

(15)

REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF RITES LIMITED FOR F. Y. 2014-15

OUTLOOK

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

The Company continued to provide specialized, integrated services under single roof in transportation infrastructure sector and export packages for supply of locomotives, coaches, wagons, spare parts and modernization of workshops. The Company is expanding its reach by venturing into the business of wagon manufacturing and is also planning to develop potential business avenues in power sector including Green Energy etc. The company is also exploring business opportunities in captive railway systems in India through equity participation with other stakeholders, with the main focus on providing total transportation solution as against pure consultancy assignments. Business of offering shunting locomotives on wet lease including operation & maintenance continued to be well received by domestic Non- Railway clients.

As a matter of diversification (i) RITES has entered into green field renewal energy and power trading sector by forming a joint venture with the Indian Railways named the Railway Energy Management Company Limited. The Joint Venture (JV) is executing a windmill project, in Jaisalmer district of Rajasthan for generation of power. (ii) A wagon factory is being set up at Kulti, West Bengal as a 50:50 JVC between RITES and SAIL arising out of the commitment made by the Ministry of Railways in the year 2010 regarding assured off-take order for manufacture of 1200 wagons/annum and rehabilitation of a minimum of 300 wagons/annum. (iii) Company has taken over turnkey works for construction and supply, installation and commissioning of Machinery & Plant for upgradation / modernization of Railway Workshops.

BUSINESS PERFORMANCE

During the year, company has achieved turnover of Rs. 1166 crore as compared to previous year's turnover of Rs. 1246 crore. The shortfall in income has been mainly on account of lesser export sales. Income from consultancy and leasing activities at Rs. 776 crore during the year has registered an increase of 31% over last year income of Rs. 593 crore. The profit before tax is of Rs. 456 crore being higher by 18% as against Rs. 386 crore of the previous year's, as a result of realization of escalation bills for man-months, judicious reduction in less productive manpower and better expenditure management.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year 2014-15 is given below:

(Rs. in Crore)

Particulars	2014-15	2013-14
Financial Results:		
Total Income	1166	1246
Operating Turnover	1015	1093
Operating Expenditure	710	860
Other Income	151	153
Profit Before Tax (PBT)	456	386
Income /deferred tax	(150)	(122)
Profit After Tax (PAT)	306	264
Appropriations:		
Dividend including interim dividend	62	53
Dividend Tax	13	9
Transfer to General Reserve	231	202

RESERVES

An amount of Rs. 231 crore is proposed to be transferred to General Reserve by appropriation from the profits of the Company for the year 2014-15. Reserves & Surplus will increase from Rs. 1297 crore at end of the previous year to Rs. 1528 crore as at 31st March, 2015.

TECHNOLOGY ABSORPTION

Being a player in the field of consultancy in transportation, the company continuously strives to absorb the best and the latest technological innovations in all the areas of its business by continuously updating its software and knowledge base by sponsoring and encouraging its experts to actively participate in national and international seminars and conferences, perusal of information and technological updates available on internet, study of periodicals.

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Total foreign exchange earnings during the year under review were Rs. 188.22 crore (previous year Rs. 446.51 crore) and foreign exchange outgo were Rs. 13.48 crore (previous year Rs. 40.03 crore) respectively. This resulted in net foreign exchange earnings of Rs. 174.74 crore (previous year Rs. 406.48 crore).

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

As per its Corporate Social Responsibility and Sustainability policy RITES is committed to operate in economically, socially and environmentally sustainable manner that is transparent and ethical. It encourages engagement with the stakeholders in determining their needs and expectations. The stakeholders include employees, shareholders, investors, customers, clients, business associates, civil society groups, Centre/State/local government, communities, environment and society at large. A total of Rs. 7.90 crore was spent during 2014-15. Good image of RITES has been generated among the community. The underprivileged and economically weaker sections have also been benefitted from the activities.

AWARDS

Company received following awards for its performance during the year 2014-15:

1. 'Cost Management' in 'Public Sector Large Category' for the year 2013 from the Institute of Cost Accountants of India. The award was presented by Shri Jayant Sinha, Hon'ble Minister of State for Finance on 25th November 2014.
2. Special trophy for Excellence in Engineering Process Outsourcing services 2011-12 at the 44th EEPC India Regional Awards (Northern) for Export Excellence in recognition of RITES contributions in Design, Engineering And Project Management Consultancy services in India and abroad in the Transport and related Infrastructure sectors on 15th September 2014.
3. "BT-STAR PSU Excellence Award 2014" on June 19, 2014 for the "PSU for outstanding performance in the non-Maharatna / Navratna category."

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