQUIPMENTS	10.74	0.90	-	0.55	11.09	7.53	0.98	-	0.52	7.99	3.10	3.21
AIR CONDITIONER AND EQUIPMENTS	1.53	0.09	-	0.01	1.61	0.94	0.13	-	-	1.07	0.54	0.59
AIR CONDITIONER PLANT	12.47	0.26	-	-	12.73	4.95	0.63	-	-	5.58	7.15	7.52
FURNITURES	5.13	0.77	-	0.03	5.87	3.28	0.39	-	0.02	3.65	2.22	1.85
FIXTURES	6.61	0.51	-	0.01	7.11	4.58	0.63	-	0.01	5.20	1.91	2.03
VEHICLES	3.49	0.98	-	0.10	4.37	2.45	0.39	-	0.10	2.74	1.63	1.04
VEHICLES ABROAD	0.76	-	-	-	0.76	0.75	0.01	-	-	0.76	-	0.01
LOCOMOTIVES ABROAD	37.97	-	-	-	37.97	9.90	2.55	-	-	12.45	25.52	28.07
LOCOMOTIVES DOMESTIC	60.27	25.53	-	-	85.80	8.93	7.19	-	-	16.12	69.68	51.34
COACHES	7.52	-	-	-	7.52	6.74	0.78	-	-	7.52	-	0.78
<b>SUB TOTAL</b>	<b>251.16</b>	<b>38.06</b>	-	<b>0.89</b>	<b>288.33</b>	<b>83.07</b>	<b>17.88</b>	-	<b>0.83</b>	<b>100.12</b>	<b>188.21</b>	<b>168.09</b>
<b>TOTAL</b>	<b>273.04</b>	<b>41.28</b>	-	<b>0.89</b>	<b>313.43</b>	<b>91.74</b>	<b>18.60</b>	-	<b>0.83</b>	<b>109.51</b>	<b>203.92</b>	<b>181.30</b>
PREVIOUS YEAR	246.04	37.74	(1.25)	9.49	273.04	86.78	14.86	(0.45)	9.45	91.74	181.30	

\* 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.



## 2.8.2 INTANGIBLE ASSETS AS AT 31.03.2014

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01/04/2013	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2013	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2014	AS AT 31/03/2013
SOFTWARES	8.13	2.60	-	-	10.73	4.58	1.35	-	-	5.93	4.80	3.55
PREVIOUS YEAR	6.52	1.94	-	0.33	8.13	3.97	0.94	-	0.33	4.58	3.55	

## 2.8.3 CAPITAL WORK IN PROGRESS AS AT 31.03.2014

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01/04/2013	ADDITIONS DURING THE YEAR **	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2013	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2014	AS AT 31/03/2013
CAPITAL WORK IN PROGRESS	6.87	31.65	(25.57)	-	12.95	-	-	-	-	-	12.95	6.87
PREVIOUS YEAR	19.63	16.85	(29.61)	-	6.87	-	-	-	-	-	6.87	

\*\* ADDITIONS DURING THE YEAR IN CAPITAL WORK IN PROGRESS INCLUDES ₹ 3.53 CRORE (PREVIOUS YEAR ₹ 2.21 CRORE) SPENT ON R&D OF LOCOMOTIVES AND ₹ 27.53 CRORE (PREVIOUS YEAR ₹ 14.43 CRORE) ON LOCOMOTIVE DEVELOPMENT. (NOTE NO. 2.46)

## 2.8.4 INTANGIBLE ASSETS UNDER DEVELOPMENT AS AT 31.03.2014

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01/04/2013	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2013	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2014	AS AT 31/03/2013
SOFTWARES	0.23	0.26	-	-	0.49	-	-	-	-	-	0.49	0.23
PREVIOUS YEAR	-	0.23	-	-	0.23	-	-	-	-	-	0.23	
<b>GRAND TOTAL FIXED ASSETS</b>	<b>288.27</b>	<b>75.79</b>	<b>(25.57)</b>	<b>0.89</b>	<b>337.60</b>	<b>96.32</b>	<b>19.95</b>	<b>-</b>	<b>0.83</b>	<b>115.44</b>	<b>222.16</b>	<b>191.95</b>
PREVIOUS YEAR	272.19	56.76	(30.86)	9.82	288.27	90.75	15.80	(0.45)	9.78	96.32	191.95	

## 2.8.5 INVESTMENT PROPERTIES AS AT 31.03.2014

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01/04/2013	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2013	FOR THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2014	AS AT 31/03/2013
LEASED HOLD BUILDING	1.83	-	-	-	1.83	0.24	0.04	-	-	0.28	1.55	1.59
PREVIOUS YEAR	1.83	-	-	-	1.83	0.22	0.02	-	-	0.24	1.59	
<b>GRAND TOTAL INCLUDING INVESTMENT PROPERTIES</b>	<b>290.10</b>	<b>75.79</b>	<b>(25.57)</b>	<b>0.89</b>	<b>339.43</b>	<b>96.56</b>	<b>19.99</b>	<b>-</b>	<b>0.83</b>	<b>115.72</b>	<b>223.71</b>	<b>193.54</b>
PREVIOUS YEAR	274.02	56.76	(30.86)	9.82	290.10	90.97	15.82	(0.45)	9.78	96.56	193.54	

## 2.9 NON CURRENT INVESTMENTS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
<b>A) INVESTMENT PROPERTIES</b>			
LEASEHOLD BUILDING	2.8.5	1.55	1.59
<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>		0.47	0.47
380 (PREVIOUS YEAR 380) EQUITY SHARES OF FACE VALUE OF SAUDI RIYAL 1000/- EACH, FULLY PAID-UP.			



(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
<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, SA (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>(I) 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>(II) RAILWAY ENERGY MANAGEMENT COMPANY LIMITED</b>		<b>5.10</b>	-
5,100,000 (PREVIOUS YEAR NIL) 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>18.00</b>	12.00
18,000,000 (PREVIOUS YEAR 12,000,000) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, FULLY PAID-UP (INCLUDES 6,000,000 EQUITY SHARES AMOUNTING TO ₹ 6 CRORE, PENDING ALLOTMENT).			
<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 (INCLUDES 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 ACQUIRED FOR PURCHASE OF RESIDENTIAL QUARTER.			
<b>(II) AMIT INDUSTRIAL PREMISES CO-OPERATIVE SOCIETY LTD.</b>	2.40	-	-
10 (PREVIOUS YEAR 10) EQUITY SHARES OF FACE VALUE OF ₹ 50/- EACH ACQUIRED FOR PURCHASE OF LABORATORY.			
<b>AGGREGATE OF UNQUOTED INVESTMENTS-CARRYING VALUE AT COST</b>		<b>29.68</b>	18.58
<b>C) TRADE (QUOTED)-AT COST, LONG TERM INVESTMENTS</b>			
<b>(I) INDIAN RAILWAY FINANCE CORPORATION *</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 CORPORATION *</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 31.03.2014	AS AT 31.03.2013
(III) INDIAN RAILWAY FINANCE CORPORATION * (10 YEAR SECURED REDEEMABLE 7.55% TAX FREE BONDS) 2,500 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID		25.00	25.00
(IV) INDIAN RAILWAY FINANCE CORPORATION * (10 YEAR SECURED REDEEMABLE 7.21% TAX FREE BONDS) 300 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID		30.00	30.00
(V) INDIAN RAILWAY FINANCE CORPORATION * (10 YEAR SECURED REDEEMABLE 7.22% TAX FREE BONDS) 100 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID		10.00	10.00
(VI) INDIAN RAILWAY FINANCE CORPORATION * (10 YEAR SECURED REDEEMABLE 7.18% TAX FREE BONDS) 100,000 BONDS OF FACE VALUE OF ₹ 1,000/- EACH, FULLY PAID		10.00	10.00
(VII) INDIAN RAILWAY FINANCE CORPORATION * (10 YEAR SECURED REDEEMABLE 8.35% TAX FREE BONDS) 250 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/-EACH, FULLY PAID		25.00	-
<b>AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST</b>		<b>200.00</b>	175.00
<b>TOTAL</b>		<b>231.23</b>	195.17

\* BONDS' MARKET VALUES AS ON 31.03.2014 ARE NOT AVAILABLE AS THESE BONDS ARE NOT FREQUENTLY TRADED.

## 2.10 DEFERRED TAX ASSETS/LIABILITY (NET)

(₹ in Crore)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
DEPRECIATION ON FIXED ASSETS	(9.64)	(6.65)
PROVISION FOR DOUBTFUL DEBTS, SECURITY DEPOSITS/EMD, ADVANCES ETC.	21.94	17.63
LEAVE ENCASHMENT AND OTHER PROVISIONS	47.40	36.45
<b>TOTAL</b>	<b>59.70</b>	47.43
<b>INCREASE/ (DECREASE) IN DEFERRED TAX ASSETS/LIABILITY (NET)</b>	<b>12.27</b>	5.94

## 2.11 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
(SECURED, CONSIDERED GOOD)			
STAFF ADVANCES		4.40	5.07
(UNSECURED, CONSIDERED GOOD)			
LOANS TO RELATED PARTIES	2.34.3	83.45	83.45
ADVANCES/RECOVERABLES IN CASH OR KIND OR FOR VALUE TO BE RECEIVED:			
• STAFF ADVANCES		4.27	1.06
• SECURITY DEPOSITS		0.96	0.45
ADVANCE INCOME TAX (NET OF PROVISION)		74.41	77.66
PREPAID EXPENSES		0.55	1.22
<b>TOTAL</b>		<b>168.04</b>	168.91





## 2.12 OTHER NON CURRENT ASSETS

(₹ in Crore)			
PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
GOVT. OF TANZANIA RECEIVABLES		-	16.49
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:			
• BANK DEPOSITS AND BONDS		<b>0.55</b>	0.01
• LOANS AND ADVANCES *		<b>11.95</b>	11.75
RETENTION MONEY		<b>6.67</b>	10.84
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	2.18.3	<b>133.70</b>	0.38
AMOUNT RECOVERABLES		<b>0.41</b>	-
LESS: PROVISION FOR DOUBTFUL AMOUNT RECOVERABLES		<b>(0.41)</b>	-
<b>TOTAL</b>		<b>152.87</b>	<b>39.47</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 31.03.2014	AS AT 31.03.2013
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE:			
• CLIENTS DEPOSITS	2.19.3	<b>116.59</b>	176.38
<b>TOTAL</b>		<b>116.59</b>	<b>176.38</b>

## 2.14 CURRENT INVESTMENTS

(₹ in Crore)			
PARTICULARS		AS AT 31.03.2014	AS AT 31.03.2013
<b>TRADE CURRENT INVESTMENTS -AT COST/NAV</b>			
UTI LIQUID CASH PLAN			
NIL (PREVIOUS YEAR 242262.506) UNITS OF ₹ 1,019.4457 PER UNIT.		-	24.70
CANARA ROBECO LIQUID FUND			
NIL (PREVIOUS YEAR 743022.459) UNITS OF ₹ 1,005.5000 PER UNIT.		-	74.71
SBI MUTUAL LIQUID FUND			
NIL (PREVIOUS YEAR 229868.971) UNITS OF ₹ 1,003.25 PER UNIT.		-	23.06
<b>AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST/NAV</b>		<b>-</b>	<b>122.47</b>

## 2.15 INVENTORIES

(₹ in Crore)			
PARTICULARS		AS AT 31.03.2014	AS AT 31.03.2013
(AS CERTIFIED BY MANAGEMENT)			
INVENTORIES		<b>17.49</b>	25.96
<b>TOTAL</b>		<b>17.49</b>	<b>25.96</b>

## 2.16 WORK IN PROGRESS

PARTICULARS	(₹ in Crore)	
	AS AT 31.03.2014	AS AT 31.03.2013
CONSULTANCY PROJECTS	40.23	31.95
CONSTRUCTION PROJECTS	0.85	2.00
<b>TOTAL</b>	<b>41.08</b>	<b>33.95</b>

## 2.17 TRADE RECEIVABLES

PARTICULARS	(₹ in Crore)	
	AS AT 31.03.2014	AS AT 31.03.2013
TRADE RECEIVABLES		
<b>UNSECURED</b>		
FOR A PERIOD EXCEEDING SIX MONTHS		
• CONSIDERED GOOD	121.27	87.27
• CONSIDERED DOUBTFUL	48.76	38.70
LESS: PROVISION FOR DOUBTFUL DEBTS	(48.76)	(38.70)
OTHERS		
• CONSIDERED GOOD	189.95	193.66
<b>TOTAL</b>	<b>311.22</b>	<b>280.93</b>

## 2.18 CASH AND BANK BALANCES-OWNED FUND

PARTICULARS	(₹ in Crore)	
	AS AT 31.03.2014	AS AT 31.03.2013
<b>SHOWN UNDER CURRENT ASSETS :</b>		
<b>2.18.1 CASH &amp; CASH EQUIVALENTS</b>		
CHEQUES IN HAND	0.39	4.61
BANK BALANCES IN :		
• CURRENT ACCOUNTS	11.04	4.42
• DEPOSITS #	20.88	49.58
	<b>32.31</b>	<b>54.19</b>
<b>2.18.2 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ##	590.65	564.51
<b>TOTAL</b>	<b>622.96</b>	<b>618.70</b>
<b>SHOWN UNDER NON CURRENT ASSETS :</b>		
<b>2.18.3 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ###	NOTE NO. 2.12	0.38
<b>TOTAL CASH &amp; BANK BALANCES-OWNED FUND *</b>	<b>756.66</b>	<b>619.08</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.

5.95

20.87



## 2.19 CASH AND BANK BALANCES-CLIENTS FUND

(₹ in Crore)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
<b>SHOWN UNDER CURRENT ASSETS :</b>		
<b>2.19.1 CASH &amp; CASH EQUIVALENTS</b>		
BANK BALANCES IN :		
• CURRENT ACCOUNTS	9.63	38.43
• DEPOSITS #	249.02	180.92
	<b>258.65</b>	219.35
<b>2.19.2 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ##	1,218.10	934.34
<b>TOTAL</b>	<b>1,476.75</b>	1,153.69
<b>SHOWN UNDER NON CURRENT ASSETS :</b>		
<b>2.19.3 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ###	116.59	176.38
	NOTE NO. 2.13	
<b>TOTAL CASH &amp; BANK BALANCES-CLIENTS FUND ^</b>	<b>1,593.34</b>	1,330.07

(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 31.03.2014	AS AT 31.03.2013
<b>(SECURED, CONSIDERED GOOD)</b>		
STAFF ADVANCES	1.42	2.14
<b>(UNSECURED, CONSIDERED GOOD)</b>		
ADVANCES/RECOVERABLES IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED:		
• STAFF ADVANCES	2.14	0.75
• RELATED PARTIES	20.92	17.65
• OTHER ADVANCES	44.01	87.84
LESS: PROVISION FOR DOUBTFUL ADVANCES	(0.39)	(3.97)
• SECURITY DEPOSITS	2.54	3.45
LESS: PROVISION FOR DOUBTFUL EMD/SD	(1.03)	(0.62)
INCOME TAX RECEIVABLES	1.62	6.33
PREPAID EXPENSES	2.16	1.58
<b>TOTAL</b>	<b>73.39</b>	115.15



## 2.21 OTHER CURRENT ASSETS

		(₹ in Crore)	
PARTICULARS		AS AT 31.03.2014	AS AT 31.03.2013
GOVT. OF TANZANIA RECEIVABLES		<b>54.15</b>	32.97
AMOUNT RECOVERABLES	23.96		21.78
LESS: PROVISION FOR DOUBTFUL AMOUNT RECOVERABLES	<u>(13.96)</u>	<b>10.00</b>	<u>(11.05)</u> 10.73
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:			
• BANK DEPOSITS HAVING MATURITY:			
• 3 MONTHS OR LESS FROM THE DATE OF ACQUISITION	0.09		0.21
• OVER 3 MONTHS FROM THE DATE OF ACQUISITION AND UPTO 12 MONTHS FROM REPORTING DATE	30.65		30.42
• BONDS	6.14		4.80
• LOANS AND ADVANCES	<u>0.73</u>	<b>37.61</b>	<u>0.68</u> 36.11
RETENTION MONEY		<b>22.55</b>	31.47
<b>TOTAL</b>		<b><u>124.31</u></b>	<u>111.28</u>

## 2.22 REVENUE FROM OPERATIONS

		(₹ in Crore)	
PARTICULARS		YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
I) CONSULTANCY FEE (GROSS)		<b>471.38</b>	495.28
LESS: SERVICE TAX		<b>(44.34)</b>	(50.09)
CONSULTANCY FEE (NET)		<u>427.04</u>	<u>445.19</u>
II) QUALITY ASSURANCE (GROSS)		<b>118.56</b>	110.46
LESS: SERVICE TAX		<b>(12.81)</b>	(11.88)
QUALITY ASSURANCE (NET)		<u>105.75</u>	<u>98.58</u>
III) EXPORT SALES		<b>404.61</b>	307.05
IV) TURNKEY CONSTRUCTION PROJECTS		<b>95.87</b>	59.02
V) LEASE SERVICES (GROSS)		<b>64.49</b>	46.04
LESS: SERVICE TAX		<b>(4.30)</b>	(2.92)
LEASE SERVICES (NET)		<u>60.19</u>	<u>43.12</u>
<b>TOTAL (I to V)</b>		<b><u>1,093.46</u></b>	<u>952.96</u>



## 2.23 OTHER INCOME

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
INTEREST EARNED ON:			
• DEPOSITS WITH BANK		76.52	70.05
• TAX FREE BONDS		12.56	9.23
• STAFF ADVANCES		1.17	0.83
• OTHER DEPOSITS		-	0.08
PROVISION NO LONGER REQUIRED	2.51	54.33	17.32
PROFIT ON SALE OF FIXED ASSETS		0.04	0.10
DIVIDEND FROM:			
• RITES (AFRIKA) (RELATED PARTY)	2.34.3	-	0.01
• TRADE NON CURRENT INVESTMENTS		0.01	-
• TRADE CURRENT INVESTMENTS		2.27	2.85
EXPORT INCENTIVES		0.39	5.23
RENT FROM INVESTMENT PROPERTIES		1.12	0.96
EXCHANGE VARIATION		-	8.87
MISCELLANEOUS INCOME		4.36	7.31
<b>TOTAL</b>		<b>152.77</b>	<b>122.84</b>

## 2.24 EMPLOYEE BENEFITS EXPENSES

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
SALARIES		170.48	152.88
SALARIES-ABROAD		7.96	6.80
SALARIES CONTRACT EMPLOYEES		27.46	31.06
FOREIGN SERVICE CONTRIBUTION		0.70	0.70
CONTRIBUTION TO PROVIDENT FUND & OTHER FUNDS		14.45	14.33
GRATUITY		6.91	5.48
POST RETIRAL BENEFITS (PENSION/MEDICAL)	2.45	27.70	14.93
STAFF WELFARE EXPENSES		14.00	12.87
LEAVE TRAVEL CONCESSION		0.29	0.56
PERFORMANCE RELATED PAYMENT		14.00	19.00
LEAVE SALARIES		26.03	28.44
<b>TOTAL</b>		<b>309.98</b>	<b>287.05</b>

**2.25 COST OF EXPORT SALES**

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
COST OF TRADED GOODS	<b>237.88</b>	189.32
CONSUMABLES	<b>0.12</b>	1.18
FREIGHT & FORWARDING	<b>1.64</b>	10.64
INSURANCE	<b>0.12</b>	0.21
FEEES FOR SERVICES OBTAINED	<b>15.44</b>	12.31
PROVISION FOR WARRANTIES	2.39	<b>18.05</b>
<b>TOTAL</b>	<b>273.25</b>	<b>227.10</b>

**2.26 COST OF TURNKEY CONSTRUCTION PROJECTS**

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
SUPPLIES & SERVICES	<b>87.74</b>	54.48
(INCREASE)/DECREASE IN WORK IN PROGRESS	<b>1.15</b>	(0.15)
<b>TOTAL</b>	<b>88.89</b>	<b>54.33</b>

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

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
<b>CONSULTANCY PROJECTS</b>	<b>(8.28)</b>	(8.38)

**2.28 OTHER EXPENSES**

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
PRINTING, STATIONARY AND DOCUMENTATION		<b>3.73</b>	3.74
BUSINESS PROMOTION		<b>1.97</b>	1.78
AUDITORS' REMUNERATION	2.28.1	<b>0.12</b>	0.13
AUDITORS' OUT OF POCKET EXPENSES	2.40	<b>0.02</b>	0.01
RATES & TAXES		<b>3.18</b>	2.17
RENT		<b>4.08</b>	3.53
POSTAGE & TELECOMMUNICATION		<b>3.85</b>	3.57
OFFICE MAINTENANCE		<b>6.68</b>	5.88
REPAIRS TO MACHINERY/EQUIPMENTS		<b>0.86</b>	0.86
REPAIRS TO BUILDING		<b>0.07</b>	0.01
POWER AND FUEL CHARGES		<b>3.98</b>	3.30
STORES AND SPARES CONSUMED-LEASED	2.28.2	<b>3.35</b>	4.87
STORES AND SPARES CONSUMED-OTHERS	2.28.3	<b>0.97</b>	0.38
BOOKS AND PERIODICALS		<b>0.23</b>	0.23
INTERNAL AUDIT FEE		<b>0.17</b>	0.16
ADVERTISEMENT AND PUBLICITY		<b>2.56</b>	1.70
SUBSCRIPTION AND MEMBERSHIP FEE		<b>0.17</b>	0.27
LEGAL AND PROFESSIONAL FEE		<b>1.16</b>	1.22
INSURANCE		<b>2.08</b>	3.81





(₹ in Crore)

PARTICULARS		YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
BANK CHARGES		1.57	2.60
BAD DEBTS		1.55	2.71
FIXED ASSETS WRITTEN OFF		-	0.01
VEHICLE RUNNING AND MAINTENANCE		1.04	1.32
MANPOWER DEVELOPMENT		2.41	1.23
LOSS ON SALE OF FIXED ASSETS		0.02	0.02
PROVISION FOR:			
• DOUBTFUL DEBTS, ADVANCES, SECURITY DEPOSITS ETC.		16.30	5.19
• COMMITMENTS	2.39	0.90	0.18
• DOUBTFUL INVENTORIES		1.11	-
DIRECTORS' SITTING FEE		0.06	0.08
EXCHANGE VARIATION		3.17	-
CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT		5.32	7.21
RESEARCH AND DEVELOPMENT	2.46	0.17	0.71
MISCELLANEOUS EXPENSES *		3.83	4.10
<b>TOTAL</b>		<b>76.68</b>	<b>62.98</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 31.03.2014	YEAR ENDED 31.03.2013
<b>(A) STATUTORY AUDITORS</b>			
STATUTORY AUDIT FEE		0.04	0.03
TAX AUDIT FEE		0.02	0.02
LIMITED REVIEW AUDIT FEE		0.02	0.02
EARLIER YEAR FEE		-	0.01
OTHER SERVICES, i.e. CERTIFICATION ETC.		-	0.01
<b>SUB TOTAL (A)</b>		<b>0.08</b>	<b>0.09</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	0.02
<b>SUB TOTAL (B)</b>		<b>0.04</b>	<b>0.04</b>
<b>AUDITORS' REMUNERATION (A+B)</b>		<b>0.12</b>	<b>0.13</b>
AUDITORS' OUT OF POCKET EXPENSES	2.40	0.02	0.01

## 2.28.2 STORES AND SPARES CONSUMED-LEASED

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
COST OF STORE AND SPARES CONSUMED	1.27	4.42
CONSUMABLES	1.65	0.18
FREIGHT & FORWARDING	0.33	0.07
INSURANCE	0.05	0.14
OTHER PROCUREMENT EXPENSES	0.05	0.06
<b>TOTAL</b>	<b>3.35</b>	<b>4.87</b>

## 2.28.3 STORES AND SPARES CONSUMED-OTHERS

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
COST OF STORE AND SPARES CONSUMED	-	0.02
CONSUMABLES	0.89	0.22
FREIGHT & FORWARDING	0.08	0.13
INSURANCE	-	0.01
<b>TOTAL</b>	<b>0.97</b>	<b>0.38</b>

## 2.29 PRIOR PERIOD ADJUSTMENTS (NET)

(₹ in Crore)		
PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
FEES	(1.55)	(18.93)
OTHER (INCOME)/EXPENSES	0.05	0.17
EMPLOYEES' COST	(7.89)	0.03
SUPPLIES & SERVICES	2.93	0.87
<b>TOTAL</b>	<b>(6.46)</b>	<b>(17.86)</b>

## 2.30 RECONCILIATION OF CASH AND CASH EQUIVALENTS

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
CASH AND CASH EQUIVALENTS-OWNED FUND	2.18.1	32.31	54.19
CASH AND CASH EQUIVALENTS-CLIENTS FUND	2.19.1	258.65	219.35
ADD : INTEREST ACCRUED ON BANK DEPOSITS HAVING MATURITY OF 3 MONTHS OR LESS FROM ACQUISITIONS' DATE	2.21	0.09	0.21
INVESTMENT IN LIQUID FUND PLAN	2.14	-	122.47
LESS : BANK BOOK OVERDRAFT-OWNED FUND	2.6	(0.04)	(0.03)
LESS : BANK BOOK OVERDRAFT-CLIENTS FUND	2.6	(9.68)	(10.71)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>281.33</b>	<b>385.48</b>



## DISCLOSURES AS PER ACCOUNTING STANDARDS:

**2.31** Disclosure on construction contracts (Accounting Standard-7) is as follows:

(₹ in Crore)

S. No.	Particulars	Year Ended	
		31.03.2014	31.03.2013
1.	Contract revenue recognized during the year	<b>95.87</b>	59.02
2.	Aggregate amount of Costs incurred upto reporting date	<b>203.66</b>	112.26
3.	Recognized profits upto reporting date	<b>10.01</b>	5.54
4.	Amount of advances received	<b>2.19</b>	18.89
5.	Gross amount due from customers for the contract work presented as an asset	<b>0.85</b>	2.00
6.	Retention Money	-	-

**2.32** Disclosure on Employees Defined Benefits in line with Accounting Standard-15 is as follows:

**2.32.1** Reconciliation of Opening & Closing Balances of the present value of the defined benefits plan obligation (unfunded) and the effects during the period attributable to each is as follows:

(₹ in Crore)

Particulars	Leave Encashment		LTC		Medical Leave	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Opening Balance	55.50	46.69	1.06	0.97	29.69	24.06
Interest Cost	4.44	3.73	0.09	0.08	2.38	1.92
Current Service Cost	4.05	4.17	0.64	0.54	2.05	1.90
Benefit paid	(19.28)	(11.25)	(0.13)	(0.47)	(3.15)	(2.75)
Actuarial (Gain)/Loss on obligation	10.24	12.16	(0.44)	(0.06)	2.88	4.56
<b>Closing Balance</b>	<b>54.95</b>	<b>55.50</b>	<b>1.22</b>	<b>1.06</b>	<b>33.85</b>	<b>29.69</b>

**2.32.2** Total expenses recognized in the statement of Profit & Loss is as follows:

(₹ in Crore)

Particulars	Leave Encashment		LTC		Medical Leave	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Current Service Cost	4.05	4.17	0.64	0.54	2.05	1.90
Interest Cost	4.44	3.73	0.09	0.08	2.38	1.92
Net actuarial (Gain)/Loss recognized during the year	10.24	12.16	(0.44)	(0.06)	2.88	4.56
Expenses recognized in the statement of Profit & Loss	18.73	20.06	0.29	0.56	7.31	8.38

**2.32.3** Net present value of long service award as on 31.03.2014 is ₹ 1.02 crore (previous year ₹ 0.89 crore).

**2.32.4** The principal actuarial assumptions used at the Balance Sheet date are as follow:

Particulars	Leave Encashment		LTC		Long Service Award		Medical Leave	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Discount rate (%)	<b>8%</b>	8%	<b>8%</b>	8%	<b>8%</b>	8%	<b>8%</b>	8%
Future salary increase (%)	<b>8%</b>	8%	<b>8%</b>	8%	<b>8%</b>	8%	<b>8%</b>	8%

**2.32.5** Gratuity-Defined Benefits wholly funded

**2.32.5.1** 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, 2014 is ₹ 71.52 crore (previous year ₹ 62.37 crore).



**2.32.5.2** Changes in Present Value of the obligation are as follow:

Particulars	(₹ in Crore)	
	31.03.14	31.03.13
Present Value of obligations as at beginning of year	59.97	59.75
Interest Cost	4.79	4.78
Current Service Cost	4.56	2.17
Benefits paid	(2.09)	(3.83)
Actuarial (Gain)/Loss on obligations	3.53	(2.90)
Present Value of Obligations as at end of year	70.76	59.97

**2.32.5.3** Changes in the Fair Value of Plan Assets are as follow:

Particulars	(₹ in Crore)	
	31.03.14	31.03.13
Fair Value of Plan Assets at beginning of year	62.37	56.19
Expected Return on Plan Assets	5.61	5.43
Contributions	5.27	4.58
Benefits Paid	(2.09)	(3.83)
Actuarial Gain / (Loss) on Plan Assets	0.36	-
Fair value of Plan Assets at the end of year	71.52	62.37

**2.32.5.4** Fair Value of Plan Assets is as follow:

Particulars	(₹ in Crore)	
	31.03.14	31.03.13
Fair Value of Plan Assets at beginning of year	62.37	56.19
Actual Return on Plan Assets	5.97	5.43
Contributions	5.27	4.58
Benefits Paid	(2.09)	(3.83)
Fair value of the Plan Assets at the end of year	71.52	62.37
Funded Status	0.76	2.40
Excess of Actual over Estimated Return on Plan Assets	0.36	-

**2.32.5.5** Actuarial Gain/Loss recognized is as follow:

Particulars	(₹ in Crore)	
	31.03.14	31.03.13
Actuarial (Gain)/Loss on obligations	3.53	(2.90)
Actuarial (Gain)/Loss on Plan Assets	(0.36)	-
Total (Gain)/Loss for the year	3.17	(2.90)
Actuarial (Gain)/Loss recognized in the year	3.17	(2.90)
Unrecognized actuarial (Gains)/Losses at the end of year	-	-



**2.32.5.6** The amount recognized in the Balance Sheet is as follow:

Particulars	(₹ in Crore)	
	31.03.14	31.03.13
Present Value of obligations as at end of year	<b>70.76</b>	59.97
Fair value of Plan Assets at the end of year	<b>71.52</b>	62.37
Funded Status/difference	<b>0.76</b>	2.40
Excess of actual over estimated	<b>0.36</b>	-
Unrecognized actuarial (Gains)/Losses	-	-
Net Asset/(Liability) recognized in Balance Sheet	<b>0.76</b>	2.40

**2.32.5.7** Expenses recognized in the Statement of Profit & Loss are as follow:

Particulars	(₹ in Crore)	
	31.03.14	31.03.13
Current Service Cost	<b>4.56</b>	2.17
Interest Cost	<b>4.79</b>	4.78
Expected Return on Plan Assets	<b>(5.61)</b>	(5.43)
Net actuarial (Gain)/Loss recognized in the year	<b>3.17</b>	(2.90)
Expenses recognized in Statement of Profit & Loss	<b>6.91</b>	5.48

**2.32.5.8** The principal actuarial assumptions are as follow:

Particulars	31.03.14	31.03.13
Discounting rate (%)	<b>8%</b>	8%
Future salary increase (%)	<b>8%</b>	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 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 rental from the 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.

**2.33.3** 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.

**2.33.4** 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.

### 2.33.5 Business Segment:

(₹ in Crore)

Description	Year Ended	
	31.03.2014	31.03.2013
<b>REVENUE</b>		
Consultancy Services		
• Domestic	517.99	529.23
• Abroad	14.80	14.54
Export Sale	404.61	307.05
Leasing		
• Domestic	34.76	23.60
• Abroad	25.43	19.52
Constructions Projects-Domestic	95.87	59.02
<b>Total Income from Operations (A)</b>	<b>1093.46</b>	<b>952.96</b>
<b>IDENTIFIABLE OPERATING EXPENSES</b>		
Consultancy Services		
• Domestic	373.07	338.26
• Abroad	13.42	12.58
Export**	292.37	241.15
Leasing**		
• Domestic	16.30	10.52
• Abroad	9.25	11.42
Constructions Projects-Domestic	91.40	57.71
<b>Total Operating Expenses (B)</b>	<b>795.81</b>	<b>671.64</b>
<b>SEGMENTAL PROFIT FROM OPERATIONS</b>		
Consultancy Services		
• Domestic	144.92	190.97
• Abroad	1.38	1.96
Export	112.24	65.90
Leasing		
• Domestic	18.46	13.08
• Abroad	16.18	8.10
Constructions Projects-Domestic	4.47	1.31
<b>Operating Profit (A-B)</b>	<b>297.65</b>	<b>281.32</b>
Add:		
Income from Investments/ Deposits	91.36	82.14
Other Income *	61.41	40.70
Less: Un-allocable Expenses	64.33	59.09
<b>Net Profit Before Tax</b>	<b>386.09</b>	<b>345.07</b>
Less: Income Tax (including Deferred Tax)	122.48	99.63
<b>Net Profit After Tax</b>	<b>263.61</b>	<b>245.44</b>

### 2.33.6 Other Information

(₹ in Crore)

Description	Year Ended	
	31.03.2014	31.03.2013
Fixed Assets (Net) excluding Work in Progress ***	208.72	184.85
Current Assets, Loans & Advances	2667.20	2462.13
Current Liabilities, Provisions & Loans	2022.92	1866.11
Capital Employed ***	853.00	780.87





### 2.33.7 Geographical Segment (Secondary Segment)

(₹ in Crore)

Description	Year Ended	
	31.03.2014	31.03.2013
<b>Operating Revenue</b>		
- India	<b>648.62</b>	611.85
- Abroad	<b>444.84</b>	341.11
<b>Total</b>	<b>1093.46</b>	952.96
<b>Operating Expenditure</b>		
- India	<b>480.77</b>	406.49
- Abroad	<b>315.04</b>	265.15
<b>Total</b>	<b>795.81</b>	671.64
<b>Operating Profit</b>		
- India	<b>167.85</b>	205.36
- Abroad	<b>129.80</b>	75.96
<b>Total</b>	<b>297.65</b>	281.32

\* 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>M/s RICON – Established in India.</li> <li>M/s Companhia Dos Caminhos De Ferro De Beira, SA, Beira (CCFB) - Established in Mozambique.</li> <li>M/s SAIL-RITES Bengal Wagon Industry Private Limited -Established in India.</li> </ol>
Subsidiary Companies	<ol style="list-style-type: none"> <li>M/s RITES (Afrika) (Pty) Ltd. (RAPL) - Established in Botswana, Shareholding-100%.</li> <li>M/s RITES Mohawarean Arabia Co. Ltd. (RMAC) - Established in Saudi Arabia, Shareholding-76%.</li> <li>M/s RITES Infrastructure Services Ltd. (RISL) - Established in India, Shareholding-100%.</li> <li>M/s Railway Energy Management Company Ltd. (REMCL) - Established in India, Shareholding-51%.</li> </ol>
Directors	<ol style="list-style-type: none"> <li>Shri Rajeev Mehrotra, Chairman &amp; Managing Director</li> <li>Shri Sumit Sinha, Director Technical</li> <li>Shri Arbind Kumar, Director Projects</li> <li>Shri Ajay Kumar Gaur, Director Finance (From 02.09.2013)</li> <li>Dr. Vinayshil Gautam, Director (Upto 28.12.2013)</li> <li>Shri Vinod Somani, Director (Upto 28.12.2013)</li> <li>Shri Debidas Datta, Director</li> <li>Shri Pramod Sharma, Director (From 11.04.2013)</li> <li>Shri Arvind Khare, Director (From 31.12.2013)</li> </ol>

### 2.34.2 Remuneration to Key Management Personnels:

(₹ in Crore)

Description	Year Ended	
	31.03.14	31.03.13
Salaries and other employee benefits	<b>1.58</b>	0.97

### 2.34.3 Joint Ventures

(₹ in Crore)

Transactions for the year	SAIL-RITES Bengal Wagon Industry Private Ltd	
	Year Ended	
	31.03.14	31.03.13
Investments (equity)	<b>6.00*</b>	7.00
Loans/Advances given	<b>0.69</b>	0.25
Consultancy Fee	<b>11.59</b>	19.38

\*During the year, company contributed ₹ 6 crore (6,000,000 equity shares of ₹ 10 each) as equity to M/s SAIL-RITES Bengal Wagon Industry Private Limited for which allotment is pending.

(₹ in Crore)

Particulars	RICON		CCFB		SAIL-RITES Bengal Wagon Industry Private Ltd	
	As on		As on		As on	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Loans/Advances given	<b>11.15</b>	12.24	<b>83.45</b>	83.45	<b>0.95</b>	0.26
Receivables	-	-	<b>12.25</b>	13.65	<b>0.35</b>	3.69

### Subsidiary Companies

(₹ in Crore)

Transactions for the year	RAPL		RISL		REMCL	
	Year Ended		Year Ended		Year Ended	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Investment	-	-	-	-	<b>5.10</b>	-
Loan/Advances given	-	-	<b>1.57</b>	1.85	<b>0.59</b>	-
Consultancy fees	<b>0.28</b>	0.54	<b>0.25</b>	-	<b>0.38</b>	-
Dividend	-	0.01	-	-	-	-

No Transaction was made in RMAC during the Financial Years 2013-14 and 2012-13.

(₹ in Crore)

Particulars	RAPL		RMAC		RISL		REMCL	
	As on		As on		As on		As on	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Loan/Advances given	-	-	<b>0.41</b>	0.41	<b>6.30</b>	4.73	<b>0.59</b>	-
Receivables	<b>0.29</b>	0.58	-	-	<b>0.22</b>	-	<b>0.42</b>	-



**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 (Cancellable)

**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

(₹ in Crore)

Description	Year Ended	
	31.03.14	31.03.13
Gross carrying amount	123.77	98.24
Accumulated depreciation	28.57	18.83
Net carrying amount	95.20	79.41
Depreciation provided for the year	9.74	6.81

### 2.35.2 Other Lease (Cancellable)

#### 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 31st March, 2014.

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

(₹ in Crore)

Description	Year Ended	
	31.03.14	31.03.13
Gross carrying amount	2.09	2.09
Accumulated depreciation	0.40	0.34
Net carrying amount	1.69	1.75
Depreciation provided for the year	0.06	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 Company's offices and staff residential premises are renewable/cancellable as laid down in the respective agreements. The total of minimum lease payments recognized in the statement of profit & loss for the year is ₹ 10.97 crore.

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

## 2.36 Earning Per Share (EPS)

Particulars	Year Ended	
	31.03.14	31.03.13
(A) Net profit for the year attributable to Equity Shareholder (₹ in crore)	263.61	245.44
(B) Weighted average number of Equity Shares	100,000,000	100,000,000
(C) Basic & Diluted Earning Per Share (A)/(B)	₹ 26.36	₹ 24.54
(D) Nominal value per share	₹ 10/-	₹ 10/-

## 2.37 Interest in Significant Joint Ventures

### 2.37.1 RITES has following Joint Ventures:

(₹ in Crore)			
Name / Place of JVs	Nature of Interest	Proportionate share of interest	Amount of investment
Geoconsult – RITES, India	RITES has formed a Joint venture with M/s. Geoconsult-ZT-Gmbh (Austria) for detailed design consultancy and construction supervision of about 11 kms long railway tunnel in J&K State. Both the venturers contributed in the seed money as agreed for operational and execution purposes.	13%	Nil
Geoconsult – RITES, 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, SA, 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 %	18.00

### 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 31.03.14	-	10.73	0.93	-	-	9.80	0.43	0.34
Year Ended 31.03.13	-	10.48	0.77	-	-	9.71	0.85	0.55
<b>GEOCONSULT - RITES - NRT-1</b>								
Year Ended 31.03.14	-	0.89	0.65	-	-	0.24	0.05	0.07
Year Ended 31.03.13	0.02	0.83	0.59	-	-	0.26	0.66	0.53





(₹ 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>GEOCONSULT – RITES</b>								
Year Ended 31.03.14	-	1.78	0.78	-	-	1.00	0.90	0.79
Year Ended 31.03.13	0.02	1.53	0.67	-	-	0.88	1.60	1.35
<b>CCFB</b>								
Year Ended 31.12.13	0.01	119.67	110.55	-	5.95	3.18	0.60	4.60
Year Ended 31.12.12	0.02	111.12	98.94	-	5.60	6.60	4.27	4.28
<b>SAIL-RITES BENGAL WAGON INDUSTRY PRIVATE LIMITED</b>								
Year Ended 31.03.14	27.59	6.66	0.08	16.18	18.00	(0.01)	0.06	0.02
Year Ended 31.03.13	17.41	0.51	0.15	5.82	12.00	(0.05)	0.03	0.03

- (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 Companhia Dos Caminhos De Ferro de Beira, SA, Beira, (CCFB) Mozambique has calendar year as financial year and figures indicated above are from the audited financial statements as on 31.12.2013 & 31.12.2012.

#### 2.37.2.2 Contingent Liabilities:

- (a) In CCFB Mozambique, withholding tax demand against the company, amount to ₹ 1.53 crore (equivalent MZN 8036076) previous year ₹ 1.44 crore (equivalent MZN 8036076), in which share of RITES @ 26% comes to ₹ 0.40 crore (previous year ₹ 0.37 crore).
- (b) In CCFB Mozambique, Claims against the company amounting to ₹ 3.85 crore (equivalent US\$ 607321 and MZN 1391225.12) previous year ₹ 3.27 crore (equivalent US\$ 607321) have not been acknowledged as debt in which share of RITES @ 26% comes to ₹ 1 crore (previous year ₹ 0.85 crore).

#### 2.37.2.3 Capital Commitment:

SAIL-RITES Bengal Wagon Industry Private Limited has liability on account of capital commitment of ₹ 36.31 crore (previous year ₹ 54.09 crore) in which share of RITES @ 50% comes to ₹ 18.16 crore (previous year ₹ 27.05 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.
M/s Louis Berger Group INC	Independent Engineering to MMRDA for implementation of MRTS Versova – Andheri – Ghatkopar.
M/s Stanlay Consultants INC.	DPR for MRTS between Ahmedabad and Dholera Special Investment Region.
M/s De Consult – Germany	Modernization of Signaling System in Ghaziabad – Kanpur section.

Name of Venturers	Project Name
M/s Stanlay Consultants INC. Iowa -USA	Rehabilitation and upgrading of KM 229.000 to KM 381.000 of NH-26 to 4 lane configuration in the state of Rajasthan and I.C. Services for 4/6 laning of Salem to Kumarapalyam Section of NH-47 in the state of Tamil Nadu on the N.S. Corridor under Ph.II programme of NHDP.
M/s Geo-Consult-ZT Gmbh (Austria) M/s Secon Pvt. Ltd., India	Consulting Services for feasibility & detailed Design of Road Tunnels in Shimla and other parts of Himachal Pradesh.
M/s 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 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.
M/s IDFC Limited M/s Infrastructure Development Corporation (Karnataka) Limited (IDeCK)	Development of six lane supervision cable Greenfield bridge over river Ganga from Kacchi Dargah on NH-30 to Bidupur in District Vaishali on NH-103.
M/s STUP Consultants Pvt. Limited M/s Gifford India Pvt. Limited	Preparation of feasibility report for proposed six lane bridge over river Brahmaputra connecting Narengi (near Guwahati) with Kurua (at North Bank) with a road link up to Dumnichowki on NH-52, Assam.

**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, no impairment loss has been recognized during the year.

**2.39 Provisions**

(₹ in Crore)

Items	Carrying amount as on 01.04.13	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.14
Warranties	26.03	18.05	4.95	0.76	<b>38.37</b>
Commitments	1.19	0.90	-	0.02	<b>2.07</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 31.03.2014	As at 31.03.2013
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 31.03.2014	Year Ended on 31.03.2013
Auditors' out of pocket expenses	2.28.1	<b>151215.16</b>	93006.00



## 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	
		31.03.14	31.03.13
(i)	Components & Spares Parts	54.59	-
(ii)	Capital Goods	-	-

### 2.41.2 Expenditure in foreign currencies:-

(₹ in Crore)

Description		Year Ended	
		31.03.14	31.03.13
(i)	Consultation Fees	24.63	12.66
(ii)	Salaries & others	8.17	6.78
(iii)	Travel	5.64	4.02
(iv)	Others*	1.59	1.21

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

### 2.41.3 Spare parts and components consumed:-

(₹ in Crore)

Description	Year Ended			
	31.03.14		31.03.13	
	Value	%	Value	%
Imported	54.59	93%	-	-
Indigenous	4.32	7%	5.25	100%

### 2.41.4 Earning in foreign currencies:-

(₹ in Crore)

Description		Year Ended	
		31.03.14	31.03.13
(i)	Export sale - FOB basis	404.14	303.96
(ii)	Lease Services	25.43	19.51
(iii)	Consultation Fees	16.36	14.14
(iv)	Interest & Dividend	-	0.01
(v)	Other Income	0.58	4.52

**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. (refer note no. 2.52.1).
- 2.43.2** Cumulative interest up to 31.03.14 ₹ 17.91 crore (previous year ₹ 15.89 crore) on mobilization advance due from the executing agency has not been recognized as income due to uncertainty as regard to realizability. This includes interest of ₹ 2.02 crore for the year (previous year ₹ 2.02 crore).
- 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 loan of ₹ 74.75 crore (equivalent to US\$ 1.68 crore), out of which company had received repayment of part loan amounting to ₹ 4.44 crore (equivalent to US\$ 0.1 crore) during the year 2012-13 and balance amount receivable is of ₹ 70.31 crore (equivalent to US\$ 1.58 crore) on 31st March, 2014. 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.
- 2.44.3** In view of the arbitration proceedings initiated and consequent uncertainties, the management considered it prudent not to recognize interest income for the year 2013-14 amounting to ₹ 5.07 crore (equivalent to US\$ 0.09 crore) {cumulative upto the period ₹ 15.19 crore (equivalent to US\$ 0.26 crore)} [previous year ₹ 4.85 crore (equivalent to US\$ 0.09 crore) {cumulative upto the period ₹ 9.25 crore (equivalent to US\$ 0.17 crore)}] on loan.
- 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, a provision of ₹ 5.80 crore (equivalent US\$ 0.13 crore) has been made towards bad and doubtful debts for services rendered by company to CCFB till 31st March, 2011. Debt receivables and provision for doubtful debts upto 31st March, 2011 have been shown at the exchange rate prevailing on that date which has 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 recognized the exchange differences on the aforesaid foreign currency amounts till the year ended 31st March, 2011. In view of the arbitration proceedings initiated 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 ₹ 10.34 crore {cumulative upto the period ₹ 29.41 crore} for the year (previous year ₹ 6.07 crore {cumulative upto the period ₹ 19.07 crore}). However, any loss due to unfavorable exchange differences would have been/will be recognized and provided for.
- 2.44.6** Had the dues been translated at the closing exchange rate as on 31st March, 2014 as per AS-11, long term loan and advances and other non-current assets would have been higher by ₹ 27.30 crore (previous year ₹ 17.70 crore) and ₹ 2.11 crore (previous year ₹ 1.37 crore) respectively. Profit before tax would have been higher by ₹ 29.41 crore (effect of current year ₹ 10.34 crore and of earlier years ₹ 19.07 crore) (previous year ₹ 19.07 crore). The long term loans & advances would have been ₹ 195.34 crore (previous year ₹ 186.61 crore), other non-current assets would have been ₹ 154.98 crore (previous year ₹ 40.84 crore) and profit before tax would have been ₹ 415.50 crore (previous year ₹ 364.14 crore).
- 2.45** As per DPE guidelines, Company has formulated Employees' Post Retirement Pension and Medical Schemes to be effective from 1st January 2007. The schemes are pending with administrative ministry for approval. A provision of ₹ 50.54 crore (previous year ₹ 28.06 crore) and ₹ 31.61 crore (previous year ₹ 26.39 crore) have been made towards post retiral pension and medical schemes respectively from 1st January 2007.  
The said provision includes ₹ 22.48 crore (previous year ₹ 7.68 crore) and ₹ 5.22 crore (previous year ₹ 7.25 crore) for the year towards post retiral pension and medical schemes respectively.
- 2.46** During the year, Company incurred a sum of ₹ 3.70 crore (previous year ₹ 2.92 crore) towards R&D activities. Out of which ₹ 3.53 crore (previous year ₹ 2.21 crore) has been reflected under "Capital Work in Progress" (refer note no. 2.8.3) and ₹ 0.17 crore (previous year ₹ 0.71 crore) has been charged to Statement of Profit and Loss under "Other Expenses" (refer note no. 2.28).
- 2.47** Sundry creditors, customers advances, amounts recoverable, security deposits receivable/payable are subject to confirmation.
- 2.48** In cases where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle and multipurpose advances are considered unsecured.
- 2.49** The lease deeds are 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) and flats taken in Mumbai of ₹ 3.22 crore (previous year Nil) from Western Railways.





- 2.50** Consultancy fee of ₹ 11.07 crore (previous year ₹ 10.12 crore) due from one of the projects has not been recognized as income due to uncertainty as regard to realizability.
- 2.51** Provision No Longer Required under the head "Other Income" includes reversal of ₹ 39.67 crore towards employees' remuneration and benefits (refer note no. 2.23).
- 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 ₹ 336.41 crore (previous year ₹ 244.94 crore). These include:-
- (i) Claims (excluding interest) amounting to ₹ 144.74 crore (previous year ₹ 53.08 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 ₹ 191.67 crore (previous year ₹ 191.86 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 ₹ 9.80 crore (previous year ₹ 13.70 crore) are outstanding against export obligations with Central Excise Department. Out of this, bonds value of ₹ 3.15 crore (previous year ₹ 4.59 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 ₹ 26.51 crore (previous year ₹ 81.85 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, 2014.

The preparation of financial statements of RITES Limited for the year ended 31st March, 2014 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 24th June, 2014.

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, 2014. 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

Place : New Delhi

Dated : 8th July, 2014

(Dinesh Bhargava)

Pr. Director Audit (Railway Commercial)

## 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 5.88 million (₹ 406.06 lakh) (previous year income of Pula 4.21 million [₹ 290.73 lakh]) and net profit of Pula 0.57 million (₹ 39.36 lakh) (previous year net loss of Pula (0.95) million [₹ 65.61 lakh]) and accumulated profits at the end of the year is Pula 2.55 million (₹ 171.45 lakh).
3. Keeping in view the performance of the Company, Board of Directors of the RITES (AFRIKA) (PTY) LTD has decided to declare dividend of 300% for the year 2013-14.
4. The final detailed design report for the Hukuntsi and Tsabong Airfield project and Tsesebe-Maunga Road Project have 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. 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 completion of on-going projects, maintenance of existing projects and poverty eradication by the Government. Further inspite of emphasis on empowerment of local citizen consultants, company was able to secure international assignment of consultancy services for the Airports in Rwanda country.

### 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, 2013 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 is no transaction except General and Administrative expenses of SR 48,814.
3. The Company is under winding up and the equity money (RITES share) has been received in June, 2014.

### 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) totalling to 50,000 equity shares fully paid up, of ₹ 10 each, amounting to ₹ 5 lakh.
4. During the year under review, procurement of service connections at seven stations are 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 to Railways during the year 2013-14.
5. During the year 2013-14, Company secured first Turnkey project on cost plus basis for "Development and Construction of Bus Terminal at Maltipatpur-Puri (Odisha) for Govt. of Odisha". There is an operating income of ₹ 26.30 lakh during the year 2013-14.

### RAILWAY ENERGY MANAGEMENT COMPANY LIMITED (REMCL)

1. Company has signed an 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, power trading etc.
2. The Company was incorporated on 16th August, 2013 as a Joint Venture Company of Ministry of Railways and RITES Limited with equity participation in the ratio of Indian Railways (49%) & RITES (51%). The company got certificate of commencement of business on 1st October, 2013.
3. As a step towards exploring business opportunities, company has signed:
  - i) MOU with Railway Board on 30.01.2014 for setting up of 157.5 MW capacity wind mill plant.
  - ii) Tripartite agreement between NR, REMC and trader members for undertaking power trading activities on 20.02.2014.
4. Company is yet to start its commercial activities. There is no operating income except income from accrued interest on fixed deposits of ₹ 38.14 lakh.

For and on behalf of the Board

Place: Delhi

Dated: 20th August, 2014

(Ajay K. Gaur)  
Director Finance

(Rajeev Mehrotra)  
Chairman & Managing Director

(P.T. Mittal)  
Company Secretary

# BITES AFRIKA (PROPRIETARY) LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31st MARCH, 2014

### GENTLEMEN,

Your Directors have immense pleasure to present you the Annual Report of the Company "BITES AFRIKA (PTY) LTD" together with the audited statement of accounts and the Report of statutory auditors thereon for the year ended 31st March, 2014.

During the year 2013-14, your Company has achieved the turnover/income of BWP 5.88 million as compared to income of BWP 4.21 million of the previous financial year, higher by 39.67%. Income from consultancy services is of BWP 5.33 million for the year as compared to BWP 3.33 million of the last year, higher by BWP 2.00 million (60.60%). Your Company has also earned a net profit before tax of Pula 0.57 million as against loss of BWP 0.95 million of the previous year.

### FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2013-14 is given below:

(BWP in million)

Particulars	2013-14	2012-13
<b>Financial Results</b>		
Income	<b>5.88</b>	4.21
Expenditure	<b>5.29</b>	5.14
Depreciation (included in above expenses)	<b>0.006</b>	0.002
Net Profit/(Loss) before tax	<b>0.57</b>	(0.95)
Income tax expenses	-	-
Net profit/(Loss) after tax	<b>0.57</b>	(0.95)
Income from:		
- Consultancy fee	<b>5.33</b>	3.33
- Other incomes	<b>0.53</b>	0.88
Accumulated Profit/(Loss) at the end of year	<b>2.55</b>	1.97

### DIVIDEND

Considering the financial performance and profitability of the Company, the Board of Directors is pleased to announce a dividend of 300% for the year 2013-14.

### PROJECTS SECURED & EXECUTED

Due to backdrop of uncertainty in the world economy and economy slowdown in Botswana, priorities were given only to completion of ongoing projects, maintenance projects and poverty eradication by the Government of Botswana. Also there is emphasis on empowerment of Local citizen consultant,

as such no major project could be secured in the fiscal year 2013-14. However your Company secured international assignment in consultancy services for the Airports in Rwanda country and will sustain the current operation level for next one year.

The Company is expanding its reach by venturing in consultancy business in Rwanda country and hopefully will secure some new projects in future as the East African Community (EAC) Economic Outlook shows that there has been remarkable progress in regional developments.

Existing consultancy projects i.e. Final Statement/Payment Certificate and Project Completion Reports for Francistown International Airport & Francistown-Ramokgwebana Road Projects have been submitted and accepted by the clients in August 2013 and April 2014 respectively, therefore company's liability for these projects is over. The feasibility and preliminary design report for Expansion of Kamembe and Gisenyi Airports, Rwanda have been submitted and detailed design report is expected to be completed by end of July 2014.

The final detailed design reports for the Tsabong and Hukuntsi Airfields Project and Tsesebe-Matsunga Road Project have 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 and will be taken-up by the clients on the improvement of fund position.

### BOTSWANA SCENARIO

The recent global economic outlook forecast and initiative of Government on the development of Coal Roadmap has demonstrated that government would focus on the high return infrastructure projects in the next three years. The construction of Trans Kalahri Railway (TKR) line (1500 Km approx.) and port will be initiated by the government in the first instance looking at the global demand for seaborne thermal coal.

The world economic recovery seems to be underway and following transport infrastructure projects are expected to be pronounced by the Government in the year 2014-15:

- Expansion of Selebi-Phikwe Airport
- Three Grade Separated Intersections in Gaborone
- Relocation of Serowe-Palapye Airport
- Access to Central Business District

### PROPOSAL SUBMITTED

Your Company has submitted bids such as Expression of Interest for Consultancy Services for Feasibility Studies and Detailed Engineering Design of International Airport at the County Headquarter, Mandera, Republic of Kenya, Design of Runway Extension & Ancillary Works at Sir Gaetan Dual Airport Plaine Corail, Rodrigues Island Republic of Mauritius, Construction Supervision of Rehabilitation and Upgrading of Shinyanga and Sumbawanga Airports, Tanzania, Design and Construction Supervision for the New Air Traffic Control Tower and Provision

of associated facilities and equipment at Sir Seewoosagar Ramgoolam International Airport, Mauritius and Second Runway Detail Design Study at Jomo Kenyatta International Airport, Kenya.

#### ACKNOWLEDGEMENTS

We are thankful to the management of RITES officers and staff for their continuous support, co-operation 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 were the statutory auditors of the company for the year 2013-2014. 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 co-operation received from the Department of Civil Aviation, Department of Roads, Ministry of Works & Transport, Ministry of Finance, Council of Francistown City, Coal Development Unit, 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 thankful to His Excellency the Indian High Commissioner, the Secretary and other officers and staff of the Indian High Commissioner in Botswana for their valuable support & co-operation.

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



**(Rajesh Kumar)**

**Director**

**Place: Gaborone, Botswana**

**Dated: 14th May, 2014**

## FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

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

The directors have reviewed the company's cash flow forecast for the year to March 31, 2015 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 81.

The financial statements set out on pages 81 to 86, which have been prepared on the going concern basis, were approved by the board of directors on 14.05.2014 and were signed on its behalf by:



**(Rajesh Kumar)**

**Director**





# INDEPENDENT AUDITOR'S REPORT

## To the shareholder of RITES AFRIKA (PTY) LTD

I have audited the financial statements of RITES AFRIKA (PTY) LTD, as set out on pages 81 to 85, which comprise the statement of financial position as at March 31, 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium sized Entities, and the requirements of the Companies Act of Botswana.

### Ramani & Associates



J.R.V. Ramani

Certified Auditor

Practising Membership No. : 19900324

# STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

(Figures in Pula)

	Note(s)	2014	2013
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	17,649	8,629
<b>Current Assets</b>			
Trade and other receivables	4	2,224,605	1,474,494
Cash and cash equivalents	5	2,729,248	1,665,945
		<b>4,953,853</b>	<b>3,140,439</b>
<b>Total Assets</b>		<b>4,971,502</b>	<b>3,149,068</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	6	10,000	10,000
Retained income		2,546,119	1,975,274
		<b>2,556,119</b>	<b>1,985,274</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Balance due to /from group companies	3	390,039	478,564
Current tax payable		16,662	16,662
Trade and other payables	7	2,008,682	668,568
		<b>2,415,383</b>	<b>1,163,794</b>
<b>Total Equity and Liabilities</b>		<b>4,971,502</b>	<b>3,149,068</b>

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2014

(Figures in Pula)

	Note(s)	2014	2013
Revenue	8	5,331,256	3,329,294
Cost of sales	9	(3,757,767)	(3,025,938)
<b>Gross profit</b>		<b>1,573,489</b>	<b>303,356</b>
Other income		533,512	883,421
Operating expenses		(1,511,316)	(2,120,730)
<b>Operating profit/(loss)</b>		<b>595,685</b>	<b>(933,953)</b>
Finance costs	10	(24,840)	(15,402)
<b>Profit/(loss) for the year</b>		<b>570,845</b>	<b>(949,355)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>570,845</b>	<b>(949,355)</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

(Figures in Pula)

	Share Capital	Retained Income	Total Equity
<b>Balance at April 01, 2012</b>	<b>10,000</b>	<b>2,924,629</b>	<b>2,934,629</b>
Loss for the year	-	(949,355)	(949,355)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(949,355)</b>	<b>(949,355)</b>
<b>Balance at April 01, 2013</b>	<b>10,000</b>	<b>1,975,274</b>	<b>1,985,274</b>
Profit for the year	-	570,845	570,845
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>570,845</b>	<b>570,845</b>
<b>Balance at March 31, 2014</b>	<b>10,000</b>	<b>2,546,119</b>	<b>2,556,119</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

(Figures in Pula)

	Note(s)	2014	2013
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	1,192,402	552,503
Finance costs		(24,840)	(15,402)
Tax paid	14	-	(248,740)
<b>Net cash from operating activities</b>		<b>1,167,562</b>	<b>288,361</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(15,732)	(2,957)
Proceeds from group companies		(88,525)	(300,449)
<b>Net cash from investing activities</b>		<b>(104,257)</b>	<b>(303,406)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		-	(20,000)
<b>Total cash movement for the year</b>		<b>1,063,305</b>	<b>(35,045)</b>
Cash at the beginning of the year		1,665,945	1,700,989
<b>Total cash at end of the year</b>	5	<b>2,729,250</b>	<b>1,665,944</b>

## 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.

#### 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	Average useful life
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.

## 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)

	2014			2013		
	Cost / Valuation	Accu. Dep.	Carrying value	Cost / Valuation	Accu. Dep.	Carrying value
Furniture and fixtures	65,939	(62,566)	3,373	65,939	(62,004)	3,935
Motor vehicles	57,728	(57,727)	1	57,728	(57,728)	-
Office equipment	92,809	(92,808)	1	92,809	(92,808)	1
IT equipment	50,524	(36,250)	14,274	34,791	(30,098)	4,693
<b>Total</b>	<b>267,000</b>	<b>(249,351)</b>	<b>17,649</b>	<b>251,267</b>	<b>(242,638)</b>	<b>8,629</b>

### Reconciliation of property, plant and equipment -2014

(Figures in Pula)

	Opening Balance	Additions	Depre- ciation	Total
Furniture and fixtures	3,935	-	(562)	3,373
Motor vehicles	-	-	1	1
Office equipment	1	-	-	1
IT equipment	4,693	15,732	(6,151)	14,274
	<b>8,629</b>	<b>15,732</b>	<b>(6,712)</b>	<b>17,649</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>

(Figures in Pula)

	2014	2013
--	------	------

### 3. Balance due to/ (from) group companies

#### Current account with Holding company

**Rites Limited** (390,039) (478,564)

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	2,197,659	960,259
Employee costs in advance	6,000	8,500
Prepayments - Insurance	4,378	12,436
Deposits	(4,902)	7,700
VAT	14,252	32,516
Accured income - Escalation claims	-	446,431
WHT on call account	7,218	6,652
	<b>2,224,605</b>	<b>1,474,494</b>

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	37,185	22,915
Bank balances	1,592,371	591,782
Short-term deposits	1,099,692	1,051,248
	<b>2,729,248</b>	<b>1,665,945</b>





(Figures in Pula)

	2014	2013
<b>6. Share capital</b>		
<b>Issued</b>		
Ordinary	10,000	10,000
<b>7. Trade and other payables</b>		
Trade payables	1,366,825	584,612
Provision for severance payment	15,964	-
Mobilization advance	546,224	-
Accrued salaries	21,780	1,135
WHT payable	5,185	10,563
Accrued utilities expenses	-	2,661
Accruals	-	2,716
Insurance payable	4,663	-
Provision for leave payment	45,041	63,881
Other payables	3,000	3,000
	<u>2,008,682</u>	<u>668,568</u>
<b>8. Revenue</b>		
Consulting Fee	5,331,256	3,329,294
<b>9. Cost of sales</b>		
<b>Rendering of services</b>		
Consulting fee - Rites Ltd	341,960	781,386
Consulting fee - Local	1,348,029	2,007,845
Consulting fee - Rwanda	1,642,943	-
Travelling expenses & WHT on visiting consultants	424,835	236,707
	<u>3,757,767</u>	<u>3,025,938</u>
<b>10. Finance costs</b>		
Late payment of tax	24,840	15,402
<b>11. Taxation</b>		
Major components of the tax expense		
<b>12. Auditor's remuneration</b>		
Fees	37,000	-
<b>13. Cash generated from operations</b>		
Profit (loss) before taxation	570,845	(949,355)
<b>Adjustments for:</b>		
Depreciation and amortisation	6,714	2,539
Finance costs	24,840	15,402
<b>Changes in working capital:</b>		
Trade and other receivables	(750,111)	3,877,089
Trade and other payables	1,340,114	(2,393,172)
	<u>1,192,402</u>	<u>552,503</u>
<b>14. Tax Paid</b>		
Balance at beginning of the year	(16,662)	(265,402)
Balance at end of the year	16,662	16,662
	<u>-</u>	<u>(248,740)</u>

## 15. Related parties

### Relationships

Holding company

Rites Limited

### Related party balances and transactions with entities with control, joint control or significant influence over the company

#### Related party balances

Loans to and from holding company represent charges from one to the other for trade transactions, being charge for consulting services rendered through its employees and expenses paid by one for the other. They are transacted at arms length. No interest is provided for and there are no repayment terms prescribed for these trade balances. They are payable within a period of 12 months. They are secured.

(Figures in Pula)

Note(s)	2014	2013
<b>Balance due/from holding company</b>		
Rites Limited	390,039	478,564
<b>Consulting fee paid to related party</b>		
Rites Limited	341,960	781,386
<b>Other income - Salaries charged to holding company</b>		
Rites Limited	-	717,214

### DETAILED INCOME STATEMENT

<b>Revenue</b>		
Consulting fees	5,331,256	3,329,294
<b>Cost of sales</b>		
Direct expenses - Consulting	(3,757,767)	(3,025,938)
<b>Gross profit</b>	<u>1,573,489</u>	<u>303,356</u>
<b>Other income</b>		
Interest income	59,253	80,079
Rental income	52,272	54,074
Bad & doubtful debts recovery	431,520	-
Salaries charged to holding company	-	717,214
Profit on sale of motor vehicle	-	12,000
Profit / Loss on exchange differences	(17,473)	20,054
Sundry income	7,940	-
	<u>533,512</u>	<u>883,421</u>
<b>Expenses</b>	<u>(1,511,316)</u>	<u>(2,120,730)</u>
<b>Operating profit (loss)</b>	<u>595,685</u>	<u>(933,953)</u>
Finance costs	10	(24,840)
<b>Profit (loss) for the year</b>	<u>570,845</u>	<u>(949,355)</u>
Other comprehensive income	-	-
<b>Total comprehensive income (loss) for the year</b>	<u>570,845</u>	<u>(949,355)</u>

(Figures in Pula)

	Note(s)	2014	2013
<b>Operating expenses</b>			
Accounting fees		(29,700)	(30,950)
Auditor's remuneration	12	(37,000)	-
Bad debts		-	(431,520)
Bank charges		(47,075)	(5,402)
Computer expenses		(15,219)	(8,939)
Depreciation, amortisation and impairments		(6,714)	(2,539)
Donations		-	(1,300)
Employee costs		(689,485)	(1,117,482)
Entertainment		(16,630)	-
Office expenses		-	(3,432)
Permit & Licence expenses		-	(2,000)
Training levy		(4,598)	(11,896)
Tender expenses		-	(1,470)
Sundry expenses		(1,566)	(285)
Government Levy		-	(8,860)
Insurance		(25,534)	(10,537)
Lease rentals on operating lease		(329,658)	(206,028)
Motor vehicle expenses		(12,214)	(8,931)
Petrol and oil		(9,692)	(9,965)
Postage		(4,253)	(4,171)
Printing and stationery		(51,763)	(31,010)
Repairs and maintenance		(34,826)	(13,107)
Secretarial & Professional fees		(36,386)	(2,825)
Security		(11,839)	(5,901)
Staff welfare		(9,708)	(31,210)
Telephone and fax		(41,893)	(36,428)
Training		(18,890)	(11,665)
Travel - local		(4,199)	(87,701)
Utilities		(72,474)	(35,176)
		<b>(1,511,316)</b>	<b>(2,120,730)</b>

## RITES INFRASTRUCTURE SERVICES LTD. DIRECTORS' REPORT

### Distinguished Shareholders

The Directors of your company have immense pleasure in presenting 4th Annual Report of the Company together with the audited Statements of Accounts and Auditors' Report for the year ended 31st March, 2014.

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 along with first Turnkey project secured by the company on cost plus basis for "Development and construction of Bus Terminal at Maltipatpur- Puri (Odisha) for Govt of Odisha.

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. Procurement of service connections at seven stations are at an advanced stage. It was decided by Railway Board that MFCs at five stations shall be handed over to Railways after construction. One of these MFCs was handed over in FY 2013-14.

### FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2013-14 is given below:

(Amount in ₹)

Particulars	2013-14	2012-13
Authorised Share Capital	50,000,000	50,000,000
Subscribed Share Capital	500,000	500,000
Reserves & Surplus	(2,132,361)	(2,617,025)
Tangible Fixed Assets	2	2
Capital Work in Progress	59,971,979	44,707,308
Total income/Gross Sales	2,668,758	39,741
Total operating Income	2,630,258	Nil
Total Expenditure	2,935,530	2,100,401
<b>Profit / (Loss) Before Tax (PBT)</b>	<b>(266,772)</b>	<b>(2,060,660)</b>
<b>Profit After Tax (PAT)</b>	<b>484,664</b>	<b>(2,060,660)</b>
Net worth	(1,632,361)	(2,117,025)

### BUSINESS PERFORMANCE

The company has recorded operating turnover of ₹ 26.30 lakh. The Profit/ (Loss) before Tax was (₹ 2.67 lakh) and Profit after tax was ₹ 4.85 lakh during the year 2013-14.



## CAPITAL STRUCTURE

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

## DIVIDEND

Directors are not proposing any dividend for the year 2013-14 keeping in view of the performance of the company.

## FIXED DEPOSITS

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

## RESERVES

The Company has recorded net profit after tax of ₹ 4.85 lakh during the year 2013-14. Reserves & Surplus are at (₹ 21.32 lakh) as against (₹ 26.17 lakh) of the previous year.

## 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 being implemented by the holding company in its 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 business.

### The following Directors held office during the year:

Shri K.K.Gupta

Shri Ajay Kumar Gaur

Shri Alok Garg

## DIRECTORS' RESPONSIBILITY STATEMENT

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

## CORPORATE SOCIAL RESPONSIBILITY

As per DPE Guidelines loss making Companies are not mandated to earmark specific fund for CSR activities. However, CSR initiative will be taken keeping in view of financial performance of the company.

## MEMORANDUM OF UNDERSTANDING

The company has signed Memorandum of Understanding (MOU) with the Holding Company i.e. RITES Ltd. for the year 2014-15.

## IMPLEMENTATION OF RTI ACT, 2005

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.

## 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 2013-14. 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

K.K.Gupta  
Director

Place: Gurgaon

Dated: 9th July, 2014

**1. Company's Philosophy on Corporate Governance**

The philosophy of the Company in relation to Corporate Governance is the constant endeavour 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, S/Shri K.K.Gupta, Ajay Kumar Gaur and Alok Garg, all are part time Directors nominated by RITES, the holding company, as on 31st March, 2014.

**3.1 Composition of the Board of Directors**

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	Part Time Director	1 (RITES Limited)	Nil	Nil
3.	Shri Alok Garg	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 Meeting**

The Board of Directors met (Four) 4 times during the year 2013-14 to discuss and decide about the business activities of the Company.

S. No.	Directors	Board Meetings During the Year		3rd Annual General Meeting held on 12th August, 2013
		Held	Attended	Present
1.	Shri K.K.Gupta	4	3	Present
2.	Shri Ajay Kumar Gaur	4	4	Present
3.	Shri Alok Garg	4	4	Present

**3.3 Attendance of Board of Directors Meeting during the year 2013-14**

S. No.	Directors	Nos. and Date of Board of Directors Meeting				Total Meetings
		14th BOD Meeting/ 11/06/2013	15th BOD Meeting/ 12/08/2013	16th BOD Meeting/ 11/11/2013	17th BOD Meeting/ 19/02/2014	Total (4)
1.	Shri K.K.Gupta	Not Attended	Attended	Attended	Attended	3 out of 4
2.	Shri Ajay Kumar Gaur	Attended	Attended	Attended	Attended	All
3.	Shri Alok Garg	Attended	Attended	Attended	Attended	All

**4. Disclosures about Directors**

**4.1 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 in due course of time.

**7. General Body Meeting**

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

Year	Annual General Meeting (AGM)	Date of Meeting	Time	Venue	Special Resolution
2012-13	3rd AGM	12th August, 2013	12:30	SCOPE Minar, Laxmi Nagar, Delhi 110092	Nil
2011-12	2nd AGM	5th September, 2012	12:30	SCOPE Minar, Laxmi Nagar, Delhi 110092	Nil
2010-11	1st AGM	18th August, 2011	12:30	SCOPE Minar, Laxmi Nagar, Delhi 110092	Nil

**8. 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. 2.18.3 of Notes to Accounts.
- 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.





CERTIFICATE

- There were no instances of non-compliance by the Company.

9. 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.

10. Compliance

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

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 recorded operating turnover of ₹ 26.30 lakh. The Profit/ (Loss) Before Tax was (₹ 2.67 lakh) and Profit After Tax was ₹ 4.85 lakh during the year 2013-14.

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 along with first Turnkey project secured by the company on cost plus basis for "Development and construction of Bus Terminal at Maltipatpur- Puri (Odisha) for Govt of Odisha.

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. Procurement of service connections at seven stations are at an advanced stage. It was decided by Railway Board that MFCs at five stations shall be handed over to Railways after construction. One of these MFCs was handed over in FY 2013-14.

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.

To the Members of

RITES INFRASTRUCTURE SERVICES LIMITED.

We have examined the compliance of conditions of Corporate Governance by RITES INFRASTRUCTURE SERVICES LIMITED for the period ended 31st March, 2014 as stipulated in the DPE guidelines on Corporate Governance for Central Public Sector Enterprises issued by the 'Department of Public Enterprises', Ministry of Heavy Industries and Public Enterprises, Government of India.

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.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certification, etc. as had been required by us.

In our opinion and to the best of our knowledge and 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 guidelines on corporate governance issued by the 'Department of Public Enterprises' except that there was no Independent Director on the Board of the Company during the period under scrutiny.

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

For Akhil Rohatgi & Co.

(Akhil Rohatgi)

Company Secretary in Practice

Place: New Delhi

F.C.S: 1600

Date : 9th July, 2014

C.P. No. 2317

## INDEPENDENT AUDITOR'S REPORT

### To the Members of RITES Infrastructure Services Limited.

1. We have audited the accompanying financial statements of RITES Infrastructure Services Limited, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss & Cash Flow Statement for the year ended 31st March, 2014 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance & Cash Flow 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 presentation of the financial statements that give a true & fair view free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. 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 and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. 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, 2014;
  - (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
  - (c) In case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

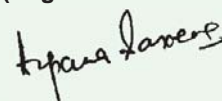
### Report on Other Legal and Regulatory Requirements

7. 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.
8. 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, the Statement of Profit and Loss & Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement dealt with by this report are in compliance 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**

**Place: New Delhi**

**Dated: 9th July, 2014**

**Membership No. 095837**



## 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, 2014 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. Also during the year there was an addition of one MFC which is reflected in Fixed Assets Schedule. 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. The company is generally regular in depositing with appropriate authorities undisputed applicable statutory dues i.e. TDS.  
(b) According to the information and explanations given to us there were no undisputed amounts payable outstanding as at 31st March, 2014 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. However, during the year company has made a provision of deferred tax assets.
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 (xii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations provided to us the company is not dealing or trading in shares, securities, debentures or other similar investment.
15. On the basis of the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on our examination and according to the information and explanations given to us, no term loans were taken by the Company.
17. On the basis of our examination and explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any secured debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**(ALPANA SAXENA)  
Partner**

**Place: New Delhi  
Dated: 9th July, 2014**

**MEMBERSHIP NO. 095837**

## BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
SHARE CAPITAL	2.1	500,000.00	500,000.00
RESERVES AND SURPLUS	2.2	(2,132,361.00)	(2,617,025.00)
		<u>(1,632,361.00)</u>	<u>(2,117,025.00)</u>
<b>CURRENT LIABILITIES</b>			
TRADE PAYABLE	2.3	2,220,689.00	-
OTHER CURRENT LIABILITIES	2.4	106,382,951.00	47,316,242.00
		<u>108,603,640.00</u>	<u>47,316,242.00</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>106,971,279.00</u>	<u>45,199,217.00</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
• TANGIBLE ASSETS	2.5	2.00	2.00
• CAPITAL WORK-IN-PROGRESS	2.6	59,971,979.00	44,707,308.00
		<u>59,971,981.00</u>	<u>44,707,310.00</u>
DEFERRED TAX ASSETS (NET)	2.7	751,436.00	-
OTHER NON CURRENT ASSETS - CLIENTS DEPOSITS	2.8	43,095,626.00	-
		<u>103,819,043.00</u>	<u>44,707,310.00</u>
<b>CURRENT ASSETS</b>			
TRADE RECEIVABLE	2.9	2,630,258.00	-
CASH AND BANK BALANCES	2.10	514,298.00	485,842.00
OTHER CURRENT ASSETS	2.11	7,680.00	6,065.00
		<u>3,152,236.00</u>	<u>491,907.00</u>
<b>TOTAL ASSETS</b>		<u>106,971,279.00</u>	<u>45,199,217.00</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS	1&2		

For and on behalf of the Board

  
K. K. Gupta  
Director

  
Alok Garg  
Director

As per our report of even date attached

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

Place : Delhi  
Dated : 9th July, 2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

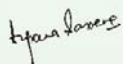
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
<b>REVENUE</b>			
REVENUE FROM OPERATIONS	2.12	2,630,258.00	-
OTHER INCOME	2.13	38,500.00	39,741.00
<b>TOTAL REVENUE</b>		<u>2,668,758.00</u>	<u>39,741.00</u>
<b>EXPENDITURE</b>			
COST OF CONSTRUCTION PROJECTS	2.14	2,467,433.00	-
EXPENSES	2.15	468,097.00	2,100,401.00
<b>TOTAL EXPENDITURE</b>		<u>2,935,530.00</u>	<u>2,100,401.00</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<u>(266,772.00)</u>	<u>(2,060,660.00)</u>
<b>TAX EXPENSES</b>			
• CURRENT YEAR		-	-
• EARLIER YEARS		-	-
DEFERRED TAX (NET)		751,436.00	-
<b>PROFIT/(LOSS) AFTER TAX</b>		<u>484,664.00</u>	<u>(2,060,660.00)</u>
<b>EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC &amp; DILUTED</b>		₹ 9.69	₹ (41.21)
NUMBER OF SHARES USED IN COMPUTING EARNING PER SHARE		50,000	50,000

For and on behalf of the Board

  
K. K. Gupta  
Director

  
Alok Garg  
Director

As per our report of even date attached

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

Place : Delhi  
Dated : 9th July, 2014



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT/(LOSS) BEFORE TAXES	(266,772.00)	(2,060,660.00)
ADJUSTMENT FOR		
LESS: INTEREST FROM FD	38,500.00	38,299.00
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGE	(305,272.00)	(2,098,959.00)
CHANGE IN WORKING CAPITAL		
ADJUSTMENT FOR (INCREASE)/DECREASE IN OPERATING ASSETS		
OTHER CURRENT ASSETS	(1,615.00)	7,452.00
TRADE RECEIVABLE	(2,630,258.00)	-
ADJUSTMENT FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES		
OTHER CURRENT LIABILITIES	43,802,038.00	2,085,665.00
TRADE PAYABLE	2,220,689.00	-
CASH GENERATED FROM OPERATION	43,085,582.00	(5,842.00)
NET CASH FROM OPERATING ACTIVITIES	43,085,582.00	(5,842.00)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE/CONSTRUCTION OF FIXED ASSETS	(15,264,671.00)	(16,460,137.00)
DEPOSITS AND INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS	(43,132,511.00)	(34,721.00)
INTEREST FROM FD	38,500.00	38,299.00
NET CASH FROM INVESTING ACTIVITIES	(58,358,682.00)	(16,456,559.00)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
AMOUNT PAYABLE TO HOLDING COMPANY	15,264,671.00	16,460,137.00
NET CASH FROM FINANCING ACTIVITIES	15,264,671.00	16,460,137.00
NET CASH INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,429.00)	(2,264.00)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	51,121.00	53,385.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42,692.00	51,121.00

### RECONCILIATION OF CASH AND CASH EQUIVALENTS

(Amount in ₹)

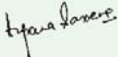
PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
CASH AND CASH EQUIVALENTS- OWNED FUND	22,692.00	51,121.00
CASH AND CASH EQUIVALENTS- CLIENT FUND	20,000.00	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42,692.00	51,121.00

For and on behalf of the Board

  
K. K. Gupta  
Director

  
Alok Garg  
Director

As per our report of even date attached

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

Place : Delhi  
Dated : 9th July, 2014

## 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 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 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 WORK IN PROGRESS

#### 1.3.1 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 OPERATING LEASE

Operating lease charges are charged as revenue on accrual basis.

### 1.5 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.

## 1.6 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.

## 1.7 CASH AND CASH EQUIVALENTS

Cash comprises cash in 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.

## 1.8 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.

## 2 NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2014

### 2.1 SHARE CAPITAL

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
<b>2.1.1 AUTHORISED</b>		
5,000,000 EQUITY SHARES (PREVIOUS YEAR OF ₹ 10/- EACH)	50,000,000.00	50,000,000.00
<b>2.1.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
50,000 EQUITY SHARES (PREVIOUS YEAR 50,000) OF ₹ 10/- EACH, FULLY PAID UP	500,000.00	500,000.00
<b>TOTAL</b>	<b>500,000.00</b>	<b>500,000.00</b>
	<b>NO. OF SHARES</b>	<b>NO. OF SHARES</b>
<b>2.1.3 SHARES HELD BY EACH SHAREHOLDER MORE THAN 5%</b>	<b>49,994.00</b>	<b>49,994.00</b>
BITES LTD. (HOLDING COMPANY)	<b>99.99%</b>	<b>99.99%</b>

## 2.2 RESERVES AND SURPLUS

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
<b>2.2.1 SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>		
OPENING BALANCE	(2,617,027.00)	(556,367.00)
ADD: PROFIT/(LOSS) FOR THE YEAR	484,664.00	(2,060,660.00)
<b>TOTAL (A)</b>	<b>(2,132,363.00)</b>	<b>(2,617,027.00)</b>
<b>2.2.2 CAPITAL RESERVE</b>		
CAPITAL GRANT RECEIVED FROM BITES LTD. (HOLDING COMPANY)	2.00	3.00
ADDITION DURING THE YEAR	1.00	-
ADJUSTMENT DURING THE YEAR	(1.00)	(1.00)
<b>TOTAL (B)</b>	<b>2.00</b>	<b>2.00</b>
<b>CLOSING BALANCE (A+B)</b>	<b>(2,132,361.00)</b>	<b>(2,617,025.00)</b>

## 2.3 TRADE PAYABLES

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
CREDITORS FOR SUPPLIES, SERVICES ( TO BITES LTD. HOLDING COMPANY)	2,220,689.00	-
<b>TOTAL</b>	<b>2,220,689.00</b>	<b>-</b>

## 2.4 OTHER CURRENT LIABILITIES

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
AMOUNT PAYABLE TO BITES LTD. (HOLDING COMPANY)	63,005,581.00	47,305,442.00
CLIENTS ADVANCES	43,115,626.00	-
EXPENSES PAYABLE	-	800.00
TDS PAYABLE	246,744.00	-
AUDIT FEE PAYABLE	15,000.00	10,000.00
<b>TOTAL</b>	<b>106,382,951.00</b>	<b>47,316,242.00</b>

## 2.5 TANGIBLE FIXED ASSETS AS AT 31.03.2014

(Amount in ₹)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.13	Addi- tion During the Period	Sale/ Adj During the Period	Total 31.03.14	As at 01.04.13	For the Period	Sale/ Adj During the Period	Total 31.03.14	As at	
									31.03.14	31.03.13
<b>MULTI FUNCTIONAL COMPLEXES AT</b>										
Ghatshila (Received from BITES Ltd as Grant)	-	1.00	-	1.00	-	-	-	-	1.00	-
Kakdwip (Received from BITES Ltd as Grant)	1.00	-	-	1.00	-	-	-	-	1.00	1.00
New Alipur (Received from BITES Ltd as Grant)	1.00	-	1.00	-	-	-	-	-	-	1.00
<b>Total</b>	<b>2.00</b>	<b>1.00</b>	<b>1.00</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.00</b>	<b>2.00</b>
Previous Year	3.00	-	1.00	2.00	-	-	-	-	2.00	



## 2.6 CAPITAL WORK IN PROGRESS AS AT 31.03.2014

(Amount in ₹)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.13	Addition During the Period	Sale/ Adj During the Period	Total 31.03.14	As at 01.04.13	For the Period	Sale/ Adj During the Period	Total 31.03.14	As at	
									31.03.14	31.03.13
Capital Work in Progress	44,707,308	15,264,671	-	59,971,979	-	-	-	-	59,971,979	44,707,308
<b>Total</b>	<b>44,707,308</b>	<b>15,264,671</b>	<b>-</b>	<b>59,971,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,971,979</b>	<b>44,707,308</b>
Previous Year	28,247,171	18,403,923	1,943,786	44,707,308	-	-	-	-	44,707,308	-

## 2.7 DEFERRED TAX ASSETS

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
CARRY FORWARD LOSSES	749,891.00	-
PRE INCORPORATION EXPENSES	1,545.00	-
<b>TOTAL</b>	<b>751,436.00</b>	<b>-</b>

## 2.8 OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	43,095,626.00	-
<b>TOTAL</b>	<b>43,095,626.00</b>	<b>-</b>

## 2.9 TRADE RECEIVABLES

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
UNSECURED		
FOR A PERIOD EXCEEDING SIX MONTHS	-	-
OTHERS		
CONSIDERED GOOD	2,630,258.00	-
<b>TOTAL</b>	<b>2,630,258.00</b>	<b>-</b>

## 2.10 CASH AND BANK BALANCES

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
-------------	------------------	------------------

### SHOWN UNDER CURRENT ASSETS :

#### 2.10.1 CASH & CASH EQUIVALENTS

##### BANK BALANCES IN :

CURRENT ACCOUNTS-OWNED FUND	22,692.00	51,121.00
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(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
CURRENT ACCOUNTS-CLIENT FUND	20,000.00	-
<b>2.10.2 OTHER BANK BALANCES-OWNED FUND</b>		
DEPOSITS WITH MORE THAN 3 MONTHS MATURITY	471,606.00	434,721.00
<b>TOTAL</b>	<b>514,298.00</b>	<b>485,842.00</b>
<b>SHOWN UNDER NON CURRENT ASSETS - CLIENT FUND:</b>		
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	43,095,626.00	-
<b>TOTAL CASH AND BANK BALANCES</b>	<b>43,609,924.00</b>	<b>485,842.00</b>

## 2.11 OTHER CURRENTS ASSETS

(Amount in ₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
REFUND DUE INCOME TAX	3,830.00	-
INTEREST ACCRUED ON FDR	-	2,235.00
TAX DEDUCTED AT SOURCE	3,850.00	3,830.00
<b>TOTAL</b>	<b>7,680.00</b>	<b>6,065.00</b>

## 2.12 REVENUE FROM OPERATIONS

(Amount in ₹)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
CONSTRUCTION PROJECTS	2,630,258.00	-
<b>TOTAL</b>	<b>2,630,258.00</b>	<b>-</b>

## 2.13 OTHER REVENUE

(Amount in ₹)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
INTEREST ON FDR'S	38,500.00	38,299.00
MISC INCOME	-	206.00
EXCESS PROV WRITTEN BACK	-	1,236.00
<b>TOTAL</b>	<b>38,500.00</b>	<b>39,741.00</b>

## 2.14 COST OF CONSTRUCTION PROJECTS

(Amount in ₹)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
SUPPLIES AND SERVICES-RITES LTD. (HOLDING COMPANY)	2,467,433.00	-
<b>TOTAL</b>	<b>2,467,433.00</b>	<b>-</b>

## 2.15 EXPENSES

(Amount in ₹)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
LEGAL PROFESSIONAL AND FILING EXPENSES	22,459.00	28,400.00
NIT/TENDERING EXPENSES	-	1,943,786.00
OFFICE MAINTENANCE	-	105,685.00
FEE FOR SERVICES OBTAINED	426,968.00	-
AUDITORS' RENUMERATIONS:		
STATUTORY AUDIT FEE	15,000.00	10,000.00
OUT OF POCKET EXPENSES	3,500.00	3,500.00
MISC EXPENSES	170.00	9,030.00
<b>TOTAL</b>	<b>468,097.00</b>	<b>2,100,401.00</b>

**2.16** 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 ₹ 9,212,978 (previous year ₹ 22,637,738).

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

**2.18** Disclosures as per Accounting Standards:

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

(Amount in ₹)

S. No.	PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
1.	Contract revenue recognized during the year	2,630,258	-
2.	Aggregate amount of Costs incurred up to reporting date	2,467,433	-
3.	Recognised profit up to reporting date	162,825	-
4.	Amount of advances received	43,000,000	-
5.	Gross amount due from customers for the contract work presented as an assets	-	-

### 2.18.2 Government Grant

RITES Ltd.(holding company) had decided to construct Six MFCs under CSR scheme and incurred an expenditure of ₹ 3 crore. The company has received four Multifunctional Complexes (MFCs) at free of cost from holding company and recorded in the books at nominal value of ₹ 1/- each. During the year company has handed over one MFC to the Railways (previous year one) and hence reduced from capital reserve and tangible assets. Other two MFCs under CSR expenditure of Holding Company where the holding company has incurred ₹ 9,150,385 are not ready for use and will be transferred to company on completion at free of cost at nominal value of ₹ 1/- per MFC.

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.

## 2.18.3 Related Party Disclosures

### a) Relationship with Holding Company

Nature of relationship	Name of Party
Holding Company	RITES Ltd.
Directors	1. Sh. K.K.Gupta 2. Sh. A.K. Gaur 3. Sh. Alok Garg

### b) Managerial Remuneration -NIL

### c) Transactions during the year.

(Amount in ₹)

Nature of Transaction	2013-14	2012-13
RITES Ltd (Holding Company)		
Construction cost of MFCs	15,264,671	18,403,923
Supply and Services	2,467,433	-
Other expenses	435,468	142,315

### d) Amount Payable

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
RITES Ltd (Holding Company)	65,226,270	47,305,442

e) During the year contract for development of Bus Terminal on Turnkey basis as Deposit on cost plus basis has been awarded to the Company by a client. This contract has been awarded to RITES LTD. (The Holding Company).

## 2.18.4 Earnings Per Share (EPS)

	Particulars	Year Ended	
		31.03.2014	31.03.2013
a	Numerator for basic & Diluted earnings per share Net Profit (Loss) available to equity shareholders	₹ 484,664	₹ (2,060,660)
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)	₹ 9.69	₹ (41.21)
d	Nominal Value Per Share	₹ 10	₹ 10

## 2.18.5 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.

## 2.18.6 Segment Reporting

The Company has revenue from operation from construction projects and in India only. There being only one primary segment and one geographical segment, separate segment information is not made.





### 2.18.7 Deferred Tax Assets

Company has started operational income during the year therefore company has reassessed unrecognized deferred tax assets of earlier years and accordingly recognizes deferred tax assets in the year.

- 2.19 Apart from expenditure under CSR scheme the holding company has also incurred a sum of ₹ 59,971,979 towards construction of MFCs up to 31.03.2014, which have been shown under Capital Work in Progress and corresponding liabilities payable to RITES LTD.
- 2.20 The company has no employee as all the activities are carried out by holding company.
- 2.21 Dues to micro, small and medium enterprise is NIL (previous year NIL).
- 2.22 Previous year figures have been regrouped/rearranged wherever applicable.

## 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, 2014.

The preparation of financial statements of Rites Infrastructure Services Limited for the year ended 31st March, 2014 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 9th July, 2014.

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 Infrastructure Services Limited for the year ended 31st March, 2014. 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 : 31st July, 2014

## RITES MOHAWAREAN ARABIA COMPANY LIMITED

### AUDITORS REPORT TO THE PARTNERS OF RITES MOHAWAREAN ARABIA COMPANY LIMITED (UNDER VOLUNTARY LIQUIDATION) LIMITED LIABILITY COMPANY

#### Scope of Audit

We have audited the accompanying balance sheet of Rites Mohawarean Arabia Company - Limited Liability Company as of 31 December, 2013, and the related statements of operations, cash flows and changes in partners' equity for the year then ended and notes 1 to 7 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 taken as a whole:

- a) present fairly, in all material respects, the financial position of the Company as of 31 December, 2013 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.
- b) 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 note 2 to the financial statements. As stated therein, the financial statements have been prepared on a break up basis as the partners have resolved to liquidate the company.

#### For International Accountants

Aiman M. Almeqham

Certified Public Accountant

License No. 453

Riyadh : 30 Jumada Awal 1435H

(31 March 2014)

## BALANCE SHEET

AS OF 31 DECEMBER, 2013

	Notes	2013 SR	2012 SR
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank Balance		<b>922,399</b>	965,899
<b>TOTAL ASSETS</b>		<b>922,399</b>	965,899
<b>LIABILITIES AND PARTNERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accrued Expenses		<b>94,000</b>	171,000
Zakat and Income Tax Provision	5	<b>8,403</b>	8,919
<b>TOTAL LIABILITIES</b>		<b>102,403</b>	179,919
<b>Partners' Equity</b>			
Capital	1	<b>500,000</b>	500,000
Additional Capital	4	<b>319,996</b>	285,980
<b>Total Partners' Equity</b>		<b>819,996</b>	785,980
<b>TOTAL LIABILITIES AND PARTNERS' EQUITY</b>		<b>922,399</b>	965,899

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	2013 SR	2012 SR
<b>EXPENSES</b>		
General and administrative expenses	<b>(48,814)</b>	(95,000)
<b>Net loss for the year</b>	<b>(48,814)</b>	(95,000)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	2013 SR	2012 SR
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	<b>(48,814)</b>	(95,000)
Changes in operating assets and liabilities:		
Accrued expenses and other liabilities	<b>(77,000)</b>	95,000
Zakat paid	<b>(8,919)</b>	-
<b>Net cash used in operating activities</b>	<b>(134,733)</b>	-
<b>FINANCING ACTIVITIES</b>		
Additional capital	<b>91,233</b>	-
<b>Net cash from financing activities</b>	<b>91,233</b>	-
<b>DECREASE IN BANK BALANCE</b>	<b>(43,500)</b>	-
Bank balance at the beginning of the year	<b>965,899</b>	965,899
<b>BANK BALANCE AT THE END OF THE YEAR</b>	<b>922,399</b>	965,899
<b>Non cash transaction</b>		
Loss absorbed by partner from the additional capital	<b>57,217</b>	9,956,392

## STATEMENT OF CHANGES IN PARTNERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2013

	Notes	Capital SR	Additional capital SR	Accumulated Losses SR	Total SR
Balance as of 1 January, 2012		500,000	10,242,372	(9,852,473)	889,899
Net loss for the year		-	-	(95,000)	(95,000)
Zakat and income tax provision	5	-	-	(8,919)	(8,919)
Loss absorbed by the partners	4	-	(9,956,392)	9,956,392	-
Balance as of 31 December, 2012	1	500,000	285,980	-	785,980
Movement in additional capital	4	-	91,233	-	91,233
Net loss for the year		-	-	(48,814)	(48,814)
Zakat and income tax provision	5	-	-	(8,403)	(8,403)
Loss absorption by partners	4	-	(57,217)	57,217	-
<b>Balance as of 31 December, 2013</b>		<b>500,000</b>	<b>319,996</b>	<b>-</b>	<b>819,996</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013

### 1. ORGANIZATION AND ACTIVITY

Rites Mohawarean Arabia Company Limited is a mixed limited liability company, registered in Riyadh under commercial registration number 1010299275 dated 15 Muharram 1432 H (corresponding to 21 December 2010).

The capital of the Company is divided into 500 shares of SR 1000 each. The partners' shareholding is as under:

Shareholders	Nationality	2013		2012	
		No. of shares	Capital SR	No. of shares	Capital SR
RITES Company Limited	Indian	<b>380</b>	<b>380,000</b>	380	380,000
Mohawarean International Group	Saudi	<b>120</b>	<b>120,000</b>	120	120,000
		<b>500</b>	<b>500,000</b>	500	500,000

The principal activity of the company is the execution of operation contracts and maintenance of railway, handling and storage of goods, constructing, operating, and maintaining telecommunication networks relating to railway and maintaining power generation equipment under the license number 102031118917 dated 24 Dhu Al-Qidah 1431H (corresponding to 1 November 2010) issued by the Saudi Arabian General Investment Authority.

### 2. BASIS OF PREPARATION

On 24 Safar 1434H (corresponding to 6 January 2013) the partners have met and decided to voluntarily discontinue the operations and liquidate the company. Accordingly,



the financial statements have been prepared on a break up basis, and all assets and liabilities have been stated at their estimated net realizable value. The legal proceedings to liquidate the operations of the company have not yet commenced.

### 3. 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 financial statements are prepared on a break up basis.

#### 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 partners' equity account while income tax is charged to the foreign partners' 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 differences in the estimate are recorded when the final assessment is approved, at which time the provision is cleared.

#### Statutory reserve

As required by Saudi Arabian Regulations for Companies, the company has to transfer 10% of the income for the year to the statutory reserve. The company may resolve to discontinue such transfers when the reserve totals 50% of the capital. The reserve is not available for distribution. Due to loss incurred during the year and the accumulated losses, no such transfer has been made during the current year.

#### Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

#### Expenses

All the expenses are classified as general and administrative expenses as there are no operations during the year.

#### Provision

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

### 4. ADDITIONAL CAPITAL

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

The balance due to the partners after absorption of losses amounting to SR 57,217 (2012: SR 9,956,392) in the prior year is as under:

	2013 SR	2012 SR
RITES Company Limited	21,038	58,137
Mohawarean International Group	298,958	227,843
<b>Total</b>	<b>319,996</b>	<b>285,980</b>

### 5. ZAKAT AND INCOME PROVISION

#### a) Zakat

The charge for the year amounting to SR 8,403 (2012: SR 8,919) represents current year zakat provision.

The significant components of the zakat base for the year ended 31 December are principally comprised of the following:

	2013 SR	2012 SR
Capital	120,000	120,000
Saudi partner's share in additional capital net of accumulated losses	227,843	259,562
Saudi partner's share in adjusted loss	(11,715)	(22,800)
<b>Net zakat base</b>	<b>336,128</b>	<b>356,762</b>
<b>Zakat 2.5%</b>	<b>8,403</b>	<b>8,919</b>

#### b) Income tax

In view of the adjusted loss during the year, provision for income tax is not required.

### 6. RISK MANAGEMENT

#### Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. Due to no operations the company is not subject to credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that the financial support is available from the partners.

### 7. FAIR VALUES

Financial instruments comprise of financial assets and financial liabilities. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Company's financial assets consist of bank balance. Its financial liabilities consist of accrued expenses.

Management believes that the fair value of the Company's financial assets and liabilities are not materially different from their carrying values.

# RAILWAY ENERGY MANAGEMENT COMPANY LIMITED (REMCL) DIRECTORS' REPORT

## DISTINGUISHED SHAREHOLDERS

The Directors of your company have immense pleasure in presenting 1st Annual Report on the state of affairs of the Company for the period starting from 16th August, 2013 (i.e. date of incorporation of the Company) to 31st March, 2014 together with the audited Statement of Accounts and Auditors' Report for the same period.

The company was incorporated on 16th August, 2013 as a Joint Venture Company of Ministry of Railways and RITES Limited with equity participation in the ratio of Indian Railways (49%) & RITES Ltd (51%). Your Company has obtained a certificate of commencement of business on 1st October, 2013. The main objects of the company is to take up various assignments/tasks to develop potential business avenues in the field of power sector including Green Energy, power trading etc.

## FINANCIAL HIGHLIGHTS

The financial performance of the Company for the period starting from 16th August, 2013 to 31st March, 2014 is given below:

(₹ in lakh)	
Particulars	2013-14
Authorised Share Capital	5,000
Subscribed Share Capital	1,000
Reserves & Surplus	(23.37)
Tangible Fixed Assets	Nil
Capital Work in Progress	29.52
Total Income/Gross Sales	38.14
Total Operating Income	Nil
Total Expenditure	71.97
Profit /(Loss) Before Tax (PBT)	(33.83)
Deferred Tax (Assets)	10.46
Profit /(Loss) After Tax (PAT)	(23.37)
Net Worth	976.63

## BUSINESS PERFORMANCE

The company is yet to start its commercial activities. There is no operating income except income from accrued interest on fixed deposits of ₹ 38.14 lakh with expenditure of ₹ 71.97 lakh resulting in loss of ₹ 33.83 lakh for the period starting from 16th August, 2013 to 31st March, 2014.

## OUTLOOK

The company has been formed to tap the business potential in the energy sector including green energy, power trading etc. by setting up of renewable energy wind power projects, synergizing the technical resource base of both the organizations i.e. Indian Railways and RITES Ltd.

## CAPITAL STRUCTURE

The Authorised Share Capital of the Company is ₹ 50 crore & the Paid-up share capital is ₹ 10 crore.

## DIVIDEND

The company is yet to start its commercial activities and there is no operating income except accrued interest on fixed deposits of ₹ 38.14 lakh for the period starting from 16th August, 2013 to 31st March, 2014, hence, no dividend has been declared by the Company.

## FIXED DEPOSITS

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

## RESERVES

Your Company is yet to commence commercial operations. During the year, Company has earned only interest income of ₹ 38.14 lakh with expenditure of ₹ 71.97 lakh resulting in loss of ₹ 33.83 lakh. As there is no profit earned during the year, no amount is proposed to be transferred to General Reserve.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Measures to conserve conventional energy have been initiated by taking up a renewable energy wind power project of 25 MW capacity in Rajasthan. Centre for Wind Energy Technology (C-WET), an autonomous research institute under Ministry of New & Renewable Energy (MNRE), has also been appointed as Technical Consultants for this wind power plant.

Further, a MoU (Memorandum of Understanding) has also been signed with Indian Railways for setting-up of the 157.5 MW wind power plants in the country inclusive of the 25 MW capacity to be installed in Rajasthan. After conducting necessary studies, size and locations of windmills are being proposed to Railways for their acceptance/approval.

Presently, power trading through Energy Exchange has also been taken-up as 1st Pilot Project at DIWANA TSS on Delhi-Ambala Section of NR. In this regard, a tri-partite agreement has already been signed on 20.02.2014 between Northern Railway (NR), REMCL and M/s PTC India Ltd. (Member of Energy Exchange).

## FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, there is no foreign exchange earnings and outgo.

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

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

## SCHEDULED CASTE, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES

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

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

The parent Companies hold 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" forms integral part of this Directors' Report and have been placed as Annexure – "I" & "II" respectively.





**BOARD OF DIRECTORS**

The Board of Directors consists of five (5) Directors, 2 Directors nominated by Ministry of Railways and 3 Directors nominated by RITES Limited. The Board met four (4) times during the year for transacting businesses.

**The following are the Directors of the Company as on date:**

- Shri Rajeev Mehrotra, Chairman
- Shri Arbind Kumar, Director
- Shri Sudhir Kumar Saxena, Director
- Shri K. Vinayak Rao, Director
- Shri H.K Bali, Director

**AUDIT COMMITTEE**

The Board of Directors in their meeting held in November, 2013, constituted Audit Committee comprising of S/Shri K. Vinayak Rao, Director (Chairman), Sudhir Kumar Saxena and Arbind Kumar, Directors as members.

The committee is assigned with the task of overseeing the Company's financial reporting process, review the adequacy of internal control and audit systems in addition to scrutinizing the annual financial statement before they are put up to the Board of Directors. The Audit committee met once during the period starting from 16th August, 2013 to 31st March, 2014.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

**CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility and sustainability activities will be undertaken once the Company commences its commercial operations and start earning profit.

**MEMORANDUM OF UNDERSTANDING**

The company was incorporated on 16th August, 2013 as a Joint Venture Company of Ministry of Railways and RITES Limited with equity participation in the ratio of Indian Railways (49%) & RITES Ltd. (51%). The Company has signed an MOU with its holding Company i.e. RITES Limited for the year 2014-15.

**AUDITORS**

The Comptroller & Auditor General of India appointed M/s JK Sarawgi & Company, Chartered Accountants as Company's Statutory Auditors, to audit the accounts of the company for the period starting from 16th August, 2013 to 31st March, 2014. 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 Ministry of Railways and RITES Ltd. and other Ministries for their support to the Company, and also the employees of the respective parent companies for their efforts to take the company forward.

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

**Place: Delhi**  
**Dated: 18th July, 2014**

**Rajeev Mehrotra**  
**Chairman**

**REPORT ON CORPORATE GOVERNANCE** **Annexure - I**

**1. Company's Philosophy on Corporate 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.

**2. Incorporation**

Railway Energy Management Company Limited was incorporated on 16th August, 2013 as a Joint Venture Company of Ministry of Railways and RITES Limited with equity participation in the ratio of Indian Railways (49%) & RITES Ltd (51%). The Authorised Share Capital of the Company is ₹ 50 Crore and Paid up Share Capital is ₹ 10 crore. Company has obtained a certificate of commencement of business on 1st October, 2013.

**3. Board of Directors**

As on 31st March, 2014, Company has five (5) Directors namely, S/Shri Rajeev Mehrotra, Chairman, Arbind Kumar, Sudhir Kumar Saxena, K. Vinayak Rao and H.K Bali, Directors nominated by Ministry of Railways and RITES Limited.

**3.1 Composition of the Board of Directors**

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 Rajeev Mehrotra	Chairman	1	Nil	Nil
2.	Shri Arbind Kumar	Director	1	Nil	Nil
3.	Shri Sudhir Kumar Saxena	Director	1	Nil	Nil
4.	Shri K. Vinayak Rao	Director	1	Nil	Nil
5.	Shri H.K Bali	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.

\*\*\* 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.

### 3.2 Number of Board Meetings

The Board of Directors met 4 times during the period starting from 16th August, 2013 (i.e. date of incorporation of the Company) to 31st March, 2014 to discuss and decide about the business activities of the Company.

S. No.	Directors	Board Meetings During the Year		
		Held During tenure	Attended	Attendance at the EGM held on 26th March, 2014
1.	Shri Rajeev Mehrotra Chairman	4	4	Present
2.	Shri Arbind Kumar Director	4	4	Present
3.	Shri Sudhir Kumar Saxena Director	4	4	Present
4.	Shri K. Vinayak Rao Director	4	4	Present
5.	Shri H.K Bali Director	4	4	Present

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

### 4 Remuneration of Directors

Directors, nominated on the Board of Railway Energy Management Company Limited by the respective organization i.e. Ministry of Railways and RITES, do not draw any remuneration from the Company.

No sitting fee is paid to the part time Directors for attending meetings of Board / committees.

### 5 Code of Conduct

This is the first year of the Company, all Directors of the company are employees of their parent organization. They have been following the Code of Conduct laid down by their respective organization.

### 6 Committees of the Board of Directors

#### 6.1 Audit Committee:

The Board of Directors in their meeting held in November, 2013, constituted Audit Committee comprising of S / Shri K. Vinayak Rao, Director (Chairman), Sudhir Kumar Saxena and Arbind Kumar, Directors as members.

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

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

✓ Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

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

✓ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

✓ Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issues etc.), the statement of funds utilized for the purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or right issue and making appropriate recommendations to the Board to take up steps in this matter;

✓ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control system;

✓ Reviewing, the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit;

✓ Discussion with Internal Auditors on any significant findings and follow-up thereon;

✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;

✓ Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;

✓ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

✓ To review the functioning of the whistle blower mechanism, in case the same is existing;

✓ To review the follow up action on the audit observations of the C&AG audit;

✓ To review the follow up action taken on the recommendation of Committee on Public Undertakings ('COPU') of the Parliament;

✓ Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;



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

### 6.2 Meeting of Audit Committee:

The Audit Committee met once during the period starting from 16th August, 2013 to 31st March, 2014 on 26th March, 2014. The attendance of each member at Audit Committee meeting is as under:

Member	Status	Audit Committee meeting held during the year 2013-14	
		Held during tenure	Attended
Shri K. Vinayak Rao	Chairman	1	1
Shri Sudhir Kumar Saxena	Member	1	1
Shri Arbind Kumar	Member	1	1

### 6.3 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.

### 6.4 Investment Committee:

Board of Directors in their meeting held in March, 2014, constituted Investment Committee comprising of S/Shri Arbind Kumar and H.K Bali.

### 6.5 Remuneration Committee will be constituted as and when need arises.

## 7. General Body Meetings

### 7.1 Extra-ordinary General Meeting

During the year under review, one Extra-ordinary General Meeting of the Company was held on 26th March, 2014 at 16:00 HRS in Railway Board, Rail Bhawan, New Delhi.

## 8. 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.2.11.2 of Notes to Accounts.
- The company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements.
- No penalties imposed or strictures passed against the company by any statutory authorities on any matters related to any guidelines issued by the Government during the year.
- There were no instances of non-compliance by the Company.

## 9. 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.

## 10. Compliance

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

### Annexure –A

#### Attendance of Board of Directors Meetings during the period starting from 16th August, 2013 to 31st March, 2014

S. No.	Name of Directors	1st 23rd Aug, 2013	2nd 12th Nov, 2013	3rd 28th Jan, 2014	4th 26th Mar, 2014	Total 4 meetings
1.	<b>Shri Rajeev Mehrotra</b> Chairman	✓	✓	✓	✓	All
2.	<b>Shri Arbind Kumar</b> Director	✓	✓	✓	✓	All
3.	<b>Shri Sudhir Kumar Saxena</b> Director	✓	✓	✓	✓	All
4.	<b>Shri K. Vinayak Rao</b> Director	✓	✓	✓	✓	All
5.	<b>Shri H.K Bali</b> Director	✓	✓	✓	✓	All

**Note:** ✓ – Meeting attended  
 NA – Not applicable (not in position)  
 • – Meeting not attended

**CERTIFICATE**

To the Members of

**RAILWAY ENERGY MANAGEMENT COMPANY LIMITED**

We have examined the compliance of conditions of Corporate Governance by RAILWAY ENERGY MANAGEMENT COMPANY LIMITED for the period starting from 16th August, 2013 (i.e. date of incorporation of the Company) to 31st March, 2014 as stipulated in the DPE guidelines on Corporate Governance for Central Public Sector Enterprises issued by the 'Department of Public Enterprises', Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination, carried out is in accordance with the Corporate Governance (Models of Best practices) issued by the Institute of Company Secretaries of India, 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 statements of the Company.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certification, etc. as had been required by us.

In our opinion and to the best of our knowledge and 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 guidelines on Corporate Governance issued by the 'Department of Public Enterprises' except that there was no Independent Director on the Board of the Company during the period under scrutiny.

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

**For Akhil Rohatgi & Co.**



**(Akhil Rohatgi)**

**Company Secretary in Practice**

**Place: New Delhi**

**F.C.S: 1600**

**Date : 18th July, 2014**

**C.P. No. 2317**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****AN OVERVIEW**

The company was incorporated on 16th August, 2013 as a Joint Venture Company of Ministry of Railways and RITES Limited with equity participation in the ratio of Indian Railways (49%) & RITES Limited (51%). Company has obtained a certificate of commencement of business on 1st October, 2013.

**OBJECTIVES**

The main objects of the company is to take up various assignments/tasks to develop potential business avenues in the field of power sector including Green Energy, power trading etc.

**FINANCIAL PERFORMANCE**

No operating turnover was recorded during the year, since company has not yet started its commercial activities. However, interest income amounting to ₹ 38.14 lakh accrued on fixed deposit as on 31.03.2014 is recognized.

**OPERATIONAL PERFORMANCE**

The company has yet to start its commercial activities, being in the initial stage.

**STRENGTH**

Formation of Railway Energy Management Company Limited is a welcome step to tap potential business in the field of power sector and specially in renewable energy domain. Indian Railways is consuming about 2% energy of the total power generation in the country and taking up windmill & solar plants of sizeable capacity is the need of the hour. Further, the power trading may also contribute towards a significant relief on the heavy energy bills being paid by Railways. This being an ambitious programme and expected to be implemented on Pan-Railway basis, progressively.

**RISKS AND CONCERNS**

There are no known technological risks associated with the renewable energy wind power project as there is a sizeable installed capacity of windmills in the state of Rajasthan and elsewhere. A long term power purchase agreement (PPA) for 25 years will be signed with Railways for consumption of entire energy by Railways, generated from wind power plant having the captive status. This will ascertain a sure income from the sale of wind energy from Railways as per the well documented PPA.

Further, power trading is also a legitimate activity as per Indian Electricity Act, 2003. This is an activity which facilitates the purchase of power on competitive tariff rates and lower than the existing DISCOM tariff of Railway Installations. While undertaking power trading in an optimum manner, substantial savings are expected as being accrued by organizations/units other than Railways also.

**INTERNAL CONTROL SYSTEM**

The performance is regularly monitored by its Board of Directors.

**HUMAN RESOURCE**

Railway Energy Management Company Limited will pursue a very progressive and dynamic manpower policy for sourcing professionals and experts with rich experience, on deputation from Central/State Government and other PSUs apart from RITES. This expertise will be supplemented with by market induction of qualified and knowledgeable personnel as also through campus recruitment of engineers & management graduates from premier institutions.





## INDEPENDENT AUDITORS' REPORT

To the Members of Railway Energy Management Company Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Railway Energy Management Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss, and Cash Flow Statement for the period then ended, 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 notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 and 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 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 Company'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 Company'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. 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to our comments given elsewhere in this report as well as Annexure annexed to our report:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014; and
- (ii) in the case of Statement of Profit and Loss, of the Loss for the period ended on that date.
- (iii) in the case of the Cash Flow Statement, of the Cash Flows for the period ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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 said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) 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;
  - (d) In our opinion, Balance sheet, the Statement of Profit and Loss and Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - (e) The provisions of clause (g) of sub section (1) of section 274 of Companies Act, 1956 are not applicable to the Company in terms of notification No. GSR 829(E) dated 21.10.2003 issued by Government of India, Department of Company Affairs.

**For J K Sarawgi & Company**  
**Chartered Accountants**  
Firm Registration No. : 006836C

**(L. S. Khandelwal)**  
**Partner**

**Place: New Delhi**

**Dated: 18th July, 2014**

**Membership No. 009878**

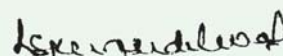
## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our report to the members of Railway Energy Management Company Limited ('the Company') for the period ended 31st March, 2014.

- i) The Company does not have any fixed assets. However, the Company is having Capital Work in Progress, to be capitalized in future. Thus, paragraph 4(i) of the Order is not applicable.
- ii) The Company does not have any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- iii) The Company has not granted unsecured loans and inter corporate deposits to Companies covered in the register maintained under section 301 of the act. Hence provisions of clauses 4(iii)(b),(c),(d) are not applicable to the Company.  
Further Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the clause 4(iii)(f),(g) of the order are not applicable to the Company for the period under audit.
- iv) In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
- v) In our opinion and according to the information and explanations given to us, there were no contracts or arrangements to be entered in the register maintained u/s 301 of the Companies Act, 1956.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public within the meaning of section 58A & section 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) According to the information & explanation given to us, Management is in the process of setting up internal audit.
- viii) The period under audit is the initial financial year in which no commercial activities have been taken place and hence no cost records have been maintained.
- ix) According to the information and explanations given to us and on the basis of our examination of Books of accounts and records as produced before us by the Company, in our opinion the Company is regular in depositing the undisputed statutory dues except TDS, whenever, applicable. There are no arrears of statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable except TDS liability detail of which is given as under:-  
TDS under section 194J ₹ 6,515/-.  
However, the same has been paid as on 25th June, 2014.

- x) The Company was incorporated on 16.08.2013 and being the 1st financial year, under audit, during which Company has incurred losses.
- xi) According to the information and explanation provided to us, the Company has not taken any loan hence provision of clause (xi) of paragraph 4 of the order is not applicable.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute as specified under paragraph 4 (xiii) of the Order are not applicable to the Company.
- xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. However, investment has been made in Fixed Deposit with Scheduled Banks.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial institutions.
- xvi) The Company has not taken any term loan during the period under audit.
- xvii) On the basis of our examination of the records, the Company has not raised funds on short term basis have been made for long term investments. Capital work in progress aggregating to ₹ 29.52 lacs have been incurred by Holding Company on behalf of the Company.
- xviii) The Company has not made any preferential allotment of shares during the period under audit to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the period under audit.
- xx) During the year, the Company has not raised money by way of public issue during the period under audit, hence paragraph 4(xx) of the order is not applicable.
- xxi) According to the information and explanations given to us by the management, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For J K Sarawgi & Company**  
**Chartered Accountants**  
Firm Registration No. : 006836C



(L. S. Khandelwal)  
Partner

**Place: New Delhi**  
**Dated: 18th July, 2014**

**Membership No. 009878**



**BALANCE SHEET**  
AS AT 31st MARCH, 2014

(₹ in Lacs)		
PARTICULARS	NOTE NO.	AS AT 31.03. 2014
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' FUNDS</b>		
SHARE CAPITAL	2.1.2	1,000.00
RESERVES AND SURPLUS	2.2	(23.37)
		976.63
<b>CURRENT LIABILITIES</b>		
EXPENSES PAYABLE	2.3	38.61
OTHER CURRENT LIABILITIES	2.4	62.88
		101.49
<b>TOTAL EQUITY AND LIABILITIES</b>		1,078.12
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
FIXED ASSETS		
-CAPITAL WORK IN PROGRESS	2.5	29.52
DEFERRED TAX ASSETS	2.11.5	10.46
OTHER NON-CURRENT ASSETS	2.6	3.81
		43.79
<b>CURRENT ASSETS</b>		
CASH AND CASH EQUIVALENTS	2.7	1,000.00
OTHER CURRENT ASSETS	2.8	34.33
		1,034.33
<b>TOTAL ASSETS</b>		1,078.12
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF FINANCIAL STATEMENTS	1&2	

For and on behalf of the Board

  
Rajeev Mehrotra  
Chairman

  
H. K. Bali  
Director

As per our report of even date attached

  
L.S.Khandelwal  
Partner  
Membership No. 009878  
For J.K. SARAWGI & CO.  
Chartered Accountants  
FRN : 006836C

Place : New Delhi  
Dated : 18th July, 2014

**STATEMENT OF PROFIT AND LOSS**  
FOR THE PERIOD FROM 16th AUGUST, 2013 TO 31st MARCH, 2014

(₹ in Lacs)		
PARTICULARS	NOTE NO.	PERIOD ENDED 31.03.2014
<b>REVENUE</b>		
OTHER INCOME	2.9	38.14
<b>TOTAL REVENUE</b>		38.14
<b>EXPENSES</b>		
FEE FOR SERVICES OBTAINED		36.02
OTHER EXPENSE	2.10	35.95
<b>TOTAL EXPENSES</b>		71.97
<b>PROFIT/(LOSS) BEFORE TAX</b>		(33.83)
DEFERRED TAX (NET)	2.11.5	(10.46)
<b>PROFIT/(LOSS) AFTER TAX</b>		(23.37)
<b>EARNING PER SHARE</b> (EQUITY SHARE OF ₹10/- EACH) - <b>BASIC AND DILLUTED</b>	2.11.1	₹ (0.37)
<b>WEIGHTED AVERAGE NUMBER OF EQUITY SHARES USED IN COMPUTING EARNING PER SHARE</b>	2.11.1	6,246,575

For and on behalf of the Board

  
Rajeev Mehrotra  
Chairman

  
H. K. Bali  
Director

As per our report of even date attached

Place : New Delhi  
Dated : 18th July, 2014

  
L.S.Khandelwal  
Partner  
Membership No. 009878  
For J.K. SARAWGI & CO.  
Chartered Accountants  
FRN : 006836C

**CASH FLOW STATEMENT**  
FOR THE PERIOD FROM 16th AUGUST, 2013 TO  
31st MARCH, 2014

(₹ in Lacs)		
PARTICULARS	NOTE NO.	PERIOD ENDED 31.03.2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
LOSS BEFORE TAX		(33.83)
<b>ADJUSTMENTS FOR:</b>		
- INTEREST FROM FDs	2.9	(38.14)
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>		<b>(71.97)</b>
<b>CHANGE IN WORKING CAPITAL:</b>		
<b>ADJUSTMENTS FOR (INCREASE)/DECREASE IN OPERATING ASSETS:</b>		
- OTHER ASSETS	2.6	(3.81)
<b>ADJUSTMENTS FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES:</b>		
- EXPENSES PAYABLES	2.3	38.61
- OTHER LIABILITIES AND PROVISIONS	2.4	62.88
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>25.71</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- CAPITAL WORK IN PROGRESS	2.5	(29.52)
- DEPOSITS NOT CONSIDERED AS CASH AND CASH EQUIVALENTS	2.7	(999.00)
- INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS	2.8	(34.33)
- INTEREST INCOME	2.9	38.14
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(1,024.71)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
- ISSUE OF EQUITY SHARE	2.1.2	1,000.00
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>1,000.00</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1.00</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
CASH AND CASH EQUIVALENTS	2.7	1,000.00
LESS : DEPOSITS NOT CONSIDERED AS CASH AND CASH EQUIVALENTS		(999.00)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1.00</b>

For and on behalf of the Board

  
Rajeev Mehrotra  
Chairman

  
H. K. Bali  
Director

As per our report of even date attached

  
L.S. Khandelwal  
Partner  
Membership No. 009878  
For J.K. SARAWGI & CO.  
Chartered Accountants  
FRN : 006836C

Place : New Delhi  
Dated : 18th July, 2014

## 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. This is the first year of operation as the date of incorporation is 16.08.2013 and date of commencement of business is 01.10.2013.

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 period. Actual results could differ from these estimates.

### 1.2 REVENUE RECOGNITION

#### 1.2.1 Wind Mill Projects

Revenue from sale of power through wind mill projects is recognized on the basis of certificate from concerned State Electricity Authority for energy fed in kwh (units) in authority's system and as per terms and conditions of the contract with beneficiary.

#### 1.2.2 Power Trading

Income from sale of electricity is recognized as per the terms and conditions of the Agreement with the beneficiary.

#### 1.2.3 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 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 Work in progress is recognized based on direct costs incurred on the activities which are in progress at end of the year.

### 1.4 TANGIBLE FIXED AND INTANGIBLE ASSETS

- Tangible Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any.
- Incidental expenditure during construction period including interest charges incurred upto the date of completion, net of interest recovered on mobilisation advance, are capitalised.
- Intangible Assets are recognized at the consideration paid for acquisition less accumulated amortization and impairment losses, if any.





- d) 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 (%)
Furniture	10	10
Fixture	5	20
Office Equipment	7	14.30
Coolers & Air Conditioners	7	14.30
Air Conditioning Plant	20	5
Computer Hardware	4	25
Survey and Equipments	10	10
Vehicles	6	16.70
Buildings on Freehold Land	50	2
Windmill Plant	25	4
Intangible Assets	4	25

- c) Lease hold land is amortized over the lease term.
- d) 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.
- e) Any addition or extension, which becomes an integral part of the existing asset, is depreciated over the remaining useful life of that asset.
- f) 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.

A nominal value of ₹ 1/- is assigned to the fully depreciated assets other than assets specified at (f) 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 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.

#### 1.6 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.

#### 1.7 PREPAID EXPENSES AND PRIOR PERIOD ADJUSTMENTS

Prepaid expenses and prior period adjustments not exceeding ₹ 50,000/- in each case are treated as expenditure/ income of the year.

#### 1.8 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.

#### 1.9 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.

#### 1.10 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.

#### 1.11 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.

## 2 NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2014

Figures in financial statements are presented in ₹ lacs, by rounding off upto two decimals except for per share data and as otherwise stated. The company was incorporated on 16.08.2013. This being a initial year of the company, no previous year figures are appearing in the financial statements.

### 2.1 SHARE CAPITAL

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

#### 2.1.1 Authorized Share Capital

50,000,000 shares of ₹ 10 each 5,000.00

#### 2.1.2 Issued, Subscribed and fully Paid-up Capital

10,000,000 shares of ₹ 10 each 1,000.00

#### 2.1.3 Share held by each shareholder more than 5% NO. OF SHARES

BITES Ltd. (including 1 share each held by 3 nominees) 5,100,000.00

Indian Railways (including 1 share each held by 2 nominees) 4,900,000.00

#### 2.1.4 RIGHTS, PREFERENCES & RESTRICTIONS ATTACHED TO EQUITY SHARE:

The company has one class of equity shares having a par value of ₹ 10 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. 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 shareholders.

### 2.2 RESERVES AND SURPLUS

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

Loss transferred from the Statement of Profit & Loss (23.37)

### 2.3 EXPENSES PAYABLE

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

Creditors for services obtained (Holding Company transactions) 38.61

### 2.4 OTHER CURRENT LIABILITIES

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

Other liabilities 58.94  
 Statutory Liabilities 3.77  
 Audit Fee including Service Tax 0.17  
**TOTAL** 62.88

### 2.5 CAPITAL WORK IN PROGRESS AS AT 31.03.2014

(₹ in Lacs)			
Description	Addition During the Period	Sale/Adj during the period	Balance as at 31.03.2014

Capital work in progress 29.52 - 29.52

### 2.6 OTHER NON-CURRENT ASSETS

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

TDS on Interest of Fixed Deposits 3.81

### 2.7 CASH & CASH EQUIVALENTS

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

**Balance with scheduled Banks in :**

-Current Accounts 1.00

**Other:**

-Fixed Deposits having maturity over 3 months from the date of acquisition and upto 12 months from reporting date 999.00

**TOTAL** 1,000.00

### 2.8 OTHER CURRENT ASSETS

(₹ in Lacs)	
PARTICULARS	AS ON 31.03.2014

Accrued Interest on Fixed Deposits 34.33

### 2.9 OTHER INCOME

(₹ in Lacs)	
PARTICULARS	PERIOD ENDED ON 31.03.2014

Interest on Fixed Deposits 38.14

### 2.10 OTHER EXPENSES

(₹ in Lacs)	
PARTICULARS	PERIOD ENDED ON 31.03.2014

Preliminary Expenses w/o 34.25  
 Entertainment Expenses 0.04  
 Legal Expenses 1.10  
 Office Expenses 0.12  
 Travelling Expenses 0.27  
 Audit Fee 0.17  
**TOTAL** 35.95



## 2.11 DISCLOSURES AS PER ACCOUNTING STANDARDS:-

### 2.11.1 EARNINGS PER SHARE

PARTICULARS	PERIOD ENDED ON 31.03.2014
a) Net Profit/(Loss) for the year attributable to equity shareholders (₹ in lacs)	(23.37)
b) Weighted average no. of equity shares	6,246,575
c) Basic and Diluted Earnings Per Share (a/b)	₹ (0.37)
d) Nominal Value Per Share	₹ 10

### 2.11.2 RELATED PARTY DISCLOSURES

NATURE OF RELATIONSHIP	NAME OF PARTY
Holding Company	RITES Limited
Directors	Shri Rajeev Mehrotra Shri Arbind Kumar Shri H. K. Bali Shri Sudhir Kumar Saxena Shri Vinayak Rao

### 2.11.3 MANAGERIAL REMUNERATION : Nil

### 2.11.4 TRANSACTIONS WITH HOLDING COMPANY DURING THE PERIOD

NATURE OF TRANSACTIONS	(₹ in Lacs) 31.03.2014
Fee for services obtained	38.61
Other Current Liabilities	58.94
Investment by holding company	510.00
<b>TOTAL</b>	<b>607.55</b>

### 2.11.5 DEFERRED TAX

PARTICULARS	(₹ in Lacs) AS ON 31.03.2014
Preliminary Expenses	8.47
Loss for the Current Year (as per I.T. Act, 1961)	1.99
<b>TOTAL</b>	<b>10.46</b>

2.11.6 The Company has no employee as all the activities had been carried out by the experts of one of the shareholders on chargeable basis.

### 2.11.7 SEGMENT REPORTING

This is the first year of the company and the company is in the process of setting up of Wind Mill Plants & finalization of Power Trading agreements, etc. There is no operational income during the period accordingly; no segment accounting is carried out for the period under consideration.

2.12 Expenditure shown in the Statement of Profit & Loss have been incurred by RITES Ltd, a holding company, on behalf of the Company, the same have been debited to appropriate heads by crediting to holding company. However Compliance of TDS has been made by the holding company.

2.13 Liability of ₹ 42.38 lacs for man month expenses has been made being the services taken of the officials of holding company, out of which 15% have been capitalized for windmill project and 85% towards revenue expenses to explore new business avenues for green field renewable energy though no revenue was generated during the period ended 31.03.2014.

## 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 RAILWAY ENERGY MANAGEMENT COMPANY LIMITED FOR THE PERIOD FROM 16th AUGUST, 2013 TO 31st MARCH, 2014.

The preparation of financial statements of Railway Energy Management Company Limited for the period from 16th August, 2013 to 31st March, 2014 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 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 18th July, 2014.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Railway Energy Management Company Limited for the period from 16th August, 2013 to 31st March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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

(Dinesh Bhargava)

Place : New Delhi  
Dated : 6th August, 2014

Principal Director of Audit  
Railway Commercial

## OFFICES, AUDITORS AND BANKERS

### OFFICES

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### AUDITORS

#### STATUTORY AUDITORS

M/s Agiwal & Associates Delhi

#### BRANCH AUDITORS

M/s Marodia Khanna & Associates Kolkata

M/s Mayra & Khatri Mumbai

M/s C.S. Hariharan & Co. Chennai

### BANKERS

AXIS Bank State Bank of Bikaner & Jaipur

ICICI Bank State Bank of Patiala

Indian Bank State Bank of Mysore

IndusInd Bank Yes Bank

State Bank of India



# rites' WORLDWIDE EXPERIENCE



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	



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

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