

**REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF RITES LIMITED
FOR THE YEAR 2015-16**

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

BUSINESS PERFORMANCE

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

FINANCIAL HIGHLIGHTS

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

(Rs.in Crore)

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

CAPITAL STRUCTURE

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

DIVIDEND

Board of Directors have recommended final dividend of Rs 91 crore in addition to interim dividend of Rs 45 crore paid during the year 2015-16. The total dividend pay-out for the year will amount to Rs136 crore (i.e.Rs. 13.6 per share) which is 136 % of paid up share capital of the company which is highest ever.

RESERVES

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

TECHNOLOGY ABSORPTION

Being a leading consultancy organization in the field of transportation, RITES keep itself abreast with the latest technology and knowhow in not only in the area of the transportation but also the technology and technological innovation that bring better efficiency and economic benefits to the sector. To achieve this, the company continuously strives to procure and absorb the best and the latest technological innovations in 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.233.45 crore (previous year Rs.188.69 crore) and foreign exchange outgo were Rs.13.43 crore (previous year Rs.13.48 crore) respectively. This resulted in net foreign exchange earnings of Rs 220.02 crore (previous year Rs 175.21 crore).

PROPAGATION OF HINDI

In pursuance of Official Language policy of the Govt. of India (Ministry of Home Affairs, Official Language department) and the directions received from Railway Board from time to time, all round efforts were made to accelerate the progressive use of Hindi in official work of the Company. Important documents, such as Annual Report, MOU, Circulars, Office Orders and Minutes of various meetings were prepared and issued in bilingual form.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Corporate Social Responsibility and Sustainability policy is our commitment to operate in economically, socially and environmentally sustainable manner that is transparent and ethical. It encourages engagement with the stakeholders in determining their needs and expectations. The stakeholders include employees, shareholders, investors, customers, clients, business associates, civil society groups, Centre/State/local government, communities, environment and society at large. A total of Rs. 8.28 crore was spent during 2015-16. Good image of RITES has been generated among the community. The underprivileged and economically weaker sections have also benefitted from the activities.

AWARDS

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

- a. Niryat Shree Gold Trophy of FIEO received from the Hon'ble President of India, Shri Pranab Mukherjee for the highest engineering goods exports done in the non MSME category. RITES was the only PSU among the 41 recipients of these awardsp.
- b. 13th National Award for excellence in cost management (2015) from Shri Najib Shah, Chairman of the Central Board of Excise and Customs, under the category of Public-Service Sector (Medium).
- c. EEPC Gold Trophy for Top Exporters Award being given to RITES for the year 2012-13 by EEPC India, Northern region, in the merchandise category of foreign exchange earnings of Rs.342 crore.
- d. India Today –MDRA best Performing Company and Global Presence award 2015 among the Central Sector Enterprises.
- e. PSU Excellence Awards 2015 from “Governance Now”.
