



**Annual  
Report**  
2015 - 2016



## 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.

## Board of Directors



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## Board of Directors

### Chairman & Managing Director



**Mr. Rajeev Mehrotra**

### Whole Time Directors



**Mr. Arbind Kumar**  
Director Projects



**Mr. Ajay Kumar Gaur**  
Director Finance



**Mr. S. B. Malik**  
Director Technical

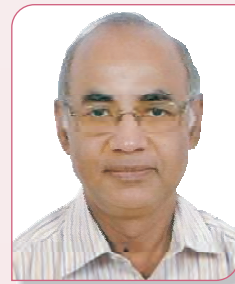
### Govt. Nominee Official Directors



**Mr. R. S. Kochak**  
(From 7th Sept., 2015)



**Mr. A.P. Dwivedi**



**Mr. Arvind Khare**  
(Upto 30th Apr., 2015)

### Non-Executive (Independent) Directors



**Dr. Vidya Rajiv Yeravdekar**  
(From 1st Apr., 2016)



**Mr. Anil Kumar Goel**  
(From 1st Apr., 2016)



**Mr. Satish Sareen**  
(From 1st Apr., 2016)

# Senior Executives



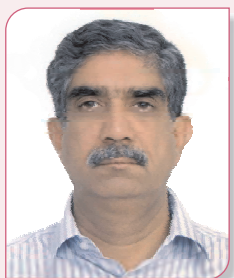
**Mr. Rajiv Milind**  
ED-Corporate Services



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



**Mr. H. K. Bali**  
ED-Finance



**Mr. R. K. Tyagi**  
ED-Business Development



**Mr. Alok Garg**  
ED-Highway & Ports



**Mr. Pradeep Gupta**  
ED-Industrial Engineering



**Mr. Mukesh Rathore**  
ED-Quality Assurance



**Mr. P. T. Mittal**  
Company Secretary  
& GM (Legal)

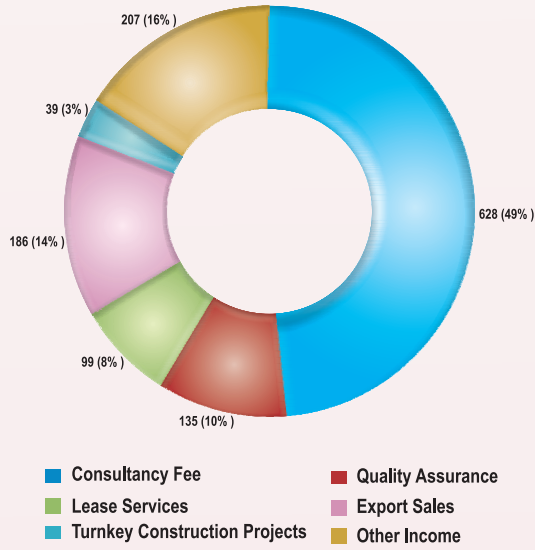
## FINANCIAL PERFORMANCE OF A DECADE AT A GLANCE

(₹ in crore)

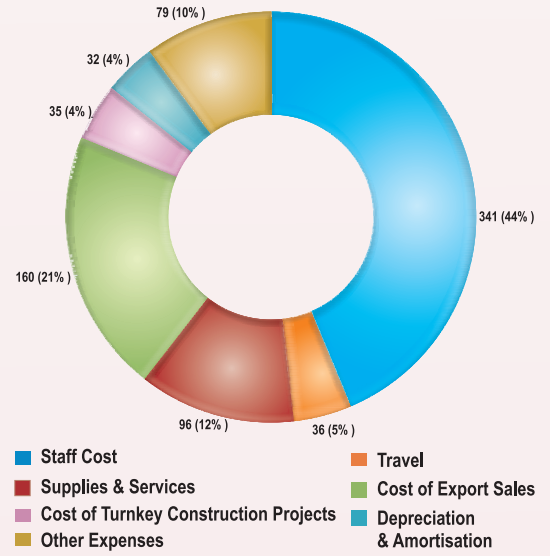
Particulars	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Total Income (including other income)	566	661	672	623	881	934	1076	1246	1166	<b>1294</b>
Expenditure (including increase/decrease in stock)	395	481	522	457	518	678	731	860	710	<b>779</b>
Operating Margin	138	100	16	99	180	158	222	233	305	<b>307</b>
Depreciation	8	9	11	12	12	14	16	20	26	<b>32</b>
Profit Before Tax	171	180	150	166	363	256	345	386	456	<b>515</b>
Profit After Tax	118	104	94	112	244	164	245	264	306	<b>339</b>
Dividend	40	21	20	23	49	33	50	53	62	<b>136</b>
General Reserve	456	499	570	655	836	961	1095	1297	1528	<b>1703</b>
Fixed Assets (Gross Block)	140	171	183	202	237	253	281	324	352	<b>437</b>
Inventories	8	16	22	37	78	62	26	17	7	<b>11</b>
Foreign Exchange Earnings	274	258	137	94	242	310	342	444	189	<b>233</b>
Share Capital	4	40	40	40	40	40	100	100	100	<b>100</b>
Capital Employed	433	435	501	538	689	602	781	853	1122	<b>1401</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	460	539	610	695	876	1001	1195	1397	1628	<b>1803</b>
Profit Before Tax to Capital Employed (in %)	39	41	30	31	53	43	44	45	41	<b>37</b>
Operating Margin to Capital Employed (in %)	32	23	3	18	26	26	28	27	27	<b>22</b>
Profit After Tax to Share Capital (in %)	2950	260	235	280	610	410	245	264	306	<b>339</b>
Expenditure to Income (in %)	70	73	78	73	**66	73	68	69	61	<b>60</b>
Number of Employees	2760	2924	3048	3002	3134	3294	3247	3226	3227	<b>3153</b>
Income per Employee	0.21	0.23	0.22	0.21	0.28	0.28	0.33	0.39	0.36	<b>0.41</b>
Foreign Exchange Earning per Employee	0.10	0.09	0.04	0.03	0.08	0.09	0.11	0.14	0.06	<b>0.07</b>
Current Ratio	1.59	1.45	1.36	1.33	1.29	1.23	1.32	1.32	1.52	<b>1.49</b>
Investments	6	69	54	62	112	143	318	231	238	<b>275</b>
* Does not include bonus share of ₹ 99.90 crore issued from time to time.										
** Excluding extraordinary and exceptional items.										
Financial information upto 2010-11 based on pre-Revised Schedule VI and thereafter on Revised Schedule VI of the Companies Act, 1956 (Schedule III of the Companies Act, 2013).										
<b>1 Crore = 10 Million</b>		<b>1 US \$ = ₹ 65.41 (31.03.2016)</b>								

## FINANCIAL INDICATORS

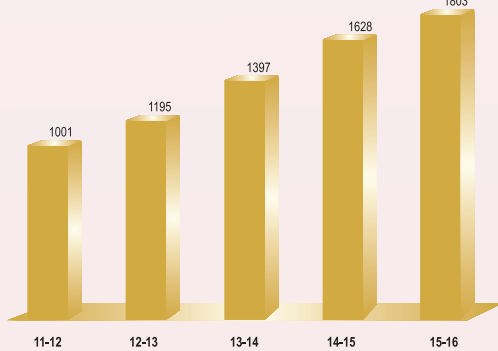
### Earning (₹ 1294 crores)



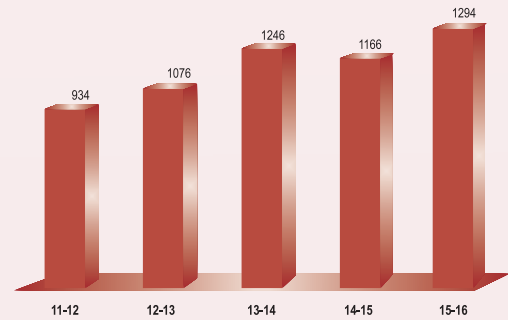
### Spending (₹ 779 crores)



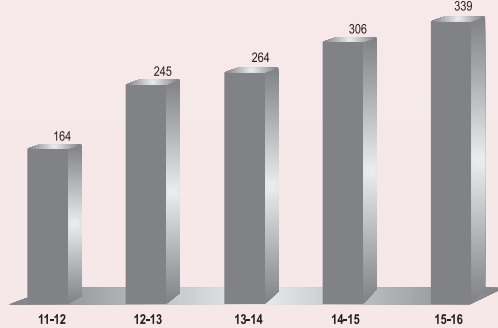
### Net Worth (₹ in crore)



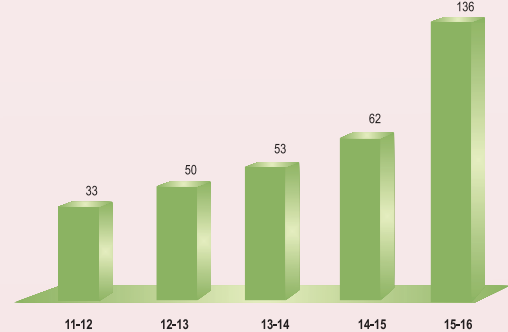
### Turnover (₹ in crore)



### Profit After Tax (₹ in crore)



### Dividend (₹ in crore)





## CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to extend a warm welcome to all of you on the occasion of 42nd Annual General Meeting of the Company. Your Company has successfully maintained its growth and distinct brand name over the last 42 years. The year 2015-16 has also been an eventful and landmark year in its growth, profitability and multi-sector performance.

I am pleased to inform that during 2015-16, your Company achieved highest ever turnover and profit before tax of ₹ 1294 crore and ₹ 515 crore respectively as compared to previous year's turnover of ₹ 1166 crore and profit before tax of ₹ 456 crore. The turnover has grown by 11% and profit before tax by 13% over the previous year. Your company achieved these results despite severe competition from domestic and foreign consultancy companies. With this performance, the Company is eligible to be rated as "Excellent" in its performance evaluation under MOU for the year 2015-16 by the Department of Public enterprises.

The audited accounts of the Company for the financial year 2015-16 along with the Directors' Report, 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.

The growth in the business and excellent financial results have prompted your Directors to declare an interim dividend of ₹ 45 crore, which has already been paid to the esteemed shareholders. Your Directors are further pleased to propose a final dividend of ₹ 91 crore. The dividend payout for the year will amount to ₹ 136 crore, which is 136% of the paid up share capital of the Company. This is the highest ever dividend paid so far by your Company. Further, your Directors have recommended issue of bonus shares of ₹ 50 crore to be offered to existing shareholders in the ratio of 1 share for every 2 shares held. You will be happy to note that except ₹ 10 lacs initially contributed in cash by shareholders, the entire paid up share capital after the proposed bonus issue aggregating to ₹ 150 crore would be made up by bonus shares issued from time to time.

RITES enjoys enormous credibility in the infrastructure sector. With consistence in our attention to client needs and initiatives for best practices, with our experienced team of experts and planned investments and diversification initiatives, we are confident to maintain the growth momentum in the years to come.

Your Company continues to follow a path of systematic and professional operations, resulting in preserving its position as a premier transport consultancy organization by handling several prestigious projects in India and abroad.

During the year, the company was engaged in a number of prestigious domestic projects, which included Preliminary Engineering & Traffic Survey (PETS) of Future Corridors for DFCCIL, Consultancy for Bangalore Metro Phase-I and Delhi Metro Phase-III, Interim consultancy for Bangalore Metro Phase-II and Nagpur Metro Phase-I, rail infrastructure for various projects of NTPC, CIL, DVC and other power utilities, detailed design and project management for several bridges for Railways and highways, Modern Bus Terminal at Maltipatpur, Puri for the Orissa Government, setting up of M-15 Gas Turbine aggregate testing facilities for Indian Navy at INS Eksila, Visakhapatnam, Turnkey execution of new factory at Vidisha for manufacturing of traction alternators for Indian Railways, works for setting up a FIAT bogie frame manufacturing plant at Budge-Budge for RCF-Kapurthala, a wagon manufacturing factory at Kulti, Central Universities at Pondicherry, Karnataka, Kerala, Gaya and Allahabad, Construction of Integrated Check Posts (ICPs) at Raxaul and Jogbani along Indo-Nepal border, at Agartala, Dawaki and Petrapole along Indo-Bangladesh border, Moreh along Indo-Myanmar border, Greenfield airports at Gwalior and Singrauli, expansion of Shimla airport etc.

Your Company continues to maintain its position in the highway, metro rail and airport sectors, despite stiff competition. Several new projects for airports Project Management Consultancy have been received during the year. Business of offering shunting locomotives on wet lease including operation & maintenance continued to be well

received by domestic non-railway clients. 33 locos have so far been put to service in India.

During the year, key foreign contracts secured by your Company included agreement for supply of 120 BG passenger coaches to Bangladesh Railways, 18 MG diesel electric locomotives to Myanmar Railways and 6 MG diesel electric locomotives to Senegal Railways, leasing of locomotives to CFM, Mozambique for two different locations at Maputo and Beira etc. RITES exported 40 BG passenger coaches to Bangladesh Railways during the Year 2015-16 and balance 80 coaches are planned for export during the year 2016-17.

As a matter of diversification (i) RITES and the Indian Railways promoted a Joint Venture Company, Railway Energy Management Company Ltd. (REMCL) for renewable energy projects, bilateral purchases, power trading and energy efficiency projects etc. In a record time of 10 months, it has commissioned 26 MW Wind Mill in Jaisalmer and also concluded power procurement contracts for 1200 MW in different states (ii) RITES has completed setting up of the state-of-the-art wagon factory, at Kulti, West Bengal as a 50:50 Joint Venture between RITES and SAIL, a "Make in India" initiative of the Indian Railways. An assured off-take agreement has also been signed with Railways for manufacture of 1200 wagons/annum and rehabilitation of a minimum of 300 wagons/annum.

Your Company constantly endeavors to adopt and maintain the highest standards of ethics in all spheres of business activities. RITES is implementing the percepts of Corporate Governance in letter and spirit. Your Company accords highest importance to transparency, accountability and equity in all facets of its operations. A detailed report on compliance of the Guidelines on Corporate Governance as per the Guidelines on Corporate Governance issued by DPE for CPSEs forms a part of the Directors' Report for 2015-16. With emphasis on transparency, several initiatives were implemented during the year. All details related to vacancies, recruitments, e-procurements & tenders, policies & procedures for use by employees, employees' service portals, inspection calls registration and status etc. have been made accessible online. Online Grievance registration has been made effective.

RITES believes that the Company too has a responsibility towards the society in which it operates. Corporate Social responsibility and sustainability policy adopted by RITES shows its commitment to operate in economically, socially and environmentally sustainable manner. As a responsible corporate citizen, your Company has spent ₹ 8.28 crore on various CSR activities during the year 2015-16.

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

Special mention is warranted for the tireless efforts of RITES team of officers and staff for their performance and enduring contribution in bringing the Company to such a height. Powered by the talent of our people and vesting reaffirmed faith in the resilience of our business model, we look forward to overcoming any challenges that may lie ahead.

We are indebted to our loyal set of clients who have been a constant source of inspiration for us to provide them value added services. Their continued support has sustained our excellent performance through the years.

I am confident that with its sustainable track record and global reputation, your company will achieve new heights of success by effectively harnessing the host of business opportunities that can be expected in the coming times.

With Best Wishes

(Rajeev Mehrotra)  
Chairman and Managing Director  
& Chief Executive Officer

Dated: 16th Sept., 2016



## DIRECTORS' REPORT

### Distinguished Shareholders

The Directors of your company have immense pleasure in presenting the 42nd Annual Report of the company together with the audited Statement of Accounts and Auditors' Report for the year ended 31st March, 2016.

### FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2015-16 is given below:

(₹ in Crore)		
Particulars	2015-16	2014-15
<b>Financial Results:</b>		
Total Income	1294	1166
Operating Turnover	1087	1015
Operating Expenditure	779	710
Other Income	207	151
Profit Before Tax (PBT)	515	456
Income/Deferred Tax	(176)	(150)
Profit After Tax (PAT)	339	306
<b>Appropriations:</b>		
Dividend including interim dividend	136	62
Dividend Tax	28	12
Transfer to General Reserve	175	232

### BUSINESS PERFORMANCE

During the year, the company has achieved highest ever turnover of ₹ 1294 crore as compared to previous year's turnover of ₹ 1166 crore, higher by 11%. The profit before tax is of ₹ 515 crore, being higher by 13% as against ₹ 456 crore of the previous year.

During the year, the company was engaged in a number of prestigious domestic projects, which included works for setting up a FIAT bogie frame manufacturing plant at Budge-Budge for RCF-Kapurthala and a wagon manufacturing factory at Kulti, Modern Bus Terminal at Maltipatpur, Puri for the Orissa Government, 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, Independent Engineer Services for Development of Chennai Outer Ring Road in Tamilnadu for TNRDC, Project Advisory Services including Detailed Design & Report Preparation for Development of Six Lane extra dosed Green Field Bridge project over River Ganga at Patna for Bihar State Road Development Corporation Ltd.(BSRDCL), DPR for Construction of ROBs/Flyover at 6 locations for DDA, Consultancy for Bangalore Metro Phase-I and Delhi Metro Phase-III, Interim consultancy for Bangalore Metro Phase-II and Nagpur Metro Phase-I, Technical feasibility study & DPR for Metro Rail in Agra & Kanpur, DPR for MRTS/RRTS 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, Karnataka, Kerala, Gaya, Allahabad, IIT at Kharagpur, NIT at Meghalaya (ii) 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; engineering consultancy for expansion of Shimla airport, Pantnagar Airport, Greenfield Airports at Singrauli & Gwalior; ICPs at Petrapole commissioned



Shri Rajeev Mehrotra, CMD (RITES) received the Niryat Shree Gold Trophy from the Hon'ble President of India, Shri Pranab Mukherjee for the highest engineering goods exports by RITES in the non MSME category instituted by the Federation of Indian Export Organization (FIEO).



H.E. Sheikh Hasina, the Hon'ble Prime Minister of Bangladesh, Hon'ble Mazibul Hoque, Railway Minister, Bangladesh and H.E. Harsh Vardhan Shringla, the Indian High Commissioner to Bangladesh in the inaugural Intercity Express-RITES exported modern passenger coaches to Bangladesh

and at Raxaul also nearly completed. During the year, RITES has taken up an important project at Vidisha on turnkey basis for manufacturing of traction alternators, which will be an import substitution product for the Indian Railways.

During the year, the company was engaged in a number of prestigious international assignments in export, leasing and consultancy services which included contract for supply of 120 BG passenger coaches to Bangladesh Railways, leasing of locomotives to CFM, Mozambique for two different locations at Maputo and Beira and supply of six MG diesel electric locomotives to Senegal. RITES exported 40 BG passenger coaches to Bangladesh Railways during the Year 2015-16 and a balance of 80 coaches are planned for export during the year 2016-17. The fleet of 16 locomotives leased by RITES to CFM, Mozambique continued to operate throughout the year. Four MG diesel locomotives were also exported to Senegal during the year. RITES has also provided warranty maintenance and support services in Bangladesh, Myanmar and Sri Lanka during



Loco leasing- Vishakapatnam Port Trust

the year 2015-16; Consultancy services for supervision for up-gradation to paved road Standard of existing roads in Terai region of Nepal, services for development of 50 year National Transport Master Plan for Kenya and feasibility study for Mayumba-Mbigou New standard Gauge Railway line in Gabon.

During the year, the company has secured major export orders from Myanmar Railway for supply of eighteen MG diesel electric locomotives and from Senegal for supply of six MG diesel electric locomotives.

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

The company continued to provide specialized, integrated services under single roof in transportation infrastructure sector and export packages for supply of locomotives, coaches, 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



At RITES Clients Meet- Honourable Railway Minister, Minister of State for Railways and MOS Independant Charge for Communications along with Railway Board Members and RITES Directors

with other stakeholders, with the main focus on providing total transportation solution as against pure consultancy assignments. Business of offering shunting locomotives on wet lease including operation & maintenance continued to be well received by domestic Non-Railway clients. 33 locos have so far been put to service in India.

As a matter of diversification (i) RITES and the Indian Railways promoted a Joint Venture Company, Railway Energy Management Company Ltd. (REMCL) for renewable energy projects, bilateral purchases, power trading and energy efficiency projects etc. In a record time of 10 months, it has commissioned 26 MW Wind Mill in Jaisalmer and also concluded power procurement contracts for 1200 MW in different states (ii) RITES has completed setting up of the state-of-the-art wagon factory, at Kulti, West Bengal as a 50:50 JVC between RITES and SAIL, a "Make in India" initiative of the Indian Railways. An assured Off-take Agreement has also been signed with Railways, arising out of the commitment made by the Ministry of Railways in the year 2010 regarding assured off-take order for manufacture of 1200 wagons/ annum and rehabilitation of a minimum of 300 wagons/annum (iii) Company has taken over turnkey works for construction and supply, installation and commissioning of Machinery & Plant for upgradation / modernization of Railway Workshops.

## CAPITAL STRUCTURE

The Paid-up share capital of the company remained at ₹ 100 crore as against Authorised Share Capital of ₹ 150 crore and the company has not issued equity share during the year under consideration.



Honourable Minister for Railways, Shri Suresh Prabhu addressing the clients and senior officials at RITES Clients Meet

## DIVIDEND

Your Directors have recommended final dividend of ₹ 91 crore in addition to interim dividend of ₹ 45 crore paid during the year 2015-16. The total dividend pay-out for the year will amount to ₹ 136 crore (i.e. ₹ 13.6 per share) which is 136 % of paid-up share capital of the company.



Mr. Ajay Kumar Gaur, Director Finance (RITES) received the Sharda Top Rankers Excellence Award from the Lt. General K.M. Seth, Former Governor, for the outstanding CFO at the 17th National Management Summit, New Delhi

## FIXED DEPOSITS

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

## RESERVES

An amount of ₹ 175 crore is proposed to be transferred to General Reserve by appropriation from the profits of the Company for the year 2015-16. Reserves & Surplus will increase from ₹ 1528 crore at end of the previous year to ₹ 1703 crore as at 31st March, 2016.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### CONSERVATION OF ENERGY

As a consultancy organization, RITES is not a major energy consumer and hence our carbon emissions are minimum. Yet, for the consultancy studies undertaken by RITES, it has been the practice to pursue the national goal of energy conservation and accordingly, suggestions are given to our client's for measures and methods to conserve energy.

#### I. The steps taken or impact on conservation of 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. RITES has been awarded Gold LEED certification by Indian Green Building Council for one of its offices. Real time air conditioning temperature is monitored and corrections are done to suit comfort of occupants. VFD's and VRF system have been installed for precise temperature control which in turn help to conserve energy. The neon signs installed in the premises are LED operated. All new lighting installations are filled with T5 or CF lamps.

#### II. The Steps taken by the company for utilizing alternate source of energy;

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

#### III. The Capital investment on energy conservation equipments;

An expenditure of ₹ 9 lakh have been incurred towards installation of T5 light fittings in the new canteen for employees.

## TECHNOLOGY ABSORPTION

#### I. The efforts made towards technology absorption:

Being a leading consultancy organization in the field of transportation, RITES keeps itself abreast with the latest technology and knowhow not only in the area of the transportation but also in the technology and technological innovation that bring better efficiency and economic benefits to the sector. To achieve this, the company continuously strives to procure and absorb the best and the latest technological innovations in areas of its business by continuously updating its software and knowledge base by sponsoring and encouraging its experts to actively participate in national and international seminars and conferences, perusal of information and technological updates available on internet, study of periodicals, etc.

#### II. The benefits derived like product improvement, cost reduction, product development or import substitution:

Optimized and environment friendly rolling stock designs being developed by the company will benefit the sector in many ways such as weight reduction, reduced manufacturing cost, reduced track load density and track wear, increased speed, higher carrying capacity and lowered emission. This will also lead to reduced fuel consumption. This has helped the industry in developing rolling stock components by developing and standardizing their specification which were being imported so far.

#### III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):



Capacity Building Programme for procurement of power



The Union Minister for Railways, Shri Suresh Prabhakar Prabhu and the Union Minister for Mines and Steel, Shri Narendra Singh Tomar witnessing the signing ceremony of Assured Off Take (AOT) Agreements between Ministry of Railways & SAIL-RITES Bengal Wagon Industry Pvt. Ltd. (SRBWIP) for Manufacture & Rehabilitation of wagons at Kulti, West Bengal,. The Chairman, Railway Board, Shri A.K. Mital, the Secretary, Ministry of Micro, Small & Medium Enterprises and CMD RITES, Shri Rajeev Mehrotra, CMD SAIL, Dr. Anup K. Pujari and other dignitaries are also seen.

- a. The details of technology imported:
  - Not applicable
- b. The year of import:
  - Not applicable.
- c. Whether the technology been fully absorbed:
  - Not applicable.
- d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
  - Not applicable.

**IV. The expenditure incurred on Research Development:**

During the year, RITES has undertaken the work of Design, Development and Procurement of Common Rail Electronic Direct Injection (CREDI) Fuel System for 16 Cylinder [3100 to 3300 HP] for Alco Engine to RDSO Technical Specification No.TS/ED/2015/79 for 15 loco sets based on technology developed by DUAP of Switzerland. RITES has formed a consortium with DUAP.

Prototype development will include design layout of injector, HP pump, common rails, all piping from pump to injectors and other system components for Alco engine. Process of prototype will include 1-D simulation (and if required 3-D simulation) for entire system of Alco engine with simulation software like AME-Sim and optimization of major functional parameters, detailed design of all system components. Engine performance will be tested on engine test bed at RDSO. The proven technology will be passed on to Indian Railways.

The cost of the Project expenses is being born by the client.



Shri S.B. Malik, Director Technical, on behalf of RITES Ltd. received the Governance Now PSU Award 2015 from Shri Manoj Sinha, Honourable Minister of State for Railways and MOS (Independent Charge) Communications

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned and the Foreign Exchange outgo in terms of actual inflows/ outflows during the year is as under:

Total foreign exchange earnings during the year under review were ₹ 233.45 crore (previous year ₹ 188.69 crore) and foreign exchange outgo were ₹ 13.43 crore (previous year ₹ 13.48 crore) respectively. This resulted in net foreign exchange earnings of ₹ 220.02 crore (previous year ₹ 175.21 crore).

**PRESIDENTIAL DIRECTIVE**

A Presidential Directive was received from the Ministry of Railways vide letter dated 29.04.2016 regarding payment of dividend for the financial year 2015-16 at the rate of 40% of Profit After Tax (Inclusive of interim dividend of 2015-16).

**VIGILANCE**

During the financial year 2015-16 impetus was on preventive vigilance. Accordingly, surprise checks were taken up at manufacturer's premises at Mumbai, Hyderabad, Kolkata, Faridabad, Ghaziabad, Chandigarh, Kanpur, Varanasi, Lucknow and Jalandhar. CTE type checks were carried out at Maltipatpur (Orissa) Dudhichua Yard / Sonebhadra (UP), Government Engineering College, Karwar (Karnataka), Railway siding near Pandaveswar (West Bengal), MPPGCL/ Khandwa and CDFD works at Uppal / Hyderabad (Andhra Pradesh). As a result of CTE type inspections carried out by RITES, recoveries amounting to ₹ 24.96 lakhs have been effected during 2015-16. Presentation on common irregularities during execution of projects and workshop on relevance of hindrance register in grant of extension of time and extension of milestones was organised during Vigilance Awareness Week. Further, a Hand Book of vigilance case studies based on various CTE type checks and various cases of inspection of materials was released during Vigilance Awareness



Mr. Mukesh Rathore, Executive Director, on behalf of RITES receives the QCI-DL Shah Quality Award-2016 for its prestigious project titled "IT Based Inspection & Billing System" from Mr. Adil Zainulbhai, Chairman, Quality Council of India (QCI) and Mr. Hari Taneja (Trustee, DL Shah Trust)

Week. RITES Vigilance cell carried out 29 surprise checks which included examination of tenders for award of sub-consultancy works.

To ensure prompt observance of conduct rules, checks on annual property returns, gifts accepted by the officials was kept. During the year 2015-16, 261 Annual Property Returns were scrutinized. In line with Central Vigilance Commission Guidelines on leveraging of technology, a close watch was kept on the tenders and other



Highlighting the importance of preventive vigilance, CMD and other Directors at RITES Vigilance Awareness Week

details uploaded on RITES website. Details of all assets being issued to individual staff are also being updated regularly on employee portal.

Speedy processing of vigilance cases at all stages has been carried out, especially with regard to cases requiring consultation with CVC. A total of 67 complaint cases and 12 cases of departmental inquiry (CVC and non-CVC) have been disposed off during 2015-16. Further, vigilance cell received 57 complaints and submitted 79 investigation reports during 2015-16.

In addition to above activities interactive sessions on common irregularities during project implementation and material inspection were held by CVO with officials of Regional project offices and Inspection units at Kolkata, Chennai, Delhi and Mumbai.

#### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 (1) OF THE COMPANIES ACT, 2013**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

Your Directors draw attention of the members to Note 2.33 to the financial statement which sets our related party disclosures. **(The details of contracts entered into with related parties in prescribed format AOC-2 is placed at Annexure -I)**

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Particulars of loans, guarantees given or investments made along with the purpose for which the loan is proposed to be utilized by the recipients are provided in the standalone financial statement (Please refer to Note 2.09, 2.11 & 2.20 to the standalone financial statement).

#### **RISK MANAGEMENT UNDER SECTION 134(3) (n) OF THE COMPANIES ACT, 2013**

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. However, since the term of two Independent Directors viz Shri Vinod Somani, (Chairman) and Dr. Vinayshil Gautam, (member) was completed on 28th December, 2013 and the term of the third Independent Director i.e Shri Debidas Datta got completed on 24.06.2014. However, with the appointment of Independent Directors on the Board of the Company w.e.f 01.04.2016, Board of Directors in their 221st meeting held on 3rd June, 2016 constituted Risk Management Committee comprising of Shri Anil Kumar Goel, Independent Director, as Chairman, Shri R.S Kochak, Govt. Nominee Director, Shri A.P. Dwivedi, Govt. Nominee Director and Shri Ajay Kumar Gaur, Director Finance, as members.

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.

In this respect, the Company has also constituted Treasury Risk Management Committee and assistance is also taken from an external consultant/economist as and when required.

#### **PROPAGATION OF HINDI**

In pursuance of Official Language policy of the Govt. of India (Ministry of Home Affairs, Official Language department) and the directions received from Railway Board from time to time, all round efforts were made to accelerate the progressive use of Hindi in official work of the Company. Important documents, such as Annual Report, MOU, Circulars, Office Orders and Minutes of various meetings were prepared and issued in bilingual form. Rajbhasha Fortnight was organized smoothly from 1st September to 15th September, 2015. 'HINDI DIWAS' message by CMD/RITES was issued timely to all the officials of RITES located all over India. Competitions like; Noting and Drafting, Essay, Elocution and Typing on Computer were organized during this period and Hindi workshop, Table Training and inspections of different departments were also conducted. The 24 winners of different competitions were awarded cash award and certificates by CMD/RITES.

During the year, 11 inspections regarding progressive use of Hindi and 15 workshops in different Departments/Offices were conducted. 50% Hindi books were purchased in the library. The quarterly meetings of Official Language Implementation Committee were held regularly in which progress of various items of Annual Programme of the Official Language Department, Ministry of Home Affairs were discussed and reviewed. Representative of RITES also participated in OLIC, Railway Board and TOLIC meetings regularly that facilitated the implementation of Official Language.



A visit of the Parliamentary Committee on official language at RITES project office, Mumbai



A visit of Hon'ble Union Ministers for Railways at RITES exhibition

During the inspection of Project Office, Mumbai on 05.10.2015 by Parliament Committee on Official Language, Hon'ble members expressed their satisfaction over the progressive use of Hindi in RITES. The Convener of the Parliament Committee on Official Language also appreciated the excellent coordination work done by the RITES team.

#### MEMORANDUM OF UNDERSTANDING

The company meets parameters for 'Excellent' rating in its performance evaluation under the MOU signed with the Ministry of Railways for the year under consideration (2015-16). However, communication from DPE in this regard is expected in due course.



Shri. Arbind Kumar, DP (RITES) presenting in record time the final DPR of Kanpur Metro to the Chief Secretary, UP Govt.

#### 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 2015-16, 99 employees have been inducted against regular posts, out of which 53 belong to SC/ST/OBC/differently abled Categories. Similarly during the year 2015-16, 155 employees were inducted against contractual posts, out of which 79 belong 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 NVTQC (under ANAB accreditation). The certification covers all the activities and Divisions of the Company.



CMD RITES receiving Best Performing and Global Presence Award from India Today-MDRA 2015 among the Central Sector Enterprise from Shri Ravi Shankar Prasad, Honourable Union Minister of Communications and Information Technology and Shri Piyush Goyal, Honourable Union Minister of State with Independent charge for Power, Coal, New and Renewable Energy.

Also, RITES is empanelled with BEE as a Grade -I Energy Service Company (ESCO). This grading indicates "Very High" ability of RITES to carry out energy efficiency audits and implement the energy saving projects in ESCO Mode.

#### CORPORATE GOVERNANCE & MANGEMENT DISCUSSION AND ANALYSIS

"Report on Corporate Governance" and "Management Discussion and Analysis" containing Division-wise Performance forms an integral part of the Directors' Report and have been placed at Annexure "A" & "B" respectively.

#### EXTRACT OF THE ANNUAL RETURN AS PER SECTION 92 (3) OF THE COMPANIES ACT, 2013 has been placed at Annex-II

#### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

There is no employee in the company falling under the category of employee required to be reported under the provisions of Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### FORMAL ANNUAL EVALUATION OF DIRECTORS UNDER SECTION 134 (3) (p) OF THE COMPANIES ACT, 2013

Formal Annual evaluation of Chairman & Managing Director and Directors, being a Govt. Company are done by Administrative Ministry. (Further, as per Notification issued by Ministry of Corporate Affairs dated 5/06/2015, the provisions of the said section shall not apply to Govt Company, in case the Directors are evaluated by the Ministry or Department of the Central Govt etc).

#### DECLARATION BY AN INDEPENDENT DIRECTOR(S) UNDER SECTION 149(6) OF COMPANIES ACT 2013

As per Notification issued by Ministry of Corporate Affairs dated 5/06/2015, the provisions of the said section shall not apply to Govt Company.

#### BOARD OF DIRECTORS AND NUMBER OF MEETINGS OF THE BOARD

The 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, 2016, the Company has six (6) Directors including four Functional Directors and two Government Nominee Directors. The Board met seven (7) times during the year 2015-16.



BITES annual general meeting in progress on 10th September, 2015

The Ministry of Railways vide letter dt 01.04.2016 have conveyed the appointment of following as Independent Director on the Board of the Company:

1. Dr. Vidya Rajiv Yeravdekar
2. Shri Anil Kumar Goel
3. Shri Satish Sareen

Shri R.S Kochak, Additional Member (PU), Railway Board has joined the Board of the Company as Government Nominee Director w.e.f 07.09.2015.

The following Directors held office during the year:

#### Whole-time Directors

Shri Rajeev Mehrotra	Chairman and Managing Director
Shri Arbind Kumar	Director Projects
Shri Ajay Kumar Gaur	Director Finance
Shri S.B. Malik	Director Technical

#### Government Nominee Directors

Shri Arvind Khare	Director (upto 30/04/2015)
Shri R.S. Kochak	Director (from 07/09/2015)
Shri A.P. Dwivedi	Director

#### KEY MANAGERIAL PERSONNEL (KMP) (SECTION 203 OF THE COMPANIES ACT, 2013)

Shri Rajeev Mehrotra	Chairman and Managing Director (CEO)
Shri Arbind Kumar	Director Projects
Shri Ajay Kumar Gaur	Director Finance (CFO)
Shri S.B. Malik	Director Technical
Shri P.T. Mittal	Company Secretary & GM (Legal)

#### AUDIT COMMITTEE OF DIRECTORS

The Company had Audit Committee with Independent Directors forming majority. However, the term of two Independent Directors got completed on 28th December, 2013 and the term of the third Independent Director got completed on 24.06.2014.

Thereafter, Board of Directors from time to time had re-constituted Audit Committee with Govt Nominee Director forming majority with the condition that the Committee will be re-constituted, once the Independent Directors are in position.

The Audit Committee was last constituted by Board of Directors in their 219th meeting held on 8th January, 2016 with Shri R.S Kochak, Government Nominee Director (Chairman), Shri A.P Dwivedi, Government Nominee Director and Shri S.B Malik,

Director Technical as members with the condition that the Committee will be re-constituted, once the Independent Directors are in position.

The Audit Committee met once during the year 2015-16.

With the appointment of Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted the Audit Committee comprising of Shri Anil Kumar Goel, Independent Director as Chairman, Dr. Vidya Rajiv Yeravdekar, Independent Director, Shri Satish Sareen, Independent Director, and Shri Arbind Kumar, Director Projects as members.

#### NOMINATION AND REMUNERATION COMMITTEE (SECTION 178 OF THE COMPANIES ACT, 2013)

BITES, being a Government Company, its Directors are appointed by the President of India through the 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 the 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.



Shri Rajeev Mehrotra, CMD, BITES received the 13th National Award for excellence in cost management (2015) from Shri Najib Shah, Chairman of the Central Board of Excise and Customs, under the category of Public- Service Sector (Medium).

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.

The term of two Independent Directors viz Dr. Vinayshil Gautam, Independent Director (Chairman) and Shri Vinod Somani, Independent Director (Member) was completed on 28th December, 2013. The term of the third Independent Director Shri Debidas Datta got completed on 24.06.2014. Thereafter, the Remuneration Committee was not in position.

Further, as per Section 178 of Companies Act, 2013 & Rule 6 of {Companies (Meetings of Board & its Powers)} Rules, 2014, the Company is required to constitute a Nomination & Remuneration committee, who shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications,

positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

However, as per Notification dt 5th June, 2015 issued by Ministry of Corporate Affairs, the provision of Section 178 shall not apply to the Government Company except with regard to appointment of Senior Management & Other employees.

The expression "senior management" means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive Directors, including the functional heads.

As per rule 2(k) of the Companies (Specification of definitions details) Rules, 2014 Executive Director means a whole time Director which includes Director in the whole time employment of the Company as defined in clause (94) of section 2 of the Act.



In the presence of Minister of Railways, Shri Suresh Prabhakar Prabhu, an agreement for power procurement between North Central Railway and M/s Adani Power Limited was signed. Chairman, Railway Board, Shri A. K. Mital, Member Electrical (ML) Shri Navin Tandon, Member Engineering Shri V. K. Gupta, Financial Commissioner (FC) Sh. S. Mookerjee, Member Traffic Shri Kundan Sinha, GM/North Central Railway (NCR) Sh. Arun Saxena, CEO, REMCL Shri S. K. Saxena and officials of Railway Board and REMCL were among those present on the occasion.

In view of the same, with the appointment of an Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted the Nomination and Remuneration Committee comprising of Shri Satish Sareen, Independent Director as Chairman, Dr. Vidya Rajiv Yeravdekar, Independent Director, Shri Anil Kumar Goel, Independent Director and Shri R.S. Kochak, Government Nominee Director, RITES as members. The said committee will also decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits as was being earlier decided by Remuneration Committee.

#### **DIRECTORS' RESPONSIBILITY STATEMENT UNDER THE COMPANIES ACT, 2013**

In pursuance of Section 134 (5) of the Companies Act, 2013, The Director hereby confirms that:

- In the preparation of the annual accounts the applicable accounting standards have been followed and there is no material departure from the same.
- 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 and loss of the company for that period;
- 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;

- The Directors have prepared the annual accounts on a going concern basis; and
- The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively and



CMD, RITES planting sapling at Gurgaon railway station during Rail Hamsafar Saptah

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **PERFORMANCE AND FINANCIAL POSITION OF EACH OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES**

A report on the performance and financial position of each subsidiaries, associates and Joint Ventures companies as per the provisions of Section 129 (3) of the Companies Act, 2013 in prescribed format AOC-1 is provided as Annexure to the consolidated financial statements and hence not repeated here for sake of brevity.

#### **KNOWLEDGE MANAGEMENT SYSTEM**

Knowledge Management has been established in RITES in order to identify, capture, evaluate, retrieve and share enterprise information. The system consolidates important information of its experts and projects for being available at a glance to SBU Heads, Projects Leaders and employees / experts. Management & Project Leaders get ready information of experts in various job roles & specializations, Projects in various sectors & disciplines, thus reducing effort & helping them in Business Development process.

During the year 2015-16, Knowledge Management System has been made available in SAP ERP of RITES in which the details of RITES experts are stored which can be retrieved in terms of their qualifications, number of years of expertise, sectors and sub-sectors, projects handled etc. The projects executed by various departments of RITES in different areas of expertise / sectors are also captured in the SAP ERP system.

#### **ENVIRONMENTAL PROTECTION**

The company is in consultancy services and is operating from various offices in India and abroad which have no significant impact on environment. 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 (STP's) in both the office buildings at Gurgaon and the waste water





Children's Caring Homes at Greenfields, Faridabad: joint effort of RITES and SOS

is reused for horticulture. RITES has installed rain water harvesting system to recharge the ground water. All electronic waste is disposed off through authorised recyclers. Majority of the petrol vehicles owned by the Company are CNG operated. Periodic inspections are carried out to ensure continued compliance of all relevant environmental rules.

### 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, Centre/State/local government, communities, environment and society at large. A total of ₹ 8.28 crore was spent during 2015–16. Good image of RITES has been generated among the community. The underprivileged and economically weaker sections have also benefitted from the activities.

The CSR projects / activities taken up by RITES are in accordance with the sectors as defined in the Schedule VII of



Enabling persons with disabilities through provision of assistive aids and preventive health care at Gurgaon, Haryana

Companies Act 2013. Key projects taken up during FY 2015–16 are as follows:

**SECTOR:** Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

### 1. Distribution of Assistive Devices to Persons with Disabilities (PwDs)

RITES has joined hands with ALIMCO to provide assistive devices to Persons with Disabilities (PwDs) in Gurgaon, Haryana. Various assistive aids such as wheelchairs (Adult & Child), joystick operated wheelchairs, tricycles, hearing aids, MSIED Kit, crutches, walking sticks, BTE Digital type hearing Aid have been provided to over 200 Persons with Disabilities.

The project aims to bring Persons with Disabilities into a more functional stream of life and restore their confidence to undertake activities with the help of aids & appliances.

### 2. Construction of Public Toilets in Madan Mohan Malviya Inter College Ghazipur, U.P.



Inauguration of public toilet complex by Shri Ram Gopal Mohle, Mayor, Varanasi, U.P

RITES has set up Public Toilets in the premises of Madan Mohan Malviya Inter College, Ghazipur, UP. Madan Mohan Malviya Inter college is located in Sikhari village of Jakhani tehsil in Ghazipur district. The college had inadequate sanitation facilities. With the vision of Swachh Bharat, RITES has set up toilets in this college.

### 3. Providing Advance Life Support (ALS) Ambulance to District Hospital, Ghazipur, U.P.

RITES has provided an Advanced Life Supported Ambulance (ALS) to Civil Hospital Ghazipur, UP, to expedite shifting of accident victims from the accident spot to the District Hospital or other advanced medical centres and to provide prompt transport for referral treatment for complicated maternity cases, as well as trauma cases, through secure transport system equipped with medical facility. Ghazipur does not have adequate hospitals and Varanasi is about 80 kms.



An Advanced Life Supported Ambulance (ALS) to Civil Hospital Ghazipur, UP

away, hence, the ALS Ambulance will facilitate transfer of critical cases from Ghazipur to Varanasi.

**4. Provision of Hand Pumps for Drinking Water and Solar Street Lights for the Villages of Constituency of Phoolpur, Allahabad, U.P.**

RITES has provided Hand Pumps for drinking water as well as Solar Street Lights for the villages of Constituency of Phoolpur, Allahabad (U.P.).

There is a severe shortage of drinking water in the villages of Phoolpur. Installation of Hand pumps will give villagers access to drinking water for fulfilling their basic needs.

Installation of the street lights will benefit the villagers and children who can continue their routine jobs as well as studies. The primary benefits from access to electricity include improved education, human health, communication and entertainment, comfort, protection, convenience, and productivity.

**5. Construction of Public Toilets in Varanasi, U.P.**

RITES has set up Public Toilets, through Varanasi Nagar Nigam, at Machchodri Park & Beniyabagh in Varanasi for elimination of open defecation by public by providing them access to toilet & sanitation facilities. The project will provide sanitation facilities in the areas of Varanasi, which will reduce the incidences of health issues leading to healthy community and overall development of the people living in and visiting these areas. This will bring about an improvement in the general quality of life by promoting cleanliness and hygiene.

**6. Setting up Bio-Digester Public Toilets in Varanasi, U.P.**

RITES has set up bio-digester Public Toilets in Varanasi, (UP) at Sakka and Teliyanala ghat, Varanasi through usage of technology to set up affordable, and sustainable models for city wide deployment of such infrastructure.

At the Sakka and Teliyanala ghats no permanent structure can be constructed, hence mobile/portable toilets with Biodigester technology have been set up at these locations. To conform to CPCB norms of effluent, reed bed technology has been adopted for the Bio-Digester.

**7. Providing Fully Auto Biochemistry Analyser to Charitable Hospital at Vrindavan, Mathura, U.P.**

RITES has provided Fully-Auto Bio-Chemistry Analyzer for the Laboratory of Ramakrishna Mission Sevashrama Charitable Hospital, Vrindavan.

The objective of the project is to provide free facility for pathological investigations for the benefit of the poor,



Fully Auto Biochemistry Analyser at Charitable Hospital at Vrindavan , Mathura, U.P.

distressed, widows, needy pilgrims and local community of Vrindavan.

**8. Construction of Public Toilets at Railway Station Gurgaon, Haryana**

RITES has set up 3 numbers of public toilet complex within the premises of the Gurgaon Railway Station with the objective of facilitating the passengers as well as the public visiting the Station.

There are lot of passengers and other visitors to the station complex, whereas the public toilet facilities are disproportionately low. Providing this facility will greatly benefit these people. Sanitation and environment around the station will improve tremendously.



Public Toilet Complex at Gurgaon Railway Station, Haryana

**9. Augmentation of drinking water etc. for Passenger amenities at Agra Railway Station**

RITES has up-graded the passenger amenities at Agra Cantt. Station of North Central Railway by providing safe drinking water for passengers at the Railway Station. This includes provision of borewell with pump house, 2 rooms for installation of RO Plants, water storage tank, water booths, water coolers and water pipeline from borewell to storage tank, etc. for providing safe drinking water for passengers at Agra Cantt. Station.



Passenger amenities, Agra

SECTOR : Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects



CMD RITES and Director Finance at SOS Children's Village sponsoring children's homes

**10. SOS Children's Villages of India : sponsoring youth for employment linked higher education**

RITES has sponsored Employment Linked Higher Education for 19 Youth under project Utkarsh enabling them to become self – reliant and Independent as a CSR initiative for SOS Children's Villages of India.

**11. Recruitment & Retention of Voluntary blood donation for safe blood transfusion through education in the backward district of West Bengal - 24 Parganas, West Bengal.**

RITES has through Association of Voluntary Blood Donors, West Bengal spread awareness regarding the importance of blood donation, as well as encouraged volunteers to donate blood. Objective of the Association is to spread awareness, distribute course material and conduct programs regarding the importance of blood 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.



Blood transfusion programme

**12. Providing Equipments for Laboratory in Vocational cum Skill Development Training Center for backward area of Southern Rajasthan to generate alternative employment opportunity for Rural youth and Women - Vishvas Sansthan, Udaipur, Rajasthan**

RITES has provided Tools and Equipments for Skill development training such as Consumable Kits, Trainees Tool Kits, Shop Tools, Instruments and Machinery for the Laboratory to Vocational cum Skill Development Training



Environment sustainable project of Howrah Station under CSR initiative

Centre, Vishvas Sansthan, Udaipur, Rajasthan, covering the Districts of Banswara, Dungarpur and Udaipur. This Institute will help to generate alternative employment opportunity for Rural Women and Youth. Focus will be on training and skill development resulting in meaningful employment.

**13. Providing Equipment & Furniture to Swapna Sarthak School, Gurgaon, Haryana**

RITES has provided Laptops, Printers & Furniture to Swapna Sarthak School, in DLF – Phase III, Gurgaon , which is run by Gunjan Foundation.

Objective of the project is to encourage educational pursuits of underprivileged children and improving their living condition through education and social awareness, to promote empowerment through education. It enables beneficiaries



Shri Ghanshyam Sharma, Sr.DGM/civil/airports receiving the award for the 'Employee of the Year' 2015-16

achieve self-respect and self-reliance, which fosters hope and confidence in pursuing fulfilling lives.

**14. Sponsoring rural education through running schools in rural, remote, hilly areas**

RITES has helped in sponsoring education for the up-liftment of the deprived sections society in Tribal and Rural areas through adoption of EKAL Vidyalayas in Kolkata, Guwahati, Secunderabad, Mangalore, Nagpur.

Objective of the project is to provide basic functional Education, Health Care Education, Village Development & Sustainability Education and Empowerment Education to children of remote and tribal areas by Bharat Lok Shiksha Parishad under Ekal Vidyalaya Movement with the concept of "one teacher school".

The children of remote, rural and tribal areas facing multitude problems like illiteracy, poverty, all sorts of shortages, sanitation, health hazards, mal-nutrition, health care and of self respect & self esteem too are benefitted.

**15. Construction of Vocational training / skill development institute for under privileged children of rural areas (Vrindavan / Mathura etc.)**

RITES has contributed for part construction of a Vocational Training & Skill Development Institute for the underprivileged children of rural areas of Vrindavan, Mathura through Bhakdivedanta Gurukula and International School.

Objective of setting up Vocational Training & Skill Development Institute is to impart vocational training & skill development among the economically backward and underprivileged section of society in Vrindavan, Mathura.

**16. Construction of Preventive Health Care and Skill Development Training and Research Institute, New Delhi**

RITES has contributed for part construction of a Preventive Health Care and Skill Development Training and Research Institute for Santhigiri Ashram, New Delhi. The Santhigiri Ayurveda and Siddha & research centre with Skill Development Institute coming up at Delhi will be focusing on healthcare of population in Delhi & NCR by adopting villages, conducting programmes in schools to abolish malnutrition, provides training in Yoga and Skill Development programmes for unemployed youths in Ayurveda Para medical branches.

**17. Supply of Equipment - Computer, Printer, UPS & Furniture for Khanpur Ghati Girls School at Mewat, Haryana**

RITES has provided Computers for the Mewat Model School at Khanpur Ghati, Mewat. RITES had earlier undertaken Construction of the girl's hostel as part of the residential school complex for this school.



Supply of equipment & furniture for Khanpur Ghati Girls School at Mewat, Haryana

Objective of the project is to encourage education of girls from backward and remote areas by providing them education and meeting the aspirations of the girl children studying within the school premises. As application of Computers is gaining importance in the day to day life of children, therefore, to impart knowledge, computers were provided for the school.

**18. Skill development training of Persons with Disabilities (PwDs)**

RITES has with the expertise of National Handicapped Finance and Development Corporation (NHFDC) conducted the training of Persons with Disabilities between 15-50 years of age in Delhi, NCR.



Shri Manoj Sinha, Honourable Minister of State for Railways and MOS (Independent Charge) Communications addressing the gathering at the Skill Development Training Centre, Udaipur, Rajasthan

Objective of the project is to make them capable and self dependent through appropriate training in the field of traditional occupations and entrepreneurship such as repairing / servicing of mobile phones / electrical appliances, fashion designing, computer courses, etc.

The project benefits about 300 PwDs to bring them into normal stream of life by enabling them to lead a self dependent life as well as be gainfully employed.

SECTOR : Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.



Construction of a Preventive Health Care and Skill Development Training and Research Institute for Santhigiri Ashram, New Delhi.

**19. SOS Children's Villages of India : sponsoring children's homes**

RITES has contributed towards supporting 4 Children's Family Homes at SOS Children's Villages in Bhubaneswar, Kolkata and Faridabad. Each family home provides a caring loving home to 8-10 parentless children. RITES has provided support for nutrition, clothing, education, health and upkeep of the homes.

Beneficiaries are the parentless children of SOS Children's Villages of India who will be attending school / college education and vocational training and will get all the logistic support.

SECTOR : Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and



Empowerment Education to children of remote and tribal areas for Bharat Lok Shiksha Parishad under Ekal Vidyalyaya Movement

maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

#### 20. Development and Maintenance of Green cover along sector roads and backside of RITES Bhawan, Gurgaon, Haryana

RITES has taken up tree plantation and maintenance of Green cover along sector roads and backside of RITES Bhawan, Gurgaon, 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 this financial and industrial city situated near New Delhi and in the National Capital Region. It also contributes towards beautification of the city.



Development and maintenance of green cover along sector roads and backside of RITES Bhawan, Gurgaon, Haryana

#### 21. Solar Street Lighting Systems for Rural Communities in Ghazipur U.P.

RITES has installed of Solar Street Lighting Systems in Ghazipur District in U.P.

Objective of the project is to provide solar powered street lighting systems to the villages situated in Ghazipur district in U.P. Power outages are very high in these areas. Installation of solar street lights will benefit the villagers and children residing in the village of Block Saidpur & Jamunia District, Ghazipur, immensely. Implementing Agency is CEL.

#### 22. Solar Street Lighting Systems for Rural Communities Bhadohi U.P.

RITES has through Central Electronics Ltd. (CEL) provided Solar Powered Street Lights to Rural Communities in the villages situated in Bhadohi district of Uttar Pradesh. Although

some villages are electrified, the power crisis is very high in villages of Bhadohi district in the state of Uttar Pradesh. Installation of solar powered street lights will have a positive impact on the lives of the inhabitants of these villages.

#### 23. Installation of 100 KWp Grid Interactive Solar Photovoltaic Power Plant for Deployment at Jodhpur Railway Station Building, Rajasthan

RITES has taken up the project of installing 100 KWp Grid Interactive Solar Photovoltaic Power Plant at Jodhpur Railway Station Building, Rajasthan through CEL. Beneficiaries of the project will be the passengers and visitors to the station.

SECTOR : Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.

#### 24. Providing Passenger amenities at Howrah railway station, West Bengal

RITES has taken the initiative for up-grading the passenger amenities such as signages etc. at Howrah Railway Station. Objective of the project is improvement of signages at Howrah Railway Station which is a heritage building and entails the complete re-designing of passenger guidance system, lighting and ambience of the station to make it easy for the passengers to navigate through the large complex. While enhancing the historical value of the structure, the signage will create awareness in the passengers about all the facilities available in the station. This includes design of way findings Signage System and Beautification of buffer end area of some platforms.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

RITES being a knowledge based company, puts a lot of emphasis on talent acquisition, talent engagement, welfare schemes, learning and development of its human resources. RITES has a mixed bag of experienced professionals and fresh GETs/MTs. Commensurate with the emerging needs of growing business, RITES has inducted staff on deputation from Railways, hired experienced manpower on direct recruitment basis, hired GETs/MTs from campuses like IIM, XLRI, IITs etc., along with regular induction of GETs through GATE score. During the year 2015-16, while 27 Graduate Engineers Trainee have been inducted through GATE score, 195 experienced professional have joined in different capacities.

Intake of experienced professionals on deputation from Railways, other Govt. departments and PSU is also strategic requirement of the company. In the last financial year 53 employees have joined RITES on deputation basis. At present 174 employees are working in different divisions/SBUs on deputation basis.

RITES puts a lot of emphasis on the development and career progression of employees. During the financial year 2015-16, 8018 man-days of training have been provided to employees. While 3698 man-days have been provided in the Quality Assurance Division, 4320 man-days of training have been provided to others. 85 Senior Business Leaders were nominated for Leadership Development program in India and abroad. 2-days workshop on "Strategic Leadership Development" was organized for middle management in collaboration with IMI Delhi, a leading management institute of the region. 258 Employees have been promoted to next higher level during the year. 29 Employees have been placed in their higher pay scale on completion of longer period. 64 Selections on promotion basis have been completed.

Transparency in the processes and ease of operations is one of the objectives of the HRD function. This year Electronic Performance Management System has been introduced, which

enables paperless and transparent on-line process to fill the APARs. The system has been developed with an objective to complete the APAR filling process with quality and defined time limits.

RITES is focused on the improvement of policies and procedures so as to enable its employees for better coordination for their welfare as well as to empower them for more accountability and responsibility to function in their roles. Endorsing the need of digitization in the country and to ensure business continuity, RITES has implemented Digitization of Records in the Personnel section. Personnel records of employees, policy files etc have been kept in digital format. The internal systems are being revised in accordance with ISO requirements. Keeping a healthy



CMD RITES speaking to senior RITES officials at a workshop- 'Exploring transformational leadership through emotional intelligence'

employee-employer relationship, online grievance portal system has been developed and timelines for settlement of grievances along with accountability of officers has been fixed.

RITES has adequate and robust schemes in place for welfare of the employees. Subsidized canteen facility, health cover, medical scheme, Post Retirement Medical Scheme, Post Retirement Pension scheme, health checkups at regular intervals, allowances, provision of company and self-lease for residential accommodation etc are in place for betterment of the staff.

To encourage educational excellence in the wards of all non-executive staff, merit scholarship/cash awards are given to their wards, where they score 70% marks (boys) and 65% marks (girls) in their 10th, 12th std. Board Exams. Further, wards of employees' upto the level of Manager, are also given merit scholarship/cash awards where their children are pursuing higher education (B. Tech/ MBA/CA etc.) and scored 65% marks (girls) & 70% marks (boys).

To recognize the outstanding contribution of employees in their working, a "Reward & Recognition" scheme to choose "Employee of the Quarter" is in place and given to 2-employees for each quarterly period: one in executive & one in non-executive cadre.

For the financial year 7 employees were given as "Employee of the Quarter" and similarly, every year, 1-employee was given as "Employee of the Year" for (his/her) outstanding professional contribution.

#### **IMPLEMENTATION OF RIGHT TO INFORMATION (RTI) ACT, 2005**

Right to Information (RTI) Act, 2005 has empowered the Indian citizens to access information from the public authorities,

resulting in transparency and accountability to the working of the authorities. Awareness of this Act has gained momentum after a slow initiation; increasing number of applications is a testimony.

Designated Public Information Officer (PIO) has been entrusted with the responsibility of providing information to citizens under the Act; the Assistant Public Information Officers (APIOs) at Regional Project/Inspection Offices are entrusted with the responsibility to receive the tendered applications/appeals under Section 5(2) of the Act and to forward these to the PIO at the Corporate Office, Gurgaon.

During the year 2015-16, office of the Public Information Officer (PIO), received 241 new applications seeking information under the RTI Act, 2005, whereas the Office of the First Appellate Authority (FAA) received 47 first appeals as against 178 and 44 respectively during the last financial year, 2014-15. RITES also complied with the decision of the Hon'ble Central Information Commission (CIC) in three second appeals.

Challenge to provide the information within the stipulated time, record management systems and procedures have been reviewed and infrastructure (computers, scanners, internet connectivity, photocopiers etc.) have been enabled. Categories of information frequently sought, have been identified and such information, catalogued and organized for easy retrieval, is being disclosed proactively in the public domain. RITES' website is being used effectively for dissemination of information, organized in a retrievable user friendly database.

#### **EXHIBITIONS**

The Company as a part of business strategy participated in specialized trade expositions with the objective of displaying its multifarious capabilities to numerous prospective clients, high-level delegations and ministerial participation. It helped in exploring business opportunities in the transport and infrastructure sectors



A visit of the Honourable Minister of State for Railways and MOS (Independent Charge) Communications, Shri Manoj Sinha with Shri Arbind Kumar, Director Projects (RITES) and senior officials at RITES stall- Maritime India Summit, Mumbai

and provided business linkages. These various expositions play an important role in building corporate initiatives for integrated development across diverse domains and providing exposure. In the new global scenario. They offer a strong platform for building long-term sustainable relations with clients. The company participated in various expositions such as:

- The Maritime India Summit - 2016 held at Mumbai organised by Confederation of Indian Industry (CII), 14-16 April, 2016.

- International Conference/Exhibition on South-South Cooperation organized by the Research and Information System for Developing Countries (RIS), March 10-11, 2016, India Habitat Centre, New Delhi
- The 11th edition of International Railway Equipment Exhibition (IREE 2015), organized by the Confederation of Indian Industry (CII) in association with Ministry of Railways was held from 14th to 16th October, 2015 at Pragati Maidan, New Delhi, India.

#### AWARDS

Company received following awards for its performance during the year 2015-16:

##### 1. Niryat Shree Gold Trophy for Highest Exports in 2015

Niryat Shree Gold Trophy of FIEO received from the Hon'ble President of India, Shri Pranab Mukherjee for the highest engineering goods exports done in the non MSME category. RITES was the only PSU among the 41 recipients of these awards.

##### 2. 13th National Award for excellence in Cost Management 2015

13th National Award for excellence in cost management (2015) from Shri Najib Shah, Chairman of the Central Board of Excise and Customs, under the category of Public- Service Sector (Medium).

##### 3. EEPC Gold Trophy for Top Exporters – 2012-13

EEPC Gold Trophy for Top Exporters Award being given to RITES for the year 2012-13 by EEPC India, Northern region, in the merchandise category of foreign exchange earnings of ₹ 342 crore.

##### 4. India Today Best Performing Company and Global Presence Award - 2015

India Today MDRA best Performing Company and Global Presence award 2015 among the Central Sector Enterprises.

##### 5. PSU Excellence Awards 2015 from "Governance Now".

#### AUDITORS

The Comptroller & Auditor General of India appointed the following as Statutory & Branch Auditors for the year 2015-16:

M/s AGIWAL & ASSOCIATES, Delhi	Statutory Auditors
M/s PRATAP B. SHETH & CO, Mumbai	Branch Auditors for Western Region
M/s S.K. BHATTACHARIYA & Co, 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.

#### SECRETARIAL AUDITOR

The Board has appointed Mr. Akhil Rohatgi, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2015-16.

The Secretarial Audit Report for the financial year ended March 31, 2016 has been placed at Annexure – IV.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any Scheme save and except ESOS referred to in this report.
4. Neither the Chairman and Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### 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



(Rajeev Mehrotra)

Chairman and Managing Director  
& Chief Executive Officer

Place: Gurgaon

Dated: 26th July, 2016

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

ITES Limited has not entered into any contract or arrangement or transaction with its related parties which is not arm's length during financial year 2015-16.

**2. Details of contracts or arrangement or transactions at arm's length basis:**

A. Transactions during the year with Subsidiaries, Joint Ventures and Associates:

Particulars	1	2	3	4	5	6	7
(a) Name(s) of the related party and nature of relationship	ITES (Afrika) (Pty) Limited	ITES Infrastructure Services Limited (RISL)	Railway Energy Management Company Limited (REMCL)	Companhia Dos Caminhos De Ferro Da Beira, SA, Mozambique (CCFB)	SAIL-RITES Bengal Wagon Industry Private Limited (SRBWPL)	RICON	Geoconsult ZT GmbH – RITES (GC-RITES)
	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Subsidiary (ITES shareholding 51% Indian Railway shareholding 49%)	Joint Venture of RITES, IRCON & Govt. of Mozambique (ITES shareholding 26%)	Joint Venture of RITES & SAIL (ITES shareholding 50%)	Joint Venture of RITES & IRCON (unincorporated Entity-RITES interest 51%)	Joint Venture of RITES & Geoconsult, Austria (unincorporated Entity-RITES interest 39.4%)
(b) Nature of contracts/ arrangements/ transactions	Supply of technical manpower for the purpose of construction supervision of road & airport projects in Botswana/ Rwanda.	Planning, design and construction of bus terminal at Maltipatpur, Puri, Orissa.	Services of experts on man month basis for carrying day to day activities of the subsidiary company.	<ul style="list-style-type: none"> <li>Loan Agreement to meet arbitration expenses.</li> <li>Dispute of CCFB, Mozambique has been amicably settled with Government of Mozambique (GoM).</li> </ul>	<ul style="list-style-type: none"> <li>Execution of Civil, electrical and Mechanical works required for setting up wagon manufacturing factory at Kulti with a production capacity of 1200 wagons per annum and rehabilitation of 300 wagons per annum.</li> <li>Short term loans</li> </ul>	Execute contracts to be awarded by CCFB, Mozambique (Joint venture of RITES, IRCON & Govt. of Mozambique).	Supply of man power in connection with detailed design consultancy and construction supervision of tunnel in the state of Manipur.
(c) Duration of the contracts / arrangements/ transactions	Ongoing-standing arrangements.	From September, 2013 to be completed by July 2015.	Ongoing till subsidiary does not has its own employees.	<ul style="list-style-type: none"> <li>(i) Dispute of CCFB, Mozambique has been amicably settled with Government of Mozambique (GoM).</li> <li>(ii) GOM will reimburse the ICC &amp; related costs.</li> </ul>	<ul style="list-style-type: none"> <li>Completion period of phase-I and Phase-II was 12 months from release of mobilization advance or handing over of encumbrance free land whichever is later. Phase-III all balance works within 18 months from the date of payment of advance or handing over of encumbrance free land, whichever is later.</li> <li>Till the equity portion of SAIL was available and then the short term loan was converted into equity.</li> </ul>	JV agreement shall remain valid till the term of concession agreement between CCFB and Government of Mozambique remain in force.	24 months from January, 2014.



(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	RITES shall provide manpower at mutually agreed monthly rates. However, salary and related expenses incurred by RAPL on RITES personnel shall be adjusted from the amount payable to RITES.	Built up cost of project plus 7.5% of built up cost.	Expert services are charged on man month rates as being charged to other clients	(i) Dispute of CCFB, Mozambique has been amicably settled with Government of Mozambique (GoM). (ii) GOM will reimburse the ICC & related costs.	<ul style="list-style-type: none"> <li>Built up cost of project plus 9% of built up cost.</li> <li>For short term loans Interest rate was same as that of Dena Bank, but rate of interest shall not be lower than the prevailing yield of 1 year, 3 year, 5 year or 10 year Govt. Security closest to the tenor of the loan till the equity portion of SAIL is also available and then the short term loan was converted into equity.</li> </ul>	The working capital requirement of RICON, profit/loss arising from execution of the work (awarded by CCFB, Mozambique) will be shared by parties i.e. RITES and IRCON in the ratio of 51:49.	RITES shall provide manpower to Joint venture at mutually agreed monthly rates.
Transactions during the year	Dividend Received: ₹ 0.03 crore.	<ul style="list-style-type: none"> <li>Construction Turnkey Projects: ₹ 13.65 crore.</li> <li>Recoverable/Advances: ₹ 1.04 crore.</li> </ul>	<ul style="list-style-type: none"> <li>Consultancy Fee: ₹ 2.87 crore.</li> <li>Recoverable/Advances: ₹ 4.12 crore.</li> <li>Investment in Equity: ₹ 10.20 crore.</li> </ul>	<ul style="list-style-type: none"> <li>Loans given: ₹ 5.92 crore.</li> <li>Consultancy Services/ Export Sales/ Leasing Services: ₹ 11.50 crore.</li> <li>Interest on Loan given: ₹ 30.45 crore.</li> <li>Provision Write Back: ₹ 6.24 crore.</li> </ul>	<ul style="list-style-type: none"> <li>Construction Turnkey Projects: ₹ 10.53 crore.</li> <li>Loans given: ₹ 2 crore.</li> <li>Interest on loans given: ₹ 0.26 crore.</li> <li>Investment in Equity: ₹ 7.37 crore.</li> <li>Recoverable/ Advances: ₹ 0.05 crore.</li> </ul>	No Transaction during the year.	Consultancy Fee: ₹ 0.92 crore.
(e) Date(s) of approval by the Board, if any: -	Not applicable	Not applicable	Not applicable	BOD approved the proposal on 20.12.2013 & 29.04.2015 respectively.	BOD approved the proposal on 24.06.2014 & 20.02.2015 respectively.	Not applicable	Not applicable
(f) Amount paid as advances, if any:	NIL	NIL	NIL	NIL	NIL	NIL	NIL

B. Transactions during the year with Directors/Key Managerial Personnel::

Particulars	1	2	3	4	5
Name(s) of the related party and nature of relationship	Sh. Rajeev Mehrotra	Sh. Arbind Kumar	Sh. Ajay Kumar Gaur	Sh. S.B. Malik	Sh. P.T. Mittal
	Chairman and Managing Director and Chief Executive Officer	Director Project	Director Finance and Chief Finance Officer	Director Technical	Company Secretary & GM (Legal)
Remuneration for the year 2015-16 (₹)	4746540/-	4169933/-	3619676/-	3568384/-	2652706/-

Place: Gurgaon  
Date : 26th July, 2016

  
 (Rajeev Mehrotra)  
 Chairman & Managing Director  
 & Chief Executive Officer

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U74899DL1974GOI007227
2	Registration Date	26th April,1974
3	Name of the Company	RITES LIMITED
4	Category/Sub-category of the Company	Company Limited by Shares/Union Government Company
5	Address of the Registered office & contact details	Registered office: SCOPE Minar, Laxmi Nagar, Delhi-110092 Ph – 011-22024610
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Export Sales		17%
2	Consultancy		58%
3	Quality Assurance		12%

**III. Particulars of Holding, Subsidiary and Associate Companies**

S. No.	Name and Address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	RITES Infrastructure Services Ltd (Wholly owned subsidiary of RITES Ltd) Registered office: SCOPE Minar, Laxmi Nagar, Delhi-110092	CIN: U45200DL2010GOI202067	Wholly Owned Subsidiary	100%	Under Section- 2(87) of the Companies Act, 2013
2.	Railway Energy Management Company Ltd (REMCL) Registered office: SCOPE Minar, Laxmi Nagar, Delhi-110092	CIN: U93000DL2013GOI256661	Subsidiary	51%	Under Section - 2(87) of the Companies Act, 2013
3.	RITES Afrika (PTY) Limited, Botswana	-	Wholly Owned Subsidiary-Abroad	100%	Under Section - 2(87) of the Companies Act, 2013
4.	SAIL- RITES Bengal Wagon Industry Private Ltd, Registered office: SCOPE Minar, Laxmi Nagar, Delhi-110092	CIN: U35200DL2010PTC211955	JVC of SAIL & RITES	50%	Under Section - 2(6) of the Companies Act, 2013
5.	RICON, India	-	Unincorporated Joint Venture	51% (Share of interest)	-
6.	Companhia dos Caminhos de Ferro da Beira, SA (CCFB), Mozambique	-	Joint Venture	26%	Under Section - 2(6) of the Companies Act, 2013
7.	Geoconsult ZT GmbH-RITES, India	-	Unincorporated Joint Venture	39.40% (Share of interest)	-
8.	RMAC, Saudi Arabia	-	-	-	Company under liquidation (equity money received.)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter's</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	9.998 Cr	0.002 Cr	10 Cr	100%	9.998 Cr	0.002 Cr	10 Cr	100%	Nil
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)</b>	<b>9.998 Cr</b>	<b>0.002 Cr</b>	<b>10 Cr</b>	<b>100%</b>	<b>9.998 Cr</b>	<b>0.002 Cr</b>	<b>10 Cr</b>	<b>100%</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	9.998 Cr	0.002 Cr	10 Cr	100%	9.998 Cr	0.002 Cr	10 Cr	100%	Nil

## II Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholder's Name	Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	99980000	99.98	-	President of India	99980000	99.98	-	-
2	Sh. A K Mital Chairman Railway Board, Rly Board	9000	0.009	-	Sh. A K Mital Chairman Railway Board, Rly Board	9000	0.009	-	-
3	Smt Rajalakshmi Ravikumar, Financial Commissioner, Rly Board	9000	0.009	-	Sh. S Mookerjee Financial Commissioner, Rly Board	9000	0.009	-	-
4	Sh. V.K.Gupta, Member Engineering, Rly Board	500	0.0005	-	Sh. V.K.Gupta, Member Engineering, Rly Board	500	0.0005	-	-
5	Sh. Hemant Kumar Member Mechanical, Rly Board	500	0.0005	-	Sh. Hemant Kumar Member Mechanical, Rly Board	500	0.0005	-	-
6	Sh. A.K.Rawal, Additional Member Planning, Rly Board	500	0.0005	-	Sh.H.K.Kala, Additional Member Planning, Rly Board	500	0.0005	-	-
7	Sh. A.P.Dwivedi, Executive Director (PSU & HS) Rly Board	500	0.0005	-	Sh. A.P.Dwivedi, Executive Director (PSU & HS) Rly Board	500	0.0005	-	-
	<b>Total</b>	100000000	100%	-	<b>Total</b>	100000000	100%	-	-

\* S. No. 2 to 7 are nominees of President of India.

**III Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NA	NA	NA	NA
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
3	At the end of the year	NA	NA	NA	NA

**IV Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NA	NA	NA	NA
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
3	At the end of the year	NA	NA	NA	NA

**V Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year Shri A.P. Dwivedi, ED (PSU & HS), Rly. Board	500	0.0005	500	0.0005
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NA			
3	At the end of the year Shri A.P. Dwivedi, ED (PSU & HS), Rly. Board	500	0.0005	500	0.0005

**VI INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment. – NA**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
* Addition				
* Reduction				
<b>Net Change</b>	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	-	-	-	-

## VII REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Sh. Rajeev Mehrotra CMD & CEO	Sh. Arbind Kumar DP	Sh. Ajay Kumar Gaur DF & CFO	Sh. S.B. Malik DT	
1	<b>Gross salary</b>	₹	₹	₹	₹	₹
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3527024	2816663	2999831	3160467	12503985
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	55125	544164	33414	40435	673138
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-	-
5	Others, please specify (PRP) 2013-2014 (80%)	1164391	809106	586431	367482	2927410
	<b>Total (A)</b>	<b>4746540</b>	<b>4169933</b>	<b>3619676</b>	<b>3568384</b>	<b>16104533</b>
	Ceiling as per the Act					

### B. Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		-	₹	-	-	
1	Independent Directors		-			-
	Fee for attending board committee meetings					
	• Board Meeting (Two)					
	• Audit Committee Meeting (Two)					
	• Sustainable Development Committee Meeting (Two)					
	Commission					
	Others, please specify					
	• Travelling Expenditure					
	<b>Total (1)</b>		-			-
2	Other Non-Executive Directors		-			-
	Fee for attending board committee meetings					
	Commission		-			-
	Others, please specify		-			-
	<b>Total (2)</b>		-			-
	<b>Total (B)=(1+2)</b>		-			-
	<b>Total Managerial Remuneration</b>		-			-
	Overall Ceiling as per the Act					

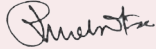
**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		Shri P.T. Mittal, Company Secretary & GM (Legal)			Total
1	Gross salary	₹	-	-	₹
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2492242			2492242
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-			-
2	Stock Option	-			-
3	Sweat Equity	-			-
4	Commission	-			-
	• as % of profit	-			-
	others, specify ... (PRP 2013-14-80%)	160464			160464
5	others, please specify	-			-
	<b>Total</b>	<b>2652706</b>			<b>2652706</b>

**VIII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY - NA</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS - NA</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT - NA</b>					
Penalty					
Punishment					
Compounding					

Place: Gurgaon  
Date : 26th July, 2016

  
 (Rajeev Mehrotra)  
 Chairman & Managing Director  
 & Chief Executive Officer

**CSR projects for FY 2015 -16**

1. Average net profit of the company of the last three financial years. (Ref ANNEXURE A)
2. Prescribe net Expenditure (two per cent of the amount as in item 1 above). (Ref ANNEXURE A)
3. Details of CSR spent for the financial year:
  - (i) Total amount to be spent for the financial year: as per the table below
  - (ii) Amount unspent, if any: NIL

1	2	3	4	5	6	7	8
S. No.	CSR project or activities identified	Sector in which the project is covered	projects or programs 1. Local area or other 2. Specify the State and district where the projects or programs was undertaken	Amount outlay (budgeted) project or programs wise  (Amount ₹ in Lakhs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on the projects or programs (2) Overheads ₹ In lakhs	Cumulative expenditures upto the reporting period  ₹ In lakhs	Amount spent: Direct or through implementing agency  ₹ In lakhs
	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;						
1.	Contribution of funds for Distribution of assistive devices to Persons with disabilities (PwDs) (ALIMCO)	-do-	Local area	24.022	24.022	24.022	Through implementing agency
2.	Setting up Toilets Block at (Madan Mohan Malviya College) Ghazipur, UP	-do-	Other, Ghazipur (Uttar Pradesh)	27.200	9.932	33.954	Through implementing agency
3.	Procurement of ALS (Advance Life Support) Ambulance for Ghazipur, UP	-do-	Other, Ghazipur (Uttar Pradesh)	20.177	20.177	54.132	Direct
4.	Hand pumps for Phoolpur, Allahabad, UP	-do-	Other, Allahabad (Uttar Pradesh)	39.483	39.483	93.614	Direct
5.	Setting up Public Toilets in Varanasi, UP through VNN	-do-	Other, Varanasi (Uttar Pradesh)	31.480	28.398	122.012	Through implementing agency
6.	Public Toilets in Varanasi, UP through SEED (Society For Welfare and Economic Development)	-do-	Other, Varanasi (Uttar Pradesh)	27.160	13.745	135.757	Through implementing agency
7.	Procurement of fully-auto Biochemistry Analyzer the laboratory to charitable Hospital at Vrindavan, Mathura (UP).	-do-	Other, Mathura (Uttar Pradesh)	25.000	25.000	160.757	Through implementing agency
8.	Toilets in Gurgaon Railway Station, Haryana	-do-	Local area	26.555	26.555	187.312	Direct
9.	Passenger amenities at Agra Railway Station	-do-	Other, Agra (Uttar Pradesh)	50.797	50.797	238.109	Direct
	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;						
10.	Enrolment of voluntary Blood Donors for Safe Blood Transfusion Through Education, in the backward district of West Bengal - 24 Parganas, West Bengal (Phase - III).	-do-	Other, Kolkata (West Bengal)	12.500	12.500	250.609	Through implementing agency
11.	Vocational cum Skill Development Training Center for backward area of Southern Rajasthan to generate alternative employment opportunity for Rural youth and Women, Vishvas Sansthan, Udaipur.	-do-	Other, Udaipur (Rajasthan)	17.883	17.883	268.492	Through implementing agency
12.	Swapna Sarthak School Through Gunjan Foundation, New Delhi	-do-	Local area	2.124	2.124	270.616	Direct
13.	Ekal Vidyalayas by Bharat Lok Shiksha Parishad	-do-	Other, State West Bengal, Karnataka, Maharashtra	25.000	25.000	295.616	Through implementing agency



1	2	3	4	5	6	7	8
S. No.	CSR project or activities identified	Sector in which the project is covered	projects or programs 1. Local area or other 2. Specify the State and district where the projects or programs was undertaken	Amount outlay (budgeted) project or programs wise (Amount ₹ in Lakhs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on the projects or programs (2) Overheads ₹ In lakhs	Cumulative expenditures upto the reporting period ₹ In lakhs	Amount spent: Direct or through implementing agency ₹ In lakhs
14.	Setting up Vocational training / skill development institute for under privileged children of rural areas ( Vrindavan / Mathura etc ) through BGIS	-do-	Other, Mathura (Uttar Pradesh)	50.000	43.563	339.179	Through implementing agency
15.	Setting up of Preventive Health Care and Skill Development Training and Research Institute, by Santhigiri Ashram, New Delhi	-do-	Local area	15.000	15.000	354.179	Through implementing agency
16.	Computers for Khanpur Ghati School at Mewat	-do-	Local area	7.341	7.341	361.521	Direct
17.	Skill Training of Persons with Disabilities (PwD) through NHFDC	-do-	Local area	50.13	50.13	411.651	Through implementing agency
18.	Skill cum Computer Training Center by BSFP at Chakia (Motihary), Bihar	-do-	Other, Chakia, (Bihar)	7.538952	4.27406	415.925	Direct & through implementing agency
19.	Swachh Bharat Khosh	-do-		46.000	46.000	461.925	Through implementing agency
	<p>“ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;”</p> <p>and</p> <p>“ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups”</p>						
20.	SOS children's villages of India: Project Utkarsh (A) Family Home sponsorship & (B) Higher Education	-do-	Local area	46.017	46.017	507.941	Through implementing agency
	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;						
21.	Tree plantation and preservation of green cover along sector road, Gurgaon.	-do-	Local area	11.926	11.926	519.867	Direct
22.	Solar Powered Street lighting System to Rural communities in Ghazipur (UP).	-do-	Other, Ghazipur (Uttar Pradesh)	61.985	61.985	581.852	Direct
23.	Solar street lighting at Bhadohi	-do-	Other, Bhadohi (Uttar Pradesh)	28.965	28.965	610.817	Direct
24.	Clean Ganga Fund	-do-	Other, Varanasi (Uttar Pradesh)	32.000	32.000	642.817	Through implementing agency
25.	100 KWp Grid Interactive Solar Photovoltaic Power Plants For Deployment At Jodhpur Railway Station Building (Rajasthan)	-do-	Other, Jodhpur (Rajasthan)	79.226	63.380	706.198	Direct
26.	Construction of Cow Shed by Shri Shyam Gaushala Samiti, Bhopalpura, Suratgarh, (Rajasthan)	-do-	Other, Shree Ganga Nagar (Rajasthan)	4.500	1.125	707.323	Through implementing agency
27.	Construction of Cow Shed by Goosewa Samiti Bishnoi Mandir, Budhajohar, Dable, Raisinghnagar (Rajasthan)	-do-	Other, Shree Ganga Nagar (Rajasthan)	10.000	7.500	714.823	Through implementing agency

1	2	3	4	5	6	7	8
S. No.	CSR project or activities identified	Sector in which the project is covered	projects or programs 1. Local area or other 2. Specify the State and district where the projects or programs was undertaken	Amount outlay (budgeted) project or programs wise (Amount ₹ in Lakhs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on the projects or programs (2) Overheads ₹ In lakhs	Cumulative expenditures upto the reporting period ₹ In lakhs	Amount spent: Direct or through implementing agency ₹ In lakhs
28.	Solar plant at Gurgaon station: BHEL	-do-	Local area	6.484	6.484	721.307	Direct
	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts						
29.	Passenger amenities, Howrah,	-do-	Other, Howrah (West Bengal)	100.000	64.202	785.509	Direct
	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;						
30.	Contribution of funds for participation of DMW employee Smt Manpreet Kaur in Olympics, 2016	-do-		1.000	1.000	786.509 = (A)	Through implementing agency

Place: Gurgaon  
Date : 26th July, 2016

  
 (Rajeev Mehrotra)  
 Chairman & Managing Director  
 & Chief Executive Officer

#### Other CSR Expenditure in FY 2015 – 16

S. No.	Description	Amount ₹ in lakhs
1	Photostates	0.266
2	Institute of Directors	0.435
3	5% of CSR Expenditure as Salary	40.500
	Total (B) (S. No. 1 to 3)	41.200
	<b>Grand Total (Amount in Lakhs) = A + B</b>	<b>827.709</b>

#### ANNEXURE-A

#### Average Net Profit of the Company of The Last Three Financial Years.

(₹ in Crore)

PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12
PROFIT BEFORE TAX	514.57	456.10	386.09	345.07	255.98
CSR	8.28	7.90	5.32	6.44	3.80
PBT BEFORE CSR(A)	522.85	464.00	391.41	351.51	259.78
TOTAL OF THREE YEARS (B)	1378.26	1206.92			
AVERAGE (C) (B/3)	459.42	402.31			
2% OF (C)	9.19	8.05			
ROUND OFF FIGURES	9.20	8.10			
FOR	2016-17	2015-16			

## 2. RITES CSR & Sustainability Policy

- 2.1 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 stake holders in determining their needs and expectations. The stake holders include employees, shareholders, investors, customers, clients, business associates, civil society groups, Center/State/local government, communities, environment and society at large.
- 2.2 RITES shall strive to integrate social and environment concerns in its business processes and work towards providing the best possible solutions for sustainable developmental needs of the society by:
- 2.2.1 Spreading awareness amongst employees about the company's CSR & Sustainability policy, programmes & initiatives and the need and importance of adopting ethical business practices and implementation of CSR & Sustainability agenda of the company.
- 2.2.2 Promoting the cause of Sustainable Development and giving due attention to social and environmental aspects and their impacts in all its activities including the feasibility studies, investigations, detailed designs & DPRs for various developmental projects in transportation & infrastructure sector.
- 2.2.3 Encourage use of renewable energy resources such as solar, wind, biomass & others and reduce its carbon, water and waste foot prints.
- 2.2.4 Engagement with stakeholders in undertaking CSR & Sustainability projects in and around the areas of companies offices/projects and also other backward region/areas with focus on creating the necessary infrastructure which will promote education, health, sanitation and provide connectivity/mobility, skills and preserve natural habitat, water resources, flora and fauna, greenery, environment, heritage and culture.
- 2.2.5 Regular reporting of CSR & Sustainability performance of the company.
- 2.2.6 Creating and enhancing the brand value of the company by adoption of highest standards of Corporate Governance and best management practices and application of its business expertise for the good of the community and society at large.
- 2.3 This policy flows from the Corporate Mission of the company.
- 2.4 CSR Policy relates to the activities to be undertaken as specified in Schedule VII of the sub – section (1) of section 467 of the Companies Act (18 of 2013).

## 3. COMPOSITION OF CSR BOARD LEVEL COMMITTEE

- 3.1 Board level committee headed by an Independent Director has been constituted to oversee the implementation of CSR & Sustainability policy and to assist the Board of Directors to formulate suitable policies & strategies in this regard. The Composition of this committee is as under:
- 3.2 Shri Arvind Khare, Govt. Nominee Director : Chairman (upto 30.04.2015)
- Shri Arbind Kumar, Director (Projects) : Member
- Shri Ajay Kumar Gaur, Director (Finance) : Member
- Shri S. B. Malik, Director (Technical) : Member

After the superannuation of Shri Arvind Khare, Govt. Nominee Director on 30.04.2015, the CSR Board level Committee continued with the above mentioned three Members.

However, with the appointment of Independent Director on the Board of the Company w.e.f 01.04.2016, Board of Directors in their 221st meeting held on 3rd June, 2016 constituted CSR Committee comprising of Shri Satish Sareen, Independent Director as Chairman, Dr. Vidya Rajiv Yeravdekar, Independent Director, Shri Anil Kumar Goel, Independent Director, Shri A.P. Dwivedi, Govt. Nominee Director, and Shri Ajay Kumar Gaur, Director Finance as members.

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
**The Members,**  
**RITES Limited,**  
**Scope Minar, Laxmi Nagar,**  
**Delhi-110092**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by RITES Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by RITES Limited for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment.
- (iii) The Securities Contracts (Regulations) Act, 1999 and the rules made thereunder are not applicable as the shares of Company are not listed with any of the Stock Exchanges.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable as the shares of Company are not registered with any of the depository mentioned under the said Act.
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable as the shares of Company are not listed with any of the Stock Exchanges.
- (vi) Other applicable Laws, rules and Guidelines as mentioned here-in below:
  - a. 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.
  - b. Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996
  - c. Right to Information Act 2005
  - d. Labour Laws as applicable

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India with effect from 1st July, 2015:

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

1. During the period under scrutiny there was no Independent Director appointed by the Ministry of Railways on the Board of the Company.
2. Due to non appointment of Independent Directors, Audit Committee was not constituted. However, it was constituted by the Board of Directors in their meeting held on 8th January 2016 comprising of Non-Independent Directors.
3. 'Nomination and Remuneration Committee' was not in position in the absence of Independent Directors.
4. CSR Committee was not in position due to non appointment of Independent Directors.
5. During the period under scrutiny there was no woman Director on the Board of the company.

We further report that the Board is duly constituted with proper balance of Executive Directors, and Non Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, we report that there was no Independent Director on the Board of the Company.

We further report that adequate number of independent Directors including a Woman Director were appointed on the Board of the Company by the Ministry of Railways w.e.f. 01.04.2016. Further, the Board of Directors of the Company in their meeting held on 03.06.2016 duly constituted 'Audit Committee', 'Nomination and Remuneration Committee' and 'CSR Committee' as required under the Act and Rules framed there under and DPE Guidelines.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision has been carried through in the meetings. It was informed by the management that there was no dissenting member on any of the agenda item put up before the Board for discussion.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Akhil Rohatgi & Co.



(Akhil Rohatgi)

Practicing Company Secretary

F.C.S : 1600, C.P. No. 2317

Place : New Delhi

Date : 26th July, 2016

To,  
**The Members,**  
**BITES Limited,**  
**Scope Minar, Laxmi Nagar,**  
**Delhi-110092**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we follow provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of the events etc.
5. The compliance of the provisions of Corporate and other applicable law, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Akhil Rohatgi & Co.



(Akhil Rohatgi)

Practicing Company Secretary

F.C.S : 1600, C.P. No. 2317

Place : New Delhi

Date : 26th July, 2016

## 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. The Corporate Governance is critical for enhancing and retaining investor trust. The Corporate Governance facilitates efficient and effective management and is all about maintaining a valuable relationship and trust with all its stakeholders. The Corporate Governance is a journey incorporating sustainable value creation and maximizing stakeholder value. The 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. The 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, 2016, Company has six (6) Directors including four Functional Directors and two Government Nominee Directors.

Ministry of Railways vide letter dt. 01.04.2016 have conveyed the appointment of following as Independent Director on the Board of the Company :

1. Dr. Vidya Rajiv Yeravdekar

2. Shri Anil Kumar Goel

3. Shri Satish Sareen.

Shri R.S Kochak, Additional Member (PU), Railway Board has joined the Board of the Company as Government Nominee Director w.e.f 07.09.2015.

### 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	Whole Time	1 (RITES Nominee) - Chairman	Nil	Nil
2.	Shri Arbind Kumar Director Projects	Whole Time	1 (RITES Nominee)	Nil	Nil
3.	Shri Ajay Kumar Gaur Director Finance	Whole Time	Nil	Nil	Nil
4.	Shri S.B Malik Director Technical	Whole Time	Nil	Nil	Nil
5.	Shri Arvind Khare Director (Upto 30.04.2015)	Govt. Nominee	Nil	Nil	Nil
6.	Shri A.P Dwivedi Director	Govt. Nominee	Nil	Nil	Nil
7.	Shri R.S Kochak Director (From 07.09.2015)	Govt. Nominee	Nil	Nil	Nil

\* Does not include Directorship in Private Companies, Section 8 Companies and Foreign Companies.

\*\* Does not include Chairmanship/ Membership in Board of 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 2015-16:

1. **Mr. R.S Kochak** - 59 years, is our Government nominee Director. He is a Mechanical Engineer by profession with 37 years of experience with Railways. At present, he is working as Additional Member (Production Units) in Railway Board where he does apex level coordination for production and maintenance of rolling stock in 8 Production Units and 44 workshops. Earlier, he has worked in Research Designs & Standards Organization (RDSO) on computer modeling, simulation and optimization of suspension design & under-frame design. He has worked as Chief Design Engineer in Rail Coach Factory, Kapurthala on new design AC Double Decker coaches

as also on transfer of technology from Germany. He has also worked in administrative jobs as Additional Division Railway Manager at Lumding & as Divisional Railway Manager at Jhansi and Chief Mechanical Engineer of SEC Railway at Bilaspur for 3½ years. He has worked for 5½ years as GM/Rolling Stock Design Division at RITES and was responsible for CONCOR flat rail cars business development for RITES Ltd. He also started the Crashworthy Coach Design Programme for IR, through RITES Ltd. He joined our Board on 7th September, 2015.

**2. Dr. Vidya Rajiv Yeravdekar** – 52 years, is our Non-Official Independent Director w.e.f 01.04.2016. She is the Principal Director of Symbiosis Society, which encompasses the Symbiosis schools and institutions under the Symbiosis International University. She holds a Post Graduate Degree in Medicine, a degree in Law and Ph.D. in 'Internationalisation of Higher Education in India'. Dr. Vidya has been able to influence policy regulations for promoting and bringing in innovative approaches to higher education in India through her appointments on various governmental bodies. She has been a member of University Grants Commission and Central Advisory Board of Education (CABE). She is a member of the Governing Board of several organisations like Indian Council for Cultural Relations, Indian Institute of Mass Communication, Indian Institute of Corporate Affairs, Swarnim Gujarat Sports University, Yeshwantrao Chavan Maharashtra Open University. She is a Member of the State Knowledge Advisory Board of Higher Education, Government of Andhra Pradesh and a Member of the Task Team of Arts Management Strategy for Karnataka. She is a member of many corporate bodies such as Maharashtra Chamber of Commerce & Industries, Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of India Industry (CII), and Not for profit organisations like HK Firodiya Foundation, India International Centre (IIC), Pune International Centre (PIC) & Pune Citizens Police Foundation. Dr. Vidya has presented papers at various National & International Conferences and has numerous research publications to her credit. Dr. Vidya's hard work has won her numerous awards and accolades and she is now focussed on making Symbiosis International University benchmarked amongst one of the best Universities in Asia.

**3. Mr. Satish Sareen** - 50 years, is our Non-Official Independent Director w.e.f 01.04.2016. He is a Practising Chartered Accountant having more than 24 years of experience with specialisation in Taxation and Company Law matters. In addition to RITES, he is also a Director in Hindustan Salts Ltd and Integral Urban Co-operative Bank Ltd. He is involved in various social & welfare activities also besides professional development activities.

**4. Mr. Anil Kumar Goel** - 54 years, is our Non-Official Independent Director w.e.f 01.04.2016. He is a Practising Chartered Accountant having more than 27 years of experience with specialization in Corporate & Tax Laws, Statutory & other audits of Public Sector Banks, Manufacturing Industries, Retailers, Whole Sellers, Service Providers, Importers, Exporters, Co-op Societies,

NGOs & Trusts. He is a Qualified "ARBITRATOR & MEDIATOR" from ICAI, Qualified Information Systems Auditor (DISA) & Qualified Banks Concurrent Auditor. He is Empanelled Member of Peer Review Board of ICAI. He was a Member of GST Research Group of ICAI, VAT & NGO research Group of NIRC & various other committees of ICAI & Sales Tax Bar Association, New Delhi. He was Joint Secretary cum Treasurer of SALES TAX BAR ASSOCIATION (Regd), New Delhi in the year 2015. He has written various articles, being published in Professional magazines & Newsletters etc. He has also delivered many lectures on various forums on Taxation & other Professional matters & also on various Social issues. He is involved in various Social activities & office bearer with many social organizations. He is Founder & All India Treasurer of "JAMMU KASHMIR ADHYAYAN KENDRA (Regd)" (JK Study Centre), engaged in National cause of Study & Research relating to Constitutional & Legal Issues & Eco - Socio Development & other issues relating to J&K State.

### 2.3 Number of Board Meetings:

The Board met seven times during the year 2015-16 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 10th September, 2015
		Held during tenure	Attended	
1.	Shri Rajeev Mehrotra Chairman & Managing Director	7	7	Present
2.	Shri Arbind Kumar Director Projects	7	7	Present
3.	Shri Ajay Kumar Gaur Director Finance	7	7	Present
4.	Shri S.B Malik Director Technical	7	7	Present
5.	Shri Arvind Khare Director (Upto 30.04.2015)	1	1	NA
6.	Shri R.S Kochak Director (From 07.09.2015)	3	3	Present
7.	Shri A.P Dwivedi Director	7	7	Present

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, 2016 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 Company had Audit Committee with Independent Directors forming majority. However, the term of two Independent Directors got completed on 28th December, 2013 and the term of the third Independent Director got completed on 24.06.2014.

Thereafter, the Board of Directors from time to time had re-constituted the Audit Committee with Govt Nominee Director forming majority with the condition that the Committee will be re-constituted, once the Independent Directors are in position.

The Audit Committee was last constituted by the Board of Directors in their 219th meeting held on 8th January, 2016 with Shri R.S Kochak, Government Nominee Director (Chairman), Shri A.P Dwivedi, Government Nominee Director and Shri S.B Malik, Director Technical as members with the condition that the Committee will be re-constituted, once the Independent Directors are in position.

With the appointment of Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted the Audit Committee comprising of Shri Anil Kumar Goel, Independent Director as Chairman, Dr. Vidya Rajiv Yeravdekar, Independent Director, Shri Satish Sareen, Independent Director, and Shri Arbind Kumar, Director Projects as members.

##### 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 section 134 of the Companies Act, 2013;
  - 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.
- ✓ Approval of related party transaction.
- ✓ Scrutiny of inter corporate loans and investment.
- ✓ Valuation of undertaking or assets of the company.
- ✓ Evaluation of internal financial control and mismanagement system.
- ✓ Monitoring the end use of funds raised through public offers.
- ✓ Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

#### 4.3 Meetings of the Audit Committee:

The Audit Committee met once during the financial year 2015-16 on 9th March, 2016. The attendance of each member at Audit Committee meetings is as under:

Member	Status	Audit Committee meeting held during the year 2015- 16	
		Held during tenure	Attended
Shri R.S Kochak	Chairman	1	1
Shri A.P Dwivedi	Member	1	1
Shri S.B Malik	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:

rites, 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.

However, since the term of two Independent Directors viz Dr. Vinayshil Gautam, (Chairman) and Shri Vinod Somani, (member) was completed on 28th December, 2013. The term of the third Independent Director, Shri Debidas Datta got completed on 24.06.2014. Thereafter, the Remuneration Committee was not in position.

Further, as per Section 178 of Companies Act, 2013 & Rule 6 of {Companies (Meetings of Board & its Powers)} Rules, 2014, the Company is required to constitute a Nomination & Remuneration committee, who shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

However, as per Notification dt. 5th June, 2015 issued by the Ministry of Corporate Affairs, the provision of Section 178 shall not apply to the Government Company except with regard to appointment of Senior Management & Other employees.

The expression "senior management" means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

As per rule 2(k) of the Companies (Specification of definitions details) Rules, 2014 Executive Director means a whole time director which includes Director in the whole time employment of the Company as defined in clause (94) of section 2 of the Act."

In view of the same, with the appointment of an Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted Nomination and Remuneration Committee comprising of Shri Satish Sareen, Independent Director as Chairman, Dr. Vidya Rajiv Yeravdekar, Independent Director, Shri Anil Kumar Goel, Independent Director and Shri R.S. Kochak, Government Nominee Director, as members. The said committee will also decide the annual bonus/variable pay pool and policy for its distribution across the executives

and non unionized supervisors, within the prescribed limits as was being earlier decided by Remuneration Committee.

Details of Remuneration of Functional Directors of the Company during the year 2015-16 are as under:

Name of Director	Salary (₹)	Benefits (₹)	Bonus/ Com- mission Ex- gratia (₹)	Perfor- mance linked incentives (2013-14) (₹)	Stock option during the year (₹)	Total (₹)
Shri Rajeev Mehrotra Chairman & Managing Director	35,27,024	55,125	0	11,64,391	0	47,46,540
Shri Arbind Kumar Director Projects	28,16,663	5,44,164	0	8,09,106	0	41,69,933
Shri Ajay Kumar Gaur Director Finance	29,99,831	33,414	0	5,86,431	0	36,19,676
Shri S.B Malik Director Technical	31,60,467	40,435	0	3,67,482	0	35,68,384

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

During the year 2015-16, there were no Independent Director on the Board of the Company, hence no sitting fee was paid.

#### 6. Risk Management Committee:

The 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. The term of two Independent Directors viz Dr. Vinayshil Gautam, (Member) and Shri Vinod Somani, (Member) and was completed on 28th December, 2013 and the term of the third Independent Director, Shri Debidas Datta got completed on 24.06.2014. However, with the appointment of Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted the Risk Management Committee comprising of Shri Anil Kumar Goel, Independent Director, as Chairman, Shri R.S Kochak, Govt. Nominee Director, Shri A.P. Dwivedi, Govt. Nominee Director and Shri Ajay Kumar Gaur, Director Finance, as members.

Execution of foreign projects gives rise to currency variation risk. For this purpose, the company regularly monitors exchange fluctuations to mitigate this risk, as the 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.

In this respect the Company has also constituted Treasury Risk Management Committee and an assistance is also taken from an external consultant/economist as and when required.

#### 7. Project Investment Committee:

The Board of Directors in their meeting held in July, 2011 reconstituted the 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. The term of two Independent Directors viz Shri Vinod Somani, (Chairman) and Dr. Vinayshil Gautam, (member) got completed on 28th December, 2013. The term of the third Independent Director i.e Shri Debidas Datta got completed on 24.06.2014.

With the appointment of Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted comprising of Dr. Vidya Rajiv Yeravdekar, Independent Director, as Chairperson, Shri Satish Sareen, Independent Director, Shri Anil Kumar Goel, Independent Director, Shri A.P. Dwivedi, Govt. Nominee Director, Shri Ajay Kumar Gaur, Director Finance and the concerned whole time Director as members.

#### 8. CSR 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 has constituted the CSR and Sustainability Committee comprising of Shri Debidas Datta, Independent Director (Chairman) and Shri Sumit Sinha, Director (Technical) as member to oversee the Sustainable Development projects.

However, after the term of Shri Debidas Datta got completed on 24.06.2014, the Board of Directors had re-constituted the CSR Committee and Sustainability Committee with Shri Arvind Khare, Government Nominee Director (Chairman), Director (Technical), Director (Projects) and Director (Finance) as members. Shri Arvind Khare got superannuated on 30th April, 2015.

With the appointment of Independent Directors on the Board of the Company w.e.f 01.04.2016, the Board of Directors in their 221st meeting held on 3rd June, 2016 constituted the CSR Committee comprising of Shri Satish Sareen Independent Director as Chairman, Dr. Vidya Rajiv Yeravdekar, Independent Director, Shri Anil Kumar Goel, Independent Director, Shri A.P. Dwivedi, Govt. Nominee Director, and Shri Ajay Kumar Gaur, Director Finance as members.

## 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
41st	2014-15	10th September, 2015	11:45 HRS	Railway Board, Rail Bhawan, New Delhi	NIL
40th	2013-14	25th September, 2014	12:30 HRS	Railway Board, Rail Bhawan, New Delhi	NIL
39th	2012-13	11th September, 2013	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. The Board of Directors of RISL has decided to initiate the process of winding up during the year 2016-17 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. 2.33.

- 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. Compliance report of Corporate Governance is also being sent to the Ministry of Railways on quarterly basis/yearly basis for onward submission to DPE.

## 13. Training of Board Members:

The new Directors appointed by the President of India are given formal induction and orientation with respect to the 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 the Chairman and Managing Director (Chief Executive Officer) and Director Finance (Chief Financial Officer) was placed before the Board of Directors at the meeting held on 26.07.2016 (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.

## ATTENDANCE OF BOARD OF DIRECTORS MEETING DURING THE YEAR 2015-16

Name of Directors	214 29th Apr, 2015	215 24th July, 2015	216 13th Aug, 2015	217 1st Sep, 2015	218 28th Oct, 2015	219 8th Jan, 2016	220 9th Mar, 2016	Total 7 Meetings
<b>Shri Rajeev Mehrotra</b> Chairman & Managing Director	✓	✓	✓	✓	✓	✓	✓	All
<b>Shri Arbind Kumar</b> Director Projects	✓	✓	✓	✓	✓	✓	✓	All
<b>Shri Ajay Kumar Gaur</b> Director Finance	✓	✓	✓	✓	✓	✓	✓	All
<b>Shri S.B Malik</b> Director Technical	✓	✓	✓	✓	✓	✓	✓	All
<b>Shri Arvind Khare</b> Director (Upto 30.04.2015)	✓	NA	NA	NA	NA	NA	NA	1(All)
<b>Shri R.S Kochak</b> Director (From 07.09.2015)	NA	NA	NA	NA	✓	✓	✓	3(All)
<b>Shri A.P Dwivedi</b> Director	✓	✓	✓	✓	✓	✓	✓	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 2015-16

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 2015-16.


**(Rajeev Mehrotra)**

Place : Gurgaon  
Date : 19th May, 2016

Chairman & Managing Director  
& Chief Executive Officer

## ANNEXURE-3

**CHAIRMAN AND MANAGING DIRECTOR (CHIEF EXECUTIVE OFFICER) AND DIRECTOR FINANCE (CHIEF FINANCIAL OFFICER) CERTIFICATION**

- (a) We have reviewed financial statements and the cash flow statements for the financial year 2015-16 and to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable.
- (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 for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:-
- that there are no significant changes in internal control system during the year,
  - that there are no instances of significant fraud of which we have become aware.


**(Rajeev Mehrotra)**

**Chairman & Managing Director  
(Chief Executive Officer)**


**(Ajay Kumar Gaur)**

**Director Finance  
(Chief Financial Officer)**

Place : Gurgaon

Date : 26th July, 2016

## ANNEXURE-4

**CERTIFICATE**

To

**The Members****RITES LIMITED**

We have examined the compliance of conditions of Corporate Governance by RITES LIMITED for the year ended on 31st March, 2016 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 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 :

- During the period under scrutiny there was no Independent Director appointed by the Ministry of Railways on the Board of the Company.
- Due to non appointment of Independent Directors Audit Committee was not constituted. It was constituted by the Board of Directors in their meeting held on 8th January 2016 comprising of Non-Independent Directors.
- Nomination, and Remuneration Committee, was not in position in the absence of Independent Directors.

However, adequate number of Independent Directors were appointed by The Ministry of Railways w.e.f. 01.04.2016. Audit Committee, Nomination & Remuneration Committee and CSR Committee were duly constituted by the Board of Directors in their meeting held on 3rd June 2016.

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

For Akhil Rohatgi &amp; Co.


**(Akhil Rohatgi)**

**Practicing Company Secretary  
F.C.S : 1600, C.P. No. 2317**

Place : New Delhi

Date : 26th July, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

This analysis report briefly describes about the company, industry, present business environment and ability 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. is a "Miniratna", Schedule-"A", Category-I CPSE, and ISO 9001 certified organization. RITES is a multi-disciplinary engineering and consultancy organization providing diversified and comprehensive array of services from concept to commissioning in all facets of transport infrastructure and related technologies. The major business engagements as consultants, engineers and project managers are in railways, highways, airports, ports, ropeways, urban transport and inland waterways in India and abroad. The company also provides services of third party inspection, quality assurance, construction supervision & project management, operation & maintenance, leasing and export of rolling stock. In recent years, the company has diversified into the field of renewable energy such as solar and wind energy and modernization of railway workshop projects on turnkey basis. The company has been involved in the development of transport infrastructure for the last 42 years and has been an important transport infrastructure contributor in nation building. The company enjoys a key position in conceptualization of transport infrastructure plans for the Government of India and for a number of foreign Governments. The company has experienced management and technical personnel to provide innovative solutions to the clients' requirements. With the track record of successfully handling of a number of projects in infrastructure in India and abroad, RITES has earned its reputation as "The Infrastructure People". RITES has wide international experiences



Shri Rajeev Mehrotra, CMD/RITES & Shri Saurabh Kumar, MD/EESL signed MOU between Railway Energy Management Company Limited (REMCL) and Energy Efficiency Services Limited (EESL) in presence of Shri Suresh Prabhakar Prabhu, Minister of Railways and Shri Piyush Goyal, Minister of State Independent Charge for Power, Coal, Mines and New & Renewable Energy and Shri A.K. Mital, Chairman Railway Board for cooperation in the areas of electricity transmission, energy conservation and promotion of renewable energy

in over 55 countries, including those in South East Asia, Africa, Gulf region, etc.

The Twelfth (12th) Five year plan of the Government of India underlines the need for a steady growth in GDP, supported by robust infrastructure development across sectors. Currently India's infrastructure spending is about 8% of GDP, which is

required to augment further to sustain economic growth. Focus has been accorded on liberalization of FDI norms, execution of infrastructure projects via Public Private Partnerships (PPPs), fiscal incentives, tariff policies, budgetary allocations and capacity building.

Indian economy has consolidated the gains achieved in restoring macroeconomics stability from the beginning of Fiscal Year 2015. The cumulative effects of ongoing and planned structural reforms should continue to add to the supply capacity of the economy and boost long run growth. Budget for the year 2016-17 has addressed



Shri Suresh Prabhakar Prabhu, Honourable Minister for Railways dedicate to the Nation the bogie manufacturing factory at Budge Budge, Kolkata

the infrastructure sector's constraints and pursue reforms. It has provided a renewed impetus to the infrastructure sector including rail, roads, ports and aviation and the allocation stands at ₹ 2.21 lakh crore with a major thrust on Railways and Highways. Further, "Make in India" program includes major initiatives desired to facilitate investment, faster innovation and built best-in-class manufacturing infrastructure.

The renewed focus on infrastructure investment in India is opening up new hopes and opportunities for growth of companies like RITES. With positive scenario for railways and other infrastructure investments, RITES is poised for a sustained growth in the coming years.

### II. STRENGTH AND WEAKNESS

RITES is recognized as a well-established organization with an excellent track record endowed with a large pool of highly qualified and experienced technical personnel and ability to take up projects requiring multi-disciplinary work. RITES has extensive experience in working with multilateral funding agencies & other international organizations. It has high international visibility and reputation earned through work experience across the globe harnessing relevant technology for projects including the state-of-the-art technology. RITES continues to remain the provider of one-stop solution to the transportation and infrastructure needs of the country especially in high technology areas such as heavy haul, high speed rail, metro rail, long span bridges and tunnels and ensure quality & timely delivery of projects.

Inability to prevent staff attrition and recruit desired competencies results in manpower resource constraints. This adversely affects the performance and development of strategic business units (SBUs)/ Divisions. RITES also needs to further enhance its expertise to manage/handle mega projects.



Shri Rajeev Mehrotra, CMD (RITES) received the EEPC Gold Trophy for Top Exporters Award from Shri Manohar Lal Khattar, Honorable Chief Minister of Haryana for RITES maximum foreign exchange earnings (2012-13) in the merchandise category.

### III. OPPORTUNITIES AND THREATS

Major investments are expected to be made in the coming period in the infrastructure sector, both in the transport and non transport sector, offering scope to strengthen RITES position in existing areas and explore/develop new areas of business. With positive scenario for railways and other infrastructure investments, the Company is poised for a sustained growth in the coming years. The Indian Railways envisages an investment of INR 8.5 lakh crore in the next five years. 100% Foreign Direct Investment (FDI) in the



RITES exports modern passenger coaches to Bangladesh

railway infrastructure segment has been allowed recently which has opened up opportunities for participation in rail sector.

Intense activity in the transport infrastructure sector is expected to yield strong demand for consultancy and project management services in areas such as; Dedicated Freight corridors, High Speed Passenger corridors, modernization of workshops & expansion of rail network in North-East region, J & K, mineral rich states and last mile connectivity for ports; railway sidings, In-plant track & related facilities both for setting up of new units & capacity expansion of existing units in thermal power, steel and port sectors; metro rail, regional rail/rapid transit systems in various cities; upgradation & development of National Highways and State Highways under NHDP, road safety audits, detailed engineering for bridges and tunnels; development of Infrastructure in Multi-Product SEZs, logistics and industrial parks along industrial corridors/golden

quadrilateral; development of feeder airports and airports in North-East region, heliports, airport technical audits and development of green field and brown field projects pertaining to major and non-major ports, PMC of ports and IWT projects.

There is a threat from increasing competition from wide range of players viz. PSUs, Indian companies, International consultants and small groups of consultancy firms. The scale of projects being tendered is becoming larger attracting international/large Indian companies putting a squeeze on RITES chances of grabbing



CMD (RITES) presents a bouquet to the Chief Guest, Honourable Shri Rao Inderjeet Singh, Union Minister of State for Planning and Defence at the inauguration of amenities at Gurgaon railway station

business. Getting out priced particularly due to low quote in non-QCBS tenders involving small domestic consultants and foreign consultants utilizing foreign experience and local staff also pose a threat to the business. Loss of experienced personnel to multinational companies, JVs with foreign consultants and private sector organizations who are offering attractive financial packages is also a big threat for the company. RITES being a CPSU has limitations in offering competitive package to certain key experts.

### IV. RISKS AND CONCERNS

Several projects have been held up in the infrastructure sector due to poor market conditions, lack of promoter interest, inability to acquire timely regulatory clearances and land, lack of funds and difficulty in obtaining credit/funds for infrastructure projects. Further, business is becoming more sophisticated and clients are increasingly putting a price tag on reliability and quality of service. As a Government Organization has limitations in hiring staff in the field of new technology. Similarly there is a limitation in change of personnel with outdated knowledge.

RITES continued to have an upper hand in the market concerning preparation of feasibility studies/DPRs, detailed engineering etc. for railway sector. However, RITES faces competition in the field of O&M and PMC services from small players. RITES also faces competition from foreign players in key areas of railway infrastructure.

Market dynamics indicate that growth in consultancy will be below par in the sense that clients prefer to engage a single agency who will do the design, engineering, construction and commissioning

of projects, especially for projects with proven/standard design such as ROBs/RUBs, railway sidings, city/municipal roads, etc. Thus, there will be a need to revise approach towards business openings by offering services on turnkey basis, i.e. from concept to commissioning including consultancy. However, turnkey projects fetch lower margins than consultancy, while having higher risks, and require capital deployment from the company's resources.

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. RITES global operations are exposed to international legal, tax and economic risks.

The business of export of rolling stock is cyclical in nature and largely dependent on lines of credit offered by GOI to various countries in Asia and Africa.

The company's employees and projects are exposed to various kinds of risks including risk of life in some dangerous geographical areas in India and abroad. Therefore, the company takes necessary steps to mitigate such risks by taking insurance policies and protecting lives. Foreign currency risks also exist which are managed through hedging measures.

## 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 powers to facilitate execution of business. Detailed Finance & Accounts Manual is already in place to guide and strengthen the internal checks and controls. Experienced professionals firms and in-house audit team headed by qualified personnel are conducting regular and exhaustive internal audit. The internal control and audit systems are being reviewed periodically by the management. Corrective & preventive measures, whenever necessary are being taken up from time to time as a part of continuous improvement system.

Detailed guidelines on construction project management are in place & reviewed constantly by contract policy cell. Legal cell of the company facilitates to further improve due diligence process



Work Zone Safety Audit by RITES Road and Bridge Safety Audit Team at the Mahi River Bridge on Ahmadabad to Godhara Section of NH-59

for diverse nature of contracts / agreements entered into with various clients / vendors / partners. Checks and controls are also ensured through in-built authorization/validation process and audit trail established in SAP-ERP.

## Risk Management System

A Risk Management system is already in place in the company. 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, the company regularly monitors exchange fluctuations to mitigate this risk. The 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, structure of the risk management committee and treasury group, reporting procedures etc.

For control and directions of operations pertaining to currency risk management, the company has a committee and an external consultant. Actions taken are informed to the management periodically.

The company has continued to optimize its surplus funds by adhering to efficient decision process of investing its surplus funds in deposits with banks, mutual funds and corporate bonds within the framework and guidelines of government bodies, Department of Public Enterprises (DPE), Companies Act 2013 and those approved by BOD. There is an investment committee of the Board of Directors, which approves investments and reports to the Board periodically.

The 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

RITES has crossed all previous records of turnover and profits so far. The company has secured a highest ever total income of ₹ 1294 crore compared to ₹ 1166 crore in the previous year. Similarly, highest ever profit after tax is ₹ 339 crore against ₹ 306 crore in the previous year, higher by 10.8%. The strong focus on business development has taken RITES order book to ₹ 2613 crore, which is also the highest so far. During the current financial year, the company has achieved an operating turnover of ₹ 1087 crore as against ₹ 1015 crore of previous year, which is higher by ₹ 72 crore. The net-worth has increased from ₹ 1628 crore to ₹ 1803 crore. The company has spent ₹ 8.28 crore (which is in line with requirement of Companies Act, 2013) towards corporate social responsibilities during the year.

## VII. SEGMENT-WISE PERFORMANCE

During the year, consultancy services including quality assurance services contributed 70% of the total operating income, export



sales contributed 17%, leasing income contributed 9% and balance 4% was contributed by turnkey construction projects. A segment-wise comparison is given below:

(₹ in crore)

Particulars	2014-15		2015-16	
	Operating Income	%	Operating Income	%
<b>Consultancy Services</b>				
-Domestic	686	67	750	69
-Abroad	21	2	13	1
Turnkey Construction Projects	90	9	39	4
Export	149	15	186	17
Leasing (Domestic & Abroad)	69	7	99	9
<b>Total</b>	<b>1015</b>	<b>100</b>	<b>1087</b>	<b>100</b>

## OPERATIONAL PERFORMANCE

### VIII. BUSINESS OUTLOOK

RITES is a key partner to the clients in building world class infrastructure. It has continued its presence in transport and urban infrastructure consulting domain and other areas of operations viz. turnkey works of construction & upgrading / modernization of railway workshops and wet leasing of locomotives in domestic markets. RITES is the market leader in the railway sector and will continue to attract sizeable business both from the Indian Railways (IR) and the Non-IR clients.

The Government has been investing in up-gradation of the transport infrastructure with the aim of capacity addition and technology infusion. The Government has announced an increase in total outlay for financial year 2016-17, which stands at ₹ 2.21 lakh crore, for infrastructure as it is the key driver to accelerate the growth momentum.

PPP projects in area of port and mine connectivity, gauge conversion, last mile connectivity and production of rolling stock have started coming up. Intense activity in the infrastructure sector is yielding a strong demand for consultancy and project management services. RITES is entering into railway concession in India to be taken on PPP basis. RITES plans to take upto 26% equity stake for such projects and a proposal for same is under consideration of the Ministry of Railways. In India, the wet leasing of locomotives has been well received by non-railway customers. Thirty three locos have been leased out so far to various domestic clients in port, coal and power sectors, giving a regular stream of revenue to RITES.

Through pro-active role that RITES plays, it strives to achieve growth by capitalizing on massive infrastructure development planned by the Government through extensive business development, which accelerates the development process towards rail and road connectivity projects in the region. The steps include special emphasis on monitoring of the infrastructure projects to ensure qualitative and timely execution of projects.

RITES commitment, drive and mission continue in the ever-changing economic landscape and in shaping itself for delivering mega transportation projects. The in-depth analysis and leverage to the skills have enhanced RITES capabilities to meet futuristic challenges in railways workshop modernization, rail infrastructure connectivity projects, integrated check-posts, logistic parks & smart cities.



Mr. Arbind Kumar, DP (RITES) and Mr. Praveen Gupta-CEO Satluj Jal Vidyut Nigam Ltd. (SJVN) with senior officials - Signing of MOU between RITES and SJVN for providing project management consultancy services from concept to commissioning for construction of railway infrastructure for their upcoming 2x660 MW Thermal Power Plant at Buxar, Bihar.

### OVERSEAS BUSINESS

RITES provides technical and management support for railway operations to foreign countries. It exports locos, coaches and wagons to various countries and undertakes leasing of rolling stock, rehabilitation and maintenance services for the same.

RITES signed their biggest export order to supply 120 BG coaches to Bangladesh in FY 2014-15 and a part delivery for this contract; two rakes consisting of 40 coaches has been made during the current year. RITES secured a major contract from Myanmar Railways for supply of 18 meter gauge 1350 HP diesel electric locomotives with several modern features.

RITES has secured consultancy services for feasibility study and design for development of new airfield at Gabiro in Rwanda and construction of cargo complex, construction of parallel taxiway and modification of old terminal to departure terminal in Paro International Airport, Bhutan.

During the year, RITES provided overseas consultancy services for supervision & up-gradation to paved road standard of existing roads in Terai Region of Nepal. Further, RITES also handled projects for leasing and maintenance



Signing of locomotives export contract with Myanmar Railways by Mr. S. B. Malik, Director Technical, RITES and Mr. U Thurein Win, Managing Director, Myanmar Railways in presence of Mr. U Nyan Tun Aung, Hon'ble Minister of Rail Transportation, Myanmar and Mr. Gautam Mukhopadhyaya, Ambassador of India to Myanmar.

of locomotives in Mozambique and supply of MG ALCO locomotives to Senegal apart from warranty servicing and support activities in Bangladesh, Myanmar and Sri Lanka.

The locomotives leased by RITES to CFM/ Mozambique continued to operate throughout the year. The contract was further extended for two years till August, 2017. The fleet of sixteen locomotives including one locomotive of 3000 HP, one locomotive of 2300 HP and fourteen locomotives of 1350 HP are operating on lease arrangements at two different locations in Mozambique; Maputo and Beira. During the year, RITES was able to reach settlement with the Government of Mozambique (GoM) in respect of a rail concession in Mozambique where serious disputes existed. With this, there is a renewed possibility of doing more business in future with GoM.

The Asian and African regions, the key overseas markets of RITES, are likely to witness significant investments in the infrastructure sector in coming period.

### DOMESTIC BUSINESS

On domestic front, RITES has been involved in development of transport and urban infrastructure and has been an important contributor to the planning and development.

In a major scenario change, RITES has succeeded in getting railway projects for execution on EPC basis. Recently, RITES has been sanctioned two projects from railways namely Gooty



Wheel reprofiling on wheel lathe

Dharmavaram Doubling in South Central Railway Route length (90.2 kms) and Pendra Road – Anuppur third line in South East Central Railway (50.1 kms).

During the year, RITES has taken up an important project at Vidisha on turnkey basis for manufacturing of traction alternators, which will be an import substitution product for the Indian Railways. The factory is being set up in line with the “Make in India” initiative. RITES has also completed setting up of the state-of-the-art Kulti wagon factory, a JV of RITES and SAIL, a “Make in India” initiative of the Indian Railways. An assured off-take Agreement has also been signed with Railways.

RITES has been associated with studies for Dedicated Freight Corridors (DFC) of about 10,000 km length since 2005. Based on RITES study, projects of Eastern Dedicated Freight Corridor of 1,856 km from Dankuni to Ludhiana and Western Dedicated Freight Corridor from Dadri to JNPT of 1504 km are already in the stages of implementation. Further studies for North-South, East-West and East-Coast corridors have been completed while that for the Southern Corridor from Chennai to Goa is in progress. In addition, the renovation of the National Rail Museum undertaken by RITES, was well appreciated by the Railway Ministry and by the visitors.



Shri Arbind Kumar, DP RITES and Shri S. K. Singla, CAO (Construction), SEC Railway, signed an agreement for construction of third railway line between Pendra Road and Anuppur, Bilaspur

In its core area, RITES has also developed rolling stock design for high capacity milk van and high speed broad gauge self-propelled accident relief train for the Indian Railways. Further, RITES is providing comprehensive consultancy services for a prestigious project to N.F Railway for constructing a rail-cum-road bridge of length 4940 m across river Brahmaputra and Jubilee bridge on Bandel-Naihati section of Eastern Railway. Study for three major High Speed Railway (HSR) projects was also undertaken during the year.

Rail connectivity projects are being taken up in steel, aluminum, power, mining and port sectors. RITES continued to get PMC work for rail connectivity projects of NTPC, Coal India etc. RITES is recognized as one- stop solution provider in respect of operations and maintenance of railway sidings for non-railway customers.

An MOU has been signed with Coal India Limited for project management consultancy from concept to commissioning minimizing time in completing processing formalities with a target to achieve 1.0 billion tons of coal by year 2020 from the existing level of 0.5 billion tones.

RITES has remained associated with country's key metro rail projects like Delhi, Bangalore, Ahmadabad and Nagpur. RITES has completed feasibility study & DPR for metros in Kochi, Patna, Guwahati, Kanpur, Varanasi, Agra, Lucknow & Chennai Metro. In future, there is huge potential of growth in this area. In recent engagements, RITES is engaged with the detailed design consultancy for six elevated metro stations for Metro Link Express for Gandhinagar, General Consultancy for Ahmedabad and feasibility study for high-speed rail corridor between Delhi-Chandigarh-Amritsar.

In areas of quality assurance, RITES has enhanced its earning through diversification in new areas of in-plant inspection at Rourkela Steel Plant and stage inspection of coaches & locomotive engine blocks at ICF & DMW respectively. Further, new avenues of inspection have been opened with the commencement of rail & track item inspections for DMRC & DFCCIL.

In the airport sector, the Ministry of Civil Aviation (MOCA), through AAI has engaged RITES to prepare conceptual landside multi-modal transport integration plans for passenger and freight movement at the six metro airports of India. RITES has also secured contracts for PMC for construction of bunkers at 5 different locations from Bharat Electronics Limited; Greenfields airports in Kushinagar, Singrauli and Gwalior and Integrated Check Posts for MHA at the International Borders. Further, the Petrapole ICP project executed by RITES at Bangladesh Border, which handles



Shri Rajeev Mehrotra, CMD RITES presented DPR of Varanasi Metro to Shri Alok Ranjan, Chief Secretary, UP Govt

the highest trade for India by road, was opened recently for goods and passenger services.

As a turnkey project, the company completed a modern bus terminal project at Maltipatpur, Puri for the Odisha Government. In material system management area, RITES has signed a new contract with NACO, MOH&FW for a period of two years to provide procurement consultancy services.

RITES has recently completed its first concessionaire's detailed engineering design for Hyderabad – Vijayawada, executed under DBFOT basis by NHAI.

Further, RITES continued to maintain its firm position by providing project management and design consultancy for development/expansion/up-gradation of buildings of apex educational and research institutes, institutional and office complexes, industrial buildings, etc.

In a very strategic development, RITES and the Indian Railways promoted a Joint Venture Company called Railway Energy Management Company Ltd. (REMCL) for renewable energy projects, bilateral purchases, power trading and energy efficiency projects etc. in a record time of 10 months, it commissioned 26 MW Wind Mill in Jaisalmer.

REMCL implemented several power procurement contracts for the Indian Railways under the 'Open Access Policy' of the Electricity Act, 2003, resulting in annualized saving of ₹ 1,500 crore to the



Railway Electrification work at Rourkela Steel Plant Railway Siding

Indian Railways. This has been made possible only by commercial and legal arrangements and without any investments.

## REVIEW OF BUSINESS UNITS/DIVISIONS

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

### RAIL INFRASTRUCTURE DIVISION

Railway infrastructure division provides consultancy in transportation & economics, electrical engineering, signal & telecommunications, Project Management consultancy for Dedicated Freight Corridor, track & survey, geo-technology, civil engineering design through conceptualization, design and project



Fixing of ground control points with DGPS between Hubli and Madgaon for Southern Dedicated Freight Corridor

management of rail based transportation system. This division operates through a number of Strategic Business Units (SBU) at Corporate Office.

### TRANSPORT & ECONOMICS UNIT

T&E unit plays a pivotal role in the domain of transport logistics planning, traffic assessment, modal integration and project financial and economic appraisal.

The unit is carrying out a prestigious World Bank funded International Project on 'Development of 50 years National Transport Master Plan for Kenya'. The unit has successfully completed the project pertaining to railway connectivity to Rajasthan Rajya Vidyut Utpadan Nigam Ltd. (RRVUNL) thermal power plant at Banswara and Odisha UMPP at Sundergarh.



Route Relay Interlocking at NTPC, Vindhyachal (MGR)



ILBS air cooled chiller plant

The unit is engaged in preparation of a feasibility project report for development of a computer based transport model for optimal movement of fertilizer on behalf of the Government of India. The other assignments include projects secured from RRVUNL for rail connectivity to their super critical thermal power project at Kalisindh (Raj), feasibility study including DPR for rail connectivity for thermal power projects of 2x660MW each at Chhabra and Suratgarh.

### ELECTRICAL ENGINEERING UNIT

The unit provides project management consultancy services, quality assurance and surveillance inspections in the field of railway electrification, electric sub-stations, building electrification, air conditioning, illumination systems, installation of lifts, standby power supply arrangement / DG sets, rural electrification etc.

Presently, the unit is executing PMC works of railway electrification of sidings for various clients e.g. TISCO, DFCCIL, SAIL, NTPC, SCCI, BCCL, SECL, MUNCL & RINL. Other works include solar installation and associated sub-stations for clients like CONCOR. The unit is endeavoring to enter new area like the main line railway electrification and designs of high speed lines.

Further, the unit continued to provide project management consultancy services to SAIL, RINL, TISCO and NTPC for electrification of rail sidings, consultancy services for third party audit/inspection of electrified villages under Rajeev Gandhi Gramin Vidhyut Yojna. This unit is also taking up electrical part of works of various Railway Projects undertaken by RITES.

### SIGNALLING & TELECOMMUNICATIONS UNIT

The unit is providing consultancy & construction management services in the sphere of signalling in India as well as abroad mainly for power plants, cement plants, steel plants, refineries, port trust, coal sectors etc. The scope of work ranged from concept to commissioning of the modern signal & telecommunication projects including post operation & maintenance services. The unit is handling the prestigious projects of signalling design, video conferencing/surveillance and also entered into new field of consultancy assignment of highway traffic management system for National Highway Authority of India.

During the year, the unit has completed Project Management Consultancy (PMC) works of CSPGCL at Marwa, NTPC at Talcher, in-plant yard at Mouda, R&D yard at Simhadri, and NCC yard of Rourkela Steel Plant.

Project management consultancy works under execution include NTPC (Mouda, Simhadri), Tata Steel (Kalinganagar), Rourkela

Steel Plant (Rourkela), Bokaro Steel Plant (Bokaro Steel city), CSPGCL work at Marwa, MPPGCL work at Khandwa, and MSPGCL work at Chandrapur. This unit is taking up signalling part of works of various Railway Project undertaken by RITES.

The unit has secured S&T work of additional line connecting Kaniha Mines to TSTPS, detailed engineering for installation of latest S&T system at Jayant station & MGR workshop, construction of railway line from SRP & RKP Group of Mines upto STPP, Jaipur, Adilabad, Telangana and PMC for Wagon Tippler Siding at JNSTPP at Nigrie, Singrauli.

### TRACK & SURVEY UNIT

This unit primarily focuses on planning various stages of railway development. It starts with pre-feasibility and feasibility studies to preliminary engineering-cum-traffic studies, final local surveys, detailed project reports, detailed engineering and bid documentation. Projects include green field railway lines for mixed traffic, doubling/tripling/quadrupling of existing lines, high speed railway lines, heavy haul lines and port connectivity lines for bulk material transport.

During last year, studies for three major High Speed Railway (HSR) projects were handled by this Unit. The first was the proposed HSR line between Mumbai and Ahmedabad having a length of about 508 km, which was entrusted by JIC Consortium of Japan. The scope included satellite data procurement and study followed by survey, alignment and bridge study. The second was pre-feasibility study for 460 km long HSR between Delhi and Amritsar, entrusted by High Speed Railway Corporation (HSRC). The third is the Feasibility Study for 1,300 km long HSR between Mumbai and Chennai, which is part of the proposed Diamond Quadrilateral network of HSR Corridors.



Exploratory drilling for Chennai Metro project



Pir Panjal Tunnel, Kashmir

Preliminary engineering-cum-traffic study for two proposed dedicated freight corridors of heavy-haul railway was executed. The East Coast corridor (1,122 km) study between Kharagpur and Vijayawada was completed. The other study of Southern Corridor (885 km) between Chennai and Goa is under progress.

#### GEO TECHNOLOGY UNIT

This unit provides 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. The unit has earned recognition as a prime organization that provides total consultancy for complete geotechnical/geological/geophysical investigations.

The unit is also well equipped with latest state-of-the-art machinery, exploratory drilling equipment (capable of drilling through all type of geological formation up to a depth of 400 m. below natural ground level) and related software.



Hydrographic survey over river Ganga

The unit is presently providing consultancy for Katra - Dharam Rail line project in J&K, Byrnihat – Shillong New BG Rail Link Project in Meghalaya, 4 corridors of DFC, Chennai Metro Project etc. During the year, this unit was awarded the work of Byrnihat – Shillong new BG Rail Link Project by N.F. Railway.

#### DEDICATED FREIGHT CORRIDOR – SPECIAL PROJECT UNIT

This unit is providing PMC services for construction of double line electrified track and related infrastructure for Western Dedicated Freight Corridor for Ph-1, Rewari – Vadodara section (approx. 922 route kms) as a consortium member of NK consortium (consists of Nippon Koei Co. Ltd, Oriental Consultants Co. Ltd,

Japan Transportation Consultants Inc, Nippon Koei India Pvt. Ltd. and RITES Ltd.) and Ph-2, Rewari –Dadri and JNPT- Vadodara section (approx. 555 route Kms) as a consortium member of OCG consortium (consists of Oriental Consultants Global Co. Ltd, Oriental Consultants India Pvt. Ltd, Nippon Koei Co. Ltd, Nippon Koei India Pvt. Ltd and RITES Ltd.)

#### CIVIL ENGINEERING DESIGN UNIT

The unit provides engineering design services involving planning, investigation, design, bidding documents and designer support during construction for rail bridge, rail-cum- road- bridges, road over/under bridges, approach structures like rail/road viaduct, suspension bridge, cable stayed & extra dose bridges on various modes of operation including PPP & EPC etc. It also provides consultancy for river engineering works involving hydraulic model studies, design of river training, protection measures, detailed design & construction supervision services for various road & rail tunnels.

Design, designer's association services and hydraulic model studies during construction are being provided for "Rail cum Road Bridge over river Brahmaputra at Bogibeel near Dibrugarh, Assam" for NF Railways. This state-of-the-art bridge, 4.94 Km long, comprises of 125 m long fully welded composite steel truss is declared as National Project.



Jubilee bridge under construction

DPR for construction of 3 important bridges across rivers Gowthami (3.5 km long), Vyantheya (1.55 km long) and Vasishtha (1.3 km long) on proposed railway line from Kotipalli to Narsapur in Andhra Pradesh for SC Railway are under progress.

Preparation of feasibility report for construction of 2.8 km long 6-Lane Road Bridge with a combination of Cable Stayed (325m) and extra dose (140m) spans, and provision of 2- Lane Metro Track over River Brahmaputra near Guwahati, Assam for PWD-Guwahati, proof checking services for 8 ROB's on Hyderabad Metro and river morphological analysis and design of river training & bank protection work in Uttarakhand state are also in progress.

Detailed engineering including designer's support during construction of 17 ROB's on GZB-MGS section of Eastern Dedicated Freight Corridor for DFCCIL and Consultancy services for detailed design engineering and preparation of DPR for a dedicated corridor for old, differently abled persons during Kumbh and Magh Mela at Sangam, Allahabad (UP), India have been recently undertaken by the unit.



Project Management Consultancy Services for Cable Stayed Bridge - Nagpur

Recently completed consultancy projects by Unit include Rail Bridge (0.97 km long - 64.5m Span) across river Kosi on Katareah –Kursela section of EC Railway and project advisory services for 9.76 Km long (123 m Span) 6 lane extra dose green field bridge project over river Ganga at Patna for BSRDCL on EPC mode with ADB funding. These recent projects have moved the unit significantly up the value chain in its business portfolio.

Consultancy services for detailed design and construction supervision for 3.3km long Tunnel No.10 on Jiribam - Tupul section of new railway line project in the state of Manipur are also being provided for NF Railway under joint venture with M/s Geo-consult, Austria.

### REGIONAL PROJECT OFFICES (RPOs)

**North, New Delhi-** This unit covers Haryana, Punjab, Rajasthan and other northern states and provides consultancy services for preparation of detailed project reports (DPR), detailed engineering & project management, including planning and design for projects of flyovers, roads, railway sidings and inland containers depots in the northern region of the country. Major works consists of PMC & DPR for providing additional facilities, modification of existing ICD and planning for new ICDs for CONCOR at various locations in the Northern India.

Recently, an MOU has been signed with the South Delhi Municipal Corporation for providing third party inspection of buildings & infrastructure works at different location in South Delhi. In addition, this unit is also providing PMC for construction of five underpasses including recently awarded two underpasses at NOIDA. This unit is undertaking EPC construction of Pendra Road -Anuppur 3rd line for Indian Railways.

**Lucknow-** This unit has works in areas covering Uttar Pradesh and a part of Bihar and Madhya Pradesh. The unit provides services from concept to commissioning viz: consultancy, design and drawing, project management, procurement & quality assurance for development of projects in the field of rail infrastructure.

The major works in hand include rail connectivity to power plants at Nabinagar and Meja. It has also bagged a prestigious work of third party inspection for Signature Building (for UP Civil Services), Lucknow.

During the year, Anpara-D unit of UPRVUNL has been commissioned successfully. The unit has also entered into an MOU with UPRVUNL for all their upcoming projects. Accordingly, rail Infrastructure works for new power plants at Etah and Karchhana have been awarded apart from Panki, Obra and Harduaganj. Similarly, NTPC has also awarded work at Tanda and Unchahar power plants.

**Nagpur-** This unit covers Maharashtra, a part of Chhattisgarh and Madhya Pradesh. It has executed major project management consulting assignments in the area of construction of road over bridge & foot over bridge on Howrah-Mumbai main line Bilaspur (C.G); design and construction of 6 lane cable stayed bridge, Nagpur; Installation of B.G. rail transportation system from Bir to SSTPP plant at Khandwa (M.P) and construction of railway siding for CSPGCL Marwa TPP.

Some of the major milestones achieved by this unit include completion of girder launching in all respect, including railway portion. Further, during the year consultancy services were



Weigh Bridge at NTPC

provided for two ROBs at Kesharbagh. During the year, major projects secured include PMC services from MPPGCL for construction of converting existing stabilizing line to engine escape line on new track hopper siding, construction of road over bridges at PWD Raipur, consultancy services from GRBCD-Nagbhid for construction supervision of railway portion of tunnel and construction of proposed Godazari-Branch Canal.

**Secunderabad –** This unit covers southern part of India viz. Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and Kerala and provides rail infrastructure related consultancy services, maintenance and project management services for rail infra works, building works etc. The unit serves various clients from central/ state departments & PSUs.

Major milestones achieved during the year include commissioning of Phase II of multimodal logistic park at Visakhapatnam and Vallarpadam for CONCOR and tendering process for development of railway line for Singareni Collieries Power Plant in Telangana. The unit also completed PMC works from M/s BPCL for proposed railway siding at Desur depot. Further, the unit secured other major work orders PMC and DPRs for Chennai Port, Ennore

Port, VOC Port and Colachel Port. This is responsible for EPC construction of doubling of Gooty – Dharmavaram of SC Railway.

**Kolkata-** This unit covers eastern part of India viz. West Bengal, Jharkhand, part of Bihar and the North East. It provides consultancy services for development of rail infrastructure of different industries, steel, power and mining sectors belonging to various clients in central/ state government departments and PSUs. This unit has diversified and developed expertise in infrastructure projects like water work projects of civil authorities, namely KMC, KEIP, KMDA.

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 wagon manufacturing at Kulti, RCF bogie factory of the Indian Railways at Budge-Budge.

In addition, this unit has also undertaken various beautification works of river front and development of museums, multifunctional complexes, box pushing and pipe jacking below running railway track. It has signed a MOU with McNally Bharat Engg. Co. Ltd., for development of rail infrastructure including CHP, wagon tripler, rapid loading system, etc. on EPC basis.

**Bhubaneswar-** This unit covers South-Eastern part of India viz. Odisha and also part of Andhra Pradesh. The unit is generally involved in developing rail infrastructure for different industries, like steel, aluminum, power and mining sectors of NALCO, MCL, RINL, SAIL, CONCOR, Visakhapatnam Port Trust (VPT), TATA Steel, and TATA Power. It has diversified and developed expertise in infrastructure projects like box pushing and over bridge on railway's running main line. It is also providing PMC services for construction of research center of Institute of Life Science (ILS). It has got total in-house expertise in preparation of FSR & DPR for rail infra projects.

**Raigarh-** This unit has come in existence recently in July 2015 especially for handling works in areas covering a part of Chhattisgarh and Odisha States. The unit has got complete in-house expertise for taking up rail infra project at inception stage on concept to commissioning basis. It provides services related with the development of railway infrastructure for different industries in power, steel & mining sector. Currently this unit is providing consultancy services to two mega projects: preparation of DPR & construction management services for NTPC-Lara, near Raigarh for a double line MGR of 67 KM and services as

owner engineers for OPGC MGR at Banharpalli for a single line MGR of 45 KM.

During the last 6 months, this unit has completed the DPR works of NTPC-Lara duly approved by the Indian Railways & tendering for works is under progress. OPGC-MGR work has been awarded to agency on EPC contract basis & construction activity is under progress. This unit expects to get works in mining sector in Odisha & Chhattisgarh.

### BUILDING AND AIRPORT DIVISION

This division has three strategic business units namely construction project management unit, airport unit and architecture and planning unit.

#### CONSTRUCTION PROJECT MANAGEMENT UNIT

The unit is involved in project management services with construction of institutional, commercial and residential buildings along with third party inspection of infrastructure work.

The unit has expertise, resources and technical competence to undertake project management consultancy from concept to commissioning which includes preparation of CPR / DPR, estimates, tendering, execution, budgetary management, quality assurance etc. Besides, it also carries out third party inspection, technical audit, quality surveillance of building works, UG reservoirs, overhead water tanks, roads, expressways, bridges & flyovers, external electrification, development works like sewers, drains and water supply lines.

The major works under execution for project management consultancy services include police stations & residential quarters for Delhi Police at 13 locations, school buildings, hostels & other infrastructures of Navodaya Vidyalaya Samiti (NVS) at various locations in India, academic complex for various universities such as JNU at Delhi, DU (North & South Campus), Central University at Pondicherry, Gaya (Bihar), Kerala, Gulbarga (Karnataka), University of Allahabad, Guru Ghasidas Vishwavidyalaya Campus (GGV) at Bilaspur (Chhattisgarh), IIT Kharagpur, NIT Campus at Shillong. The unit is also providing PMC services for Marketing Development cum Business Park (MDBP) for NSIC at New Delhi, 1200 seated auditorium / convention centre at National Agriculture Science Centre at New Delhi, unified academic campus of Bose Institute Kolkata and National Agri Food Bio Technology Institute at Mohali, multi modal logistic parks at Kathuwas (Rajasthan) and Pant Nagar (Uttarakhand) in addition to various container depots of CONCOR.



Govt. Polytechnic College at Harappanahalli

The major works of third party inspection have also been undertaken for building and infrastructure works related to



Gyaspur metro depot at Ahmedabad

NOIDA, Greater NOIDA, HUDA, DDA, Delhi Jal Board and Border Fencing and Roads for the Ministry of Home Affairs.

### AIRPORT UNIT

This unit has achieved new peaks and secured prestigious assignments in India and abroad during the year. The unit secured consultancy services for the feasibility study and design for development of new airfield at Gabiro in Rwanda and construction of cargo complex, construction of parallel taxiway and modification of old terminal to departure terminal in Paro International Airport, Bhutan.

In India, it secured the consultancy services for development of greenfield airports at Bhogapuram (International), Dagadharti, Oravakallu, Kuppam, Tadepalligudem in Andhra Pradesh, Kothagudem in Telangana, development of existing airports at Gulbarga, Shimoga in Karnataka and Balurghat in West Bengal. The unit was also entrusted with the prestigious studies for setting up Air Cargo hub at Delhi and Chennai by the Ministry of Civil Aviation and preparation of a business plan for development of Air Cargo at AAI owned airports by Airports Authority of India. The unit also secured consultancy services from AAI for landside development at Lucknow, Tirupati and Raipur Airports.

During the year, it secured a very prestigious assignment of a project management consultancy for construction of EMP protected hardened structures at 5 locations for Bharat Electronics Limited. The PMC projects secured during the year also include the development of airports at Chitrakoot, Kanpur and Kushinagar in the state of Uttar Pradesh.

In the field of pavement evaluation by non-destructive testing using heavy weight deflectometer, the unit is undertaking evaluation of PCN for runway 10-28 at IGI Airport Delhi for Delhi International Airport Pvt. Limited (DIAL).

The ongoing assignments include PMC for expansion of airstrips at Shravasti, Palia, Integrated Checkposts at Birgunj, Jogbani, Biratnagar along Indo-Nepal border, Petrapole and Dawki along Indo-Bangladesh border, Moreh along Indo-Myanmar border.

The engineering consultancy assignments for expansion of Shimla Airport, Pantnagar Airport, greenfield Airports at Singrauli,



Mukhya Bhawan- ICP Petrapole

Gwalior, ICP at Nepalgunj and Bhairahwa are in progress while PMC for expansion of Pithoragarh airport has been completed.

BITES signed a Memorandum of Understanding with Air India for providing technical assistance in the area of business plan and development of infrastructure for Air India.



Institutional building, Rohtak

### ARCHITECTURE & PLANNING UNIT

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

Projects secured during the year include checking of design and drawings of Tilak Nagar Hospital for South Delhi Municipal Corporation; detailed engineering for development of new ICD at Barhi; additional work for detailed engineering work for development of MMLP at Quila Raipur near Ludhiana, Punjab; additional work in architectural & design consultancy services for proposed trans-disciplinary academic building at JNU campus, New Delhi and other miscellaneous works of administration building at ICD-Moradabad, CHA building at ICD-Agra, additional construction of boundary walls/retaining walls at ICT-Tuglakabad etc.



Consultancy for expansion of IGNOU campus at Delhi and construction of 100 Type-V quarters at AIIMS Rishikesh are in progress.



Multi Modal Logistic Park of CONCOR at Khatuiwas

## TRANSPORT INFRASTRUCTURE DIVISION

This division has two strategic business units namely Ports & Water Resources (PWR) & Highways.

### PORTS AND WATER RESOURCES UNIT

This unit provides consultancy services for ports and harbours, water resources engineering and inland water transport (IWT) and has secured six prominent projects in these fields during the current year. These include two prestigious consultancy projects of preparation of techno- economic feasibility study for developing greenfield port at Narsapur and Ramayapatnam in Andhra Pradesh Coast, field investigation assignment works for proposed green field port at Bhavanapadu, Andhra Pradesh and study for effective utilization and disposal of dredged materials in Hooghly estuary from Kolkata Port Trust. Further, Paradip Port has appointed this unit to conduct independent engineer services for development of multipurpose berth to handle clean cargo including containers on BOT basis. This unit has also been awarded the design of coast guard jetty from Indian Navy. The design review and proof checking of berth structure at Kakinada Port is successfully undertaken during the year. While the land use plan study for VOC port, DPR for capital dredging at Paradip Port have been completed successfully, the studies for land use plan for Paradip Port, land use plan for Mumbai Port and TEFR for green field port at Pudimadaka for NTPC were under progress during this year.

### HIGHWAYS UNIT

This unit provides comprehensive road transport consultancy as well as project management services covering all aspects of highways viz. expressways, national highways, state highways, rural roads etc. including bridges/viaducts and tunnels in relation to conceptual & detailed design, construction supervision, operation and maintenance, planning/management of networks, improvement/up-gradation, safety audits etc. The unit has been providing services since mid-eighties in Africa and Asia region.

During the year, the unit provided overseas consultancy services for supervision & up-gradation to paved road standard of existing roads in Terai Region of Nepal. The 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 two major bridges in



Independent Engineer Services at Gangavaram Port

Manipur; independent engineer services for development of Chennai Outer Ring road in Tamil Nadu for TNRDC; project management services for NATRIP projects; safety audit for NH sections (939 Km) during construction stage; SOS for selected state highways in West Bengal; design and detailed estimate preparation for ROBs/flyovers at intersections at 6 locations for Delhi Development Authority; base-line Master Plan with SOS for development of state highways in West Bengal; collection and analysis of major/minor bridges condition and inventory data by MBIU on all national highways in Rajasthan and Andhra Pradesh; detailed third party inspection/quality assurance for construction of elevated road over Barapullah Nallah in New Delhi; PMC including FS/DPR of selected road stretches/corridors for up-gradation to 2/4 lane NH configuration under Bharat Mala Project in Gujarat and West Bengal; detailed engineering and PMC for bridges on approach road to RTPS in West Bengal; project preparation of Package III: Mogra-Kampa-Barojaguli in the Hooghly and Nadia district of West Bengal including the state-of-the-art extra-dosed cable stayed bridge over river Ganga etc.



Four-laning National Highways works, Assam

## URBAN INFRASTRUCTURE DIVISION

This division has three strategic business units namely urban transport unit, urban engineering unit and Ahmedabad unit.

### URBAN TRANSPORT UNIT

This unit provides comprehensive consultancy services in all aspects of urban transport including planning of integrated multi-modal public transit network; design, engineering and project management of infrastructure; O&M management of public

transit systems; high, medium and light capacity mass rapid rail transit (RRT) and bus rapid transit (BRT) systems, etc. Regional transport studies are undertaken for optimal use of available infrastructure and phased augmentation of facilities for medium and long term.

The unit has made major inroads into metro rail consultancy with the award of consultancy assignment of GC for Ahmedabad Metro, Phase-I in consortium with other international consultants. The unit has also been awarded some other major consultancy works like independent quality monitor for Noida Metro Rail Corporation Ltd.; DDC services for Apparel Park Depot on East- West corridor for MEGA Co. Ltd.; DDC services for power supply & 750 V d.c third rail traction for MEGA Co. Ltd.; PMC for priority at grade section of Nagpur Metro Rail Corporation Ltd., multimodal integration at six metro airports in India, DPR for rail based mass transit system (RBMTS) in Meerut, Varanasi, DPR for RBMTS in Chennai for CMRL; study for listing & mapping of public transport infrastructure & routes of Kolkata for World Bank



General consultancy work for Bangalore metro project

MRTS/RRTS between Ahmedabad & Dholera; FS & DPR for Kochi Metro, Phase II; detailed design of power supply & distribution system, 750 V d.c. third rail traction electrification and SCADA system for Bangalore Metro Phase-II; FS & DPR of rail based MRTS in Guwahati for GMDA; review of DPR for maintenance depots including scope of property development of Kengeri, Anjanapura, Kothanur and Hebbagodi, 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; DDC for Gyaspur Depot on North-South metro corridor & apparel park depot on East- West metro corridor of MEGA Co. Ltd.; DDC for six elevated metro stations for Ahmedabad metro rail project.



Proposed extra-dosed cable stayed 6-lane Bridge over Hooghly River

and DPR for Line III & IV and validation of DPR for Line II of Navi Mumbai Metro for CIDCO.

The unit has also been involved in GC for Bangalore Metro Phase-I, Delhi Metro Phase-III; interim consultancy for Bangalore Metro Phase -II and Nagpur Metro Phase-I; technical Feasibility Study ("FS") & DPR for metro rail in Agra & Kanpur; DPR for



Tunneling work in progress- Delhi metro

## URBAN ENGINEERING UNIT

The Environmental Engineering unit has in its core staff highly qualified and experienced personnel having specialization in the fields of environmental impact assessment, environmental management plan, social impact assessment, water supply/sanitation, ecology and socio-economics.

The unit is NABET accredited for EIA study of airport, ropeway, water resources, building construction, area development (township etc), transportation (highways, railways, metro, etc) and solid waste management.

This unit carried out more than 100 projects during 20 years since its inception in which the scope of services included assistance in applying for clearances from statutory authorities. The services



Public Hearing on Bhalevdung Passenger Ropeway, Sikkim

offered by the unit includes the environmental impact assessment and management plans; solid waste management; social impact assessment and resettlement action plans; environmental audit; environmental guidelines and policy formulation; design of sewerage, drainage & water supply systems.

Some of the projects completed during the year include EIA study for Bhaley dhunga ropeway in Sikkim; EIA study for Rajgir ropeway in Nalanda district of Bihar, EIA and SIA study {length 266.534 km (PPC01) TNRSP II} for Tamil Nadu Road Sector Project, EIA and SIA study of DCBM and WGTK Metro Corridor located in Mumbai for MMRDA and EIA & SIA study for Kanpur and Agra Metro.

The projects under execution include EIA and SIA study for Dharamshala ropeway, New Tehri ropeway, Munsiri ropeway, Munnar ropeway, Varanasi Metro, Meerut Metro, Guwahati Metro, East-West Metro, Joka-Diamond Metro, Manipur Tunnel and environmental and social aspects of river morphology in Uttarakhand.

#### AHMEDABAD UNIT

This unit is operating since last three years and fulfills commercial responsibilities and business dealings in the state of Gujarat and neighbouring states of Rajasthan, Madhya Pradesh and parts of Maharashtra.

The unit deals in sectors of railway sidings, Private Freight Terminals (PFT), building works and third party inspection of railway crossing works (ROBs/RUBs/Box pushing/Pipe pushing) and other engineering projects. The services provided by this unit include feasibility study, DPR, project management consultancy, design, etc. for various clients from central/ state government department, PSUs and private sector.

Major projects of this unit are MMLP at ICD Khodiyar, PFT Varnama, RTH Swaroopganj, and Rajasthan for CONCOR, modification & new construction of railway facilities for GSFC at Sikka, Gujarat, and feasibility study for rail facilities for HPCL at Manmad, Maharashtra and projects of third party inspection works in parts of Gujarat.

#### EXPOTECH DIVISION

The division offers integrated export packages for rolling stock including leasing, rehabilitation, maintenance and spare part support. 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 projects of supply of the state-of-the-art, stainless steel, modern passenger coaches to Bangladesh Railway; leasing and maintenance of locomotives in Mozambique; supply of MG ALCO locomotives to Senegal and warranty servicing and support activities in Bangladesh, Myanmar and Sri Lanka.

RITES had secured the contract for supply of 120 BG, stainless steel passenger coaches to Bangladesh Railway under the Indian line of credit during last financial year. These coaches are being manufactured in Rail Coach Factory. As a part delivery for this contract, two rakes consisting of 40 coaches have been exported in current year.

Towards successful completion of another milestone project of supply of twenty six BG diesel electric locomotives to Bangladesh Railway, warranty for ten locomotives was completed in July, 2015 and sixteen locomotives are under warranty at present.



Srilanka Railway Workshop Project

These locomotives are providing satisfactory performance on Bangladesh Railway network.

The locomotives leased by RITES to CFM/ Mozambique continued to operate throughout the year. The contract was further extended for two years till August, 2017. The fleet of sixteen locomotives including one locomotive of 3000 HP, one locomotive of 2300 HP and fourteen locomotives of 1350 HP are operating on lease arrangements at two different locations - Maputo and Beira, Mozambique. These locomotives have been providing excellent service to the clients for the last nine years. The company's service teams located at these two locations are providing complete maintenance support to ensure maximum availability and reliability of locomotives as per the client's requirement.



Loco Export for Bangladesh

In a significant breakthrough, RITES secured a major contract from Myanmar for supply of 18 Meter Gauge 1350 HP Diesel Electric Locomotives with several modern features. The project is being funded under a Line of Credit extended by the Government of India.

#### QUALITY ASSURANCE DIVISION

The division renders third party inspection and vendor assessment in India and abroad to various clients in the government, public and private sectors. In India, the laboratory testing services are also provided by the division. This division has regional offices at Delhi, Chennai, Kolkata, Mumbai & Bhilai and 39 sub-regional offices spread over prominent locations across India.

The division does substantial portion of third party inspection for Indian Railways (IR). During the year, the division enhanced its business with the power utilities and infrastructure projects in different states. In addition to existing prestigious non-railway sector clients, many new organizations and clients like Kochi Metro



Inspection of crankshafts in China

Rail Corporation, Lucknow Metro Rail Corporation, Rourkela Steel Plant, BHEL Trichy, and various SEBs awarded contracts for third party inspection & related services.

RITES has been awarded ISO/IEC 17020:2012 accreditation for various NABCB Scope Sectors including the fabricated metal products & other transport equipments (rolling stock-wagons, coaches, wheels & axles). One more Scope Sector namely "pulp, paper & paper products" has been added in the scope of accreditation during the year thus covering most of the sectors in recognition to standard of service to clients.

Apart from laboratory at Eastern region having NABL accreditation to ISO/IEC 17025:2005 for last many years, lab at Western region, Mumbai has been upgraded and accredited to ISO/IEC 17025:2005 during the year.

The division is providing third party inspection services at conversion and wet leasing agents to Steel Authority of India Ltd. for inspection of long products, including slabs and coils.

In addition, the division has been performing inspection of machinery & plant, crank shaft, wheels, axles, wheel sets, pistons, piston rings, at various locations abroad like USA, China, Germany, Sweden, Italy, Russia, Ukraine etc. on behalf of IR, Container Corporation of India and a number of wagon manufacturers. The division has also been awarded work of inspection of Head Hardened Rail & fittings in Russia and European countries by Delhi Metro Rail Corporation.

The division has been rendering consultancy services for QMS (ISO 9001), FSMS (ISO 22000), OHSAS 18001, service quality management system (IS 15700) for various prestigious PSUs/ state government organizations. The division has also provided consultancy services to M/s Central Ware Housing Corporation (CWC), Delhi for customer satisfaction survey for Attari warehouse and study on alternative use of low utilization capacity of CWC warehouses.

RITES through its eminent experts represents in various Standard Formulation Committees of Bureau of Indian Standards as well as Board Membership of Quality Council of India (QCI)/ NABCB to enhance its contribution in quality improvement at the national level.

## INDUSTRIAL ENGINEERING DIVISION

This division has three strategic business units namely rolling stock design unit, material system management unit and ropeway & industrial engineering unit.

### ROLLING STOCK DESIGN UNIT

Rolling Stock Design (RSD) unit formerly named as Mechanical Design Division (MDD) specializes in design and development of railway rolling stocks using the 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 manufacturers. However, taking advantage of its inherent expertise, it has diversified to offer expert technical services in setting of the state-of-the-art R&D facilities, test centers and modern coaching/freight car depots on turnkey basis.

Some of the major achievements of this unit include design of crashworthy coaches for the Indian Railways (IR); highly successful container flat wagon with speed potential of 100 kmph freight operation; clinker wagon; BFAT wagon for the MoD; Food grain wagon and frameless tank wagon for petroleum products.

Major projects in hand include design and development of special van for carrying milk at higher speed and high speed broad gauge Self Propelled Accident Relief Train (SPART) for IR.



Design of high capacity high speed milk tank van

This unit is also working on development of crashworthy locomotive design and occupant protection for IR, development of emission norms for diesel locomotives and up-gradation of diesel engine technology.

### MATERIALS SYSTEM MANAGEMENT UNIT

This unit has been providing comprehensive procurement & logistics management consultancy services in compliance with the guidelines & procedures of the International Funding Organizations (IFOs) and the National Governments. The core competency of the unit is to offer specialized services such as in-depth knowledge of procurement policies & procedures of the Government of India, bilateral/multilateral funding agencies, Railways & DGS&D, expertise in various fields of materials management. Major procurement consultancy contracts include EPW and NACO under the Ministry of Health and Family Welfare, the Government of India.

During the current year, the unit has signed a new contract with National AIDS Control Organization (NACO), MOH&FW and EPW consultancy contract has been extended by another year.



Indoor Gallery at National Rail Museum

Procurements have been processed by the unit for Revised National Tuberculosis Control Project (RNTCP), National Vector Borne Disease Control Project (NVBDCP) secured from MOH&FW, NACO etc. During the current year, procurement consultancy for a value of around ₹ 780 crore had been provided under these projects of MOH&FW.

The contract management of on-going assignments have been undertaken, which include inspection & testing of drugs/equipments, monitoring of supplies, co-ordination with consignees spread all over the country, processing of supplier's bills for payment & handling legal issues and reconciliation of funds with MOH&FW.

#### ROPEWAY & INDUSTRIAL ENGINEERING UNIT

The ropeway unit provides consultancy services for the aerial ropeways for passenger/material transportation and for funicular railway projects. This unit is presently undertaking project management consultancy for setting up of passenger ropeways at Namchi, Sikkim and Jammu besides passenger and material ropeways for Shri Mata Vaishno Devi Shrine. The unit has also provided project management consultancy services for funicular railway systems at Nashik and Thane in Maharashtra, which are nearing completion. The unit has completed feasibility study for



Ropeway at Trikuta Hills, Deogarh, Jharkhand

passenger ropeway at Mundeshwari, Gaya, Bihar. RITES has been nominated as the project management consultant by the Govt. of Bihar for its various ropeway projects.

The Industrial Engineering unit provides a range of services including feasibility studies, techno-commercial evaluation,

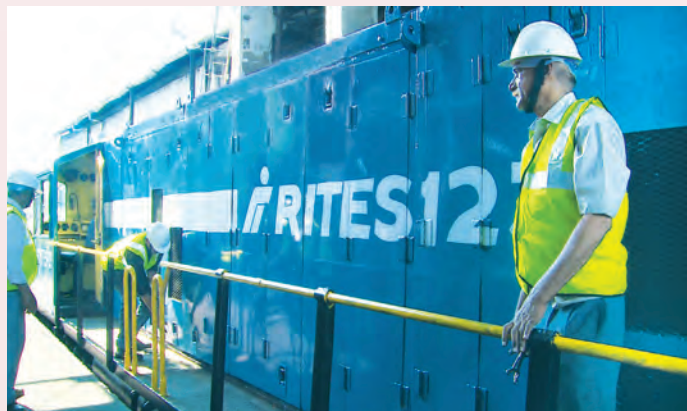
detailed project report, and project management consultancy for setting up of industrial units in railway and non-railway sectors. The unit also undertakes setting up of industrial units on turnkey basis. Besides, the unit provides a range of advisory services such as setting up of projects on a PPP/JV mode and work measurement/productivity improvement studies for manufacturing units. The unit has secured a turnkey project for construction of Traction Alternator Factory (TAF) for manufacturing 100 traction alternators and overhauling of 600 traction motors for Indian Railways at Vidisha (M.P.). The factory is being set up in line with the "Make in India" initiative of the GoI to manufacture traction alternators for high horsepower diesel locomotives in-house, which are presently being imported.

The unit has successfully completed transactional advisory services for the setting up of diesel locomotive factory at Marhowra, Bihar. It has also completed the construction of FIAT Bogie manufacturing unit at Budge Budge, West Bengal. The project for renovation of National Rail Museum, New Delhi was undertaken and completed during the year. This unit has also commissioned the M-15 gas turbine aggregate test facilities at INS Eksila, Visakhapatnam for the Indian Navy.

#### RAILWAY EQUIPMENT SERVICES DIVISION

This division is a leading service provider for complete one stop solution in respect of operations and maintenance of railway sidings for non-railway customers in power, steel, mining, cement, & port sector. The division has secured new and repeat work orders from a number of clients in the recent past, some of the prominent being NTPC, L&T, Visakhapatnam Port Trust, Dhamra Port, Paradip Port Trust, Tata Steel, DVC, etc. for loco leasing, operation of their railway systems, maintenance of rolling stock & track etc.

The business of wet leasing of shunting locomotives including operation and maintenance has been well received by domestic non-railway customers. So far 33 locomotives have been leased out in the span of last 5 years: one locomotive each to WBPDC/ Bandel, NSPCL/Bhilai, Uttam Galva/Wardha, KTPS/Kolaghat, CLP/Jhajar, DVC/Andal, APM/ Tiroda, DVC/Koderma, KBUNL/ Kanti, VIPL/Butibori, two locomotives each to Kolkata Port Trust/ Kolkata, Paradip Port Trust/Paradip, Tata Steel, three locomotives to RSP/Rourkela, four locomotives to Visakhapatnam Port Trust and five locomotives to Dhamra Port. Further, demand of shunting locomotives on lease by non-railway customers is growing day by day.



Loco Leasing to Visakhapatnam Port Trust

Apart from wet leasing, the division is also engaged in maintenance of over 120 diesel locomotives & 1200 wagons owned by customers like NTPC, NSPCL, WBPCL, SAIL & APCPL, besides, operations and maintenance of track of some of the clients.

### PRIVATISATION AND CONCESSIONS UNIT

This unit provides transaction advisory services for various public private partnership projects in infrastructure sector, project appraisal for the investment project, legal advisory for institutional framework and procurement contracts.

In railway sector, this unit provided financial advisory services for development of Bhuj Naliya Vayor rail connectivity project. It also provided legal consultancy services for setting up an electric locomotive manufacturing unit at Madhepura (Bihar) and procurement of EMU train sets for IR.

During the year, it secured assignment of transaction advisory services for developing 3rd line with electrification on PPP mode at Kazipet-Vijayawada and Nagpur-Wardha sections of IR.

It continued to provide consultancy services to various clients/ in house for infrastructure sectors such as ports, urban infra, urban transport, etc.

### INFORMATION TECHNOLOGY UNIT

This unit offers consultancy services to railways, non-railway, government and public sector organizations in the field of web based technologies, feasibility study, system analysis, system design, software development, implementation support, identification of hardware & system software requirements, user training and software conversion/porting of computerized



RITES - IT setup

commercial applications particularly in the areas of company accounting, sales tax/ value added tax, payroll, materials management, workshop management, etc. The major on-going projects include centralized apportionment of the Indian Railways earnings for goods and passenger from various zones of the Indian Railways; development of budget module for preparation of fund management system, Govt. of Tripura; conversion of FMIS system from fox-pro to Oracle for DLW Varanasi, etc. The unit also provides annual maintenance support for various application software developed for clients like the Ministry of Railways, IRCON, DLW Varanasi, etc.

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



Bogie manufacturing facility set up on turnkey basis at Budge Budge

end blade servers, network equipments, modern surveillance system, fire detection, fire suppression etc. It has successfully implemented E-procurement system in RITES. The Information Security Management system (ISMS) 27001 has also been documented and implemented.

In order to secure the data, the unit is establishing a disaster recovery facility for its state-of-the-art SAP data center. The unit also supports the in-house needs of RITES by providing services for hardware procurement, access to internet and corporate e-mail services, etc. The unit is empanelled with national e-governance unit to undertake integration of different applications with e-governance system (under digital India).

### HRD AND TRAINING UNIT

Being a consultancy organization of international repute, RITES believes in developing its human capital and provide them with world class skills. To ensure this, RITES has taken a number of training initiatives, both in-house and external.

In-house training programs were organized aiming at improving the functional and technical skills across all levels of employees. Professional programs, workshops and seminars conducted by reputed and prestigious agencies were carefully identified in line with business needs of RITES and suitable officers were nominated for such programs. Besides, RITES also organized customized training exclusively for its officials through experts and knowledge partners. Also, behavioral and personality development training programs were conducted focusing on developing attitudinal and soft skills. Employees were also sensitized on labor law compliances through appropriate programs/workshops to comply with statutory obligations in labour deployment. Employees were also trained on various softwares such as Bentley's Power Rail Track, Auto CAD etc.

Newly recruited Graduate Engineers Trainees (GETs) were given structured induction training for seamless assimilation into the organization and understanding of organizational culture. RITES also achieved the training target set as per MoU for the year.

There has been a special focus on leadership development at RITES. Senior business leaders were nominated for programs on leadership in India and abroad. A special workshop is being developed for middle management, with a leading B-school in the region, to help them understand and inculcate the traits of successful leaders. In addition, pre-promotional trainings were organized across all RITES offices for employees belonging to SC/ST category to help them perform better in the promotion exercise. RITES also introduced E-PMS this year and extensive trainings were organized in each office to help employees embrace the process with ease.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF RITES LIMITED

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of RITES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, Statement of Profit and Loss, Cash Flow Statement for the year ended, and a summary of the 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 and we have relied on the same. 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 their proportionate shares of income and expenditure in the said joint ventures. The gross income and gross expenditure so incorporated amounts to ₹ 2 crore and ₹ 1.64 crore respectively, which have resulted into a net profit after tax of ₹ 0.36 crore, related to joint ventures. We cannot comment on such figures as the same are audited by other auditors.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatements.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- b) In the case of the Statement of Profit & 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

1. As required by the Companies (Auditors' Report) Order, 2016, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, (hereinafter referred to as the "Order"), we give in the Annexure '1' a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. In terms of sub section (5) of section 143 of the Act, we give in the Annexure '2' a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) 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, aforesaid standalone financial statements comply with the accounting standards referred to in section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of written representation received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of sub section (2) of section 164 of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in the Annexure '3'; and
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to best of our information and according to the explanation given to us:
    - i. The company has disclosed the impact of pending litigation as at 31st March, 2016 on its financial position in its financial statements-Refer para no. 2.53.1 of notes to accounts of financial statements.
    - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

**For AGI WAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Registration No. 000181N**



**(P.C. AGI WAL)**

**Partner**

**Place: New Delhi**  
**Date : 26th July, 2016**

**Membership No. 080475**

# ANNEXURES TO INDEPENDENT AUDITORS' REPORT

## Annexure '1'

Referred to in paragraph 1 of report on other legal and regulatory requirement's paragraph of our report on even date on the financial statement as of and for the year ended 31st March, 2016, we report that:

i. In respect of fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds/lease deeds of immovable properties are held in the name of the Company except 3 nos. of leasehold buildings where lease deeds are pending for execution (Refer para no. 2.48 of Notes to Accounts of the Financial Statements). Gross block and net block of above said properties are as under:

Sl. No.	Particulars	Gross Block as on 31.03.2016 (₹ in crore)	Net Block as on 31.03.2016 (₹ in crore)
1	Central Metro Railway Building, 56, C.R. Avenue, Kolkata	3.46	1.65
2	Physical Testing Laboratory at 52 A&B, C.R. Avenue, Kolkata	1.24	0.59
3	Flat No. D-41 & D-42 at Carter Road, Bandra, Mumbai	3.22	2.90

ii. In respect of inventory:

- (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. No discrepancy has been noticed on physical verification of inventory as compared to records.

iii. In respect of loans :-

- (a) As per the information and explanations given to us, the Company has granted unsecured loans to Companhia Dos Caminhos de Ferro da Beira, SA (CCFB), Mozambique and SAIL-RITES Bengal Wagon Industry Pvt. Ltd. (SRBWIPL) joint venture companies such loans are listed in the register maintained under Section 189 of the Act and so desired particulars have been placed in the register maintained under the said section.
  - (b) The terms and conditions of such loans are not prejudicial to the company's interest.
  - (c) In case of CCFB, Mozambique regarding principal and its interest, refer para No. 2.44 of Notes to Accounts of the Financial Statements. In case of SRBWIPL, loan of ₹ 12 crore given during the financial years 2014-15 & 2015-16 have been converted into equity in the financial year 2014-15 (₹ 2.90 crore), financial year 2015-16 (₹ 7.37 crore) and remaining ₹1.73 crore in April, 2016.
  - (d) In case of SRBWIPL, interest due for payment to the company over ninety days is of ₹ 0.31 crore. Once regular income starts after commencement of operations, payments will be realized from the joint venture entity.
- iv. In our opinion and according to the information and explanations given to us, Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investment, guarantees and security.
- v. According to the information and explanations given to us, Company has not accepted any deposits in terms of directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. Cost Records under section 148(1) of the Companies Act, 2013 are not required to be maintained by the Company.
- vii. According to information and explanations given to us, and the records examined by us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, value added tax, wealth tax, custom duty, excise duty, cess and other statutory dues wherever applicable.
  - (b) According to information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2016, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no statutory dues in respect of Income tax/Sales Tax/Service Tax/Custom Duty/Excise Duty/Value Added Tax outstanding as on 31st March, 2016, which have not been deposited with the appropriate authorities on account of any dispute except the followings:



Name of the statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Service tax	Amount of Service Tax and Penalty	9,40,932	July 2008 to February 2010	Commissioner of Central Excise (Appeals), Gurgaon
APVAT	Arrears of Sales Tax	71,39,759	1st April, 2014 to 30th November, 2015	Office of the Commissioner of Commercial Taxes, A.P. Hyderabad

- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year.
- ix. The Company did not raise any money by way of initial offer or further public offer (including debt instruments) and term loans during the year.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. Provisions of section 197 read with Schedule-V of the Act are not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, Company is not a Nidhi company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, Company has not entered into non-cash transactions with directors or persons connected with them.
- xvi. Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For AGI WAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Registration No. 000181N**



**(P.C. AGI WAL)**

**Place: New Delhi**

**Partner**

**Date : 26th July, 2016**

**Membership No. 080475**

## Annexure '2'

### Report on the Directions issued by the Comptroller and Auditor General of India under Sub-section 5 of Section 143 of the Companies Act, 2013 ("the Act")

Referred to in our Independent Auditors' Report on the Standalone financial statements for the year ended 31st March, 2016, we report that:

Based on the verification of Records of the Company and information and explanations given to us, we report that:

- a) The title deeds/lease deeds of immovable properties are held in the name of the Company except 3 nos. of leasehold building where lease deeds are pending for execution (Refer para no. 2.48 of notes to accounts of the financial statements). Location and Area of above said properties are as under:

S.No.	Location	Area
1	Central Metro Railway Building, 56, C.R. Avenue, Kolkata	1200 sqm
2	Physical Testing Laboratory at 52 A&B, C.R. Avenue, Kolkata	314 sqm
3	Flat No. D-41 & D-42 at Carter Road, Bandra, Mumbai	308 sqm

- b) There are no cases of waiver/write off of debts, loans/ interest etc. other than Bad Debts of ₹ 1.17 crore written off during the year, which have arisen on account of normal business practice.
- c) Company has maintained adequate records in respect of inventories lying with third parties. No assets have been received by the Company as gift from Government or other authorities.

**For AGI WAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Registration No. 000181N**



**(P.C. AGI WAL)**

**Partner**

**Place: New Delhi**

**Date : 26th July, 2016**

**Membership No. 080475**

### Annexure '3'

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Referred to in our Independent Auditors' Report on the Standalone financial statements for the year ended 31st March, 2016, we report that:

We have audited the internal financial controls over financial reporting of RITES Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For AGIWAL & ASSOCIATES**

**Chartered Accountants**

**Firm Registration No. 000181N**



**(P.C. AGIWAL)**

**Partner**

**Place: New Delhi**

**Date : 26th July, 2016**

**Membership No. 080475**

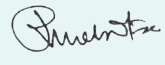
# BALANCE SHEET AS AT 31st MARCH, 2016

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	2.01	100.00	100.00
RESERVES AND SURPLUS	2.02	1,703.30	1,528.07
		<u>1,803.30</u>	<u>1,628.07</u>
<b>NON CURRENT LIABILITIES</b>			
OTHER LONG TERM LIABILITIES	2.03	102.35	91.29
LONG TERM PROVISIONS	2.04	100.84	104.70
		<u>203.19</u>	<u>195.99</u>
<b>CURRENT LIABILITIES</b>			
TRADE PAYABLES	2.05	83.98	80.68
OTHER CURRENT LIABILITIES	2.06	1,990.21	1,540.54
SHORT TERM PROVISIONS	2.07	214.14	115.19
		<u>2,288.33</u>	<u>1,736.41</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,294.82</u>	<u>3,560.47</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
TANGIBLE ASSETS	2.08.1	269.55	212.10
INTANGIBLE ASSETS	2.08.2	3.10	4.79
CAPITAL WORK-IN-PROGRESS	2.08.3	26.59	57.92
INTANGIBLE ASSETS UNDER DEVELOPMENT	2.08.4	1.58	0.75
		<u>300.82</u>	<u>275.56</u>
NON CURRENT INVESTMENTS	2.09	269.11	237.64
DEFERRED TAX ASSETS (NET)	2.10	29.00	46.13
LONG TERM LOANS AND ADVANCES	2.11	77.20	178.46
OTHER NON CURRENT ASSETS	2.12	173.24	126.22
OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS	2.13	28.66	54.95
		<u>878.03</u>	<u>918.96</u>
<b>CURRENT ASSETS</b>			
CURRENT INVESTMENTS	2.14	6.01	-
INVENTORIES	2.15	11.41	6.66
WORK IN PROGRESS	2.16	37.21	38.22
TRADE RECEIVABLES	2.17	533.86	370.88
CASH AND BANK BALANCES-OWNED FUND	2.18	689.83	697.12
CASH AND BANK BALANCES-CLIENTS FUND	2.19	1,818.33	1,338.44
SHORT TERM LOANS AND ADVANCES	2.20	156.04	63.67
OTHER CURRENT ASSETS	2.21	164.10	126.52
		<u>3,416.79</u>	<u>2,641.51</u>
<b>TOTAL ASSETS</b>		<u>4,294.82</u>	<u>3,560.47</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 Kumar Gaur  
Director Finance  
and  
Chief Finance Officer

  
Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer

  
P.T. Mittal  
Company Secretary  
& GM (Legal)

As per our report of even date attached  
For Agiwal & Associates, Chartered Accountants (FRN :000181N)

Place : Delhi  
Dated : 26th July, 2016

  
P.C. Agiwal, Partner (M.No. 080475)


## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>REVENUE</b>			
REVENUE FROM OPERATIONS	2.22	<b>1,086.56</b>	1,015.17
OTHER INCOME	2.23	<b>207.19</b>	150.85
<b>TOTAL REVENUE</b>		<b>1,293.75</b>	1,166.02
<b>EXPENDITURE</b>			
EMPLOYEE BENEFIT EXPENSES	2.24	<b>341.01</b>	329.59
TRAVEL		<b>35.52</b>	32.44
SUPPLIES & SERVICES		<b>95.83</b>	76.35
COST OF EXPORT SALES	2.25	<b>159.63</b>	90.22
COST OF TURNKEY CONSTRUCTION PROJECTS (INCREASE)/DECREASE IN WORK IN PROGRESS -CONSULTANCY PROJECTS	2.26	<b>35.35</b>	83.66
		<b>0.88</b>	2.14
DEPRECIATION & AMORTISATION EXPENSES	2.08	<b>32.32</b>	26.48
OTHER EXPENSES	2.27	<b>76.41</b>	64.81
PRIOR PERIOD ADJUSTMENTS (NET)	2.29	<b>2.23</b>	4.23
<b>TOTAL EXPENDITURE</b>		<b>779.18</b>	709.92
<b>PROFIT BEFORE TAX</b>		<b>514.57</b>	456.10
<b>TAX EXPENSES</b>			
• CURRENT YEAR		<b>(157.64)</b>	(139.25)
• EARLIER YEARS (NET)		<b>(0.88)</b>	2.94
DEFERRED TAX (NET)	2.10	<b>(17.13)</b>	(13.65)
<b>PROFIT AFTER TAX</b>		<b>338.92</b>	306.14
<b>EARNING PER SHARE</b>			
(EQUITY SHARE OF ₹ 10/- EACH) - <b>BASIC &amp; DILUTED</b>	2.35	<b>₹ 33.89</b>	₹ 30.61
WEIGHTED AVERAGE NUMBER OF EQUITY SHARES USED IN COMPUTING EARNING PER SHARE		<b>100,000,000</b>	100,000,000

For and on behalf of the Board

  
Ajay Kumar Gaur  
Director Finance  
and  
Chief Finance Officer

  
Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer

  
P.T. Mittal  
Company Secretary  
& GM (Legal)

As per our report of even date attached  
For Agiwal & Associates, Chartered Accountants (FRN :000181N)

Place : Delhi  
Dated : 26th July, 2016

  
P.C. Agiwal, Partner (M.No. 080475)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>514.57</b>	456.10
<b>ADJUSTMENTS FOR:</b>		
• DEPRECIATION AND AMORTIZATION	<b>32.32</b>	26.48
• LOSS/(PROFIT) ON SALE OF ASSETS (NET)	<b>(0.10)</b>	(0.07)
• INTEREST FROM FDs/OTHERS	<b>(128.00)</b>	(98.34)
• INCOME FROM INVESTMENTS	<b>(1.28)</b>	(2.75)
• INCOME FROM INVESTMENT PROPERTIES	<b>(0.99)</b>	(0.99)
• FIXED ASSETS WRITTEN OFF	<b>0.03</b>	-
• PROVISION FOR DOUBTFUL DEBTS, ADVANCES ETC.	<b>5.24</b>	(18.32)
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>	<b>(49.79)</b>	(4.61)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>372.00</b>	357.50
<b>CHANGE IN WORKING CAPITAL:</b>		
<b>ADJUSTMENTS FOR (INCREASE)/DECREASE IN OPERATING ASSETS:</b>		
• INVENTORIES	<b>(4.75)</b>	10.83
• WORKS IN PROGRESS	<b>1.01</b>	2.86
• TRADE RECEIVABLES	<b>(159.09)</b>	(56.50)
• LOANS AND ADVANCES AND OTHER ASSETS	<b>(154.08)</b>	28.33
<b>ADJUSTMENTS FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES:</b>		
• TRADE PAYABLES	<b>3.30</b>	(21.25)
• OTHER LIABILITIES AND PROVISIONS	<b>499.89</b>	(279.25)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>558.28</b>	42.52
• INCOME TAX PAID	<b>(185.21)</b>	(139.18)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>373.07</b>	(96.66)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
• PURCHASE/CONSTRUCTION OF FIXED ASSETS	<b>(57.65)</b>	(85.47)
• PROCEEDS FROM SALE OF FIXED ASSETS	<b>0.18</b>	5.64
• INVESTMENTS IN SHARES, BONDS ETC.	<b>(37.57)</b>	(6.63)
• LOANS TO RELATED PARTIES	<b>96.22</b>	(14.50)
• DEPOSITS AND INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS	<b>(479.46)</b>	314.07
• INTEREST INCOME	<b>128.00</b>	98.34
• INCOME FROM INVESTMENTS	<b>1.28</b>	2.75

(₹ in Crore)

PARTICULARS	YEAR	YEAR
	ENDED	ENDED
	31.03.2016	31.03.2015
• INCOME FROM INVESTMENT PROPERTIES	0.99	0.99
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(348.01)</b>	315.19
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
• DIVIDEND PAID	(77.00)	(53.00)
• DIVIDEND TAX PAID	(15.67)	(9.91)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(92.67)</b>	(62.91)
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH &amp; CASH EQUIVALENTS</b>	<b>49.79</b>	4.61
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17.82)</b>	160.23
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>441.56</b>	281.33
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>423.74</b>	441.56

**RECONCILIATION OF CASH AND CASH EQUIVALENTS**

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR	YEAR
		ENDED	ENDED
		31.03.2016	31.03.2015
CASH AND CASH EQUIVALENTS-OWNED FUND	2.18.1	236.62	249.02
CASH AND CASH EQUIVALENTS-CLIENTS FUND	2.19.1	190.35	199.36
ADD : INTEREST ACCRUED ON BANK DEPOSITS HAVING MATURITY WITHIN 3 MONTHS FROM ACQUISITIONS' DATE	2.21	0.35	18.52
LESS : BANK BOOK OVERDRAFT-CLIENTS FUND	2.06	(3.58)	(25.34)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>423.74</b>	441.56

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

For and on behalf of the Board

  
Ajay Kumar Gaur  
Director Finance  
and  
Chief Finance Officer

  
Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer

  
P.T. Mittal  
Company Secretary  
& GM (Legal)

As per our report of even date attached  
For Agiwal & Associates, Chartered Accountants (FRN :000181N)

Place : Delhi  
Dated : 26th July, 2016

  
P.C. Agiwal, Partner (M.No. 080475)

# 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, 2013. 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. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

### 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 in the Statement of Profit & Loss.

#### 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 the Statement of Profit & Loss.

#### 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 is treated as a part of work-in-progress on cost basis.

### 1.4 TANGIBLE FIXED AND INTANGIBLE ASSETS

- (a) Tangible Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any.
- (b) Incidental expenditure during construction period including interest charges incurred upto the date of completion, net of interest recovered on mobilisation advance, are capitalised.

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

#### 1.4.1 Depreciation and Amortization

- (a) Depreciation and amortization on tangible fixed assets and intangible assets are provided on straight line method over the estimated useful life determined by management. The useful lives of assets are as prescribed in part C of schedule II of the Companies Act, 2013 except assets indicated in sub paragraphs from (d) to (h) below. 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	10.00
ii) Fixture	5	20.00
iii) Office Equipment	5	20.00
iv) Mobile Hand Set	3	33.33
v) Coolers & Air Conditioners	7	14.29
vi) Air Conditioning Plant	15	6.67
vii) Computer Hardware	3	33.33
viii) Server & Networks	6	16.67
ix) Survey and Equipments	10	10.00
x) Vehicles	8	12.50
xi) Buildings on Freehold Land	60	1.67
xii) Locomotives-New	15	6.67
xiii) Locomotives-In-Service	10	10.00
xiv) Coaches-New	15	6.67
xv) Coaches-In-Service	10	10.00
xvi) Intangible Assets	4	25.00

- (c) Any addition or extension, which becomes an integral part of the existing asset, is depreciated over the remaining useful life of that asset.
- (d) In respect of BOT assets, depreciation is charged over the period of project or the life stated above which ever is lower.
- (e) Lease hold land is amortized over the lease term.
- (f) 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.
- (g) As per company's assessment, Fixtures, Mobile Hand Set, Coolers & Air Conditioners and In-Service Locomotives & Coaches (refurbished) have lower useful lives than prescribed in part C of schedule II of the Companies Act, 2013. Therefore depreciation is charged at higher rate than prescribed under the Companies Act, 2013.
- (h) 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.
- (i) A nominal value of ₹ 1/- is assigned to the fully depreciated assets other than assets specified at (h) above.

#### 1.4.2 Capital Work in Progress

Assets which are not ready for their intended use 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 in the Statement of Profit & Loss.
- (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 the Statement of Profit & Loss 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 EMPLOYEE BENEFITS

### 1.8.1 Defined Contribution

#### 1.8.1.1 Provident Fund / Pension Scheme / Post Retiral Medical Schemes

Defined contributions towards provident fund, pension under EPFO, superannuation pension fund and post retiral medical schemes are charged to the Statement of Profit & Loss based on contributions made in terms of applicable schemes on accrual basis.

### 1.8.2 Defined Benefits

#### 1.8.2.1 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 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 the Statement of Profit & Loss.

#### 1.8.2.2 Other Benefits

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

1.8.3 Ex-gratia payments on death are recognized on payment basis in the Statement of Profit & Loss.

### 1.8.4 Terminal Benefits to Contract Employees

Leave Encashment and Contract Completion Benefits are provided on accrual basis in the Statement of Profit & Loss.

## 1.9 RESEARCH & DEVELOPMENT

Revenue expenditure incurred/paid during the year on research is charged to the Statement of Profit & Loss. Development costs of product are also charged to the Statement of Profit & Loss 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 and intangible assets.

## 1.10 TAXES

Taxes including current income tax are computed using the applicable tax rates and tax laws. Liability for additional taxes, if any, is provided/paid as and when assessments are completed.

### 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 the Statement of Profit & Loss.

### 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.

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 the Statement of Profit & Loss 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 and such losses either no longer exists or has decreased. Reversal of impaired loss is recognized in the Statement of Profit & Loss.

#### **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, 2016

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.

### 2.01 SHARE CAPITAL

(₹ in Crore)

PARTICULARS	AS AT	AS AT
	31.03.2016	31.03.2015
<b>2.01.1 AUTHORISED</b>		
150,000,000 (PREVIOUS YEAR 150,000,000 ) EQUITY SHARES OF ₹ 10/- EACH	<b>150.00</b>	150.00
<b>2.01.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
100,000,000 (PREVIOUS YEAR 100,000,000) EQUITY SHARES OF ₹ 10/- EACH	<b>100.00</b>	100.00
	<b>100.00</b>	100.00

PARTICULARS	NO. OF SHARES		(₹ in Crore)	
<b>2.01.3 RECONCILIATION OF NUMBER OF EQUITY SHARES</b>				
OPENING BALANCE	<b>100,000,000</b>	<b>100.00</b>	100,000,000	100.00
ADD/(LESS) DURING THE YEAR NIL(PREVIOUS YEAR NIL)	-	-	-	-
CLOSING BALANCE	<b>100,000,000</b>	<b>100.00</b>	100,000,000	100.00

### 2.01.4 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 PROVISIONS OF THE COMPANIES ACT, 2013. 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	AS AT
	31.03.2016	31.03.2015
<b>2.01.5 EQUITY SHARES HELD BY EACH SHAREHOLDER MORE THAN 5% OF SHARES</b>		
PRESIDENT OF INDIA ACTING THROUGH MINISTRY OF RAILWAYS	<b>99,980,000</b> ( 99.98 %)	99,980,000 ( 99.98 %)
<b>2.01.6 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. (BONUS SHARES WERE ISSUED DURING THE YEAR 2012-13)</b>	<b>60,000,000</b>	60,000,000

### 2.02 RESERVES AND SURPLUS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT	AS AT
		31.03.2016	31.03.2015
<b>2.02.1 GENERAL RESERVE</b>			
AS PER LAST BALANCE SHEET		<b>1,528.07</b>	1,296.60
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.02.2	<b>175.23</b>	231.63
LESS: DEPRECIATION (NET OF TAX OF ₹ 0.08 CRORE) IN PREVIOUS YEAR		-	(0.16)
<b>TOTAL</b>		<b>1,703.30</b>	1,528.07

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>2.02.2 PROFIT AFTER TAX IN STATEMENT OF PROFIT AND LOSS</b>		<b>338.92</b>	306.14
<b>APPROPRIATIONS:</b>			
DIVIDEND			
• INTERIM*		45.00	30.00
• FINAL (PROPOSED)*		91.00	32.00
• TAX ON DIVIDEND		27.69	12.51
TRANSFER TO GENERAL RESERVE	2.02.1	175.23	231.63
<b>TOTAL</b>		<b>338.92</b>	306.14
* DIVIDEND PAID AND PROPOSED PER SHARE		₹13.60	₹6.20
NUMBER OF SHARES USED IN COMPUTING DIVIDEND PER SHARE		100,000,000	100,000,000

**2.03 OTHER LONG TERM LIABILITIES**

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
CLIENTS ADVANCES	2.07	6.41
SECURITY DEPOSITS	99.62	82.21
SUNDRY CREDITORS	0.66	2.67
<b>TOTAL</b>	<b>102.35</b>	91.29

**2.04 LONG TERM PROVISIONS**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
EMPLOYEE BENEFITS		89.89	94.62
WARRANTIES	2.38	10.95	10.08
<b>TOTAL</b>		<b>100.84</b>	104.70

**2.05 TRADE PAYABLES**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>CREDITORS FOR SUPPLIES AND SERVICES</b>			
MICRO, SMALL AND MEDIUM ENTERPRISES	2.42	0.74	0.03
OTHER THAN MICRO, SMALL AND MEDIUM ENTERPRISES		83.24	80.65
<b>TOTAL</b>		<b>83.98</b>	80.68

**2.06 OTHER CURRENT LIABILITIES**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
CLIENTS ADVANCES		1,829.52	1,386.73
SECURITY DEPOSITS		58.74	67.64
FOREIGN SERVICE CONTRIBUTION		1.93	1.87
SALARY PAYABLES		50.30	40.03
BOOK OVERDRAFT-CLIENTS FUND*	2.19.4	3.58	25.34
STATUTORY LIABILITIES		18.36	6.97
STAFF & OTHER CLAIMS		4.97	6.35
SUNDRY CREDITORS		22.81	5.61
<b>TOTAL</b>		<b>1,990.21</b>	1,540.54

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

## 2.07 SHORT TERM PROVISIONS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
PROPOSED DIVIDEND		91.00	32.00
DIVIDEND TAX		18.53	6.51
EMPLOYEE BENEFITS		78.91	55.38
EXCISE DUTY		0.50	0.50
WARRANTIES	2.38	21.77	18.52
COMMITMENTS	2.38	3.43	2.28
<b>TOTAL</b>		<b>214.14</b>	<b>115.19</b>

## 2.08.1 TANGIBLE FIXED ASSETS AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2015	FOR THE YEAR	ADJ DURING THE YEAR	ADJ THROUGH RETAINED EARNING	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
<b>LEASED HOLD</b>													
LAND	2.68	-	-	-	2.68	2.25	0.02	-	-	-	2.27	0.41	0.43
BUILDING	11.66	-	-	-	11.66	4.11	0.36	-	-	-	4.47	7.19	7.55
RESIDENTIAL QUARTERS	11.02	-	-	-	11.02	3.72	0.29	-	-	-	4.01	7.01	7.30
<b>SUB TOTAL</b>	<b>25.36</b>	-	-	-	<b>25.36</b>	<b>10.08</b>	<b>0.67</b>	-	-	-	<b>10.75</b>	<b>14.61</b>	<b>15.28</b>
<b>OTHERS</b>													
LAND	29.05	-	-	-	29.05	-	-	-	-	-	-	29.05	29.05
BUILDING	40.44	1.31	-	-	41.75	7.25	0.68	-	-	-	7.93	33.82	33.19
RESIDENTIAL QUARTERS*	2.34	-	-	-	2.34	1.35	0.02	-	-	-	1.37	0.97	0.99
SURVEY AND OTHER INSTRUMENTS	14.62	0.12	-	0.38	14.36	10.94	0.68	-	-	0.38	11.24	3.12	3.68
COMPUTER AND EQUIPMENTS	17.08	2.46	-	1.17	18.37	14.24	2.12	-	-	1.15	15.21	3.16	2.84
SERVER & NETWORK	8.30	0.23	-	0.01	8.52	4.28	0.97	-	-	0.01	5.24	3.28	4.02
OFFICE AND OTHER EQUIPMENTS	11.26	1.03	-	0.53	11.76	9.13	1.32	-	-	0.50	9.95	1.81	2.13
AIR-CONDITIONER AND EQUIPMENTS	1.79	0.32	-	0.24	1.87	1.19	0.18	-	-	0.23	1.14	0.73	0.60
AIR CONDITIONER PLANT	12.80	0.83	-	-	13.63	6.88	1.36	-	-	-	8.24	5.39	5.92
FURNITURES	6.17	0.96	-	0.24	6.89	4.04	0.54	-	-	0.21	4.37	2.52	2.13
FIXTURES	7.30	0.24	-	-	7.54	5.90	0.73	-	-	-	6.63	0.91	1.40
VEHICLES	4.28	-	-	0.28	4.00	2.63	0.31	-	-	0.27	2.67	1.33	1.65
VEHICLES ABROAD	0.18	-	-	0.08	0.10	0.18	-	-	-	0.08	0.10	-	-
LOCOMOTIVES NEW **	-	60.30	-	-	60.30	-	2.85	-	-	-	2.85	57.45	-
LOCOMOTIVES IN SERVICE**	150.42	20.01	-	-	170.43	41.20	17.83	-	-	-	59.03	111.40	109.22
COACHES IN SERVICE	7.52	-	-	-	7.52	7.52	-	-	-	-	7.52	-	-
<b>SUB TOTAL</b>	<b>313.55</b>	<b>87.81</b>	-	<b>2.93</b>	<b>398.43</b>	<b>116.73</b>	<b>29.59</b>	-	-	<b>2.83</b>	<b>143.49</b>	<b>254.94</b>	<b>196.82</b>
<b>TOTAL</b>	<b>338.91</b>	<b>87.81</b>	-	<b>2.93</b>	<b>423.79</b>	<b>126.81</b>	<b>30.26</b>	-	-	<b>2.83</b>	<b>154.24</b>	<b>269.55</b>	<b>212.10</b>
PREVIOUS YEAR	313.43	38.84	0.22	13.58	338.91	109.51	24.51	0.56	0.24	8.01	126.81	212.10	

\* 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.

\*\* REFER NOTE NO. 2.34.1.2

## 2.08.2 INTANGIBLE ASSETS AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					AMORTISATION						NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2015	FOR THE YEAR	ADJ DURING THE YEAR	ADJ THROUGH RETAINED EARNING	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
<b>SOFTWARES</b>	<b>12.65</b>	<b>0.34</b>	-	<b>0.03</b>	<b>12.96</b>	<b>7.86</b>	<b>2.02</b>	-	-	<b>0.02</b>	<b>9.86</b>	<b>3.10</b>	<b>4.79</b>
PREVIOUS YEAR	10.73	1.92	-	-	12.65	5.93	1.93	-	-	-	7.86	4.79	

### 2.08.3 CAPITAL WORK IN PROGRESS AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR#	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2015	FOR THE YEAR	ADJ DURING THE YEAR	ADJ THROUGH RETAINED EARNING	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
<b>CAPITAL WORK IN PROGRESS</b>	<b>57.92</b>	<b>51.66</b>	<b>(82.99)</b>	-	<b>26.59</b>	-	-	-	-	-	-	<b>26.59</b>	<b>57.92</b>
PREVIOUS YEAR	12.95	73.73	(28.76)	-	57.92	-	-	-	-	-	-	57.92	

# INCLUDES ₹ 44.03 CRORE (PREVIOUS YEAR ₹ 71.36 CRORE ) ON DEVELOPMENT OF LOCOMOTIVES.

### 2.08.4 INTANGIBLE ASSETS UNDER DEVELOPMENT AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2015	FOR THE YEAR	ADJ DURING THE YEAR	ADJ THROUGH RETAINED EARNING	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
<b>SOFTWARES</b>	<b>0.75</b>	<b>0.83</b>	-	-	<b>1.58</b>	-	-	-	-	-	-	<b>1.58</b>	<b>0.75</b>
PREVIOUS YEAR	0.49	0.26	-	-	0.75	-	-	-	-	-	-	0.75	
<b>GRAND TOTAL FIXED ASSETS</b>	<b>410.23</b>	<b>140.64</b>	<b>(82.99)</b>	<b>2.96</b>	<b>464.92</b>	<b>134.67</b>	<b>32.28</b>	-	-	<b>2.85</b>	<b>164.10</b>	<b>300.82</b>	<b>275.56</b>
PREVIOUS YEAR	337.60	114.75	(28.54)	13.58	410.23	115.44	26.44	0.56	0.24	8.01	134.67	275.56	

### 2.08.5 INVESTMENT PROPERTIES AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2015	FOR THE YEAR	ADJ DURING THE YEAR	ADJ THROUGH RETAINED EARNING	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
<b>LEASEHOLD BUILDING</b>	<b>1.61</b>	-	-	-	<b>1.61</b>	<b>0.28</b>	<b>0.04</b>	-	-	-	<b>0.32</b>	<b>1.29</b>	<b>1.33</b>
PREVIOUS YEAR	1.83	-	(0.22)	-	1.61	0.28	0.04	(0.04)	-	-	0.28	1.33	
<b>2.08.6</b>													
<b>GRAND TOTAL INCLUDING INVESTMENT PROPERTIES</b>	<b>411.84</b>	<b>140.64</b>	<b>(82.99)</b>	<b>2.96</b>	<b>466.53</b>	<b>134.95</b>	<b>32.32</b>	-	-	<b>2.85</b>	<b>164.42</b>	<b>302.11</b>	<b>276.89</b>
PREVIOUS YEAR	339.43	114.75	(28.76)	13.58	411.84	115.72	26.48	0.52	0.24	8.01	134.95	276.89	

### 2.09 NON CURRENT INVESTMENTS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>A) INVESTMENT PROPERTIES</b>			
<b>LEASEHOLD BUILDING</b>	2.08.5	<b>1.29</b>	<b>1.33</b>
<b>B) TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS IN SHARES</b>			
<b>(I) IN FOREIGN COMPANIES</b>			
<b>(a) SUBSIDIARY COMPANIES</b>			
<b>BITES (AFRIKA) (PTY) LTD., BOTSWANA</b>		<b>0.01</b>	<b>0.01</b>
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>
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 COMPANIES</b>			
<b>(I) BITES INFRASTRUCTURE SERVICES LIMITED</b>		<b>0.05</b>	<b>0.05</b>
50,000 (PREVIOUS YEAR 50,000) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, FULLY PAID-UP. LESS: PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT		<b>(0.05)</b>	<b>0.05</b>

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>(II) RAILWAY ENERGY MANAGEMENT COMPANY LIMITED</b>		<b>25.50</b>	15.30
25,500,000 (PREVIOUS YEAR 15,300,000) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, FULLY PAID-UP.			
<b>(b) JOINT VENTURE ENTITY</b>			
<b>SAIL-RITES BENGAL WAGON INDUSTRY PRIVATE LIMITED</b>		<b>22.27</b>	14.90
22,270,000 (PREVIOUS YEAR 14,900,000) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, FULLY PAID-UP.			
<b>(c) OTHER</b>			
<b>GLOBAL PROCUREMENT CONSULTANTS LIMITED</b>		<b>0.04</b>	0.04
32,279 (PREVIOUS YEAR 32,279) EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FULLY PAID-UP (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 LIMITED</b>	2.40	-	-
10(PREVIOUSYEAR10)EQUITYSHARESOFFACEVALUEOF ₹ 50/- EACH ACQUIRED FOR PURCHASE OF LABORATORY.			
<b>AGGREGATE OF UNQUOTED INVESTMENTS-CARRYING VALUE AT COST</b>		<b>47.82</b>	36.31
<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			
<b>(III) INDIAN RAILWAY FINANCE CORPORATION</b>		<b>25.00</b>	25.00
<b>(10 YEAR SECURED REDEEMABLE 7.55% TAX FREE BONDS)</b>			
2,500 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID (MARKET VALUE ₹ 107102.80 EACH, PREVIOUS YEAR MARKET VALUE ₹ 107102.80 EACH)			
<b>(IV) INDIAN RAILWAY FINANCE CORPORATION *</b>		<b>30.00</b>	30.00
<b>(10 YEAR SECURED REDEEMABLE 7.21% TAX FREE BONDS)</b>			
300 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(V) INDIAN RAILWAY FINANCE CORPORATION *</b>		<b>10.00</b>	10.00
<b>(10 YEAR SECURED REDEEMABLE 7.22% TAX FREE BONDS)</b>			
100 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(VI) INDIAN RAILWAY FINANCE CORPORATION</b>		<b>10.00</b>	10.00
<b>(10 YEAR SECURED REDEEMABLE 7.18% TAX FREE BONDS)</b>			
100,000 BONDS OF FACE VALUE OF ₹ 1,000/- EACH, FULLY PAID (MARKET VALUE ₹ 1072.20 EACH, PREVIOUS YEAR MARKET VALUE ₹ 1085 EACH)			

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>(VII) INDIAN RAILWAY FINANCE CORPORATION *</b>	<b>25.00</b>	25.00
<b>(10 YEAR SECURED REDEEMABLE 8.35% TAX FREE BONDS)</b>		
250 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/-EACH, FULLY PAID		
<b>(VIII) INDIAN RAILWAY FINANCE CORPORATION *</b>	<b>20.00</b>	-
<b>(10 YEAR SECURED REDEEMABLE 7.19% TAX FREE BONDS)</b>		
200 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/-EACH, FULLY PAID		
<b>AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST</b>	<b>220.00</b>	200.00
<b>TOTAL</b>	<b>269.11</b>	237.64

\* BONDS' MARKET VALUES AS ON 31.03.2016 AND 31.03.2015 ARE NOT AVAILABLE AS THESE BONDS ARE NOT FREQUENTLY TRADED.

## 2.10 DEFERRED TAX ASSETS (NET)

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
DEPRECIATION ON FIXED ASSETS	<b>(11.78)</b>	(10.13)
PROVISION FOR DOUBTFUL DEBTS, SECURITY DEPOSITS/EMD, ADVANCES ETC.	<b>20.53</b>	20.75
LEAVE ENCASHMENT AND OTHER PROVISIONS	<b>20.25</b>	35.51
<b>TOTAL</b>	<b>29.00</b>	46.13
<b>CHARGED TO STATEMENT OF PROFIT &amp; LOSS</b>	<b>(17.13)</b>	(13.65)
TAX EFFECT ON DEPRECIATION ADJUSTED FROM GENERAL RESERVE	-	0.08
<b>INCREASE/ (DECREASE) IN DEFERRED TAX ASSET (NET)</b>	<b>(17.13)</b>	(13.57)

## 2.11 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>(SECURED, CONSIDERED GOOD)</b>		
STAFF ADVANCES	<b>6.04</b>	4.16
<b>(UNSECURED, CONSIDERED GOOD)</b>		
LOANS TO CCFB, MOZAMBIQUE (RELATED PARTY)*	-	90.85
STAFF ADVANCES	<b>1.48</b>	4.18
SECURITY DEPOSITS	<b>1.54</b>	1.11
ADVANCE INCOME TAX (NET OF PROVISION)	<b>66.93</b>	77.28
PREPAID EXPENSES	<b>1.21</b>	0.88
<b>TOTAL</b>	<b>77.20</b>	178.46

\*SHAREHOLDERS LOAN, LOAN IN LIEU OF EQUITY AND LOAN TO MEET ARBITRATION EXPENSES.

## 2.12 OTHER NON CURRENT ASSETS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:			
• BANK DEPOSITS		<b>1.21</b>	2.92
• LOANS TO CCFB, MOZAMBIQUE (RELATED PARTY)		-	6.45
• OTHER LOANS AND ADVANCES		<b>6.03</b>	5.56



(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
RETENTION MONEY		11.03	7.27
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	2.18.3	107.57	104.02
GOVT. OF MOZAMBIQUE RECEIVABLES		47.40	-
<b>TOTAL</b>		<b>173.24</b>	<b>126.22</b>

**2.13 OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE:			
• CLIENTS DEPOSITS	2.19.3	28.66	54.95
<b>TOTAL</b>		<b>28.66</b>	<b>54.95</b>

**2.14 CURRENT INVESTMENTS**

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>TRADE (UNQUOTED)-AT COST, INVESTMENT IN SHARES IN FOREIGN COMPANY JOINT VENTURE ENTITY</b>		
<b>COMPANHIA DOS CAMINHOS DE FERRO DA BEIRA, SA (CCFB), MOZAMBIQUE</b>	6.01	-
1,300,000 (PREVIOUS YEAR 1,300,000) EQUITY SHARES OF FACE VALUE OF US\$ 1/- EACH, FULLY PAID-UP.		
<b>AGGREGATE OF UNQUOTED INVESTMENT-CARRYING VALUE AT COST</b>	<b>6.01</b>	<b>-</b>

**2.15 INVENTORIES**

(AT THE LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
(AS CERTIFIED BY MANAGEMENT)		
STORES & SPARES	2.11	0.24
FINISHED GOODS*	9.30	6.42
<b>TOTAL</b>	<b>11.41</b>	<b>6.66</b>

\* Includes inventory of ₹ 5.74 crore (previous year ₹ 4.50 crore) lying with third parties

**2.16 WORK IN PROGRESS (AT COST)**

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
CONSULTANCY PROJECTS	37.21	38.08
CONSTRUCTION PROJECTS	-	0.14
<b>TOTAL</b>	<b>37.21</b>	<b>38.22</b>

## 2.17 TRADE RECEIVABLES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>TRADE RECEIVABLES (UNSECURED):</b>		
FOR A PERIOD EXCEEDING SIX MONTHS		
• CONSIDERED GOOD	167.26	106.38
• CONSIDERED DOUBTFUL	41.74	45.60
LESS: PROVISION FOR DOUBTFUL DEBTS	<u>(41.74)</u>	<u>(45.60)</u>
OTHERS		
• CONSIDERED GOOD	366.60	264.50
<b>TOTAL</b>	<u>533.86</u>	<u>370.88</u>

## 2.18 CASH AND BANK BALANCES-OWNED FUND

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>SHOWN UNDER CURRENT ASSETS :</b>		
<b>2.18.1 CASH &amp; CASH EQUIVALENTS</b>		
CHEQUES IN HAND	0.18	0.22
BANK BALANCES IN :		
• CURRENT ACCOUNTS	125.62	9.36
• DEPOSITS #	<u>110.82</u>	<u>239.44</u>
	<b>236.62</b>	<b>248.80</b>
		<b>249.02</b>
<b>2.18.2 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ##	<u>453.21</u>	<u>448.10</u>
<b>TOTAL</b>	<u>689.83</u>	<u>697.12</u>
<b>SHOWN UNDER NON CURRENT ASSETS :</b>		
<b>2.18.3 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ###	NOTE NO. 2.12	
	<u>107.57</u>	<u>104.02</u>
<b>TOTAL CASH &amp; BANK BALANCES-OWNED FUND*</b>	<u>797.40</u>	<u>801.14</u>
(I) # HAVING MATURITY WITHIN 3 MONTHS 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) #### BOOK OVERDRAFT DUE TO ISSUANCE OF CHEQUES, WHICH WILL BE CLEARED AGAINST TERM DEPOSITS AVAILABLE IN BANKS.		
(V) * INCLUDES MARGIN MONEY AGAINST GUARANTEES ISSUED BY BANKS.	6.49	7.29

## 2.19 CASH AND BANK BALANCES-CLIENTS FUND

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>SHOWN UNDER CURRENT ASSETS :</b>		
<b>2.19.1 CASH &amp; CASH EQUIVALENTS</b>		
BANK BALANCES IN :		
• CURRENT ACCOUNTS	6.46	33.66
• DEPOSITS #	<u>183.89</u>	<u>165.70</u>
	<b>190.35</b>	<b>199.36</b>
<b>2.19.2 OTHER BANK BALANCES IN :</b>		
• DEPOSITS ##	<u>1,627.98</u>	<u>1139.08</u>
<b>TOTAL</b>	<u>1,818.33</u>	<u>1,338.44</u>

(₹ in Crore)

PARTICULARS		AS AT 31.03.2016	AS AT 31.03.2015
<b>SHOWN UNDER NON CURRENT ASSETS :</b>			
<b>2.19.3 OTHER BANK BALANCES IN :</b>			
• DEPOSITS ###	NOTE NO. 2.13	<u>28.66</u>	<u>54.95</u>
<b>SHOWN UNDER OTHER CURRENT LIABILITIES :</b>			
<b>2.19.4 BOOK OVERDRAFT ####</b>	NOTE NO. 2.06	<u>(3.58)</u>	<u>(25.34)</u>
<b>TOTAL CASH &amp; BANK BALANCES-CLIENTS FUND</b>		<u><b>1,843.41</b></u>	<u><b>1,368.05</b></u>

(I) # HAVING MATURITY WITHIN 3 MONTHS 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) #### BOOK OVERDRAFT DUE TO ISSUANCE OF CHEQUES, WHICH WILL BE CLEARED AGAINST TERM DEPOSITS CLIENTS FUND AVAILABLE IN BANKS.

**2.20 SHORT TERM LOAN & ADVANCES**

(₹ in Crore)

PARTICULARS		AS AT 31.03.2016	AS AT 31.03.2015
<b>(SECURED, CONSIDERED GOOD)</b>			
STAFF ADVANCES		<u>3.46</u>	<u>1.74</u>
<b>(UNSECURED, CONSIDERED GOOD)</b>			
LOANS TO JV (RELATED PARTY) FOR WORKING CAPITAL REQUIREMENTS		<u>1.73</u>	<u>7.10</u>
STAFF ADVANCES		<u>1.27</u>	<u>2.57</u>
ADVANCES TO RELATED PARTIES		<u>24.93</u>	<u>20.05</u>
OTHER ADVANCES		<u>79.37</u>	<u>26.37</u>
LESS: PROVISION FOR DOUBTFUL ADVANCES		<u>(0.38)</u>	<u>(0.39)</u>
SECURITY DEPOSITS		<u>4.39</u>	<u>3.30</u>
LESS: PROVISION FOR DOUBTFUL EMD/SD		<u>(0.76)</u>	<u>(0.70)</u>
INCOME TAX RECEIVABLES		<u>38.66</u>	<u>1.62</u>
PREPAID EXPENSES		<u>3.37</u>	<u>2.01</u>
<b>TOTAL</b>		<u><b>156.04</b></u>	<u><b>63.67</b></u>

**2.21 OTHER CURRENT ASSETS**

(₹ in Crore)

PARTICULARS		AS AT 31.03.2016	AS AT 31.03.2015
GOVT. OF TANZANIA RECEIVABLES (REFER NOTE NO.2.45)		<u>60.09</u>	<u>56.65</u>
AMOUNT RECOVERABLES		<u>24.86</u>	<u>23.07</u>
LESS: PROVISION FOR DOUBTFUL RECOVERABLES		<u>(16.43)</u>	<u>(14.37)</u>
<b>INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:</b>			
• BANK DEPOSITS HAVING MATURITY:			
• WITHIN 3 MONTHS FROM THE DATE OF ACQUISITION		<u>0.35</u>	<u>18.52</u>

(₹ in Crore)

PARTICULARS		AS AT 31.03.2016	AS AT 31.03.2015
• OVER 3 MONTHS FROM THE DATE OF ACQUISITION AND UPTO 12 MONTHS FROM REPORTING DATE		41.33	25.14
• BONDS		8.36	8.23
• LOANS TO SRBWIPL (RELATED PARTY)		0.31	0.07
• OTHER LOANS AND ADVANCES		0.71	1.00
RETENTION MONEY		7.53	8.21
GOVT. OF MOZAMBIQUE RECEIVABLES		36.99	-
<b>TOTAL</b>		<b>164.10</b>	<b>126.52</b>

**2.22 REVENUE FROM OPERATIONS**

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>SALE OF SERVICES</b>			
CONSULTANCY FEE (GROSS)	2.44.5	713.89	661.82
LESS: SERVICE TAX		(85.91)	(69.73)
CONSULTANCY FEE (NET)		627.98	592.09
QUALITY ASSURANCE (GROSS)		153.72	128.34
LESS: SERVICE TAX		(18.42)	(13.82)
QUALITY ASSURANCE (NET)		135.30	114.52
LEASE SERVICES (GROSS)	2.44.5	107.87	74.86
LESS: SERVICE TAX		(9.09)	(5.56)
LEASE SERVICES (NET)		98.78	69.30
		862.06	775.91
<b>SALE OF PRODUCTS</b>			
EXPORT SALES		185.94	149.23
<b>OTHERS</b>			
TURNKEY CONSTRUCTION PROJECTS		38.56	90.03
<b>TOTAL</b>		<b>1,086.56</b>	<b>1,015.17</b>

**2.23 OTHER INCOME**

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>INTEREST EARNED ON:</b>			
• DEPOSITS WITH BANKS		81.14	82.83
• TAX FREE BONDS		14.85	13.89
• STAFF ADVANCES		1.30	1.32
• LOAN TO SRBWIPL (RELATED PARTY)		0.26	0.30
• LOAN TO CCFB (RELATED PARTY)	2.44.5	30.45	-
• OTHERS		-	1.02
		128.00	99.36

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
PROVISION NO LONGER REQUIRED		21.47	30.98
PROFIT ON SALE OF FIXED ASSETS		0.12	0.08
DIVIDEND FROM:			
• RITES (AFRIKA) (RELATED PARTY)	2.33.3	0.03	-
• TRADE NON CURRENT INVESTMENTS		-	0.01
• TRADE CURRENT INVESTMENTS		1.25	2.74
EXPORT INCENTIVES		0.06	8.59
RENT FROM INVESTMENT PROPERTIES		0.99	0.99
EXCHANGE VARIATION	2.44.5	49.79	4.61
MISCELLANEOUS INCOME		5.48	3.49
<b>TOTAL</b>		<b>207.19</b>	<b>150.85</b>
<b>2.24 EMPLOYEE BENEFIT EXPENSES</b>			

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
SALARIES-DOMESTIC		210.34	194.33
SALARIES-ABROAD		3.44	5.18
SALARIES CONTRACT EMPLOYEES		25.21	28.06
FOREIGN SERVICE CONTRIBUTION	2.47	2.07	3.14
CONTRIBUTION TO PROVIDENT FUND & OTHER FUNDS		18.55	17.71
GRATUITY		5.87	0.89
POST RETIRAL BENEFITS (PENSION/MEDICAL)		22.72	18.87
STAFF WELFARE EXPENSES		19.70	16.97
LEAVE TRAVEL CONCESSION		-	0.19
PERFORMANCE RELATED PAYMENT		16.00	20.00
LEAVE ENCASHMENT		17.11	24.25
<b>TOTAL</b>		<b>341.01</b>	<b>329.59</b>

**2.25 COST OF EXPORT SALES**

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
COST OF TRADED GOODS		137.95	77.35
CONSUMABLES		2.87	0.09
FREIGHT & FORWARDING		2.40	0.33
INSURANCE		0.10	0.01
FEES FOR SERVICES OBTAINED		7.57	5.76
PROVISION FOR WARRANTIES	2.38	8.74	6.68
<b>TOTAL</b>		<b>159.63</b>	<b>90.22</b>

## 2.26 COST OF TURNKEY CONSTRUCTION PROJECTS

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
SUPPLIES & SERVICES	35.21	82.95
(INCREASE)/DECREASE IN WORK IN PROGRESS	0.14	0.71
<b>TOTAL</b>	<b>35.35</b>	<b>83.66</b>

## 2.27 OTHER EXPENSES

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
PRINTING, STATIONERY AND DOCUMENTATION		4.10	3.68
BUSINESS PROMOTION		1.77	1.79
AUDITORS' REMUNERATION	2.28.1	0.15	0.15
AUDITORS' OUT OF POCKET EXPENSES	2.28.1	0.02	0.03
RATES & TAXES		1.15	3.62
OFFICE RENT		4.96	4.02
POSTAGE & TELECOMMUNICATION		4.09	4.06
OFFICE MAINTENANCE		7.83	7.52
REPAIRS TO MACHINERY/EQUIPMENTS		0.86	0.84
REPAIRS TO BUILDING		0.05	0.39
POWER AND FUEL CHARGES		4.62	3.66
STORES AND SPARES CONSUMED-LEASED	2.28.2	2.18	2.54
STORES AND SPARES CONSUMED-OTHERS	2.28.3	1.85	1.41
BOOKS AND PERIODICALS		0.16	0.19
INTERNAL AUDIT FEE		0.12	0.17
ADVERTISEMENT AND PUBLICITY		2.94	1.98
SUBSCRIPTION AND MEMBERSHIP FEE		0.63	0.59
LEGAL AND PROFESSIONAL FEE		1.51	1.41
INSURANCE CHARGES		1.38	1.85
BANK CHARGES		1.17	1.53
BAD DEBTS		1.17	3.04
FIXED ASSETS WRITTEN OFF		0.03	-
VEHICLE RUNNING AND MAINTENANCE		1.01	1.08
MANPOWER DEVELOPMENT		1.08	0.82
LOSS ON SALE OF FIXED ASSETS		0.02	0.01
PROVISION FOR:			
• DOUBTFUL DEBTS, ADVANCES, SECURITY DEPOSITS ETC.		16.35	4.38
• COMMITMENTS	2.38	1.57	1.60
• DIMINUTION IN VALUE OF INVESTMENT		0.05	-
DIRECTORS' SITTING FEE		-	0.01
CORPORATE SOCIAL RESPONSIBILITY	2.39	8.28	7.90
RESEARCH AND DEVELOPMENT		0.12	-
MISCELLANEOUS EXPENSES (COST OF TENDER DOCUMENTS, VISA CHARGES, ETC.)		5.19	4.54
<b>TOTAL</b>		<b>76.41</b>	<b>64.81</b>

## 2.28.1 AUDITORS' REMUNERATION

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>(A) STATUTORY AUDITORS</b>		
STATUTORY AUDIT FEE	0.04	0.04
TAX AUDIT FEE	0.02	0.02
LIMITED REVIEW AUDIT AND CONSOLIDATION FEE	0.03	0.03
OTHER SERVICES, i.e. CERTIFICATION ETC.	0.01	0.01
<b>SUB TOTAL (A)</b>	<b>0.10</b>	<b>0.10</b>
<b>(B) BRANCH AUDITORS</b>		
STATUTORY AUDIT FEE	0.02	0.02
TAX AUDIT FEE	0.01	0.01
LIMITED REVIEW AUDIT FEE	0.02	0.02
<b>SUB TOTAL (B)</b>	<b>0.05</b>	<b>0.05</b>
<b>AUDITORS' REMUNERATION (A+B)</b>	<b>0.15</b>	<b>0.15</b>
AUDITORS' OUT OF POCKET EXPENSES	0.02	0.03

## 2.28.2 STORES AND SPARES CONSUMED-LEASED

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
STORES AND SPARES CONSUMED	1.11	2.30
CONSUMABLES	0.75	-
FREIGHT & FORWARDING INWARD	0.26	0.22
OTHER PROCUREMENT EXPENSES	0.06	0.02
<b>TOTAL</b>	<b>2.18</b>	<b>2.54</b>

## 2.28.3 STORES AND SPARES CONSUMED-OTHERS

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
CONSUMABLES	1.68	1.28
FREIGHT & FORWARDING INWARD	0.17	0.13
<b>TOTAL</b>	<b>1.85</b>	<b>1.41</b>

## 2.29 PRIOR PERIOD ADJUSTMENTS (NET)

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
FEES	0.05	(0.04)
OTHER (INCOME)/EXPENSES	0.09	2.12
EMPLOYEES' COST	0.03	-
SUPPLIES & SERVICES	2.06	2.15
<b>TOTAL</b>	<b>2.23</b>	<b>4.23</b>

## DISCLOSURES AS PER ACCOUNTING STANDARDS:

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

(₹ in Crore)

S. No.	Particulars	Year Ended	
		31.03.2016	31.03.2015
1.	Contract revenue recognized during the year	<b>38.56</b>	90.03
2.	Aggregate amount of Costs incurred upto reporting date	<b>328.98</b>	290.76
3.	Recognized profits upto reporting date	<b>13.28</b>	12.94
4.	Amount of advances received	<b>28.57</b>	10.96
5.	Gross amount due from customers for the contract work presented as an asset	-	0.14

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

2.31.1 Reconciliation of Opening & Closing Balances of the present value of the defined benefits plan obligation unfunded i.e. Leave Encashment, LTC, Medical Leave and the effects during the period attributable to each is as follows:

(₹ in Crore)

Particulars	Leave Encashment		LTC		Medical Leave	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Opening Balance	<b>59.30</b>	54.95	<b>1.34</b>	1.22	<b>39.42</b>	33.85
Interest Cost	<b>4.74</b>	4.39	<b>0.11</b>	0.10	<b>3.15</b>	2.71
Current Service Cost	<b>3.84</b>	5.19	<b>0.09</b>	0.22	<b>2.56</b>	2.61
Benefit paid	<b>(14.61)</b>	(13.84)	<b>(0.05)</b>	(0.07)	<b>(1.41)</b>	(0.49)
Actuarial (Gain)/Loss on obligation	<b>(0.39)</b>	8.61	<b>(1.34)</b>	(0.13)	<b>3.21</b>	0.74
Closing Balance	<b>52.88</b>	59.30	<b>0.15</b>	1.34	<b>46.93</b>	39.42

2.31.2 Total expenses recognized in the Statement of Profit & Loss are as follows:

(₹ in Crore)

Particulars	Leave Encashment		LTC		Medical Leave	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Current Service Cost	<b>3.84</b>	5.19	<b>0.09</b>	0.22	<b>2.56</b>	2.61
Interest Cost	<b>4.74</b>	4.39	<b>0.11</b>	0.10	<b>3.15</b>	2.71
Net actuarial (Gain)/Loss recognized during the year	<b>(0.39)</b>	8.61	<b>(1.34)</b>	(0.13)	<b>3.21</b>	0.74
Expenses recognized in the statement of Profit & Loss	<b>8.19</b>	18.19	<b>(1.14)</b>	0.19	<b>8.92</b>	6.06

2.31.3 Net present values of long service award (unfunded) for regular employees and Gratuity (unfunded) for contract employees as on 31.03.2016 are ₹ 1.55 crore (previous year ₹ 1.58 crore) and ₹ 1.65 crore (previous year Nil) respectively.

2.31.4 The principal actuarial assumptions used at the Balance Sheet date are as follows:

Particulars	Leave Encashment		LTC		Medical Leave		Long Service Award		Gratuity	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Discount rate (%)	<b>7.83%</b>	8%	<b>7.83%</b>	8%	<b>7.83%</b>	8%	<b>7.83%</b>	8%	<b>7.83%</b>	-
Future salary increase (%)	<b>8%</b>	8%	<b>8%</b>	8%	<b>8%</b>	8%	-	-	<b>4%</b>	-

2.31.5 Gratuity-Defined Benefits Plan wholly funded

2.31.5.1 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 details are as under:-



**2.31.5.2** Changes in Present Value of the Benefit Obligation are as follows:

(₹ in Crore)

Particulars	31.03.16	31.03.15
Present Value of obligation as at beginning of year	74.87	70.76
Interest Cost	5.99	5.66
Current Service Cost	4.85	4.63
Benefits paid	(6.84)	(3.19)
Actuarial (Gain)/Loss on obligation	1.10	(2.99)
Present Value of Obligation as at end of year	79.97	74.87

**2.31.5.3** Changes in the Fair Value of Plan Assets are as follows:

(₹ in Crore)

Particulars	31.03.16	31.03.15
Fair Value of Plan Assets at beginning of year	74.74	71.52
Expected Return on Plan Assets	6.29	6.51
Contributions	0.13	-
Benefits Paid	(6.84)	(3.19)
Actuarial Gain / (Loss) on Plan Assets	(0.22)	(0.10)
Fair value of Plan Assets at the end of year	74.10	74.74

**2.31.5.4** The amount recognized in the Balance Sheet is as follows:

(₹ in Crore)

Particulars	31.03.16	31.03.15
Present Value of obligation as at end of year	79.97	74.87
Fair value of Plan Assets at the end of year	74.10	74.74
Funded Status / difference	(5.87)	(0.13)
Net Asset/(Liability) recognized in Balance Sheet	(5.87)	(0.13)

**2.31.5.5** Expenses recognized in the Statement of Profit & Loss are as follows:

(₹ in Crore)

Particulars	31.03.16	31.03.15
Current Service Cost	4.85	4.63
Interest Cost	5.99	5.66
Expected Return on Plan Assets	(6.29)	(6.51)
Net actuarial (Gain)/Loss	1.32	(2.89)
Expenses recognized in Statement of Profit & Loss	5.87	0.89

**2.31.5.6** The principal actuarial assumptions are as follows:

Particulars	31.03.16	31.03.15
Discounting rate (%)	7.83%	8%
Future salary increase (%)	8%	8%
Expected Return on Assets	8.45%	9.10%

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

**2.32 Segment Reporting**

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

- Consultancy Services
- Turnkey Construction Projects

- Export of rolling stock, equipments and spares
- Leasing of railway rolling stock & equipments

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

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

2.32.3 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.

2.32.4 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.

2.32.5 **Business Segment:**

(₹ in Crore)

Description	Year Ended	
	31.03.2016	31.03.2015
<b>REVENUE</b>		
Consultancy Services		
• Domestic	749.70	686.09
• Abroad	13.58	20.52
Export Sale	185.94	149.23
Leasing		
• Domestic	64.14	45.00
• Abroad	34.64	24.30
Turnkey Construction Projects-Domestic	38.56	90.03
<b>Total Income from Operations (A)</b>	<b>1,086.56</b>	<b>1,015.17</b>
<b>IDENTIFIABLE OPERATING EXPENSES</b>		
Consultancy Services		
• Domestic	446.08	410.55
• Abroad	9.61	8.06
Export	167.50	98.53
Leasing		
• Domestic	29.03	21.07
• Abroad	11.98	14.59
Turnkey Construction Projects-Domestic	38.22	87.10
<b>Total Operating Expenses (B)</b>	<b>702.42</b>	<b>639.90</b>
<b>SEGMENTAL PROFIT FROM OPERATIONS</b>		
Consultancy Services		
• Domestic	303.62	275.54
• Abroad	3.97	12.46
Export	18.44	50.70
Leasing		
• Domestic	35.11	23.93
• Abroad	22.66	9.71
Turnkey Construction Projects-Domestic	0.34	2.93
<b>Operating Profit (A-B)</b>	<b>384.14</b>	<b>375.27</b>
Add: Income from Investments/ Deposits*	97.27	99.47
Add: Other Income **	109.92	51.38
Less: Un-allocable Expenses	76.76	70.02
<b>Net Profit Before Tax</b>	<b>514.57</b>	<b>456.10</b>
Less: Income Tax (including Deferred Tax)	175.65	149.96
<b>Net Profit After Tax</b>	<b>338.92</b>	<b>306.14</b>

### 2.32.6 Other Information

(₹ in Crore)

Description	Year Ended	
	31.03.2016	31.03.2015
Fixed Assets (Net) excluding Work in Progress ***	272.65	216.89
Current Assets, Loans & Advances	3,416.79	2,641.51
Current Liabilities, Provisions & Loans	2,288.33	1,736.41
Capital Employed ***	1,401.11	1,121.99

### 2.32.7 Geographical Segment (Secondary Segment)

(₹ in Crore)

Description	Year Ended	
	31.03.2016	31.03.2015
<b>Operating Revenue</b>		
• India	852.40	821.12
• Abroad	234.16	194.05
<b>Total</b>	<b>1,086.56</b>	<b>1,015.17</b>
<b>Operating Expenditure</b>		
• India	513.33	518.72
• Abroad	189.09	121.18
<b>Total</b>	<b>702.42</b>	<b>639.90</b>
<b>Operating Profit</b>		
• India	339.07	302.40
• Abroad	45.07	72.87
<b>Total</b>	<b>384.14</b>	<b>375.27</b>

\* Income from investment/deposits includes interest on bank deposits & bonds, dividend on trade current & non-current investment etc.

\*\* Other income includes interest on staff advance, interest on loans, interest on income tax refund, provision no longer required, profit on sale of assets, export incentives, rent from investment properties, exchange variation etc.

\*\*\* 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.

### 2.33 Related Party Disclosures

#### 2.33.1 Relationship

Nature of relationship	Name of party
Joint Ventures	1. M/s RICON - Established in India.
	2. M/s Companhia dos Caminhos de Ferro da Beira, SA, (CCFB) - Established in Mozambique.
	3. M/s SAIL-RITES Bengal Wagon Industry Private Ltd. - Established in India.
	4. M/s Geoconsult ZT GmbH – RITES - Established in India.
Subsidiary Companies	1. M/s RITES (Afrika) (Pty) Ltd. (RAPL) - Established in Botswana, Shareholding-100%.
	2. M/s RITES Mohawarean Arabia Co. Ltd. (RMAC) - Established in Saudi Arabia, Shareholding-76%.
	3. M/s RITES Infrastructure Services Ltd. (RISL) - Established in India, Shareholding-100%.
	4. M/s Railway Energy Management Company Ltd. (REMCL) - Established in India, Shareholding-51%.

Directors	1. Shri Rajeev Mehrotra, Chairman & Managing Director 2. Shri Arbind Kumar, Director Projects 3. Shri Ajay Kumar Gaur, Director Finance 4. Shri S.B. Malik, Director Technical 5. Shri Arvind Khare, Director (Upto 30.04.2015) 6. Shri A.P. Dwivedi, Director 7. Shri Ravi Shanker Kochak, Director (From 07.09.2015)
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### 2.33.2 Remuneration to Key Management Personnel:

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Salaries and other employee benefits	<b>1.61</b>	1.25

### 2.33.3 Joint Ventures

(₹ in Crore)

Transactions for the year	CCFB		SAIL-RITES Bengal Wagon Industry Private Ltd.		Geoconsult ZT GmbH- RITES	
	Year Ended		Year Ended		Year Ended	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investments (equity)	-	-	<b>7.37</b>	2.90	-	-
Recoverable/Advances	-	-	<b>0.05</b>	-	-	0.07
Operating Income (Consultancy Fee/Income from Construction Turnkey Projects/Export Sales/Leasing Service)	<b>11.50</b>	-	<b>10.53</b>	22.90	<b>0.92</b>	1.09
Loans	<b>5.92</b>	7.40	<b>2.00</b>	10.00	-	-
Interest on Loans given	<b>30.45</b>	-	<b>0.26</b>	0.30	-	-
Provision write back	<b>6.24</b>	-	-	-	-	-

(₹ in Crore)

Particulars	RICON		CCFB*		SAIL-RITES Bengal Wagon Industry Private Ltd.		Geoconsult ZT GmbH – RITES	
	As on		As on		As on		As on	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investments	-	-	<b>6.01</b>	6.01	<b>22.27</b>	14.90	-	-
Recoverable/ Advances	<b>10.93</b>	11.42	-	-	<b>0.10</b>	0.05	<b>0.23</b>	0.14
Receivables	-	-	-	5.80	<b>3.52</b>	6.40	<b>1.09</b>	1.11
Loans	-	-	-	90.85	<b>1.73</b>	7.10	-	-
Interest accrued	-	-	-	6.45	<b>0.31</b>	0.07	-	-

\*Dispute of CCFB, Mozambique has been amicably settled with Government of Mozambique (GOM) (Refer note no.2.44)

## Subsidiary Companies

(₹ in Crore)

Transactions for the year	RAPL		RISL		REMCL	
	Year Ended		Year Ended		Year Ended	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investment	-	-	-	-	<b>10.20</b>	10.20
Recoverable/ Advances	-	-	<b>1.04</b>	1.32	<b>4.12</b>	0.05
Consultancy Fee/ Income from Construction Turnkey Projects	-	0.24	<b>13.65</b>	53.72	<b>2.87</b>	1.30
Dividend Received	<b>0.03</b>	-	-	-	-	-

(₹ in Crore)

Particulars	RAPL		RMAC*		RISL		REMCL	
	As on		As on		As on		As on	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investments	<b>0.01</b>	0.01	-	-	<b>0.05</b>	0.05	<b>25.50</b>	15.30
Recoverable /Advances	-	-	<b>0.41</b>	0.41	<b>8.01</b>	7.06	<b>4.12</b>	-
Receivables	-	0.24	-	-	<b>1.59</b>	-	<b>0.92</b>	0.87
Advance received against Construction projects	-	-	-	-	-	4.69	-	-

\*RITES Mohawarean Arabia Company Ltd. (RMAC) (a subsidiary company with 76% stake) is under liquidation. Investment in equity of ₹ 0.47 crore made by the company has been returned by RMAC during the financial year 2014-15.

**2.33.4** 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.

### 2.34 Lease

#### 2.34.1 Operating Lease (Cancelable)

**2.34.1.1** 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 lease rent is received from the clients as per terms of the contracts.

#### 2.34.1.2 Detail of the leased assets: New & In-Service Locomotives (refer note no. 2.08.01)

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Gross carrying amount	<b>230.73</b>	150.42
Accumulated depreciation	<b>61.88</b>	41.20
Net carrying amount	<b>168.85</b>	109.22
Depreciation provided for the year	<b>20.68</b>	14.99

### 2.34.2 Other Lease (Cancelable)

#### 2.34.2.1 Description of lease arrangement of Scope Office Complex

The company has leased 545 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, 2017.

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

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Gross carrying amount	1.84	1.84
Accumulated depreciation	0.47	0.41
Net carrying amount	1.37	1.43
Depreciation provided for the year	0.06	0.06

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

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

#### 2.34.2.4 Operating Leases for Company's offices, staff residential premises and vehicles are renewable / cancelable as laid down in the respective agreements. The total of minimum lease payments recognized in the Statement of Profit & Loss for the year is ₹ 16.81 crore (previous year ₹ 15.42 crore).

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

### 2.35 Earning Per Share (EPS)

Particulars	Year Ended	
	31.03.16	31.03.15
(A) Net profit for the year attributable to Equity Shareholders (₹ in crore)	338.92	306.14
(B) Weighted average number of Equity Shares	100,000,000	100,000,000
(C) Basic & Diluted Earning Per Share (A)/(B)	₹ 33.89	₹ 30.61
(D) Nominal value per share	₹ 10/-	₹ 10/-

### 2.36 Interest in Significant Joint Ventures

#### 2.36.1 RITES has following Joint Ventures:

(₹ in Crore)

Name / Place of JVs	Nature of Interest	Proportionate share of interest	Amount of investment (As on 31.03.16)
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 and 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
Geoconsult ZT GmbH – RITES, India	RITES has formed a Joint Venture with M/s Geoconsult ZT GmbH (Austria) for detailed design and construction supervision of Tunnel No.10 (Approx. Length 3.3 km) in connection with Jiribam-Tupul new railway line project in the state of Manipur.	39.40%	Nil

(₹ in Crore)

Name / Place of JVs	Nature of Interest	Proportionate share of interest	Amount of investment (As on 31.03.16)
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 da Beira, SA, 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 da Beira, SA, (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 was managing concession for Beira Rail Corridor upto 8th Dec., 2011.	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%	22.27

### 2.36.2 RITES Share in Joint Ventures

#### 2.36.2.1 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 31.03.16	-	10.77	0.43	-	-	10.34	0.39	0.11
Year Ended 31.03.15	-	11.11	1.05	-	-	10.06	0.40	0.14
<b>GEOCONSULT - RITES</b>								
Year Ended 31.03.16	-	0.74	0.50	-	-	0.24	0.02	0.02
Year Ended 31.03.15	-	1.01	0.46	-	-	0.55	0.08	0.06
<b>GEOCONSULT - RITES - NRT-1</b>								
Year Ended 31.03.16	-	0.65	0.59	-	-	0.06	0.01	0.03
Year Ended 31.03.15	-	0.64	0.56	-	-	0.08	0.06	0.04
<b>GEOCONSULT ZT GMBH - RITES</b>								
Year Ended 31.03.16	0.17	1.30	1.24	-	-	0.23	1.58	1.48
Year Ended 31.03.15	0.12	0.87	0.85	-	-	0.14	1.21	1.06

Description / JVs	Fixed Assets (Net)/Non Current Assets	Current Assets, Loans & Advances	Current Liabilities & Provisions	Other Liabilities	Capital	Retained Earnings / (Losses)	Income	Expenditure
<b>COMPANHIA DOS CAMINHOS DE FERRO DA BEIRA, SA (CCFB)</b>								
<b>Year ended 31.12.15</b>	-	<b>28.41</b>	<b>19.35</b>	-	<b>4.08</b>	<b>4.98</b>	<b>3.75</b>	<b>2.14</b>
Year ended 31.12.14	0.01	124.82	119.68	-	5.42	(0.28)	1.53	5.74
<b>SAIL-RITES BENGAL WAGON INDUSTRY PRIVATE LIMITED</b>								
<b>Year ended 31.03.16</b>	<b>52.25</b>	<b>2.98</b>	<b>11.75</b>	<b>24.69</b>	<b>22.27</b>	<b>(3.49)</b>	<b>0.21</b>	<b>3.76</b>
Year ended 31.03.15	40.75	3.50	6.90	22.39	14.90	0.06	0.13	0.06

- (i) Proportioned share of the company in the Income and Expenditure of M/s Geoconsult-RITES, M/s Geoconsult-RITES-NRT-1, M/s Geoconsult ZT GmbH-RITES and M/s RICON have been considered in the Statement of Profit & Loss under respective heads.
- (ii) M/s Companhia dos Caminhos de Ferro da Beira, SA, (CCFB) Mozambique has calendar year as financial year and figures indicated above/below are from the financial statements as on 31.12.2015 (un-audited) & 31.12.2014 (audited).

#### 2.36.2.2 Contingent Liabilities:

In CCFB Mozambique, withholding tax demand against the entity, amount to ₹ 1.05 crore (equivalent MZN 8036076) previous year ₹ 1.40 crore (equivalent MZN 8036076), in which share of RITES @ 26% comes to ₹ 0.27 crore (previous year ₹ 0.36 crore).

#### 2.36.2.3 Capital Commitment:

SAIL-RITES Bengal Wagon Industry Private Limited has liability on account of capital commitment of ₹ 3.33 crore (previous year ₹ 13.61 crore) in which share of RITES @ 50% comes to ₹ 1.67 crore (previous year ₹ 6.81 crore).

#### 2.36.3 Jointly Controlled Operations

RITES has Joint operations with the following venturers 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 Systra SA France (Lead). M/s Oriental Consultants Global Co. Ltd., Japan. M/s AECOM Asia Company Ltd., HongKong.	General Consultancy to Metro Link Express for Gandhinagar & Ahmedabad (MEGA) Company Ltd. for Mass Rapid Transit System project at Ahmedabad.
M/s Stanley Consultants INC.	DPR for MRTS between Ahmedabad and Dholera for DMICDC.
M/s De Consult – Germany	Modernization of Signaling System in Ghaziabad – Kanpur section.
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	1.Taj International Airport project work at Agra. 2.Feasibility report /DPR for development and operation of airport at Singrauli, M.P.



Name of Venturers	Project Name
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.
M/s DHI (India) Water & Environment Pvt. Ltd.	Project Management Consultancy for river morphological analysis and design of river training and bank protection works in the state of Uttrakhand.
M/s Systra SA	Pre-feasibility study for Delhi-Chandigarh-Amritsar high speed railway.
M/s Systra M/s Ernst & Young LLP	Consultancy for feasibility studies for package-2 (Mumbai-Chennai) of Diamond Quadrilateral Network of High Speed Rail Corridors.
M/s PRCS, Bhutan	Consultancy services for the construction of Cargo Complex Parallel Taxiway and Modification of Old Terminal Building at PARO International Airport, Bhutan.

**2.37** 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.

**2.38 Provisions**

(₹ in Crore)

Items	Carrying amount as on 01.04.15	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.16
Warranties	28.60	8.74	3.12	1.50	<b>32.72</b>
Commitments	2.28	1.57	-	0.42	<b>3.43</b>

**2.39** Information on CSR expenditure:

- (a) Gross amount required to be spent during the year ₹ 8.10 crore (previous year ₹ 6.70 crore).  
(b) Amount spent during the year on:

(₹ in Crore)

Description	In cash		Yet to be paid in cash		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(i) Construction/acquisition of any asset	<b>2.31</b>	6.72	-	-	<b>2.31</b>	6.72
(ii) On purposes other than (i) above	<b>5.97</b>	1.18	-	-	<b>5.97</b>	1.18
<b>Total</b>	<b>8.28</b>	7.90	-	-	<b>8.28</b>	7.90

**2.40** The financial statements are presented in ₹ crore. Those items which are required to be disclosed but can't be 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 31.03.2016	As at 31.03.2015
Non-current investment	2.09		
(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

**2.41 Additional information as required by Schedule III of the Companies Act, 2013:-**

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

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Components & Spares Parts	<b>0.94</b>	-

**2.41.2** Expenditure in foreign currencies:-

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
(i) Consultation Fees	<b>7.58</b>	5.74
(ii) Salaries & others	<b>3.43</b>	5.29
(iii) Travel	<b>2.09</b>	2.20
(iv) Others*	<b>0.33</b>	0.25

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

**2.41.3** Spare parts and components consumed:-

(₹ in Crore)

Description	Year Ended			
	31.03.16		31.03.15	
	Value	%	Value	%
Imported	-	-	-	-
Indigenous	<b>4.03</b>	<b>100%</b>	3.95	100%

**2.41.4** Earning in foreign currencies:-

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
(i) Export sale - FOB basis	<b>184.42</b>	148.96
(ii) Lease Services	<b>34.64</b>	24.30
(iii) Consultation Fees	<b>14.39</b>	15.18
(iv) Other Income	-	0.25

2.41.5 Dividend from subsidiary company ₹ 0.03 crore (previous year ₹ Nil).

2.42 Details of dues to micro, small and medium enterprises as defined under the Micro and Small Enterprise Development Act, 2006\* are given on the basis of information available with the management.

(₹ in Crore)

S. No.	Particulars	As at 31.03.2016	As at 31.03.2015
a	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: <ul style="list-style-type: none"> <li>• Principal amount due to micro and small enterprises</li> <li>• Interest due on above</li> </ul>	0.74 -	0.03 -
b	The amount of interest paid by the buyer in terms of Section 16 of the Micro and Small Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprises Development Act, 2006.	-	-
d	The amount of interest due and remaining unpaid at the end of each accounting year.	-	-
e	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro and Small Enterprise Development Act, 2006.	-	-

\* The Company has initiated the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

2.43 In a pre-closed contract in the year 2005–06, 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 on 31st July, 2011 for setting aside the aforesaid award of the appellate authority which is still pending before the civil court, 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. Both the parties have concluded their arguments and the matter is posted for award. The claims of the executive agency are included in the contingent liabilities. (Refer note no. 2.53.1).

2.43.2 Cumulative interest up to 31.03.16 due from the executing agency of ₹ 21.95 crore (previous year ₹ 19.93 crore) on mobilization advance of ₹ 16.80 crore 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 A joint venture company named CCFB was incorporated in Mozambique in 2004 for rehabilitation, operation and management of Beira Rail Corridor, Mozambique by entering into a 25 years concessioning agreement with the Government of Mozambique.

Company invested a sum of ₹ 6.01 crore in equity in the said joint venture company for a 26% share. Other shareholders are IRCON & CFM, Mozambique with 25% & 49% share respectively. The company extended a shareholder loan of ₹ 87.89 crore (equivalent to US\$ 19.79 million) inclusive of interest accrued which was converted to principal as per agreement, out of which company received repayment of part loan amounting to ₹ 4.44 crore (equivalent to US\$ one million) during the year 2012-13.

- 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 was unlawful and against the provisions of the agreement. Consequently CCFB initiated arbitration against the said decision of GoM.
- 2.44.2** In view of the arbitration proceedings initiated and consequent uncertainties, the management considered it prudent not to recognize interest income of ₹ 21.37 crore (equivalent to US\$ 3.47 million) on loan up to the year 2014-15 [up to year ended 2013-14 ₹ 15.19 crore (equivalent to US\$ 2.58 million)]. Further, management considered it prudent not to recognize any exchange differences in respect of the amounts due from CCFB in foreign currency towards loans, interest accrued, debts, etc. These along with provision for doubtful debts were stated at exchange rate on 31st March 2011 resulting non-recognition of exchange gain upto 31st March, 2015 of ₹ 34.92 crore (upto year ended on 31st March, 2014 of ₹ 29.41 crore).
- 2.44.3** Company further entered into a loan agreement with CCFB Mozambique on 15th January, 2015 for providing financial assistance to enable CCFB to meet arbitration expenses. A sum of ₹ 13.32 crore (equivalent to US\$ 2.04 million) has been extended as loan till 31st March, 2016 [previous year ₹ 7.40 crore (equivalent to US\$ 1.22 million)].
- 2.44.4** Dispute has been amicably settled with Government of Mozambique (GoM) on 21st October, 2015 through settlement agreement. As per the settlement agreement, company will receive US\$ 39.69 million. As per schedule of payment, an upfront payment of US\$ 17.07 million is to be made by January 2016 and balance in four annual equal installments of US\$ 5.66 million each w.e.f. 18th October, 2016. Reimbursement towards arbitration expenses is also due to strategic shareholders i.e. RITES Ltd. and IRCON International Ltd. within overall ceiling of US\$ 5 million. The aforesaid payments are towards equity contribution, shareholder loans, interest accrued up to the date of settlement agreement and other dues.
- 2.44.5** An upfront payment of US\$ 17.07 million has already been received during the current financial year and LC has also been established by GOM after reporting date, as a result of which, dues towards fees, loans, interest, etc. have now become certain to be realized. Accordingly, Interest of ₹ 30.45 crore up to the date of settlement agreement on shareholder loan (equivalent US\$ 4.47 million), exchange variation of ₹ 49.18 crore, fees of ₹ 11.50 crore (equivalent US\$ 1.68 million) from loco leasing and management services have been recognized during the year. This has resulted in profit before tax higher by ₹ 91.13 crore and current assets and non-current assets higher by ₹ 77.94 crore & ₹ 13.19 crore respectively.

In view of receipt of upfront payment and establishment of LC after reporting date, Company will transfer its shareholding in CCFB to GoM or their nominated agency. Accordingly, investment in equity is still shown as a part of investment in CCFB in the company's financial statements.

- 2.45** Under the settlement agreement with Government of Tanzania, since last three instalments out of six instalments of principal amounting to ₹ 60.09 crore (equivalent US\$ 9.19 million) {Previous Year is ₹ 56.65 crore (equivalent US\$ 9.19 million)} is still outstanding, interest on principal and on delayed payments of ₹ 14.89 crore (equivalent to US\$ 2.28 million) {previous year ₹ 11.02 crore (equivalent to US\$ 1.79 million)} have not been recognised.
- 2.46** During the year, Ministry of Railways has approved two post retirement medical schemes i.e. Medical Scheme for RITES Retired Employees & Post Retirement Medical Scheme. Company has been making provision towards liability on this account which stands at ₹ 51.71 crore as at the end of this year (previous year ₹ 40.99 crore). A trust has been set up after the reporting date and legal formalities relating to opening of accounts, income tax clearance, etc. are yet to be completed.

- 2.47** Foreign Service Contribution charged under employee benefits expenses in respect of officers taken on deputation from other organizations is recognized on accrual basis as per the deputation terms with parent organizations.
- 2.48** 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), the physical testing laboratory at 52 A&B, C.R. Avenue, Kolkata of ₹ 1.24 crore (previous year ₹ 1.24 crore) and flats taken in Mumbai of ₹ 3.22 crore (previous year ₹ 3.22 crore) from Western Railways.
- 2.49** Consultancy fee of ₹ 2.43 crore (previous year ₹ 6.29 crore) due in one of the overseas projects is not being recognized as works have not been carried out by the contractors to the satisfaction of the client and the realisability of the fee based on the works done seems to be uncertain.
- 2.50** In cases where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle and multipurpose advances are considered unsecured.
- 2.51** Sundry creditors, customers advances, amounts recoverable, security deposits receivable/payable are subject to confirmation.
- 2.52** Information as regard to loans, investments made as required under section 186(4) of the Companies Act, 2013 have been given vide note no. 2.09 B, 2.11 & 2.20.
- 2.53** Contingent liabilities and commitments to the extent not provided for include:

**2.53.1 Contingent Liabilities**

- (a) Claims against the company not acknowledged as debts as certified by the Management are ₹ 582.96 crore (previous year ₹ 517.26 crore). These include:-
- (i) Claims (excluding interest) amounting to ₹ 391.73 crore (previous year ₹ 325.64 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 for and or on behalf of the clients.
- (ii) Other claims (excluding interest) amounting to ₹ 191.23 crore (previous year ₹ 191.62 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 (refer note no.2.43.1).
- (b) Other money for which the company is contingently liable:
- (i) Excise bonds amounting to ₹ 10.88 crore (previous year ₹ 9.98 crore) are outstanding against export obligations with Central Excise Department. Out of this, bonds value of ₹ 8.20 crore (previous year ₹ 3.15 crore) are due for release by the department.
- (ii) In respect of joint venture entities refer to note no. 2.36.2.2.
- (iii) Demands on account of taxes viz. VAT & Service Tax amounting to ₹ 0.81 crore (previous year ₹ Nil) are contested by the company.

**2.53.2 Commitments**

- (i) Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amounting to ₹ 16.67 crore (previous year ₹ 26.10 crore).
- (ii) In respect of joint venture entities refer to note no. 2.36.2.3.

## COMMENTS BY CAG

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RITES LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of RITES Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26th July, 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of RITES Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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



**(Dinesh Bhargava)**

**Place : New Delhi**

**Dated : 9th August, 2016**

**Director General of Audit, Railway Commercial, New Delhi**

# INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF RITES LIMITED

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of RITES LIMITED (hereinafter referred to as "the Holding Company") except 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, its subsidiaries and jointly controlled entities which are together referred to as ("the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

We have not audited the financial statements of subsidiaries and jointly controlled entities, whose financial statements reflect total assets of ₹ 301.53 crore as at 31st March, 2016, total revenues of ₹ 37.37 crore and net cash flows amounting to ₹ 14.97 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements of subsidiaries and joint ventures, except one of the joint venture entities namely Companhia Dos Caminhos De Ferro Da Beira, SA (CCFB), Mozambique, which is unaudited, have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors and we are not offering any comment on the same. All entities whose financial statements are consolidated having reporting date of 31st March, 2016 except CCFB, Mozambique where reporting date is of 31st Dec., 2015 and we are not offering any comments on the unaudited financial statements.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the

provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2016;
- b) In the case of the Consolidated Statement of Profit & Loss, of the Consolidated Profit for the year ended on that date;

- c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows for the year ended on that date.

#### EMPHASIS OF MATTERS

We draw attention to the following matters in the notes to the consolidated financial statements:

- (a) In the case of one of the subsidiary companies, the Board of Directors of the company resolved to wind up the company subject to approval of shareholders in the general meeting and after handing over MFCs to Zonal Railways and settlement of final bills for construction of bus terminal at Maltipatpur, Puri, Odisha - refer para no. 2.58 of notes to accounts of the consolidated financial statements.
- (b) CCFB, Mozambique, a joint venture company, ceased to operate as a going concern from 8th December, 2011 and its unaudited financial statements ending 31st December, 2015 have been taken for the consolidation purpose.

Our opinion is not modified in respect of these matters.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable on consolidated financial statements.
2. In terms of sub section (5) of section 143 of the Act, we give in the Annexure '1' a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of the reports of the other auditors and our report of Holding company.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the financial statements maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The matter described in under the Emphasis of Matters paragraph above, in our opinion, may have no adverse effect on the functioning of entity.

- (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the holding company, its subsidiaries companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act. The written representation from the unaudited Joint venture company, i.e. CCFB, Mozambique confirm that none of the director is disqualified to be appointed as Director as on 31st Dec., 2015.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure '2'.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the holding company, its subsidiaries and jointly controlled entities – Refer para no. 2.62.1 of notes to accounts of the consolidated financial statements.
  - ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled companies incorporated in India.

**For AGI WAL & ASSOCIATES**

**Chartered Accountants**

**Firm Registration No. 000181N**



**P.C. AGI WAL**

**Partner**

**Place: New Delhi**

**Date: 26th July, 2016**

**Membership No. 080475**



# ANNEXURES TO INDEPENDENT AUDITORS' REPORT

## Annexure '1'

### Report on the Directions issued by the Comptroller and Auditor General of India under Sub-section 5 of Section 143 of the Companies Act, 2013 ("the Act")

Based on our Independent Audit Report on the holding company and the Auditors' Reports of other entities on which are not audited by us, we have incorporated the same on the basis of their report and information and explanations given to us, we report that:

- a) The title deeds/lease deeds of immovable properties are held in the name of the holding company, its subsidiary companies and jointly controlled companies except in case of holding company, 3 nos. of leasehold building where lease deeds are pending for execution and in case of one of the subsidiaries companies, 8 nos. of Multi-Functional Complex (MFCs) has been constructed on leased land on various locations given by M/S Rail Land Development Authority (RLDA) and in this regard memorandum of understanding has been entered with RLDA (Refer para no. 2.51 & 2.56 of notes to accounts of the consolidated financial statements). Location and Area of above said properties are as under:

S. No.	Location	Area
1	Central Metro Railway Building, 56, C.R. Avenue, Kolkata	1200 sqm
2	Physical Testing Laboratory at 52 A&B, C.R. Avenue, Kolkata	314 sqm
3	Flat No. D-41 & D-42 at Carter Road, Bandra, Mumbai	308 sqm
4	MFC at Guntur	494 sqm
5	MFC at Kozhikode	468 sqm
6	MFC at Rameshwaram	453.28 sqm
7	MFC at Thrissur	520 sqm
8	MFC at Tiruchchirappali	532 sqm
9	MFC at Kurukshetra	540 sqm
10	MFC at Vadodra	494 sqm
11	MFC at Darjeeling	The site for construction/ refurbishment of Multifunctional complex at Darjeeling by addition and alteration of existing Railway running room.

- b) There are no cases of waiver/write off of debts, loans/ interest etc. other than Bad Debts of ₹ 1.17 crore written off during the year, which have arisen on account of normal business practice.
- c) Based on the Auditors' Report of other entities, our Audit Report on holding company and as per information and explanations given to us, group has maintained adequate records in respect of inventories lying with third parties. No assets have been received by the Group as gift from Government or other authorities.

**For AGI WAL & ASSOCIATES**

**Chartered Accountants**

**Firm Registration No. 000181N**



**P.C. AGI WAL**

**Partner**

**Place: New Delhi**

**Date: 26th July, 2016**

**Membership No. 080475**

## Annexure '2'

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Referred to in our Independent Auditors' Report on the Consolidated financial statements for the year ended 31st March, 2016, we report that:

We have audited the internal financial controls over financial reporting of RITES Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting in case of Holding company. However we are unable to make any comment on Internal Financial Control system over financial reporting in case of other entities as the same are audited by other auditors.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI. Regarding other group companies as referred above, we are unable to comment on internal financial control over financial reporting as the other group companies are audited by other auditors.

**For AGI WAL & ASSOCIATES**

**Chartered Accountants**

**Firm Registration No. 000181N**



**P.C. AGI WAL**

**Partner**

**Place: New Delhi**

**Date: 26th July, 2016**

**Membership No. 080475**

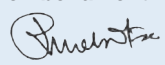
# CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2016

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	2.01	100.00	100.00
RESERVES AND SURPLUS	2.02	1,706.65	1,529.47
		<u>1,806.65</u>	<u>1,629.47</u>
<b>MINORITY INTEREST</b>	2.03	<u>26.03</u>	<u>14.70</u>
<b>NON CURRENT LIABILITIES</b>			
LONG TERM BORROWINGS	2.04	135.10	22.35
OTHER LONG TERM LIABILITIES	2.05	102.48	91.29
LONG TERM PROVISIONS	2.06	100.84	104.70
		<u>338.42</u>	<u>218.34</u>
<b>CURRENT LIABILITIES</b>			
SHORT TERM BORROWINGS	2.07	23.44	71.98
TRADE PAYABLES	2.08	86.85	107.44
OTHER CURRENT LIABILITIES	2.09	2,015.72	1,557.36
SHORT TERM PROVISIONS	2.10	214.21	115.22
		<u>2,340.22</u>	<u>1,852.00</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,511.32</u>	<u>3,714.51</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
TANGIBLE ASSETS	2.11.1	471.86	216.69
INTANGIBLE ASSETS	2.11.2	3.13	4.79
CAPITAL WORK-IN-PROGRESS	2.11.3	32.86	113.95
INTANGIBLE ASSETS UNDER DEVELOPMENT	2.11.4	1.58	0.75
		<u>509.43</u>	<u>336.18</u>
NON CURRENT INVESTMENTS	2.12	221.33	201.37
DEFERRED TAX ASSETS (NET)	2.13	27.51	46.24
LONG TERM LOANS AND ADVANCES	2.14	80.34	156.82
OTHER NON CURRENT ASSETS	2.15	173.96	125.36
OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS	2.16	28.66	70.52
		<u>1,041.23</u>	<u>936.49</u>
<b>CURRENT ASSETS</b>			
INVENTORIES	2.17	11.94	6.66
WORK IN PROGRESS	2.18	37.49	38.48
TRADE RECEIVABLES	2.19	536.89	367.20
CASH AND BANK BALANCES-OWNED FUND	2.20	726.22	723.76
CASH AND BANK BALANCES-CLIENTS FUND	2.21	1,827.16	1,338.44
SHORT TERM LOANS AND ADVANCES	2.22	132.24	43.28
OTHER CURRENT ASSETS	2.23	198.15	260.20
		<u>3,470.09</u>	<u>2,778.02</u>
<b>TOTAL ASSETS</b>		<u>4,511.32</u>	<u>3,714.51</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 Kumar Gaur  
Director Finance  
and  
Chief Finance Officer

  
Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer

  
P.T. Mittal  
Company Secretary  
& GM (Legal)

As per our report of even date attached  
For Agiwal & Associates, Chartered Accountants (FRN :000181N)

Place : Delhi  
Dated : 26th July, 2016

  
P.C. Agiwal, Partner (M.No. 080475)

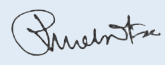
# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>REVENUE</b>			
REVENUE FROM OPERATIONS	2.24	<b>1,102.53</b>	1,016.71
OTHER INCOME	2.25	<b>210.70</b>	154.14
<b>TOTAL REVENUE</b>		<b>1,313.23</b>	1,170.85
<b>EXPENDITURE</b>			
EMPLOYEE BENEFITS EXPENSES	2.26	<b>341.76</b>	330.01
TRAVEL		<b>35.92</b>	32.56
SUPPLIES & SERVICES		<b>96.71</b>	78.09
COST OF EXPORT SALES	2.27	<b>159.63</b>	90.22
COST OF TURNKEY CONSTRUCTION PROJECTS	2.28	<b>35.35</b>	83.66
TRANSMISSION AND WHELLING CHARGES		<b>2.17</b>	-
(INCREASE)/DECREASE IN WORK IN PROGRESS -CONSULTANCY PROJECTS		<b>0.88</b>	2.14
DEPRECIATION & AMORTISATION EXPENSES	2.11	<b>36.99</b>	26.52
OTHER EXPENSES	2.29	<b>84.08</b>	70.18
PRIOR PERIOD ADJUSTMENTS (NET)	2.31	<b>2.23</b>	4.23
<b>TOTAL EXPENDITURE</b>		<b>795.72</b>	717.61
<b>PROFIT BEFORE TAX</b>		<b>517.51</b>	453.24
<b>TAX EXPENSES</b>			
• CURRENT YEAR		<b>(157.74)</b>	(139.38)
• EARLIER YEARS (NET)		<b>(0.87)</b>	2.95
DEFERRED TAX (NET)	2.13	<b>(18.73)</b>	(13.72)
<b>PROFIT AFTER TAX</b>		<b>340.17</b>	303.09
LESS: MINORITY INTEREST FOR THE YEAR	2.03	<b>1.53</b>	0.11
<b>PROFIT AFTER TAX AND MINORITY INTEREST</b>		<b>338.64</b>	302.98
<b>EARNING PER SHARE (EQUITY SHARE OF ₹ 10/- EACH) - BASIC &amp; DILUTED</b>	2.38	<b>₹ 33.86</b>	₹ 30.30
WEIGHTED AVERAGE NUMBER OF EQUITY SHARES USED IN COMPUTING EARNING PER SHARE		<b>100,000,000</b>	100,000,000

For and on behalf of the Board

  
Ajay Kumar Gaur  
Director Finance  
and  
Chief Finance Officer

  
Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer

  
P.T. Mittal  
Company Secretary  
& GM (Legal)

As per our report of even date attached  
For Agiwal & Associates, Chartered Accountants (FRN :000181N)

Place : Delhi  
Dated : 26th July, 2016

  
P.C. Agiwal, Partner (M.No. 080475)

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>517.51</b>	453.24
<b>ADJUSTMENTS FOR:</b>		
• DEPRECIATION AND AMORTIZATION	<b>36.99</b>	26.52
• LOSS/(PROFIT) ON SALE OF ASSETS (NET)	<b>(0.11)</b>	(0.08)
• INTEREST FROM FDs/OTHERS	<b>(98.26)</b>	(101.21)
• INCOME FROM INVESTMENTS	<b>(1.25)</b>	(2.75)
• INCOME FROM INVESTMENT PROPERTIES	<b>(1.03)</b>	(1.04)
• SHARE OF MINORITY INTEREST IN PROFIT	<b>(1.53)</b>	(0.11)
• FIXED ASSETS WRITTEN OFF	<b>0.29</b>	-
• PROVISION FOR DOUBTFUL DEBTS, ADVANCES ETC.	<b>5.20</b>	(18.32)
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>	<b>(52.14)</b>	(5.97)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>405.67</b>	350.28
<b>CHANGE IN WORKING CAPITAL:</b>		
<b>ADJUSTMENTS FOR (INCREASE)/DECREASE IN OPERATING ASSETS:</b>		
• INVENTORIES	<b>(5.28)</b>	10.83
• WORKS IN PROGRESS	<b>0.99</b>	2.60
• TRADE RECEIVABLES	<b>(165.81)</b>	(53.03)
• LOANS AND ADVANCES AND OTHER ASSETS	<b>(52.40)</b>	22.39
<b>ADJUSTMENTS FOR INCREASE/(DECREASE) IN OPERATING LIABILITIES:</b>		
• TRADE PAYABLES	<b>(20.59)</b>	(18.97)
• OTHER LIABILITIES AND PROVISIONS	<b>492.59</b>	(268.48)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>655.17</b>	45.62
• INCOME TAX PAID	<b>(184.45)</b>	(139.53)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>470.72</b>	(93.91)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
• PURCHASE/CONSTRUCTION OF FIXED ASSETS	<b>(210.30)</b>	(112.72)
• PROCEEDS FROM SALE OF FIXED ASSETS	<b>(0.07)</b>	5.65
• INVESTMENTS IN SHARES, BONDS ETC.	<b>(20.00)</b>	-
• LOAN TO CCFB, MOZAMBIQUE (RELATED PARTY)	<b>69.92</b>	(9.03)
• DEPOSITS AND INTEREST ACCRUED NOT CONSIDERED AS CASH AND CASH EQUIVALENTS	<b>(467.76)</b>	302.05
• INTEREST INCOME	<b>98.26</b>	101.21
• INCOME FROM INVESTMENTS	<b>1.25</b>	2.75
• INCOME FROM INVESTMENT PROPERTIES	<b>1.03</b>	1.04
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(527.67)</b>	290.95

(₹ in crore)

PARTICULARS	YEAR	YEAR
	ENDED	ENDED
	31.03.2016	31.03.2015
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
• INCREASE/(DECREASE) IN SECURED LOANS	127.60	6.36
• INCREASE/(DECREASE) IN UNSECURED LOANS	(48.54)	9.14
• INTEREST ACCRUED BUT NOT DUE ON BORROWINGS	1.28	-
• DIVIDEND PAID	(76.97)	(53.00)
• DIVIDEND TAX PAID	(15.67)	(9.91)
• PRE-OPERATIVE EXPENDITURE	0.71	(0.34)
• INCREASE/(DECREASE) IN MINORITY INTEREST	11.33	9.91
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(0.26)</b>	<b>(37.84)</b>
<b>EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH &amp; CASH EQUIVALENTS</b>	<b>54.36</b>	<b>5.39</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2.85)</b>	<b>164.59</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>450.15</b>	<b>285.56</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>447.30</b>	<b>450.15</b>

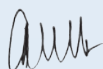
**RECONCILIATION OF CASH AND CASH EQUIVALENTS**

(₹ in crore)


PARTICULARS	NOTE NO.	YEAR	YEAR
		ENDED	ENDED
		31.03.2016	31.03.2015
CASH AND CASH EQUIVALENTS-OWNED FUND	2.20.1	260.18	257.61
CASH AND CASH EQUIVALENTS-CLIENTS FUND	2.21.1	190.35	199.36
ADD : INTEREST ACCRUED ON BANK DEPOSITS HAVING MATURITY WITHIN 3 MONTHS FROM ACQUISITIONS' DATE	2.23	0.35	18.52
LESS : BANK BOOK OVERDRAFT-CLIENTS FUND	2.09	(3.58)	(25.34)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>447.30</b>	<b>450.15</b>

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

For and on behalf of the Board



Ajay Kumar Gaur  
Director Finance  
and  
Chief Finance Officer



Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer



P.T. Mittal  
Company Secretary  
& GM (Legal)

As per our report of even date attached  
For Agiwal & Associates, Chartered Accountants (FRN :000181N)



P.C. Agiwal, Partner (M.No. 080475)

Place : Delhi

Dated : 26th July, 2016

# SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED FINANCIAL STATEMENTS

## COMPANY OVERVIEW

RITES Limited is one of India's leading companies in transport infrastructure consultancy, engineering and project management services, with operations in India and abroad. The Company is providing services in three distinct fields of business activities, viz (a) consultancy in transport infrastructure (b) leasing, exports, maintenance and rehabilitation of rolling stock, railway equipments and modernisation of railway workshops (c) Quality assurance, construction supervision and project management.

Besides the above activities, RITES Limited ("Holding Company") along with its subsidiaries and joint venture entities (collectively referred to as "the Group" and individually referred to as "Entity") is also into the business of generating power from wind mills and solar energy plants, power trading, manufacturing and rehabilitation of wagons and carrying out civil construction work. One of the group entities also provides services relating to rehabilitation, operation and maintenance of railway systems under concession agreement.

The financial statements of the Group, comprises of RITES Limited, the holding company, RITES (Afrika) (Pty) Ltd., (RAPL), in Botswana, RITES Infrastructure Services Ltd. (RISL) in India are wholly owned subsidiaries, Railway Energy Management Company Ltd. (REMCL), a subsidiary with 51% stake and proportionate share of company in joint venture entities in India viz. RICON (51%) unincorporated body, SAIL-RITES Bengal Wagon Industry Pvt. Ltd. (SRBWIPL) (50%) (joint venture entity in India), Geoconsult ZT GmbH – RITES (GC-RITES) (39.4%) and in abroad viz. Companhia Dos Caminhos De Ferro Da beira, Sa (CCFB) (26%), in Mozambique.

Companhia Dos Caminhos De Ferro Da beira, Sa (CCFB), Mozambique has ceased to operate as a going concern as from 8th December, 2011 and its financial statements have been prepared accordingly. RITES Mohawarean Arabia Company Ltd. (RMAC), a subsidiary company with 76% stake, in Saudi Arabia is under liquidation & there is no significant transaction during the period, hence its financial statements are not considered for consolidation. Investment in equity of ₹ 0.47 crore made by the holding company has been returned by RMAC during the financial year 2014-15. Operations of RISL have also discontinued during the year, BOD has decided the winding up after seeking approval of shareholders, handing over of Multi Functional Complexes (MFCs) and meeting other obligations.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

### 1.2 USE OF ESTIMATES

The preparation of the Consolidated 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. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

### 1.3 PRINCIPLE OF CONSOLIDATION

The consolidated financial statements relate to RITES Limited ("the Company") and its subsidiary companies and joint ventures. The consolidated financial statements have been prepared on the following basis :-

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- b) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 – "Financial Reporting of Interest in Joint Ventures".
- c) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- d) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- g) In case where an income of one intra group entity results into expenditure to be capitalized by the other counter entity, the said income/expenditure is not eliminated. The Financial Statements are prepared by applying uniform accounting policies.
- h) The financial statements of the subsidiary companies and joint venture entities except Companhia Dos Caminhos De Ferro Da beira, Sa (CCFB) used in the consolidation are drawn up to the same reporting date as of the Company, while financial statements of CCFB are drawn based on calendar year. Further, as stated in company's overview, RMAC is under liquidation having no significant transactions and have not been considered for consolidation. Unaudited financial statements of CCFB, Mozambique for the year ended 31st December, 2015 are considered for consolidation purpose.

## **1.4 REVENUE RECOGNITION**

### **1.4.1 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.

### **1.4.2 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 in the Statement of Profit & Loss.

### **1.4.3 Inspection Fee**

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

### **1.4.4 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.

### **1.4.5 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.

### **1.4.6 Railway Operations**

Revenues from railways operations is recognized as under:

- i) Local Traffic – sales invoice/consignment note.
- ii) International Traffic (Ascendant)- consignment note on loading of goods to train.
- iii) International Traffic (Descendent)- advice note on unloading of goods from train.

Revenue from the transportation of passengers is recognized on collection.

### **1.4.7 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 Agreement with the beneficiary.

### **1.4.8 Power Trading**

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

### **1.4.9 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.

## **1.5 WORK IN PROGRESS**

### **1.5.1 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.

### **1.5.2 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.

## **1.6 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.
- f) In case of concession projects, entry fees are capitalized and amortised over the concession period. Start-up and sundry expenses related to the initial phase of the operations are expensed as incurred.

### 1.6.1 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 useful lives of assets are as prescribed in part C of schedule II of the Companies Act, 2013 except assets indicated in sub paragraphs from (d) to (h) below. 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	4-10	10.0-23.75
ii) Fixture	5	20.0
iii) Office Equipment	5-6	15.0-20.0
iv) Mobile Hand Set	3	33.3
v) Coolers & Air Conditioners	7	14.3
vi) Air Conditioning Plant	15	6.7
vii) Computer Hardware	3-4	23.75-33.3
viii) Server & Networks	6	16.67
ix) Survey and Equipments	4-10	10.0-23.75
x) Vehicles	4-8	12.5-25.0
xi) Buildings on Freehold land	60	1.7
xii) Locomotives-New	15	6.7
xiii) Locomotives-In service	10	10.0
xiv) Coaches-New	15	6.7
xv) Coaches-In service	10	10.0
xvi) Intangible Assets	3-4	25.0-33.33
xvii) Windmill Plant	25	4.0
xviii) Plant & Machinery	15	6.3
xix) Buildings (rehabilitated)-CCFB	20	4.75
xx) Locomotives (rehabilitated)-CCFB	25	3.80
xxi) Tools and Plant	10	9.5
xxii) Workshop Machinery	15	6.33

- (c) Any addition or extension, which becomes an integral part of the existing asset, is depreciated over the remaining useful life of that asset.
- (d) In respect of BOT assets, depreciation is charged over the period of project or the life stated above whichever is lower.
- (e) Leasehold land is amortized over the lease term or useful life of asset built/installed on such land whichever is shorter.
- (f) 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.
- (g) In case of RITES Ltd., as per company's assessment, Fixtures, Mobile Hand Set, Coolers & Air Conditioners and In-Service Locomotives & Coaches (refurbished) have lower useful lives than prescribed in part C of schedule II of the Companies Act, 2013. Therefore depreciation is charged at higher rate than prescribed under the Companies Act, 2013.
- (h) In case of holding & its subsidiary companies in India, 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. In case of Joint Venture entity abroad, assets having purchase cost up to US\$ 500 and software up to US\$ 1000 are charged to income statement in the year of purchase.
- (i) In case of concession projects, rehabilitation / major overhaul cost incurred on conceded assets is depreciated over the life indicated above or over the remaining period of the concession whichever is lower.
- (j) In case of holding company & its subsidiary companies in India, a nominal value of ₹ 1/- is assigned to the fully depreciated assets except for the assets which are fully charged off to the income statement in the year of purchase being low value assets.

## 1.6.2 Capital Work in Progress

Assets which are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

## 1.7 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 in the Statement of Profit & Loss.
- (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.

## 1.8 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.

## 1.9 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 the Statement of Profit & Loss 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.

## 1.10 EMPLOYEES BENEFITS

### 1.10.1 Defined Contribution

#### 1.10.1.1 Provident Fund / Pension Scheme/Post Retiral Medical Schemes

Defined contributions towards provident fund, pension under EPFO, superannuation pension fund and post retiral medical schemes are charged to the Statement of Profit & Loss based on contributions made in terms of applicable schemes on accrual basis.

#### 1.10.2 Defined Benefits

##### 1.10.2.1 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 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 the Statement of Profit & Loss.

##### 1.10.2.2 Other Benefits

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

1.10.3 Ex-gratia payments on death are recognized on payment basis in the Statement of Profit & Loss.

#### 1.10.4 Terminal Benefits to Contract Employees

Leave Encashment and Contract Completion Benefits are provided on accrual basis in the Statement of Profit & Loss.

## 1.11 RESEARCH & DEVELOPMENT

Revenue expenditure incurred/paid during the year on research is charged to the Statement of Profit & Loss. Development costs of product are also charged to the Statement of Profit & Loss 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.

## 1.12 TAXES

Taxes including current income tax are computed using the applicable tax rates and tax laws. Liability for additional taxes, if any, is provided/paid as and when assessments are completed. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operation are domiciled.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives right to future economy benefits in the form of tax credit against future income tax liabilities is recognised as an asset in the Balance Sheet if there is convincing evidence that the company will pay normal tax within the period prescribed for the utilisation of such credit.

The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period in future.

**1.13 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 that originate in one period and is likely to reverse in one or more subsequent periods.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

The Group offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

**1.14 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 the Statement of Profit & Loss.

**1.15 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.

**1.16 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.

**1.17 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.

**1.18 TRANSLATION OF FOREIGN CURRENCY ACCOUNTS**

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

**1.18.1 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.

**1.18.2 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.

**1.18.3** Exchange difference arising on translation of foreign currency transactions, except on borrowing cost in foreign currencies which is capitalized on eligible assets, is recognized in the statement of profit & loss.

**1.18.4** For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

**1.19 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.

**1.20 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.

**1.21 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 and diluted earnings per share is computed using the weighted average number of shares outstanding after adjusting the effect of all dilutive potential equity shares that were outstanding during the period.

## **1.22 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 the Statement of Profit & Loss 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 and such losses either no longer exists or has decreased. Reversal of impaired loss is recognized in the Statement of Profit & Loss.

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

In case of holding company, 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.

In case of subsidiaries & joint ventures entities, provisions of doubtful debts & advances are made whenever there are uncertainties in its realization.

## **1.24 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.

## **1.25 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.

## **1.26 BORROWING COST**

Borrowing costs in the ordinary course of business are recognized as an expense in the statement of profit and loss in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset.

## **1.27 LEASES**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the Statement of Profit & Loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty to obtain ownership by the end of the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit & Loss on a straight line basis over the lease term.

## 2. CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

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 2.63. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED/RECASTED/REARRANGED, WHEREVER NECESSARY.

### 2.01 SHARE CAPITAL

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>2.01.1 AUTHORISED</b>		
150,000,000 (PREVIOUS YEAR 150,000,000) EQUITY SHARES OF ₹ 10/- EACH	150.00	150.00
<b>2.01.2 ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
100,000,000 (PREVIOUS YEAR 100,000,000) EQUITY SHARES OF ₹ 10/- EACH	100.00	100.00
	<u>100.00</u>	<u>100.00</u>

PARTICULARS	NO. OF SHARES	(₹ in Crore)	NO. OF SHARES	(₹ in Crore)
<b>2.01.3 RECONCILIATION OF NUMBER OF EQUITY SHARES</b>				
OPENING BALANCE	100,000,000	100.00	100,000,000	100.00
ADD/(LESS) DURING THE YEAR NIL (PREVIOUS YEAR NIL)	-	-	-	-
CLOSING BALANCE	<u>100,000,000</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>

### 2.01.4 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 PROVISIONS OF THE COMPANIES ACT, 2013. 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 31.03.2016	AS AT 31.03.2015
<b>2.01.5 EQUITY SHARES HELD BY EACH SHAREHOLDER MORE THAN 5% OF SHARES</b>		
PRESIDENT OF INDIA ACTING THROUGH MINISTRY OF RAILWAYS	99,980,000	99,980,000
	( 99.98 %)	( 99.98 %)
<b>2.01.6 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. (BONUS SHARES WERE ISSUED DURING THE YEAR 2012-13)</b>	60,000,000	60,000,000

### 2.02 RESERVES AND SURPLUS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>2.02.1 GENERAL RESERVE</b>			
AS PER LAST BALANCE SHEET		1,528.55	1,300.24
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	2.02.3	174.95	228.47
LESS: DEPRECIATION (NET OF TAX OF ₹ 0.08 CRORE)		-	(0.16)
		<u>1,703.50</u>	<u>1,528.55</u>

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>2.02.2 FOREIGN CURRENCY TRANSLATION RESERVE</b>			
AS PER LAST BALANCE SHEET		0.92	1.51
ADD/(LESS) DURING THE YEAR		2.23	(0.59)
		<u>3.15</u>	<u>0.92</u>
<b>TOTAL (2.02.1+2.02.2)</b>		<u>1,706.65</u>	<u>1,529.47</u>
<b>2.02.3 PROFIT AFTER TAX IN STATEMENT OF PROFIT AND LOSS</b>		<u>338.64</u>	<u>302.98</u>
<b>APPROPRIATIONS:</b>			
DIVIDEND			
• INTERIM*		45.00	30.00
• FINAL (PROPOSED)*		91.00	32.00
• TAX ON DIVIDEND		27.69	12.51
TRANSFER TO GENERAL RESERVE	2.02.1	174.95	228.47
<b>TOTAL</b>		<u>338.64</u>	<u>302.98</u>
* DIVIDEND PAID AND PROPOSED PER SHARE		₹ 13.60	₹ 6.20
NUMBER OF SHARES USED IN COMPUTING DIVIDEND PER SHARE		100,000,000	100,000,000

**2.03 MINORITY INTEREST**

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
AS PER LAST BALANCE SHEET	14.70	4.79
ADDITION DURING THE YEAR IN SHARE CAPITAL	9.80	9.80
ADD: TRANSFER FROM STATEMENT OF PROFIT AND LOSS	1.53	0.11
<b>TOTAL</b>	<u>26.03</u>	<u>14.70</u>
49% MINORITY INTEREST PERTAINS TO REMCL.		

**2.04 LONG TERM BORROWINGS**

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>SECURED LOAN FROM BANKS</b>			
<b>TERM LOAN FROM:</b>			
DENA BANK	2.53.1	24.57	22.35
INDIAN BANK	2.53.3	110.53	-
<b>TOTAL</b>		<u>135.10</u>	<u>22.35</u>

## 2.05 OTHER LONG TERM LIABILITIES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
CLIENTS ADVANCES	2.07	6.41
SECURITY DEPOSITS	99.75	82.21
SUNDRY CREDITORS	0.66	2.67
<b>TOTAL</b>	<b>102.48</b>	<b>91.29</b>

## 2.06 LONG TERM PROVISIONS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
EMPLOYEE BENEFITS		89.89	94.62
WARRANTIES	2.42	10.95	10.08
<b>TOTAL</b>		<b>100.84</b>	<b>104.70</b>

## 2.07 SHORT TERM BORROWINGS

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>UNSECURED LOAN</b>		
(SHARE IN CCFB, JOINT VENTURE)	23.44	71.98
<b>TOTAL</b>	<b>23.44</b>	<b>71.98</b>

## 2.08 TRADE PAYABLES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>CREDITORS FOR SUPPLIES AND SERVICES</b>		
MICRO, SMALL AND MEDIUM ENTERPRISES	0.74	0.03
OTHER THAN MICRO, SMALL AND MEDIUM ENTERPRISES	86.11	107.41
<b>TOTAL</b>	<b>86.85</b>	<b>107.44</b>

## 2.09 OTHER CURRENT LIABILITIES

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
SECURED LOAN FROM:			
• DENA BANK (TERM LOAN)		4.80	-
• INDIAN BANK (TERM LOAN)		10.05	-
CLIENTS ADVANCES		1,835.65	1,401.76
SECURITY DEPOSITS		58.74	67.68
FOREIGN SERVICE CONTRIBUTION		1.93	1.87
SALARY PAYABLES		50.31	40.04
BOOK OVERDRAFT-CLIENTS FUND*	2.21.4	3.58	25.34
INTEREST ACCRUED BUT NOT DUE ON BORROWINGS		1.28	-
STATUTORY LIABILITIES		17.96	8.63
STAFF & OTHER CLAIMS		4.97	6.35
SUNDRY CREDITORS		22.90	5.69
ADVANCE AGAINST WIND MILL PROJECT		3.55	-
<b>TOTAL</b>		<b>2,015.72</b>	<b>1,557.36</b>

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

## 2.10 SHORT TERM PROVISIONS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
PROPOSED DIVIDEND		91.03	32.00
DIVIDEND TAX		18.53	6.51
EMPLOYEE BENEFITS		78.95	55.41
EXCISE DUTY		0.50	0.50
WARRANTIES	2.42	21.77	18.52
COMMITMENTS	2.42	3.43	2.28
<b>TOTAL</b>		<b>214.21</b>	<b>115.22</b>

### 2.11.1 TANGIBLE FIXED ASSETS AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK						DEPRECIATION							NET BLOCK	
	AS AT 01/04/ 2015	ADDI- TIONS DURING THE YEAR	AD- JUST- MENT DURING THE YEAR	ADJUST- MENT OF EX- CHANGE RATE	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/ 2015	FOR THE YEAR	AD- JUST- MENT DURING THE YEAR	ADJUST- MENT THROUGH RETAINED EARNING	ADJUST- MENT OF EX- CHANGE RATE	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/ 2016	AS AT 31/03/ 2015
<b>LEASED HOLD</b>															
LAND	2.68	7.52	-	-	-	10.20	2.25	0.24	0.60	-	-	-	3.09	7.11	0.43
BUILDING	11.66	-	-	-	-	11.66	4.11	0.36	-	-	-	-	4.47	7.19	7.55
RESIDENTIAL QUARTERS	11.02	-	-	-	-	11.02	3.72	0.29	-	-	-	-	4.01	7.01	7.30
MULTIFUNCTIONAL COMPLEX	4.44	1.45	-	-	-	5.89	0.02	0.14	-	-	-	-	0.16	5.73	4.42
<b>SUB TOTAL</b>	<b>29.80</b>	<b>8.97</b>	-	-	-	<b>38.77</b>	<b>10.10</b>	<b>1.03</b>	<b>0.60</b>	-	-	-	<b>11.73</b>	<b>27.04</b>	<b>19.70</b>
<b>OTHERS</b>															
LAND	29.05	-	-	-	-	29.05	-	-	-	-	-	-	-	29.05	29.05
BUILDING	40.44	27.38	(0.07)	-	-	67.75	7.25	1.51	-	-	-	-	8.76	58.99	33.19
RESIDENTIAL QUARTERS*	2.34	-	-	-	-	2.34	1.35	0.02	-	-	-	-	1.37	0.97	0.99
SURVEY AND OTHER INSTRUMENTS	14.62	0.12	-	-	0.38	14.36	10.94	0.68	-	-	-	0.38	11.24	3.12	3.68
COMPUTER AND EQUIPMENTS	17.13	2.47	-	-	1.17	18.43	14.27	2.13	-	-	-	1.15	15.25	3.18	2.86
SERVER & NETWORK	8.30	0.23	-	-	0.01	8.52	4.28	0.97	-	-	-	0.01	5.24	3.28	4.02
OFFICE AND OTHER EQUIPMENTS	11.41	1.03	-	(0.02)	0.53	11.89	9.27	1.32	-	-	(0.02)	0.50	10.07	1.82	2.14
AIR-CONDITIONER AND EQUIPMENTS	1.79	0.32	-	-	0.24	1.87	1.19	0.18	-	-	-	0.23	1.14	0.73	0.60
AIR CONDITIONER PLANT	12.80	0.83	-	-	-	13.63	6.88	1.36	-	-	-	-	8.24	5.39	5.92
FURNITURES	6.25	0.98	-	-	0.24	6.99	4.09	0.54	-	-	-	0.21	4.42	2.57	2.16
FIXTURES	7.30	0.24	-	-	-	7.54	5.90	0.73	-	-	-	-	6.63	0.91	1.40
VEHICLES	4.35	-	-	-	0.28	4.07	2.65	0.31	-	-	-	0.27	2.69	1.38	1.70
VEHICLES ABROAD	0.38	-	-	(0.05)	0.08	0.25	0.35	0.02	-	-	(0.06)	0.08	0.23	0.02	0.03
LOCOMOTIVES NEW	-	60.30	-	-	-	60.30	-	2.85	-	-	-	-	2.85	57.45	-
LOCOMOTIVES IN SERVICE	150.42	20.01	-	-	-	170.43	41.20	17.83	-	-	-	-	59.03	111.40	109.22
COACHES IN SERVICE	7.52	-	-	-	-	7.52	7.52	-	-	-	-	-	7.52	-	-
PLANT & MACHINERY	0.03	167.98	-	-	-	168.01	-	3.45	-	-	-	-	3.45	164.56	0.03
<b>SUB TOTAL</b>	<b>314.13</b>	<b>281.89</b>	<b>(0.07)</b>	<b>(0.07)</b>	<b>2.93</b>	<b>592.95</b>	<b>117.14</b>	<b>33.90</b>	-	-	<b>(0.08)</b>	<b>2.83</b>	<b>148.13</b>	<b>444.82</b>	<b>196.99</b>
<b>TOTAL</b>	<b>343.93</b>	<b>290.86</b>	<b>(0.07)</b>	<b>(0.07)</b>	<b>2.93</b>	<b>631.72</b>	<b>127.24</b>	<b>34.93</b>	<b>0.60</b>	-	<b>(0.08)</b>	<b>2.83</b>	<b>159.86</b>	<b>471.86</b>	<b>216.69</b>
PREVIOUS YEAR	313.97	43.38	0.22	(0.02)	13.62	343.93	109.95	24.55	0.56	0.24	(0.01)	8.05	127.24	216.69	

\* Depreciation on freehold flats is charged on the total cost of the flats in the absence of break-up of land component in the flats values in case of holding company.

# The useful lives of assets are different in all the entities for depreciation. No adjustment has been carried out for consolidation purpose, as useful lives of assets have been estimated by respective entities.

### 2.11.2 INTANGIBLE ASSETS AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK						AMORTISATION							NET BLOCK	
	AS AT 01/04/ 2015	ADDI- TIONS DURING THE YEAR	AD- JUST- MENT DURING THE YEAR	ADJUST- MENT OF EX- CHANGE RATE	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 01/04/2015	FOR THE YEAR	AD- JUST- MENT DURING THE YEAR	ADJUST- MENT THROUGH RETAINED EARNING	ADJUST- MENT OF EX- CHANGE RATE	SALE/ WRITEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/ 2016	AS AT 31/03/ 2015
SOFTWARES	12.65	0.37	-	-	0.03	12.99	7.86	2.02	-	-	-	0.02	9.86	3.13	4.79
PREVIOUS YEAR	10.73	1.92	-	-	-	12.65	5.93	1.93	-	-	-	-	7.86	4.79	



### 2.11.3 CAPITAL WORK IN PROGRESS AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK						DEPRECIATION							NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT OF EX-CHANGE RATE	SALE/WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 1/04/2015	FOR THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT THROUGH RETAINED EARNING	ADJUSTMENT OF EX-CHANGE RATE	SALE/WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
CAPITAL WORK IN PROGRESS	113.95	202.81	(283.90)	-	-	32.86	-	-	-	-	-	-	-	32.86	113.95
PREVIOUS YEAR	46.27	100.88	(33.20)	-	-	113.95	-	-	-	-	-	-	-	113.95	

### 2.11.4 INTANGIBLE ASSETS UNDER DEVELOPMENT AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK						DEPRECIATION							NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT OF EX-CHANGE RATE	SALE/WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 1/04/2015	FOR THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT THROUGH RETAINED EARNING	ADJUSTMENT OF EX-CHANGE RATE	SALE/WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
SOFTWARES	0.75	0.83	-	-	-	1.58	-	-	-	-	-	-	-	1.58	0.75
PREVIOUS YEAR	0.49	0.26	-	-	-	0.75	-	-	-	-	-	-	-	0.75	
GRAND TOTAL FIXED ASSETS	471.28	494.87	(283.97)	(0.07)	2.96	679.15	135.10	36.95	0.60	-	(0.08)	2.85	169.72	509.43	336.18
PREVIOUS YEAR	371.46	146.44	(32.98)	(0.02)	13.62	471.28	115.88	26.48	0.56	0.24	(0.01)	8.05	135.10	336.18	

### 2.11.5 INVESTMENT PROPERTIES AS AT 31.03.2016

(₹ in Crore)

DESCRIPTION	GROSS BLOCK						DEPRECIATION							NET BLOCK	
	AS AT 01/04/2015	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT OF EX-CHANGE RATE	SALE/WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 1/04/2015	FOR THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT THROUGH RETAINED EARNING	ADJUSTMENT OF EX-CHANGE RATE	SALE/WRITTEN OFF DURING THE YEAR	TOTAL	AS AT 31/03/2016	AS AT 31/03/2015
LEASED HOLD BUILDING	1.61	-	-	-	-	1.61	0.28	0.04	-	-	-	-	0.32	1.29	1.33
PREVIOUS YEAR	1.83	-	(0.22)	-	-	1.61	0.28	0.04	(0.04)	-	-	-	0.28	1.33	

### 2.11.6

GRAND TOTAL INCLUDING INVESTMENT PROPERTIES	472.89	494.87	(283.97)	(0.07)	2.96	680.76	135.38	36.99	0.60	-	(0.08)	2.85	170.04	510.72	337.51
PREVIOUS YEAR	373.29	146.44	(33.20)	(0.02)	13.62	472.89	116.16	26.52	0.52	0.24	(0.01)	8.05	135.38	337.51	

SRBWIPL, A JOINT VENTURE HAS CHARGED DEPRECIATION OF ₹ 1.21 CRORE (PREVIOUS YEAR ₹ 0.02 CRORE) TO PRE-OPERATIVE EXPENSES, IN WHICH SHARE OF GROUP @ 50% COMES TO ₹ 0.60 CRORE (PREVIOUS YEAR ₹ 0.02 CRORE).

### 2.12 NON CURRENT INVESTMENTS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>A) INVESTMENT PROPERTIES</b>			
LEASEHOLD BUILDING	2.11.5	1.29	1.33
<b>B) TRADE (UNQUOTED)-AT COST, LONG TERM INVESTMENTS IN SHARES</b>			
<b>(I) IN INDIAN COMPANIES</b>			
GLOBAL PROCUREMENT CONSULTANTS LIMITED		0.04	0.04
32,279 (PREVIOUS YEAR 32,279) EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FULLY PAID-UP (INCLUDES 2,279 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ 30/- EACH).			

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>(II) IN INDIAN COOPERATIVE SOCIETIES</b>			
<b>(I) MORU MAHAL CO-OPERATIVE SOCIETY LIMITED</b>	2.63	-	-
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 LIMITED</b>	2.63	-	-
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>0.04</b>	0.04
<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			
<b>(III) INDIAN RAILWAY FINANCE CORPORATION</b>		<b>25.00</b>	25.00
<b>(10 YEAR SECURED REDEEMABLE 7.55% TAX FREE BONDS)</b> 2,500 BONDS OF FACE VALUE OF ₹ 100,000/- EACH, FULLY PAID (MARKET VALUE ₹ 107102.80 EACH, PREVIOUS YEAR MARKET VALUE ₹ 107102.80 EACH)			
<b>(IV) INDIAN RAILWAY FINANCE CORPORATION *</b>		<b>30.00</b>	30.00
<b>(10 YEAR SECURED REDEEMABLE 7.21% TAX FREE BONDS)</b> 300 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(V) INDIAN RAILWAY FINANCE CORPORATION *</b>		<b>10.00</b>	10.00
<b>(10 YEAR SECURED REDEEMABLE 7.22% TAX FREE BONDS)</b> 100 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(VI) INDIAN RAILWAY FINANCE CORPORATION</b>		<b>10.00</b>	10.00
<b>(10 YEAR SECURED REDEEMABLE 7.18% TAX FREE BONDS)</b> 100,000 BONDS OF FACE VALUE OF ₹ 1,000/- EACH, FULLY PAID (MARKET VALUE ₹ 1072.20 EACH, PREVIOUS YEAR MARKET VALUE ₹ 1085 EACH)			
<b>(VII) INDIAN RAILWAY FINANCE CORPORATION *</b>		<b>25.00</b>	25.00
<b>(10 YEAR SECURED REDEEMABLE 8.35% TAX FREE BONDS)</b> 250 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>(VIII) INDIAN RAILWAY FINANCE CORPORATION *</b>		<b>20.00</b>	-
<b>(10 YEAR SECURED REDEEMABLE 7.19% TAX FREE BONDS)</b> 200 BONDS OF FACE VALUE OF ₹ 1,000,000/- EACH AT PREMIUM OF ₹ 100/- EACH, FULLY PAID			
<b>AGGREGATE OF QUOTED INVESTMENTS-CARRYING VALUE AT COST</b>		<b>220.00</b>	200.00
<b>TOTAL</b>		<b>221.33</b>	201.37

\* BONDS' MARKET VALUES AS ON 31.03.2016 and 31.03.2015 ARE NOT AVAILABLE AS THESE BONDS ARE NOT FREQUENTLY TRADED.

## 2.13 DEFERRED TAX ASSETS/LIABILITY (NET)

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
DEPRECIATION ON FIXED ASSETS	(13.33)	(10.12)
PROVISION FOR DOUBTFUL DEBTS, SECURITY DEPOSITS/EMD, ADVANCES ETC.	20.53	20.75
LEAVE ENCASHMENT AND OTHER PROVISIONS	20.24	35.51
CARRY FORWARD LOSSES	0.02	0.04
PRELIMINARY EXPENSES	0.05	0.06
<b>TOTAL</b>	<b>27.51</b>	<b>46.24</b>
<b>CHARGED TO STATEMENT OF PROFIT &amp; LOSS</b>	<b>(18.73)</b>	<b>(13.72)</b>
TAX EFFECT ON DEPRECIATION ADJUSTED FROM GENERAL RESERVE	-	0.08
<b>INCREASE / (DECREASE) IN DEFERRED TAX ASSET (NET)</b>	<b>(18.73)</b>	<b>(13.64)</b>

## 2.14 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>(SECURED, CONSIDERED GOOD)</b>		
STAFF ADVANCES	6.04	4.16
<b>(UNSECURED, CONSIDERED GOOD)</b>		
LOANS TO RELATED PARTY*	-	67.23
STAFF ADVANCES	1.48	4.18
SECURITY DEPOSITS	1.80	1.21
ADVANCE INCOME TAX (NET OF PROVISION)	68.84	79.16
PREPAID EXPENSES	1.21	0.88
MAT CREDIT	0.97	-
<b>TOTAL</b>	<b>80.34</b>	<b>156.82</b>

\*SHAREHOLDERS LOAN, LOAN IN LIEU OF EQUITY AND LOAN TO MEET ARBITRATION EXPENSES.

## 2.15 OTHER NON CURRENT ASSETS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:			
• BANK DEPOSITS		1.21	2.92
• LOANS TO RELATED PARTY		-	4.78
• OTHER LOANS AND ADVANCES		6.03	5.56
RETENTION MONEY		11.03	7.27
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE	2.20.3	108.29	104.02
PRE-OPERATIVE EXPENSES NOT W/O		-	0.71
DEFERRED REVENUE EXPENDITURE NOT WRITTEN OFF		-	0.10
GOVT. OF MOZAMBIQUE RECEIVABLES		47.40	-
<b>TOTAL</b>		<b>173.96</b>	<b>125.36</b>

## 2.16 OTHER NON CURRENT ASSETS-CLIENTS DEPOSITS

(₹ in Crore)

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
BANK DEPOSITS HAVING MATURITY OVER 12 MONTHS FROM REPORTING DATE:			
• CLIENTS DEPOSITS	2.21.3	28.66	70.52
<b>TOTAL</b>		<b>28.66</b>	<b>70.52</b>

## 2.17 INVENTORIES

(AT THE LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
(AS CERTIFIED BY MANAGEMENT)		
RAW MATERIAL	0.53	-
STORES & SPARES	2.11	0.24
FINISHED GOODS*	9.30	6.42
<b>TOTAL</b>	<b>11.94</b>	<b>6.66</b>

\* Includes inventory of ₹ 5.74 crore (previous year ₹ 4.50 crore) lying with third parties

## 2.18 WORK IN PROGRESS (AT COST)

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
CONSULTANCY PROJECTS	-	38.34
CONSTRUCTION PROJECTS	37.49	0.14
<b>TOTAL</b>	<b>37.49</b>	<b>38.48</b>

## 2.19 TRADE RECEIVABLES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
TRADE RECEIVABLES		
<b>UNSECURED</b>		
FOR A PERIOD EXCEEDING SIX MONTHS		
• CONSIDERED GOOD	166.96	103.61
• CONSIDERED DOUBTFUL	41.74	45.60
LESS: PROVISION FOR DOUBTFUL DEBTS	(41.74)	(45.60)
OTHERS		
• CONSIDERED GOOD	369.93	263.59
<b>TOTAL</b>	<b>536.89</b>	<b>367.20</b>

## 2.20 CASH AND BANK BALANCES-OWNED FUND

(₹ in Crore)

PARTICULARS		AS AT 31.03.2016	AS AT 31.03.2015
<b>SHOWN UNDER CURRENT ASSETS :</b>			
<b>2.20.1 CASH &amp; CASH EQUIVALENTS</b>			
CASH IN HAND		0.03	0.02
CHEQUES IN HAND		0.18	0.22
BANK BALANCES IN :			
• CURRENT ACCOUNTS	128.63		13.89
• DEPOSITS #	131.34	259.97	243.48
		260.18	257.61
<b>2.20.2 OTHER BANK BALANCES IN :</b>			
• DEPOSITS ##		466.04	466.15
<b>TOTAL</b>		<b>726.22</b>	<b>723.76</b>
<b>SHOWN UNDER NON CURRENT ASSETS :</b>			
<b>2.20.3 OTHER BANK BALANCES IN :</b>			
• DEPOSITS ###	NOTE NO. 2.15	108.29	104.02
<b>TOTAL CASH &amp; BANK BALANCES-OWNED FUND*</b>		<b>834.51</b>	<b>827.78</b>
(I) # HAVING MATURITY WITHIN 3 MONTHS 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) #### BOOK OVERDRAFT DUE TO ISSUANCE OF CHEQUES, WHICH WILL BE CLEARED AGAINST TERM DEPOSITS AVAILABLE IN BANKS.			
(V) * INCLUDES MARGIN MONEY AGAINST GUARANTEES ISSUED BY BANKS		6.78	7.69

## 2.21 CASH AND BANK BALANCES-CLIENTS FUND

(₹ in Crore)

PARTICULARS		AS AT 31.03.2016	AS AT 31.03.2015
<b>SHOWN UNDER CURRENT ASSETS :</b>			
<b>2.21.1 CASH &amp; CASH EQUIVALENTS</b>			
BANK BALANCES IN :			
• CURRENT ACCOUNTS		6.46	33.66
• DEPOSITS #		183.89	165.70
		190.35	199.36
<b>2.21.2 OTHER BANK BALANCES IN :</b>			
• DEPOSITS ##		1,636.81	1,139.08
<b>TOTAL</b>		<b>1,827.16</b>	<b>1,338.44</b>
<b>SHOWN UNDER NON CURRENT ASSETS :</b>			
<b>2.21.3 OTHER BANK BALANCES IN :</b>			
• DEPOSITS ###	NOTE NO. 2.16	28.66	70.52
<b>SHOWN UNDER OTHER CURRENT LIABILITIES :</b>			
<b>2.21.4 BOOK OVERDRAFT ####</b>	NOTE NO. 2.09	(3.58)	(25.34)
<b>TOTAL CASH &amp; BANK BALANCES-CLIENTS FUND</b>		<b>1,852.24</b>	<b>1,383.62</b>
(I) # HAVING MATURITY WITHIN 3 MONTHS 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) #### BOOK OVERDRAFT DUE TO ISSUANCE OF CHEQUES, WHICH WILL BE CLEARED AGAINST TERM DEPOSITS CLIENTS FUND AVAILABLE IN BANKS.			

## 2.22 SHORT TERM LOAN & ADVANCES

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>(SECURED, CONSIDERED GOOD)</b>		
STAFF ADVANCES	3.46	1.74
<b>(UNSECURED, CONSIDERED GOOD)</b>		
LOANS TO JV (RELATED PARTY) FOR WORKING CAPITAL REQUIREMENTS	0.86	3.55
STAFF ADVANCES	1.27	2.57
ADVANCE TO RELATED PARTIES	2.40	2.66
OTHER ADVANCES	79.71	26.92
LESS: PROVISION FOR DOUBTFUL ADVANCES	(0.38)	(0.39)
SECURITY DEPOSITS	4.39	3.30
LESS: PROVISION FOR DOUBTFUL EMD/SD	(0.76)	(0.70)
INCOME TAX RECEIVABLES	37.78	1.62
PREPAID EXPENSES	3.51	2.01
<b>TOTAL</b>	<b>132.24</b>	<b>43.28</b>

## 2.23 OTHER CURRENT ASSETS

(₹ in Crore)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
GOVT. OF TANZANIA RECEIVABLES	60.09	56.65
AMOUNT RECOVERABLES	58.79	155.88
LESS: PROVISION FOR DOUBTFUL AMOUNT RECOVERABLES	(16.43)	(13.96)
<b>INTEREST ACCRUED (INCLUDING ACCRUED BUT NOT DUE) ON:</b>		
• BANK DEPOSITS HAVING MATURITY:		
• WITHIN 3 MONTHS FROM THE DATE OF ACQUISITION	0.35	18.52
• OVER 3 MONTHS FROM THE DATE OF ACQUISITION AND UPTO 12 MONTHS FROM REPORTING DATE	41.61	25.64
• BONDS	8.36	8.23
• LOAN TO RELATED PARTY	0.16	0.03
• OTHER LOANS AND ADVANCES	0.71	1.00
RETENTION MONEY	7.52	8.21
GOVT. OF MOZAMBIQUE RECEIVABLES	36.99	-
<b>TOTAL</b>	<b>198.15</b>	<b>260.20</b>

## 2.24 REVENUE FROM OPERATIONS

				(₹ in Crore)	
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
<b>SALE OF SERVICES</b>					
CONSULTANCY FEE (GROSS)	2.47.5	<b>724.76</b>		663.10	
LESS: SERVICE TAX		<u>(87.78)</u>		<u>(69.73)</u>	
CONSULTANCY FEE (NET)			<b>636.98</b>		593.37
QUALITY ASSURANCE (GROSS)		<b>153.72</b>		128.34	
LESS: SERVICE TAX		<u>(18.42)</u>		<u>(13.82)</u>	
QUALITY ASSURANCE (NET)			<b>135.30</b>		114.52
LEASE SERVICES (GROSS)	2.47.5	<b>107.87</b>		74.86	
LESS: SERVICE TAX		<u>(9.09)</u>		<u>(5.56)</u>	
LEASE SERVICES (NET)			<b>98.78</b>		69.30
			<b>871.06</b>		777.19
<b>SALE OF PRODUCTS</b>					
EXPORT SALES			<b>185.94</b>		149.23
SALE OF POWER GENERATION			<b>6.92</b>		-
			<b>192.86</b>		149.23
<b>OTHERS</b>					
TURNKEY CONSTRUCTION PROJECTS			<b>38.61</b>		90.29
<b>TOTAL</b>			<b>1,102.53</b>		1,016.71

## 2.25 OTHER INCOME

				(₹ in Crore)	
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
INTEREST EARNED ON:					
• DEPOSITS WITH BANK		<b>81.89</b>		84.68	
• TAX FREE BONDS		<b>14.85</b>		13.89	
• STAFF ADVANCES		<b>1.30</b>		1.32	
• LOAN TO SRBWIPL (RELATED PARTY)		<b>0.22</b>		0.30	
• LOAN TO CCFB, MOZAMBIQUE (RELATED PARTY)	2.47.5	<b>30.45</b>		-	
• OTHERS		<u>-</u>	<b>128.71</b>	<u>1.02</u>	101.21
PROVISION NO LONGER REQUIRED			<b>21.47</b>		30.98
PROFIT ON SALE OF FIXED ASSETS			<b>0.13</b>		0.09
DIVIDEND FROM:					
• TRADE NON CURRENT INVESTMENTS		<u>-</u>		0.01	
• TRADE CURRENT INVESTMENTS		<b>1.25</b>	<b>1.25</b>	<u>2.74</u>	2.75
EXPORT INCENTIVES			<b>0.06</b>		8.59
RENT FROM INVESTMENT PROPERTIES			<b>1.03</b>		1.04
EXCHANGE VARIATION	2.47.5		<b>52.14</b>		5.97
MISCELLANEOUS INCOME			<b>5.91</b>		3.51
<b>TOTAL</b>			<b>210.70</b>		154.14

**2.26 EMPLOYEE BENEFITS EXPENSES**

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
SALARIES	<b>210.73</b>	194.33
SALARIES-ABROAD	<b>3.79</b>	5.59
SALARIES CONTRACT EMPLOYEES	<b>25.21</b>	28.06
FOREIGN SERVICE CONTRIBUTION	<b>2.07</b>	3.14
CONTRIBUTION TO PROVIDEND FUND & OTHER FUNDS	<b>18.55</b>	17.71
GRATUITY	<b>5.87</b>	0.89
POST RETIRAL BENEFITS (PENSION/MEDICAL)	<b>22.72</b>	18.87
STAFF WELFARE EXPENSES	<b>19.71</b>	16.98
LEAVE TRAVEL CONCESSION	-	0.19
PERFORMANCE RELATED PAYMENT	<b>16.00</b>	20.00
LEAVE ENCASHMENT	<b>17.11</b>	24.25
<b>TOTAL</b>	<b>341.76</b>	330.01

**2.27 COST OF EXPORT SALES**

(₹ in Crore)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
COST OF TRADED GOODS		<b>137.95</b>	77.35
CONSUMABLES		<b>2.87</b>	0.09
FREIGHT & FORWARDING		<b>2.40</b>	0.33
INSURANCE		<b>0.10</b>	0.01
FEES FOR SERVICES OBTAINED		<b>7.57</b>	5.76
PROVISION FOR WARRANTIES	2.42	<b>8.74</b>	6.68
<b>TOTAL</b>		<b>159.63</b>	90.22

**2.28 COST OF TURNKEY CONSTRUCTION PROJECTS**

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
SUPPLIES & SERVICES	<b>35.21</b>	82.95
(INCREASE)/DECREASE IN WORK IN PROGRESS	<b>0.14</b>	0.71
<b>TOTAL</b>	<b>35.35</b>	83.66



## 2.29 OTHER EXPENSES

(₹ in Crore)			
PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
PRINTING, STATIONARY AND DOCUMENTATION		4.15	3.71
BUSINESS PROMOTION		1.80	1.80
AUDITORS' REMUNERATION	2.30.1	0.21	0.19
AUDITORS' OUT OF POCKET EXPENSES	2.30.1	0.02	0.03
RATES & TAXES		1.17	3.67
OFFICE RENT		5.11	4.25
POSTAGE & TELECOMMUNICATION		4.11	4.10
OFFICE MAINTENANCE		7.85	7.53
REPAIRS TO MACHINERY/EQUIPMENTS		0.95	0.84
REPAIRS TO BUILDING		0.05	0.39
POWER AND FUEL CHARGES		4.67	3.70
STORES AND SPARES CONSUMED-LEASED	2.30.2	2.18	2.54
STORES AND SPARES CONSUMED-OTHERS	2.30.3	1.85	1.41
BOOKS AND PERIODICALS		0.16	0.19
INTERNAL AUDIT FEE		0.12	0.17
ADVERTISEMENT AND PUBLICITY		3.06	2.05
SUBSCRIPTION AND MEMBERSHIP FEE		0.63	0.59
LEGAL AND PROFESSIONAL FEE		1.67	5.28
INSURANCE		1.47	1.88
BANK CHARGES		1.20	1.62
BAD DEBTS		1.17	3.04
FIXED ASSETS WRITTEN OFF		0.29	-
DAMAGED AND HIRE CHARGES OF ROLLING STOCK		0.04	0.79
VEHICLE RUNNING AND MAINTENANCE		1.03	1.10
MANPOWER DEVELOPMENT		1.09	0.82
LOSS ON SALE OF FIXED ASSETS		0.02	0.01
PROVISION FOR:			
• DOUBTFUL DEBTS, ADVANCES, SECURITY DEPOSITS ETC.		16.35	4.38
• COMMITMENTS	2.42	1.57	1.60
DIRECTORS' SITTING FEE		-	0.01
CORPORATE SOCIAL RESPONSIBILITY		8.28	7.90
RESEARCH AND DEVELOPMENT		0.12	-
MISCELLANEOUS EXPENSES (COST OF TENDER DOCUMENTS, VISA CHARGES ETC.)		11.69	4.59
<b>TOTAL</b>		<b>84.08</b>	<b>70.18</b>

### 2.30.1 AUDITORS' REMUNERATION

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>(A) STATUTORY AUDITORS</b>		
STATUTORY AUDIT FEE	0.10	0.08
TAX AUDIT FEE	0.02	0.02
LIMITED REVIEW AUDIT FEE	0.03	0.03
OTHER SERVICES, i.e. CERTIFICATION ETC.	0.01	0.01
<b>SUB TOTAL (A)</b>	<b>0.16</b>	<b>0.14</b>
<b>(B) BRANCH AUDITORS</b>		
STATUTORY AUDIT FEE	0.02	0.02
TAX AUDIT FEE	0.01	0.01
LIMITED REVIEW AUDIT FEE	0.02	0.02
<b>SUB TOTAL (B)</b>	<b>0.05</b>	<b>0.05</b>
<b>AUDITORS' REMUNERATION (A+B)</b>	<b>0.21</b>	<b>0.19</b>
AUDITORS' OUT OF POCKET EXPENSES	0.02	0.03

### 2.30.2 STORES AND SPARES CONSUMED-LEASED

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
STORE AND SPARES CONSUMED	1.11	2.30
CONSUMABLES	0.75	-
FREIGHT & FORWARDING	0.26	0.22
OTHER PROCUREMENT EXPENSES	0.06	0.02
<b>TOTAL</b>	<b>2.18</b>	<b>2.54</b>

### 2.30.3 STORES AND SPARES CONSUMED-OTHERS

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
CONSUMABLES	1.68	1.28
FREIGHT & FORWARDING	0.17	0.13
<b>TOTAL</b>	<b>1.85</b>	<b>1.41</b>

### 2.31 PRIOR PERIOD ADJUSTMENTS (NET)

(₹ in Crore)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
FEES	0.05	(0.04)
OTHER (INCOME)/EXPENSES	0.09	2.12
EMPLOYEES' COST	0.03	-
SUPPLIES & SERVICES	2.06	2.15
<b>TOTAL</b>	<b>2.23</b>	<b>4.23</b>

## DISCLOSURES AS PER ACCOUNTING STANDARDS:

2.32 The subsidiary companies considered in the financial statements are as follows:

Name of Subsidiary Companies	Country of Incorporation	% of Shareholding as on 31.03.2016	% of Shareholding as on 31.03.2015
• RITES (Afrika) (Pty) Limited	Botswana	100 %	100 %
• RITES Infrastructure Services Limited	India	100 %	100 %
• Railway Energy Management Company Limited	India	51%	51%

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

(₹ in Crore)

S. No.	Particulars	Year Ended	
		31.03.16	31.03.15
1.	Contract revenue recognized during the year	38.61	90.29
2.	Aggregate amount of Costs incurred upto reporting date	328.98	290.92
3.	Recognized profits upto reporting date	13.61	13.06
4.	Amount of advances received	28.57	5.93
5.	Gross amount due from customers for the contract work presented as an asset	-	0.14
6.	Gross amount due to customers for the contract work presented as liability	6.13	19.64

2.34 In respect of Holding Company, disclosure on Employees Defined Benefits in line with Accounting Standard-15 is as follows:

2.34.1 Reconciliation of Opening & Closing Balances of the present value of the defined benefits plan obligation unfunded i.e. Leave Encashment, LTC, Medical leave and the effects during the period attributable to each is as follows:

(₹ in Crore)

Particulars	Leave Encashment		LTC		Medical Leave	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Opening Balance	59.30	54.95	1.34	1.22	39.42	33.85
Interest Cost	4.74	4.39	0.11	0.10	3.15	2.71
Current Service Cost	3.84	5.19	0.09	0.22	2.56	2.61
Benefit paid	(14.61)	(13.84)	(0.05)	(0.07)	(1.41)	(0.49)
Actuarial (Gain)/Loss on obligation	(0.39)	8.61	(1.34)	(0.13)	3.21	0.74
Closing Balance	52.88	59.30	0.15	1.34	46.93	39.42

2.34.2 Total expenses recognized in the Statement of Profit & Loss are as follows :

(₹ in Crore)

Particulars	Leave Encashment		LTC		Medical Leave	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Current Service Cost	3.84	5.19	0.09	0.22	2.56	2.61
Interest Cost	4.74	4.39	0.11	0.10	3.15	2.71
Net actuarial (Gain)/Loss recognized during the year	(0.39)	8.61	(1.34)	(0.13)	3.21	0.74
Expenses recognized in the Statement of Profit & Loss	8.19	18.19	(1.14)	0.19	8.92	6.06

2.34.3 Net present values of long service award (unfunded) for regular employees and Gratuity (unfunded) for contract employees as on 31.03.2016 are ₹ 1.55 crore (previous year ₹ 1.58 crore) and ₹ 1.65 crore (previous year Nil) respectively.

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

Particulars	Leave Encashment		LTC		Medical Leave		Long Service Award		Gratuity	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Discount rate (%)	7.83%	8%	7.83%	8%	7.83%	8%	7.83%	8%	7.83%	-
Future salary increase (%)	8%	8%	8%	8%	8%	8%	-	-	4%	-

2.34.5 Gratuity-Defined Benefit Plan wholly funded

2.34.5.1 Holding company is contributing through RITES Employees Group Gratuity cum LIC Scheme to Life Insurance Corporation of India (LIC) to meet its gratuity liability. The details are as under:-

2.34.5.2 Changes in Present Value of the benefit obligation are as follow:

Particulars	₹ in Crore	
	31.03.16	31.03.15
Present Value of obligation as at beginning of year	74.87	70.76
Interest Cost	5.99	5.66
Current Service Cost	4.85	4.63
Benefits paid	(6.84)	(3.19)
Actuarial (Gain)/Loss on obligation	1.10	(2.99)
Present Value of Obligation as at end of year	79.97	74.87

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

Particulars	₹ in Crore	
	31.03.16	31.03.15
Fair Value of Plan Assets at beginning of year	74.74	71.52
Expected Return on Plan Assets	6.29	6.51
Contributions	0.13	-
Benefits Paid	(6.84)	(3.19)
Actuarial Gain / (Loss) on Plan Assets	(0.22)	(0.10)
Fair value of Plan Assets at the end of year	74.10	74.74

2.34.5.4 The amount recognized in the Balance Sheet is as follow:

Particulars	₹ in Crore	
	31.03.16	31.03.15
Present Value of obligation as at end of year	79.97	74.87
Fair value of Plan Assets at the end of year	74.10	74.74
Funded Status / difference	(5.87)	(0.13)
Net Asset/(Liability) recognized in Balance Sheet	(5.87)	(0.13)

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

Particulars	₹ in Crore	
	31.03.16	31.03.15
Current Service Cost	4.85	4.63
Interest Cost	5.99	5.66
Expected Return on Plan Assets	(6.29)	(6.51)
Net actuarial (Gain)/Loss	1.32	(2.89)
Expenses recognized in Statement of Profit & Loss	5.87	0.89

2.34.5.6 The principal actuarial assumptions are as follow:

Particulars	31.03.16	31.03.15
Discounting rate (%)	7.83%	8%
Future salary increase (%)	8%	8%
Expected Return on Assets	8.45%	9.10%

2.34.6 Further, no planned assets have been created by the Holding Company for other employee benefits.

### 2.35 Segment Reporting

2.35.1 The group has identified five business segments as primary segment as detailed below:-

- Consultancy Services
- Leasing of railway rolling stock & equipments
- Export of rolling stock, equipments and spares
- Power Generation
- Turnkey Construction Projects

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

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

2.35.3 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.

2.35.4 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.

### 2.35.5 Business Segment:

Description	Year Ended	
	31.03.2016	31.03.2015
<b>REVENUE</b>		
<b>Sale of Services</b>		
Consultancy Services		
• Domestic	757.33	685.16
• Abroad	14.95	22.73
Leasing		
• Domestic	64.14	45.00
• Abroad	34.64	24.30
<b>Sale of Product</b>		
• Export	185.94	149.23
• Power Generation	6.92	-
<b>Others</b>		
Turnkey Construction Projects-Domestic	38.61	90.29
<b>Total Income from Operations (A)</b>	<b>1,102.53</b>	<b>1,016.71</b>

(₹ in Crore)

(₹ in Crore)

Description	Year Ended	
	31.03.2016	31.03.2015
<b>IDENTIFIABLE OPERATING EXPENSES</b>		
<b>Sale of Services</b>		
Consultancy Services		
• Domestic	<b>450.44</b>	410.67
• Abroad	<b>10.83</b>	10.37
Leasing		
• Domestic	<b>29.03</b>	21.07
• Abroad	<b>11.98</b>	14.59
<b>Sale of Product</b>		
• Export	<b>167.50</b>	98.53
• Power Generation	<b>9.84</b>	-
<b>Others</b>		
Turnkey Construction Projects-Domestic	<b>38.22</b>	87.21
<b>Total Operating Expenses (B)</b>	<b>717.84</b>	642.44
<b>SEGMENTAL PROFIT FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Consultancy Services		
• Domestic	<b>306.89</b>	274.49
• Abroad	<b>4.12</b>	12.36
Leasing		
• Domestic	<b>35.11</b>	23.93
• Abroad	<b>22.66</b>	9.71
<b>Sale of Product</b>		
• Export	<b>18.44</b>	50.70
• Power Generation	<b>(2.92)</b>	-
<b>Others</b>		
Turnkey Construction Projects-Domestic	<b>0.39</b>	3.08
<b>Operating Profit (A-B)</b>	<b>384.69</b>	374.27
Add: Income from Investments/ Deposits*	<b>97.99</b>	101.32
Add: Other Income **	<b>112.70</b>	52.82
Less: Un-allocable Expenses	<b>77.87</b>	75.17
<b>Net Profit Before Tax</b>	<b>517.51</b>	453.24
Less: Income Tax (including Deferred Tax)	<b>177.34</b>	150.15
<b>Net Profit After Tax</b>	<b>340.17</b>	303.09
Less: Minority Interest	<b>1.53</b>	0.11
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>338.64</b>	302.98

### 2.35.6 Other Information

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
<b>Fixed Assets (Net) excluding Work in Progress</b>	<b>474.99</b>	221.48
• Power Generation	<b>150.46</b>	-
• Others #	<b>324.53</b>	221.48
<b>Current Assets, Loans &amp; Advances</b>	<b>3,470.09</b>	2,778.02
• Power Generation	<b>2.70</b>	-
• Others #	<b>3,467.39</b>	2,778.02
<b>Current Liabilities, Provisions &amp; Loans</b>	<b>2,340.22</b>	1,852.00
• Power Generation	<b>18.43</b>	-
• Others #	<b>2,321.79</b>	1,852.00
<b>Capital Employed ***</b>	<b>1,604.86</b>	1,147.50

# Others consist of Consultancy Services, Leasing of railway rolling stock & equipments, Export of rolling stock, equipments and spares, Turnkey Construction Projects and un-allocable assets & liabilities.

### 2.35.7 Geographical Segment (Secondary Segment)

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
<b>Operating Revenue</b>		
• India	<b>867.00</b>	820.45
• Abroad	<b>235.53</b>	196.26
<b>Total</b>	<b>1,102.53</b>	1,016.71
<b>Operating Expenditure</b>		
• India	<b>527.53</b>	518.95
• Abroad	<b>190.31</b>	123.49
<b>Total</b>	<b>717.84</b>	642.44
<b>Operating Profit</b>		
• India	<b>339.47</b>	301.50
• Abroad	<b>45.22</b>	72.77
<b>Total</b>	<b>384.69</b>	374.27

\* Income from investment/deposits includes interest on bank deposits & bonds, dividend on trade current & non-current investment, etc.

\*\* Other income includes interest on staff advance, interest on loans, interest on income tax refund, provision no longer required, profit on sale of assets, export incentives, rent from investment properties, exchange variation etc.

\*\*\* The Group 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.

### 2.36 Related Party Disclosures

#### 2.36.1 Relationship

Nature of relationship	Name of party
Joint Ventures	1. M/s RICON - Established in India.
	2. M/s Companhia Dos Caminhos de Ferro da Beira, SA, (CCFB) - Established in Mozambique.
	3. M/s SAIL-RITES Bengal Wagon Industry Private Limited - Established in India.
	4. M/s Geoconsult ZT GmbH – RITES - Established in India.
Subsidiary Companies	1. M/s RITES (Afrika) (Pty) Ltd. (RAPL) - Established in Botswana, Shareholding-100%.
	2. M/s RITES Infrastructure Services Ltd. (RISL) - Established in India, Shareholding-100%.
	3. M/s Railway Energy Management Company Ltd. (REMCL) - Established in India, Shareholding-51%.

Key Management Personnel	1.	Shri Rajeev Mehrotra, Chairman & Managing Director
	2.	Shri Arbind Kumar, Director Projects
	3.	Shri Ajay Kumar Gaur, Director Finance
	4.	Shri S.B. Malik, Director Technical

### 2.36.2 Remuneration to Key Management Personnel:

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Salaries and other employee benefits	1.61	1.25

### 2.36.3 Joint Ventures

(₹ in Crore)

Transactions for the year	CCFB		SAIL-RITES Bengal Wagon Industry Private Ltd.		Geoconsult ZT GmbH - RITES	
	Year Ended		Year Ended		Year Ended	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investments	-	-	7.37	2.90	-	-
Recoverable/Advances	-	-	0.05	-	-	0.07
Operating Income (Consultancy Fee/Income from Construction Turnkey Projects/Export Sales/Leasing Service)	11.50	-	10.53	22.90	0.92	1.09
Loans	5.92	7.40	2.00	10.00	-	-
Interest on Loans given	30.45	-	0.26	0.30	-	-
Provision write back	6.24	-	-	-	-	-

(₹ in Crore)

Particulars	RICON		CCFB*		SAIL-RITES Bengal Wagon Industry Private Ltd.		Geoconsult ZT GmbH - RITES	
	As on		As on		As on		As on	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investments	-	-	6.01	6.01	22.27	14.90	-	-
Recoverable/ Advances	10.93	11.42	-	-	0.10	0.05	0.23	0.14
Receivables	-	-	-	5.80	3.52	6.40	1.09	1.11
Loans	-	-	-	90.85	1.73	7.10	-	-
Interest accrued	-	-	-	6.45	0.31	0.07	-	-

\* Dispute of CCFB, Mozambique has been amicably settled with Government of Mozambique (GOM) (Refer note no. 2.47).

### 2.36.4 Subsidiary Companies

(₹ in Crore)

Transactions for the year	RAPL		RISL		REMCL	
	Year Ended		Year Ended		Year Ended	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investment	-	-	-	-	10.20	10.20
Recoverable/ Advances	-	-	1.04	1.32	4.12	0.05
Consultancy Fee/ Income from Construction Turnkey Projects	-	0.24	13.65	53.72	2.87	1.30
Dividend Received	0.03	-	-	-	-	-



(₹ in Crore)

Particulars	RAPL		RISL		REMCL	
	As on		As on		As on	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Investments	<b>0.01</b>	0.01	<b>0.05</b>	0.05	<b>25.50</b>	15.30
Recoverable /Advances	-	-	<b>8.01</b>	7.06	<b>4.12</b>	-
Receivables	-	0.24	<b>1.59</b>	-	<b>0.92</b>	0.87
Advance received against Construction Projects	-	-	-	4.69	-	-

**2.36.5** The Group 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 group has no control or significant influence over these parties, hence not considered as related parties for disclosure.

### 2.37 Lease

#### 2.37.1 Operating Lease (Cancelable)

**2.37.1.1** Holding company has leasing arrangement of locomotives in domestic and overseas markets. Under the contracts, holding company is also providing services of its experts for maintenance of these locomotives for which lease rent is received from the clients as per terms of the contracts.

**2.37.1.2** Detail of the leased assets: New & In-Service Locomotives (refer note no. 2.11.1)

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Gross carrying amount	<b>230.73</b>	150.42
Accumulated depreciation	<b>61.88</b>	41.20
Net carrying amount	<b>168.85</b>	109.22
Depreciation provided for the year	<b>20.68</b>	14.99

#### 2.37.2 Other Lease (Cancelable)

##### 2.37.2.1 Description of lease arrangement of Scope Office Complex

Holding company has leased 545 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, 2017.

**2.37.2.2** Details of the leased assets: Office Premises\*

(₹ in Crore)

Description	Year Ended	
	31.03.16	31.03.15
Gross carrying amount	<b>1.84</b>	1.84
Accumulated depreciation	<b>0.47</b>	0.41
Net carrying amount	<b>1.37</b>	1.43
Depreciation provided for the year	<b>0.06</b>	0.06

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

**2.37.2.3** The Group has not sub-leased any of the assets taken on lease.

**2.37.2.4** Operating Leases for Company's offices, staff residential premises and vehicles are renewable / cancelable as laid down in the respective agreements. The total of minimum lease payments recognized in the Statement of Profit & Loss for the year is ₹ 16.81 crore (previous year ₹ 15.42 crore).

2.37.3 There are no provisions relating to contingent rent.

### 2.38 Earning Per Share (EPS)

Particulars	Year Ended	
	31.03.16	31.03.15
(A) Net profit for the year attributable to Equity Shareholders (₹ in crore)	<b>338.64</b>	302.98
(B) Weighted average number of Equity Shares	<b>100,000,000</b>	100,000,000
(C) Basic & Diluted Earning Per Share (A)/(B)	<b>₹ 33.86</b>	₹ 30.30
(D) Nominal value per share	<b>₹ 10/-</b>	₹ 10/-

### 2.39 Interest in Significant Joint Ventures

#### 2.39.1.1 Holding company has following Significant Joint Ventures:

(₹ in Crore)				
Name / Place of JVs	Country of Incorporation/ Establishment	Nature of Interest	Proportionate share of interest	Amount of investment (As on 31.03.16)
RICON	India	Holding Company 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 da Beira, SA, 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 da Beira, SA, (CCFB)	Mozambique	CCFB is a Joint Venture of Holding Company, IRCON International Ltd. and CFM (Parastatal of Government of Mozambique managing Ports and Railways in Mozambique) which is managing concession for Beira Rail Corridor upto 8th Dec., 2011.	26%	6.01
SAIL-RITES Bengal Wagon Industry Private Limited	India	Holding company has formed a Joint Venture with SAIL for manufacturing Wagons at SGW, Kulti, West Bengal.	50%	22.27
Geoconsult ZT GmbH – RITES	India	Holding company has formed a Joint venture with M/s Geoconsult ZT GmbH (Austria) for detailed design and construction supervision of Tunnel No.10 (Approx. Length 3.3 km) in connection with Jiribam-Tupul new railway line project in the state of Manipur.	39.40%	Nil

#### 2.39.1.2 List of joint ventures other than indicated at note no. 2.39.1.1:

- Geoconsult – RITES, India, holding company has share of 13%
- Geoconsult – RITES, NRT-1, India, holding company has share of 16%.

### 2.39.2 Holding Company's Share in Joint Ventures

#### 2.39.2.1 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 31.03.16	-	<b>10.77</b>	<b>0.43</b>	-	-	<b>10.34</b>	<b>0.39</b>	<b>0.11</b>
Year ended 31.03.15	-	11.11	1.05	-	-	10.06	0.40	0.14

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 31.03.16	-	0.74	0.50	-	-	0.24	0.02	0.02
Year ended 31.03.15	-	1.01	0.46	-	-	0.55	0.08	0.06
<b>GEOCONSULT - RITES - NRT-1</b>								
Year ended 31.03.16	-	0.65	0.59	-	-	0.06	0.01	0.03
Year ended 31.03.15	-	0.64	0.56	-	-	0.08	0.06	0.04
<b>GEOCONSULT ZT GMBH – RITES</b>								
Year ended 31.03.16	0.17	1.30	1.24	-	-	0.23	1.58	1.48
Year ended 31.03.15	0.12	0.87	0.85	-	-	0.14	1.21	1.06
<b>COMPANHIA DOS CAMINHOS DE FERRO DA BEIRA, SA, (CCFB)</b>								
Year ended 31.12.15	-	28.41	19.35	-	4.08	4.98	3.75	2.14
Year ended 31.12.14	0.01	124.82	119.68	-	5.42	(0.28)	1.53	5.74
<b>SAIL-RITES BENGAL WAGON INDUSTRY PRIVATE LIMITED</b>								
Year ended 31.03.16	52.25	2.98	11.75	24.69	22.27	(3.49)	0.21	3.76
Year ended 31.03.15	40.75	3.50	6.90	22.39	14.90	0.06	0.13	0.06

**2.39.2.2 Contingent Liabilities:**

In CCFB Mozambique, withholding tax demand against the entity, amount to ₹ 1.05 crore (equivalent MZN 8036076) previous year ₹ 1.40 crore (equivalent MZN 8036076), in which share of Holding Company @ 26% comes to ₹ 0.27 crore (previous year ₹ 0.36 crore).

**2.39.2.3 Capital Commitment:**

SAIL-RITES Bengal Wagon Industry Private Limited has liability on account of capital commitment of ₹ 3.33 crore (previous year ₹ 13.61 crore) in which share of Holding Company @ 50% comes to ₹ 1.67 crore (previous year ₹ 6.81 crore).

**2.40 Jointly Controlled Operations**

Holding company has Joint operations with the following venturers 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 SA	General Consultancy to Bangalore Metro Rail Corporation Ltd. for Bangalore Metro.

Name of Venturers	Project Name
M/s Systra SA France (Lead). M/s Oriental Consultants Global Co. Ltd., Japan. M/s AECOM Asia Company Ltd., HongKong.	General Consultancy to Metro Link Express for Gandhinagar & Ahmedabad (MEGA) Company Ltd. for Mass Rapid Transit System project at Ahmedabad.
M/s Stanley Consultants INC.	DPR for MRTS between Ahmedabad and Dholera for DMICDC.
M/s De Consult – Germany	Modernization of Signaling System in Ghaziabad – Kanpur section.
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	1. Taj International Airport project work at Agra. 2. Feasibility report /DPR for development and operation of airport at Singrauli, M.P.
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.
M/s DHI (India) Water & Environment Pvt. Ltd.	Project Management Consultancy for river morphological analysis and design of river training and bank protection works in the state of Uttarakhand.
M/s Systra SA	Pre-feasibility study for Delhi-Chandigarh-Amritsar high speed railway.
M/s Systra M/s Ernst & Young LLP	Consultancy for feasibility studies for package-2 (Mumbai-Chennai) of Diamond Quadrilateral Network of High Speed Rail Corridors.
M/s PRCS, Bhutan	Consultancy services for the construction of Cargo Complex Parallel Taxiway and Modification of Old Terminal Building at PARO International Airport, Bhutan.

**2.41** The Group 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.

**2.42 Provisions**

(₹ in Crore)

Items	Carrying amount as on 01.04.15	Additional Provision made during the year	Provisions used during the year	Unused amount reversed during the year	Carrying amount as on 31.03.16
Warranties	28.60	8.74	3.12	1.50	<b>32.72</b>
Commitments	2.28	1.57	-	0.42	<b>3.43</b>

**2.43 Information on CSR expenditure:-**

(a) Gross amount required to be spent during the year ₹ 8.10 crore (previous year ₹ 6.70 crore).

(b) Amount spent during the year on:

(₹ in Crore)

Particulars	In cash		Yet to be paid in cash		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(i) Construction/acquisition of any asset	2.31	6.72	-	-	2.31	6.72
(ii) On purposes other than (i) above	5.97	1.18	-	-	5.97	1.18
<b>Total</b>	<b>8.28</b>	<b>7.90</b>	<b>-</b>	<b>-</b>	<b>8.28</b>	<b>7.90</b>

**2.44 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule-III of the Companies Act, 2013:**

Name of the entity	2015-16				2014-15			
	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated net assets	Amount (₹ in crore)
<b>Holding Company</b>								
RITES LTD.	99.82	1,803.30	100.08	338.92	99.91	1,628.07	101.04	306.14
<b>Subsidiaries</b>								
<b>Indian</b>								
RITES Infrastructure Services Ltd. (RISL)	(0.03)	(0.48)	(0.12)	(0.41)	-	(0.06)	0.03	0.10
Railway Energy Management Company Limited (REMCL)	2.94	53.12	0.93	3.13	1.84	29.99	0.07	0.22
<b>Foreign</b>								
RITES(Afrika) (Pty) Limited (RITES-Afrika)	0.11	2.03	0.10	0.34	0.11	1.84	0.09	0.26
<b>Minority Interests in all subsidiaries</b>	<b>(1.44)</b>	<b>(26.03)</b>	<b>(0.45)</b>	<b>(1.53)</b>	<b>(0.90)</b>	<b>(14.70)</b>	<b>(0.03)</b>	<b>(0.11)</b>
<b>Joint Ventures</b>								
<b>Indian</b>								
SAIL-RITES Bengal Wagon Industry Private Limited (SRBWPL)	1.04	18.78	(1.05)	(3.54)	0.92	14.96	0.02	0.07
<b>Foreign</b>								
Companhia dos Caminhos de Ferro da Beira, SA, (CCFB)	0.54	9.72	0.51	1.72	0.35	5.65	(1.41)	(4.27)
<b>Total Eliminations</b>	<b>(2.98)</b>	<b>(53.79)</b>	<b>-</b>	<b>0.01</b>	<b>(2.23)</b>	<b>(36.28)</b>	<b>0.19</b>	<b>0.57</b>
<b>TOTAL</b>	<b>100.00</b>	<b>1,806.65</b>	<b>100.00</b>	<b>338.64</b>	<b>100.00</b>	<b>1,629.47</b>	<b>100.00</b>	<b>302.98</b>

RITES Mohawarean Arabia Company Ltd. (RMAC), a subsidiary company with 76% stake, in Saudi Arabia is under liquidation & there is no significant transaction during the period, hence its financial statements are not considered for consolidation.

- 2.45** In case of Holding Company, details of dues to micro, small and medium enterprises as defined under the Micro and Small Enterprise Development Act, 2006\* are given on the basis of information available with the management.

(₹ in Crore)

S. No.	Particulars	As at 31.03.2016	As at 31.03.2015
a	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	- Principal amount due to micro and small enterprises	<b>0.74</b>	0.03
	- Interest due on above	-	-
b	The amount of interest paid by the buyer in terms of Section 16 of the Micro and Small Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprises Development Act, 2006.	-	-
d	The amount of interest due and remaining unpaid at the end of each accounting year.	-	-
e	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro and Small Enterprise Development Act, 2006.	-	-

\* The Holding Company has initiated the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

- 2.46** In a pre-closed contract in the year 2005–06, holding 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 Holding 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 on 31st July, 2011 for setting aside the aforesaid award of the appellate authority which is still pending before the civil court, thus the award has not been recognized

- 2.46.1** 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. Both the parties have concluded their arguments and the matter is posted for award. The claims of the executive agency are included in the contingent liabilities. (Refer note no. 2.62.1).

- 2.46.2** Cumulative interest up to 31.03.16 due from the executing agency of ₹ 21.95 crore (previous year ₹ 19.93 crore) on mobilization advance of ₹ 16.80 crore 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).

- 2.47** A joint venture company named CCFB was incorporated in Mozambique in 2004 for rehabilitation, operation and management of Beira Rail Corridor, Mozambique by entering into a 25 years concessioning agreement with the Government of Mozambique. Company invested a sum of ₹ 6.01 crore in equity in the said Joint Venture Company for a 26% share. Other shareholders are IRCON & CFM, Mozambique with 25% & 49% share respectively. The company extended a shareholder loan of ₹ 87.89

crore (equivalent to US\$ 19.79 million) inclusive of interest accrued which was converted to principal as per agreement, out of which company received repayment of part loan amounting to ₹ 4.44 crore (equivalent to US\$ one million) during the year 2012-13.

- 2.47.1** 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 was unlawful and against the provisions of the agreement. Consequently CCFB initiated arbitration against the said decision of GoM.
- 2.47.2** In view of the arbitration proceedings initiated and consequent uncertainties, the management considered it prudent not to recognize interest income of ₹ 21.37 crore (equivalent to US\$ 3.47 million) on loan up to the year 2014-15 [year ended 2013-14 ₹ 15.19 crore (equivalent to US\$ 2.58 million)]. Further, management considered it prudent not to recognize any exchange differences in respect of the amounts due from CCFB in foreign currency towards loans, interest accrued, debts, etc. These along with provision for doubtful debts were stated at exchange rate on 31st March, 2011 resulting non-recognition of exchange gain upto 31st March, 2015 of ₹ 34.92 crore (upto year ended on 31st March, 2014 of ₹ 29.41 crore).
- 2.47.3** Holding Company further entered into a loan agreement with CCFB Mozambique on 15th January, 2015 for providing financial assistance to enable CCFB to meet arbitration expenses. A sum of ₹ 13.32 crore (equivalent to US\$ 2.04 million) has been extended as loan till 31st March, 2016 [previous year ₹ 7.40 crore (equivalent to US\$ 1.22 million)].
- 2.47.4** Dispute has been amicably settled with Government of Mozambique (GoM) on 21st October, 2015 through settlement agreement. As per the settlement agreement, Holding Company will receive US\$ 39.69 million. As per schedule of payment, an upfront payment of US\$ 17.07 million is to be made by January 2016 and balance in four annual equal installments of US\$ 5.66 million each w.e.f. 18th October, 2016. Reimbursement towards arbitration expenses is also due to strategic shareholders i.e. RITES Ltd. and IRCON International Ltd. within overall ceiling of US\$ 5 million. The aforesaid payments are towards equity contribution, shareholder loans, interest accrued up to the date of settlement agreement and other dues by the Holding Company.
- 2.47.5** An upfront payment of US\$ 17.07 million has already been received during the current financial year and LC has also been established by GoM after reporting date, as a result of which, dues towards fees, loans, interest, etc. have now become certain to be realized. Accordingly, Interest of ₹ 30.45 crore up to the date of settlement agreement on shareholder loan (equivalent US\$ 4.47 million), exchange variation of ₹ 49.18 crore, fees of ₹ 11.50 crore (equivalent US\$ 1.68 million) from loco leasing and management services have been recognized during the year. This has resulted in profit before tax higher by ₹ 91.13 crore and current assets and non-current assets higher by ₹ 77.94 crore & ₹ 13.19 crore respectively.
- In view of receipt of upfront payment and establishment of LC after reporting date, company will transfer its shareholding in CCFB to GoM or their nominated agency. Accordingly, investment in equity is still shown as a part of investment in CCFB in the Holding Company's financial statements.
- 2.48** Under the settlement agreement with Government of Tanzania, since last three instalments out of six instalments of principal amounting to ₹ 60.09 crore (equivalent US\$ 9.19 million) {previous year is ₹ 56.65 crore (equivalent US\$ 9.19 million)} is still outstanding, interest on principal and on delayed payments of ₹ 14.89 crore (equivalent to US\$ 2.28 million) {previous year ₹ 11.02 crore (equivalent to US\$ 1.79 million)} have not been recognised.
- 2.49** During the year, Ministry of Railways has approved two post retirement medical schemes i.e. Medical Scheme for RITES Retired Employees & Post Retirement Medical Scheme. Holding Company has been making provision towards liability on this accounts which stands at ₹ 51.71 crore as at the end of this year (previous year ₹ 40.99 crore). A trust has been set up after the reporting date and legal formalities relating to opening of accounts, income tax clearance, etc. are yet to be completed.
- 2.50** Foreign Service Contribution charged under employee benefits expenses in respect of officers taken on deputation from other organizations is recognized on accrual basis as per the deputation terms with parent organizations.
- 2.51** Lease deeds in case of holding company 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), the physical testing laboratory at 52A&B, C.R. Avenue, Kolkata of ₹ 1.24 crore (previous year ₹ 1.24 crore) and flats taken in Mumbai of ₹ 3.22 crore (previous year ₹ 3.22 crore) from Western Railways.
- 2.51.1** Consultancy fee of ₹ 2.43 crore (previous year ₹ 6.29 crore) due in one of the overseas projects is not being recognized as works have not been carried out by the contractors to the satisfaction of the client and the realisability of the fee based on the works done seems to be uncertain.
- 2.52** In cases in respect of holding company, where execution/submission of title deeds/lease agreements etc. by employees are pending, house building, vehicle and multipurpose advances are considered unsecured.

## 2.53 Details of Loans

2.53.1 SRBWIPL has take secured term loan from Dena Bank and details are as under (refer note no. 2.04 & 2.09):-

Bank Name	Sanction Amount	Outstanding as on 31.03.2016	Outstanding as on 31.03.2015
Dena Bank (₹ in crore)	72.00	58.73	44.70
Group share (50%) (₹ in crore)	36.00	29.37	22.35

Term loan from Dena Bank is repayable in 30 quarterly installments of ₹ 2.40 crore each with total period of 10 years after moratorium period of 3.5 years. Repayment of term loan will start from 01.04.2016 as per the modification in terms in sanction. This is secured by way of first charge on building of joint venture entity situated at Kulti, Burdwan, West Bengal, plant & machinery and furniture & fixtures.

- 2.53.2 Joint Venture had got sanction of working capital limit of ₹ 18 crore from Dena Bank on 25th July, 2012 against hypothecation of stocks of raw-material, semi-finished goods, finished goods, stores and spares, packing materials used for manufacturing and book debts such facilities have not been availed by SRBWIPL till 31st March, 2016.
- 2.53.3 REMCL has borrowed term loan of ₹ 120.58 crore (Previous Year NIL) from Indian Bank for setting up 26 MW Wind Mill plant at Jaisalmer. The entire amount of loan has been borrowed during the financial year 2015-16 and company has incurred interest cost of ₹ 5.80 crore (Previous Year NIL) during the year. Since the windmill plant has been commissioned on 16th October, 2015, the interest up to that period amounting to ₹1.09 crore (Previous Year NIL) has been capitalized towards Wind Mill Plant (refer note no. 2.04 & 2.09).

Terms of repayment of term loan are as under :-

- Repayment of loan to be made in 144 monthly instalments started from April 2016.
  - Repayment of interest on term loan to be made monthly till closure of term loan.
  - Term loan can be prepaid as per the availability of cash generation without any pre-payment charges.
- 2.53.4 Indian Bank, Sushant Lok Branch, Gurgaon have sanctioned term loan of ₹ 130.40 crore to REMCL vide sanction letter No. CAC/914/2014-15 dated 28th January, 2015 for setting up 26 MW Wind Mill Plant at Jaisalmer, Rajasthan on debt equity ratio of 80:20 and in this connection, the following security has been offered by REMCL (referred herein under as subsidiary company):-
- Hypothecation of all the movable assets pertaining to project including but not limited to plant and machinery, machinery spares, tools and accessories.
  - Hypothecation charge on the subsidiary company's book debts, operating cash flows, receivables, commissions and revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill present and future, related to project.
  - A first charge on the subsidiary's bank accounts related to project including but not limited to the Escrow Account (Escrow) opened with Indian Bank, where all cash inflows of the subsidiary company related to the Project shall be deposited and all proceeds shall be utilized in a manner and priority to be decided by the Lenders.
  - Mortgage charges on the rights on the leased/sub-leased land in Jaisalmer, Rajasthan for the purpose of the Project – to be executed by way of an equitable mortgage (if permissible by state laws). The sub-lease agreement will be executed after commissioning of the project.
- 2.54 During the year, SRBWIPL entered into lease agreement with Steel Authority of India for one time premium of ₹ 11.97 crore and rental premium of ₹ 11.97 lacs per year. The one time premium of ₹ 11.97 crore is being amortised over the lease period of 33 years.
- 2.54.1 In case of SRBWIPL, out of the one time premium amount of ₹ 11.97 crore for leasehold land and ₹ 40 lacs for Building payable to Steel Authority of India Ltd., shares for ₹ 7.37 crores have been issued during the year and the balance payable of ₹ 5 crore has been converted into loan during the year as per the terms of lease agreement.
- 2.54.2 SRBWIPL has unabsorbed depreciation or carry forward of losses under tax laws but deferred tax assets has not been recognized since there is virtual certainty supported by convincing evidence that sufficient future taxable income will not be available against which such deferred tax assets can be realized.
- 2.54.3 SRBWIPL has capitalized the fixed assets installed in the Factory on 24th September, 2015 on COD based upon the certificate issued by Chartered Engineer of Holding Company being Engineering, Procurement and Construction contractor for the Factory project.



- 2.55** During the year, REMCL has incurred a sum of ₹ 2.87 crore (Previous Year ₹ 1.35 crore) towards services of experts from the holding company at arm's length price. Out of this, services employed on windmill project amounting to ₹ 0.27 crore (Previous Year ₹ 0.11 crore) as identified by the management has been capitalized and balance amount of ₹ 2.60 crore (Previous Year ₹ 1.25 crore) was charged to the Statement of Profit & Loss.
- 2.56** Rail Land Development Authority (RLDA) has given leased land on various locations for periods varying from 35-45 years to RISL for construction of Multi-Functional Complexes. Pending decisions of RLDA as regard to lease rent, same has not been provided for as this cannot be reliably estimated. However, life of the building on the leased land has been taken as 35 years for charging depreciation.
- 2.57** In case of RISL, net deferred tax asset has not been recognized in the books of accounts for current financial year as there is no reasonable certainty with convincing evidence that sufficient future taxable income will not be available against which deferred tax assets can be realized as the board of the company has proposed for winding up the company in financial year 2016-17. Accordingly opening deferred tax asset amounting to ₹ 0.03 crore has also been charged to the statement of profit & loss during the current period.
- 2.58** In case of RISL, company has discontinued operations and going for winding up. Information in this regard is given below :-
- 2.58.1** In case of RISL with respect to Board Resolution passed in the Board Meeting held on 4th March, 2016, Board has proposed to wind up the company during FY 2016-17, subject to approval of shareholder in the general meeting. The legal proceedings to wind up the company have not yet commenced and will be taken up after handing over MFCs to Zonal Railways and settlement of final bill of the contractor for construction of bus terminal at Maltipatpur, Puri, Odisha. Considering these facts going concern assumption seems to be inappropriate on the date of Financial Statement. However, company has prepared the financial statement on historical cost basis, as shareholders have not approved the winding up of the company till the date of signing of financial statement.
- 2.58.2** The BOD of the holding company in their meeting held on 8th January, 2016 has also decided to wind up the company during the financial year 2016-17 after handing over MFCs to Zonal Railways and settlement of final bill of the contractor for construction of bus terminal at Maltipatpur, Puri, Odisha.
- 2.58.3** Information regarding financial & net cash flow in respect of discontinuing operations during the current financial year 2015-16 in respect of RISL is as under :-

(₹ in crore)

Particulars	Amount as at 31.03.2016
Total assets to be disposed off	15.26
Total liabilities to be settled	15.73
Revenue attributable to discontinuing operations during the current financial year	13.70
Expenses attributable to discontinuing operations during the current financial year	14.08
Pre-Tax Profit/(Loss)	(0.38)
Net cash flow from discounting operations attributable to the :	
- Operating activities	(7.00)
- Investing activities	6.61
- Financial activities	0.43

- 2.59** Holding company, decided to get constructed Six Multifunctional Complexes (MFCs) under CSR scheme by RISL and incurred a fixed expenditure of ₹ 3 crore. Till the end of previous financial year, RISL has received four MFCs at free of cost from the holding company and recorded in the books at nominal value of ₹ 1/- each which were subsequently handed over to Railways, accordingly values of these MFCs have been adjusted from capital reserve and tangible assets and their values stands NIL as on 31st March, 2015 in the books of accounts.

During the year, RISL has received one MFC situated at Alipurduar at nominal value of ₹ 1/- and the same has been handed over to Railways, accordingly value of this MFC has also been adjusted from capital reserve and tangible assets, thus its value stands NIL as on 31st March, 2016. The excess amount spent on construction of this MFC amounting to ₹ 0.03 crore is to be borne by the company and has been charged during the year on transfer of asset to Railways.

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

- 2.60** Sundry creditors, customers advances, amounts recoverable, security deposits receivable/payable are subject to confirmation.
- 2.61** Information as regard to loans, investments made as required under section 186(4) of the Companies Act, 2013 have been given vide note no. 2.12 B, 2.14 & 2.22.

**2.62** Contingent liabilities and commitments to the extent not provided for:

**2.62.1 Contingent Liabilities**

- (a) Claims against the group not acknowledged as debts as certified by the Management are ₹ 582.97 crore (previous year ₹ 517.83 crore). These include:-
- (i) Claims (excluding interest) amounting to ₹ 391.73 crore (previous year ₹325.64 crore) against the Group by the sub-contractors / other agencies including award against the Group pending in courts. The management does not foresee any liability on the Group as the same are contested by the Group for and or on behalf of the clients.
  - (ii) Other claims (excluding interest) amounting to ₹ 191.24 crore (previous year ₹ 192.19 crore) are contested by the Group and Holding company has made counter claims of ₹ 644.53 crore (previous year ₹ 644.53 crore) on the executing agency (refer note no.2.46.1).
- (b) Other money for which the Group is contingently liable:
- (i) Excise bonds amounting to ₹ 10.88 crore (previous year ₹9.98 crore) are outstanding against export obligations with Central Excise Department. Out of this, bonds value of ₹ 8.20 crore (previous year ₹ 3.15 crore) are due for release by the department.
  - (ii) Claims indicated at (a) above include proportionate share of claims against joint venture indicated vide note no. 2.39.2.2.
  - (iii) Demands on account of taxes viz. VAT, Service Tax & Withholding tax amounting to ₹ 1.08 crore (previous year ₹ 0.36 crore) are contested by the Group entities.

**2.62.2 Commitments**

Estimated amount of contracts remaining to be executed on capital account as certified by the management and not provided for amounting to ₹ 18.34 crore (previous year ₹170.25 crore) including proportionate share of joint venture indicated vide note no. 2.39.2.3.

**2.63** The financial statements are presented in ₹ crore. Those items which are required to be disclosed but cannot be 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 31.03.2016	As at 31.03.2015
Non-current investment	<b>2.12</b>		
(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

**2.64** Assets & Liabilities have been translated at closing exchange rate and profit & loss items have been translated at average exchange rate.

Currency	INR			
	2015-16		2014-15	
	Closing rate	Average rate	Closing rate	Average rate
1 Pula (Botswana)	<b>5.95856</b>	<b>6.12096</b>	6.2270	6.5735
1MTN (Mozambique)	<b>1.40157</b>	<b>1.67149</b>	1.9096	1.9450

(Source Oanda.com)

## COMMENTS BY CAG

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RITES LIMITED FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of consolidated financial statements of RITES Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 July 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of RITES Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of Railway Energy Management Company Limited and SAIL-RITES Bengal Wagon Industry Private Limited, but did not conduct supplementary audit of the financial statements of Subsidiaries and Jointly Controlled Entities (as per Annexure) for the year ended on that date. Further, section 139(5) and 143 (6)(b) of the Act are not applicable to RITES (Afrika) (Pty) Limited and Companhia Dos Caminhos De Ferro Da Beira, SA being private entities incorporated in Foreign country under the respective laws, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

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



**(Dinesh Bhargav)**

**Place : New Delhi**

**Dated : 9th August, 2016**

**Director General of Audit, Railway Commercial, New Delhi**

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List of subsidiaries, Associate company and Joint Ventures of RITES LIMITED, New Delhi for which Supplementary audit was not conducted under section 143(6)(a) read with section 129(4) of the Companies Act, 2013 for the year 2015-16.

#### **Subsidiaries:**

1. RITES Infrastructure Services Limited

#### **Joint Ventures**

2. Geoconsult ZT GmbH-RITES
3. RICON

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/JOINT VENTURES FOR THE YEAR ENDED 31ST MARCH, 2016**

(Statement pursuant to first proviso to sub-section 3 of section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014)

**PART "A" : SUBSIDIARIES**

1	Sl. No.	1		2		3	
2	Name of the Subsidiary	RITES (Afrika) (Pty) Limited		RITES Infrastructure Services Limited (RISL)		Railway Energy Management Company Limited (REMCL)	
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Botswana Pula (BWP)*		INR		INR	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
		(₹ In crore)		(₹ In crore)		(₹ In crore)	
4	Share Capital	0.01	0.01	0.05	0.05	50.00	30.00
5	Reserves & Surplus	2.03	1.83	(0.53)	(0.11)	3.12	(0.01)
6	Total Assets	2.68	3.05	15.26	26.95	186.08	30.95
7	Total Liabilities	0.64	1.21	15.73	27.01	132.96	0.96
8	Investments	-	-	-	-	-	-
9	Operating Turnover	1.37	2.45	13.69	53.97	17.10	0.26
10	Profit before taxation	0.45	0.27	(0.39)	0.15	4.70	0.32
11	Provision for taxation	0.11	0.01	0.03	0.05	1.56	0.10
12	Profit after taxation	0.34	0.26	(0.41)	0.10	3.14	0.22
13	Proposed Dividend	0.03	-	-	-	-	-
14	% of shareholding	100%		100%		51%	

\* As on 31.03.2016: 1BWP= ₹ 5.95856 ; Average Rate 1BWP= ₹ 6.12096, As on 31.03.2015: 1BWP= ₹ 6.2270 ; Average Rate 1BWP= ₹ 6.5735

\*\* All company having 31st March as reporting date.

\*\*\* RITES Mohawarean Arabia Company Ltd. (RMAC) in Saudi Arabia is under liquidation, hence its financial statements are not considered for consolidation. Investment in equity of ₹ 0.47 crore were made by the holding company has been returned by RMAC during the financial year 2014-15.

**PART "B" : JOINT VENTURES**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Joint Ventures

1	Sl. No.	1		2		3		4	
2	Name of Joint Ventures	Companhia dos Caminhos de Ferro da Beira, SA, Mozambique (CCFB)*		SAIL-RITES Bengal Wagon Industry Private Limited (SRBWIPL)**		RICON (unincorporated Entity)		Geoconsult ZT GmbH – RITES (GC-RITES) (unincorporated Entity)	
3	Latest Audited Balance Sheet Date #	31.12.2015	31.12.2014	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
4	Shares of Joint Ventures held by the company on the year end:								


1	Sl. No.	1		2		3		4	
2	Name of Joint Ventures	Companhia dos Caminhos de Ferro da Beira, SA, Mozambique (CCFB)*		SAIL-RITES Bengal Wagon Industry Private Limited (SRBWIPL)**		RICON (unincorporated Entity)		Geoconsult ZT GmbH – RITES (GC-RITES) (unincorporated Entity)	
4 (i)	No.	1,300,000	1,300,000	22,270,000	14,900,000	NIL	NIL	NIL	NIL
4 (ii)	Amount of investment in Joint Venture (₹ in crore)	6.01	6.01	22.27	14.90	NIL	NIL	NIL	NIL
4 (iii)	Extend of Holding/Profit Sharing %	26%	26%	50%	50%	51%	51%	39.40%	39.40%
5	Description of how there is significant influence	There is significant influence due to percentage (%) of share capital/profit sharing							
6	Reason why the joint venture is not consolidated	Not Applicable							
7	Net worth attributable to shareholding as per latest audited Balance Sheet # (₹ in crore)	9.72	5.65	18.78	14.96	10.34	10.06	0.23	0.14
8	Profit/Loss for the year								
8 (i)	Considered in Consolidation (₹ in crore)	1.72	(4.27)	(3.54)	0.07	0.28	0.26	0.10	0.15
8 (ii)	Not Considered in Consolidation	-	-	-	-	-	-	-	-

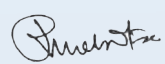
# Financial statements for period ended 31.12.2015 of CCFB are unaudited.

\* As on 31.12.2015: 1MTN= ₹ 1.40157: Average Rate 1MTN= ₹ 1.67149, As on 31.12.2014: 1MTN= ₹ 1.9096 : Average Rate 1MTN= ₹ 1.9450

\*\* SAIL-RITES Bengal Wagon Industry Private Limited (SRBWIPL) is under construction and has yet to commence its operations.

For and on behalf of the Board

  
Ajay Kumar Gaur  
Director Finance  
and  
Chief Finance Officer

  
Rajeev Mehrotra  
Chairman & Managing Director  
and  
Chief Executive Officer

  
P.T. Mittal  
Company Secretary  
& GM (Legal)

For Agiwal & Associates, Chartered Accountants (FRN :000181N)

Place : Delhi  
Dated : 26th July, 2016

  
P.C. Agiwal, Partner (M.No. 080475)

## OFFICES, AUDITORS AND BANKERS

### OFFICES

#### INDIA

Registered Office RITES Limited  
SCOPE Minar, Core-1  
Laxmi Nagar, Delhi-110092  
Phone : (011) 23354800, 22024610  
Fax : (011) 22024660  
info@rites.com | www.rites.com

Corporate Office-I RITES Limited  
RITES Bhawan, No.-1, Sector - 29,  
Gurgaon -122001 (Haryana), India  
Phone : (0124) 2571666  
Fax : (0124) 2571660  
info@rites.com | www.rites.com

Corporate Office-II RITES Limited  
RITES Bhawan, No.-144, Sector-44,  
Gurgaon -122001(Haryana), India  
Phone : (0124) 2728299  
Fax : (0124) 2728371  
info@rites.com | www.rites.com

#### PROJECT OFFICES

Bhubaneswar 0674 - 2575493 / 2570775 / 2575284 (Fax)  
bbsrpo@rites.com

Kolkata 033 - 22367162 / 22367118 / 22367143 (Fax)  
pokolkata@rites.com

Lucknow 0522 - 2771892 / 2771893 (Fax)  
lucknowpo@rites.com

Mumbai 022 - 27812491 / 93 / 27812495 (Fax)  
mumbaipo@rites.com

Nagpur 0712 - 2520127 / 2547109 / 2565228 /  
2527673 (Fax)  
nagpurpo@rites.com

Secunderabad 040 - 27812817 / 27841499 / 27818397 /  
27813894 (Fax)  
secbadpo@rites.com

Ahmedabad 079-27700421/27700418 (Fax)  
ahmedabadpo@gmail.com

#### INSPECTION OFFICES

Bhilai 0788 - 2227304 / 2292661 / 2227305 (Fax)  
crinspn@rites.com

Chennai 044 - 28523364 / 28521142 / 28525408 (Fax)  
srinspn@rites.com

Delhi 011- 22029119 / 22029109 / 22024665 (Fax)  
nrinspn@rites.com

Kolkata 033 - 22348912 / 22348665 / 22348704 (Fax)  
erinspn@rites.com

Mumbai 022 - 22012523 / 22016621 / 22084155 (Fax)  
wrinspn@rites.com

#### RITES OVERSEAS TEAMS:

Botswana 00267 - 3914113 (Telefax)  
00267 - 74715499  
ritesafrika@mega.bw

Mozambique 002588 - 24726706  
vrbhairi@yahoo.com  
002588 - 23013402  
devendrakumarparashar@yahoo.co.in

Bangladesh +8801776839228  
govindkavya1406@yahoo.com

### AUDITORS

#### STATUTORY AUDITORS

M/s Agiwal & Associates Delhi

#### BRANCH AUDITORS

M/s S.K. Bhattachariya & Co. Kolkata  
M/s Pratap B. Sheth & Co. Mumbai  
M/s C.S. Hariharan & Co. Chennai

### BANKERS

AXIS Bank State Bank of India  
ICICI Bank State Bank of Bikaner & Jaipur  
Indian Bank State Bank of Patiala  
IndusInd Bank Yes Bank

## UTES' 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	
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# **rites** RITES Limited

(A Govt. of India Enterprise)

Registered Office: SCOPE Minar, Core-I, Laxmi Nagar, Delhi - 110 092 (India)

Phone : +91 (011) 23354800, 22024610 Fax : +91 (011) 22024660

Corporate Office: RITES Bhawan, No. 1, Sector-29, Gurgaon-122 001, Haryana (India)

Phone: +91 (124) 2571666, 2571667, Fax : +91 (124) 2571660

E-mail: [info@rites.com](mailto:info@rites.com) | Website: [www.rites.com](http://www.rites.com)

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