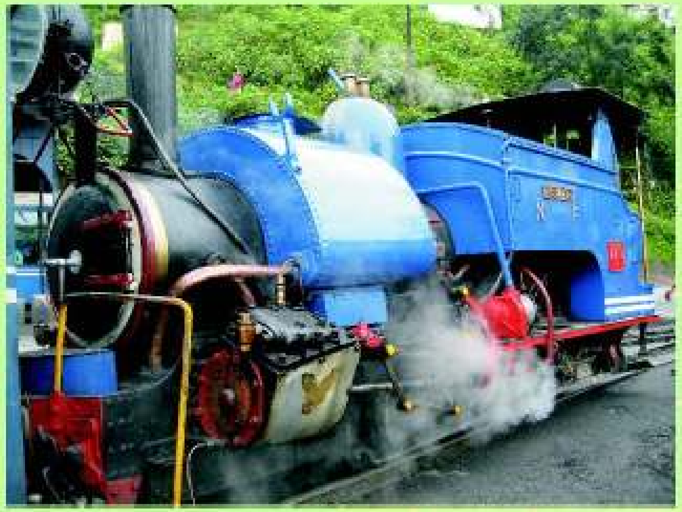
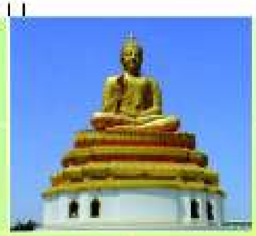
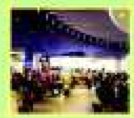
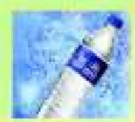








वार्षिक रिपोर्ट
ANNUAL REPORT
2006-2007

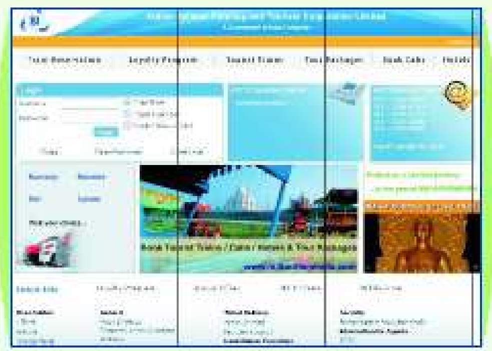
Indian Railway Catering and Tourism Corporation Ltd.
(A Govt. of India Enterprise)

Indian Railway Catering and Tourism Corporation Ltd.
(A Govt. of India Enterprise)

भारतीय रेलवे पर स्थापित फूड प्लाजा
Food Plaza over Indian Railways

पैक किया गया पीने का पानी
Packaged Drinking Water

विभागीय खानपान सुविधाएँ
Departmental Catering Facilities



www.irctc.co.in - इंटरनेट टिकटिंग वेबसाइट
www.irctc.co.in - Internet Ticketing Website

[illegible]

Flagging off of Buddhist Circuit Special Train by Hon'ble Minister for Railways, Shri Lalu Prasad on [illegible] from Delhi Safdarjung Railway Station in august presence of Smt. Ambika Soni, Hon'ble Union Minister of Tourism & Culture and other dignitaries.

[illegible]

Presentation of dividend cheque of Rs. 4 crore by M.D./IRCTC and Director (Catering Services) IRCTC to Hon'ble Minister for Railways Shri Lalu Prasad in presence of Member Traffic and Financial Commissioner (Railways) in Rail Bhawan.

[illegible]

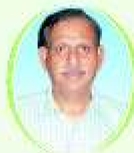
Inauguration of Integrated Train Enquiry System (ITES) "139 - Rail Sampark" by Hon'ble Minister for Railways Shri Lalu Prasad on 17.07.2007 in Rail Bhawan in august presence of Shri R. Velu, Hon'ble Minister of State for Railways and Shri Naranbhai J. Rathwa, Hon'ble Minister of State for Railways and other dignitaries.

[illegible]

Dr. R.K. Goel, Managing Director, IRCTC and Shri A.M.K. Sinha, Executive Director, Indian Oil Corporation signed an MOU in New Delhi for sale of e-tickets through Indian Oil Corporation's Outlets in presence of officials of IRCTC and IOC.

निदेशक मण्डल
Board of Directors

श्री वी.एन. माथुर
अध्यक्ष
Shri V.N. Mathur
Chairman



डॉ. पी.के. गोयल
प्रबंध निदेशक
Dr. P.K. Goel
Managing Director

डॉ. नलिन सिंघल
निदेशक (पर्यटन एवं विपणन)
Dr. Nalin Shinghal
Director (Tourism & Marketing)

श्री वी.के. जैन
निदेशक (वित्त)
Shri V. K. Jain
Director (Finance)

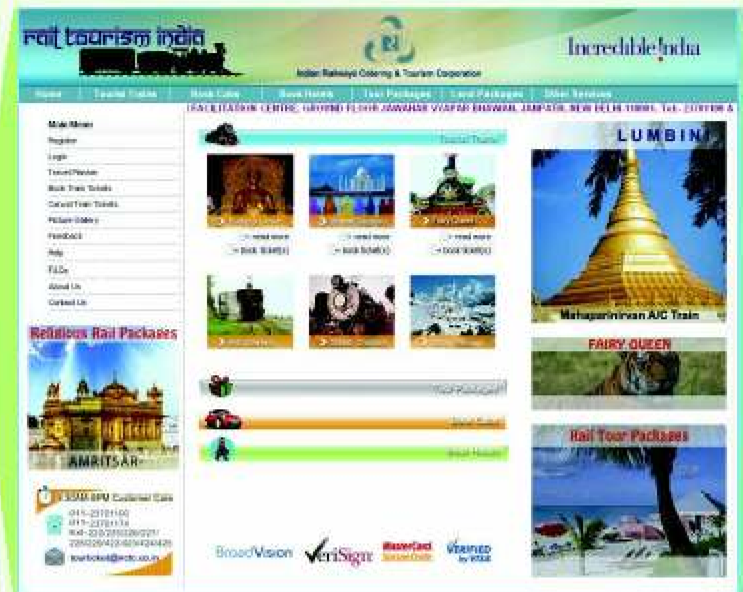
श्री विनोद अस्थाना
निदेशक (खानपान सेवाएं)
Shri Vinod Asthana
Director (Catering Service)

श्री अशोक कुमार
निदेशक
Shri Ashok Kumar
Director

श्री नरेश सलेचा
निदेशक
Shri Naresh Salecha
Director

श्री अरविंद शर्मा
निदेशक
Shri Arvind Sharma
Director

श्री एस.बी. माथुर
निदेशक
Shri S.B. Mathur
Director



www.railtourismindia.com - आईआरसीटीसी का पर्यटन पोर्टल
www.railtourismindia.com - Tourism Portal of IRCTC

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED
(A Government of India Enterprise)
Corporate office: 9th Floor, Bank of Baroda Building,
16 Parliament Street, New Delhi- 110 001.
Tel: 011-23311263-64 (EPBX), Fax: 011-23311259

IRCTC
Annual Report 2006-2007

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED
(A Government of India Enterprise)

EIGHTH ANNUAL GENERAL MEETING

Day : Thursday

Date : 27^{th} September, 2007

Time : 1215 hours

Venue : Committee Room (Room No. 238),
2nd Floor, Rail Bhawan,
New Delhi-110 001

CONTENTS

Board of Directors

Shri Vinod Narain Mathur,
Chairman,

Dr. P.K. Goel,
Managing Director (on leave)

Dr. Nalin Shinghal,
Director (Tourism & Marketing), &
Officiating Managing Director

Shri V.K. Jain,
Director (Finance)

Shri Vinod Asthana,
Director (Catering Services)

Shri Naresh Salecha

Shri Ashok Kumar

Shri S.S. Mathur.

Shri Arvind Sharma,

Bankers

1. ICICI Bank
2. HDFC Bank Limited
3. Indian Bank
4. Bank of Baroda
5. State Bank of India
6. IDBI
7. Corporation Bank
8. Citi Bank

Registered and Corporate Office
9th Floor, Bank of Baroda Building,
16 Parliament Street, New Delhi-110 001.

Internet Ticketing Office
New Operations Center,
Northern Railway Reservation Office,
IRCA Complex, Chelmsford Road,
New Delhi-110 055.

Railneer Plant, Nangloi
Northern Railway's Wireless Station
Area, Opp. Nangloi Bus Depot, Rohtak
Road, Nangloi, Delhi-110 041.

Railneer Plant, Danapur
Loco Colony,
South of R.P.F. Barracks,
Khagaul, Danapur(Bihar)-801105

Company Secretary
Shri Rakesh Gogia

Statutory Auditors

M/S S.P. Marwaha & Co.,
Chartered Accountants, New Delhi.

Zonal Offices

Western Zone Office
2nd Floor, New Administrative Building,
Central Railway, CST, Mumbai-400 001.

Southern Zone Office
6A, The Rain Tree Place,
9, Mc Nicols Road, Chetpet,
Chennai-600 034.

Eastern and East Central Zone Office
Old Koilaghat Building,
3, Koilaghat Street,
Kolkata-700 001.

Northern Zone Office
Rail Yatri Niwas,
New Delhi Railway Station,
New Delhi-110 001

South Central Zone Office
2nd Floor, Am Sri Classic Complex,
Sarojini Devi Road,
Secunderabad-500 071

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED

Eighth Annual General Meeting

Chairman's Address

Dear Shareholders,

I have great pleasure in extending a very warm welcome to all of you at the Eighth Annual General Meeting of the Corporation.

We have gathered here today to receive, consider and adopt the Balance Sheet as on 31st March, 2007, Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon. These documents are already with you and I take it that all of you have read them.

During the year under review, the Corporation awarded 104 contracts for on Board Catering Services on Indian Railways Trains. Your company was managing these services on 14 Rajdhani, 14 Shatabdi, 16 Janshatabdi and 173 Mail Express Trains (including train side vending on six trains) as on the 31st March 2007.

During the year, 5 food plazas became operational taking the total operational food plazas to 41 and licenses for 20 food plazas at various Railway Stations were awarded by the Corporation.

During the year under review, in order to ensure all round improvement in the quality of catering services, IRCTC has taken the following steps:

- Quality Control Professionals (QCPs) having experience of hospitality industry have been recruited for conducting regular inspections in various trains. This experiment has been successful and further recruitments are proposed to be made.
- Food Audit is being conducted through an out side professional firm. M/S TUV of Switzerland has been appointed for conducting the food audit.
- ISO Certification is being done for 11 catering units including three major base kitchens at New Delhi, Mumbai and Kolkata.
- Customer Satisfaction Surveys are being regularly conducted through IMRB. Deficiencies noted are advised to licensees for improvement.

During the year, the Corporation undertook the following business:

- 124 Full Train Charters were undertaken by the Corporation as against 118 full train Charters during the previous year.

- 316 Special Charter Coaches on various sectors were run against 332 special charter coaches during the previous year.
- 1534 berths were booked under the scheme of value added tours as against 855 berths during the previous year.
- 22 Village on Wheels – Bharat Darshan Trains were operated during the year as against 8 trains operated during the previous year.
- 40 Charters were operated on hill railways as against 47 Charters operated during the previous year.

Growth in the train/coach charter business was not possible because of revised instructions issued by Ministry of Railways on chartering of trains and coaches by the IRCTC.

IRCTC operating complete tour packages including arrangements for rail travel, road travel, accommodation and meals. The tour packages operated by IRCTC include tours for Delhi- Mata Vaishno Devi, Hyderabad- Shirdi, Mumbai- Trivandrum, Bangalore- Ernakulam, Bangalore-Trivandrum and Kolkata-Darjeeling/ Gangtok.

A special train for the Buddhist circuit has been planned by IRCTC and one trial trip was also run with international and domestic travel agents and media. The trains target a clear gap in the existing Indian Tourism scenario for meeting needs of the large number of Buddhist tourists who arrive in India from all over the world. The train has received extensive support from the Ministry of Railways and Ministry of Tourism.

During the year under review, the number of tickets booked (both E and I tickets) through IRCTC website has gone upto 69.23 Lakh tickets as against 25.30 Lakh tickets booked during the previous year. The value of tickets booked has gone upto Rs.878.84 crores during the year as against Rs.229.30 crore during the previous year. The ticketing website touched a daily high of 57000 tickets and a turnover of Rs.8 crores. Further, sale of over 10 Lakh tickets a month was achieved during the month of March, 07.

Under the scheme of frequent travellers (SOFT), a total number of approximately 30,000 customers were registered by IRCTC and SBI.

A contract for development of an all India call centre for railway enquiries & value added services was finalised and awarded in record time and work for the same is progressing satisfactorily. On completion, this project is expected to revolutionise railway enquiry services in the country by providing consistently high quality services on a single number (139) across the country.

Two Plants of Rail Neer Packaged Drinking water are operating at Nangloi (Delhi) and Danapur (Bihar). During the year, production of Rail Neer Packaged Drinking Water increased from 3.32 crore bottles during the previous year to 3.51 crore bottles, indicating an increase of approximately 6%. The

Rail Neer Plant at Nangloi is operating at 67.28 % and Rail Neer Plant Danapur is operating at 60.40% of installed capacity, based on three shift working.

I would now like to briefly mention the salient features of the Corporation's financial performance.

FINANCIAL PERFORMANCE 2006-07:

During the year under review, the Corporation earned a total income of Rs.433.54 Crore as against Rs. 287.96 Crore earned during the previous year. Income from Licensee catering services increased from Rs. 118.55 Crore during the previous year to Rs.218.44 Crore. Income from Package Tours increased from Rs. 4.28 Crore during the previous year to Rs.11.36 Crore during the year due to increased emphasis on promoting rail based tourism. Income from Internet Ticketing registered a quantum improvement from Rs.11.37 Crore during the previous year to Rs. 23.44 Crore during the year.

An interim dividend of Rs.3.00 Crore was paid during the year. A total dividend of Rs.4.00 Crore is recommended for the year 2006-07 as against Rs.4.00 Crore declared during the previous year. The interim dividend already paid has been adjusted against total dividend recommended for the year 2006-07.

PERFORMANCE DURING CURRENT FINANCIAL YEAR 2007-08:

During the current financial year, the Corporation has awarded three Food Plazas at Kota, Manmad and Bhusawal. 8 Food Plazas at Chennai-Coffee Plaza, Badkhal, Chitpur, Jabalpur, Bilaspur (2), New Jalpaiguri and Ahmedabad have become operational, taking the total number of operational Food Plazas to 48.

During the current financial year, the Corporation has awarded 639 AVMs at Delhi, Allahabad, Mumbai, Secunderabad, Jabalpur, Trivandrum, Bhusawal, Nagpur, Mysore and Chennai Central.

On the tourism front, the Buddhist Circuit Train is attracting great interest internationally. Over 80 tour packages have been made available for the coming tourist season and 1877 berths have been sold in the first 5 months. 11 Bharat Darshan trains have been run

IRCTC's Integrated Train Enquiry System (ITES)- Rail Sampark was inaugurated by Hon'ble Minister Shri Lalu Prasad on 17th July 2007 for North Zonal Hub.

CURRENT YEAR PLANS:

IRCTC has planned to modernize the three Base kitchens located at New Delhi, Mumbai, Chennai and Kolkata at an estimated cost of Rs.8.00 crore. IRCTC has also planned to set up Mini Base Kitchens at about 23 locations at an estimated cost of Rs. 5.00 crore.

IRCTC also has plans to upgrade its Internet Ticketing infrastructure at estimated cost of Rs. 5.00 crore and to own a luxury tourist train at an estimated cost of Rs. 30.00 crores.

IRCTC is committed to play vital role in promoting tourism in the country with ambitious plans for providing complete tourism packages for destinations all over the country as well as through development of lesser known destinations. IRCTC is also setting up tourist facilitation centre at important stations all over the country.

BOARD OF DIRECTORS:

I, on my and on behalf of the Board of Directors of the Corporation, place on record the valuable guidance and services rendered by outgoing Chairman Shri S.B. Ghosh Dastidar and Outgoing Director (Tourism and Marketing), Shri Rakesh Saksena; I also take the privilege of welcoming the newly appointed Directors on the Board of the Corporation.

ACKNOWLEDGEMENTS:

Before I conclude, I would like to express my sincere gratitude to the Shareholders for the confidence reposed in the Corporation. I also wish to express my grateful thanks to the Government of India, Ministry of Railways and Zonal Railways for their valuable guidance and support.

Last but not the least, I would like to place on record my sincere appreciation for the commitment, involvement and dedication exhibited by the staff in the overall development and growth of the Corporation.

I would further like to reiterate that with the commitment, dedication and the hard work of my colleagues at all levels the Corporation will be able to show even better results in the coming years.

Thank you,

Sd/-

(Vinod Narain Mathur)

CHAIRMAN

NEW DELHI

27th September 2007

Notice

Notice is hereby given that the Eighth Annual General Meeting of the Shareholders of the Corporation will be held as under -

Day	:	Thursday,
Date	:	27th September 2007
Time	:	1215 Hours
Venue	:	Committee Room (Room No.256), 2nd Floor, Rail Bhawan, Raisina Road, New Delhi-110 001

To transact, with or without modifications, as may be permissible, the following business

ORDINARY BUSINESS:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2007, Profit & Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for year ended on 31st March 2007.
3. To fix the remuneration of the Statutory Auditors:

"Resolved that the Board of Directors of the Corporation in consultation with the Comptroller and Auditor General of India be and is hereby authorised to determine the remuneration payable to Statutory Auditors for the year 2007-2008."

By order of the Board of

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED.

Sd/-

RAKESH GOGIA

COMPANY SECRETARY

Date : 28.08.2007

Place : New Delhi

NOTE: A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and on poll to vote instead of himself/herself. A Proxy need not be a member of the Company.

To

1. All the shareholders of Indian Railway Catering and Tourism Corporation Limited.
2. Statutory Auditors M/S S.P. Marwaha & Co., Chartered Accountants.

PROXY FORM

Name of the Company: Indian Railway Catering and Tourism Corporation Limited

I ____________________ son of ________________ resident of ____________________

being a shareholder of the above named company hereby appoint Shri ____________________

son of Shri ____________________ resident of ____________________

or failing him, Shri ____________________ son of Shri ____________________

resident of ______________________________ as my proxy to vote on my behalf at the Eighth Annual General Meeting of the Corporation to be held on 27th September 2007 at 1215 hours at Committee Room(Room No.258), 2nd Floor, Railway Board, Raisina Road, New Delhi – 110 001.

Affix one rupee
Revenue stamp.

Signature

Signed this __________ day of ______________, 2007

DIRECTORS' REPORT

To

The Shareholders,

Your Directors take pleasure in presenting the Eighth Annual Report along with Audited Accounts of the Corporation for the year ended on 31st March 2007.

1. FINANCIAL PERFORMANCE:

During the year under review, the Corporation earned a total income of Rs.439,53.93 Lakh as against Rs. 257,89.47 Lakh earned during the previous year. Income from License catering services increased from Rs. 118,92.84 Lakh during the previous year to Rs.218,44.34 Lakh. Income from Package Tours increased from Rs. 6,25.90 Lakh during the previous year to Rs.11,39.49 Lakh during the year due to increased emphasis on promoting rail based tourism. Income from Internet Ticketing registered a quantum improvement from Rs.11,37.46 Lakh during the previous year to Rs. 23,44.22 Lakh during the year.

During the year, sales (exclusive of Excise Duty) from the Railneer plants decreased from Rs. 9,05.65 Lakh during the previous year to Rs.8,02.78 Lakh, mainly due to increased inter-unit sales. The Corporation also recorded a turnover of Rs.158,17.79 Lakh from departmental catering business as against Rs.112,58.84 Lakh during the previous year. Interest income has substantially increased from Rs. 4,84.06 Lakh during the previous year to Rs.8,24.83 Lakh during the year due to improvement in interest rates and availability of surplus funds. Other income has increased from Rs. 4,83.77 Lakh during the previous year to Rs.9,93.88 Lakh during the year mainly on account of Commission from vending, advertisement income, income from co-branded/ Loyalty card, countermanding charges and security deposits forfeited etc. A net profit of Rs. 20,22.85 Lakh was registered during the year as against Rs.19,78.28 Lakh during the previous year. The Net profit during the year could not be increased due to imposition of Haulage cost by the Ministry of Railways. Railway Board vide letter bearing no.2006/TG III/147/7, dated 8.03.2007 has capped gross profit of the company at Rs.30.00 crore. An amount of Rs.30,21.02 Lakh has been provided as Haulage Charges. As at 31st March 2007, the Reserves and Surplus of the Corporation stood at Rs.42,85.54 Lakh. The Net Worth went up from Rs.47,22.66 Lakh during the previous year to Rs.62,85.54 Lakh during the year under review.

Profit earned by the Corporation has been appropriated in the following manner:

(Rs. in Lakh)

Particulars/Year ending	31st March, 2007	31st March, 2006
Profit Before Tax	30,00.00	31,83.81
Provision For Tax	10,80.00	9,85.00
Provision for fringe benefit tax	16.00	11.73

Income Tax paid for Previous Year	0	0
Prior Period Expenses/ Income (Net)	(48.30)	.02
Deferred Tax	(50.38)	1.78.49
Profit after Tax	20.22.63	19.78.29
Profit brought forward	5.40.28	4.18.08
Tax adjustment for the prior years		
Deferred Tax for Previous year	Nil	Nil
Transfer to Reserves	12.00.00	14.00.00
Dividend (including Dividend Tax)	4.59.07	4.56.10
Profit carried forward to Balance Sheet	9.03.84	5.40.28

2. CONTRIBUTION TO REVENUES OF RAILWAYS:

During the year the Corporation contributed a sum of Rs.339,78.88 Lakh to the revenues of Indian Railways as against a sum of Rs. 249,49.72 Lakh during the previous year. Contribution to the Revenues of Railways comprises Cost of Tickets for the Special Chartered Trains, Special Charter Coaches, Block Booking of berths, Berths Booking, SLR, Detention and Haulage Charges, Booking of Rail Tickets through Internet, Concession fee, License fee, User Charges and Dividend for the year 2006-07 etc. During the year, the sharing of revenues with the various Zonal Railways has been made in terms of Memorandum of Understanding dated 17th January, 2007.

3. BUSINESS PERFORMANCE:

Catering Activities on Indian Railways through Licensees:

During the year under review, the Corporation awarded 104 contracts for on Board Catering Services on Indian Railways Trains. During the year, the Corporation was managing these services on 14 Rajdhani, 14 Shatabdi, 10 Janshatabdi and 173 Mail Express Trains (including train side vending on six trains) as on the 31st March 2007.

During the Year under review, the Corporation awarded 465 contracts for Automated Vending Machines for sale of hot and cold beverages at various Railway Stations.

Food Plazas:

During the year, 8 food plazas became operational taking the total operational food plazas to 41 and licenses for 20 food plazas at various Railway Stations were awarded by the Corporation.

Rail Based Tourism:

During the year, the Corporation undertook the following business

- 124 Full Train Charters were undertaken by the Corporation as against 118 full train Charters during the previous year.
- 316 Special Charter Coaches on various sectors were run as against 353 special train coaches during the previous year.
- 1834 berths were booked under the scheme of value added tours as against 686 berths during the previous year.
- 22 Village on Wheels – Bharat Darshan Trains were operated during the year as against 8 trains operated during the previous year.
- 40 Chartered Coaches were operated during on Hill railways as against 47 Charters operated during the previous year.

Growth in the train/coach charter business was not possible because of revised instructions issued by Ministry of Railways on chartering of trains and coaches by the IRCTC.

During the year, IRCTC has started operating complete tour packages including arrangements for rail travel, road travel, accommodation and meals. The tour packages operated by IRCTC include tours for Delhi-Mata Vaishno Devi, Hyderabad-Shirdi, Mumbai-Trivandrum, Bangalore-Ernakulam, Bangalore-Trivandrum and Kolkata-Darjeeling/ Gangtok.

Special Train for the Buddhist Circuit:

A special train for the Buddhist circuit has been planned by IRCTC and one trial trip was also run with international and domestic travel agents and media. The trains fulfil a clear existing gap in the Indian Tourism scenario for the large number of Buddhist tourists who arrive in India from all over the world. The train has received extensive support from the Ministry of Railways and Ministry of Tourism.

Budget Hotels:

IRCTC had been given mandate by Ministry of Railways to set up "Rail Ratna" Brand of Budget Hotels on 100 Railway Stations across the country on Public Private Partnership basis. IRCTC had invited tenders for 20 Budget Hotels sites, located at Darjeeling, New Jalpaiguri, Lalgarh, Sealdah, Udhagamandalam, Rameshwaram, Madurai, Jaisalmer, Kanniyakumari, Tirupati, Mumbai, Vijayawada, Secunderabad, Chandigarh, Jodhpur, Udaipur, Nagpur, Puri, Habibganj and Agra, on developing, operating and maintaining basis for a period of 30 years and 4 existing Railway Hotels/Rail Yatri Niwases on re-developing, operating, maintaining and transfer basis for a period of 15 years. All the said tenders were finalized and letter of awards were issued to the respective parties in January-February 2007.

However, handing over of Budget Hotel sites has not been possible because of directions issued from the Ministry of Railways.

Site of BNR-Ranchi has been handed over to the tenderer and first quarterly payment of user charges and license fee has been received.

IRCTC has taken over land from Government of Orissa for setting up of Budget Hotel near Bhubaneshwar Railway Station on leasehold basis for a period of 90 years.

Internet Ticketing System:

During the year 2006-07, the number of tickets booked (both E and I tickets) through IRCTC website www.irctc.co.in has gone upto 96,23,461 tickets as against 29,36,259 tickets booked during the previous year. The value of tickets booked has gone upto Rs.672.64 crores during the year as against Rs.219.30 crore during the previous year. The ticketing website touched a daily high of 57000 tickets and a turnover of Rs.5 crores. Further, sale of over 10 Lakh tickets a month was achieved during the month of March, 07.

Under the scheme of frequent travellers (SOFT), a total number of approximately 30,000 customers were registered by IRCTC and SBI.

During the year 2006-07, E-ticketing facility was extended to Railway agents (RTSA's). Later, this facility was extended to IATA/TAAI/TAFI agents also. Under the Internet café scheme, Major organization like Sify, Done Card, ITZ Cash Card, Hughes communication etc. are registered for E-ticketing facility. Like wise various state Government's like Andhra Pradesh (E-Seva), Rajasthan (E-Mitra), UP (E-Suvidha), Kerala (Akshaya Project), Karnataka (Bangalore One) etc. were registered. As on 31st March, 2007 around 4200 agents are enrolled for this E-ticketing facility and on an average 8000 tickets per day were booked by such agents. Further, GSA's of Indian Railways belonging to Nepal & Sharjah were also registered.

Packaged Drinking Water (Rail Neer):

Two Plants of Rail Neer Packaged Drinking water are operating at Nangloi (Delhi) and Danapur (Bihar). During the year, production of Rail Neer Packaged Drinking Water increased from 3,32,11,212 bottles during the previous year to 3,51,12,836 bottles, indicating an increase of approximately 6%. The Rail Neer Plant at Nangloi is operating at 87.29 % and Rail Neer Plant Danapur is operating at 60.49 % of installed capacity, based on three shift working.

The distribution of the Rail Neer in Parliament House, Railway Board, and various Railway Stations in New Delhi, Haryana, and Punjab, Uttar Pradesh, Uttaranchal, Jammu, Himachal Pradesh, Rajasthan, Madhya Pradesh, Bihar, Jharkhand, West Bengal, Orissa, and Assam etc. and various trains originating from the New Delhi and Kolkata continued during the year.

The results of the tests carried out by accredited laboratories on Rail Neer Packaged Drinking Water, indicate that the quality of Rail Neer, conforms to European Economic Community (EEC) norms for pesticides residue, a unique distinction indeed.

4. QUALITY CONTROL AND COMPLAINT REDRESSAL SYSTEM:

- Control Offices have been set up to co-ordinate regularly with Zonal Offices for effective monitoring of complaints.
- Quality Control professionals having Diploma/Degree holders in hospitality with two or more years of field experience have been posted in Zonal, Regional and specific trains have been allotted to them for achieving overall improvement in Onboard services.
- An International Consultant M/S TUV SUD South Asia, renowned multinational food audit & certification agency has been enlisted for third party audit on Food Hygiene & Safety Audit.
- A leading market research Firm M/S IMRB has been engaged for conducting comprehensive survey to measure the degree of satisfaction of travelers with regard to Compartment, Bedroll, Food and refreshment, Staff behavior and overall satisfaction level aspects.
- M/S RITES, a public sector undertaking has been engaged for certification for Food Safety Management System(FSMS) as per ISO 22000:2005 in Quality Management system as per ISO 9001:2000 of Base Kitchens, Rajdhani Trains and stalls of IRCTC.
- All the Licensees have been advised to get ISO Certification for their units whenever their contract is renewed.
- Grading system has been adopted to further evaluate the licensee.
- Stringent action has been taken against the defaulting licensees such as termination of contract and imposition of severe fines etc.

5. FUTURE PLANS:

- Launching of a of Luxury Tourist Train.
- Strategic tie-ups for promoting tourism & catering business
- Full fledged launch of the Buddhist Special Train
- For static catering units, IRCTC has planned focused inputs for manpower deployment, procurement processes and for standardization of services.
- To set up Rail Neer –Packaged Drinking Plants at Mumbai and Tamilnadu to meet the demands of Rail users of Western and Southern parts of the country.
- IRCTC has planned to replace existing old catering stalls with modular compact stalls of uniform design to ease congestion on Railway platforms.
- Modernization of existing base kitchens,
- Setting up of mini base kitchens.

6. HUMAN RESOURCE DEVELOPMENT AND TRAINING INITIATIVES:

During the year, the Corporation incurred an expenditure of Rs.14.68 Lakh on training of staff as against Rs.4.88 Lakh incurred during the previous year. The Corporation organized training programmes for staff with reputed food craft training Regional and Government Institutes.

The Corporation has organized the training programmes for all the staff categories viz., Officers, Inspectors, Supervisors, Cooks, Bearers, etc in the skills up-gradation and personal hygiene. These training programmes have benefited large number of catering staff. In addition to this, specific trainings were imparted at best national and regional food institutes to upgrade skills of departmental cooks.

7. DIVIDEND:

Keeping in view the financial results, the Board of Directors recommended interim dividend of Rs.300 lakh. The Board of Director have now recommended a Total Dividend of Rs.400 Lakh including interim dividend (Approximately, 20 % of the Net Profit for the year 2006-07. The interim dividend of Rs.300 Lakh has been adjusted against the Final Dividend.

8. CAPITAL STRUCTURE:

As on 31st March 2007, paid-up share capital of the Corporation stood at Rs.20.00 Crore. The Government of India holds the entire paid up share capital of the Corporation. During the year, there was no change in the paid-up share capital.

9. INDUSTRIAL RELATIONS:

Cordial industrial relations were maintained during the year.

10. PRESIDENTIAL DIRECTIVES / GOVERNMENTAL DIRECTIVES:

No Presidential Directive was received from the Government during the financial year 2006-2007.

11. VIGILANCE:

The Corporation has set up a Vigilance Cell at its Corporate office. Shri Sanjay Goel, Director (Mechanical), Railway Board, was looking after the responsibility of the Chief Vigilance Officer of the Corporation till 5th March 2007. Thereafter, Smt. Sundari Pujari was assigned the responsibility of full time Chief Vigilance Officer of the Corporation

12. RAJBHASHA:

The Corporation has taken necessary steps for ensuring compliance of the provisions of Section 3(3) of the Official Language Act. A Rajbhasha Committee is set up by the Corporation to review the progress made in the implementation of the Hindi in day-to-day work.

13. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC:

Details as per the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is placed as per Annexure-I.

14. PARTICULARS OF EMPLOYEES:

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, none of the employees were drawing salaries and allowance beyond the limit stipulated therein.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibilities Statement; It is hereby confirmed:

(i) That in the preparation of annual accounts for the financial year ended 31st March 2007; the applicable accounting standards have been followed.

(ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and profit and loss of the Corporation for the period under review.

(iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities.

(iv) That the directors have prepared the annual accounts for the financial year ended 31st March 2007, on a 'going concern' basis.

16. AUDITORS:

M/s S.P. Marwaha & Co., Chartered Accountants, New Delhi were appointed as Corporation's Statutory Auditors for the year 2006-2007 by Comptroller and Auditor General of India, New Delhi.

17. BOARD OF DIRECTORS:

At present, the Board of the Corporation consists of a part-time Chairman, Managing Director, three Functional Directors, two Government Nominee Official Directors and two part time non-official Directors.

The Board met four (4) times during the year for transacting business and following Directors held office up to the date of the Report:-

Shri Vinod Narain Mathur, Chairman,

Dr. P.K. Goel, Managing Director – on leave,

Shri Nalin Shinghal, Director (Tourism & Marketing) & Officiating Managing Director

Shri V.K. Jain, Director (Finance),

Shri Vinod Asthana, Director (Catering Services)

Shri Naresh Salecha,

Shri Ashok Kumar,

Shri S.B. Mathur,

Shri Arvind Sharma,

18. AUDIT COMMITTEE:

Pursuant to the changes made in the Companies (Amendment) Act, 2000, an Audit Committee of Board of Directors was constituted by the Corporation, at present the Committee consists of the following Directors of the Corporation:

Shri S.B. Mathur,

Shri Arvind Sharma,

Shri V.K. Jain, Director (Finance)

Shri S.B. Mathur has been elected as Chairman of the Audit Committee.

Audit Committee met once during the year for transacting business.

19. ACKNOWLEDGEMENT & APPRECIATION:

The Board of Directors thanks the Ministry of Railways for their guidance and continued support throughout the year. The Board of Directors is also extremely grateful to its valued customers and licensees. The Board of Directors further place on record their appreciation of the commitment, involvement and dedication exhibited by the staff in the overall development and growth of the Corporation.

For and on Behalf of the Board of Directors

Place: New Delhi

Dated: 29th August, 2007

Sd/-

(Vinod Narain Mathur)

Chairman

Annexure-I to Directors' Report

FORM A

Disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel consumption

Particulars	2006-07	2005-2006
1. Electricity:		
a) Purchased:	1385	1228
Units ('000 KWH)	68.88	97.64
Total Amount (Rs. in Lakh)	4.70	4.70
Rate/Unit (Rs.)		
b) Own Generation:		
Through Diesel Generator-		
Units ('000 KWH)	683	718
Units per ltr. Of diesel oil	3.39	2.96
Cost/unit (Rs.)	10.27	10.91
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Natural Gas	Nil	Nil

B. Consumption per unit of production

Particulars	Electricity (KWH/per Bottle)		Furnace oil		Natural gas		Coal	
	06-07	05-06	06-07	05-06	06-07	05-06	06-07	05-06
Rail neer - Packaged Drinking Water	0.059	0.069	Nil	Nil	Nil	Nil	Nil	Nil

FORM B

Disclosure of Particulars with respect to Technology Absorption

Research and Development (R&D)

1. Specific areas in which R&D is carried out by the Company
   - Continuous improvement in quality of existing products.
   - Identification of alternate raw materials and vendors, enabling faster commercialization, improved quality, managing supplies and cost reduction.
   - Development of test method and application techniques essential for product development, process control and customer services.
2. Benefits derived as a result of the above R&D
   - Value engineering exercise carried out resulted in cost reduction/ quality improvement.
   - Significant mileage obtained by modifying product process to use recycled / wash water, thus reducing wastage, effluent and helping manufacturing plants to be more environmental friendly.
3. Future plan of action

   Company will continue efforts towards development of new products/product systems for domestic markets meeting the requirements of customer needs, quality, economy, availability and environment.
4. Expenditure on R & D during the year is as follows :

(In Rs. Lakh)

Sr. No.	Particulars	2006-2007	2005-2006
A	Capital	13.81	13.91
B	Recurring	1.48	1.80
	Total	15.29	15.71
	Total R&D Expenditure as a percentage (%) of turnover	1.60	1.74

5. Technology absorption, adaptation and innovation

Imported Technology

Technology	Year of Import	Status of absorption
	NOT APPLICABLE	

6. Foreign exchange earnings and outgo

(Rs. in Lakh)

Particulars	2006-2007	2005-2006
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo:-		
Foreign Travelling Expenses	8.04	Nil

For and on behalf of the Board

Place : New Delhi
Dated : 29[th] August, 2007

-Sd-
[illegible]
Chairman

ADDENDUM TO DIRECTORS' REPORT 2006-07

Reply to the comments / qualification in the Auditors' Report for the financial year 2006-07

Point No. of Auditors' Report	Auditors' Qualification	Reply of the Management
4 (iv)	The movable fixed assets placed at the departmental catering units ,Rail Yatri Niwas and Railway Hotels taken over by the Corporation during the earlier years, were taken on 'as is where is' basis. Due to non-availability of information of the value of such assets, neither the entry has been effected in the book of the accounts of the Corporation nor the depreciation has been provided on such assets. Further no new assets were taken over from Railways during the year. Therefore the assets as well as depreciation are understated to that extent.	Pursuant to the directive of the Ministry of Railways, Railway Board, the Corporation took over the entire departmental Catering business including Rail Yatri Niwas and Railway Hotels of Indian Railways, except at few locations. The fixed assets placed at such catering units are taken on, as is where is basis. Since these fixed assets were in use for decades prior to the take over date, the present value of such assets needs to be ascertained to work out the liability of the Corporation, if any. Due to non-availability of information neither such fixed assets are accounted for in the books of accounts of Catering Units, Rail Yatri Niwases and Railway Hotels of the Corporation nor the depreciation is provided on such fixed assets. Moreover, many of the items, which have been transferred to the Corporation, are in bad shape and are needed to be returned to the respective Zonal Railways. Steps are being undertaken to ascertain the details of such assets from Railways. The necessary entries/adjustments shall be made in the books of accounts of the Corporation, on the ascertainment of present value of such fixed assets.

S.P. MARWAHA & CO.

CHARTERED ACCOUNTANTS

Head Office : 8-A/4, Western Extension Area, Karol Bagh,
New Delhi-110 005; Phone : 25745812
E-mail : [illegible]@sify.com / [illegible]@hotmail.com

AUDITOR'S REPORT

To,

The Members of

Indian Railway Catering and Tourism Corporation Limited

1. We have audited the attached Balance Sheet of INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED, as at 31st March 2007, Profit & Loss Account for the year ended on that date and Cash Flow Statement for the year ended on that date annexed thereto incorporating therein the accounts of Corporate Office, Internet Ticketing Office, Zonal Offices located at Mumbai, New Delhi, Chennai, Secunderabad and Kolkata, and Railneer Plants located at Nangloi (Delhi) and Danapur (Bihar) audited by us. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable.

4. Further to our comments in the Annexure referred to in paragraph 3 above and subject to Para (iv) below read with note no. 13 of notes to the accounts (Schedule XXVI), we state 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, Profit & Loss Account and Cash Flow referred to in this report are in agreement with the books of account.

   (iv) The movable fixed assets placed at the departmental catering units, Rail Yatri Niwas and Railway Hotels taken over by the Corporation during the earlier years, were taken on 'as is where is' basis. Due to non-availability of information of the value of such assets, neither the entry has been effected in the book of the accounts of the Corporation nor the depreciation has been provided on such assets. Further no new assets were taken over from Railways during the year. Therefore the assets as well as depreciation are understated to that extent.

   (v) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section 3(C) of Section 211 of the Companies Act, 1956;

   (vi) In our opinion and as per the information and according to the explanation given to us, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with notes thereon, 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 principals generally accepted in India:

      (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007,

      (b) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date, and

      (c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR S.P. MARWAHA & CO.
CHARTERED ACCOUNTANTS

(M.L. JOTWANI)
PARTNER
Membership No.9804

Place: New Delhi
Dated: 30th August 2007

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2007

1. (a) The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets.

   (b) There is a system of physical verification, once a year by the Management having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year by the management.

   (c) The company has not disposed off any substantial part of its fixed assets during the year.

2. (a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   (b) The procedures of physical verification of inventories followed by the management are adequate in relation to the size and the nature of its business.

   (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.

3. (a) The Company has not accepted any loans during the year from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   (b) The Company has not granted any loans during the year to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods and services. There is no major weakness found during the year in the internal control procedures.

5. As explained to us, there were no transactions exceeding Rs. 5,00,000 or more with parties covered under Section 301 of the Companies Act, 1956, required to be entered in the register maintained under Section 301 of the act, 1956.

6. In our opinion and according to the information and explanation given to us, the Company has not accepted public deposits governed under the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed thereunder.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. The company has appointed an independent firm of Chartered Accountants to conduct the internal audit. However, scope of work needs to be clearly defined covering statutory compliances and other financial matters. Presently only areas relating to procedural matters are covered in Internal Audit. The frequency of internal audit should be every six months as the internal control on some areas are weak.

8. In our opinion and according to explanation given, Government of India has not prescribed the appointment of Cost Auditor.

9. According to information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Excise Duty, Cess, Service Tax and other applicable statutory dues with the appropriate authorities and there were no outstanding undisputed dues of statutory liability as at 31st March, 2007 for a period of more than 6 months from the date they became payable except an Income Tax demand of Rs.30.99 lakhs against the Corporation for the assessment year 2004-05. The Company has preferred an appeal under Section 246 A (1)(a) of Income Tax Act, 1961 against the order of the assessing officer.

10. The company has not incurred cash loss in the current year and in the immediate preceding financial year and there are no accumulated losses in the balance sheet as on 31st March 2007.

11. The Company has not raised any loan from any financial institutions, banks or debenture holders; as such the question of default does not arise.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4 (xiii) of the Companies (Auditor's Report Order, 2003) is not applicable to the Company.

14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report Order, 2003) is not applicable to the Company.

15. The Company has not given guarantees on behalf of its dealers and subsidiaries.

16. The Company has not taken any term loans during the year.

17. According to the information and explanations given, the Company has not borrowed any short-term borrowings for long-term use.

18. The Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by way of public issue during the year.

21. As per the information and explanations given to us, certain cases of frauds on the Corporation have been noticed during the year on account of railway tickets booked by the parties through the website of the Corporation. The amounts involved in such cases were Rs. 16.06 lakh, which have been provided as bad debt and bad & doubtful debts in the books of the Corporation during the year under audit. The criminal cases have been initiated by the Corporation against the defaulters. There were no other cases of fraud noticed during the year.

FOR S.P. MARWAHA & CO.
CHARTERED ACCOUNTANTS

(M.L. JOTWANI)
PARTNER
Membership No. 8604

Place: New Delhi
Dated: 30th August 2007

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.

Balance Sheet as at 31st March 2007

	Schedule	As at 31st March 2007 Amount (Rs.)	As at 31st March 2007 Amount (Rs.)	As at 31st March 2006 Amount (Rs.)	As at 31st March 2006 Amount (Rs.)
Sources of Funds					
Shareholders' Funds					
Share Capital	I		[illegible]		[illegible]
Reserves and Surplus	II		[illegible]		[illegible]
Deferred Tax Liability (net)			[illegible]		[illegible]
[illegible]					
TOTAL			[illegible]		[illegible]
Application of Funds					
Fixed Assets	III				
Gross Block		[illegible]		[illegible]	
Less: Depreciation		[illegible]		[illegible]	
Net Block		[illegible]		[illegible]	
Add: Capital Work in Progress		[illegible]	[illegible]	[illegible]	[illegible]
Investments	IV		[illegible]		[illegible]
Current Assets, Loans and Advances					
Interest accrued on investments	V	[illegible]		[illegible]	
Inventories	VI	[illegible]		[illegible]	
Sundry Debtors	VII	[illegible]		[illegible]	
Cash and Bank Balances	VIII	[illegible]		[illegible]	
Other Current Assets	IX	[illegible]		[illegible]	
Loans & Advances	X	[illegible]		[illegible]	
		[illegible]		[illegible]	
Less: Current Liabilities and provisions	XI				
Current Liabilities		[illegible]		[illegible]	
Provisions		[illegible]		[illegible]	
		[illegible]		[illegible]	
Net Current Assets			[illegible]		[illegible]
Miscellaneous Expenditure to the extent not written off or adjusted	XII		-		[illegible]
TOTAL			[illegible]		[illegible]
Significant Accounting Policies and Notes to the Accounts	XXIV				

As per our report of even date attached

For [illegible] & Co.
Chartered Accountants

Sd/-
[illegible]
Partner

Place: New Delhi
Date: [illegible] August, 2007

For Indian Railway Catering and Tourism Corporation Ltd.

Sd/-	Sd/-	Sd/-
[illegible]	[illegible]	[illegible]
Managing Director	Director (Finance)	Company Secretary

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.

Profit and Loss Account
For the year ended 31st March 2007

		Schedule	For the year ended 31st March 2007 Amount (Rs.)	For the year ended 31st March 2006 Amount (Rs.)
Income				
Sales		[illegible]	[illegible]	[illegible]
Income from Internet Ticketing		[illegible]	[illegible]	[illegible]
Income from Railway Catering Services		[illegible]	[illegible]	[illegible]
Income from Package Tours		[illegible]	[illegible]	[illegible]
Interest Income on FDRs and TDRs			[illegible]	[illegible]
[illegible]				
Other Income		[illegible]	[illegible]	[illegible]
	A		[illegible]	[illegible]
Expenditure				
Materials Consumed		[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]
Expenses of Railway Catering Services		[illegible]	[illegible]	[illegible]
Expenses of Package Tours		[illegible]	[illegible]	[illegible]
Manufacturing & Direct Expenses		[illegible]	[illegible]	[illegible]
Human Resource Cost		[illegible]	[illegible]	[illegible]
Administrative, Selling & Distribution Expenses		[illegible]	[illegible]	[illegible]
Miscellaneous Expenses Written off		[illegible]	[illegible]	[illegible]
Depreciation		[illegible]	[illegible]	[illegible]
	B		[illegible]	[illegible]
Profit for the Year	(A-B)		[illegible]	[illegible]
Less:				
[illegible]		[illegible]	[illegible]	[illegible]
Provision for Income Tax			[illegible]	[illegible]
Provision for Fringe Benefit Tax			[illegible]	[illegible]
Deferred Tax [illegible]			[illegible]	[illegible]
Profit for the year after taxation			[illegible]	[illegible]
Profit brought forward			[illegible]	[illegible]
Profit Available for appropriation			[illegible]	[illegible]
APPROPRIATIONS				
Dividend - Interim			[illegible]	[illegible]
- Final			[illegible]	[illegible]
Tax on Dividend			[illegible]	[illegible]
Transfer to General Reserve			[illegible]	[illegible]
Profit Carried to [illegible] (Balance Sheet)			[illegible]	[illegible]
Earning per share [illegible]				
Basic (in Rs.)			[illegible]	[illegible]
Diluted (in Rs.)			[illegible]	[illegible]
Significant Accounting Policies and Notes to the Accounts		XXIV		

As per our report of even date attached

For [illegible] & Co.
Chartered Accountants

Sd/-
[illegible]
Partner

Place: New Delhi
Date: [illegible] August, 2007

For Indian Railway Catering and Tourism Corporation Ltd.

Sd/-	Sd/-	Sd/-
[illegible]	[illegible]	[illegible]
Managing Director	Director (Finance)	Company Secretary

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.

Schedules Annexed to and forming part of the Balance Sheet

	As at 31.03.2007 Amount(Rs.)	As at 31.03.2006 Amount(Rs.)
Schedule - I		
SHARE CAPITAL		
Authorised Capital		
[illegible] Equity Shares of Rs. 10 each	[illegible]	[illegible]
(Previous year [illegible] Equity Shares of Rs. 10 each)		
Issued, Subscribed & Paid-up Capital		
[illegible] Equity Shares of Rs.10 each fully paid-up	[illegible]	[illegible]
(Previous year [illegible] Equity Shares of Rs. 10 each fully paid up)		
	[illegible]	[illegible]
Schedule - II		
RESERVES & SURPLUS		
A. General Reserve		
Opening Balance	[illegible]	[illegible]
Add : transferred from Profit & Loss Account during the year	[illegible]	[illegible]
	[illegible]	[illegible]
B. Profit & Loss a/c		
Opening Balance	[illegible]	[illegible]
Add : Profit during the year	[illegible]	[illegible]
	[illegible]	[illegible]
Reserves & Surplus (A + B)	[illegible]	[illegible]

SCHEDULE - III

A) Fixed Assets

[illegible]

B) CAPITAL WORK IN PROGRESS

[illegible]

Schedules Annexed to and forming part of the Balance Sheet

[illegible]

Schedules Annexed to and forming part of the Balance Sheet

[illegible]

[illegible]

Schedules annexed to and forming part of the Profit & Loss Account

[illegible]

INCOME

[illegible]

1) [illegible]

2) [illegible]

[illegible]

Schedules annexed to and forming part of the Profit & Loss Account

[illegible]

EXPENDITURE

[illegible]

Schedules annexed to and forming part of the Profit & Loss Account

		For the Year Ended 31.03.2007 Amount (Rs.)		For the Year Ended 31.03.2006 Amount (Rs.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Schedules annexed to and forming part of the Profit & Loss Account

		For the Year Ended 31.03.2007 Amount (Rs.)		For the Year Ended 31.03.2006 Amount (Rs.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SCHEDULE NO. XXVI

SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with Accounting Standards specified to be mandatory by the Institute of Chartered Accountants of India under Section 211(3C) of the Companies Act, 1956.

METHOD OF ACCOUNTING:

The Corporation is following accrual basis of accounting except insurance claim and License Fee on SDP basis from the Licensees of static catering stalls, to whom the contract was awarded by Railways, on the basis of receipt, under historical cost convention.

REVENUE RECOGNITION:

The Corporation is in the business of managing catering services (both mobile and static units), Bedroll and Cleaning services in mobile units, operating Departmental Catering Units, Rail Yatri Niwas and Railway Hotels, awarding licenses for operating Food Plazas, booking of Rail Tickets through Internet, arranging package tours through reputed tour operators, managing Complete Tour Packages, manufacturing and distribution of Railneer-Packaged Drinking Water.

1. Sales:

Sales of Railneer-packaged drinking water, scrap, food and beverage items, Rail Yatri Niwas and Railway Hotels are recognized when the goods are sold and services rendered and are recorded net of excise duties, wherever applicable and sales tax etc. It does not include inter-depot and inter-unit transfers.

2. Income from Internet Ticketing:

Income from Internet ticketing is recognized on the basis of value of the service charges earned on the sale of tickets sold through Corporation's Web-enabled Payment Gateway (www.irctc.co.in). Service charges earned on the sales of such tickets on accrual basis have been booked as income of the Corporation.

3. Income from Catering Services:

The Corporation has been given a mandate by Railway Board, Ministry of Railways to upgrade and professionalize catering services on trains & other locations. The Corporation recognizes its income from catering services as per the following policies.

(a) Income from Onboard Catering Services:

The corporation is providing catering services on Rajdhani and Shatabdi Express Trains on Indian Railways network. The income is accounted on the basis of bills raised on Indian Railways for catering services provided to the passengers of Indian Railways on accrual basis.

(b) Income from Concession Fees, User Charges and License Fee:

The Corporation is receiving the income from the following: -

Sl. No.	Nature of business activity	Nature of Fee received from licensees
1.	Awarding licence for providing Catering Services/ Comprehensive Services on Rajdhani and Shatabdi Express Trains.	One time Concession Fee for the contract period (including renewal period, if any), and Variable License Fee.
2.	(i) Award of license for arranging catering services on Mail/ Jan Shatabdi / Express Trains.	(i) One Time Concession Fee for the contract period (including renewal period, if any), and Fixed License Fee.
	(ii) Awarding license for providing Comprehensive Services on Mail/ Jan Shatabdi/ Express Trains	(ii) Fixed Annual License fee as per Catering Policy, 2005 and revised catering policy, 2005 of Ministry of Railway.
3.	Award of license for setting up of Food Plaza and operation thereof at the Indian Railway premises	(i) Fixed Monthly User Charges and Variable License Fee in case of contracts awarded under earlier IRCTC Policy. (ii) Fixed Annual License fee in case of new contracts awarded as per Catering Policy, 2005 and revised catering policy, 2005 of Ministry of Railway.
4.	Award of License for Automatic Vending Machines at Railway Stations.	(i) One time Concession fee for the contract period (including renewal period, if any), and Variable prescribed License Fee in case of contracts awarded under earlier IRCTC Policy.

		(ii) Fixed Annual License fee in case of new contracts awarded as per Ministry of Railway Policy for AVMs.
5.	Award of License for static units at Railway Stations	(i) One time concession fee for the contract period (including renewal period, if any), and fixed licence fee in case of contracts awarded earlier IRCTC Policy. (ii) Fixed Annual License fee in case of contracts awarded as per Catering Policy, 2005 and Revised catering policy, 2005 of Ministry of Railway
6.	Award of License for Water Vending Machines at Railway Stations.	Fixed Annual License fee

The income under these heads have been recognised / accounted as under: -

(i) Concession fees income is recognised on annual basis on monthly pro-rata basis (fraction of the month, if any, has been treated as full month) over the contract period as per proportionate completion method contained in Accounting Standard (AS-9) relating to revenue recognition. One time concession fee (Unexpired Concession Fee) received by the Corporation has been treated as income received in advance. In case the contracts for the trains are terminated on account of cancellation / withdrawal of the train by Railway Administration, income is recognised over the period, the contract was in force

(ii) User charges: User Charges (fixed rent for use of Railway premises made available to the licensees) payable by the Food Plaza Licensees are accounted on accrual basis.

(iii) License Fee:

(a) Fixed yearly license fees received by the Corporation are accounted on accrual basis on monthly pro-rata basis (fraction of the month, if any, has been treated as full month).

(b) Variable License fee is accounted on accrual basis as a fixed percentage of the catering services provided/ sales made by the contractor.

(iv) Income Accrued on Forfeiture of Contracts:- Recognition of Income from Catering contracts terminated on account of breach of terms and conditions was made as under: -

(a) Up to date of termination, the income is recognised in respect of concession fee over the contract period on monthly pro-rata basis and in case of License fee over the period the train has been operative on monthly prorata basis.

(b) Other Income: Remaining balance of concession fee, License fee and Security Deposits on forfeiture of contracts are recognised as other income accrued during the year.

4. **Income from Package Tours:**

The Corporation is engaged in arranging Special Trains, Special Coach Charter and value added tours for promoting the rail-based tourism. The income from special trains/ Coach Charters includes basic fare, other charges levied by the railway administration and Corporation's service charge as a fixed percentage of the basic fare. Whereas in the case of the Value added tours the income includes fare, block booking charges and service charges as fixed percentage of the fare.

In case of Complete Tour Packages the income includes the total amount net of service tax collected from the customer.

In case of Bharat Darshan Trains, the License fee collected from the Tour operator and is accounted on accrual basis.

5. **Interest Income from Fixed Deposits including TDRs:**

Income received as interest from fixed deposit & TDRs is recognised on accrual basis.

6. **Interest Income on Investment from NSC VIII Issue:**

Interest on NSCs has been provided in the books on accrual basis as per the prescribed rates of interest.

EXPENDITURE:

Items of expenditure are recognised on accrual basis however certain expenses/claims, which are not ascertainable are accounted for on their being ascertained.

1. Expenditure on Rail Neer -Packaged Drinking Water and Departmental Catering Activity: Expenses are accounted on accrual basis and provision is made for all known losses and Liabilities

2. Expenditure on Internet ticketing: Expenses are accounted on accrual basis and provision is made for all known losses and Liabilities

3. Catering Charges Paid:

(a) Onboard Catering Charges:

Catering Charges paid to the Contractor are accounted for on the basis of bills raised on Corporation for catering services provided to the passengers of Indian Railways.

(b) Concession Fees, User Charges, License Fee and Haulage Charges Paid:

Sl. No.	Nature of business activity	Types of Fee Paid to Indian Railways as per the Revenue Sharing MOU
1.	Awarding of license for providing Catering services/ Comprehensive Services on Rajdhani and Shatabdi Express Trains	One time Concession Fee for the contract period (excluding renewal period, if any), and Variable Licence Fee.
2.	(i) Award of License for arranging catering services on Mail/ Jan Shatabdi/ Express Trains	(i) One Time Concession Fee for the contract period (excluding renewal period, if any), and Fixed Licence Fee in case of contracts awarded under IRCTC Policy.
	(ii) Awarding license for providing Comprehensive Services on Mail/Jan Shatabdi/ Express Trains	(ii) Fixed Annual License fee in case of new contracts awarded as per Catering Policy, 2005 and revised catering policy, 2005 of Ministry of Railway.
3.	Award of license for setting up of Food Plaza and operation thereof at the Indian Railway premises	(i) Fixed Monthly User Charges and Variable Licence Fee in case of contracts awarded under IRCTC Policy. (ii) Fixed Annual License fee in case of new contracts awarded as per Catering Policy, 2005 and revised catering policy, 2005 of Ministry of Railway.
4.	Award of License for Automatic Vending Machines at Railway Stations.	(i) One time Concession fee for the contract period (excluding renewal period, if any), and Variable prescribed License Fee in case of contracts awarded as per IRCTC Policy. (ii) Fixed Annual License fee in case of contracts awarded as per Ministry of Railway Policy for AVMs.
5.	Award of License for static units at Railway Stations	(i) One time concession fee for the contract period (excluding renewal period, if any), and fixed licence fee in case of contracts awarded under IRCTC Policy. (ii) Fixed Annual License fee in case of new contracts awarded as per Catering Policy, 2005 and revised catering policy, 2005 of Ministry of Railway.
6.	Award of License for Water Vending Machines at Railway Stations.	Fixed Annual License fee

The Expenditure under this head has been recognized/ accounted for as per the following:

i) **Concession Fee Paid:** Concession Fee paid to Indian Railways in respect of on board catering contract, AVMs, Static Units etc. is recognized on accrual basis on monthly pro-rata basis (fraction of the month, if any, has been treated as full month) over the contract period. Payment of Unexpired Concession Fee to the Indian Railways has been treated as an advance. In case the contracts for the trains are terminated on account of breach of terms and conditions of the contract or cancellation/ withdrawal of the train by Railway Administration, expenditure is recognized over the period, the contract was in force.

ii) **User charges Paid:** User Charges Paid to Indian Railways in respect of Food Plaza is accounted for on accrual basis.

iii) **Licence Fee Paid:**

(a) Fixed yearly licence fees paid to Indian Railways by the Corporation is accounted for on accrual basis on monthly pro-rata basis (fraction of the month, if any, has been treated as full month).

(b) Variable Licence fee paid to Indian Railways is accounted on accrual basis as a fixed percentage of the catering services provided /sales made.

iv) **Haulage Cost:** Haulage Cost levied by Ministry of Railways for Pantry cars has been accounted on basis of Railway Board letter bearing No. 2006/ TG.III/647/7 dated 6th March, 2007.

4. **Package Tours Expenses:** The Cost of Ticket, Service charges and other charges, if any, levied by the Indian Railways on booking of the special train / coach charter / berths are accounted on accrual basis.

In case of complete tour packages cost of train ticket, Service Charges and other charges, if any levied by Indian Railways, Road Travel expenses and accommodation and meals charges etc are accounted on accrual basis.

FIXED ASSETS:

Fixed assets are stated at cost of acquisition including installation charges and other related expenses. In case of the Computers the cost of Software's, Software Development charges, Web Portal and computer networking expenditures has been capitalized with computers. Expenditure on the leased buildings, have been capitalized as Leasehold Improvements, as per system adopted in the previous year.

CAPITAL WORK IN PROGRESS:

The Expenditure on Budget Hotels, New Internet Ticketing Operations Centre, Call Centre, pending works at Railneer Plant at Danapur, Corporate Office, Zonal Office and Regional Office works under implementation are classified under capital work in progress and will be allocated to respective heads after completion of the work.

DEPRECIATION:

(i) The Corporation is following the straight-line method of depreciation in respect of buildings and plant and machinery of Railneer Plants located at Nangloi and Danapur and written down value method in respect of other assets. Depreciation is provided at the rates as specified under schedule XIV of the Companies Act, 1956. Depreciation is calculated on a pro-rata basis from the date of put to use. Depreciation is provided up to the date of sale, discard and loss of the assets during the year.

(ii) Individual assets whose actual cost of acquisition during the year does not exceed Rs. 5000/- (Rupees five thousand only) have been depreciated @ 100 % in terms of schedule XIV of the Companies Act, 1956.

(iii) Leasehold improvements have been depreciated over the lease period.

INVENTORIES:

(i) Inventories are valued at lower of cost and net realizable value.

(ii) In case of raw materials, packing materials, stores, spares and consumables, the cost includes duties and taxes (net of CENVAT, wherever applicable) and is arrived at on FIFO basis.

(iii) Cost of finished goods and work in process includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

(iv) FD items (traded goods) are valued at cost on FIFO basis.

INVESTMENTS:

Investments are classified into long term and are stated at cost.

RETIREMENT BENEFITS:

(i) Corporation's contribution to provident fund is charged to revenue.

(ii) Foreign service contribution payable for leave encashment and pension in respect of deputationists (employees who have joined the corporation on deputation for a fixed period from Indian Railways) for the year 2006-2007 in terms of Government rules and regulations is charged to revenue on accrual basis.

(iii) Gratuity and Leave salary is provided for based on valuations, as at the balance sheet date, made by independent actuaries.

TAXATION:

(i) The corporation has provided for current income tax at the rates specified under the Income Tax Act, 1961.

(ii) The corporation has accounted for deferred taxation in line with accounting standard (AS) 22 on "accounting for taxes on income" issued by the Institute of Chartered Accountant of India as per the following details:

(a) Deferred tax is recognized, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

(b) Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on developments during the year, to reassess realization / liabilities.

PROPOSED DIVIDEND:

Final Dividend as proposed by the Board of Directors is subject to the approval of shareholders in Annual General Meeting. However, the provision for dividend tax has been made in the annual accounts.

Interim dividend paid during the year would be adjusted against the final dividend proposed by the Board of Directors.

SUNDRY DEBTORS/ADVANCES:

Sundry debtors/advances are stated after writing off debts considered as bad. Adequate provision is made for debts/advances considered doubtful.

NOTES TO ACCOUNTS

1. CONTINGENT LIABILITIES:

(i) Estimated amount of Contracts to be executed on capital account and not provided for amounts to Rs. 290.73 Lacs as against Rs. 212.47 Lacs in the previous year.

(ii) Income tax demand of Rs.30.89 Lakh for the Assessment year 2004-05 was raised against the Corporation. Accordingly, an appeal under section 246A (1)(a) of the Income Tax Act, 1961 has been filed against order of the assessing officer.

2. DEFERRED REVENUE EXPENDITURE:

Balance lying under Deferred Revenue Expenditure of Rs.9,36,650/- (Previous year Rs.21,76,721/-) is written off during the year.

3. DETAILS OF EXPENDITURE INCURRED ON /BY DIRECTORS ARE:

During the year 2006-2007, the corporation has provided or made the following payments to Managing Director and Functional Directors:

(Rs. in lacs)

Particulars	Managing Director		Functional Directors	
	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2006
Salary, allowances and perquisites	6.06	5.60	12.16	11.04
Travelling Expenses- Domestic	2.65	4.48	6.01	15.68
Travelling Expenses-Foreign Travel	Nil	Nil	2.30	Nil
FSC paid to Railways	0.98	1.28	2.05	2.17
Total	9.69	11.36	20.42	28.89

4. AUDITORS REMUNERATION (including Service tax, wherever applicable)

(In Rs.)

Description	Year ended 31.03.2007	Year ended 31.03.2006
Statutory audit fee	1,57,550	1,05,858
Tax Audit Fee	52,000	57,304
For other work	Nil	Nil
Internal Audit by a outside Chartered Accountant's firm	2,30,000	3,21,000
Out of Pocket Expenses	3,32,514	2,01,192
Total	7,72,064	6,85,354

5. PRODUCTION:

(i) Railneer-Packaged Drinking Water:

Item Description	Unit	Location	Installed Capacity*		Production	
			2006-07	2005-06	2006-07	2005-06
Railneer Packaged Drinking Water	Bottles of 1000 ml	Nangloi	23760000	23760000	20738782	18258968
		Danapur	23760000	23760000	14372844	13858244
Total			47520000	47520000	35111626	32117212

* The installed capacity is assessed on three-shift basis.

(ii) Departmental Catering:

The departmental catering units engaged in catering activities are manufacturing various cooked items as per the menu prescribed by Indian Railways. The said menu varies from one Zonal Railway to another Zonal Railway. Items are manufactured at the customers order only. Installed capacity for a particular manufactured item is not ascertainable. Moreover, the items manufactured are heterogeneous in nature, it is not possible to give break-up of each class of items produced/ manufactured.

6. STOCKS AND TURNOVER:

(i) Railneer- Packaged Drinking Water:

	Unit	Opening Stock		Closing Stock		Turnover	
Year	Bottles	Qty (In Nos)	Value (In Rs.)	Qty (In Nos)	Value (In Rs.)	Qty (In Nos)	Value* (In Rs.)
2006-07		3228190	2,01,28,572	3218495	2,18,22,658	[illegible]	8,02,78,785
2005-06		1946023	91,11,281	3228190	2,01,28,572	31491072	8,06,84,783

* Sales exclusive of excise and sales tax.

(ii) Departmental Catering including Rail Yatri Niwas:

Year	Unit	Opening Stock		Closing Stock		Turnover*	
		Qty (In Nos)	Value (In Rs.)	Qty (In Nos)	Value (In Rs.)	Qty (In Nos)	Value (In Rs.)
2006-07	N.A.	N.A.	2,82,71,859	N.A.	2,23,32,868	N.A.	186,17,79,490
2005-06	N.A.	N.A.	1,33,06,812	N.A.	2,82,71,859	N.A.	113,88,85,842

* Included PD items purchased for resale and room rent charges for Rail Yatri Niwas and Railway Hotels. PD items are Proprietary Distribution items purchased, in the packed form, from the market and sold at Railway Stations such as Namkeen, Biscuits and Mineral Water etc.

Departmental catering units are engaged in supply of food and beverage to Railway Passengers at various stations, where the catering business is taken over by the Corporation, which are heterogeneous in nature. Hence it is not practicable to give quantitative breakup of each class of goods indicating quantities thereof for purchases, sales, opening and closing stocks.

7. RAW MATERIAL CONSUMED:

(i) Railneer:

	Unit	2006-07		2005-06	
		Qty (in Nos)	Value (in Rs.)	Qty (in Nos)	Value (in Rs.)
Preforms	Nos.	35781872	8,25,31,427	33715471	7,35,43,359
Caps	Nos.	35743824	88,18,461	33543471	1,18,45,903
Label	Nos.	32835101	38,83,318	33298453	40,77,311
Cartons	Nos.	2008294	1,48,28,468	2018130	1,27,86,960
Bopp Tapes	Rolls	34884	7,28,068	3631	6,31,618
Total			11,08,87,721		10,28,37,846

(ii) Departmental Catering:

	2006-07		2005-06	
	Qty (in Nos)	Value (in Rs.)	Qty (in Nos)	Value (in Rs.)
Raw Material consumed	N.A.	47,80,66,718	N.A.	27,10,43,736

The departmental units engaged in catering activities are consuming innumerable numbers of raw material items required for manufacturing of the cooked items prescribed in the menu by Indian Railways. The said menu varies from one Zonal Railway to another Zonal Railway. Similarly, the number of raw materials required will also vary. The items used as raw materials are heterogeneous in nature, it is not possible to give quantitative break-up of each class of items consumed.

8. EXPENDITURE IN FOREIGN CURRENCY:

Nature of Expenses	2006-2007	2005-2006
Foreign Travelling Expenses-Directors	2,30,425	Nil
Foreign Travelling Expenses-others	5,75,861	Nil
Total	8,06,286	Nil

9. In the opinion of the Board of Directors, value of Current Assets, Loans and advances, if realized in the ordinary course of business, shall not be less than the amount at which the same are stated in the Balance Sheet. However, the balance of Debtors and Creditors as stated in the Balance Sheet are subject to confirmation.

10. ADJUSTMENTS RELATING TO PREVIOUS YEAR 2005-2006:

Prior period adjustment comprise of the following:

(In Rs.)

Description	Year Ended 31st March, 2007	Year Ended 31st March, 2006
INCOME	57,34,282	Nil
EXPENSES	9,04,682	1,969
NET PRIOR PERIOD ADJUSTMENTS	(48,29,600)	1,969

11. Sundry creditors include amount due to small-scale industries of Rs. Nil (previous year Rs. Nil).

12. PROVISION FOR BAD AND DOUBTFUL DEBTS:

The Corporation has made provision for Bad and Doubtful Debts as under:

(a) Rs.7,97,261/- (Previous year Rs. 13,06,737.19) being 100% of the total outstanding in respect of charge back/reversal cases reported by the payment gateways for rail tickets booked through internet during the year 2006-07 is provided for Bad and Doubtful Debts.

(b) An amount of Rs. 1,06,230/- (Previous year Rs.5750/-) was recovered during the year out of the provision made during the previous year and the same is treated as revenue for the year 2006-07.

(c) In addition Rs.10,12,289/- (Previous year Rs.19,81,096.41) was admitted for charge back and is fully charged as bad debt.

13. Pursuant to the directive of the Ministry of Railways, Railway Board, the Corporation took over the entire departmental Catering business including Rail Yatri Niwas and Railway Hotels of Indian Railways, from Railways. The movable fixed asset placed at such catering units are taken on, as is where is basis. Due to non-availability of information neither such assets are accounted for in the books of Catering Units, Rail Yatri Niwases and Railway Hotels of the Corporation nor the depreciation is provided on such assets. Further no new assets were taken over from Railways during the year. However, the Corporation is maintaining such assets and revenue share, if any, is being made with the Railways as per the MOU entered with Ministry of Railways.

14. During the year 2006-07, the sharing with various Zonal Railways has been made in terms of Memorandum of Understanding dated 17.01.2007, executed with the Ministry of Railways.

15. The details of related party with whom transactions have taken place during the year and the nature of relationship is as under:

S.No.	Name of related Parties	Designation	Nature of relationship
1.	Dr. P.K. Goel	Managing Director	Key Management person
2.	Sh. S.K. Malik	Managing Director & Director (CS)	Key Management person
3.	Sh. Rakesh Saksena	Managing Director & Director (T&M)	Key Management person
4.	Sh. S.K. Kaushik	Director (Finance)	Key Management person
5.	Dr. Nalin Shinghal	Director (T&M)	Key Management person
6.	Shri V.K. Jain	Director (Finance)	Key Management person

Details of related transaction during the year were as under: -

(Rs. in lakh)

Nature of transaction	2006-2007	2005-2006
Managerial remuneration (Key Management person)	36.30	40.23

16. Pursuant to Accounting Standard (AS 28) Impairment of Assets issued by the Institute of Chartered Accountants of India, the Corporation made an assessment on 31st March, 2007 for any indication of impairment in the carrying amount of Corporation's Fixed Assets. On the basis of such assessment, in the opinion of the management no provision for the impairment of Fixed Assets of the Corporation is required to be made during the year.

17. Pursuant to the Accounting Standard (AS 29) relating to Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March 2007 is as follows-

(Rs. in Lakh)

Particulars	Provision for Bad and Doubtful Debts/Advances	
	2006-07	2005-06
Opening Balance	13.07	16.68
Additions	7.98	13.07
Utilization	13.07	16.68
Reversal	0	0
Closing Balance	7.98	13.07

Note:

Provision for doubtful debts/advances is made on the basis of management's estimates.

18. The Corporation has recognized deferred tax arising on account of timing differences, being the difference between taxable income and accounting income, that originates in one period and is capable of reversal in one or more period(s) in compliance with Accounting Standard (AS22) - Accounting for Taxes on Income issued by Institute of Chartered Accountants of India. The major components of the deferred tax liability and asset arising on account of timing difference as at 31.3.2007 are as follows:

(Rs. in Lacs)

Deferred tax liability on account of	As at 31st March 07	As at 31st March 06
Difference between the written down value of assets as per books of accounts and Income tax Act, 1961	201.17	182.77
Amount admissible u/s 40 (a) (ia)	Nil	101.98
Total	201.17	284.75
Deferred tax Asset on account of	As at 31st March 07	As at 31st March 06
Difference of Deferred Revenue Expenditure under Income Tax Act and Companies Act	Nil	7.93
Loss on Assets	Nil	5.94
Provision for Doubtful Debts	2.71	4.40
Prior Period Adjustment	Nil	.001
Provision for Retirement Benefits	5.74	2.48
Interest paid on late deposit of tax	Nil	0.87
Amount of expenditure exceeding Rs. 20,000 under rule 6D	Nil	27.22
Amount not deductible under Section 40(a)(ia)	6.36	0.14
Total	14.81	48.04
Net Deferred tax liability	186.36	236.71

19. Licensee managed static catering stalls, which were awarded by Railways, were transferred to IRCTC. As per directive of Ministry of Railways, IRCTC has advised licensees of static catering stalls for payment of license fee on GDP basis w. e. f. 1st November 2005. However, no written contract with regard to the same exists between IRCTC and licensees of catering stalls.

It has been noticed that many of the licensees are not paying license fee fixed on GDP basis and many of the licensees have gone to court challenging the fixation of license fee on GDP basis and have obtained stay order from the Hon'ble Supreme Court. There are uncertainties regarding the determination of the amount to be realised from the licensees. The Corporation has recognised income as per Accounting Standard (AS-9) in respect of such licensee catering stalls in the following manner:-

- The revenue for static catering stalls which were taken over from Indian Railways and for which tenders have not yet been finalised on earlier basis on which the income was accrued during previous year.
- Wherever the payment has been realised on GDP basis, the same has been accrued on GDP basis.
- Efforts would be made to realise the license fee of static catering stalls on GDP basis and the same would be recognised as income in the year of receipt.

20. Expenditure incurred on civil work on lease hold premises has been accounted as lease hold improvement and depreciation has been calculated on the basis of lease period as per the agreement of lease.

    Expenditure incurred on civil work on premises located on Railway land other than Rail neer Plants has been accounted as lease hold improvement and has been depreciated over a period of ten years.

21. IRCTC has taken land from Railways on lease basis for setting up of Rail neer Plant at Nangloi and Danapur for which lease period has not been fixed by Railway authorities. As per the policy of the Railways the maximum period of lease can be for a period of 35 years which is further renewable for a period of 35 years. Depreciation on buildings of Rail neer Plants at Nangloi and Danapur has been provided on straight line basis as per accounting policy being followed consistently.

    The License fee of Railway land for Rail neer Plants has declined during the year due to change in the land license fee from 7.5 % to 2.5 % of the market value of the land, pursuant to Ministry of Railway, Railway Board letter bearing No. 2004/TG.III/673/1/IRCTC dated 10th November, 2005.

22. Ministry of Railways vide letter no.2006/TGIII/647/7, dated 08.03.2007 has directed that haulage charges for pantry cars are to be paid by IRCTC for the financial year 2006-07. As per the direction received, surplus over Gross Profit of Rs.20.00 crore is required to be paid to FA&CAO, Northern Railway, New Delhi. An amount of Rs.2021.02 Lakh has been provided as haulage charges for the year 2006-07.

23. Ministry of Railways vide letter no. 2006/LM/08/02, dated 22.11.06 has directed that water charges for catering and vending units are required to be paid by IRCTC. No demand for water charges has been received from Ministry of Railways or Zonal Railways. Provision for Water charges for the departmental catering units is made on assumed basis as was the practice followed by the Zonal Railways @ 0.1 % of the sales turnover.

    Provision for Electricity for the departmental catering units where the bills have not been received from respective Railways is made on assumed basis as was the practice followed by the Zonal Railways @ 0.3 % of the sales turnover.

24. IRCTC is providing catering services on Mail Express trains and on other locations as per mandate given by Ministry of Railways. Wherever, the business is handled departmentally run units, the sales and expenditure is booked as per accrual basis. In other cases, where the business is managed through licensees, only Concession fee/ license fee/user charges, quoted by the successful bidder are taken as revenue as per Accounting Standard (AS 9).

25. Segment Reporting:

    The corporation has disclosed business segment as the primary segment. The segment has been identified taking into account the nature of services rendered, organization structure and internal reporting system.

    The corporation's operations predominantly relate to arranging:

    - On board catering services, Comprehensive Onboard services and awarding licenses for static units, station vending, mail express trains and food plazas.
    - Booking of Rail Tickets through internet.
    - Arranging package tourist.
    - Manufacturing and Distributing Rail neer-Packaged Drinking Water.
    - Operating catering services, Rail Yatri Niwases and Railway Hotels under departmental catering activity taken over by the Corporation.

    The corporation caters mainly to the needs of the domestic market. As such there are no reportable geographical segments.

    Segment revenue includes Sales of Rail neer-Packaged Drinking Water, Food & Beverages through Departmental Catering activity, Railway Tickets through Internet and Package Tours. It also includes Concession fee, License fee in case of awarding of license in Rajdhani, Shatabdi, Jan Shatabdi, Mail Express and User charges. & Service charges in case of awarding license for setting up of Food Plazas at Railway Premises.

    The accounting principles used in the preparation of the financial statements is consistently applied to record revenue & expenditure in individual segments, as set out in the note of significant accounting policies.

Revenue and direct expenses in relation to segment are allocated based on items that are individually identifiable to the respective while the reminder of the costs are categorized as unallocated expenses .The management believes that it is not practical to provide segment disclosure to these expenses and accordingly these expenses are separately disclosed as unallocated and adjusted only against the total income of the Corporation. The Overall percentage of such unallocable expenses to total revenue is not material.

Assets and liabilities contracted are allocated to different segments based on their individual identity. The fixed assets of corporate/ Zonal/ Regional office have been allocated on the basis of usage and assets/ liabilities, which can not classified to segments are shown as unallocable assets/ liability. The overall percentage of such unallocable Assets/ Liabilities to total Assets/ Liabilities is not material.

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.

For the Year ended 31.03.2007

Segment Reporting (Rs. in Lakh)

	Licensee Catering		Railneer		Internet Ticketing		Package Tour		Departmental Catering		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Revenue												
Income	[illegible]	11,[illegible]	9.51	4.40	2,[illegible]	1,370.[illegible]	1,130.[illegible]	[illegible]	457.[illegible]	[illegible]	29,[illegible].14	24,[illegible]
Sales (Excluding Excise Duty and Sales Tax)			[illegible]	[illegible]					[illegible]	11,[illegible]	19,[illegible]	[illegible]
Inter-Segment Sales			1,144.[illegible]	778.[illegible]						-	1,144.[illegible]	778.[illegible]
Total Revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,130.[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Segment Result	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,[illegible]	[illegible]
Unallocated Corporate Income	-		-		-						-	[illegible]
Unallocated Corporate Expenses	-		-		-						1,[illegible]	[illegible]
Operating Profit	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest Expenses			-		-						[illegible]	[illegible]
Income Tax (including deferred Tax/FBT)			-		-						[illegible]	1,[illegible]
Profit/(loss) on ordinary activities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prior Period Expenses	[illegible]	[illegible]	-		-						[illegible]	[illegible]
Bad & Doubtful Debts written off/provided	-		-	[illegible]	17.[illegible]	[illegible]	-			[illegible]	17.[illegible]	[illegible]
Loss on Asset Sold	[illegible]	[illegible]	-		-	17.[illegible]	-				[illegible]	17.[illegible]
Income Tax paid for prior period	-		-	-	-							-
Net Profit	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Information												
Segment Assets	14,[illegible]	[illegible]	2,[illegible]	[illegible]	[illegible]	1,[illegible]	[illegible]	[illegible]	[illegible]	2,[illegible]	[illegible]	24,[illegible]
Unallocated Corporate Assets	-										12,[illegible]	11,[illegible]
Total Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Segment Liabilities	[illegible]	14,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4,[illegible]	37,[illegible]	[illegible]
Unallocated Corporate Liabilities	-										1,[illegible]	[illegible]
Total Liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital Expenditure	[illegible]	[illegible]	17.[illegible]	[illegible]	[illegible]	[illegible]	-	37.[illegible]	[illegible]	[illegible]	1,[illegible]	[illegible]
Unallocated Corporate Capital Expenditure											-	[illegible]
Total Capital Expenditure											1,[illegible]	[illegible]
Depreciation	[illegible]	47.[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unallocated Corporate Depreciation											-	[illegible]
Total Depreciation											[illegible]	[illegible]

Note: 1 [illegible]
2. Inter segment [illegible]

26. Earning Per Share:

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	2006-07	2005-06
Net Profit used as a numerator (in Rs.)	[illegible]	[illegible]
Number of Equity Shares used as denominator	20000000	20000000
Earning Per Share-Basic (in Rs.)	10.11	[illegible]
Earning Per Share-Diluted (in Rs.)	10.11	[illegible]
Face Value Per Share	10.00	10.00

27. Income Tax assessment up to the Assessment year 2003-04 of the Corporation has been completed. All adjustments relating to the same has been made in the books of account of the Corporation.

28. The Corporation has started maintenance of accounting in ERP System live with effect from 1st April, 2006. An amount of Rs. [illegible] Lakh received from various Zonal Railways debtors has not been adjusted in individual debtor accounts, due to paucity of details received from Zonal Railways. The Corporation is in the process of reconciliation of the same with Zonal Railways. However, overall position of debtors is correctly depicted.

29. The entire paid-up share capital of the Corporation is held by Ministry of Railway.

30. Previous year figures have been re-arranged /regrouped and re-casted, where ever necessary to make them comparable and better presentable with the current year figure.

31. Schedules I to XXVI forms an integral part of the Balance Sheet and Profit & Loss Account.

For [illegible] & Co.
Chartered Accountants

For Indian Railway Catering and Tourism Corporation Ltd.

Sd/-	Sd/-	Sd/-	Sd/-
[illegible]	[illegible]	[illegible]	[illegible]
Partner	Managing Director	Director Finance	Company Secretary

Place : New Delhi
Date : [illegible] August, 2007

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.

Cash Flow Statement for the year ended 31st March, 2007

(Amount in Rupees)

	2006-07		2005-06	
A. Cash Flow from Operating Activities				
Net Profit before tax and extraordinary items	[illegible]		[illegible]	
Adjustments:				
Depreciation	[illegible]		[illegible]	
Loss on Fixed Assets sold	[illegible]		[illegible]	
Miscellaneous Expenses written off	[illegible]		[illegible]	
Profit on Assets sold	-		-	
Interest Income	[illegible]		[illegible]	
Total of Adjustments	[illegible]		[illegible]	
Operating Profit before Working Capital Changes	[illegible]		[illegible]	
Working Capital Changes				
Decrease/(Increase) in Inventories	[illegible]		[illegible]	
Trade & Other Receivables	[illegible]		[illegible]	
Trade Payables & Provisions	[illegible]		[illegible]	
Cash Generated from Operation	[illegible]		[illegible]	
Prior Period Adjustments	[illegible]		[illegible]	
Miscellaneous Expenses Deferred Revenue	-		-	
Income Tax for Previous Year	-		-	
Direct Taxes Paid	[illegible]		[illegible]	
Net Cash from Operating Activities		[illegible]		[illegible]
B. Cash Flow from Investing Activity				
Purchase of Fixed Assets	[illegible]		[illegible]	
Sale of Fixed Assets	[illegible]		[illegible]	
Interest Received	[illegible]		[illegible]	
Net Cash used in Investing Activities		[illegible]		[illegible]
C. Cash Flow from Financing Activities				
Dividend Paid (including Tax on Dividend)	[illegible]		[illegible]	
Net Cash from Financing Activities		[illegible]		[illegible]
Net Change in Cash & Cash Equivalents		[illegible]		[illegible]
Opening Balance of Cash & Cash Equivalents		[illegible]		[illegible]
Closing Balance of Cash & Cash Equivalents		[illegible]		[illegible]

For [illegible] & Co.
Chartered Accountants

For Indian Railway Catering and Tourism Corporation Ltd.

Sd/-	Sd/-	Sd/-	Sd/-
[illegible]	[illegible]	[illegible]	[illegible]
Partner	Managing Director	Director (Finance)	Company Secretary

Place : New Delhi
Date : [illegible] August, 2007

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.	:	101707	State Code	:	55
Balance Sheet Date	:	31/03/2007			

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities	Total Assets
[illegible]	[illegible]

SOURCES OF FUNDS (Amount in Rs. Thousand)

Paid Up Capital	Reserves & Surplus	Deferred Tax Liability
200,000	420,504	[illegible]
Share Application		
NIL		
Secured Loans	Unsecured Loans	
NIL	NIL	

IV APPLICATION OF FUNDS (Amount in Rs. Thousand)

Net Fixed Assets	Investments	Net Current Assets
[illegible]	20	[illegible]
Misc. Expenditure	Accumulated Losses	Capital Work in Progress
NIL	NIL	[illegible]

IV PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Turnover including other income	Total Expenditure
[illegible]	[illegible]
Profit/Loss before Tax	Profit/Loss after Tax
[illegible]	[illegible]
Earning per share	Dividend Rate (% of Net Profit after Tax)
10.11	[illegible]

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY

Item Code

SERVICES: Licensee Catering
Internet Ticketing
Rail Neer
Packaged water
Departmental Catering Business

Sd/-	Sd/-	Sd/-
[illegible]	[illegible]	[illegible]
Managing Director	Director Finance	Company Secretary

गोपनीय

सं./ No. [illegible]/2006-07/[illegible]

कार्यालय
प्रधान निदेशक, वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य लेखापरीक्षा बोर्ड–III
नई दिल्ली

OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-III,
NEW DELHI

दिनांक / Dated [illegible]/2007

सेवा में,

प्रबंध निदेशक,
इंडियन रेलवे कैटरिंग एण्ड टूरिज्म कॉर्पोरेशन लिमिटेड
नई दिल्ली।

विषय: कंपनी अधिनियम की धारा 619(4) के अधीन इंडियन रेलवे कैटरिंग एण्ड टूरिज्म कॉर्पोरेशन लिमिटेड, नई दिल्ली के वर्ष 2006–07 के लेखाओं पर भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियां।

महोदय,

मैं इंडियन रेलवे कैटरिंग एण्ड टूरिज्म कॉर्पोरेशन लिमिटेड, नई दिल्ली के वर्ष 2006–07 की समाप्ति हेतु कंपनी अधिनियम 1956 की धारा 619(4) के अधीन लेखों पर भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियां अग्रेषित करता हूँ।

2. कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीय

(आर. सोलोमन)
प्रधान निदेशक

संलग्न: यथोपरि।

ए ब्लॉक हटमेंट्स, निकट साउथ ब्लॉक, नई दिल्ली–110 011
'A' BLOCK HUTMENTS, NEAR SOUTH BLOCK, NEW DELHI - 110 011
Tel.: 23017027 FAX: 23017342 e-mail: [illegible]

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31st MARCH 2007

The preparation of financial statements of Indian Railway Catering and Tourism Corporation Limited, New Delhi for the year ended 31 March 2007 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 statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 August 2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956, of the financial statements of Indian Railway Catering and Tourism Corporation Limited, New Delhi for the year ended 31 March 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

26/9/07

(E.R. [illegible])
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III,
New Delhi

Place : New Delhi
Dated : 26 September 2007