

वार्षिक रिपोर्ट



रेल विकास निगम लिमिटेड
(भारत सरकार का उपक्रम)

Rail Vikas Nigam Limited
(A Government of India Enterprise)

1st Floor, August Kranti Bhawan

9810436864

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Management Team

Board of Directors



Mr. Rakesh Chopra, Member Engg./Railway Board
Chairman (Part-time Official)



Mr. D.C. Mitra, Managing Director



Mr. Ranjan Kumar Jain, Director/Operations



Mr. Harish Chandra, Director/Finance



Mr. Satish Agnihotri, Director/Projects



Smt. Geeta Mishra, Director/Personnel



Mr. M.S. Khan, AM (Budget)/Railway Board
Director (Part-time Official)



Mr. R.P. Gupta, Advisor (Works)/ Railway Board
Director (Part-time Official)



Mrs. Suman Kalra, Company Secretary



REGISTERED & CORPORATE OFFICE

1st Floor, August Kranti Bhawan, Bhikaji Cama Place, R. K. Puram, New Delhi-110066

PROJECT IMPLEMENTING UNITS

Rail Vikas Nigam Limited
D. No. 9-1-129/302, 3rd Floor,
Oxford Plaza, Sarojini Devi Road,
Secunderabad

Rail Vikas Nigam Limited,
36, Parijat Raj Kishore Naga,
Bilaspur

Rail Vikas Nigam Limited
6.9 Acre Complex, B Block,
Rail Vihar, Chandrashekharpur
Bhubaneswar

Rail Vikas Nigam Limited
Shop No. 3, Casablanca,
Plot No. 45, Sector-11
C.B.D. Belapur,
Navi Mumbai

Rail Vikas Nigam Limited
Meazzanine Floor, Thirumalai,
Railway Station, MTP Field Office,
Mylapore Chennai

Rail Vikas Nigam Limited
434, Shekhawat Mansingh Block,
Neemisagar Colony,
Queens Roads, Vaishali Nagar,
Jaipur

Rail Vikas Nigam Limited
Office Block No. B-1, 3rd Floor,
FMC Fortuna Building
234/3A, AJC Bose Road, Kolkata

Rail Vikas Nigam Limited
1st Floor, August Kranti Bhawan,
Bhikaji Cama Place, R.K. Puram,
New Delhi-110066

Rail Vikas Nigam Limited
7, Kesharkunj, Shankar Nagar,
Near Pragati Petrol Pump,
Habib Ganj, Bhopal

Rail Vikas Nigam Limited
Near IRICEN Railway Colony,
South Main Road, Koregaon Park,
Pune-411001

Rail Vikas Nigam Limited
59-A&B, Sector-II Gitanjali Nagar,
Raipur

Rail Vikas Nigam Limited
4th Floor, DRM Office Building
South western Railway
Bangalore

Rail Vikas Nigam Limited, Vadodara
c/o Shop No. 3, Casablanca,
Plot No. 45, Sector-11
C.B.D. Belapur,
Navi Mumbai

Statutory Auditors

Bhushan Bensal Jain Associates,
Chartered Accountants,
4648/21, Ansari Road, Daryaganj, New Delhi-110002

Web Site : www.rvnl.org

Bankers

State Bank of India
ICICI Bank
Union Bank of India
Corporation Bank
Axis Bank

Chairman's Address

Distinguished Shareholders,

On behalf of the Board of Directors of Rail Vikas Nigam Limited, I extend a very warm welcome to all the shareholders for the sixth Annual General Meeting of the Company. The audited accounts of the company for the financial year 2008-09 along with the Directors' Report, reports of Auditors and comments of the Comptroller and Auditor General of India have already been circulated, and with your permission, I take them as read.

I am happy to report that the growth in project execution has continued during 2008-09 and the Company achieved a turnover of Rs. 1698.38 crore in 2008-09 against the previous year's performance of Rs. 1618.73 crore, registering a growth of 5%. The income from project execution has increased to Rs. 34.66 crore in 2008-09 as against Rs 27.11 crore in 2007-08. The accumulated reserves and surplus of RVNL at the end of 2008-09 are Rs 66.55 crore and the net worth of the company increased from Rs 2119.09 crore to Rs 2151.07 crore in 2008-09 due to transfer of profits to reserves and surplus. With the improved performance of the company in 2008-09, the Directors have recommended a dividend of Rs 8 crore as compared to Rs 5 crore during the previous year, that is an increase of 60%, for the consideration by share holders.

There are high expectations from RVNL for the speedy delivery of high quality rail infrastructure and I am happy to report that during the year RVNL has been able to live up to its expectations. In all, up to 31st March 2009, 16 projects have been fully completed and RVNL has completed 419 kms of doubling, 1230 kms of Gauge Conversion, 176 kms of New Line and 1060 kms of Railway Electrification. During the year, RVNL commissioned and handed over to the Railways the operationally significant Rewari-Phulera section, a distance of 215 kms of the 295 km Rewari-Phulera-Ajmer Gauge conversion project. The balance section between Phulera-Ajmer is likely to be commissioned by February 2010. The 3rd line project of Tirivallur-Arakkonam was also completed in 2008-09. The Venkatchalam-Krishnapattanam section of the Oblavaripalle-Krishnapattanam new line project, a distance of 21 kms was commissioned by RVNL enabling rail connectivity to the important new port of Krishnapattanam.

RVNL has also recently completed the Mayiladuturai-Villupuram gauge conversion project. The gauge conversion project of Bhildi-Samdari which is 223 kms long is also in an advanced stage and is expected to be commissioned by December 2009. Construction of the port connectivity work of Vallarparadm-Idapally new line, funded by Ministry of Shipping, is progressing as per schedule and is likely to be completed by November 2009. This project involves

construction of a 4.6 kms long bridge, which is the longest railway bridge in India. As part of the Tiruvallur-Arakkonam 3rd line project, RVNL commissioned the longest sub-way of 87 mtrs on Indian Railways under a running track by using box pushing technology. These achievements prove the capability of the company in executing difficult works and meeting the expectation of delivering high quality infrastructure.

These achievements have been largely possible due to better monitoring and coordination in project management. RVNL has continued to strive maintain an extremely thin and efficient organization and the constant increase in turnover reflects the dedication and efficiency of its officers and staff. As a result, in spite of the heavy burden arising out of the implementation of the 6th Pay Commission for CDA employees, and second Pay Committee recommendations for IDA employees, RVNL was able to restrict its D&G charges to 4.38% in 2008-09 and the Company was able to achieve the target of more than 2% saving in D&G charges on project implementation as laid down by the Ministry of Railways.

RVNL, as a commercially run organization has to incur expenditure on many items such as office and house rent, travel, medical treatment, foreign service contribution of staff on deputation which are otherwise hidden costs in projects being executed by Zonal Railways. It is felt that there is a need to incentivize the management of RVNL to bring about further efficiencies in project execution and to enhance the income stream of RVNL. A proposal to this effect is already under consideration of Railway Board.

RVNL has been entrusted with the task of promoting Public-Private Partnership and to mobilize financial resources viz through borrowing and private participation for the execution of railway projects. RVNL has till now formed five Special Purpose Vehicle (SPVs). Kutch Railway Company Limited, the first SPV of RVNL carried out the gauge conversion work of Gandhidham-Palanpur line, and has declared a maiden profit in 2008-09. The line is already expected to reach its saturation level in the next five years. Krishnapattanam Railway Company Limited, has commissioned the first portion of the Oblavaripalle-Krishnapattanam new line project from Venkatchalam Railway station to Krishnapattanam Port which has facilitated movement of traffic to the Port. The gauge conversion of the line between Bharuch and Dahej has been initiated by the Bharuch -Dahej Railway Company Limited and is expected to be completed by December 2010. Angul-Sukinda Railway limited, SPV for execution of Angul-Sukinda new line project has become operational with the signing of Shareholders Agreement. RVNL has also completed the project development of rail connectivity to

Rewas and Dighi Ports and sent the proposals for creation of project specific SPVs to Railway Board for approval.

Upto 31st March 2009, SPV's formed by RVNL have raised equity of Rs 339.65 crore from shareholders other than RVNL. Kutch Railway Company Limited has also raised a debt of Rs 300 crore while other SPV's are in the process of financial closure. Apart from raising funds through Private Participation, the Company obtained funds to the extent of Rs 293 crore from IRFC during the financial year 2008-09 for the execution of projects. The total IRFC borrowings as on 31st March 2009 stands at Rs 1501 crore.

There are, however, a few projects which have not progressed satisfactorily due to various constraints. One such area is coordination with the Zonal Railways as RVNL is completely dependent on Railways in securing necessary approvals, and garnering the support in terms of manpower, movement of material and assistance while integrating project railways with the existing running railway system. Strong institutional arrangements are to be entered into, to address these issues which would improve the delivery of RVNL. The poor performance of contractors in certain projects has also been an area of concern for which RVNL is taking remedial action.

I am happy to report that recognizing the positive contribution of the Company, Railway Board has continued to repose faith in RVNL and has transferred additional five projects during the year involving a capital expenditure of about Rs 2000 crore. These include development of a Logistics Park at Boraki and multimodal riverside terminal at Shelvona which is an entirely new domain of project development. RVNL has also completed the bankability studies of the five projects which are proposed to be funded through the second ADB loan including social, environmental and economic analysis. The ADB loan, which is expected to be to the tune of \$500 million, is currently under process of sanction.

It is now recognized that RVNL has established itself as a nodal organization in the long term for the development Railway Infrastructure. However, RVNL has been experiencing difficulties in getting adequate number of technically qualified personnel from Railways. To tide over this, technically qualified candidates are being inducted from the market and imparted training in Railway Institutes. A recruitment policy is also being formulated for induction on regular basis from open market. RVNL has also recently formulated its Absorption Policy and it is expected that these efforts will reduce the dependence of RVNL on Railways for its manpower requirement.

As per Department of Public Enterprises (DPE) guidelines, RVNL like all other PSUs is required to sign a Memorandum of Understanding (MOU) with Ministry of Railways every year,

which contains specific financial and physical targets to be achieved. I am happy to report that for the year 2008-09, as per internal assessment, RVNL has evaluated its performance vis-à-vis MOU targets as Very Good. The Company has submitted the rating to Department of Public Enterprises for approval. I am confident that RVNL will further improve its performance with respect to the targets set in the MOU for 2009-10 and achieve an Excellent rating. I am also happy to inform that as per the guidelines issued by Department of Public Enterprises on Corporate Governance for Central Public Sector Enterprises in June 2007, RVNL has incorporated a Report on Corporate Governance and Management Discussion & Analysis Report in the Annual Report for the financial year 2007-08 and is also a part of the Annual Report for 2008-09.

It is a matter of great satisfaction that RVNL within a short span of its existence and with lean organizational structure has matured as a leading infrastructure provider in railway sector. I am confident that RVNL will continue to improve its performance in the years to come.

Last but not the least, I must take this opportunity to express my sincere thanks and gratitude towards all my colleagues, particularly Shri D C Mitra, Managing Director of the Company, who is superannuating on 30th September 2009. It has been due to his untiring efforts and his ability to take prompt decisions that RVNL has been able to achieve its present position. I express sincere thanks to our esteemed Shareholders, Ministry of Railways, Ministry of Finance, the State Governments, Zonal Railways, ADB, Financial Institutions, Banks, Stakeholders in various SPVs and National and International contractors for their unstinted cooperation to RVNL. I would also like to place on record my deep appreciation for the devotion and dedication of all the RVNL employees for their commitment and dedication to corporate objectives.

I am confident that the Company will continue to get support and cooperation from all concerned in order to scale new heights in the development and delivery of railway infrastructure.

New Delhi
Dated: 25/09/2009

Rakesh Chopra
(Chairman)

Note: This does not purport to form part of the proceedings of the Annual General Meeting.

Directors' Report

Distinguished Shareholders,

The Directors of your company feel privileged to present the sixth Annual Report of the Company reflecting the performance of the Company in all spheres, along with Audited Annual accounts, Auditors' Report and review of the accounts by the Comptroller & Auditor General of India for the financial year 2008-09.

In accordance with the guidelines on Corporate Governance laid down by Department of Public Enterprises in June 2007 and as duly adopted by RVNL from the previous year, this report contains a "Report on Corporate Governance" (**Annexure-A**) and "Management Discussion and Analysis Report" (**Annexure-B**).

The Report on Corporate Governance underlines RVNL's philosophy on Corporate Governance, composition of the Board of Directors of RVNL, information related to Board meetings, Audit Committee and disclosures as required to be made under the aforesaid DPE's guidelines. The Report also contains a Certificate signed by the Managing Director affirming receipt of compliance with the Code of Conduct from all Board members and Senior Management personnel during the year 2008-09 (placed at **Annexure "A-1"**)

It is also supplemented by a Certificate of compliance on Corporate Governance by a Practicing Company Secretary at **Annexure C**.

The Management Discussion and Analysis Report provides an overview of the affairs of the Company, the industry scenario, Company's prospects, Company's SWOT analysis etc.

It has also an Addendum to the Directors' Report containing Management replies to the observations made by auditors' in their report.

The detailed Directors' Report is produced below:

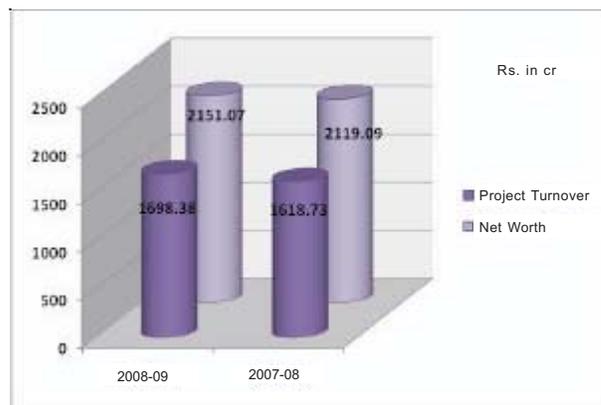
1. FINANCIAL PERFORMANCE

Your Directors are happy to report to the Shareholders that the performance of RVNL has continued to improve during the year 2008-09 and as a result, it has been able to further consolidate its financial position.

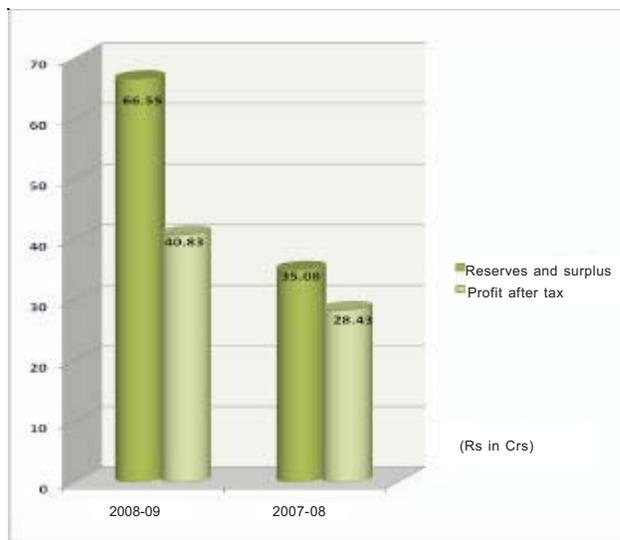
A. Financial Highlights

- (i) **Turnover:** RVNL has been making significant contribution to the capacity augmentation programme of Indian Railways. This contribution in financial terms is reflected in

the turnover of the Company which is capital expenditure incurred on the projects during the year. The turnover of the Company has increased from Rs. 1618.73 crore in 2007-08 to Rs. 1698.38 crore in 2008-09. RVNL is also an executing agency for the SPV projects and the expenditure incurred on these projects is Rs.91.74 crore. The company is also executing a prestigious project for Cochin Port Trust under the Ministry of Shipping and has executed works on this account to the tune of Rs.143.79 crore during the year. The cumulative figure of project expenditure upto 31st March 2009 is Rs.6041.75 crore.



- (ii) **Net Worth :** Due to the increase in profit and higher transfer to reserve & surplus, the Net Worth of the Company has registered an increase from Rs.2119.09 crore to Rs.2151.07 crore in the current year.

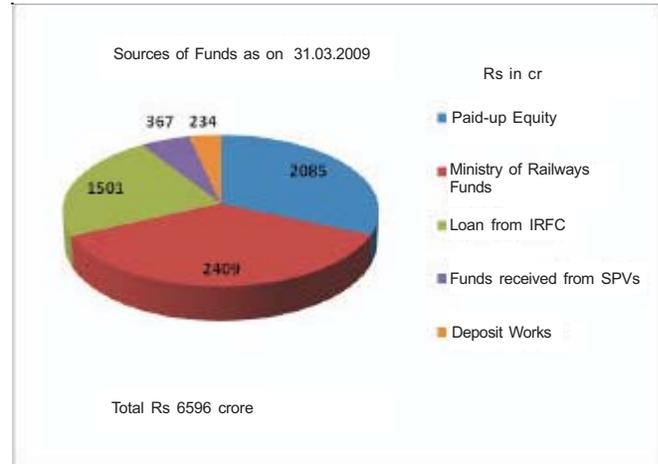


- (iii) **Profit** : This year , the Company has significant other income taking the Gross profit to Rs. 68.10 crore. The gross income from project execution increased from Rs. 27.11 crore in 2007-08 to Rs. 34.66 crore in 2008-09 and the profit after tax increased from Rs. 28.43 crore to Rs. 40.83 crore during this period. The projects undertaken for SPV and other organizations have made significant contribution to the bottom line because of better margins.
- (iv) **Dividend** : With the improved performance of the Company during 2008-09, Directors are happy to recommend a dividend of Rs. 8 crore, as against Rs. 5 crore declared for the previous year, for consideration by the shareholders.
- (v) **Reserves and Surplus** : The amount of profit taken to Reserve and Surplus during 2008-09 after taking into account the proposed dividend and provision for Dividend Distribution Tax is Rs. 31.47 crore against Rs.22.58 crore in the previous year. For the financial year 2008-09, the Company has proposed to transfer an amount equivalent to Dividend to General Reserves. The accumulated Reserves & Surplus of RVNL at the end of 2008-09 stands at Rs.66.55 crore against Rs. 35.08 crore at the end of the previous year.
- (vi) **D & G Charges** : RVNL has been striving to maintain a lean and efficient organization and keep the overheads below the industry standards. The expenditure on project monitoring and supervision (D&G charges) as a percentage of total expenses increased to 4.38% in 2008-09 from 3.85% in 2007-08. This increase was mainly a result of the obligations arising out of implementation of the Sixth Pay Commission recommendations for employees under CDA, Second Pay Committee Recommendations for employees under IDA and making necessary provisions for payment of arrears on this account in the ensuing year. However, despite this added burden, the average D&G charges is significantly lower than the average of 6.43% to 13% allowed to different departments in Railway construction projects.

B. Sources of funds

During the year, RVNL continued to obtain funds for

project execution from the Ministry of Railways, borrowings from IRFC and through funds received from the Special Purpose Vehicles created for specific projects.



- (i) **Equity** : Against an Authorized Share Capital of the Company of Rs.3000 crore, the paid-up share capital of the company increased from Rs.2015.02 crore in 2007-08 to Rs.2085.02 crore in 2008-09. This is due to the increase in equity contribution from the Ministry of Railways, Government of India who holds the entire paid up share capital of the Company.
- (ii) **Project Advance from Ministry of Railways (MoR)**: During the year, MoR released Rs. 1242 crore to RVNL as project advance. As a result, the cumulative amount received from MoR for project execution has increased from Rs.1167 crore in 2007-08 to Rs.2409 crore in 2008-09.
- (iii) **Loans from Indian Railway Finance Corporation (IRFC)** : Borrowings from IRFC have increased by Rs.293 crore during the year and the total loan amount has increased from Rs.1208 crore in 2007-08 to Rs.1501 crore. The rate of interest on the funds borrowed from IRFC during 2008-09 has been 9.72%. As per MoU with MoR, the MoR shall pay, through RVNL, the principal and cost of borrowing on the entire sum of the borrowed funds.
- (iv) **Other sources of funds**: The Joint Venture SPVs of RVNL, namely Kutch Railway Company Limited , Haridaspur Paradip Railway Company Limited, Krishnapatnam Railway Company Ltd. and Bharuch Dahej

Railway Company Limited have raised a total equity to the tune of Rs. 635.52 crore till date which includes Rs. 339.65 crore equity from shareholders other than RVNL.

Kutch Railway Company Limited has raised a debt of Rs. 300 crore and the other SPVs are now in the process of raising funds through market borrowings for financing of projects. Project Advance of Rs. 233.79 crore has also been received from Cochin Port Trust for execution of Idapalli-Valarpadam project.

C. Reimbursement against ADB Loan

During the year 2008-09, claims amounting to over US\$ 48.13 million were presented to ADB for reimbursement of expenditure incurred on ADB funded projects. Although the amount was less than the previous year figure of over US\$ 50 million, the extent of claims raised in 2008-09 was, in Rupee terms, Rs.226 crore against Rs. 205 crore in the previous year. The lower value in US dollar terms was as a result of applicable exchange rates during the respective years.

The ADB is now considering extending a second loan for improvement of rail infrastructure in the country for which the modalities are being worked out.

2. PROJECT DEVELOPMENT & PUBLIC PRIVATE PARTNERSHIP (PPP)

a. Projects transferred

As an acknowledgement of the domain expertise acquired by RVNL in timely implementation of large and difficult projects, Railway Board continued to repose faith and transferred more projects during the year.

S No	Name of Project	Type of Project	Length (Km)	Project Cost (Rs. In cr.)
1.	Thiruvallur-Arakkonam	4 th line	28	79
2.	Villupuram-Dindigul	Doubling with RE	270	1200
3.	Buramara-Chakulia	New line with upgradation of Rupsa-Buramara	50 – NL 75 - upgradation	467
4.	Logistics Park at Boraki	Logistics Park		
5.	Shelvona Terminal	Multimodal Riverside Terminal		300

These projects involved capital expenditure of Rs.2046 cr. and doubling/4th line project with

Railway Electrification of 423 kms length. The total Order Book as on 31st March, 2009 stands at around Rs.19000 cr. In addition to these projects, Railway Board also transferred an entirely new genre of projects involving development of logistics parks and mechanized terminal involving multimodal transfer between rail and barge.

b. Project Development & Bankability Studies

RVNL successfully completed the process of project development of all the projects in hand in a timely manner. These include 5 projects, which are currently under processing for funding by ADB under 2nd loan. The bankability of these projects was examined following the ADB procedure, which includes social and environmental examination and economic analysis by Scott Wilson. Two of the unsanctioned projects viz, rail connectivity to Dighi Port and Rewas Port were sent to Railway Board for sanction.

c. New Projects & Assignments

Railway Board assigned the task of development of PPP model for execution of railway projects through award of concession by following the process of competitive bidding. It is considered to be a complicated and difficult structuring. RVNL has initiated the process of fixing the consultant. Railway Board entrusted another assignment to RVNL for fixing up consultants and undertaking Market & Sectoral Studies, with a view to understand the sectoral developments and potential for future traffic to be moved by Railways and to devise appropriate strategy for the same. RVNL has initiated the process for fixing the consultant.

d. Multilateral Funding

The projects under ADB (Phase-I) funding are fast reaching the stage of completion and commissioning. Two projects have been commissioned. Rehabilitation and resettlement of project affected persons has been successfully carried out in all the projects following ADB's policy of Involuntary Resettlement by appointing NGOs. RVNL is in the process of appointing NGOs for the 5 projects, which are being processed for funding by ADB under the 2nd loan. RVNL has taken the advance action based on ADB's projects preparedness checklist for procurement of civil contracts for these projects and is ready with bidding documents for all the projects.

e. Joint Venture Special Purpose Vehicles

A number of projects are being funded and executed by the mode of Public-Private Partnership (PPP) in the railway sector. RVNL has been entrusted with the task of promoting PPP for railway projects and the Company has made significant progress. The model followed by RVNL is to form a Special Purpose Vehicle (SPV) for port connectivity/strengthening of Golden Quadrilateral, with partnership from the stakeholders like ports, the users of line and the respective state governments.

As on the date of report, RVNL has formed five Special Purpose Vehicles (SPVs), Kutch Railway Company Limited, the first SPV of RVNL, which commenced operation in the year 2007 continues to outperform. At this pace of growth in traffic, it is expected that the line will reach the saturation level in the next 5 years. A proposal has therefore been mooted to double the line by the company and take up the preliminary studies.

Krishnapatnam Railway Company Limited commissioned the part line (23 kms) of the project connecting Venkatachalam Railway Station with Krishnapatnam Port. This has facilitated evacuation of traffic from/to the Krishnapatnam Port through railways. In order to avoid reversal of trains at Venkatachalam station, another leg connecting Venkatachalam road junction station with Monobulu is under construction. The port holds huge traffic potential and there is demand to double the line which has recently been commissioned.

Bharuch Dahej Railway Company Limited has started civil construction activity of gauge conversion between Bharuch and Dahej. The project is expected to be commissioned by December, 2010. The State Government is also developing a multimodal logistics park at Dahej to be served by this line.

Angul Sukinda Railway Limited became operational with the signing of Shareholders Agreement, to execute Angul-Sukinda new line project. Land acquisition is in progress and award of contract for construction of important bridge is in process.

Haridaspur Paradip Railway Company Limited suffered setback due to law and order problem in the project area. While the land for 69 kms length out of 82 kms is in possession of Railways, the villagers are not permitting construction activity to

commence, particularly in Kendrapara district, as they are demanding higher compensation. The matter has been vigorously pursued with the Government of Orissa. However, so far it has not yielded any positive result. The contractor has also not able to mobilize resources to execute the work in the alignment, which is free from trouble.

RVNL completed the project development of rail connectivity to Rewas & Dighi Ports and recommended execution of these projects by creation of project specific SPVs. The proposals are presently under consideration of Railway Board.

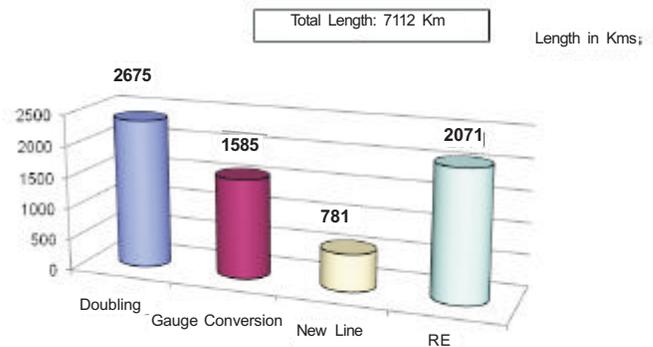
3. PROJECT EXECUTION:

RVNL is presently having 56 projects broadly classified under two heads as under:

Strengthening of Golden Quadrilateral and Diagonals	- 29 projects
Provision of Port connectivity and corridors to hinterland	- 27 projects

a. Physical Size Of the Projects :

The above 56 projects constitute following 4 categories of works as shown below:



The locations of these projects have been distributed throughout the country and hence the Project Implementation Units (PIUs) have been established not only at the four major metropolitans viz, New Delhi, Mumbai, Kolkata and Chennai but also in the state capitals / important cities viz, Secunderabad, Bhubaneswar, Bilaspur, Bhopal & Jaipur. In the financial year 2008-09, 4 more PIUs at Hubli, Pune, Vadodra & Raipur have been established for the better managing of projects in these areas.

During the financial year, 69 Km of Doubling, 332 Km of Gauge Conversion, 21 Km of New Line &

102 Km of Railway Electrification (53 kms of RE projects and 49 kms of other projects which had RE element) have been completed. RVNL has till now completed 419 Kms of doubling, 1230 Kms of gauge conversion 176 Kms of new lines and and 1060 Kms. of Railway Electrification. Thus as on 31.03.09, 2885 km out of total length of 7112 km of 56 projects assigned to RVNL, have been completed.

The status of 56 projects is as under:

Projects completed upto March 31st 2009 -- 16

Projects under implementation -- 35

Projects under sanction and development -- 5

b. Projects completed during 2008-09-

The following projects/sections have been completed during 2008-09:-

S. No.	Project Name	Length Completed (Kms)
1.	Tiruvallur - Arakkonam 3rd Line Doubling	26
2.	Part section of Gooty - Renigunta Patch Doubling	43
3.	Rewari - Phulera Section of Ajmer - Phulera - Ringus - Rewari Gauge Conversion.	215
4.	Part section of Bhildi - Samdari Gauge Conversion	70
5.	Villupuram - Cuddalore section of Thanjavur - Villupuram Gauge Conversion	47
6.	Venkatchalam - Krishnapattnam section of Obulavaripalle - Krishnapattnam New Line	21
7.	Part section of Renigunta - Guntakal - RE	21
8.	Venkatchalam - Krishnapattnam section of Obulavaripalle - Krishnapattnam RE	21
9.	Jakhapura - Tomka - RE Material Modification of Kharagpur - Bhubaneswar - RE Project	32
10.	Tiruvallur - Arakonam RE	28



Indian Railways' longest (87m) subway under running track (Tiruvallur-Arakkonam 3rd Line)



Bhildi-Samdhari Gauge Conversion Project

c. Projects under implementation

S. No.	Name of the project
1.	Khurda Road - Barang 3rd Line Doubling
2.	Cuttack - Barang Doubling
3.	Rajatgarh - Barang Doubling
4.	Haridaspur - Paradip New Line
5.	New Delhi - Tilak Bridge 5th & 6th Line Doubling
6.	Palwal - Bhuteswar 3rd Line Doubling
7.	Aligarh - Ghaziabad 3rd Line Doubling
8.	Balance Section of Bhildi - Samdari Gauge Conversion

9.	Ajmer - Phulera section of Ajmer - Phulera-Ringus - Rewari Gauge Conversion
10.	Balance section of Thanjavur - Villupuram Gauge Conversion (remaining section 54 kms)
11.	Attipattu - Korukkupet 3rd Line Doubling
12.	Vallarpadma - Idapally New Line
13.	Balance Section of Gooty - Renigunta Patch Doubling
14.	Obulavaripalle - Venkatchalam Section of Obulavaripalle - Krishnapattanam New Line
15.	Balance section of Hospet - Guntakal Doubling (1.5 km)
16.	Raichur - Guntakal Doubling
17.	Tikiapara - Santragachi Doubling
18.	Bilaspur - Urkura 3rd Line Doubling
19.	Balance Section of Renigunta - Guntakal - RE
20.*	Tomka -Banaspani - RE
21.	Bharuch - Samni - Dahej Gauge Conversion
22.	Angul - Sukinda New Line
23.	Salka Road - Annuppur Doubling
24.	Sambalpur - Titlagarh Doubling
25.	Raipur - Titlagarh - Doubling
26.	Panskura - Kharagpur 3rd Line Doubling
27.	Bhopal - Bina 3rd Line Doubling
28.*	Jakhapura- Haridaspur 3rd Line Doubling
29.	Dalli - Rajhara - Raoghat New Line
30.	Goelkera - Manoharpur 3rd Line Doubling
31.	Daund - Gulbarga Doubling
32.	Pune - Guntakal Rly Elect
33.	Banaspani - Jakhapura - Doubling
34.	Tiruvallur-Arakkonam 4th Line
35.	Buramara - Chakulia - New Line with Upgrading Of Rupsa - Buramara
36.	Villupuram - Dindigul - Doubling
37.	Jhakhapura - Tomka - Daitri - RE

* S.No. 20 & 28 are material modifications of Daitari - Banaspani New Line project , hence not counted as separate project.



Girder launching in Vallarpadam-Idapally New Line project



Ongoing construction on Vallarpadam-Idapally New Line Project



Bridge No.3 - Luni Bridge on Bhildi-Samdhari Gauge Conversion project

d. Projects under sanction and development

1. Hospet - Tinaighat - Doubling
2. Panskura - Haldia Ph II Doubling
3. Surat - Hajira New Line
4. Digi Port
5. Rewas Port

e. Projects handed over to Railways:

The following projects were handed over to Zonal Railways during 2008-09:

1. 2nd Bridge over river Mahanadi

2. Rewari -Phulera Section of Ajmer - Phulera - Ringus - Rewari Gauge Conversion.



Second Mahanadi Bridge over river Mahanadi



Inauguration of Second Bridge over river Mahanadi by Chairman/Railway Board, Mr. K. C. Jena, on 22nd July, 2008



Rewari -Ajmer Section



Construction on Rewari -Ajmer Section

f. ADB funded projects

For the first time in Indian Railways, RVNL is implementing seven projects through ADB loan. Further, five projects are under development stage which has been decided to be funded by ADB 2nd phase loan. The funding by ADB requires compliance of various loan covenants on resettlement and rehabilitation of project affected persons, procurement of works and stores following international competitive bidding and implementation of plans for mitigating of social and environmental impacts. RVNL has utilized disbursement of Rs.241 cr. during the calendar year 2008 and the target for 2009 is Rs. 378 cr.

g. Contracts awarded during 2008-09 :-

The following contracts were awarded by the Company during the year under review:

- Design, supply, erection, testing and commissioning of 25 KV single phase traction over head equipment, switching stations and other associated works between Nandalur (Excl) and Kondapuram (Incl) stations and supply, installation testing and commissioning of signalling and telecommunication equipments with electronic interlocking at seven stations in connection with railway electrification of Nandalur - Guntakal section (Rs.103.47 Cr.)
- Construction of Roadbed, major and minor bridges and track linking (excluding supply of rails, sleepers, turnout sleepers and web switches and special sleepers)S&T, OHE &

General electrical work in connection with 3rd line between Jakhpura-Haridaspur(25.0) Km on Khurda Road Division of East Coast railway in Orissa state, India. (Rs.96.93 cr.)

- Design, supply, erection testing and commissioning of 25 KV single phase traction over head equipment, switching stations and other associated works for railway electrification between Kondapuram (Excl) - Guntakal (Incl) section Guntakal Division of South Central Rly (Rs.101.18 cr.)
- Construction of Br No.49 over river Brahmani between Jhakapura - Haridaspur (Rs.92.12 cr.).
- Construction of roadbed, major and minor bridges...Bharuch-Samni-Dahej section in the state of Gujarat. (Rs.174.89 cr.)
- S&T work in connection with Route setting panel interlocking at 5 stations from Venkatachalam - Krishnapatnam (Rs.10.82 cr.)
- Traction sub station (4 Nos) of Nandalur-Guntakal section (Rs.28.2 cr.)
- Design, supply, erection, testing and commissioning of 132/25 KV, 2x21.6 MVA traction sub station, feeding post, shunt capacitor bank and with other associated works at Keonjhar & Tomka along with 9 switching stations in Tomka-Jaroli section under Khurda Road Division of East Coast Railway, in the state of Orissa (Rs.14.64 cr.)
- Proposed improvements to LCs, earthwork in filling for Platforms and bridge back filing, painting of PSC girders, paving of goods platforms and other works between Parangipettai & Sirkazhi. (Rs.10.33 cr.)

h. Important contracts awarded after the closure of Financial year

After the closure of the Financial year and as on date of report, following contracts have been awarded:-

- Construction of roadbed, major and minor bridges...Panskura - Kharagpur 3rd line.(Rs.186.12 cr.)

i. Technical Novelties:

- Constructed longest subway under the Railway tracks in India - 87m long subway under 12 running tracks by Box Pushing Technology in Chennai.

- Launching girder for launching 20 m 'U' girder and 40 m 'I' girder for rail connectivity to International Container Transshipment Terminal, Vallarpadam;

- RVNL is constructing 4.6 Km long bridge for rail connectivity to International Container Transshipment Terminal, Vallarpadam. This involved launching of 20 Nos of 20 m pre-cast 'U' girders and 200 Nos of 40 m pre-cast 'I' girders on elevated structure with maximum of 4° curve. This is a unique achievement as generally in railway bridges, launching of PSC girders has not been done on curves. In view of the above, it was necessary to look for launching girder, which is capable of launching pre-cast PSC girders on curve, as the conventional launching girders are capable of launching only on straight or on very flat curves. In view of the above, detailed consultations were held with contractor, M/s.Afcons Infrastructure Ltd., Mumbai. Consequently, global enquiry was made by Afcons for the availability of such a launching girder, which is capable of negotiating on 4° curve and launching both 20 m 'U' girder (6.92 m width) and 40 m 'I' girder (height 2.7 m). Based on the enquiry and response, M/s. NRS ASIA(M) SDN BHD, Malaysia was finalised by Afcons for manufacture of launching girder, which was effective in handling both types of girders besides negotiating on curve. The launching girder was manufactured in China and the components were shipped from China to Cochin and the assembling was done at the work site. The launching girder was not only commissioned successfully but also a very good progress was achieved. As of now, 20 'U' girders and 150 'I' girders have already been launched. A launching progress of 1 girder/day is achieved by this launching girder.

- Launching of 30.5 m PSC girders: RVNL has completed 122 km GC between Villupuram and Mayiladuturai. This line is in delta region and has got large number of long span bridges. The longest span consists of 21 spans x 30.4 m PSC girder. Launching of 325 tonne 30.5 m PSC girder was done with specially designed launching girders with underslung girders and portable cranes. The whole operation of launching was completed within a period of 5 months, launching 4 girders per month. The girder launching went in a smooth manner and not even a single

disruption or mishap occurred during the execution.

- Casting of 30.5 m girder in single casting: Casting of above mentioned 30.5 PSC girders was done in a single cast consisting of bottom slabs, side walls and deck slabs. The shuttering arrangements were designed with lot of innovation so that full girder can be cast in one go. This improved the quality of the concrete by -
 - a) Reduction in joints
 - b) Avoiding cold construction joints.

This will help in better durability of the structure and consequently increased longevity.

4. PERSONNEL DEVELOPMENT:

The main focus of the HR Department is to have a lean but effective organisation. This has been made possible by carefully selecting employees from diverse background, talents and experience, retaining and developing them to achieve the stiff targets on time. At present, the company has 279 employees on its roll including reemployed personnel. The total number of female employees is 17. Since majority of the manpower requirement has to come from Railways, RVNL has been experiencing difficulties in getting adequate number of technically qualified personnel.

To tide over this, the company has started inducting technically qualified candidates from market on contract. These freshers are also given training in Railway Institutes before putting them on job. The company has recently formulated its Absorption Policy to induct its working force in RVNL on permanent basis. This will also make RVNL less dependent upon the Ministry of Railways for manpower. A Recruitment Policy for RVNL is also under formulation and it is expected that RVNL will start recruiting its manpower on regular basis from open market in 2009.

RVNL believes in having cordial Industrial Relations with its employees and strives to nurture them by offering several welfare measures. A number of good schemes like, Welfare and Recreation Club, Insurance and Gratuity Schemes etc are being framed for its regular employees. The Company has also organized welfare and recreational programmes involving the families and children of the employees. The facility of medical consultations of Allopathic, Homeopathic and Ayurvedic specialists is made available in the office premises for the employees. During the year, RVNL has introduced Productivity Linked Incentive Scheme and employees were paid 12.5% incentive.

The Company has been able to implement the recommendations of 6th Pay Commission without any adverse effect on its profitability and perceives no difficulty in implementation of the recommendations of 2nd Pay Revision Committee of PSEs.

Particulars of Employees under Section 217 (2A) of Companies Act, 1956

None of the employees of the Company has drawn remuneration exceeding the limits laid down under the provisions of section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

5. COMPLIANCES

a. Vigilance

The Vigilance organization in RVNL consists of a Part time CVO, one Manager and one Assistant Manager reporting to CVO. The major thrust of Vigilance Department in RVNL is preventive intervention through educating the officers and employees about procedures and guidelines.

During the Vigilance Awareness Week, 2008 (03.11.08 to 07.11.08), a pledge taking ceremony chaired by Managing Director/RVNL was held on 03/11/2008, during which the pledge was administered to all the officers/staff of Rail Vikas Nigam Limited. Banners/posters relating to vigilance awareness were displayed in the RVNL's office.

A lecture cum interactive session on "Contracts management" was delivered by Smt P.Varma, Consultant/Central Vigilance Commission on 07.11.2008. Shri A.K.Upadhyay, Adviser/Vigilance/Railway Board was the distinguished speaker on the occasion. This session was attended by Managing Director, Functional Directors and all officers of RVNL. The lecture cum interactive session was informative and was highly appreciated by all.

RVNL's Vigilance Department has brought out the third Vigilance Bulletin during the Vigilance Awareness Week. This was released by Shri A.K.Upadhyay, Adviser/Vigilance/Railway Board during a lecture cum interactive session held on 07/11/2008. The Vigilance Awareness Week has been celebrated successfully by RVNL.

b. Memorandum of Understanding

The Company secured "Good" rating by

Department of Public Enterprises for the year 2007-08 under the Memorandum of Understanding between RVNL and Ministry of Railways on the basis of its achievements of the committed targets. It being the first year for signing of MoU and evaluation of performance on this basis, the parameters could not be assessed more realistically.

As a result of consistent improvement in achievement of physical and financial targets by the Company since last year, RVNL, as per internal assessment, has evaluated "Very Good" rating for the year 2008-09, in accordance with Department of Public Enterprises' guidelines and on the basis of its performance for the committed targets. The Company has forwarded the ratings to Department of Public Enterprises for approval.

During the year, the Company signed a Memorandum of Understanding (MoU) with Ministry of Railways committing its physical and financial targets for the year 2009-10 for submission to Department of Public Enterprises. RVNL has committed to achieve 256 kms of Gauge Conversion, 219 kms of Doubling, 115 kms of Railway Electrification and 8 kms of New Line works. The achievements of these targets would entail a financial expenditure of around Rs. 1571 crore.

c. Right to Information Act, 2005

Right to Information Act 2005 mandates timely response to citizen requests for government information. It is an initiative taken by Department of Personnel and Training, Ministry of Personnel, Public Grievances and Pensions to provide a avenue to the citizens for quick search of information on the details of first Appellate Authorities, Public Information Officers etc. amongst others, besides access to RTI related information / disclosures published on the website by various Public Authorities under the Government of India as well as the State Governments.

Rail Vikas Nigam limited is a wholly owned Government company under Ministry of Railways. As per the provisions of Right to Information Act, 2005 the Company makes all efforts to follow the directives so issued under the Act. RVNL, has nominated a Appellate Authority/Officer, Central Public Information Officer and one Project level Assistant Public Information Officer for each of the Project Implementing Unit of the Company. The details of the officers nominated under the Act have been uploaded on the website of RVNL to facilitate

information about the affairs of the Company.

d. MCA 21

This e-Governance initiative was started by Ministry of Corporate Affairs (MCA) in the year 2006. The Project offers availability of all MCA services including filing of documents, registration of companies and public access to corporate information through the portal of Ministry of Corporate Affairs. These services can be accessed/ availed from anywhere, at any time that best suits the corporate entities, professionals and the public at large. Under the flagship of MCA 21, RVNL has been duly filing all its forms and returns online since September, 2006. Director Identification Number (DIN) of all the Directors are in place and Digital Signatures of Managing Director, Director/Operations, Director/Finance and Company Secretary have been obtained.

e. Rajbhasha (Official Language)

For effective implementation of the directives of Govt. of India for use of Raj Bhasha in the Govt. offices, a concerted effort is being continuously made in RVNL. The Raj Bhasha Wing in the HR department of RVNL is working under the guidance of Mukhya Raj Bhasha Adhikari and Upmukhya Raj Bhasha Adhikari, who are maintaining constant coordination with Railway Board Raj Bhasha Directorate .

During the year 2008-09, Director of the Raj Bhasha Directorate of Railway Board visited the corporate office of RVNL and expressed his satisfaction on the progressive use of Raj Bhasha in the day-to-day work in the corporate office as also in the offices of Project Implementation Units.

Towards furtherance of progressive use of Raj Bhasha, during the year, as many as two Workshops and four meetings of the Raj Bhasha implementation Committee of RVNL with the representatives of Railway Board Raj Bhasha Directorate have been held. Beside this, Essay competition, debates, notings and drafting competition and Quiz competition were held on the occasion of Hindi Divas on 14th September, 2008 and prizes were distributed among successful participants. For encouraging progressive use of Hindi, 10 officers in the corporate office who were drafting notes in Hindi were selected and given cash awards. Since this is a continuous effort, Secretarial staff of RVNL are regularly deputed to Hindi Computer application classes organized by

the Raj Bhasha Vibhag, Grah Mantralaya .

The company has also set up a Reading room-cum-library with fine collection of books in Hindi and RVNL staff is being benefited from these books, newspapers and periodicals. The website of the Company has the Hindi version uploaded also.

f. Industrial Relations

During the year, Industrial relations remained harmonious and cordial.

g. Presidential Directive

No Presidential Directive has been issued to the Company during 2008-09.

h. Particulars Relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc.

(i) Conservation of Energy and Technology Absorption

The Company is conscious of the need to keep all the cost elements at the barest minimum level including the energy cost. It is also aware of the responsibility to conserve energy in an overall energy shortage situation. At present, main area of energy consumption in the consumption of electric energy in the office premises of the Company. Energy conservation is being achieved by designing the office lay out in the most energy-friendly manner. The office building is having open spaces and windows on all sides and full use has been made to utilize sunlight for illumination of office accommodation, rooms and chambers. Systems are also in place to conserve electricity during and after hours.

(ii) Foreign Exchange Earnings and Outgo

During the financial year 2008-09, the Company spent Rs. 6.46 lakhs in foreign currency towards foreign travel of RVNL officials for study visits etc . The Company also spent Rs. 18.50 lakhs in foreign currency towards consultancy services for monitoring of sub-projects implementation of ADB funded projects (Package-I, sub projects) 2nd Bridge over river Mahanadi on Cuttack-Neragunadi section of East Coast Railway Main Line. The Company though did not earn any foreign exchange.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company in pursuance of section 217 (2AA) of the Companies Act, 1956 as amended hereby confirms:

- I. that in the preparation of the annual accounts, all the applicable accounting standards alongwith proper explanation have been followed and there has been no material departure.
- II. that such accounting policies were selected and applied consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and Profit & Loss of the Company for the year ended on 31st March 2009.
- III. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- M. that the Annual Accounts have been prepared on a going concern basis.

7. BOARD OF DIRECTORS

During April 2008 to March 2009 , four meetings of the Board of Directors were held with one meeting each in quarter ending June 2008, September 2008, December 2008 and in quarter ending March 2009.

Mr. Rakesh Chopra, Member Engineering /Railway Board has taken over as Chairman part-time (official) of the Company w.e.f. 05.06.2009. Mrs. Gita Mishra assumed the charge of Director (Personnel) of RVNL on 13.10.2008(FN). Mr. M. S. Khan, Additional Member (Budget)/ Railway Board was nominated as Part-time official Director as a special case on the Board of the Company w.e.f 23.01.2009. Mr. R.P. Gupta, Adviser (Works), Railway Board was nominated as part-time (official) Director on the Board of RVNL w.e.f 02.02.2009.

Mr. S. K. Vij, ceased to be Chairman part-time (official) on the Board of RVNL w.e.f 31.03.2009 due to his superannuation from Ministry of Railways. Mr. S. K. Malik, Adviser (Works), Railway Board ceased to be a part-time official Director on the Board of Company w.e.f 02.02.2009. Mr. S.P. Vatsa , Additional Member(Works) ceased to be a part-time official Director on the Board of RVNL w.e.f 22.07.2008.

Mr. S.Murali, Mr. D.P. Tripathi, Dr. V. K. Koshy, Dr. T.T. RamMohan, ceased to be Directors on the Board of RVNL w.e.f on 3rd October, 2008, consequent upon completion of their tenure as part-time non-official (Independent) Directors, The process of appointment of the part-time non-official (Independent) Directors is under process and the vacant posts are expected to be filled up shortly.

The Company would like to place on record deep appreciation and gratitude for all the Directors who ceased to hold office during the year for their valuable contribution in the growth of the Company. The Company compliments them for their support, knowledge and input provided during their tenure of directorship in RVNL.

On the date of report, the strength of the Company is eight Directors comprising of five functional directors including Managing Director and three part-time official directors including part-time (official) Chairman.

The following Directors are holding office as on the date of the report:-

- | | |
|---|------------------------------------|
| 1. Mr.Rakesh Chopra
Member Engineering/
Railway Board &
Chairman/RVNL (Part-time official) | -- From 05.06.2009
onwards |
| 2. Mr.D.C.Mitra
Managing Director/RVNL | -- From 05.07.2006 (FN)
onwards |
| 3. Mr. Ranjan K. Jain
Director (Operations)/RVNL | -- From 30.12.2004 (AN)
onwards |
| 4. Mr. Harish Chandra,
Director (Finance)/RVNL | -- From 11.03.2005 (AN)
onwards |
| 5. Mr. Satish Agnihotri,
Director(Projects)/RVNL | -- From 04.07.2007 (FN)
onwards |
| 6. Mrs. Gita Mishra
Director (Personnel) | -- From 13.10.2008 (FN)
onwards |
| 7. Mr. M. S. Khan
AM(Budget)/
Railway Board &
Director/RVNL (Part-time official) | -- From 23.01.2009
onwards |
| 8. Mr. R. P. Gupta
Adviser(Works)/
Railway Board &
Director/RVNL (Part-time official) | -- From 02.02.2009
onwards |

8. AUDITORS

The Comptroller & Auditor General of India has appointed M/s Bhushan Bensal Jain Associates., Chartered Accountants as Statutory Auditors of the Company for the year ended 31st March, 2009. The Board would like to thank them for the valuable support and guidance during the audit of accounts under review.

9. COMMENTS OF COMPTROLLER & AUDITOR GENERAL (C&AG) OF INDIA

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2009 under Section 619(4) of the Companies Act, 1956. The comments of the C&AG on the Annual Accounts of the Company for the year ended 31st March, 2009 shall also form part of this report.

10. ACKNOWLEDGEMENTS

We take this opportunity to gratefully acknowledge the cooperation, guidance and support received from Ministry of Railways (MoR), Ministry of Finance, Department of Public Enterprises, various banks, Asian Development Bank, the Zonal Railways, RITES, IRCON and our equity partners in Joint Venture Special Purpose Vehicles.

The Directors would like to express their thanks for the devotion, commitment and dedication of every employee of the Company because of which your company could face the new challenges and opportunities and create a niche for itself.

The Directors also place on record their appreciation for the officials of Comptroller & Auditor General of India for their guidance during the year under review.

Last but not the least, the Directors would like to express their deep appreciation and gratitude towards all its predecessors, for their invaluable contribution to the growth and development of the Company.

For and on behalf of the Board of Directors

(D.C.Mitra)
Managing Director

(Harish Chandra)
Director/Finance

New Delhi
Dt: 19.08.2009

REPORT ON CORPORATE GOVERNANCE

1. Company's Code On Corporate Governance

RVNL's Code of Corporate Governance is "To act in accordance with the highest standards of professional integrity, honesty, ethical conduct and to be proficient, professional and profitable by upholding and promoting transparency and accountability."

Values of RVNL

The values that RVNL seeks to uphold are:

- Zeal to attain excellence in performance;
- To act as a team;
- Honesty and justice in dealings;
- Firm obedience in commitments undertaken;
- Timely completion of work;
- Respect for dignity and potential of individuals;
- Devotion and pride towards RVNL.

2. Board Of Directors

As on the date of report, the Board of Directors of the Company consists of eight Directors, comprising of five whole-time Directors including the Managing Director and three Government nominees (on behalf of Ministry of Railways) acting as part-time official Directors including the part-time (official) Chairman.

In accordance with the Articles of Association of the Company, the appointment of a Director in the Company is approved by the President of India.

The composition of the Board of RVNL, along with Directorships held by them and their attendance in the Board meetings held during the financial year 2008-09 and in the last Annual General Meeting is reproduced in the table below:

S.No	Category of Directors	Name of Directors	Number of Directorships/ Chairmanships in public companies including RVNL and excluding private companies	Total No. of Committee Memberships/ chairmanships in public companies including RVNL and excluding private companies	No. of Board meetings attended	Last AGM attended
(I) Chairman (Part-time official)						
1.	Member Engineering Railway Board	Mr. Rakesh Chopra [§]	2	Nil	Nil	No
(II) Whole-time Director						
2.	Managing Director	Mr. D.C. Mitra [#]	1	As member-1 [#]	4	Yes
3.	Director (Operations)	Mr. Ranjan K. Jain	2	Nil	4	Yes
4.	Director (Finance)	Mr. Harish Chandra	2	Nil	4	Yes
5.	Director (Personnel)	Mrs. Gita Mishra	1	Nil	1	No
6.	Director (Projects)	Mr. S.C. Agnihotri	1	Nil	4	Yes
(III) Director (Part-time official)						
7.	Addl. Member (Budget) Railway Board	Mr. M. S. Khan [*]	1	As Chairman -1 [*]	Nil	No
8.	Adviser (Works) Railway Board	Mr.R. P. Gupta [@]	2	As member-1 [@]	1	No
(IV) Director (Part-time non-official)						
	Independent Directors	Nil	N.A.	N.A.	N.A.	N.A

[§]Mr. Rakesh Chopra took over as Chairman/RVNL w.e.f. 05.06.2009

[#]Mr. D.C. Mitra, Managing Director has been nominated as member of Audit Committee of RVNL on its reconstitution on 12.02.2009

^{*}Mr. M. S. Khan has been elected as Chairman of the reconstituted Audit Committee of RVNL.

[@]Mr. R. P. Gupta has been nominated as member of the reconstituted Audit Committee of RVNL

Ceased to hold office during the year 2008-09 and thereafter

S.No	Category of Directors	Name of Directors	Number of Directorships/ Chairmanships in public companies including RVNL and excluding private companies	Total No. of Committee Memberships/ chairmanships in public companies including RVNL and excluding private companies	No. of Board meetings attended	Last AGM attended
(I) Chairman (Part-time official)						
1.	Member Engineering Railway Board (Ceased to hold office w.e.f. 31.03.2009 due to superannuation)	Mr. S.K. Vij	3	Nil	4	Yes
(II) Director (Part-time official)						
2.	Adviser (Works) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 02.02.2009)	Mr. S.K. Malik	1	Nil	1	No
3.	Addl. Member (Works) Railway Board (Ceased to be Director on the Board of RVNL w.e.f. 22.07.2008)	Mr. S.P. Vatsa	5	Nil	1	N.A.
(III) Director (Part-time non-official)						
4.	Independent Directors (Cessation of office w.e.f 03.10.2008 due to completion of tenure of three years)	Mr. S. Murali	2	As Chairman- 2 As Member - Nil	3	Yes
5.		Mr. D.P. Tripathi	3	As Chairman - Nil As Member -2	3	Yes
6.		Dr.V.K.Koshy	3	As Chairman- 1 As Member -2	3	No
7.		Dr.T.T.Rammohan	5	As Chairman – Nil As Member - 4	3	No

Notes :

- The Directorships and memberships in the Committees being held by the Directors of RVNL are within the limits laid down under Companies Act, 1956.
- The term "part-time official" indicates the Government (Ministry of Railways) nominated Directors on the Board of RVNL who are officials of the Ministry of Railways.
- The term "part-time non-official" indicates the Directors who are independent and do not hold any office in the Government.
- The membership in the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee are being considered for counting the number of memberships.

The Company held four Board meetings during the financial year 2008-09 to transact the business with one meeting each in quarter ending June 2008, September 2008, December 2008 and March 2009.

The detailed agenda along with the explanatory notes was circulated in advance for all the Board meetings. All the meetings of the Board of Directors were held

at the registered office of the Company.

In all the cases of absence of a Director, Leave of Absence was granted under clause (g) of sub-section (1) of section 283 of the Companies Act, 1956. Details of the dates of the meeting of Board of RVNL for the year under review are mentioned below:

35th meeting of Board of Directors	23rd May, 2008
36th meeting of Board of Directors	07th August, 2008
37th meeting of Board of Directors	03rd October, 2008
38th meeting of Board of Directors	16th January, 2009

3. Brief resume of Directors appointed during/after the closure of the financial year

- Mr. Rakesh Chopra, Member Engineering, Ministry of Railways and Chairman (Part-time) (official) , RVNL w.e.f. 05.06.2009**

Mr. Rakesh Chopra, Member Engineering, Railway Board has taken over as Chairman (Part-time) (official) of RVNL w.e.f. 05.06.2009. Mr. Chopra is

an officer of Indian Railway Service of Engineers (IRSE) of 1971 batch. Born on 21.09.1950, he is B.Tech and M.Tech from IIT, Delhi. He is the first person to assume the charge as a Member of the Railway Board having studied from prestigious Oak Grove Railway School, Mussorie known for its high academic standards. He joined Indian Railways on 12.03.1973 and has worked in Northern, Western, Central and Southern Railway and in the Railway Board. During his more than 36 years of association with the Indian Railways, he held many prestigious postings including General Manager/ Southern Railway, Additional Member (Civil Engineering)/Railway Board, Chief Administrative Officer/ Jammu & Kashmir New Rail Link Project, Divisional Railway Manager of Mumbai Division of Central Railway and Divisional Railway Manager of Delhi Division of Northern Railway and Executive Director/Railway Board.

Belonging to the family of railway men, Mr. Chopra represents the third generation with Indian Railways reflecting a true sense of commitment and dedication towards the organization.

He has extensively travelled and received trainings in UK and USA. In India, he was trained at Railway staff College, Vadodra, Indian Railway Institute of Civil Engineers, Pune and IIPA Delhi.

ii) **Mrs. Gita Mishra, Director(Personnel), RVNL , w.e.f 03.10.2008 (FN)**

Mrs. Gita Mishra, an officer of 1982 batch of Indian Railway Personnel Service has taken over as Director (Personnel) of Rail Vikas Nigam Limited on 13th October, 2008. She is a graduate from Lady Shri Ram College, Delhi University and also holds an Advance Diploma in Russian Language from Delhi University. She has held various responsible positions in Indian Railways including in-charge of Personnel and Establishment Department of Moradabad and Lucknow Division, Northern Railway, in-charge of Electronic Data and Processing Centre, Lucknow Division/ Northern Railway, Dy Director Senior, Lal Bahadur Shastri National Academy of Administration, Department of Personnel & Training, Mussoorie, Uttarakhand, Chief Personnel Officer/ Administration, South Eastern Railway, Kolkata, West Bengal. She has got the expertise of handling issues relating to human resources of the largest organization in India. Before joining Rail Vikas Nigam Limited as Director (Personnel), she was working as Executive Director Establishment (Non Gazetted)/ Railway Board, Ministry of Railways, New Delhi

where she was associated with policy making on personnel matters. Mrs. Mishra has participated in various national and international trainings and seminars on Personnel Management, Quality Management and Safety in Rail operations in India, London, Senegal, Canada.

iii) **Mr. M. S. Khan, AM (Budget), Ministry of Railways and Part-time (official) Director w.e.f. 23.01.2009**

Mr. M.S. Khan, Additional Member (Budget), Railway Board has been nominated as part-time official Director on the Board of RVNL w.e.f. 23.01.2009. Born on 24.10.1949, he is an IRAS officer of 1973 batch. In a career spanning 37 years, he has extensive experience in Administration and Finance and Accounts. He held various key positions/ assignments in the Government of India, working in different parts of the country on the railway network and railway projects, at the zonal level and in the Ministry of Railways. As AM (Budget) in the Ministry of Railways, he is in-charge of the budget of Indian Railways, appraisal of all major investment proposals, negotiations with multilateral and bilateral funding agencies like World Bank, ADB and JICA for flagship projects of the Indian Railways like the Dedicated Freight Corridor. He has attended various courses/trainings in advanced management in India and abroad and has extensively travelled to USA, Canada, UK, Germany, France, China and Australia as a member of different delegations of Government of India on different occasions for negotiating international contracts.

He has keen interest in literature and has authored many books in Hindi and Urdu. He is proficient in many languages including Urdu, Hindi, Persian, Arabic.

iv) **Mr. R. P. Gupta, Adviser (Works), Ministry of Railways and Part-time (official) Director w.e.f. 02.02.2009**

Mr. R.P. Gupta, Adviser (Works), Railway Board has been nominated as part-time official Director on the Board of RVNL w.e.f. 02.02.2009. Born on 14.09.1949, he is an IRSE officer of 1973 batch with first position. He joined Indian Railways on 23.10.1974. His 35 years of experience with Indian Railways include Land Management, Construction management, global contracts and liaison with international agencies. Under Land management, as Adviser ((L&A), Ministry of Railways, he was responsible for dealing with all the issues connected with railway land across the nation. He worked on the Railway Amendment Bill for setting up RLDA for taking the cabinet approval and getting

it passed in Parliament. As Vice-Chairman, Rail Land Development Authority (RLDA), he had been instrumental in framing of rules for setting up of authority and establishing the organization. Regarding Construction management, he held various prestigious positions including, Chief General Engineer/South Central Railway, Chief Track Engineer, Allahabad, Chief Engineer/Construction and Survey, Northern Railway, ED/Track (Mod./Procurement), Railway Board and executed major projects viz., Jammu Udhampur Rail Line, Rewari-Jaipur Ajmer Gauge Conversion, doubling projects including Delhi-Ambala Doubling, multi-storeyed quarters and Yatri Niwas at New Delhi etc. As regards to liaison with international agencies, being Director (PSU), he dealt with various international funding agencies such as OECF/ Japan, ADB and World Bank to coordinate visits of Railway delegations from foreign countries to India and vice-versa. Under Global Contracts, as Director (PSU), on behalf of RITES and IRCON he played a pivotal role in getting contacts from various international Railways on Government to Government basis and as ED(Track)/Railway Board, finalized several global tenders for procurement of Track fittings., etc,

4. Audit Committee:

The Company had constituted an independent Audit Committee of the Board of Directors, comprising of all part-time (non-official) independent directors with expertise in the areas of finance and management, on 1st December, 2005, pursuant to section 292A of the Companies Act, 1956. The Committee contributed significantly RVNL in performing its functions efficiently.

With the completion of tenure of all the independent directors on the Board of RVNL w.e.f. 03.10.2008, the Audit Committee needed to be re-constituted. In absence of the required number of part-time Directors on the Board of RVNL, a request was made to Ministry of Railways for nomination of a part-time Director. Ministry of Railways acceded to the request made by RVNL and nominated Mr. M. S. Khan, Additional Member (Budget)/Railway Board as part-time official Director on the Board of RVNL as a special case pending the appointment of independent directors.

Thereafter, the Board of Directors reconstituted the Audit Committee of the Company on 12th February, 2009 comprising of two part-time official Directors, being Additional Member (Budget) and Adviser (Works), Railway Board and Managing Director. Subsequent to the appointment of independent Directors on the Board of RVNL as to be communicated by Government of

India (Ministry of Railways), the Audit Committee would be reconstituted comprising independent directors.

The Committee met three times during the financial year 2008-09, on 23rd May 2008, 07th August, 2008 and 16th March, 2009. The details of attendance of each member are mentioned below:

Name of Member with Status	Meeting held (during their respective tenure)	Attendance
Mr. S. Murali, Chairman	2	2
Mr. D. P.Tripathi, Member	2	2
Dr.V.K. Koshy, Member	2	2
Dr. T. T. Ram Mohan, Member	2	2
Mr. M.S. Khan, Chairman	1	1
Mr.R.P. Gupta, Member	1	1
Mr. D. C. Mitra, Member	1	1

Ms. Suman Kalra, Company Secretary is Secretary of the Committee.

Terms of Reference:

The Committee acts in accordance with the terms of reference under Companies Act and guidelines of Corporate Governance laid down by Department of Public Enterprises. The scope of the Committee mentioned in brief is :

1. To have the authority to investigate into any matter as may be prescribed under section 292A.
2. To discuss with the auditors periodically about internal control systems.
3. To discuss and decide about the scope of audit including the observations of auditors.
4. To review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
5. To investigate into any matter relating to financial management including the audit report.
6. To oversee the Company's financial reporting process and suggest recommendations, if any, to the Board.
7. To fix the audit fees of statutory auditors with the management.
8. To consider changes in accounting policies and practices with reasons thereof, significant adjustments made in financial statements.
9. To discuss about qualifications in the draft audit report etc.
10. To review about the adequacy of internal controls procedures.

5. Remuneration of Directors

As RVNL is a wholly owned Government Company under Companies Act, the Functional Directors of the Company are appointed/nominated by President of India through Ministry of Railways. The Functional Directors so appointed, draw remuneration under Industrial Dearness Allowance (IDA) pattern of pay scales and as per the terms and conditions issued by Government of India from time to time. However, as per the guidelines of Ministry of Railways, directors appointed on deputation after 24.11.2008 will continue to draw remuneration under Central Dearness Allowance pattern of pay and Directors appointed on absorption will draw IDA pay scales. The part-time official (Government nominee) Directors on the Board of the Company do not draw any remuneration from the Company. They only draw regular remuneration from the Government of India (Ministry of Railways in RVNL's case) as Government officials.

The part-time non-official (Independent) Directors on the Board of the Company are paid a sitting fee of Rs.8,000/- per meeting attended by them.

6. Disclosures

- I. The Company has not entered into any significant related party transactions with the Directors or their relatives (Disclosure made by directors individually pursuant to section 299 of Companies Act) having potential interest with the Company at large.
- II. The Company has not been imposed penalty by any statutory authority owing to non-compliance under laws, during the last three years.
- III. The Company has taken steps to comply with the guidelines on Corporate Governance issued by Department of Public Enterprises (DPE) released in June 2007. In accordance with the guidelines, RVNL has evolved a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, which has been displayed on the website of the Company. RVNL has also included Report on Corporate Governance and Management Discussion and Analysis Report in its Directors Report from the last financial year. The compliance of these Guidelines was also reflected in the Chairman's speech delivered at the last Annual General Meeting of the Company.
- M. The Company has not received any Presidential directive during the financial year 2008-09.
- V. All items of expenditure debited in the books of

Accounts of RVNL are for the purpose of project execution entrusted to RVNL and are related to project expenditure.

- VI. There are no personal expenses incurred for the Board of Directors except which are as per terms of appointment as contractual obligations.
- VII. Details of Administrative and office expenses as a percentage of total expenses vis-à-vis financial expenses and reasons for increase -The administrative expenses as a percentage of total expenses have increased from 3.85% in 2007-08 to 4.38% in 2008-09. This increase was mainly a result of the obligations arising out of implementation of the Sixth Pay Commission recommendations for employees under CDA and Second Pay Committee Recommendations for employees under IDA and making necessary provisions for arrears on this account in the ensuing year.

7. Means of Communication

The audited annual financial results and Annual Report are displayed on RVNL website, www.rvnl.org. Tenders of various departments, details of tenders/contracts awarded, Physical and Financial Plan of RVNL alongwith other official news releases are also uploaded on the website of RVNL. The information uploaded on the website of RVNL is updated from time to time according to the information provided. A Hindi Version of the website is also available.

8. Audit Qualifications

The Company has been putting all the efforts towards ensuring a regime of unqualified financial statements and there have been no significant qualifications.

9. Training of Board Members

RVNL takes initiatives to train its Board members about RVNL's profile, business parameters, etc. All the relevant issues and significant developments related to the working of RVNL are imparted to part-time Directors on the Board of RVNL {(official) and (non-official), as the case may be} by the management of RVNL from time to time. The documents related to the Company including Annual Reports, Memorandum and Articles of Association, MoU between RVNL and Ministry of Railways etc are provided to them as per the requirement.

10. Whistle Blower Policy

RVNL being a Government Company under Ministry of

Railways is covered under Chief Vigilance Commission (CVC). Therefore, as per CVC guidelines, a mechanism has been established in the Company for all its employees and clients to report about any unethical behavior, actual or suspected fraud to the CVO or the Managing Director directly. No employee has been denied access to the Audit Committee of the Board of Directors.

11. Code of Business Conduct and Ethics

As per the guidelines on Corporate Governance released by Department of Public Enterprises, after approval of the Board of Directors of RVNL, the Company has laid down its Code of Business Conduct and Ethics along with RVNL's Key Values for the Board Members and Senior Management Personnel. The Code of Conduct is also posted on the website of the Company, www.rvnl.org.

The Compliance of the Code of Conduct has been affirmed on the basis of confirmation received from all the Board members and senior management personnel for the financial year 2008-09. A declaration to this effect, duly signed by the Managing Director is placed at **Annexure "A1"** and forms part of this report.

12. Compliance Certificate

Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance in accordance with the guidelines issued by Department of Public Enterprises has been included in the Annual Report.

Annexure-A1**Declaration by Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management for the Financial Year 2008-09**

I, D.C.Mitra, Managing Director, Rail Vikas Nigam 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 and key values of the Company during 2008-09.

Place: New Delhi
Date: 05.08.2009

(D.C. Mitra)
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development :

Creation of world class infrastructure and bridging the infrastructure deficit by accelerated investment is a key focus area of the Government of India. In the Eleventh Five Year Plan (2007-2012) Government has planned infrastructure investment to the tune of US\$ 515 billion. To facilitate such investment, a change in the approach is required at various levels including policy, legal, regulatory and project planning. Increase in investment from gross capital formation of 4% of GDP to 8% of GDP requires abandonment of incremental approach in planning and adoption of leap frog approach. Taking note of this, the Government has migrated from a project approach to programme approach. In the road sector, the National Highway Development Programme was launched to construct 4 lane/6 lane highways and expressways. In the Port and shipping sector, National Maritime Development Programme was launched. For development of urban infrastructure, Jawaharlal Nehru Urban Renewal Mission has been launched. Similarly, in the rail sector, the National Rail Vikas Yojana, Special Railway Safety Fund, Integrated Modernization Programme, Dedicated Freight Corridor were launched.

One of the major challenges before the Government is to raise financial resources for time bound implementation of these projects. Broadly, it is expected that 20% of the funding need for the infrastructure will be met through private investment and various models of Public Private Partnership (PPP) have been developed suiting the specific needs of each sector. Model Concession Agreements have been evolved. The Government on its part has taken initiative to launch viability gap funding scheme and created India Infrastructure Finance Corporation Limited to provide long term debt to infrastructure projects. In the rail sector as per Eleventh Five Year Plan (2007-2012) document, Rs.75,000 cr. are to be mobilized through non-budgetary resources. A Public Private Partnership (PPP) Cell has been created in Railway Board to evolve a policy frame work for PPP implementation of different type of railway projects.

Rail Vikas Nigam Limited (RVNL) - A Synopsis

It is this background that Rail Vikas Nigam Limited has been created under National Rail Vikas Yojana as a Special Purpose Vehicle to implement railway projects viz. gauge conversion, new line, doubling or additional lines through non-budgetary resources to remove capacity bottlenecks on the Indian Railway networks, particularly on Golden Quadrilateral and Diagonals; and to facilitate port connectivity and multimodal corridors to hinterland on fast track basis by awarding large EPC contracts. RVNL's mandate is to implement only bankable projects. Hence the organization has developed capability in financial appraisal from the

perspective of non budgetary funding of Railway projects and keeps a watch on viability through sensitivity analysis and other tools. In view of the growing demand for creation of rail infrastructure and the excellent track record of performance achieved by RVNL, a large number of new projects have been transferred to it increasing the total estimated cost of projects from Rs.12,000 cr to Rs.19,000 cr.

RVNL has positioned itself in the market as the key developer of projects in PPP format and has a clear perception of the issues involved and the solutions specific to the requirement of each railway project. It is the only company in railway sector having maximum hands on experience of implementing PPP projects. RVNL's PPP model of creation of a Special Purpose Vehicle by joining various stakeholders has been quite successful. RVNL has made its contribution towards developing a model Concession Agreement for Railway projects taking into account the strength of various stakeholder to bring efficiency and smooth financial operations. In some projects, the revenue risk has been minimized through Traffic Guarantee Agreement signed with users.

Besides railway projects involving capacity augmentation, RVNL is now also handling private freight terminal projects. RVNL is in process of developing other PPP models suitable for different nature of projects. Apart from addressing the question of revenue sharing and terms of concession, the policy and regulatory framework will also be strengthened. Your Company also has expertise in undertaking complex studies in rail sector. RVNL has been consistently progressing on the path of growth and has been earning profits right from the second year of its incorporation.

RVNL is the first major non-budgetary initiative by Ministry of Railways for creating rail transport capacity ahead of demand on a commercial format. RVNL is a schedule-A company under Ministry of Railways.

Strengths

RVNL has been recognized as an agency which can undertake complex consultancy assignments in rail sector pertaining to any aspect of railway working. Your Company has built a positive image among stakeholders and in the market as an organization having institutional capacity to develop, finance and execute large sized projects in a time bound manner. RVNL has introduced large scale mechanization in all aspects of construction to achieve high quality output and has adopted latest technology in civil construction, welding, signaling and electric traction. RVNL is the sole organization on Indian Railways, which has institutionalized the Public Private Partnership model in implementation of infrastructure projects in rail sector. RVNL

is the only Railway PSU which has requisite skills and experience to implement projects following ADB procedure of procurement of civil and consultancy contracts and ensuring Resettlement and Rehabilitation of Project Affected Persons displaced by land acquisition.

Weaknesses

The weakness of RVNL includes some natural disadvantages, viz Railway projects require intense coordination with the zonal Railways at all stages. RVNL has not been notified as Zonal Railways and therefore does not have authority to approve drawings, design, etc. Business performance of RVNL can be seriously affected on account of delays in getting the approvals. RVNL being in the business of infrastructure development faces the shortage in the availability of trained manpower particularly experienced in Railway projects. Major workforce of RVNL is drawn on deputation basis from Railways and due to overall shortage of technical manpower in the Railways, RVNL is not able to get adequate staff for filling up the vacancies.

Opportunities

The railway budget for the year 2009-10 has announced large number of PPP projects in diverse fields. It offers good opportunity to RVNL as it is the only organization in rail sector which has delivered a number of projects in PPP format.

With sustained economic growth, pressure on the transport infrastructure in general and railway in particular, has mounted. Consequently, the need for capacity augmentation, bottleneck removal, and provision of improved services has acquired great urgency. This not only calls for massive resources but also efficient models of project formulation, appraisal and execution. Experience world over and in several sectors in our country has established that Public Private Partnerships help the Government to harness the private sector efficiencies in project execution and service provision while allowing it to leverage limited resources for a large number of projects. RVNL being a company having developed expertise in providing End to End solutions for infrastructure projects has huge opportunities for business from the Railways as well as other players in infrastructure sector.

Threats

Competing railway construction facilities may bring pressure to reduce the workload of RVNL. RVNL is the sole entity created by Railways for implementing projects through private participation. However, Railways don't have a declared Public Private Partnership (PPP) policy, models and Concession Agreement in public domain. This delays the PPP implementation. It can seriously affect the business of RVNL.

Strategies

The Company endeavors to take initiatives for ensuing cost control and timely delivery of projects without any compromise on quality, for its optimistic reflection. An appropriate recruitment and training programme is being designed to develop competent, suitably skilled and qualified manpower. Efforts are being made to transfer of skills and best practices from other infrastructure sectors and retraining in acquiring skills related to execution of railway projects.

Operational and Financial Performance

During the year 2008-09, the Company completed ten projects/ part of projects of 494 km approx of length. While achieving a turnover of Rs. 1698.38 crore the administrative expenses as a percentage of total expenses in 2008-09 has been restricted to 4.38% against 6.43% to over 13% for different departments provided for in Railway construction projects. The percentage of expenditure on Employee remuneration is 1.54%, administrative expenses other than PMC is 1.30% and on Project Management Consultancy is 1.54%.

The profit after tax increased from Rs. 28.43 crore in 2007-08 to Rs. 40.83 crore in the current year and the income from project execution has increased to Rs. 23.84 crore from Rs. 19.67 crore in 2007-08. The surplus of RVNL at the end of the year 2009 stands at Rs. 66.55 crore.

RVNL has formed five Joint Venture SPVs for implementation and execution of projects. Angul Sukinda Railway Limited, the latest SPV of RVNL, became equipped with the signing of Shareholders Agreement. The other Joint Venture SPVs of RVNL namely Haridaspur Paradip Railway Company Limited, Krishnapatnam Railway Company Limited and Bharuch Dahej Railway Company Limited, set up for port connectivity projects became fully operational during the year. In addition, Kutch Railway Company Limited, the first Joint Venture SPV, continued to show excellent performance.

Outlook

As per the MoU between RVNL and Ministry of Railways for the year 2009-10, RVNL is committed to achieve 256 kms of Gauge Conversion, 219 kms of Doubling, 115 kms of Railway Electrification and 8 kms of New Line works. The achievements of these targets would entail a financial expenditure of around Rs. 1571 crores. The Mission, Vision and Objectives of the Company as per the MoU are as mentioned below:

Mission:

Creating state of Art rail transport capacity to meet growing demand.

Vision:

To emerge as most efficient rail infrastructure provider with sound financial base and global construction practices for timely completion of projects.

Objectives:

- a. To undertake and execute successfully the project development pertaining to 'Strengthening of Golden Quadrilateral, Port and Hinterland connectivity and other bankable Railway projects under NRVY and specifically assigned to it by Ministry of Railways.
- b. To mobilize financial and human resources for project implementation.
- c. Timely execution of projects.
- d. To maintain a cost effective organizational set up.
- e. To encourage public private participation in rail related projects managed by RVNL.
- f. To be an infrastructure Project Management Company committed to sustainable development and environment friendly construction of rail related projects in the country.
- g. To acquire, purchase, license, concession or assign rail infrastructure assets including contractual rights and obligations.

Concerns

The main concern being faced by RVNL in the implementation of projects is the risk of cost increase mainly on account of increase in cost of inputs, site conditions and the requirements presented by the users, i.e. the Zonal Railways. This affects both the bankability of the project and the credibility of RVNL for the speedy implementation of projects within the anticipated cost.

Internal control systems

As the main activity of RVNL is the execution of projects, the Company has put into place an effective internal control

system for monitoring the implementation of projects including periodic review of physical and financial progress, evaluation of efficiency of cost control measures based on inputs of both the Technical and Finance Departments.

The Finance and Accounts Department also conducts reviews of the progress and nature of expenditure and submits reports thereon to Management. Budgetary Reviews are also conducted. A system of internal audit by external firm ensures the affectivity of the control systems and also submission of comments on the appropriateness of incurrence of expenditure and their accounting by the Company. The reports of the internal auditor are periodically reviewed by Audit Committee of the Board of Directors and implementation of recommendations are monitored.

Human Resource Development and Industrial Relations

RVNL's endeavor is to create an environment suited best to the organization and the employees so that to evolve a work culture which can be replicated by the others. It is an organisation which is highly performance driven. Therefore, updation of knowledge and skill of the manpower to enhance their output has been a continuous process in RVNL.

The Company has firmly established itself and recognizing the need for strengthening of the organization, to deliver projects on fast track, RVNL has taken initiative this year to form its own permanent cadre by formulating Absorption Policy alongwith Recruitment & Promotion Policy with the approval of the Board of Directors of RVNL. The Company has also resolved to take projects from outside the railways including overseas projects for overall sustainability.

Industrial Relations remained harmonious and cordial during the year.

Corporate Social Responsibility

RVNL, from time to time, takes steps for support of various Railways and Non-railway welfare, professional and sports organizations/ associations by offering sponsorships towards various activities.

Addendum to Directors' Report

(Management Replies to Comments in Auditors' Report)

S.No.	Reference to Auditors' Main Report Para No.	Management Reply
1	Para 4 (a)	Letters to debtors and creditors had been dispatched twice for confirmation of balance directly to the address of the Statutory Auditors. In some cases response is still awaited.
2	Para 4 (b)	In terms of Railway Board's orders certain projects which were already under implementation at the time of transfer, were transferred to RVNL for only the balance scope of work. Accordingly, expenditure incurred before transfer i.e. March 2003 is not required to be taken into Accounts by RVNL.
3	Para 4 (c)	As per the letter of Ministry of Railway dated 24.4.2006 No.2004/W-1/RVNL/15, "It has been decided that after physical completion of a project by RVNL, the asset should be straight away transferred to the concerned Zonal Railway who will add the value of the created asset in their block account." RVNL has approached Railway Board to issue necessary instructions as to the modalities to be followed for transfer of projects to the Zonal Railways.

For and on behalf of the Board of Directors

New Delhi
Date : 19.08.2009

(D.C.Mitra)
Managing Director

(Harish Chandra)
Director/Finance

VINOD KUMAR & ASSOCIATES

COMPANY SECRETARIES

M.COM, FCS, LL.B

G-23, SHOP NO.18, SECTOR-7 ROHINI, DELHI-110085

CELL NO.9212477250, 93139772520, 9212677250, 09215377250

vkaneja2001@gmail.com, vkaneja2001@yahoo.com, csvinod@in.com

Certificate of Compliance with the Conditions of Corporate Governance

To

The Members of
RAIL VIKAS NIGAM LIMITED
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2009, by RAIL VIKAS NIGAM LIMITED, a Government Company under section 617 of the Companies Act, 1956, as stipulated in the Company's Code on Corporate Governance.

We have studied the Report on Corporate Governance of the said Company as approved by its Board of Directors. We have also examined the relevant records and documents maintained by the Company and furnished to us for our review in this regard.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 comment that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

In our opinion and to the best of our information and on the basis of our review and according to the information and explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance as stipulated in Company's Code of Corporate Governance in all material respects.

**FOR VINOD KUMAR & ASSOCIATES
COMPANY SECRETARIES**

**VINOD KUMAR
C.P. 5740**

Place: New Delhi
Date : 19.08.2009

RESI :- D-15/238-239, SECTOR-3 ROHINI DELHI-110085

BALANCE SHEET AS AT MARCH 31st, 2009

	Sch	As at March 31, 2009	As at March 31, 2008
		Rupees	Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2085,02,01,000	2015,02,01,000
Share Application money pending allotment		-	70,00,00,000
Reserves and Surplus	2	66,55,50,546	35,08,31,982
Loan Funds			
Unsecured Loans	3	3910,00,00,000	2375,00,00,000
TOTAL		6061,57,51,546	4495,10,32,982
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		9,84,86,505	7,12,80,639
Less: Depreciation/amortization-to-date		6,48,15,508	3,83,77,562
Net Block	4	3,36,70,997	3,29,03,077
Investments	5	295,86,76,473	189,17,50,000
Deferred Tax Asset		1,00,01,297	50,84,638
Current Assets, Loans and Advances			
Project Work-in-Progress	6	5046,14,21,937	3648,99,41,352
Add: Advances for Project Expenditure		415,39,03,374	385,18,46,152
		5461,53,25,311	4034,17,87,504
Cash and Bank Balances	7	426,87,92,289	410,08,15,168
Sundry Debtors	8	47,85,80,443	33,85,42,004
Loans and Advances	9	334,03,24,264	181,08,80,003
		6270,30,22,307	4659,20,24,679
Less: Current Liabilities and Provisions			
Liabilities	10	467,29,47,244	340,19,78,694
Provisions	11	42,17,36,904	17,88,79,958
		509,46,84,148	358,08,58,652
Net Current Assets		5760,83,38,159	4301,11,66,027
Miscellaneous Expenditure	12	50,64,620	1,01,29,240
(To the extent not written off or adjusted)			
TOTAL		6061,57,51,546	4495,10,32,982
Significant Accounting Policies	17		-
Notes to the Accounts	18		

This is the Balance Sheet referred to in our report of even date

The schedules referred to above form an integral part of the Balance Sheet

Bhushan Bensal Jain Associates
Chartered Accountants

ON BEHALF OF THE BOARD

CA Ravi Bhardwaj
Partner
M.No. 80656
Place : New Delhi
Date : 09.07.2009

D. C. Mitra
Managing Director

Harish Chandra
Director Finance

Suman Kalra
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31st, 2009

	Sch	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Turnover					
- From construction work in progress (project activity)	13		1654,16,48,791		1423,11,45,701
Interest Income					
- Banks - Gross (TDS deducted Rs 5,04,44,639 Previous Year Rs.4,55,94,655)			23,34,07,026		19,66,83,746
- Others - Gross (TDS deducted Rs 2,28,90,325 Previous Year Rs.nil)			10,10,16,441		
- Others on Mobilizations Advance		6,37,45,667		3,60,99,387	
Tender Processing Fees		35,00,049		18,01,800	
Other Income		5,08,736		6,80,509	
		6,77,54,452		3,85,81,696	
Less : Transferred to Incidental Expenditure during construction period Schedule-6		6,77,54,452	-	3,85,81,696	-
			<u>1687,60,72,258</u>		<u>1442,78,29,447</u>
EXPENDITURE:					
Direct expenses on construction and project related activity	14		1619,50,37,624		1396,00,37,075
GROSS PROFIT			68,10,34,634		46,77,92,372
INDIRECT EXPENDITURE					
Employees' Remuneration and Benefits	15		3,21,82,989		1,44,84,889
Administrative Expenses	16		6,37,60,108		4,97,97,236
Depreciation		2,68,07,124		1,77,73,170	
Less : Transferred to Incidental Expenditure during construction period-Schedule-6		1,95,55,293	72,51,831	1,27,54,063	50,19,107
Preliminary Expenses Written off			50,64,620		50,64,620
			<u>10,82,59,548</u>		<u>7,43,65,852</u>
Profit for the year before tax			57,27,75,086		39,34,26,520
- Income Tax					
Current		17,05,06,272		11,26,59,851	
Deferred Tax credit		(49,16,659)		(50,84,638)	
Earlier years		(1,516,276)		9,80,383	
			16,40,73,337		10,85,55,596
- Fringe Benefit Tax		30,97,483		21,92,063	
Less : Transferred to Incidental Expenditure during construction period - Schedule-6		27,10,298	3,87,185	16,16,157	5,75,906
			<u>16,44,60,522</u>		<u>10,91,31,502</u>
Profit After Tax			40,83,14,564		28,42,95,018
Add: Balance b/fd from previous year			30,08,31,982		12,50,34,464
Profit Available for Appropriation			70,91,46,546		40,93,29,482
Less Transfer to General Reserve			8,00,00,000		5,00,00,000
Profit Available for Distribution			62,91,46,546		35,93,29,482
Proposed Dividend			8,00,00,000		5,00,00,000
Additional Tax on Dividend			1,35,96,000		84,97,500
Surplus Profit carried forward during the year to Reserve & Surplus			<u>53,55,50,546</u>		<u>30,08,31,982</u>

Contd.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st, 2009

S.N.	Particulars	2008-09		2007-08	
		Amounts (Rs.)	Amounts (Rs.)	Amounts (Rs.)	Amounts (Rs.)
1	Cash Flow from Operating Activities				
	Net profit before taxation, and extraordinary items	57,27,75,086		39,34,26,520	
	Add: Adjustment for :				
	Depreciation	72,51,831		50,19,107	
	Interest Income	-23,34,07,026		-19,66,83,746	
	Preliminary expenses written off	50,64,620		50,64,620	
	Operating profit before Working Capital changes	35,16,84,511		20,68,26,501	
	Adjustments for changes in Working Capital:				
	(Increase) in other receivables	-15,94,30,20,507		-15,35,68,61,772	
	Increase in current liabilities	127,09,68,550		117,57,41,007	
	Increase in Provision	24,28,56,946		13,09,32,770	
	(Increase) in Deferred Tax Asset	-49,16,659		-50,84,638	
	Cash Generated from Operations	-14,08,24,27,160		-13,84,84,46,132	
	Direct Taxes paid/Received (Net of TDS)	-16,44,60,522		-10,91,31,502	
	Cash flow from Operations (A)	-14,24,68,87,682	-14,24,68,87,682	-13,95,75,77,634	-13,95,75,77,634
2	Cash from Investment Activities :-				
	Purchase of Fixed assets	-80,19,751		-82,42,985	
	Interest income (Revenue)	23,34,07,026		19,66,83,746	
	Net Cash generated from / (used in) Investing activities (B)	22,53,87,276	22,53,87,276	18,84,40,761	18,84,40,761
3	Cash flow from Financing Activities :-				
	Proceeds from issuance of share capital (including share application money)	0		4,20,00,00,000	
	Proceeds from long term borrowings	15,35,00,00,000		9,37,00,00,000	
	Proposed Dividend and tax thereon	-9,35,96,000		-5,84,97,500	
	Investment	-1,06,69,26,473		-89,10,00,000	
	Net Cash generated from / (used in) Financing activities (C)	14,18,94,77,527	14,18,94,77,527	12,62,05,02,500	12,62,05,02,500
	Net Increase/(Decrease) in cash & cash equivalent (A+B+C)		16,79,77,121		-1,148,634,373
	Cash & Cash equivalent at the beginning of the year		4,10,08,15,168		524,94,49,541
	Cash & Cash equivalent at the closing of the year		4,26,87,92,289		410,08,15,168
			-1,67,977,121		114,86,34,373

Contd.

Cash and Cash equivalents comprise

Cash and Cheques in Hand	18,32,313	3,16,825
Balance with Scheduled Banks		
On Current Account	61,69,59,976	60,04,98,343
On term Deposit Account	365,00,00,000	350,00,00,000

Notes :

The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by The Institute of Chartered Accountants of India.

- Previous year's figures have been regrouped and rearranged, wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

Bhushan Bensal Jain Associates
Chartered Accountants

ON BEHALF OF THE BOARD

CA Ravi Bhardwaj
Partner
M.No. 80656
Place : New Delhi
Date : 09.07.2009

D. C. Mitra
Managing Director

Harish Chandra
Director Finance

Suman Kalra
Company Secretary

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

Particulars	As at March 31, 2009		As at March 31, 2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 1				
SHARE CAPITAL				
Authorized capital				
3,00,00,00,000 (previous year 3,000,000,000) equity shares of Rs 10/- each		<u>3000,00,00,000</u>		<u>3000,00,00,000</u>
Issued, subscribed and paid up capital				
2057670000 (Previous year 1987670000) equity shares of Rs 10/- each fully paid up		2057,67,00,000		1987,67,00,000
2,73,50,100 (Previous year 2,73,50,100) equity shares issued for consideration other than cash		27,35,01,000		27,35,01,000
TOTAL		<u>2085,02,01,000</u>		<u>2015,02,01,000</u>
SCHEDULE 2				
RESERVES AND SURPLUS				
General Reserve				
As Per last Balance Sheet	5,00,00,000		5,00,00,000	
Addition during the year	<u>8,00,00,000</u>	13,00,00,000	-	5,00,00,000
Profit & Loss Account				
As Per last Balance Sheet	30,08,31,982		12,50,34,464	
---Profit for the year	<u>23,47,18,564</u>	53,55,50,546	<u>17,57,97,518</u>	30,08,31,982
TOTAL		<u>66,55,50,546</u>		<u>35,08,31,982</u>
SCHEDULE 3				
UNSECURED LOANS				
Other Loans and Advances				
From IRFC	1501,00,00,000		1208,00,00,000	
From MOR	<u>2409,00,00,000</u>	3910,00,00,000	<u>1167,00,00,000</u>	2375,00,00,000
TOTAL		<u>3910,00,00,000</u>		<u>2375,00,00,000</u>

Schedules attached to and forming part of Balance Sheet as at March 31, 2009

SCHEDULE :4

Fixed Assets

BLOCK OF ASSETS	GROSS BLOCK			DEPRECIATION				
	Cost up to March 31, 2008	Additions during the year	Deletions / adjustments during the year	Cost up to March 31, 2009	Up to March 31, 2008	Depreciation during the year*	Depreciation on sale / adjustments	Up to March 31, 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<u>Tangible Assets</u>								
Lease hold improvements	1,55,92,382	59,77,396		2,15,69,778	65,24,658	86,72,777		1,51,97,435
Furniture and fixtures	1,29,41,989	88,57,430	55,690	2,17,43,729	66,11,657	54,34,803	11,878	1,20,34,582
Computers	2,41,25,168	50,78,928	3,25,121	2,88,78,975	1,78,19,999	64,57,032	2,43,398	2,40,33,633
Office equipments	1,59,75,646	77,24,667	2,80,489	2,34,19,824	62,13,002	52,12,296	1,13,902	1,13,11,396
<u>Intangible Assets</u>								
Software	26,45,454	2,28,745		28,74,199	12,08,246	10,30,216		22,38,462
TOTAL	7,12,80,639	2,78,67,166	6,61,300	9,84,86,505	3,83,77,562	2,68,07,124	3,69,178	6,48,15,508
PREVIOUS YEAR	5,04,79,062	2,10,74,073	2,72,496	7,12,80,639	2,07,99,864	1,77,73,170	1,95,472	3,83,77,562

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 5		
INVESTMENTS		
Long term trade investment - unquoted at cost		
Fully paid equity shares in incorporated joint ventures		
10,00,00,000 (Previous Year - 10,00,00,000) Equity Shares of Rs. 10 each fully paid - Equity in Kutch Railway Company Limited	100,00,00,000	100,00,00,000
25,000 (Previous Year - 25,000) Equity Shares of Rs. 10 each fully paid - Equity in Haridaspur Paradip Railway Company Limited	2,50,000	2,50,000
25,000 (Previous Year - 25,000) Equity Shares of Rs. 10 each fully paid - Equity in Krishnapatnam Railway Company Limited	2,50,000	2,50,000
25,000 (Previous Year - 25,000) Equity Shares of Rs. 10 each fully paid - Equity in Bharuch Dahej Railway Company Limited	2,50,000	2,50,000
Share application money pending allotment*:		
-Bharuch Dahej Railway Company	19,09,26,473	-
-Krishnapatnam Railway Company Limited	43,50,00,000	22,50,00,000
-Haridaspur Paradip Railway Company Limited	133,20,00,000	66,60,00,000
TOTAL	295,86,76,473	189,17,50,000

* Amount committed towards share money calls to be received: Rs. 43.66 crores
(Previous Year Rs. 125.50 crores)

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

	Rupees	As at March 31, 2009 Rupees	Rupees	As at March 31, 2008 Rupees
SCHEDULE 6				
PROJECT WORK IN PROGRESS				
1 Civil Works				
Bridges	790,38,40,323		543,03,63,676	
Construction Stores at site	2,632,930,572		340,45,41,433	
Preliminary project expenditure	31,96,78,186		28,51,03,010	
Equipments, plants and machinery	48,83,02,756		46,92,36,284	
Foot Over Bridge	10,23,26,990		8,94,76,938	
Formation	332,62,06,761		252,69,52,901	
Land	79,31,04,830		62,12,07,696	
Permanent way	2277,75,78,469		1525,48,93,576	
Schedule of Day Works rates	17,20,270		8,36,177	
Shifting of overhead / underground crossing	4,33,67,768		4,22,84,032	
Station buildings	<u>191,12,04,125</u>		<u>126,21,95,223</u>	
		4030,02,61,050		2938,70,90,946
2 S & T Works				
Detail Design & Engineering	3,55,96,365		1,76,36,328	
Signaling arrangement	189,49,15,260		187,00,59,309	
Telecommunication Arrangements	26,90,41,608		26,70,25,022	
Signaling & Telecom Works	<u>267,46,19,267</u>	487,41,72,500	<u>116,33,06,012</u>	331,80,26,671
3 Electrical Works				
Electrification of building	128,32,10,605		83,40,58,166	
Sub-station and other equipments	37,83,68,909		34,39,80,202	
Overhead electric equipment	<u>265,46,04,792</u>	431,61,84,306	<u>177,36,91,536</u>	295,17,29,904
4 Incidental Expenditure During Construction Period				
Opening balance	74,01,23,790		35,09,29,471	
Add: transferred from				
Employees' remuneration and benefits (Schedule 15)	21,24,68,785		6,51,82,363	
Administrative expenses (Schedule 16)	38,35,57,938		34,82,23,432	
Depreciation (Profit & Loss Account)	1,95,55,293		1,27,54,063	
Tax expenses (Profit & Loss Account)	<u>27,10,298</u>		<u>16,16,157</u>	
	135,84,16,104		77,87,05,486	
Less: Income earned - transferred from Profit & Loss Account	<u>6,77,54,452</u>		<u>3,85,81,696</u>	
Apportioned to Projects in the ratio of spending on individual projects to total project expenditure		129,06,61,652		74,01,23,790
5 Others				
Expenditure Pending Allocation		149,01,00,024		111,69,03,912
Net Project Execution Income		<u>35,65,64,168</u>		<u>22,47,42,146</u>
		5262,79,43,700		3773,86,17,369
Less: Credit from release material		14,08,861		9,97,322
Less: to date expenditure incurred on SPVs transferred to Schedule 14		216,51,12,902		124,76,78,695
TOTAL		<u>5046,14,21,937</u>		<u>3648,99,41,352</u>

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 7		
CASH AND BANK BALANCES		
1. Cash balances		
Cash and cheques in hand	15,00,722	5,400
Imprest accounts	3,31,591	3,11,425
	<u>18,32,313</u>	<u>3,16,825</u>
2. Balance with scheduled banks		
On Current Account	61,69,59,976	60,04,98,343
On Fixed Deposit	365,00,00,000	350,00,00,000
	<u>426,69,59,976</u>	<u>410,04,98,343</u>
TOTAL (A)	<u><u>426,87,92,289</u></u>	<u><u>410,08,15,168</u></u>
SCHEDULE 8		
SUNDRY DEBTORS (SPVs)		
More than six months	-	31,85,666
Others	47,85,80,443	33,53,56,338
	<u>47,85,80,443</u>	<u>33,85,42,004</u>
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
Recoverable from Ministry of Railways (Interest & processing fee)	296,47,98,331	164,85,73,544
Interest accrued on fixed deposits and mobilization advances	2,78,42,048	2,00,59,219
Security deposit	2,44,27,922	2,43,38,047
Advance Tax and Tax deducted at source	25,99,80,052	7,03,55,859
Others	6,32,75,911	4,75,53,334
TOTAL (B)	<u>334,03,24,264</u>	<u>181,08,80,003</u>
Advances include amounts due by		
(i) Directors of the Company	9,371	56,567
[Maximum due during the year Rs. 56,567 (Previous Year Rs 1,28,406)]		

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

	Rupees	As at March 31, 2009 Rupees	Rupees	As at March 31, 2008 Rupees
SCHEDULE 10				
CURRENT LIABILITIES				
Sundry Creditors				
Micro ,Small & Medium Enterprises		-		-
Others		81,78,43,733		55,53,50,444
Earnest money and security deposit		28,50,68,277		46,83,68,311
Other liabilities		11,85,98,033		7,38,00,709
Book Overdraft**		7,680,224		15,97,89,482
Advance received from Customers against deposit work (others)		48,89,58,646		49,60,96,204
Interest accrued but not due on loans		295,47,98,331		163,85,73,544
Processing fees payable on loan from IRFC		-		1,00,00,000
TOTAL		<u>467,29,47,244</u>		<u>340,19,78,694</u>
**Balance in current accounts linked with time deposits have resulted in book overdraft due to cheques issued but not presented amounting to Rs. 59,87,72,001(Previous year Rs. 55,06,85,639)				
SCHEDULE 11				
PROVISIONS				
Provision for retirement benefits				
Opening Balance	1,68,548		1,19,006	
Add: Additions during the year	5,50,197		97,586	
Less: Written Back as per actuarial valuation	<u>-</u>	7,18,745	<u>48,044</u>	1,68,548
Provision for tax		28,50,94,648		11,53,38,461
Dividend Payable		8,00,00,000		5,00,00,000
Provision for foreign service contribution				
Opening Balance	1,33,72,949		79,79,873	
Add: Additions during the year	4,84,93,032		1,22,05,605	
Less: Written Back/Utilization during the year	<u>59,42,470</u>	5,59,23,511	<u>68,12,529</u>	1,33,72,949
TOTAL		<u>42,17,36,904</u>		<u>17,88,79,958</u>
SCHEDULE 12				
MISCELLANEOUS EXPENDITURE				
Balance as per last balance sheet	1,01,29,240		1,51,93,860	
Less: Written off during the year	<u>50,64,620</u>	50,64,620	<u>50,64,620</u>	1,01,29,240
		<u>50,64,620</u>		<u>1,01,29,240</u>

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 13		
Turnover from Construction Work in Progress (Project Activity)		
- From project under NRVY(MOR)	1397,14,80,585	1292,46,50,855
- From deposit work - project for SPV	98,15,05,879	76,08,44,664
- From deposit work - project for others	158,86,62,327	54,56,50,182
	<u>1654,16,48,791</u>	<u>1423,11,45,701</u>
SCHEDULE 14		
Direct expenses on construction and project related activity		
Direct expenditure incurred on projects (MOR)	1383,96,58,563	1281,18,19,695
Direct expenditure incurred on deposit work - projects (SPV) (refer Schedule 6)	91,74,34,207	64,74,42,822
Direct expenditure incurred on deposit work - projects for others	143,79,44,854	50,07,74,558
	<u>1619,50,37,624</u>	<u>1396,00,37,075</u>

Schedules attached to and forming part of Balance Sheet as at March 31st, 2009

Rupees

	Expenditure Charged to Profit & Loss Account		Incidental Expenditure during Construction		Total Expenses	
	For the period from 1.4.08 to 31.03.09	For the year ended March 31, 2008	For the period from 1.4.08 to 31.03.09	For the year ended March 31, 2008	For the period from 1.4.08 to 31.03.09	For the year ended March 31, 2008
SCHEDULE 15						
Employees' Remuneration & Benefits						
Salaries and allowances	3,09,86,461	1,31,63,108	20,30,34,090	5,96,23,978	23,40,20,551	7,27,87,086
Contribution to Provident and other funds	76,332	40,990	5,34,327	1,15,030	6,10,659	1,56,020
Staff welfare	11,20,196	12,80,791	89,00,368	54,43,355	1,00,20,564	67,24,146
	3,21,82,989	1,44,84,889	21,24,68,785	6,51,82,363	24,46,51,774	7,96,67,252
SCHEDULE 16						
Administrative Expenses						
Professional consultancy fees	18,17,673	12,20,902	97,38,477	57,43,925	1,15,56,150	69,64,827
Project management Consultancy	2,52,47,201	1,83,70,557	21,63,25,339	23,38,77,330	24,15,72,540	25,22,47,887
Advertisement and business promotion	16,92,215	10,39,109	68,34,562	34,63,588	85,26,777	45,02,697
Travelling expenses	39,18,943	19,27,855	2,25,43,070	1,19,06,457	2,64,62,013	1,38,34,312
Conveyance expenses	48,01,637	34,22,139	2,86,05,982	1,87,79,158	3,34,07,619	2,22,01,297
Communication	15,95,187	15,26,894	84,42,929	72,68,615	1,00,38,116	87,95,509
Rent	1,42,17,500	1,16,42,772	5,76,51,626	4,48,90,299	7,18,69,126	5,65,33,071
Rates & Taxes	35,02,594	51,62,790	0	3,680	35,02,594	51,66,470
Repairs and maintenance - others	26,73,279	21,04,880	1,41,69,588	1,01,20,598	1,68,42,867	1,22,25,478
Printing and stationery	11,89,869	8,67,200	60,19,941	43,59,634	72,09,810	52,26,834
Electricity	12,59,926	13,04,940	55,19,171	47,62,487	67,79,097	60,67,427
Legal and professional charges	6,11,130	4,98,378	18,10,827	13,98,592	24,21,957	18,96,970
Books and periodicals	1,73,938	1,05,238	7,66,674	3,94,443	9,40,612	4,99,681
Director sitting fees	1,60,000	3,04,000	-	-	1,60,000	3,04,000
Auditor Remuneration (including service tax)						
- Audit Fees	17,500	15,593	1,22,500	1,09,152	1,40,000	1,24,745
- Out of pocket expenses	0	14,863	0	1,04,045	0	1,18,908
Miscellaneous expenses (includes gain on foreign exchange fluctuation Rs.nil (previous year Rs.46779) and loss on sale of fixed assets Rs.13731 (previous Year Rs. 20983)	3,45,875	2,69,125	12,57,761	10,41,429	16,03,636	13,10,554
Prior year expenses	5,35,642	0	3,749,491	0	42,85,132	
	6,37,60,108	4,97,97,235	38,35,57,938	34,82,23,432	44,73,18,046	39,80,20,667

Fringe Benefit Tax 2008-09
3,87,185
27,10,298
30,97,483

Schedule 17

Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on accrual basis and under historical cost convention and in accordance with all applicable accounting standards specified in Companies (Accounting Standard Rules) 2006 including relevant presentation requirements of the Companies Act, 1956. However, certain escalation and other claims, which are not ascertainable /acknowledged by customers, are not taken into account.

Management makes estimates and technical and other assumptions regarding the amounts of income and expenses in accordance with Generally Accepted Accounting Principles (GAAP) in the preparation of the financial statements. The difference between the actual results and estimates are recognized in the period in which determined.

The significant accounting policies adopted by the Company are given below.

1. Fixed Assets

- (i) Fixed assets are stated at the cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. The expenses also include applicable borrowing cost if any.
- (ii) Intangible assets comprise of license fees, other implementation cost for system software and other application software acquired for in-house use. The costs are capitalized in the year in which the relevant software is implemented for use.

2. Depreciation

- (i) Depreciation on individual assets acquired for Rs. 5000/- or less is depreciated at the rate of 100%.
- (ii) Depreciation is provided on pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows:

Furniture and Fixture	23.75%
Computers	31.67%
Office Equipments	19.00%
- (iii) Leasehold improvements are amortized over the period of lease from the year in which such improvements are capitalized.
- (iv) Capitalized software costs are amortized over a period of three years except where the estimated useful economic life is less than three years.

3. Impairment of assets

All assets other than inventories, investments and deferred tax asset are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets, whose carrying amount value exceeds their recoverable amount, are written down to the recoverable amount.

4. Investments

Long-term investments, including interests in incorporated Jointly Controlled Entities (JCEs), are carried at cost, after providing for any diminution in value, if such diminution is of other than temporary nature. Short-term investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification.

5. Inventories

Project Work-in-Progress is valued at the contract rates and construction material at site is stated at cost. Payments made to Zonal Railways for acquiring land included in project Work-in-Progress is stated at cost.

6. Revenue recognition

Revenue is recognized based on the nature of activity, when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue from construction/project related activity is recognized as follows:

- (i) Projects related to Ministry of Railways (MOR): Revenue from project execution is determined by adding aggregate cost plus margin agreed with MOR and any subsequent clarification received in this respect.
- (ii) Deposit works (cost plus contract) related to JCEs (Jointly Controlled Entities in the form of Special Purpose Vehicles and others): Contract revenue is determined by adding the aggregate cost plus proportionate margin (Direction & General Charges) based on fixed percentage as agreed with the customer.
- (iii) Claims are accounted as income in the year of acceptance by client or evidence of acceptance received.
- (iv) Interest on investment is accounted on accrual basis, inclusive of related tax deducted at source.
- (v) Other items of income are accounted as and when the right to receive arises.

7. Employee Benefits

a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short-term compensated absences, etc. are recognized in the period which the employee renders the related service.

b) Post employment benefits

- i. Defined contribution plans: The Company makes defined contribution to Regional Provident Fund Commissioner in respect of provident fund scheme and employee state insurance scheme. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.
- ii. Defined benefit plans: Gratuity is a post employment defined benefit plans. The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using projected unit credit (PUC) method. Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

c) Long Term Employee Benefits

The obligation for long-term employee benefits such as long-term compensated absences, is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above

- d) Retirement benefits of the 'staff on deputation' have been accounted for on the basis of the guidelines of the Ministry of Railways.

8. Foreign currency transaction

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Gains/Losses arising out of settlement are charged/credited to the profit and loss account.

9. Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a

substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

10. Taxes on Income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of the assessment/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws substantially enacted as on the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation/brought forward losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized

11. Provisions and contingencies

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of a contingent liability is made where there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made.

12. Miscellaneous Expenditure

Preliminary expenses are amortized over a period of five years from the year of commencement of Business operations.

13. Lease Rental

Lease rental in respect of operating lease is charged to project work in progress and administrative expenses in the profit and loss account.

For and on behalf of the Board

D.C.Mitra **Harish Chandra** **Suman Kalra**
Managing Director Director Finance Company Secretary

Place: New Delhi
Date : 09.07.2009

Schedule 18

Note to the Accounts

1. Inventories

- i. Land cost included in Project Work in Progress represents payments made to various Zonal Railways for the purpose of acquisition of land. The total payment made amounts to Rs.79.31 crore (Previous year: Rs.62.12 crore). The land so acquired is in the name of the Zonal Railway.
- ii. The Company is executing projects transferred by MOR under the MoU. In some of the projects, initially transferred to the Company, work was already in progress and some of the Zonal Railways had incurred expenditure on those projects prior to their transfer to the Company. The expenditure made by the concerned Railways prior to the formation of the Company has not been taken into account. The policy regarding liability of the Company for such expenditure, which took place prior to formation of the Company, shall be decided at the time of transfer of projects to the Railways.
- iii. In the opinion of the Management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these have been stated in the Balance Sheet.

2. Revenue

- i. The Company has accounted for income from Project Execution @ 1% on the expenditure incurred by it on MOR projects which are being directly implemented by the Company as per the directions of the MOR vide their letter No. 2004/W-IRVNL/15 dated 24th April 2006.
- ii. Expenditure on work in progress against contracts awarded by the Company is recognized on completion of measurements and testing certified by the Engineer.
- iii. Execution done by the Zonal Railways on behalf of the Company on MOR projects is accounted for on the basis of statement of estimated expenditure received from respective Zonal Railways and shall be adjusted as and when the final expenditure statement is received.
- iv. Expenditure against advances given to various agencies for execution of works on cost plus basis as deposit works is accounted for on the basis of statement of estimated expenditure received from

the concerned agency and is adjusted as and when the final expenditure statement is received.

3 Deposit Works (SPVs and others)

- i. Works being executed for SPVs and others are treated as a deposit work. The advance received is disclosed under Current Liabilities and the amount recoverable on account of project execution under Sundry Debtors.
- ii. The Company is executing projects for SPVs of the Company and other parties as a deposit work either directly or through different Zonal Railways. Project work in progress is shown under Profit & Loss Account and the corresponding current assets and liabilities in respect of such projects have been recognized on the basis of expenditure incurred plus D&G charges as agreed.
- iii. Costs incurred for Deposit Works:

	Year ended March 31, 2009 (Rs. in crore)	Year ended March 31, 2008 (Rs. in crore)
Costs incurred for Deposit Works	235.53	114.82
Recognized Profit/Loss	21.48	15.83
Cumulative amount of costs incurred and recognized Profit/Loss	428.01	192.48
Advance received	48.90	49.61
Gross Amount due from Customers	47.86	33.85

- 4 As decided by MoR the Company has borrowed funds aggregating to Rs.1501 crore from Indian Railway Finance Corporation (IRFC). The interest liability has been assessed at the rate as advised by IRFC from time to time. For 2008-09, the rate advised by IRFC is 9.72%. MoR has decided to bear full responsibility of the repayment of principal and cost of borrowing (interest) on the entire sum of the borrowed funds. The interest accrued but not due on the IRFC loan amount has been shown as recoverable from MoR under Current Assets and the interest payable amount under the Current Liabilities in the Balance Sheet.
- 5 Funds received by the Company from Government of India, MOR as equity capital are utilized for executing projects of National Rail Vikas Yojna. After physical completion of a project, the assets are to be transferred to the

concerned zonal railway who would add the value of assets in their block account. The modalities of transfer of such assets are being worked out with the Ministry of Railways.

- 6 The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and medium enterprises Development Act, 2005 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act is not ascertainable presently.
- 7 The total project cost executed for MOR by the Company is Rs. 5,046.14 crores (Previous Year Rs. 3,648.99 crores). Out of this Rs. 1,507. crores (Previous Year Rs. 1,371 crores) worth of execution has been done by Zonal Railways on behalf of the Company. Accordingly, project execution income @ 1% on the expenditure on MOR projects which are being directly implemented by the Company worth Rs. 3,539.14 crores (Previous Year Rs. 2,278 crores) as per the directions of the MOR vide their letter No. 2004/W-IRVNL/15 dated 24th April 2006 have been recognized as income.

8 Expenditure in Foreign Currency

	Year ended March 31, 2009 (Rs)	Year ended March 31, 2008 (Rs)
Travel expenses	6,46,393	75,925
Project Management Consultancy	18,50,886	49,06,599

9. Contingent liability in respect of claims not acknowledged as debts by the Company:

Rs. 7,12,576/- (Previous year Nil)

10. Capital commitment towards share capital in SPV's is Rs. 43.66 crore (previous year Rs.149.50 crore)

11. Managerial Remuneration

	Year ended March 31, 2009 (Rs.)	Year ended March 31, 2008 (Rs.)
Salary & allowances	34,24,468	33,68,817
Provident fund and other fund	2,31,935	80,571

Includes Rs.26,61,799 (Previous year Rs.16,69,600) for Directors who are on deputation from Ministry of Railway for which the Company makes the reimbursement directly to Ministry of Railways.

12. Employee Benefits

- (a) The majority of the officers/staff employed in RVNL are on deputation from Indian Railways. RVNL is

paying FSC to the Indian Railways towards retirement benefits.

(b) For RVNL employees

- Provision for Gratuity liability for Rs.2,09,681 has been made as per Actuarial Valuation during the year and total liability as on 31-03-2009 is Rs. 2,81,130
- Provision for Leave Encashment liability for Rs.3,40,516 has been made as per Actuarial Valuation during the year and total liability as on 31-03-2009 is Rs. 4,37,615
- The disclosure required under Accounting standard-15 "Employees Benefit" in respect of defined benefit plan is :

"Gratuity Benefit is payable to employees on retirement or resignation or death. The amount of gratuity payable is based on past service and salary at time of exit as per Payment of Gratuity act, 1972. There is a vesting period of 5 years on the benefit."

ACTUARIAL ASSUMPTIONS:

Method Of Valuation :	Project Unit Credit Method
Discount Rate :	7.5%
Salary Escalation Rate:	5%
Retirement Age:	60 years
Withdrawal Rate:	3% at younger ages and reducing to 1% at older ages according to graduated scale.
Mortality rate	LIC (1994-96) published table of Mortality rates

13. Income Tax :

- (a) Provision for Income tax has been calculated on the interest income received / accrued and on D&G charges levied on project execution for other parties during the year.
- (b) Breakup of deferred tax Assets into major components of the respective balances is as under:

	Opening as on April 1, 2008 (Rs.)	Closing as on March 31, 2009 Rs.)
Tax Assets due to difference between tax depreciation and book depreciation	50,84,638	1,00,01,297

14. Earnings per Share:

(Rs.in crore)

The numerators and denominators used to calculate Basic Earnings per Share are:

	2008-09	2007-08
Profit Attributable to the shareholders (Rs.) (A)	40,83,14,564	28,42,95,018
Basic average number of Equity Shares outstanding at end of the year (Nos.) (B)	208,50,20,100	201,50,20,100
Weighted average number of Equity Shares outstanding during the year (Nos.) (C)	202,66,86,767	136,46,03,433
Nominal value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs.) (A/C)	0.20	0.21

Diluted Earnings per Share is not applicable, as there is no dilution involved.

15. Related Party Disclosures (AS-18) :

- a) Joint Ventures : Kutch Railway Company Limited
: Haridaspur Paradip Railway Company Limited
: Krishnapatnam Railway Company Limited
: Bharuch Dahej Railway Company Limited

b) Key Management Personnel

D.C. Mitra	Managing Director
Harish Chandra	Director/Finance
Ranjan Kumar Jain	Director/Operations
S.C. Agnihotri	Director/Projects
Geeta Mishra	Director/Personnel
	(From 13-10-2008)

c) Enterprises in which Directors interest exist:

Haridaspur Paradip Railway Company Limited - holding Directorship and are interested in Company.

d) Disclosure of transactions with related parties:

Particulars	Transactions			Outstanding Amount **
	Year ended March 31, 2009	Year ended March 31, 2008	As at March 31, 2009	As at March 31, 2008
Remuneration to key Personnel	*	*		
(b) above				
HPRCL				
Share Application Money	66.60	66.60		
Expenditure towards project	31.16	52.10	-27.92	3.85
BDRCL				
Share Application	19.09	Nil		
Expenditure towards project	48.06	2.43	47.86	31.86
KPRCL				
Share Application Money	21.00	22.50		
Expenditure towards project	62.52	59.98	-1.39	29.68
Kutch Railway Company Ltd.				
Misc. debits	-	-	-	-

* See note No. 11

** These represent amount recoverable on account of expenditure incurred on various projects of Joint Ventures.

16. Disclosure in respect of Joint Venture:

S. No	Name of the Joint Venture	Partner(s) Country of Origin	Proportion of Ownership Interest as at March 31, 2009
1.	Kutch Railway Company Limited	Rail Vikas Nigam Limited, India	50%
		Kandla Port Trust, India	26%
		Gujarat – Adani Group, India	20%
		Government of Gujarat, India	4%
2.	Haridaspur	Rail Vikas	50%

2.	Haridaspur Paradip Railway Company Limited ((HPRCL))	Rail Vikas Nigam Limited, India	50%
		Essel Mining and Industries Ltd., India	50%
3.	Krishnapatanam Railway Company Limited (KRCL)	Rail Vikas Nigam Limited, India	50%
		Krishnapatnam Port Corporation Limited, India	50%
4.	Bharuch Dahej Railway Company Limited (BDRCL)	Rail Vikas Nigam Limited, India	50%
		Adani Petronet (Dahej) Port Private Limited, India	50%

Details of the aggregate amounts of the assets, liabilities, income and expenditure related to the interest in the jointly controlled entities are as under:

a. Kutch Railway Company Limited

	As at March 31, 2009 Provisional (Rs. in crore)	As at March 31, 2008 (Rs. in crore)
Assets excluding preliminary expenditure	252.18	273.80
Liabilities	134.18	178.20
Income	96.93	87.28
Expenditure	74.68	90.72

Contingent liabilities: Rs. Nil (Previous year Rs. Nil)

Capital commitment: Rs. Nil, (Previous year Rs. Nil)

b. Haridaspur Paradip Railway Company Limited

	As at March 31, 2009 (Provisional) (Rs. in crore)	As at March 31, 2008 (Rs. in crore)
Assets excluding preliminary expenditure	139.05	55.15
Liabilities	2.02	2.00
Income	4.50	0.0005
Expenditure	0.20	0.78

Contingent liabilities: Rs. Nil (Previous year Rs. Nil)

Capital commitment: Rs. Nil, (Previous year Rs. Nil)

c. Krishnapatnam Railway Company Limited

	As at March 31, 2009 (Provisional) (Rs. in crore)	As at March 31, 2008 (Rs. in crore)
Assets excluding preliminary expenditure	68.01	51.23
Liabilities	10.55	14.42
Income	0.24	0.15
Expenditure	0.73	0.014

Contingent liabilities: Rs. Nil (Previous year Rs. Nil)

Capital commitment: Rs. Nil, (Previous year Rs. Nil)

d. Bharuch Dahej Railway Company Limited

	As at March 31, 2009 (Provisional) (Rs. in crore)	As at March 31, 2008 (Rs. in crore)
Assets excluding preliminary expenditure	22.99	0.19
Liabilities	0.19	0.16
Income	0.21	NIL
Expenditure	0.38	0.009

Contingent liabilities: Rs. Nil (Previous year Rs. Nil)

Capital commitment: Rs. Nil, (Previous year Rs. Nil)

17. Business Segment

As the Company business activity falls within a single segment viz. construction of Railway projects being in the domestic market, the disclosure requirement of AS-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India (ICAI) is not applicable.

18. Lease Rentals

The company's leasing arrangements in respect of offices and residential premises are in the nature of operating lease.

The aggregate lease rental payable is being allocated to project work in progress and administrative expenses in the Profit & Loss Account. The rent is being charged on rates agreed to between HUDCO and RVNL based on letter of offer received from HUDCO and agreed to by RVNL.

The formal lease agreement between the Company and HUDCO for lease of Corporate Office, New Delhi has not been executed and is under approval of Ministry of Urban Development.

19. Previous year figures have been restated/ regrouped / reclassified wherever considered necessary to conform to the current year's classification.

For Bhushan Bensal Jain Associates

Chartered Accountants

(CA Ravi Bhardwaj)

Partner

Membership No. 80656

Place: New Delhi

Date : 09.07.2009

For and on behalf of the Board

D.C.Mitra

Harish Chandra

Suman Kalra

Managing Director

Director Finance

Company Secretary

Balance Sheet Abstract and a Company's General Business Profile

Schedule VI Part IV Companies Act, 1956

I. Registration Details			
Registration No.	55-118633	State code	55
Balance Sheet Date	31.03.2009		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	7,00,000
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	6,50,44,885	Total Assets	6,57,00,434
Sources of Funds			
Paid-up Capital	2,08,50,201	Reserves & Surplus	6,65,551
Secured Loans	NIL	Unsecured Loans	3,91,00,000
Deferred Tax Liability	-10,001		
Application of Funds			
Net Fixed Assets	33,671	Investments	29,58,676
Net Current Assets	5,76,08,338	Misc. Expenditure	5,065
Accumulated Losses	NIL		
IV. Performance of company (Amount in Rs. Thousands)			
Turnover	1,68,76,072	Total expenditure	1,63,03,297
Profit/(Loss) Before tax	5,72,775	Profit/(Loss) After tax	4,08,315
Earning per Share in Rs.	0.20	Dividend	80,000
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)			
Item Code No. (ITC Code)		98.09	
Product Description		Turnkey construction	
Item Code No. (ITC Code)		NIL	
Product Description		NIL	
Item Code No. (ITC Code)		NIL	
Product Description		NIL	

Bhushan Bensal Jain Associates
Chartered Accountants

4648/21, Ansari Road, Daryaganj, New Delhi-110002
Ph: 23261054, Fax: 23252876

Auditors' Report

TO THE SHAREHOLDERS OF RAIL VIKAS NIGAM LIMITED

1. We have audited the attached Balance Sheet of RAIL VIKAS NIGAM LIMITED, as at 31st March, 2009 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we annex hereto a statement on the matters specified in Paragraph 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 hereabove, we report that:-
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, the Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, the Profit and Loss Account & the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to the Company;
 - (v) The Company is a Government Company and the Directors have been appointed by the Central Government. Hence clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable and hence no comments.
- (vi) Attention is invited to our following comments:-**
- (a) **Balances of debtors, loans & advances, Security deposits and creditors are subject to confirmation and reconciliation and adjustments, if any, having consequential impact on income, expenditure, assets and liabilities, the amounts whereof are presently not ascertainable.**
 - (b) **Note No. 1(i) regarding the expenditure incurred by Zonal Railways prior to the formation of the Company has not been brought to the books of the Company.**
 - (c) **Work in Progress shown under the Current Assets includes projects completed/ partly completed under operation by Railways. However, financial adjustments are yet to be carried out in absence of modalities to be finalized in consultation with Ministry of Railways and the consequent financial impact thereof cannot be ascertained presently.**
- **Subject to our comments in paragraph 4 (vi) (a), non confirmation and non reconciliation of Sundry Debtors, Sundry Creditors, Loan & Advances and other Liabilities, the impact of which is indeterminable, paragraph 4 (vi) (b), non inclusion of expenditure incurred by Zonal Railways prior to formation of the Company and para 4 (vi) (c) financial adjustments yet to be carried out in absence of**

modalities to be finalised in consultation with Ministry of Railways and the consequent financial impact thereof cannot be ascertained presently, in our opinion and to the best of our information & according to the explanations given to us, the said accounts read with the notes to accounts in Schedule 18 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Bhushan Bensal Jain Associates
Chartered Accountants**

(CA Ravi Bhardwaj)

Partner

Membership No. 80656

Place: New Delhi
Date : 09.07.2009

ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 3 of our report of even date to the Shareholders of Rail Vikas Nigam Ltd. on the accounts for the year 31st March, 2009

- i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The Company has a phased programme for physical verification of fixed assets and no material discrepancies were noticed on such verification.
- c) During the year, the company has not disposed off any substantial part of its fixed assets, therefore, it does not affect the going concern assumption.
- ii) According to information and explanation given to us the inventories have been physically verified during the year. No material discrepancies have been noticed.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence no further comments are required under clauses (a) to (g) of para 4 (iii) of CARO, 2003.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for providing of services. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any continuing failure or major weaknesses which need to be corrected in internal control systems.
- v) Based on our examination and according to the information and explanations given to us, we are of the opinion that there were no transactions during the year that need to be entered in the Register maintained under Section 301 of the Companies Act 1956.
- vi) Based on our scrutiny of the company's record & according to the explanations given to us by the management the Company has not accepted any deposits from public during the year.
- vii) The Company has appointed a firm of Chartered Accountants for carrying on the Internal Audit, the scope given is commensurate with the size and nature of company's business.
- viii) As informed to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- ix) a) As informed to us, and based on our examination of records and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty and Excise Duty whichever is applicable with the appropriate authorities and there were no arrears outstanding of statutory dues as at the last day of financial year for a period of more than six months from the date they became payable.
- b) According to the information made available to us, there is no disputed dues in respect of Income Tax, Wealth Tax, Excise Duty, Custom Duty, Service Tax, Sales Tax and Cess which have not been deposited.
- x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year ended 31st March, 2009 and in the immediately preceding financial year.
- xi) The Company has not borrowed from any financial institutions, bank or issued any Debentures, therefore, no comment is required to be given under para 4 (xi) of CARO, 2003.
- xii) The Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund company, nidhi/mutual benefit fund/societies, therefore, no comment is required to be given under para 4 (xiii) of CARO, 2003.
- xiv) The Company is not dealing or trading in any shares, securities, debentures and other Investments. Accordingly the provisions of clause 4 (xiv) of CARO, 2003 is not applicable to the company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to information and explanations given to us, the term loans taken from IRFC have been applied for the purpose for which the loans were obtained.
- xvii) On the basis of information and explanations given to us, and on an overall examination of the financial statements of the company, no funds have been raised on short-term basis. Hence, no comments required.

xviii) According to the information and explanation given to us, during the period covered by our audit report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures, therefore, no comment is required to be given under para 4 (xix) of CARO, 2003.

xx) The Company has not raised any money by public issue, therefore, no comment is required to be given under para 4 (xx) of CARO, 2003.

xxi) According to the information and explanations given to us by the management, no fraud on the company or by the Company has been noticed during the year.

**For Bhushan Bensal Jain Associates
Chartered Accountants**

**(CA Ravi Bhardwaj)
Partner
Membership No. 80656**

Place : New Delhi

Date : 09.07.2009

Comments of the Comptroller And auditor General of India under section 619(4) of the Companies Act, 1956 on the Accounts of Rail Vikas Nigam Limited, New Delhi for the year ended 31 March 2009

The preparation of financial statement of Rail Vikas Nigam Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statement under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09 July 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of Rail Vikas Nigam Limited, New Delhi, for the year ended 31 March 2009. 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 records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956

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

Place: New Delhi
Dated: 19th August 2009

(Ghazala Meenai)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi