



रेलटेल
RAILTEL

A Mini Ratna Enterprise

रेलटेल कार्पोरेशन ऑफ इण्डिया लिमिटेड
(भारत सरकार का उपक्रम)

RailTel Corporation of India Limited

(A Government of India Undertaking)

16^{वीं} वार्षिक रिपोर्ट
16th Annual Report

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Vision & Mission

Vision

To become the preferred telecom solutions and services provider for knowledge economy.



Mission

To attain leadership in providing premier telecom infrastructure service by offering cost-effective state-of-the-art communication solutions.

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17.	PROXY FORM		

Management Team

Board of Directors:

1.	Shri R.K. Bahuguna	Chairman & Managing Director
2.	Shri A. Seshagiri Rao	Director/NPM
3.	Shri N.K. Gupta	Director/Finance
4.	Shri Shobhan Chaudhuri	Part-time official Director
5.	Shri Sanjay Upreti	Part-time official Director
6.	Dr. Anupam Alok	Part-time non official Director (w.e.f. 01.04.2016)
7.	Shri Ashok Goel	Part-time non official Director (w.e.f. 01.04.2016)

Company Secretary:

Shri J.S. Marwah

Regd. Office:

6th Floor, IIIrd Block, Delhi Technology Park,
Shastri Park, New Delhi-110053
Tele: 011-22185933-34, Fax: 011-22185978

Corporate Office:

143, Institutional Area, Sector-44,
Gurgaon-122003, NCR (India)
Tele 0124-2714000, Fax 0124-4236084

Website: www.railtelindia.com

Regional Offices:

Northern Region:

Shri Suresh Kumar
Executive Director
6th Floor, IIIrd Block, Delhi Technology Park,
Shastri Park, New Delhi-110053
Tele: 011-22185933-34, Fax: 011-22185978

Southern Region

Shri P.V. Sreekanth
Executive Director (I/c)
2nd Floor, B Block, Rail Nilayam
Secunderabad -500071
Tele: 040-27821134, Fax: 040-27820682

Eastern Region

Shri Pradeep Kumar,
Executive Director
Chatterjee International Centre,
3rd & 16th Floor, 33A, Jawaharlal Nehru Road,
Kolkata - 700071
Tele: 033-44041499, Fax: 033-44041499

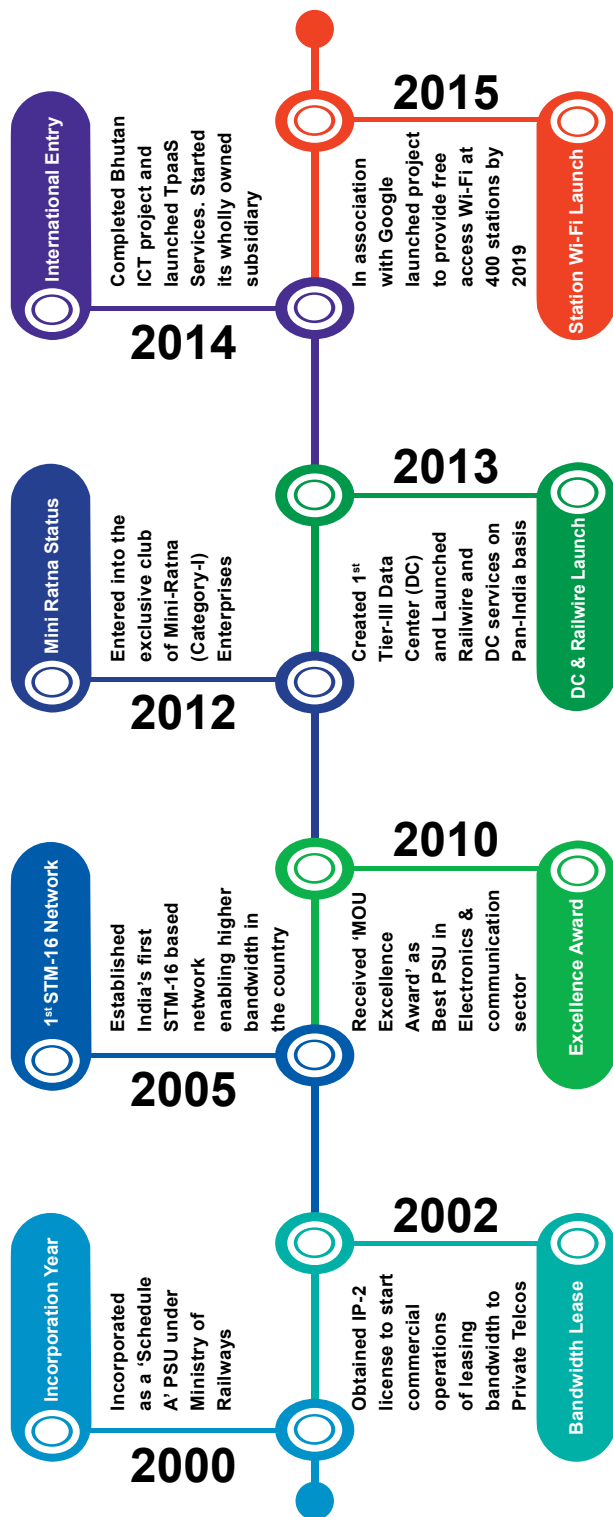
Western Region

Shri B.S. Tahim
Executive Director
Western Railway Microwave Complex,
Senapati Bapat Marg, Mahalakshmi
Mumbai - 400 013
Tele: 022-24923907, Fax: 022-24923913

Reference Information

Bankers:		Statutory Auditors:	
State Bank of India Union Bank of India, Axis Bank. Yes Bank Indusind Bank		M/s G S A & Associates, Chartered Accountants 16 DDA Flat, Panchsheel-Shivalik Mode, Near Malviya Nagar, New Delhi-110017 Tel No: 011-32099205, Fax No: 011-26672949 E-mail: admin@gsa.net.in	
Branch Auditor:			
Western Region:		Eastern Region:	
M/s Batliboi & Purohit, 2 nd Floor, National Insurance Budg, 204, Dadabhoy Naoroji Road, Fort Mumbai-400001 Telephone No. 22077941/42 Telefax: 22074260 E-mail: info@batliboipurohit.com		Nandy Halder & Ganguli, Chartered Accountants 18, Netaji Subhas Road (Top Floor), Kolkata-700001 Tel: 033-2230008, 22316123 Fax: 033-22105018 E-mail: nandyhalderganguli1973@gmail.com	
Southern Region:		Northern Region:	
D.V. Ramana Rao & Co., Chartered Accountants 1-1-773/A, Opp. Park-2, Gandhinagar, Hyderabad-500 080 Tel: 040-27613712, 040-65576767, 9885376767 E-mail: dvrrao_co@hotmail.com		M/s G S A & Associates, Chartered Accountants 16 DDA Flat, Panchsheel-Shivalik Mode, Near Malviya Nagar, New Delhi-110017 Tel No: 011-32099205, Fax No: 011-26672949 E-mail: admin@gsa.net.in	
Internal Auditors:			
Western and Eastern Regions:	Corporate and Northern Region:	Southern Region:	
M/s UCC & Associates 1315 Ansal Tower 38 Nehru Place New Delhi Tel: 011-66624518 E-mail: info@uccglobal.in	M/s S K Patodia & Associates Shree Shakambhari Corporate Park, Plot No. 156-158, Chakrvarti Ashok Complex, J B Nagar, Andheri(E), Mumbai 400099 Tel: 022-67079444, Fax:022-67079959 E-mail: info@skpatodia.in	Sanjay Gupta & Associates C-4E/135, Janakpuri, New Delhi-110058. Tel : 011-25547949 Email: sanjay@sgaindia.in	
Secretarial Auditor:		Cost Auditor:	
M/s Balika Sharma & Associates, Company Secretary Flat No. 211, Pocket-A/3, Sector-7, Rohini, New Delhi-110085 Tel: 011-27931217 Email: balikasharma@gmail.com		M/s KL Jaisingh & Co., Cost Accountants J-7, Sector-XI Jaisingh House, Noida-201301, U.P. Tel: 0120-2530007 E-mail: k.l.jaisingh.noida@gmail.com	

Company Timeline

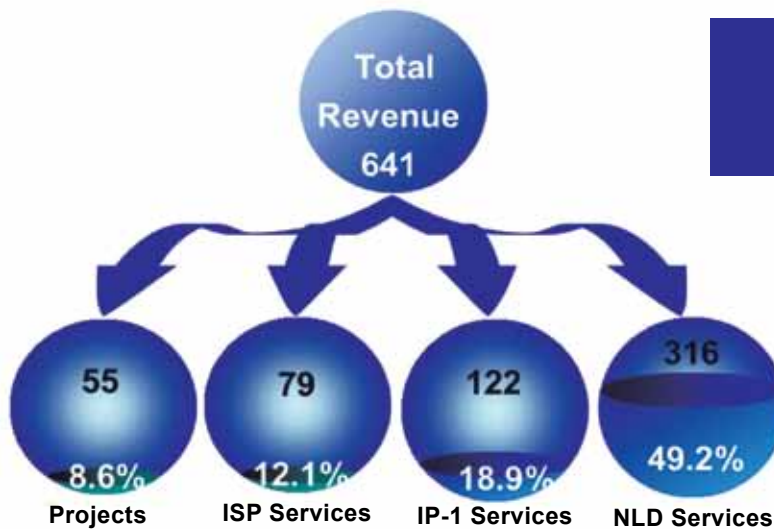


“On path to become a preferred Telecom Solutions Provider of knowledge economy”

Company Sanpshot



Segment-wise Performance and Contribution

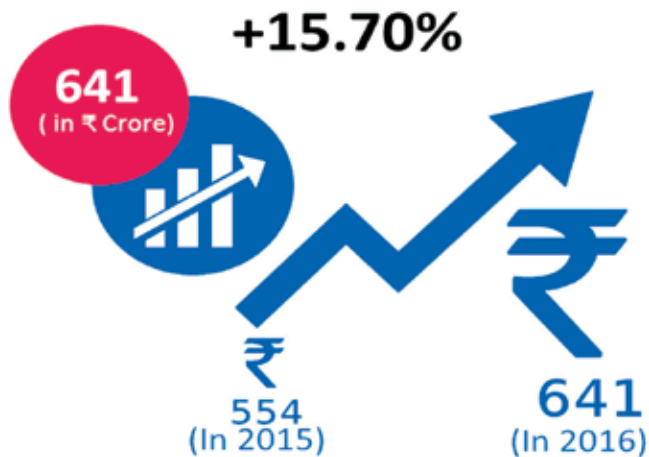


Note:

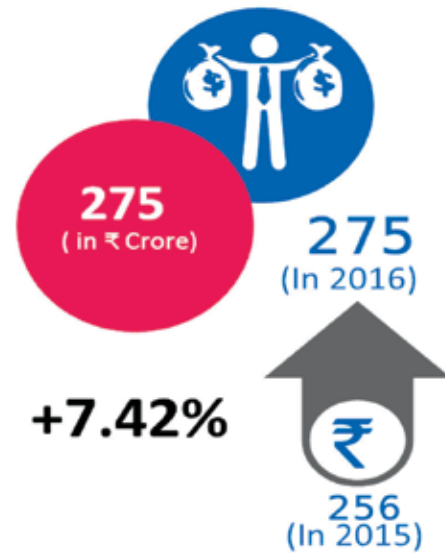
1. Total Revenue include revenue from operations, interest income and miscellaneous income
2. Revenue from operations include NID Services, IP-1 Services, ISP Services, Projects and other operating income (not pertaining to included services)
3. NLP includes DLC & MPLS VPN, IP-1 includes tower colocation and DC services, ISP include IBW & Railwire Services, Projects include network projects and Railway Work

Financial Performance

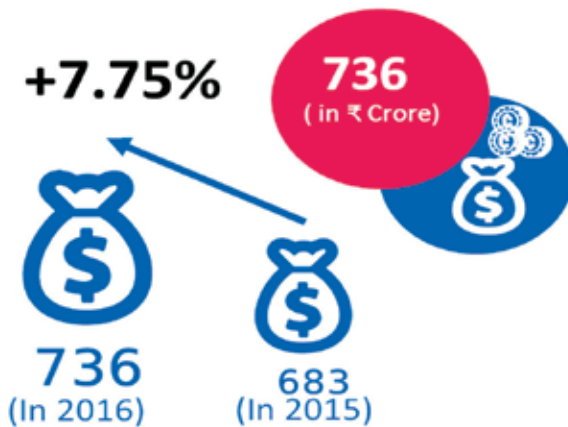
Revenue 2016



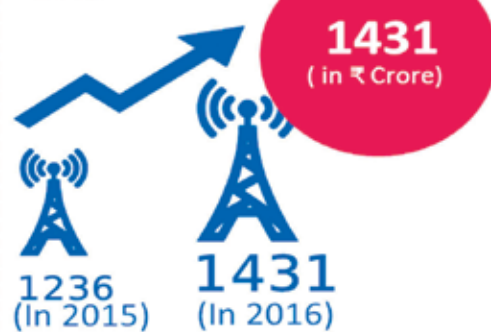
EBITDA 2016



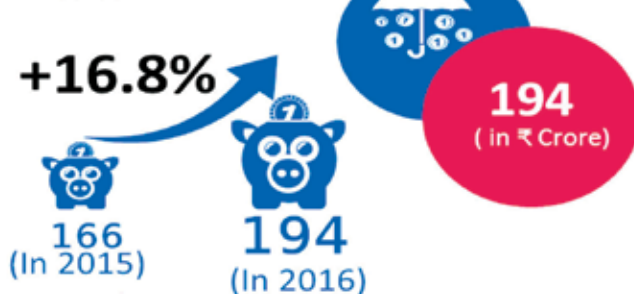
Reserves & Surplus 2016



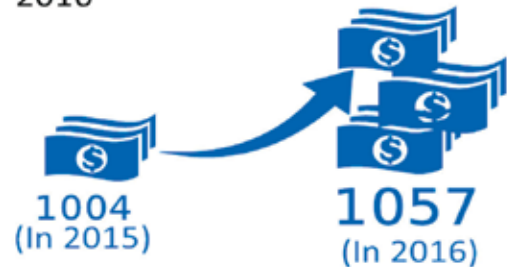
Investments 2016



Operating Profit 2016



Net Worth 2016



Note: all values in ₹ Crore

RailTel Corporation of India Limited

(A Govt. of India Undertaking)

CIN: U202DL2000GOI107905

Regd. Off.: 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, Delhi-110053
Corporate Office: 143, Institutional Area, Sector-44, Gurgaon-122003, NCR (India)

Tele 0124-2714000, Fax 0124-4236084

Website: www.railtelindia.com; **E-mail:** jsmarwah@railtelindia.com

Tel: 011-22185933-34, Fax: 011-22185978

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of RailTel Corporation of India Limited will be held on Tuesday, 13th September, 2016 at 4.00 p.m. at the **Committee Room, 2nd Floor, Rail Bhawan, New Delhi-110001** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) for the Financial Year ended 31st March, 2016 together with the Board's Report and Auditor's Report thereon and comments of the CAG, in terms of section 143(6) of the Companies Act, 2013.
2. To confirm payment of interim dividend and to consider declaration of final dividend on equity shares for the financial year ended 31st March, 2016.
3. To take note of the appointment of M/s GSA & Associate, Chartered Accountant as Statutory Auditors of the Company for the financial year 2016-17 made by CAG and to fix the remuneration of such Auditors and to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT appointment of Statutory Auditors as well as Branch Auditors made by CAG vide order No./CA. V/ COY/CENTRAL GOVERNMENT, RAILTEL(4)//513, dated 22/07/2016 be and is hereby noted and the Board of Directors of the Company are hereby authorized to fix the remuneration of such auditors for the Financial Year 2016-17 in pursuance to the provision of section 139(5) read with Section 142 of the Companies Act, 2013.”

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder, Dr. Anupam Alok, (DIN: 07486492), who was appointed as part time non-official Director (Independent Director), by the President of India through Ministry of Railways vide letter no. 2008/PL/1/pt.3 dated 01/04/2016 with effect from April 01, 2016 and such appointment subsequently noted by the Board of Directors in its meeting held on 30/06/2016, be and is hereby noted as Independent Director of the Company, on such terms & conditions as may be determined by the Govt. of India.”
5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Shri Ashok Goel, (DIN: 01247398), who was appointed as part time non-official Director (Independent Director), by the President of India through Ministry of Railways vide letter no. 2008/PL/1/pt.3 dated 01/04/2016 with effect from April 01, 2016 and such appointment subsequently noted by the Board of Directors in its meeting held on 30/06/2016, be and is hereby noted as Independent Director of the Company, on such terms & conditions as may be determined by the Govt. of India.”

6. To ratify the remuneration of Cost Auditor for the Financial year 2015-16 by passing following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s KL Jaisingh & Co, Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 with a remuneration of ₹ 44,960/- plus applicable taxes & re-imbusement of out-of-pocket expenses be and is hereby ratified.”

**By order of the Board
For RailTel Corporation of India Limited**

Sd/-
(J S Marwah)
Company Secretary

Place: Delhi

Date : 22/08/2016

NOTES:

1. 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. Proxy form is available in the Annual Report.
2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted, as set out in the notice, is annexed hereto.
3. Members having any questions on accounts or any other item set out in the Agenda are requested to send their queries at least 10 days in advance to the Company at its Corporate Office address to enable the Company to collect the relevant information and to keep the information ready at the meeting.

To

- 1 All the shareholders of the Company as per list attached.
- 2 All the Directors of the Company.
- 3 Statutory Auditors of the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No 4:

1. Section 152(2) of the Companies Act ,2013, provides that save as otherwise expressly provided in the Act, all the directors will be appointed in general meeting.
2. Since all the directors in RailTel [whole –time, part time(official/non official)] are appointed by the President of India through administrative ministry i.e. Ministry of Railways, in terms article 66 of the Articles of Association of the Company for a fixed tenure, it is not possible to appoint directors at General Meeting. Therefore, the appointments made by the Ministry are being put up for noting by the shareholders.
3. Dr. Anupam Alok, (DIN: 07486492) was appointed as part time non-official Director (Independent Director) by the Ministry of Railways vide its letter no. 2008/PL/1/pt.3 dated 01/04/2016 w.e.f. 01/04/2016 and such appointment subsequently noted by the Board of Directors in its meeting held on 30/06/2016. The terms and conditions regulating the appointment of Dr. Anupam Alok is to be determine by the President of India as contained in article 66(2) of the Articles of Association of the Company. His brief resume, inter-alia, giving nature of expertise are provided in this Annual Report.
4. None of the Directors or Key Managerial Personnel of the Company or their relatives except Dr. Anupam Alok, being the appointee himself, is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No 5:

1. Section 152(2) of the Companies Act ,2013, provides that save as otherwise expressly provided in the Act, all the directors will be appointed in general meeting.
2. Since all the directors in RailTel [whole –time, part time (official/non official)] are appointed by the President of India through administrative ministry i.e. Ministry of Railways, in terms article 66 of the Articles of Association of the Company for a fixed tenure, it is not possible to appoint directors at General Meeting. Therefore, the appointments made by the Ministry are being put up for noting by the shareholders.
3. Shri Ashok Goel, (DIN: 01247398) was appointed as part time non-official Director (Independent Director) by the Ministry of Railways vide its letter no. 2008/PL/1/pt.3 dated 01/04/2016 w.e.f. 01/04/2016 and such appointment subsequently noted by the Board of Directors in its meeting held on 30/06/2016. The terms and conditions regulating the appointment of Shri Ashok Goel is to be determine by the President of India as contained in article 66(2) of the Articles of Association of the Company. His brief resume, inter-alia, giving nature of expertise are provided in this Annual Report.
4. None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Ashok Goel, being the appointee himself, is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No 6:

1. In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company for the Financial Year 2015-16. The Board has approved the appointment of M/s. KL Jaisingh & Co, Cost Accountant as the Cost Auditor of the Company for the financial year 2015-16 in their meeting held on 21/09/2015 at an aggregate remuneration of ₹ 44,960/- plus applicable taxes & re-imbusement of out-of-pocket expenses.
2. The remuneration of the cost auditor is required to be ratified subsequently by members in accordance to Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014. Accordingly, it is proposed to pass the Ordinary Resolution by the Members for their ratification.
3. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution.

Profile of Directors



Shri R.K. Bahuguna

Chairman and Managing Director

DIN No. 01748132

He is a qualified Electronics and Communication Engineer from I.I.T. Roorkee. He started his career in Railways as IRSSE and had long association with Railways working in all fields mainly in Signalling and Telecom. He underwent training programmes abroad on several occasions. He has to his credit more than 30 years of experience in the field of electronics and communications.

He is associated with RailTel since October, 2001 and started RailTel's operations for Western Region in Mumbai. He was Director /NPM since July, 2007 and was responsible for all marketing of RailTel services and network planning of RailTel network. Thereafter, he was appointed as Managing Director with effect from October, 2011 for a period of 5 years and re-designated as Chairman & Managing Director with effect from 07.03.2013.

He is member of IRSE (London), Fellow of IETE and Fellow of IRSTE. He has presented number of papers in Seminars and Conferences in India and abroad.



Shri A. Seshagiri Rao

Director (Network Planning & Marketing)

DIN No. 06364174

An Engineering graduate and a University topper in Electronics and communication Engineering from JNTU, Kakinda in 1981. He is state ranker in SSC, Intermediate and a special merit scholarship holder of Govt. from SSC till the end of his education. He started his career in Indian railways as a Signal and Telecom engineer (IRSSE service of 1982 exam) in 1984 and worked in various capacities of Signaling and Telecom in Indian Railways. He is a recipient of GM's and Railway Board's awards.

He joined RailTel in December 2001 and opened S. Region. The Region scaled new heights under his tenure and became the top performing region. He joined corporate office as ED/NPM in 2011 and became Director (NPM) in May 2012. He travelled extensively in India and abroad visiting countries like Singapore, Malaysia, China, Italy, Germany and USA. He attended a number of conferences and presented papers in various events.



Shri N.K. Gupta

Director (Finance)

DIN No. 05330063

Shri N K Gupta is a member of Indian Railway Accounts Service 1982 branch. He is a fellow member of Institute of Cost & Works Accountants of India and also a distinguished member of All India Management Association. He also participated in 2nd National Management Programme being conducted by Management Development Institute and won ITC Gold Medal in 'Marketing and Business Planning' and secured 2nd rank in National Management Programme. He is also holding qualification of being an M.B.A. and MA (Economics). He has to his credit more than 30 years of experience mainly in Indian Railways.

Besides having held the post of FA&CAO at West Central Railway, Northern Railway, CLW etc., he also went on deputation to IRCON as GM (Finance).

Mr. Gupta was awarded MR's Group award in implementing Long Range Decision Support System in Indian Railway. He was also instrumental in implementing ERP system in IRCON. He had travelled extensively in India and abroad including USA, UK, France and Germany.



Shri Shobhan Chaudhuri

**Part-time official Director/Nominee Director
DIN No. 06636932**

Shri Shobhan Chaudhuri is IRSSE Officer of 1986 Exam batch having more than 25 years of varied working experience in the Signalling and Telecommunication field of Indian Railways and is currently working as Executive Director / Telecom Development, Railway Board. He has completed his B.E (Electronics & Telecommunication) from Government Engineering College, Jabalpur and was awarded gold medal for topping the University. He has also done his Master's in Business Administration. He has been deputed to attend Advance Management Programme conducted by EMLYON Business School, France and trained in Modern Railway Signalling and Telecommunications from JR East, Japan. He is a Fellow of Institution of Engineers (India) and a member of senate of IIIT/ Jabalpur.



Shri Sanjay Upreti

**Part-time official Director/Nominee Director
DIN No. 06498752**

Shri Sanjay Upreti is an IRAS officer with more about 25 years of experience and is currently working as Executive Director Finance (Commercial) in the Ministry of Railways (Railway Board), Government of India. He deals with a gamut of policy issues related to passenger and freight business and other areas of revenue generation for Indian Railways.

Prior to his current posting, he worked in Railway Board as Director Finance (Commercial) and served on Northern Railway as FA&CAO in various capacities. He has done M.Sc. from Lucknow University and holds Master's Diploma in Public Administration from Indian Institute of Public Administration, New Delhi and M.Phil. degree in Social Sciences from Panjab University, Chandigarh



Dr. Anupam Alok

Part-time non official Director/Independent Director

DIN No. 07486492

Dr. Anupam Alok is freelance journalist, columnist and social activist. He has done Ph. D (Journalism) (1991), Master in Journalism (1987) and M. Sc (Physics) (1979) from Banaras Hindu University. He had held the position of the Chairman (State Minister Status) of Uttar Pradesh forest Corporation (including present Uttrakhand). He was also a founder Director of Vishwa Samvad Kendra (Media organisation), Lucknow (UP). Besides this he had also worked as Lecturer and taught journalism in the Department of Journalism, Lucknow University, UP.

Presently he is working as media advisor and consultant to various media organisation and also hold the position as 'Trustee' in Ramesh Chandra Vatra Charitable Memorial Trust, New Delhi.

He took charge as part-time non-official (Independent Director) in RailTel Corporation of India limited w.e.f. 01.04.2016.



Sh. Ashok Goel

Part-time non official Director/Independent Director

DIN No. 01247398

Shri Ashok Goel, a qualified practicing Chartered Accountant by profession with rich experience in the field of Audit, Finance Management and Corporate Governance. He has worked in various reputed organizations, and he previously also held the position of OSD to MoS Chemical and Fertilizer (C & F) in the Ministry of Chemicals and Fertilizer.

He took charge as part-time non-official (Independent Director) in RailTel Corporation of India limited w.e.f. 01.04.2016.

Board's Report

Dear Shareholders,

Your Company's Directors are pleased to present 16th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2016, prepared in accordance with the provisions of Companies Act, 2013.

1. Company Overview

RailTel Corporation is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network presently reaches to over 4500 towns and cities of the country including several rural areas. RailTel with strong nationwide presence is committed to bring cutting edge technology and offer innovative services to the Indian Telecom market. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

Equipped with ISO-9001-2008, ISO-27001:2005 and ISO 20000-1:2011 certification, RailTel offers a wide gamut of managed telecom services to Indian Telecom market. The service includes Managed lease lines, Tower collocation, MPLS based IP-VPN, Internet, Data Center services, NGN based voice carriage services to Telecom Operators, Services to Internet Service Providers, MSOs, Enterprises, Banks, Government Institution/departments, Educational Institutions/Universities, etc.

RailTel being a "Mini Ratna (Category-I)" PSU is steaming ahead in the enterprise segment with the launch of various services coupled with capacity augmentation in its Core network. Your company stands as the only telecom PSU, which is a **100% debt free company** and consistently profit making PSU in telecom sector.

2. Financial Performance

During the year, your Company has observed an increase of 19% in its revenue from operations which comes out to be ₹ 572 Crore. The total turnover of the Company during the year is ₹ 641 Crore comprising of other income of ₹ 69 Crore. The summarized financial results of your Company are shown in Table1.

3. Share Capital

There is no change in the capital structure of the Company during the period under review and from the end of the year till the date of this report.

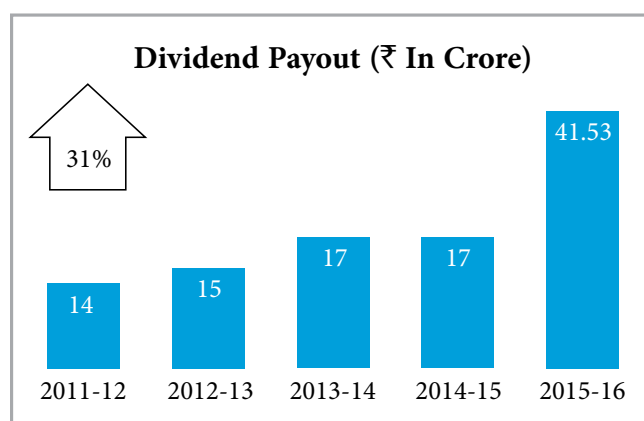
Accordingly, Issued, Subscribed and Paid-up Share Capital is ₹ 320.94 crore divided into 32.09 crore Equity Shares of ₹ 10 each as on 31st March, 2016 including ₹ 305.94 crore issued for consideration other than cash.

Few sections of Indian Railways wherein OFC has already been laid are being taken over from Ministry of Railways against which equity shares for consideration other than cash would be allotted.

Particulars	Year ended 31/03/2016	Year ended 31/03/2015	Year ended 31/03/2016	Year ended 31/03/2015
	Standalone		Consolidated	
Income from Operations	572	482	578	482
Other Income	69	72	70	73
Total Income	641	554	648	555
Expenditure	366	298	372	299
Gross Margin	275	256	276	256
Depreciation	81	90	81	90
Profit Before Interest & Tax	194	166	195	166
Interest	NIL	NIL	NIL	NIL
Tax/ Others	90	45	90	45
Profit for the Year	104	121	105	121
Dividend	42	17	42	17
Basic EPS (₹)	3.24	3.77	3.26	3.77

Table1: Financial Performance of Company (₹ In Crore)

4. Dividend

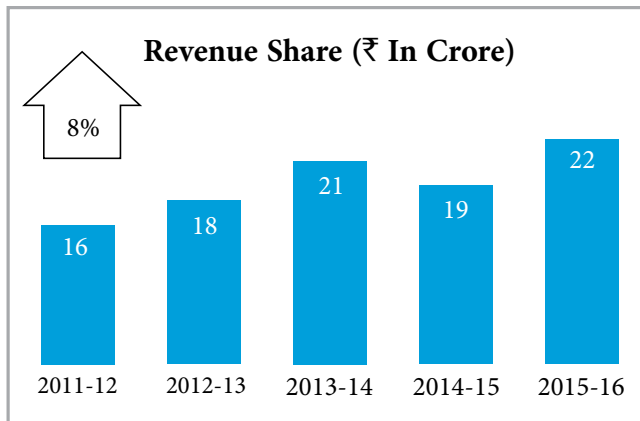


The Company has declared and paid an interim dividend of ₹ 15 crore in the year 2015-16. Final dividend of additional ₹ 26.53 crore has now been proposed to be paid. It had also paid dividend distribution tax to the exchequer.

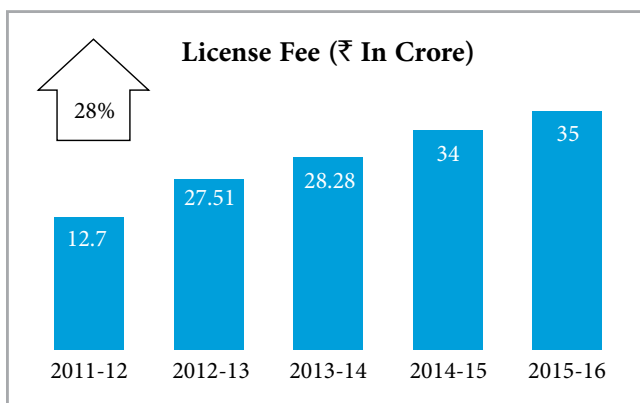
The total Dividend pay-out will amount to ₹ 41.53 Crore excluding tax on dividend which is in compliance with the instructions issued by Ministry of Finance asking payment of minimum 30% dividend on profit after tax (PAT) and also in pursuance to presidential directives conveyed by Ministry of Railways vide letter no. 2011/PL/64/Pt.I dated 29/04/2016 thereby directing to pay 40% dividend on PAT for the FY 2015-16.

5. Railways Revenue Share

The Company is also contributing by way of revenue share @7% on services to Indian Railways and the total share of such contribution comes to ₹ 22 crore as against such share of ₹ 19 crore in the preceding year. The cumulative revenue share to Railways amounts to ₹ 162 crore till this year.



Besides, the Company has also paid license fee @ 8% (at present) to DoT, Govt. of India on its income from telecom business carried by it under licenses granted to it.



The company has also paid a spectrum charge of ₹ 78 lakh for the FY 2015-16.

6. Fixed Deposits

The Company has not accepted or invited any deposits under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 from public during the year.

7. Reserves

The Company appropriated its profit earned during the year under report. It has transferred ₹ 40 crore to the General Reserves during the year. The total reserves & surplus at the end of the financial year 2015-16 is ₹ 737 crore.

8. Capital Expenditure

During the year, Capital expenditure of ₹ 315 crore approx. was incurred mainly on OFC related assets, Telecom & Radio equipments, Network Expansion of NE-1/NE-2 Projects etc. The Company made commitments to the tune of ₹ 174 crore on capital account and accordingly, expenditure would be booked during the current financial year, in addition to the capital expenditure allocated for the year 2016-17.

9. Directors

During the year under report, the Board of RailTel consisted of Chairman & Managing Director, two functional Directors and two Govt. Nominees.

The President of India has appointed two part time non-official Directors (Independent Directors) namely Dr. Anupam Alok (DIN: 07486492) & Sh. Ashok Goel (DIN: 01247398) for a period of three years with effect from 01.04.2016.

As on date of the Board's Report, the Board of RailTel consists of a Chairman & Managing Director, two functional Directors, two Govt. Nominees and two part time non-official Directors (Independent Directors).

RailTel has received a declaration from its Independent Directors stating that they have met the criteria of independence under Section 149(6) of the Companies Act, 2013. During the year, there has been no appointment or extension of an Independent Director for a term exceeding 5 (Five) years as per Section 149(10) of the Companies Act, 2013.

10. Number of Meetings of Board

The Board met six times for transacting the business of the company during the year 2015-16 on 24.06.2015, 28.07.2015, 21.09.2015 and 04.12.2015, 14.01.2016 and 29.03.2016.

11. Remuneration to Directors

RailTel, being a Government Company under the Companies Act, 2013, the whole time Directors of the Company are appointed by President of India through Ministry of Railways. The functional Directors are appointed by the Government of India who draw remunerations under IDA pattern of pay scale pre-determined by the Government and as per the terms and conditions issued by the Government of India from time to time.

The part time official Directors (Government Nominee) on the Board of the Company do not draw any remuneration from the Company. The part time non official Directors (Independent Directors) are paid a sitting fee of ₹ 20,000/- per meeting attended, besides cost of travel and lodging in case of outstation Directors.

The Company already has a remuneration committee which is responsible for determination and recommending inter alia of performance related pay (PRP), ex-gratia or distribution of bonus etc.

12. Committees of the Board:

12.1 Audit Committee

Pursuant to the provisions of Section 177 of Companies Act, 2013, RailTel has an Audit Committee in place comprising of the following Directors:

- Dr. Anupam Alok, Independent Director;
- Sh. Ashok Goel, Independent Director; &
- Sh. Sanjay Upreti, Nominee Director

12.2 Nomination & Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013, the Company has a Nomination & Remuneration committee comprising of the following Directors:

- Dr. Anupam Alok, Independent Director;
- Sh. Ashok Goel, Independent Director; &
- Sh. Sanjay Upreti, Nominee Director

12.3 Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility committee comprising of the following Directors:

- Dr. Anupam Alok, Independent Director;
- Sh. N. K. Gupta, Director (Finance); &
- Sh. A. Seshagiri Rao, Director (NPM)

13. Subsidiary

Your Company has a wholly owned subsidiary by the name of “RailTel Enterprises Limited” (REL) incorporated on 12th August, 2014 with following broad objectives :

- To undertake Information and Communication Technologies (ICT) infrastructure projects covering hardware and software applications and other associated sub-systems.
- To carry on any ICT infrastructure construction work on Build-Operate-Transfer, Build-Own operate-Transfer, Build-Lease-Transfer etc. or otherwise or any other scheme or project found suitable in and related to the field of infrastructure projects etc.
- To carry out consultation services for various customers in the field of IT, Telecom, signaling, critical infrastructure in India and abroad.
- To undertake Data Center, Network/Security Operation center related infrastructure projects.

The intent behind formation of REL was to make a clear distinction of RailTel’s existing core activities vis-a-vis project execution works.

The Authorised Share Capital of REL is ₹ 50 Crore and paid up share capital is ₹ 10 Crore. The total equity share capital of REL is held by RailTel itself through its nominees. The affairs of the Company are managed, controlled and supervised by three Directors nominated by RailTel.

During the year, REL has received major order from Govt. of Rajasthan for building wireless connectivity for 1500 schools in the State of Rajasthan. Other projects related to network/IT infrastructure creation are also under process.

The REL is in profit since 1st year of its inception. Income from operation of REL has been increased to ₹ 6.66 crore against the previous year figures of ₹ 1.33 crore. Net profit for the year has been increased from ₹ 0.13 crore to ₹ 0.76 crore.

The consolidated financial statements of the Company duly audited by the Statutory Auditors are presented in the Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards.

A report on performance and financial position of the subsidiary is presented in a separate section in this Annual Report. Please refer Form AOC-1 annexed to the consolidated financial statements in the Annual Report.

14. Projects Undertaken

The details of the projects undertaken during the year is included in Management Discussion & Analysis Report forming part of this report.

15. Procurement from Micro and Small Enterprises

RailTel had set up goals for resorting to procurement from Micro and Small Enterprises and has made a total procurement of ₹ 72.34 crore from MSEs during the year 2015-16.

16. Right to Information Act, 2005

The Right to Information Act, 2005 seeks to provide for setting out the practical regime of Right to Information for citizens to secure access to information under the control of public authorities in order to promote transparency and accountability in the working of every public

authority. The Company in the capacity as Government Company and deference to the spirit behind the law appointed Public Information Officers to take care of the compliance of Right to Information Act, 2005.

17. Particulars of Loans, Guarantees or Investments

During the year, RailTel has not given any loan or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

The detail of investments made by the Company is given in the notes to the Financial Statements.

18. Internal Controls, Systems and their adequacy

The Company has an internal control system in commensuration with size, scale and complexity of its operations.

During the year, the Company has engaged Internal Auditors to carry out Internal Audit of the Company. The highlights of internal audit report and their synopsis were placed before the Audit Committee for its review.

Further, RailTel has implemented ORACLE ERP solution with name “Project-Parivartan” and all modules like Projects, Procurement, Operations, Maintenance, Finance, HR, Sales and Marketing are live from December 2013. Implementation of “Project Parivartan” has empowered all employees to focus on their core competencies, making work environment stress free, at the same time ensuring transparency and decision making in the system. During year 2015-16, RailTel’s IT team had been continuously working towards strengthen of core processes of these implemented modules so that users should effectively and efficiently use ERP for day to day work like Sales Order Tracking, NOC E-ticketing, Failure tracking system, management dashboard, investment module,

tax reforms and reports etc. In next financial year also RailTel's IT team is working towards strengthening of existing and development of additional modules like I-recruitment, online payment & Collection, automatic bank reconciliation, performance management system, E tendering.

19. Annual Return

The extract of Annual Return pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of Companies (Management & Administration) Rules, 2014 is enclosed with this report as **Annexure-I**.

20. Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review is presented in separate section forming part of this Annual Report.

21. Industrial relations and HR Matters

The manpower strength as on 31st March, 2016 was 537 regular employees on roll of the employees including 65 officers and staff on deputation from the Ministry of Railways & other Govt. Departments/PSUs. In addition, the Company had outsourced the services of personnel in different capacities to facilitate the execution of work.

During the year, the company recruited 46 executives in keeping with the functional requirements and future business expansion plans.

A comprehensive training policy with underlying theme of transforming RailTel into a vibrant learning organization has been evolved. The policy lays high emphasis on facilitating and incentivizing focused learning and competency building where by employees will have opportunity of taking up trainings and industry recognized professional accreditations

courses in their areas of interest. The employees will also earn credit in the process which will benefit them in their career advancement.

22. Employment of Women, Use of Official language

During the year 6 female employees joined, raising the total number of female employees to 50, which is 9% of the regular strength of 537.

Company has followed all the guidelines of the Govt. of India under Official Language Act. The annual report is published bi-lingual in English and Hindi. The Company is progressively increasing the use in Hindi in keeping the spirit of the official language policy of the Government. The officers and staff are encouraged to use Hindi in doing their day to day work. The officers and staff possessing working knowledge of Hindi carry out their work in Hindi.

There has been good progress in the use of Official Language Hindi in official work of RailTel. The provisions of Section 3(3) of the Official Language Act have been complied with and letters received in Hindi were also replied to in Hindi. Most of the Office Orders/tour programmes etc. were processed in Hindi.

Quarterly meetings of Official Language Implementation Committee were held regularly under the Chairmanship of the CMD to review the progress made in promoting the use of Hindi in the Company and the decisions taken therein have been implemented.

'Hindi Week' was organized from 14.09.2015 to 20.09.2015 during which in-house general Hindi knowledge, Essay and Kavita Path competitions were organized to popularize Hindi. A good number of employees took part in these competitions. Few employees were also given away cash awards.

RailTel's website is in bilingual and computers have Unicode facility to work in Hindi.

23. Schedule Caste, Schedule Tribes and Other Backward Classes

The Company has been following the Govt. Guidelines regarding reservation for STs, SCs, OBCs, persons with disabilities (PwDs) and ex-servicemen. The representation as on 31.03.2016 is as under:

Category	Total	Joined In FY2015-16
Scheduled Caste	59	5
Scheduled Tribe	20	1
Other Backward Class	124	7
Person with Disabilities	7	0

24. Prevention, Prohibition and Redressal of Sexual Harassment

In order to provide protection against sexual harassment of women at workplace and for prevention and redressal of complaints of sexual harassment, the Company has in place a policy to prohibit & prevent the social evil of Sexual Harassment at Workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

The objective of the policy is to provide women, a workplace, free from harassment, to ensure that every woman is treated with dignity and respect and to provide a speedy redressal mechanism to women who have been subjected to sexual harassment.

For the said purposes RailTel has an Internal Complaints Committee (ICC) in place at its corporate office and all four regional offices which is responsible to:

- Investigate every formal written complaint of sexual harassment
- Meet at regular intervals
- Prepare an Annual Report containing the details of complaints of sexual harassment

pursuant to the provisions of Act and provide the same to employer

- Take appropriate remedial measures to respond to any substantial allegations of sexual harassment

During the year, ICC of RailTel has not received any complaint under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

25. Risk Management Policy

The Board of Directors of your Company at their 78th meeting has adopted a risk management policy prepared by M/s Price Waterhouse Coopers (PwC). The following potential risks have been identified in RailTel:

- Project Risk
- Strategy Risk
- Market Risk
- People Risk
- Technology Risk
- Reputation Risk
- Insurable Risk
- Contractor/Vendor Risk
- Financial Risk
- Operational & Compliance Risk

It has been advised to form a Risk Management Committee at Apex level.

It has also been advised to form a Functional Risk Committee comprising of a Chief Risk Officer and the Core risk team which shall consist of functional heads from key functions/departments.

The implementation of Risk Management policy in RailTel is under process.

26. Related Party Transactions

The Related Party Transactions entered during the year had been in the ordinary course of business and on arm's length basis. Form no. AOC-2 in terms of section 134(3) (h) of the Companies Act, 2013, read with rule 8 (2) of the Companies (Accounts) Rules, 2014, is placed as **Annexure-II**.

27. Corporate Governance

The Company has always worked towards enhancing the corporate governance and the principles underlying the same within the organisation. Your Company is in full compliance with DPE Guidelines on Corporate Governance. A report on the corporate governance is made part of this Annual Report. Pursuant to the requirements of DPE guidelines, 2010 a certificate obtained from Practising Company Secretary has been obtained & annexed as **Annexure-III**.

In compliance with the directive of DPE, the Company is also regularly sending its quarterly and consolidated annual report in the prescribed manner to DPE. For each quarter, CPSEs are graded under various heads viz; Composition of Board, Non-Official Directors, Board Meetings, Code of Conduct, Audit Committee, Remuneration Committee, Board Disclosures., Directors' Remuneration etc. on the basis of scores prescribed for each head. For the year under review, RailTel has scored an average score of 89 marks out of 100 marks and on the basis of prescribed grading structure RailTel has been awarded with "Excellent" grade for ensuring Corporate Governance practices in the organization.

28. Corporate Social Responsibility

As per the provisions of Companies Act, 2013, your Company has formulated a CSR & sustainability policy which provides a broad framework within which the Company will carry out the CSR activities. The policy aims for social and economic development of community in the areas of rural development, education,

skill development, health and other areas and adhere to sustainable and transparent business practices. The activities to be undertaken under the policy will be in accordance with Schedule VII of the Act.

During the FY 2015-16, RailTel has spent ₹ 3.21 crore on CSR activities which is more than 2% of average net profit before tax (PBT) of the company earned during the three immediately preceding Financial Years.

During the year, RailTel has carried out various CSR activities with the aim to create IT infrastructure at rural institutions situated in villages/panchayats across various States/UT to provide broadband enabled IT centers enabling e-health, e-education for rural population through local institutions like Primary schools & Primary health center. During the year, to benefit the students of rural areas, RailTel has made available 44 new schools of these areas with IT infrastructure and broadband connectivity. In addition to these 5 villages in Rohtak district of Haryana are also provided with IT infrastructure and broadband connectivity in an attempt to make rural population take up Digital Literacy program. A NGO has also been engaged by RailTel to ensure continuous engagement with the rural population and success of national Digital Literacy program.



Tele Medicine Facility of Primary Health Center at Bano, Ranchi

RailTel has also provided free Wi-Fi facility at two rural railway stations namely Bolpur (Eastern Railways) and Basar (South Central Railways) for passengers and people residing in the vicinity of the stations.

At Adra Division of Indian Railways, RailTel has made provisions for skill development and Digital Literacy programme aimed at benefiting the wards and children of Railway personnel along with local population of the region.

To make health facilities accessible to all, RailTel has also initiated a project on providing telemedicine infrastructure at two rural health units of Indian Railways situated at Bano (Ranchi Division – SER) and Samdari (Jodhpur Division – NWR) connecting them with their respective Divisional Hospitals. Both these health units do not have any doctors available and the provisioning of telemedicine would prove a great step in ensuring basic healthcare facilities for the local people of these two locations. Installed IT equipment will enable the doctors present at Divisional Hospitals to carry out remote diagnostics on patients. The system is likely to get operational in first quarter of FY 16-17.



RailTel Akansha Super 30 Center at Dehradun

Further, during the year, RailTel has started the Akansha Super 30 program at Dehradun, under which 30 talented but underprivileged students from the state of Uttarakhand would be provided with free of cost lodging, boarding and classroom trainings at center. This center would equip the students with the skills and knowledge required for the IIT-JEE, the entrance examination of IIT. In its first year of operation of itself, the center has produced 7 students who have qualified for IITs clearing IIT-JEE advanced examination and

other 21 students have succeeded in securing the seats in NITs. Considering the first attempt, the center is happy with the encouraging results and aims at achieving more selections in coming years.

The Annual Report on CSR as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as **Annexure-IV**.

29. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), through its notification in the official gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS would replace the existing AS prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014. For RailTel and its subsidiary Ind AS would be applicable for the financial year 2016-17.

The company has engaged a consultant for identifying impact of transition from existing AS to Ind AS on its financials. Broadly, major impact would be on the dividends, financial assets & liabilities, inventory valuation, useful life of assets, component accounting and Government Grant.

30. Impact of GST

GST constitutional Amendment Bill has been passed by Rajya Sabha & Lok Sabha and now GST would become a reality. The Goods and Services tax unifies the Indian market for goods and services into a single market with a common tax code and uniform tax rates on a pan India basis.

The impact of GST on RailTel has been broadly ascertained. The cost of RailTel procurements will come down. It will also reduce indirect cost of RailTel because availed credit will be utilized immediately instead of spreading the same in two years. Cost of Deposit works will also come down. However, cost of services may go up.

31. Vigil Mechanism

The Company has a Whistle-Blower policy with an objective to provide employees of RailTel an avenue to raise complaints, in line with commitment of RailTel to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. To provide necessary safeguards for protection of employees from reprisals or victimization, for whistle blowing in good faith.

The policy prescribes for reporting process and manner in which investigation must be must be conducted.

This year has been an eventful year for Vigilance administration in the Company. During the year 2015-16, inspections were carried out in different spheres of the working of the Company. Based on the inspection, system improvements were effected in the leveraging of technology, monitoring and review of advances received from customs, inspection of projects and their implementation, timely payment of various types of bills, e-procurement, annual property returns etc.

RailTel also renewed ISO 27001 and ISO 20000 in the organization for ensuring information security management which will help in better transparency and data safety implicating risk of financial fraud on account of information /data break with various stakeholders.

A web based Project Monitoring System has been implemented for monitoring the progress of National Optical Fiber Network Project. Supervisors in the field can update the information along with photograph through mobile base app.

32. Vigilance awareness week

Vigilance Awareness week was celebrated in the Corporate Office as well as in 4 Regional Offices of RailTel during the period 26.10.2015 to 31.10.2015. Fresh

bilingual educational / inspirational posters and banners on vigilance issues were displayed at prominent locations. Chairman and Managing Director/RailTel administered the pledge to all the RailTel officials in the Corporate Office as well as in all Regional Offices through video conference. CMD/RailTel delivered a special talk on “Preventive Vigilance” positive contribution of Vigilance on the occasion of vigilance awareness week.

A special talk on “Preventive Vigilance” was delivered by Sh. Nitish Kumar, Director CVC on 30th Oct. 2015 in Corporate Office of RailTel which was also joined RailTel Region officials through RailTel in-house telepresence service.

As per the directives of CVC, debate/elocution were to be organized in 10 colleges/schools of Delhi and Gurgaon. Surpassing the target, debate /elocution were organized in 11 colleges/schools of Delhi/Gurgaon & 7 of Eastern part of India.

Various vigilance workshops were held to raise vigilance awareness about raising “Preventive Vigilance” and reducing discretion in the organization to educate executives of working on large projects, about various methodologies to be adopted, CVC guidelines and Company Policy pertaining to contracts and tenders, role of Vigilance, canon of financial proprietary, conduct rules etc. Pending items pertaining to vigilance administration were discussed in the meetings held with Executive Board of RailTel.

33. Significant and material orders of regulators etc.

During the year, there has been no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company’s operations in future.

34. Statutory Auditors

The Comptroller and Auditor General of India (CAG) has appointed M/s GSA & Associates of New Delhi as

Statutory Auditors of the Company to audit the annual accounts for the year ended 31st March, 2016.

Besides, the CAG has also appointed the following named firms of Chartered Accountants as Branch Auditors for auditing of four regional offices of the Company:

Auditor	Region
Batliboi & Purohit	Western Region
Nandy Halder & Ganguli	Eastern Region
DV Ramana Rao & Co.	Southern Region
M/s GSA & Associates	Northern Region

In terms of the authorisation given by the members in their last annual general meeting, the Board on the recommendations of Audit Committee has already considered and approved payment of fee for all the above Auditors to the aggregate extent of ₹ 14.20 lakh excluding service tax.

Similarly, the approval of the shareholders is solicited for authorizing the Board for fixation of remuneration payable to the statutory auditors for the year 2016-17 as and when appointed.

35. Cost Auditors

The Company has appointed M/s KL Jaisingh & Co., Cost Accountants as Cost Auditors to audit the cost record maintained by the Company for the financial year 2015-16.

The Company has filed Form CRA-2 with the Ministry of Corporate Affairs in this regard.

36. Secretarial Audit

During the year, pursuant to Section 204 of the Companies Act, 2013 read with rules made thereunder, RailTel has appointed M/s Balika Sharma & Associates, Company Secretaries, New Delhi as Secretarial Auditors of the Company for the financial year 2015-16. The Secretarial Auditors has conducted the audit and issued a Secretarial Audit Report in the format prescribed under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit report of the Company for the year ended 31st March, 2016 is annexed as **Annexure-V**. The management's reply on the observation/comments of Secretarial auditors is given in **Annexure-VI**.

37. Comments of CAG

The Comptroller and Auditor General of India (C&AG) have decided not to conduct the supplementary audit of the standalone as well as consolidated financial statement of the Company for the year ended 31st March, 2016 and as such no comments to make under Section 143(6)(b) of the Companies Act 2013 as communicated by them vide their letter no PDA/RC/RPSU/32-43/RailTel/2016-17/939 dated 27/07/2016.

38. Auditors' Report

The Auditors' Report of the Company for the year ended 31st March, 2016, is attached with the financial statement of the Company. There has been no qualification/adverse remarks made by the Auditors on the financial statement for the year ended 31st March, 2016.

39. Energy Conservation, Technology Adoption, Foreign Exchange Earnings and Outgo

The Company is presently engaged in providing telecom services. The disclosure on Conservation of Energy and Technology Absorption as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 and as prescribed under Rule 8 of Companies Accounts Rules, 2014 is annexed to this report as **Annexure-VII**.

40. Presidential Directives

No Presidential Directives were received from the Government during the financial year 2015-16. However, Railway Board vide their letter no. 2011/PL/64/3/Pt.1 dated 29.04.2016 has conveyed the direction of President of India in relation to payment of dividend by the CPSE at the rate of 40% of Profit after tax for the year 2015-16 and 2016-17. The said directive have been complied with.

41. MOU with Administrative Ministry

RailTel is signing a MoU with the Government of India, Ministry of Railways thereby laying inter alia the physical and financial targets. During the year 2014-15 RailTel has got “Excellent” rating from DPE.

42. Directors’ Responsibility Statement

In terms of the provisions of section 134(3)(c) of the Companies Act, 2013, as amended, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all

applicable laws and that such systems were adequate and operating effectively.

43. Acknowledgements

The Board expresses its gratitude towards Indian Railways and other Departments for their cooperation and continued assistance.

The Board expresses its gratitude to Department of Telecommunication, for keeping faith in RailTel for providing services under Universal Service Obligation fund (USOF) in North East region. In addition, the Board also expresses its thanks to the Govt. of India, & Department of Telecommunication, for choosing RailTel as one of the stakeholder in the setting up of National Optical Fibre Network (NOFN) to provide connectivity to 2,50,000 Gram Panchayats of the country for universal services to rural population. The Board is also thankful to National Informatics Center (NIC) for considering RailTel as the lead creator of NKN.

The Board also expresses its sincere thanks to CAG, statutory auditors, branch auditors, secretarial auditors and also the internal auditors for their valued contribution.

The Board also places on record its appreciation of the services rendered by all categories of employees and others, which have enabled RailTel to achieve its objectives. The Board also expresses its gratitude to the valued customers and vendors of the Company for their kind and continued patronage.

For and on behalf of the Board

Sd/-

R.K. Bahuguna

Chairman and Managing Director

DIN: 01748132

Date: 17.08.2016

Place: Gurgaon

Annexure-I

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN OF RAILTEL CORPORATION OF INDIA LTD

as on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN:-	U64202DL2000GOI107905
ii)	Registration Date	26/09/2000
iii)	Name of the Company	RAILTEL CORPORATION OF INDIA LIMITED
iv)	Category / Sub-Category of the Company	Government Company
v)	Address of the Registered office and contact details	6 th Floor, III rd Block, Delhi Technology Park, Shastri Park, Delhi-110053
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Telecom Income	611/612	90%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	RailTel Enterprises Ltd	U74900DL2014GOI270322	Subsidiary company	100%	2(87)(ii)

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Govt	Nil	320938407	320938407	100%	Nil	320938407	320938407	100%	Nil
State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(1):-	Nil	320938407	320938407	100%	Nil	320938407	320938407	100%	Nil
(2) Foreign									
NRI Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	Nil	320938407	320938407	100%	Nil	32093840	320938407	100%	Nil

B. Public Shareholding									
Institutions									
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
State Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
FII's	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Venture Capital	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-Institutions									
a) Bodies Corp	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian									
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDR's & ADR's	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	320938407	320938407	100%	Nil	320938407	320938407	100%	Nil

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	President of India	320938407	100	NA	320938407	100	NA	Nil
	Total	320938407	100	NA	320938407	100	NA	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	320938407	100%	320938407	100%
2.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/Sweat equity etc):	No change	NA	No change	NA
3.	At the End of the year	320938407	100%	320938407	100%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SI. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
3.	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
3.	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
● Addition				
● Reduction				
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		R K Bahuguna CMD	A Sehshagiri Rao D/NPM	N K Gupta D/Finance	
1.	a) Gross salary				
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 50,74,243/-	₹ 38,92,302/-	₹ 37,84,803/-	₹ 1,27,51,348/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 7,96,058/-	₹ 7,55,667/-	₹ 12,858/-	₹ 15,64,583/-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission- as % of profit	Nil	Nil	Nil	Nil
5.	Others (Company contribution to PF and other non-taxable perquisites)	₹ 2,87,574/-	₹ 2,47,868/-	₹ 2,41,224/-	₹ 7,76,666/-
	Total (A)	₹ 61,57,875/-	₹ 48,95,837/-	₹ 40,38,885/-	₹ 1,50,92,597/-
	Ceiling as per the Act*				

*RailTel being a Government Company, the appointment of CMD & Directors and fixation of their remuneration are decided by President of India in terms of the Articles of Association of the Company.

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. Anupam Alok# (Independent Director)	Shri Ashok Goel# (Independent Director)	
1.	Independent Directors Fee for attending board/committee meetings	Nil	Nil	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Sanjay Upreti## (Part-time official)	Shobhan Chaudhuri ## (Part-time official)	
2.	Other Non-Executive Directors Fee for attending board/committee meetings	Nil	Nil	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil
	Overall Ceiling as per the Act###			

During the financial year 2015-16, there was no independent Director on the Board of the Company.

Part-time official (Government nominees) are not entitled to any remuneration or sitting fees from the Company.

The Independent Directors were paid the sitting fees at a rate fixed by the Board, i.e. ₹ 20,000 within the limits as prescribed under the Companies Act, 2013 i.e. ₹ 1,00,000 for attending each meeting of the Board and Committees of Directors.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl No.	Particulars of Remuneration	Key Managerial Personnel	
		J S Marwah Company Secretary	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 12,04,389/-	₹ 12,04,389/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 2,20,466/-	₹ 2,20,466/-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission -as % of profit - others, specify...	Nil	Nil
5.	Others, please specify	₹ 98,031/-	₹ 98,031/-
	Total	₹ 15,22,886/-	₹ 15,22,886/-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

Nil

Annexure-II

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis are given below:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	RailTel Enterprises Ltd (REL) wholly owned subsidiary company	Expenditure in relation to establishment cost towards managing day to day affairs in REL.	2015-16	5% of Salary of the officers of RailTel Corporation of India Ltd, who are nominated to assist the activities in REL shall be charged from the account of REL as per OO No.390, 02/06/2015	Not applicable	Nil

For RailTel Corporation of India Ltd.

Sd/-

R. K. Bahuguna
(Chairman & Managing Director)

DIN: 01748132

Annexure-III

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of,
RailTel Corporation of India Limited

Reg. Off: 6th Floor, IIIrd Block, Delhi Technology Park,
Shastri Park, Delhi-110053

CIN: U64202DL2000GOI107905

We have examined the compliance of conditions of Corporate Governance by **RAILTEL CORPORATION OF INDIA LIMITED**, for the Financial Year ended on 31st March, 2016 as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprise (DPE), Government of India.

The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Guidelines. However, two Independent Directors have been appointed by the Administrative Ministry on the Board of the Company with effect from 01.04.2016.

The position of Independent Directors was vacant in the Company since August, 2014. During the year, Company has requested the Administrative Ministry to appoint requisite number of Independent Directors and Woman Director on the Board of Company. After several requests to the Administrative Ministry, two Independent Directors have been appointed but position of Woman Director is still vacant.

During non-availability of Independent Directors on the Board of the Company, as aforesaid, the composition of all applicable Statutory Board level committees is also affected.

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

Sd/-
Balika Sharma & Associates Company Secretaries
FCS No: 4816
C P No : 3222

Annexure-IV

RAILTEL CORPORATION OF INDIA LIMITED

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2015-16 TO BE INCLUDED IN THE BOARD'S REPORT

[Pursuant to Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014]

<p>1.</p>	<p>A Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.</p>	<p>RailTel's CSR vision is "To be a Company that sets a defined strategy for Social & Economic Development of communities in an inclusive manner and adhering to sustainable & transparent business practices".</p> <p>RailTel's CSR mission is "To align CSR and Sustainability policy with the business policy so as to conduct business in a sustainable manner and to undertake high impact community development projects in the areas of rural development, education, skill development, health and other areas of national and local importance in consultation with stakeholders utilizing the ICT expertise developed in the Company."</p> <p>The Company already has a Board approved policy on Corporate Social Responsibility (CSR). The focus sectors under CSR for the Company shall be in the areas of rural development, education, health, women empowerment, citizen centric services utilizing the ICT tools & technologies. The Company may choose to take up other areas based on need assessment of the local community and geographic areas. The activities proposed to be undertaken under CSR shall include all activities consistent with CSR provisions of the Act and Schedule VII of Act, Rules framed thereunder.</p> <p>The CSR policy is available at RailTel's website www.railtelindia.com</p> <p>During the year 2015-16, RailTel undertook the following CSR activities:</p> <p>(a) Creation of IT Infrastructure in rural locations (villages/GPs) at primary schools/educational institutions, etc.</p> <p>Under the program, RailTel provided IT infrastructure including Computers, displays, UPS along with Broadband internet facility at rural schools situated in villages/gram panchayats so as to enable rural students to access online information & digital literacy across 5 States & 13 Districts</p> <p>(b) Creation of Wi-Fi Infrastructure at Rural railway stations/villages for benefit of passengers and nearby rural population</p> <p>Under the program, RailTel provided free Wi-Fi internet facility at 3 railway stations situated in rural areas (villages) to enable all passengers to access internet enabling digital literacy.</p>
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		<p>(c) RaiTel Akansha Super-30 at Dehradun</p> <p>The program provides for 11 month long boarding, lodging and coaching of 30 students free of cost for IIT JEE exams, who are talented but from economically weaker sections of society.</p> <p>(d) Digital literacy and IT skill development program in rural areas.</p> <p>RailTel has created IT centers at 5 villages of Rohtak district complete with computers, internet, projectors, etc. The center shall provide free IT based training to local public enhancing digital literacy.</p> <p>(e) Setting up of 'Digital Learning Centre' at Adra</p> <p>RailTel has created IT center at rural location in Adra complete with computers, internet, etc. as well as musical instruments. The center shall provide free IT based training and skill development to local public.</p> <p>(f) Tele- Medicine system at two nos. of Railway dispensaries</p> <p>Two Railway health units (which does not have any doctors) at rural stations provided with IT based medical diagnostics systems which connect to Doctors situated at Central location. It will help local population to avail medical facility without the need to travel to city.</p> <p>(g) TPaaS & IT System at RailTel Akansha Super 30 Center, Dehradun</p> <p>Program includes providing computers at the center for the benefit of the students. Also a telepresence (video conferencing) system being provided to enable e-learning facility from off-site location</p>
2.	The composition of the CSR Committee	<ul style="list-style-type: none"> ● Dr. Anupam Alok, Independent Director ● Sh. A. Seshagiri Rao, Director/NPM ● Sh. N.K. Gupta, Director/Finance
3.	Average Net Profit of the company for last three financial years	₹ 158.88 Crore
4.	Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 318 Lakh
5.	Details of CSR spent during the financial year:	
a.	Total amount to be spent for the financial year	₹ 321 Lakh
b.	Amount unspent, if any	Nil
c.	Manner in which the amount spent during the financial year is detailed below:	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (In Lakh)	Amount spent on the project/ programs Subheads: 1.Direct expenditure on projects or programs 2.Overheads (In Lakh)	Cumulative expenditure upto the reporting period (In Lakh)	Amount spent: Direct or through implementing agency*
i	Creation of IT Infrastructure in rural locations (villages/GPs) at primary schools/ educational institutions, etc.	Rural Development	Tamilnadu (Villipuram, Erode, Naregcoil, Kaancheuram), Jharkhand (Ranchi, Ramgarh), Bihar (Patna), UP (Sonbhadra), WB (Kolkata, Howrah, West Midnapur, E Singbhum), Haryana (Rohtak)	₹ 170	Direct- ₹ 161.50 Overheads- ₹ 8.5	₹ 170	Direct
ii	Creation of Wi-Fi Infrastructure at Rural railway stations/villages for benefit of passengers and nearby rural population	Rural Development	West Bengal (Birbhum), Telangana (Adilabad), Uttar Pradesh (Ghazipur)	₹ 10	Direct- ₹ 9.05 Overheads- ₹ 0.5	₹ 10	Direct
iii	RaiTel-Akansha Super-30 at Dehradun	Education	Uttarakhand (Dehradun)	₹ 53	Direct- ₹ 52.50 Overheads - ₹ 0.5	₹ 53	Through Agency #
iv	Digital literacy and IT skill development program in rural areas in partnership with DEF	Skill Development	Haryana (Rohtak)	₹ 18	Direct- ₹ 16.80 Overheads- ₹ 1.20	₹ 18	Direct & Through Agency##

v	Setting up of 'Digital Learning Centre' at Adra	Education	West Bengal (Purulia)	₹ 22	Direct- ₹ 21.50 Overheads - ₹ 0.50	₹ 22	Through Agency###
vi	Tele-Medicine system at two nos. of Railway dispensaries	Rural Development	Rajasthan (Jodhpur) & Jharkhand & (Ranchi)	₹ 38	Direct- ₹ 36.40 Overheads- ₹ 1.60	₹ 38	Direct
vii	TPaaS & IT System at RailTel Akansha Super 30 Center, Dehradun	Education	Uttarakhand (Dehradun)	₹ 10	Direct- ₹ 9.00 Overheads -Rs.1.00	₹ 10	Direct
	Total			₹ 321	₹ 321	₹ 321	

*Details of implementing Agency

Centre for Social Responsibility and Leadership, B-42, "Aditi", Plot No. 16 A, I. P. Extension, Patparganj New Delhi-110 092
Tel: 011-22732662 Email: csrldelhi@gmail.com

Digital Empowerment Foundation House No. 44, 2nd & 3rd Floor, Kalu Sarai, Beside Narayana IIT Academy, Near IIT Delhi, New Delhi, Delhi 110016 Phone: 011 2653 2786 Email: osamam@gmail.com

Millennium India Education Foundation, 13 Community Centre, East of Kailsah, New Delhi 110065 Phone 011-26472557
email: mief2@rediffmail.com

6.	In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.	NA
7.	Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.	RailTel's CSR Committee confirms that implementation and monitoring of the CSR policy is in compliance with the CSR objectives and CSR policy of the Company.
	Sd/- R. K. Bahuguna (DIN 01748132) CMD	Sd/- Dr. Anupam Alok (DIN 07486492) Chairman CSR Committee

Annexure-V

Balika Sharma & Associates
(Company Secretary)

Address: Flat No. 211, Pocket A / 3,
Sector-7, Rohini, New Delhi,
Pin Code -110085
Phone: 011-27931217
Mobile: 9811387946
E mail: balikasharma@gmail.com

Form No. **MR-3**

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2015-16

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

To,

The Members of,

RailTel Corporation of India Limited

Reg. Off: 6th Floor, IIIrd Block, Delhi Technology Park,
Shastri Park, Delhi-110053

CIN: U64202DL2000GOI107905

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **RailTel Corporation of India Limited, (hereinafter called “the Company”)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, e-Forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year commencing **from 1st April, 2015 and ended on 31st March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, e-forms and returns filed and other records maintained by **RailTel Corporation of India Limited** (“the Company”) for the financial year ended on 31st March, 2016 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;

- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- 6) Being an Unlisted Public Company, the above mentioned acts given in para 2, 3,4 and 5 are not applicable to the Company.
- 7) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given in **Annexure I**.

We have examined compliances of the provisions of para (i) as they had been notified by Central Government with effect from 01st July, 2015 but we have not examined compliances of the provisions of para (ii) as these are not applicable to the Company (being Unlisted Public Company).

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with N.A. Stock Exchange(s), if applicable;

We further report that

During the year under review, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors; except Independent Directors and Woman Director.

However, two Independent Directors have been appointed by the Administrative Ministry on the Board of the Company with effect from 01.04.2016.

The position of Independent Directors was vacant in the Company since August, 2014. During the year, Company has requested the Administrative Ministry to appoint requisite number of Independent Directors and Woman Director on the Board of Company. After several requests to the Administrative Ministry, two Independent Directors have been appointed but position of Woman Director is still vacant.

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

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

Acts, rules and regulations stated above at para no. 5 are not applicable to the Company; however we have been informed that there was no transaction reported under the provisions of FEMA, during the year under report.

We further report that during the audit period the company has:

- 1. Changed the Registered office of the Company:** Pursuant to the provisions of Section 12 of the Companies Act, 2013 and other provisions applicable, if any, the Registered Office of the Company shifted from 10th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi-110001 to 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, Delhi-110053 with effect from 1st July, 2015.
2. During non-availability of Independent Directors on the Board of the Company, as aforesaid, the composition of all applicable Statutory Board level committees is also affected.

Place: Delhi

Date: 30.06.2016

Sd/-

Balika Sharma & Associates

Company Secretaries

FCS No: 4816

C.P.No : 3222

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

Annexure I- other laws applicable to the company

1. Employees Provident Fund and Miscellaneous Provisions Act, 1952
2. Employees State Insurance Act, 1948
3. Employers Liability Act, 1938
4. Environment Protection Act, 1986 and other environmental laws
5. Equal Remuneration Act, 1976
6. Factories Act, 1948
7. Indian Contract Act, 1872
8. Income Tax Act, 1961 and Indirect Tax Laws
9. Indian Stamp Act, 1899
10. Industrial Dispute Act, 1947
11. Maternity Benefits Act, 1961
12. Minimum Wages Act, 1948
13. Negotiable Instruments Act, 1881
14. Payment of Bonus Act, 1965
15. Payment of Gratuity Act, 1972
16. Payment of Wages Act, 1936 and other applicable labour laws
17. The Indian Telegraph Act, 1885 (Relevant Provisions)
18. The Telecom Regulatory Authority of India Act, 1997
19. The TRAI (Levy of Fees and Other Charges for Tariff Plans) Regulations, 2002
20. The Telecommunication Interconnection (Charges and Revenue Sharing) Regulation, 2001
21. The Telecommunication Interconnection Usage Charges Regulation, 2003
22. The Telecom Regulatory Authority of India (Annual Report and Returns) Rules, 1999
23. The Telecom Regulatory Authority of India (Form of Annual Statement of Accounts and Records) Rules, 1999
24. The Telecommunication Consumers Education and Protection Fund Regulations, 2007
25. The Information Technology (Certifying Authorities) Rules, 2000
26. Right to Information Act, 2005
27. Service Tax Rules, 1994
28. The Indian Wireless Telegraphy Act, 1933

Annexure-VI

RAILTEL CORPORATION OF INDIA LTD

Replies to the observations / comments made by Secretarial Auditors in their report

Sl. No.	Observations / comments of Secretarial Auditors in its report dated 30/06/2016	Management Replies
1.	During the year under review, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors; except Independent Directors and Woman Director.	<p>It is true that Independent & Woman Directors were not on the Board of RailTel during 2015-16.</p> <p>Two Independent Directors have been appointed on the Board of the RailTel with effect from 01.04.2016 by the Ministry of Railways. We are regularly pursuing with our administrative Ministry for the appointment of remaining two independent Directors including one woman Director on the Board of the Company.</p>
2.	During non-availability of Independent Directors on the Board of the Company, as aforesaid, the composition of all applicable Statutory Board level committees is also affected	<p>It is stated that due to non-availability of requisite numbers of Independent Directors on the Board of the Company, the Board could not re-constitute required composition of statutory Board level committees as contemplated under the provisions of Companies Act, 2013 during FY 2015-16. However, after the appointment of two independent directors on the Board of the Company, all statutory committees complies with the requirements of the provisions of Companies Act, 2013.</p>

Annexure-VII

RAILTEL CORPORATION OF INDIA LTD

Disclosure under Section 134(3)(m) of the Companies Act, 2013 as prescribed under Rule 8 of Companies Accounts Rules, 2013

(A) Conservation of Energy			
(i)	Steps taken or impact on conservation of energy	(a)	Use of efficient controlled lighting system using LEDs at Data Center in Gurgaon.
		(b)	Replacement of old batteries & chargers with new tubular gel batteries for better energy back up & energy conservation.
		(c)	Company is in process of conducting Energy Audit from an independent outside agency for targeting 40% energy saving.
(ii)	Steps taken by the company for utilising alternate sources of energy		NIL
(iii)	Capital investment on energy conservation equipments		NIL
(B) Technology Absorption			
(i)	Efforts made towards technology absorption		<ul style="list-style-type: none"> ● Use of Telepresence solution for effective working across all geographical locations ● Use of high capacity equipments like DWDM, PTN, MPLS for reducing cost of bandwidth creation
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution		Product improvement & cost reduction.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-		NA
(a)	Details of technology imported		NA
(b)	Year of import		NA
(c)	Whether the technology been fully absorbed		NA
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof		NA
(iv)	Expenditure incurred on Research and Development		Nil
(C) Foreign Exchange Earnings & Outgo			
Sl. No.	Particulars	FY 2015-16	FY 2014-15
i.	Foreign Exchange Earnings	NIL	NIL
ii.	Foreign Exchange Outgo	₹ 56.11 Crore	₹ 28.42 Crore

Management Discussion and Analysis Report

1. Economy Overview

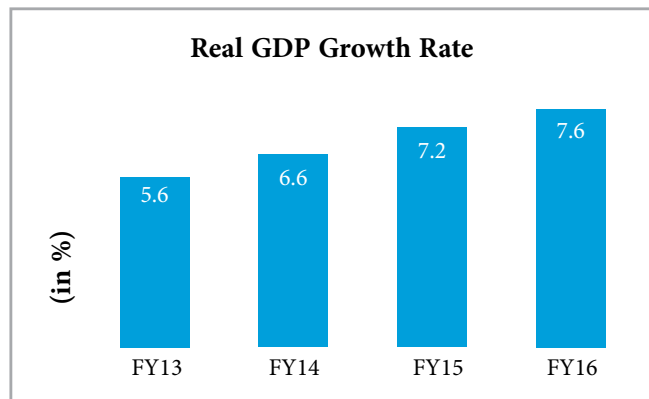
1.1 Macroeconomic Overview

The global economy has been facing significant challenges in terms of falling commodity prices, subdued growth, fluctuating financial markets and various geo-political issues. The IMF estimated global economic growth at 3.1% in 2015, a decline when compared to growth rate of 3.4% in 2014. Amidst the global slowdown, India has achieved an economic expansion of over 7% to become the fastest growing major economy in the world, surpassing China.

Indian economy grew at 7.6% (as per advanced estimates) in 2015-16 against 7.2% in 2014-15. The Industrial sector, particularly manufacturing, has grown due to a significant fall in inputs costs following the global decline of commodity prices. India is moving towards a stable economic environment due to moderation in inflation and a strict fiscal monitoring. Inflation has reached a comfortable range of 4-5%, after being around 8-10% for several years. The government has achieved fiscal control with the deficit being 4.1% of GDP in 2014-15. Campaigns like Make in India, Start Up India etc. have resulted in an increase in Foreign direct investment (FDI) by 29% during October 2014-December 2015 period when compared to the 15-month period before the launch.

Future events such as favorable monsoons, implementation of GST and improvement in corporate results will further support the expansion of our economy.

1.2 GDP



The GDP at constant prices has grown from ₹ 1,05,52,151 Crore in 2014-15 to ₹ 1,13,50,962 Crore in 2015-16 (as per Advanced Estimates). The Gross Value Add (GVA) at constant prices has increased from ₹ 97,27,490 Crore in 2014-15 to ₹ 1,04,37,579 Crore in 2015-16 with 2011-12 prices as the base. GDP performance from the demand side consisting of consumption, investment and net exports has increased in 2015-16.

It is expected that the economy will grow at a rate between 7-7.5% in 2016-17 due to an improving macroeconomic environment and focus on government reforms.

1.3 Inflation, Monetary Policy and Interest Rate

The average Wholesale Price Index (WPI) inflation has remained negative since 2014. The WPI contracted by 3% (April-December 2015) vis-à-vis 2% growth per cent in 2014-15. The primary reason for this decline is a 12.6% de-growth in the power and fuel components

of the index. Consumer Price Index (CPI) based inflation also reduced to 4.8% during April-December 2015 against 5.9% in 2014-15. This moderation in inflation was due to a drop in inflation of food articles as well as items in the non-fuel and non-food category.

The RBI continued to maintain an accommodative stance in reducing key rates based on easing inflation. It reduced the repo rate cumulatively by 100 basis points between June 2015 and April 2016. The repo rate currently stands at 6.5% , which is the lowest since March 2011. It has been able to achieve and maintain the intended inflation target through the monetary policy. In addition to several reforms in the banking sector, an agreement was also signed between the Government and RBI on monetary policy framework with an objective to maintain price stability.

1.4 Telecom Infrastructure Growth

The flagship initiatives like Make in India, Ease of doing Business, Start-Up India, Digital India, and Smart Cities, etc. will continue to provide necessary impetus to already growing industrial and infrastructure sector. The telecommunications sector is an important drivers of socio-economic development. As per the Economic Survey approximately 33.4 million new telephone connection were added during April – October 2015. Overall Tele density in the country increased from 79.4% in March 2015 to 81.5 %by October 2015. As part of the Bharat Net Project 79,994 km of optical fibre cables (OFC) and 1,03,643 Km of pipeswere laid up to 30th November, 2015.

2. Telecom Industry

2.1 Telecom Industry Characteristics

On the basis of the TRAI performance indicator reports, the Gross Revenue of Telecommunication industry during the December-March quarter of 2015 was reported at ₹ 65227 Crore and this has increased to ₹ 68335 Crore for the same period in 2016. At the

service level, NLD Gross Revenues for the same period have reduced up to ₹ 8070 Crore in 2016 from ₹ 8923 in 2013.

The total telecom subscribers (wireline + wireless) stood at 1058.86 million subscribers in the quarter ending March 2016 vs. 996.49 million subscribers in the same period in 2015. The mix for the quarter ending March 2016 stood at approximately 1033.63 million wireless subscribers (a 7 per cent increase) and 25.22 million wireline subscribers (a 4 per cent decrease) from the same period in 2015. The overall tele-density went up from 79.38 in March 2015 to 83.36 in March 2016.

The total internet subscribers in March 2016 was estimated at 342.65 million, up from 302.35 million in March 2015, comprising 322.21 million wireless internet subscribers and 20.44 million wired internet subscribers showing a ~14 per cent increase and ~7 per cent increase from the same period in 2015, respectively. India's total Internet subscribers per 100 population is 26.98. There is still a significant divide between urban and rural internet subscribers per 100 population figures that are currently 58.28 and 12.80 respectively. The significant growth in the revenues from the data in Indian Telecom sector is driven primarily by growth in data volumes (major operators have witnessed a CAGR of ~ 19-21 per cent between 2013 and 2016) and marginally by pricing correction (on account of removing discount offers and free usage). Several factors like falling handset prices, increasing rural penetration, rising demand for OTT applications, increasing demand for e-commerce, launch of 4G services, Launch of Government initiatives like Digital India, National e-governance plan have fuelled the growth in the data adoption rate in India. Moving forward, telecom operators would increasingly diversify their bouquet of services and offer Enterprise IT Services that maybe broadly defined to include cloud computing services, enterprise mobility, analytics and security services. Enterprise IT

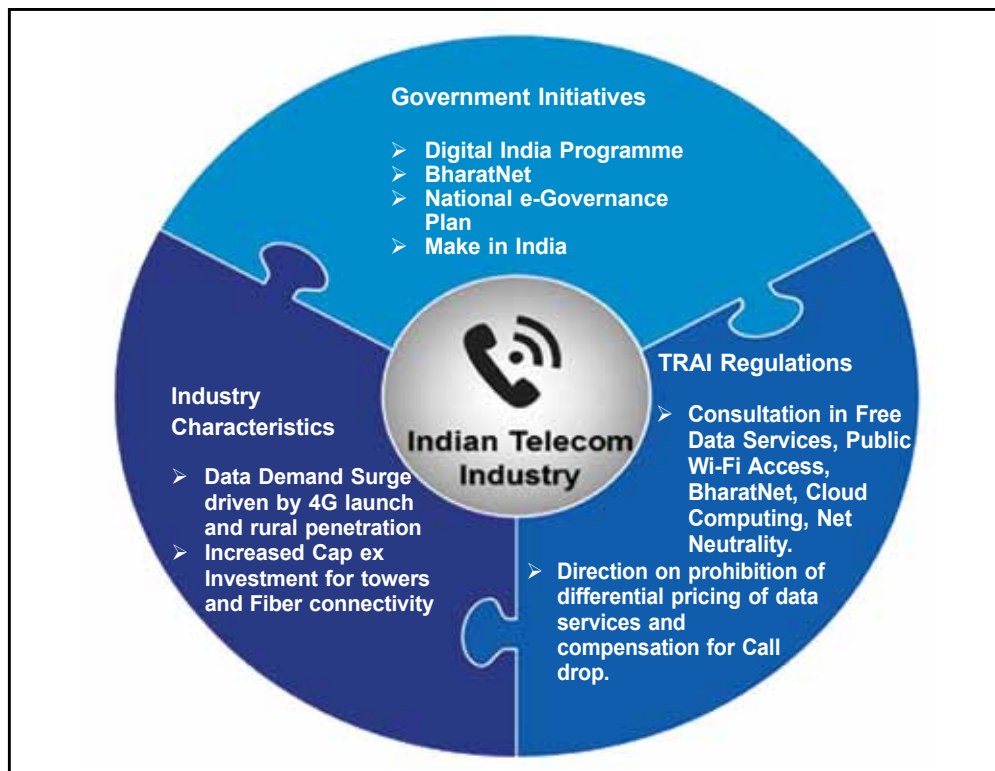
Services are going to be the main arena of play for RailTel in the coming future as it looks to offer the same by leveraging its Data Centers. As per Gartner estimates, for the year 2015 the Indian Data Center (DC) Market is estimated at around ₹ 14,000 Crore, with 47% contribution by Enterprise Networking and 33% by servers. This market is expected to grow at 20% YoY for the period 2013-18 basis where 30-40% of the market share amounting to nearly ₹ 3800 Crore expected to be captured by 3rd party DCs. The 3rd party DC market is witnessing growth rates of 12%.

2.2 Government Initiatives

Government thrust on initiatives such as the National e-Governance Plan and Digital India are set to completely change the Indian Telecom landscape. The vision of Digital India is to make India a digitally empowered society and a knowledge economy. This is in line with the National Telecom Policy- 2012

(NTP-2012) announced with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. NTP-2012 has called for unified licensing, full MNP and free roaming services.

Under its Make in India program, government has succeeded in providing much needed boost to manufacturing in Telecom sector by correcting inverted duty structure, providing levelled playing field to local manufacturers by imposing basic custom duty of 10% and also announcing many duty reductions on raw materials used in telecom equipment manufacturing. Other programs launched by Ministry of Telecom include Gyansetu, Public Internet Access Program and National Telecom M2M Roadmap and are aimed at empowering the end consumers by providing access to internet. Further government has eased the way for infusing foreign investments in Indian Telecom sector by increasing the FDI cap in telecom to 100% from 74%.



2.3 TRAI Regulations

During the year, TRAI initiated various consultations on Differential Pricing for Data Services, Internet Telephony, Broadband through Public Wi-Fi Networks, Cloud Computing, Net Neutrality, Free Data, IP based Interconnection, Implementation model for Bharat Net, Compensation to Consumers in event of Dropped Calls, valuation and reserve price of spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz Band, many of which were followed by recommendations. A major directions from TRAI were the prohibition of discriminatory tariffs for data services and recommendation for crediting ₹ 1 for each call drop in consumer's account. However, Supreme Court has passed judgment on appeals filed by telecom operators, not to levy any penalty on operators for call drops, rather asked TRAI to tackle its root causes by improving infrastructure and technology.

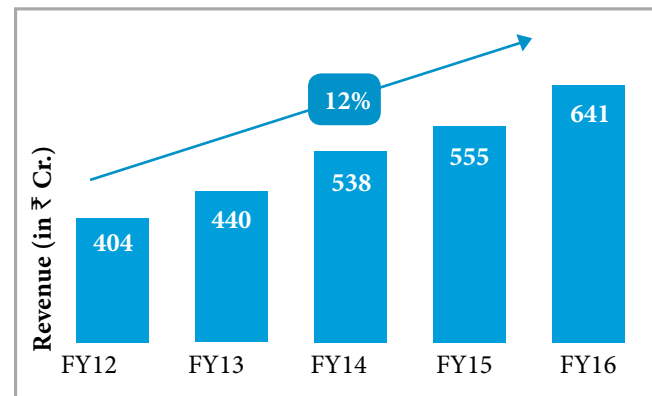
3. RailTel – An Overview

RailTel Corporation is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network presently reaches to over 4500 towns & cities of the country including several rural areas. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts. During the year, RailTel has launched a project to provide Wi-Fi service at 400 stations in country by 2019 and has planned to provide an integrated railway display network at 2000 stations providing necessary passenger information at stations. The portfolio of services provided by RailTel includes Data center & DR services, Tele-presence as a service, NLD services, IP-1 services, Internet and Broadband services on a pan-India basis.

Equipped with an ISO 9001, 20000-1:2011 & 27000 certification, RailTel offers a wide gamut of managed telecom services to Indian Telecom market including

Managed lease lines, Tower collocation, MPLS based IP-VPN, Internet, Data Center services, NGN based voice carriage services to Telecom Operators, Dark fiber leasing to MSOs/LCOs. The major customer segment for RailTel comprises of Enterprises, Banks, Government Institutions/department, Educational Institutions/Universities, Telecom Service Providers, Internet Service Providers, MSOs, etc. RailTel being a “Mini Ratna (Category-I)” PSU is steaming ahead in the enterprise segment with the launch of various services coupled with capacity augmentation in its Core network.

A look at the past 5 years performance reveals RailTel's healthy growth, standing at ~12 per cent, as it realizes returns from its existing services and marks its foray into the Enterprise IT space. RailTel's growth rate is expected to accelerate further as it ventures into providing more value added Enterprise IT services. This bodes well for RailTel as the growth of RailTel is comparable to the average growth rate of the top three domestic neutral telecom players in India which is ~12 per cent.



Snapshot of RailTel's 5 Year Performance

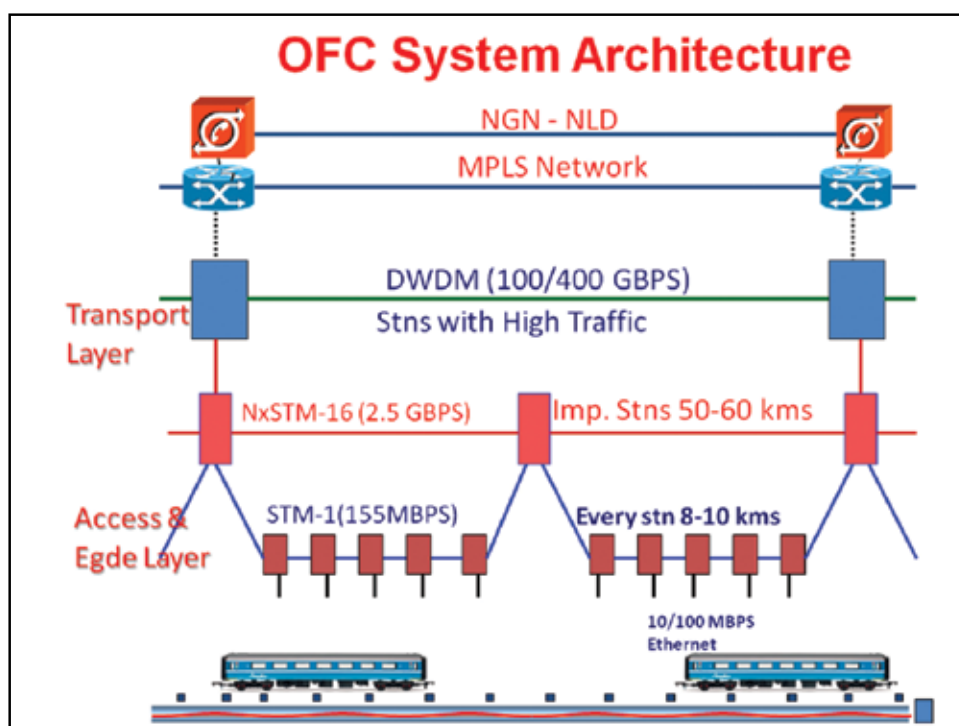
RailTel now stands as the only telecom PSU, which is a **100 per cent debt free company** and has a unique position in today's telecom sector.

4. Network Strength

RailTel has exclusive seamless Right of Way (ROW) along 63,000 KM of Railway Track passing through 7000 stations across the country. Using this ROW,

RailTel has so far laid 47270 RKM of OFC and OFC lit is 44318 RKM till March 31, 2016. Works on another 6700 KMs are in various stage of execution. RailTel's high speed OFC Backbone Network shall ultimately cover the entire railway route across the

country. In high bandwidth backbone segment, RailTel occupies a proud place with its unparalleled network. The network has the ability to provide the mission critical customized connectivity platform for enhanced corporate efficiency and growth.



RailTel is creating PoPs at every Railway station enroute which are spaced at 8-10 Kms. At all the stations enroute is deployed STM-1/4 (155/625 Mbps) primarily to meet Railways requirement. The distribution layer network of STM-64/16 (10G/2.5G) spaced at 40-60 KMs is deployed to connect important towns/cities of the country. Presently this network is available at over 600 cities in multiple rings of STM-64/16. Further, RailTel has also provided n x 10G capacities on its Core network using DWDM at over 24000 RKM across 85 cities to provide Giga capacities capable to provide up to 400/800G.

During this year RailTel has upgraded the Mumbai-Chennai DWDM path on 100G capacity on single channel making it one of the few operators in the country to have such network. On same line other

important metro routes are also under the process of bandwidth up gradation. On top of this network, RailTel has upgraded its MPLS network to provide n x 10G capacities on backbone with access routers having multiple of 2.5G/1G capacity. Access network with C/DWDM, STM-64/PTN is being provided in important cities to meet the connectivity requirements of serving Enterprise customers upto the premises.

5. New Initiatives during the year:

RailTel since its formation has kept pace with the introduction of new services and technology to keep its relevance in the market. The new service portfolios shall in long run help in increasing revenues as well as fully supplementing the existing services to its customers. During the year also RailTel initiated some new services as detailed below:

5.1 Railway Station Wi-Fi Services

During the year, RailTel has been mandated by Railways to provide Wi-Fi facilities at A1, A & B category stations comprising around 700 stations in the country. As reported in last year's report, RailTel

commissioned Wi-Fi facility at a few stations during the previous year on pilot basis, using one of the Telecom operator's services as a limited period model. RailWire - the retail broadband distribution model of RailTel is the platform for distributing internet bandwidth through Wi-Fi.



Mr. Suresh Prabhu, Hon'ble Minister of Railways, inaugurating Station Wi-Fi Service at Mumbai Central Station

During this year, RailTel has engaged Google as its technology partner for setting up high speed Wi-Fi network initially in approx. 400 stations in the country of A1 and A category. Under this partnership RailTel would be upgrading its backbone infrastructure to backhaul high speed connectivity of approx. 1 Gbps per station. Google would be providing the radio access network and RailTel shall be providing power and infrastructure. End consumers would be provided with the Wi-Fi services under 'Railwire' the retail broadband model of RailTel. In the month of March, Mumbai Central Station became the first station of the country to provide Wi-Fi services to its commuters under this scheme.

The project aims at covering 100 major stations of the Country by the end of 2016 and remaining 300

stations are expected to be completed by next year. Once completed this project would be one of the largest public Wi-Fi Service provided in the world catering to over 10 million Indians daily.

5.2 Railway Display Network

During the year, RailTel was also mandated to provide integrated Railway Display Network across 2000 railway stations of country, as mentioned by Hon'ble Minister of Railways, in his budget speech. This project includes provision and integration of 100,000 screens across the stations which shall provide the passenger information through the centrally controlled system at RailTel's data center. It would also create an opportunity to have an alternative revenue stream from the advertisements

displayed on these screens installed. The system would also be very useful during disaster management and eventualities.

During the year, RailTel has started a pilot of this project with two firms across five stations each on Mumbai – Ahmedabad and Allahabad – Manikpur sections. Depending on the success of these pilot runs, RailTel aims to release an RFP for all India project by the end of next year, pilot is expected to get completed by December 2016.

6. Existing Services

While the new areas of business open additional avenues for RailTel, RailTel continues its focus on the present services being offered.

6.1 NLD Services

RailTel's focused efforts in bandwidth leasing segment has ensured continuing growth especially with Government departments, Enterprises, Banks, etc. and last year also saw positive traction in leasing of circuits by Telecom operators and MSOs. Selection of RailTel as one of the major partners in National Knowledge Network (NKN) has contributed significantly in revenues from NLD services as demand for higher capacities is expected in this network. The aggregated network capacity leased to various telecom & enterprise customers has grown by approx. 20% as compared to last year.

During the year, RailTel has been able to get many high volume orders for MPLS, VPN services especially from many prestigious PSUs, MNCs and Banks. Total revenue from the NLD segment (bandwidth leasing & VPN) reached at around ₹ 315.62 Cr. ending Mar'16.

6.2 IP-1 Services

In Indian economy the growth shown by tower colocation business, translates to a good alternative for RailTel to monetize its towers infrastructure. Demand for the dark fiber has remained sluggish during the

year, as the business of LCOs/MSOs has been impacted by the onslaught of the satellite services. Since LCOs/MSOs are the major customers of dark fiber for their digitalization needs, hence overall revenue and margin of this segment has taken a beating during this year.

Considering the lukewarm response from the market and availability of other better revenue generating options, RailTel has decided to have very limited focus on this business segment and is in the process of re-orienting its business giving due importance to managed services in partnership with a leading infrastructure provider who shall be responsible for management and marketing of RailTel towers to various customers. This shall help in further consolidating its market with existing customer arrangements with all mobile operators across India to lease these sites for collocation purposes. Till Mar'16, RailTel has managed to generate ₹ 121.16 Cr. revenue from this segment.

6.3 ISP Services

RailTel is also providing Nationwide Internet services to all major customer segments like ISPs, Educational Institutions and various Government departments. During the year RailTel has bagged several high capacity orders from various Government departments, PSUs and educational institutes. Railwire broadband services has gained high growth momentum during the year, registering 3000 new subscribers each month, crossing 70,000 active subscriber base by Mar' 16. Around 1850 Local Cable Operators has partnered to provide last mile connectivity to end consumers. Total revenues of ₹ 78.82 crore (including RailWire accruals) during the year, showing a remarkable growth of around 97% over last year, with the major share of revenues coming from newly introduced Railwire business.

6.4 Service to Railways

RailTel was established with the vision to modernize Railways train control, operations and safety system networks. Over the years, RailTel has implemented various

telecom & IT infrastructure projects as well as various Value Added Services for Indian Railways. This facilitated in spreading various Railways applications to remote and rural stations thus increasing customer satisfaction.

- **Short haul connectivity (station to station):** RailTel has created STM-4/STM-1 based network at every station to support data connectivity requirements from Indian Railways such as supporting the transfer of PRS/UTS/FOIS/mission critical information along with carriage of voice traffic such as emergency communication during disaster management.
- **Long haul connectivity:** RailTel provides MPLS based Wide Area Network (Railnet) to support administrative data communication needs of various field organizations of Indian Railways. The network interconnects Ministry of Railways with 16 Zonal HQs, 66 Divisions offices, Production units, for sharing of information from all depts. RailTel is now in the process to connect all Tier-1 PRS center on MPLS VPN connectivity with the disaster recovery site of CRIS which shall increase the reliability of these links.
- **NGN for voice traffic:** All major telephone exchanges of Indian Railways are connected with future proof NGN technology. This infrastructure is very critical for day to day administrative functioning of Railways.
- **Broadband:** In addition, RailTel has commissioned DSLAMS on existing Railway exchanges to provide Broadband services to more than a lakh of homes and offices of Indian Railways in both urban and rural areas using the existing Copper wire last mile of Railways. This shall not only help Railway employees but shall also help in increasing Broadband penetration in the country in line with the National Telecom Policy.

- **Facilitating CUG services:** Further, RailTel has also facilitated by choosing an operator on an open process for Mobile CUG connections for 175,000 officers of Indian Railways which is arguably the largest CUG plan within India. It has greatly facilitated in seamless communication among the officials for improved train operations. In addition, RailTel has been carrying out OFC works for various Railways, the work which is entrusted by Railway Board.

Total revenue generation capacity of the services provided to Indian Railways has reached to the levels of ₹ 23 crore by the end of Mar'16.

6.5 Data Center

With two Tier-III Data Centers in place at Secunderabad and Gurgaon, RailTel has received several orders from Central Government Ministries, State Government departments and PSUs for Data Center related services during the year. The provisioned space at Secunderabad is already working at the optimum levels and the expansion plans for the same are in process. The income from the Data Center services is expected to grow exponentially in near future.

6.6 Telepresence as a Service (TPaaS)

RailTel's Telepresence service was launched in early 2015 and since then it has invoked tremendous interest amongst various customers. The customers are getting end to end support on infra, video hardware, network and unmatched 24x7 service from a single operator, i.e. RailTel hosting its services in DC with DR at its own Data Centers. It is being used extensively by Indian Railways for in house purposes; recently various inauguration events by Hon'ble Minister of Railways and MoSR were conducted by using the services of Telepresence solution provided by RailTel. Telepresence enables the rich experience of audio-visual

communication and is seen as a future of collaborative platforms. Railtel is expecting some major orders coming its way in near future from its key customer for the Telepresence Services.

During the year, RailTel has leased out more than 80 units of TPaaS platform to various customers.

7. Facilitating Government of India Initiatives

7.1 National Optical Fiber Network

The Government of India has approved the project for the creation of a National Optical Fiber Network (NOFN) for providing Broadband connectivity to all 2.5 Lakh Gram Panchayats (GPs) which has now been rechristened as 'Bharat Net'.

RailTel has been allocated work consisting of 36000 GPs in 11 States comprising of Northern Eastern region states (Tripura, Meghalaya, Manipur, Mizoram, Nagaland & Arunachal Pradesh), Tamil Nadu (incl. Pondicherry) & Gujarat (incl. Daman & Diu and Dadra & Nagar Haveli).

Under the Phase-I of this project, RailTel is mandated to cover 8678 GPs covering 44 Districts, 225 Blocks across these states (excluding Tamil Nadu). As of Mar'16, 90% of the work has already been awarded to RailTel and remaining is under process of award to RailTel. As of Mar'16, 10949 KM of duct has been laid covering nearly 53% of GPs and 6747 KM of laid optic fiber is expected to cover nearly 35% of the GPs. The state-wise detail of work completed under this project is as given in the Table-I.

Sl. No.	State/Circle	Phase-I		Total NIT Floated (in GPs)	No of Tenders Approved (in GPs)	Work Order Issued (in GPs)	Work Started (in GPs)	Status of Work Execution			
		No of Districts	No of GPs					Duct Laid (in KMs)	Duct Laid (No of GPs)	OFC Laid (in KMs)	OFC Laid (No of GPs)
1.	Arunachal Pradesh	4	256	256	256	256	198	399	106	99	22
2.	Nagaland	11	743	743	743	743	686	1550	431	670	142
3.	Manipur	1	24	24	24	24	24	71	24	73	24
4.	Mizoram	3	163	163	163	163	149	324	17	4	0
5.	Tripura	8	1021	1021	1021	1021	928	1384	620	1062	492
6.	Meghalaya	3	638	638	638	638	638	949	292	229	52
7.	Gujarat	12	5735	5744	4977	4977	4599	6189	3013	4518	2202
8.	Pondicherry	2	98	98	98	98	98	83	98	92	98
	Total	44	8678	8687	7920	7920	7320	10949	4601	6747	3032

Table-I: State-Wise NOFN Project Status

7.2 USOF Project in North-East

RailTel has been awarded the work of creating fiber network in the six states of North East (Mizoram, Tripura, Meghalaya under NE-I & Arunachal Pradesh, Manipur & Nagaland under NE-II) connecting each of the District HQ to their respective SDHQs (Block/ Tehsil). By the end of March 2016 work in NE-I has

been awarded and 71.5% nodes were connected to the optic fiber while 59% of the nodes were commissioned under the phase-I. Under NE-II region 31% nodes got connected to the optic fiber and 26% nodes got commissioned. The State-wise details of work execution is provided in Table-II.

Sl. No.	State	No of Nodes as per Agreement	Phase-I	OFC Execution Work Awarded	Tenders under finalization (Opened & Floated)	Duct Laid (in KMs)	OFC Blown (in KMs)	Nodes Commissioned	Nodes Connected on OFC
North East-I Telecom Sector									
1.	Tripura	55	50	50	Completed	550	550	50	50
2.	Meghalaya	71	70	70		473	379	25	45
3.	Mizoram	62	52	52		533	152	26	28
	Sub Total	188	172	172		1556	1081	101	123
North East-II Telecom Sector									
1.	Tripura	226	195	172	23	1271	478	17	17
2.	Nagaland	119	109	109	-	1019	686	21	21
3.	Gujarat	62	62	38	24	129	108	-	7
	Sub Total	407	366	319	47	2419	1272	38	45
	Total	595	538	491	47	3975	2353	139	158

Table-II: State-Wise USOF North East Project Status

8. Blueprint for the Future

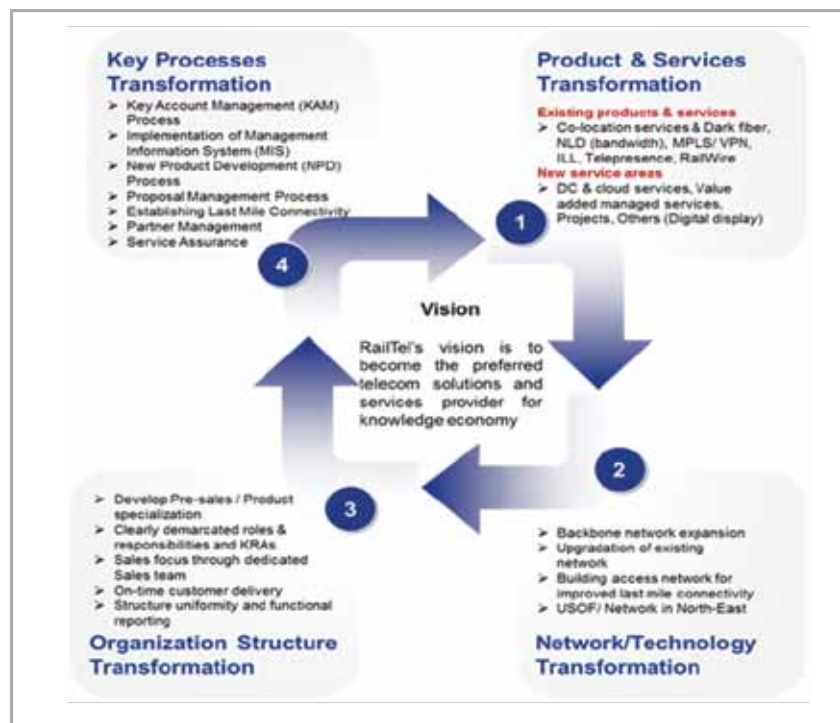
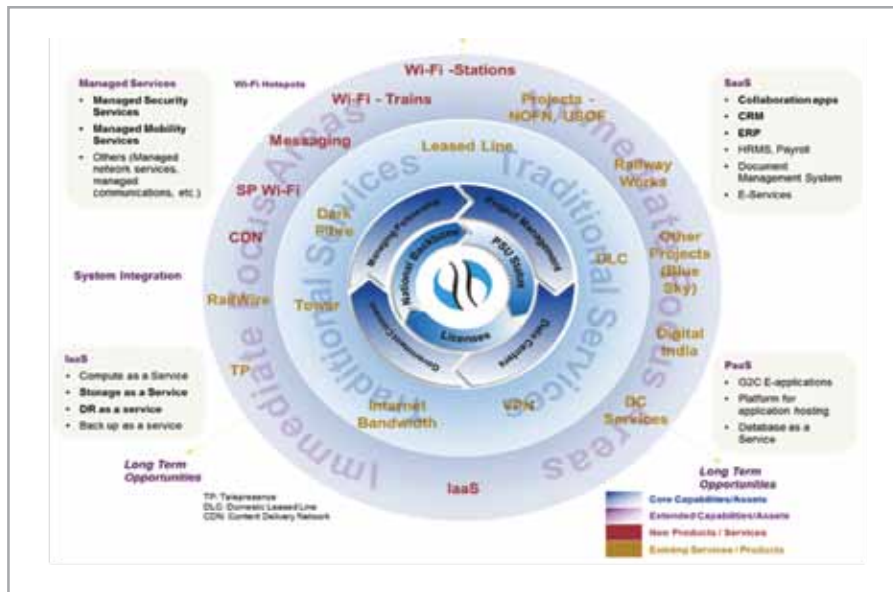
During the year, RailTel took up the task of creating a revised Business plan for next five years considering the changing dynamics of the industry. It is pertinent to have more services under RailTel's portfolio to cover entire gamut of Enterprise services which shall provide further growth trajectory for RailTel. One of the consultants of RailTel, M/S KPMG worked on the revised business plan bringing out various areas of focus for RailTel between FY15 and FY19. As per the business plan, RailTel is targeting to double its revenue over next five year period. As per the projected income, RailTel shall grow to ₹ 1000 Cr. by FY 18-19.

RailTel now needs to focus in developing extended capabilities in the area of Data Center centric services such as managed services & cloud, CDN, project execution, etc. In some areas these can be developed effectively using partnership models ensuring risk mitigation while delivering such services. In order to realize the vision of being the preferred telecom solutions and services provider for knowledge economy, RailTel would be following a three pronged strategy of

concentrating on optimizing the products & services bouquet, expanding the network and upgrading to a high capacity network, and modifying the organization design. Execution of the strategy would be supported by state of the art improvements in internal business processes such as service assurance and new product development.

Products & Services: RailTel plans to enhance its focus on provision of services such as MPLS VPN, Internet Bandwidth, Telepresence, retail broadband (RailWire) that have high market attractiveness. At the same time, RailTel also plans to invest resources into building capability for higher margin services such as Data Center services like cloud & managed services and ICT projects.

Network enhancement: RailTel believes that its extensive network is its key differentiator in the market and hence a key value proposition in delivering services to its customers. RailTel thus plans to continue to invest in expanding its backbone network and deploying latest technologies to enable a high capacity next generation network in order to deliver sustained



value to its customers and improve their experience with RailTel's services.

Organization Design: RailTel plans to modify its organization design to suit changing business needs such as the Company's entry into enterprise IT services and execution of ICT projects & initiatives launched by the Central Government and various State Governments.

Internal Processes: RailTel believes that strengthening of internal business processes is essential for efficient customer service delivery & cost efficiency that in turn would enable savings for higher investments in the future. RailTel plans to improve key business processes such as service assurance, key account management, management information systems (MIS) to improve competitiveness. RailTel also wishes to institute a

dedicated new product development process that would enable RailTel to roll out quality products and services in the fast paced technology industry.

9. Financial Performance

During the financial year 2015-16, total revenue earned by RailTel is ₹ 641 Crore. The operating profit earned during 2015-16 has been ₹ 194 Crore while net profit earned has been ₹ 104 Crore. RailTel has also paid an interim dividend of ₹ 15 Crore to the Ministry of Railways during the year under report.

From NLD (Bandwidth) services, RailTel earned ₹ 315.62 Crore during the year. While earning from IP-1 services has been ₹ 121.64 Crore which includes revenues from tower & rack colocation and Dark fiber leasing. Total earning from IP-VPN and IBW services has been ₹ 78.82 Crore. Under the new revised business plan, the target for the year 2015-16 was to achieve completion of total OFC network of 46000 RKM and increasing PoPs to 4600 and RailTel has successfully achieved this target so far it has laid 47270 RKM of optic network.

10. Awards

During the year, RailTel bagged highest number of awards in its history of 16 years, it has received 8 awards for its excellent performance from various organizations. Some of the prestigious awards awarded to RailTel for various categories are as mentioned below:

- 'Most Innovative strategy for Broadband to Masses' for its Railwire broadband business model
- 'Best Digital India Initiatives' at Aegis Graham Bell Awards 2015
- 12th National Award for Excellence in Cost Management by Institute of Cost Accounts of India
- 'Legend PSU of the year' at NewsInk Legend PSU Shining Awards
- 'Voice and Data Leadership Award 2016' for 'Railwire Express Network' under the category of 'Internet and Broadband Services'
- 'Voice and Data Leadership Award 2016' for 'RailTel Telepresence Services' under the category of 'Enterprise Business Services'



RailTel receives "VOICE & DATA LEADERSHIP AWARD 2016" for 'Railwire Express Network'

- 'Best Carrier of the Carrier Award' at VAR India Star Nite Awards 2015
- 'Legend CMD of the year for Innovative Leadership' to CMD, RailTel by Network Legend PSU Shining Awards

11. R&D Efforts

RailTel took the initiative to give the country its 8th Telecom Centre of Excellence. Accordingly, Dept. of Telecommunication, RailTel Corporation & IIT Roorkee signed a tripartite MoU for establishing RailTel IIT Roorkee Center of Excellence in Telecom (RICET). RailTel shall sponsor the TCOE for doing research & development in the field of "ICT & Broadband Applications".

RICET will work on R&D in the field of development of infrastructure, applications, services & technology in the domain of broadband & ICT for providing affordable services to the citizens with high network availability. To start with RICET has taken up three projects in the areas of various utility applications/ services being developed for the Indian market. Presently, following three projects have been taken up:

1. Delivering Secured and Energy Efficient Multimedia streaming services anywhere and anytime for Mobile Broadband Users
2. Agricultural Information System using Satellite image
3. **Tirthyatrishayaka:** Developing Sensor-Mobile-Cloud based e-application to Safeguard Pilgrims

Project on Agriculture Information System using Satellite Image has already undergone field trails and is ready for its commercialization. In addition to this, five more projects have been proposed by the faculties of IITR and are currently under consideration for sponsorship through the center.

12. SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> • Extensive Network with large number of POPs • Next Generation high capacity network • Strong Government Connect • Strong Financials 	<ul style="list-style-type: none"> • Limited Last Mile Connectivity • Limited Presence in Key Verticals such as IT/ITeS • Capacity and Capability to undertake Large projects
Opportunity	Threat
<ul style="list-style-type: none"> • Increasing Government ICT initiatives viz. Digital India • Increasing Cloud and Data Centre Services Adoption by Govt. and PSU • Expanding Network in North East • Upcoming ICT Projects 	<ul style="list-style-type: none"> • Expanding Networks of Private Telecom Players • High Competitive Intensity in new areas viz. Broadband, Data Centre etc. • Frequent OFC Cuts along Railways Tracks

13. Human Resources

RailTel has made a conscious effort to keep evolving its practices in Human Resources and providing best experience and convenience to its employees. To improve on its convenience to employee score RailTel has implemented an online ERP solution, which enables employee to perform various work related activities online, facilitating them to avail in-house services within a stipulated timeframe. This initiative has benefitted most to the employees deputed in fields who can now avail various reimbursements online without a visit to territorial/regional offices.

Keeping pace with the requirements of future requirements and new service diversifications, RailTel is continuously recruiting experienced and qualified manpower from different fields. During the year, total 27 executives at various levels have been recruited in departments like Finance, IT, telecom, project management, marketing, security and secretariat services. To have cost effectiveness, 33 resources for project specific requirement have also been acquired on contractual basis during the year for short term. At the end of Mar'16 total headcount of organization was 537 including 65 officers on deputation from Ministry of Railways.

Report on Corporate Governance

The Board of Directors at RailTel is committed to following the principles of good corporate governance which is supplemented by the leadership as well as the deep rooted values that the company firmly stands by thereby promoting best practices, transparency and integrity throughout.

In accordance with DPE guidelines on Corporate Governance, this report on governance lays down the governance practices followed at the company.

1. Corporate Governance Philosophy and Key Values

Highest levels of corporate governance can be observed across the practices and the day to day operations of RailTel.

RailTel believes that corporate governance is an evolutionary process that encourages the Company as a whole to constantly develop and enhance transparency and good governance so as to emerge as a role model for other companies.

RailTel's code of Corporate Governance is to enhance ethical and transparent process in managing the affairs of the Company.

The **Key Values** of The Company formally adopted by the Board of Directors are:

- Zeal to excel and zest for change.
- Integrity and fairness in all matters.
- Respect for dignity and potential of individuals.
- Strict adherence to commitments.
- Ensure speed of response.
- Foster learning, creativity and team work.
- Loyalty and pride in the Company.

Corporate Governance is strengthened by the fact that RailTel has a code of conduct (which is described in detail elsewhere in this section) and the operations and accounts are audited at multiple levels. There is a process of Internal Audit, Statutory Audit, Cost audit and Secretarial Audit. Furthermore, the company is committed to maintain a transparent flow of information.

2. Board of Directors

2.1 Composition of Board of Directors

Railtel is a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013 as the President of India presently holds the entire equity share capital of the Company and as per Articles of Association of the Company, the power to appoint Directors vests in the President of India.

Presently, the Board of Directors of your Company is having optimum combination of Executive and Non-Executive Directors. Present strength of the Board of Directors is seven, comprising of three whole-time directors (i.e. Chairman & Managing Director, Director/NPM and Director/Finance), two Independent Directors and two Government nominated part-time official directors.

During the year under review, the Board of the Company was in want of requisite number of Independent Directors due to expiry of tenure of erstwhile Independent Directors since August, 2014. During the year, RailTel had requested Ministry of Railways to fill up the position of Independent Directors and followed up deliberately on the matter. Consequently, two

Independent Directors namely Sh. Anupam Alok (DIN: 07486492) & Sh. Ashok Goel (DIN: 01247398) have been appointed on the Board of RailTel w.e.f. 01.04.2016.

However, the position of Woman Director on the Board is yet to be filled by Administrative Ministry for which several representations have been made to the Ministry.

2.2 Composition and Directorship(s) as on the date of this report:

Board of Directors and their memberships of BoD/Committees as on date of this report is stated as below:

Name of Director	Charge held and nature of Directorship	Members of the Boards of public companies (excluding RailTel) excluding Directorship in private companies	Total No. of Committee memberships held including RailTel (excluding private companies)	
			As Chairman	As Member other than Chairman
Sh. R.K. Bahuguna	Chairman and Managing Director	1	NA	NA
Sh. N.K. Gupta	Director-Finance (whole-time Director)	NIL	NIL	1 (CSR Committee)
Sh. A. Seshagiri Rao	Director-Network Planning & Marketing (whole-time Director)	NIL	NIL	1 (CSR Committee)
Sh. Shobhan Chaudhuri	Part-time official Director	NIL	NIL	NIL
Sh. Sanjay Upreti	Part-time official Director	NIL	NIL	2 (Audit and Nomination & Remuneration Committee)
Dr. Anupam Alok	Independent Director	NIL	3 (Audit, CSR and Nomination & Remuneration Committee)	NIL
Sh. Ashok Goel	Independent Director	NIL	NIL	2 (Audit and Nomination & Remuneration Committee)

Note:

- The term 'whole-time director' used in this report refers to functional/ executive directors.
- The term 'official' indicates part-time Government nominated directors who hold office in the Government.
- The term 'non-official'/ independent' indicates part-time Directors who hold no office in the Government and are independent.
- Apart from the remuneration to directors as per the terms and conditions of their appointment and entitled sitting fee to part-time (non-official) directors, as detailed in this report. None of the directors has any material or pecuniary relationship with the Company which can affect their independence of judgment.
- The number of Directorships is within the maximum limit of 20 Companies (out of which maximum 10 Public Companies) as mentioned in Section 165 of the Companies Act, 2013.
- Committees here denote Audit Committee, Nomination and Remuneration Committee and CSR Committee.
- The number of committee memberships/ chairmanships of directors is within the maximum limit of 10 (ten) memberships and 5 (Five) chairmanships in accordance with the DPE Corporate Governance Guidelines, 2010.

2.3 Change in Directorships

During the period under review, there has been no change in the composition of Whole-Time Director, Part-time (Official) Directors and Independent Directors. However, two part-time non official Directors/Independent Directors namely Sh. Anupam Alok (DIN: 07486492) & Sh. Ashok Goel (DIN: 01247398) have been appointed w.e.f. 01.04.2016.

3. Disclosure about Directors

As per the disclosures made by the Directors in terms of Section 184 of the Companies Act, 2013, no relationship exists between Directors inter-se.

Two part-time officials are from the administrative Ministry i.e. Ministry of Railways and thus related to the promoters being the Govt. of India, Ministry of Railways.

The appointment of Whole-Time Directors of the Company is done by the Government of India in the name of the President of India and not by the Company. Further, Government of India appoints Part-Time (Official & Non-Official) Directors with a fixed tenure. Further, sub section (6) & (7) of Section 152 of the Companies Act, 2013 dealing with retirement of Directors by rotation has been exempted in case of Government Companies where entire paid up capital is held by Govt. of India. Hence, it is not required to have an item in the notice of AGM for appointment of Directors as per Section 152 of the Companies Act, 2013 and determine not less than 2/3rd of the Directors of the Company whose period of office is liable to retire by rotation.

4. Board Procedure

The Board of Directors met 6 (Six) times during the financial year 2015-16.

Leave of absence was granted in terms of Section 167(1) (b) of the Companies Act, 2013 and granted in all cases of absence of Directors.

Your Company has implemented Secretarial Standard-1 on Meetings of the Board of Directors as issued by the Institute of Company Secretaries of India w.e.f. 1st July, 2015.

Detail of attendance of the Directors during 2015-16 is given below:

Director	No. of Meetings during 2015-16		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Shri R. K. Bahuguna	6	6	Yes
Shri N. K. Gupta	6	6	Yes
Shri A. Seshagiri Rao	6	6	Yes
Shri Sanjay Upreti	6	5	Yes
Shri Shobhan Chaudhuri	6	6	Yes
Dr. Anupam Alok	NIL	N.A.	N.A.
Shri Ashok Goel	NIL	N.A.	N.A.

Sh. J.S. Marwah, Company Secretary, attended 6 (Six) Board Meetings of the Company held during the year 2015-16.

5. Code of Conduct for Board members and senior management of the Company and Key values for entire organization

The Company has in place a Code of Conduct for Board members and for Senior Management (including whole-time directors, Executive Directors and General Managers and above). These Codes came into effect from 30th November, 2007 and have been posted on the website of the Company – www.railtelindia.com.

Furthermore, it is mandatory to affirm compliance to the code on an annual basis.

The declaration signed by MD affirming receipt of compliance with the Code of Conduct and Key Values from Board of Directors and members of Senior Management team during 2015-16 is given below:

“All the members of the Board and Senior Management Personnel have affirmed compliance of the ‘Code of Business Conduct & Ethics for Board Members and Senior Management’ for the financial year ended on March 31, 2016.”

Sd/-

R.K. Bahuguna

Chairman and Managing Director
(DIN: 01748132)

6. Remuneration of Directors

Being a Government Company, the whole-time directors are appointed by the President of India through the Ministry of Railways and draw remuneration as per Industrial Dearness Allowance (IDA) pay scales pre-determined by the Government and as per the terms and conditions of their appointment issued by the Government.

With the approval of the administrative Ministry i.e. Ministry of Railways, part-time non-official/ Independent Directors are entitled for sitting fee within the ceiling prescribed by Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 per meeting of Board or Committee thereof. Besides, they are also reimbursed travelling, boarding and lodging expenses etc. in case any of them is stationed outside Delhi. During the year the sitting fees payable to the Independent Directors has been raised from ₹ 8,000/- to ₹ 20,000/- per meeting of the Board or committee thereof with the approval of Administrative Ministry.

The remuneration paid to Directors during the year was of ₹ 1.51 crore in the current year as against that of ₹ 1.54 crore in the previous year.

No stock option has been made available or offered by the Company during the year 2015-16 as the equity

shares of the company are held only by the Govt. of India.

During the year under review, there were no Independent Directors on the Board of the Company. Hence, no payment of sitting sees has been made to the Independent Directors during the year 2015-16.

7. Committees of BoD

7.1 Audit Committee

The Audit Committee of the Board, consisting of two part-time non-official (independent) Directors of the Company, was originally set up with the approval of Board of Directors as per the requirement under Section 292A of the Companies Act, 1956. This has been reconstituted as and when there has been a change in independent directors.

Due to completion of tenure of the Independent Directors since August, 2014, Audit Committee was in want of requisite number of Independent Directors during the year 2015-16. However, two Independent Directors were appointed on the Board of the Company w.e.f. 01.04.2016. Hence, as on date, the Audit committee comprises of two Independent Directors and one Part-Time official Director as under:

- (a) Dr. Anupam Alok - Independent Director
- (b) Sh. Ashok Goel - Independent Director
- (c) Sh. Sanjay Upreti – Part-Time official Director

Dr. Anupam Alok is the Chairman of Audit Committee.

7.1.1 Key Responsibilities of Audit Committee

Terms of reference for the Audit Committee as decided by the BoD is as under:

- (a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

- (b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (c) examination of the financial statement and the auditors' report thereon;
- (d) approval or any subsequent modification of transactions of the company with related parties;
- (e) scrutiny of inter-corporate loans and investments;
- (f) valuation of undertakings or assets of the company, wherever it is necessary;
- (g) monitoring the end use of funds raised through public offers and related matters.
- (h) evaluation of internal financial controls and risk management systems;
- (i) Any other matter as the Audit Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

7.1.2 Review:

The Audit Committee reviewed the financial reporting process during the year, and the Annual Financial Statements for the year 2015-16 were approved by the Board of Directors in its 89th meeting held on 30th June, 2016.

7.1.3 Meetings, Attendance and Composition of Audit Committee

During the Financial year 2015-16, the Audit Committee met four times i.e. on 24.06.2015, 18.09.2015, 04.12.2015 & 29.03.2016.

The composition and the attendance of the members at the meetings held during FY 2015-16, are given below:

Member	Status	Meetings held (During their respective tenures)	Meetings attended
Shri Sanjay Upreti	Member	4	4
Shri Shobhan Chaudhuri	Member	4	4
Shri A. Seshagiri Rao	Member	NIL*	NA

*Sh. A. Seshagiri Rao was appointed as member of the Committee on 29.03.2016. No meeting was held during his tenure of appointment.

Note:

- The Director/Finance had attended all the meetings of Audit Committee as a Special Invitee.
- Sh. J.S. Marwah, Secretary to the Committee has attended 4 (Four) meetings held during the year 2015-16.

8. Nomination & Remuneration Committee

A remuneration committee was constituted on 30th March, 2009, in terms of the requirements of Department of Public Enterprises-Office Memorandum dated 26th November 2008 for deciding the annual bonus/variable pay pool and policy for its distribution across executive and non-unionized supervisors, within the prescribed limits. The Chairman of the committee was an Independent Director.

During the year under review there were no Independent Directors on the Board of the Company. Hence, no committee meetings were held during the year.

Ministry of Railways has appointed two Independent Directors on the Board of the Company w.e.f. 01.04.2016. Accordingly, the Committee has been reconstituted and currently comprises of two Independent Directors and one Part Time official Director.

Also, pursuant to Section 178 of the Companies Act, 2013, the committee has been renamed as Nomination & Remuneration Committee with following term of references mandated by the Board:

- To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors,

within the prescribed limits.

- To identify persons who may be appointed in senior management in accordance with the certain criteria laid down and recommend to the Board their appointment and removal.
- To recommend to the Board a policy relating to the remuneration of other employees.

The Committee presently consists of:

- Dr. Anupam Alok, Independent Director
- Sh. Ashok Goel, Independent Director
- Sh. Sanjay Upreti, Part-Time official Director

Dr. Anupam Alok is the Chairman of Nomination & Remuneration Committee.

9. CSR Committee

In terms of the provisions of Section 135 of the Companies Act, 2013, a CSR Committee was constituted on 19.03.2014 consisting of two Executive Directors and one Independent Director.

In terms of the provisions of the Companies Act, 2013 read with rules made thereunder, the CSR committee plays vital role such as:

- To formulate & recommend to the Board, a CSR policy indicating the activities to be undertaken as per schedule VII of Companies Act, 2013;

- To recommend to the Board CSR activity to be undertaken by the Company;
- To recommend to the Board, the amount of expenditure to be incurred on the CSR activity;
- To monitor CSR policy from time to time;
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

The CSR committee has been reconstituted from time to time to meet the requisite composition criteria. During the FY 2015-16, CSR Committee met once on 29th March, 2016. As on date of the report, the Committee presently consists of:

- Dr. Anupam Alok, Independent Director
- Sh. N.K. Gupta, Director (Finance)
- Sh. A. Seshagiri Rao, Director/NPM

Dr. Anupam Alok is the Chairman of CSR Committee.

10. Stakeholder's Relationship Committee

The entire equity share capital of the Company is held by the Government of India and as such, the Company did not constitute any Stakeholder Relationship Committee.

11. Whistle-Blower Policy

In compliance with laid down norms and to provide employees of RailTel an avenue to raise complaints, in line with commitment of RailTel to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimization, RailTel has a Whistle-blower policy the details of which are available on the company's website.

12. General Body Meetings

The Last 3 (three) Annual General Meetings were held as under:

Financial Year	Date of holding meeting	Time	Venue
2012-13	24 th September, 2013	4 PM	Committee Room, Rail Bhawan
2013-14	27 th August, 2014	4 PM	Committee Room, Rail Bhawan
2014-15	21 st September, 2015	4 PM	Committee Room, Rail Bhawan

13. Disclosures:

- During the year, there was no transaction of material nature with the Directors or their relatives that had potential conflict with the interest of the Company.
- The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statement.
- The Company has not made any public issue of shares or made any offer of shares in any manner to public. There has been no instance of non-compliance on any matter related to the capital market.
- The Company has a wholly-owned subsidiary by the name of "RailTel Enterprises Limited". The turnover/net worth of REL did not exceed 20% of the turnover/net worth of RailTel (Holding Company) during the year 2015-16.

Therefore, it is not considered as a “material subsidiary” as per DPE guidelines.

14. Non Mandatory Requirements:

- (a) **Information to Shareholders:** Apart from the annual report etc. sent to the shareholders before the Annual General Meeting, periodical reports on the progress of the Company both in physical and financial are submitted in the form of PCDO and other correspondence to the Govt. of India, Ministry of Railways (100% holder of the equity share capital of the Company).
- (b) **Training of Board Members:** The normal practice is to furnish a set of documents/ booklet to a director on his/her joining the Board. This includes data about the Company including its Boucher, Annual Report, Latest Unaudited financial results and MoU targets & achievement, Memorandum and Articles of Association.
- (c) **Evaluation of Board Members:** Mechanism for evaluating the performance of part-time non official directors is in abeyance till all independent directors join the Board.
- (d) **Compliance Certificate:** This report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report. The non-mandatory requirements have also been highlighted in the report to the extent they have been adopted by the Company. Information on various matters is being placed every quarter before the Board of Directors. The Quarterly Report about compliance with the corporate governance requirements as prescribed is also being sent to the DPE/Ministry within specified period after the end of each quarter.
- (e) RailTel being a Govt. company under the Ministry of Railways is covered under Railways

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

15. General Shareholders’ Information 16th Annual General Meeting

Date:	13 th September, 2016
Time:	4:00 P.M.
Venue:	2 nd Floor, Committee Room, Rail Bhawan, New Delhi-110001

16. Factual Calendar for Approving Matters pertaining to FY 2015-16

Approval of Annual Accounts by BoD: 30th June, 2016

Adoption of Audited Annual Accounts by Shareholders: As per Date of AGM

17. Book Closure

In view of the fact that the shares of the Company are not listed on Stock Exchange(s), it did not resort to closure of the Register of Members and Transfer Books.

18. Dividend and Pay-Out Date

Dividend when declared is normally paid within 5 days. During the financial year 2015-16 the Company had paid on 30.03.2016, an interim dividend to its shareholders of ₹ 15 crore on the paid-up share capital of ₹ 320.94 crore. The final dividend of ₹ 26.53 crore has been recommended for payment to the shareholders.

19. Distribution of Shareholding

As on the date of this report the distribution of shareholding is as under:

Category	No. of shares held	% age of shareholding
Central Government in the name of the President of India and Government nominees*	3209,38,407	100.00%
Total	3209,38,407	100.00%

*9 shares are in the names of different nominees of Govt. of India.

Transfer of shares is normally technical in nature, from one Government nominee shareholder to another consequent upon change of official, as the Government holds 100% of the shares. To affect this transfer, Company Secretary is the authorized officer, and no transfer is pending.

20. Communication Address:

Regional Offices and Territorial Offices of the Company	The Company has four Regional Offices at New Delhi, Mumbai, Kolkata and Secunderabad. It has got 17 territorial field offices in various State Capitals. In addition, the Company has NOC at New Delhi, Secunderabad, Kolkata and Mumbai and also a central NOC in Delhi.
Address correspondence with the Registered Office (regarding the Corporate Governance matters covered under this report)	The Company Secretary & DGM (Law), RailTel Corporation of India Ltd. Corporate office: 143, Sector 44, Institutional Area Gurgaon (Haryana)-122003 Tele: 0124-2714000 and Fax 0124-4236084 Regd. Off: 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, Delhi-110053 Tele: 011-22185933-34 and Fax: 011-22185978 E-mail: jsmarwah@railtelindia.com

C&AG Comments

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RAILTEL CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31st MARCH 2016.

The preparation of financial statements of RailTel Corporation of India Limited for the year ended 31st March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30th June 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of RailTel Corporation of India Limited for the year ended 31st March 2016 under 143 (6) (a) of the Act.

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

Sd/-

Place: Delhi
Date: 25th July, 2016

(Dinesh Bhargav)
Director General of Audit
Railway Commercial, New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAILTEL CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31st MARCH 2016.

The preparation of consolidated financial statements of RailTel Corporation of India Limited for the year ended 31st March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit report dated 30th June 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the consolidated financial statements of RailTel Corporation of India Limited for the year ended 31st March 2016 under section 143(6) (a) read with section 129(4) of the Act.

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

Sd/-

Place: Delhi
Date: 25th July, 2016

(Dinesh Bhargav)
Director General of Audit
Railway Commercial, New Delhi

Independent Auditor's Report

To,
**The Members of
Railtel Corporation of India Ltd.**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Railtel Corporation of India Ltd.** (“the **Company**”), which comprise the Balance Sheet as at 31st March, 2016 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliance of which is set out in "Annexure B".
3. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-C"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its financial statements-Refer Note 36 to the financial statements;
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No. 533967

Place: **Delhi**

Date: 30th June 2016

Annexure A to the Auditors Report

The Annexure referred in the Independent Auditors' Report to the member of the Company on the standalone financial statement for the year ended 31st March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) The management has conducted physical verification of Inventory at reasonable intervals during the year.
- (b) The procedures for physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper quantitative records of its inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanation given to us the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in registered maintained under section 189 of Companies Act, 2013. Accordingly, provisions of clauses 3(a) and (b) of the order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us the Company has not made any loans, investments, guarantee, and security in terms of Section 185 and 186 of Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public.
- (vi) We have reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

As explained to us, there are no outstanding statutory dues as at the last day of the financial year i.e. 31st March 2016 for a period of more than six months from the date they became payable .

- (b) According to the information and explanations given to us, there are no material dues of duty of customs and excise which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes:

Sl. No.	Name of the Statute	Nature of Dues	Amount (In Lakh)	Period to which the amount relates	Forums where dispute is pending
1.	Income Tax Act 1961	Order Issued u/s 201(1)/201(1A) Dated 25.03.2015. (25% of total demand of ₹ 6.96 lakh has already been paid and stay has been granted for rest of demand)	27.85	2012-13	Commissioner of Income Tax (Appeal), Kolkata
2.	Income Tax Act 1961	Order issued u/s 143(3) with addition of ₹ 6 Cr. on account of Prior Period Expense (full amount adjusted against Income tax refund)	122	A.Y 2013-14	Commissioner of Income Tax (Appeal), New Delhi
3.	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Supreme Court	149	1.04.03 to 31.12.05	Supreme Court
4.	Finance Act 1994	Service Tax liability on 13% amount of the Railway Deposit work. Appeal filed against the order of Commissioner and stay has been granted by CESTAT in September, 2013	160 160	April 2008-March 2011	CESTAT, Hyderabad

5.	Finance Act 1994	Service Tax liability on 13% amount of the Railway Deposit work. Appeal filed against the order of Commissioner, Hyderabad	51 5	F.Y 2011-12 to 2013-14	Commissioner Service Tax, Hyderabad
6.	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	78.88	1.05.06 to 10.05.07	Commissioner Service Tax, New Delhi
7.	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	1.32	15.09.2004 to 31.03.07	Commissioner Service Tax, New Delhi
8	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	69.63	1.04.08 to 31.03.09	Commissioner Service Tax, Kolkata

- (viii) According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not availed any loan or borrowing from any financial institution, banks, government or from others. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit
- (xi) According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approval mandate by the provision of section 197 read with schedule V of the Act.

- (xii) According to the information and explanation provided to us and based on our examination of the records of the Company, the Company is not a Nidhi Company Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanation provided to us and based on our examination of the records of the Company all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanation provided to us and based on our examination of the records of the company, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation provided to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No. 533967

Place: **Delhi**

Date: 30th June, 2016

Annexure B referred to in Section 143 (5) of Companies Act 2013.

S. No.	Directions	Reply
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	All freehold and leasehold lands have clear title/lease deeds.
2.	Whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, reasons thereof and amount involved.	There are no cases of waiver/write off of debts/loans/interest etc.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grants from government or other authorities	As per our opinion, there are no inventories which are lying with the third parties. The company has not received any assets as gift/ grant(s) from Government or other authorities.

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No.533967

Place: **Delhi**

Date: 30th June 2016

Annexure-C to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No. 533967

Place: **Delhi**

Date: 30th June, 2016

RailTel Corporation of India Limited

Balance Sheet as at 31st March 2016

Particulars	Notes No	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share Capital	2	32,094	32,094
Reserve & Surplus	3	73,674	68,315
Total		1,05,768	1,00,409
NON CURRENT LIABILITIES			
Long Term Borrowings		—	—
Deferred Tax Liabilities (Net)	4	3,506	(350)
Other Long Term Liabilities	5	54,494	72,370
Long Term Provisions	6	46	46
Total		58,046	72,066
CURRENT LIABILITIES			
Short Term Borrowings		—	—
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises	7	13,012	10,859
Other Current liabilities	8	39,696	20,828
Short Term Provisions	9	4,473	843
Total		57,181	32,530
Total of Equity and Liabilities		2,20,995	2,05,005
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	70,815	59,267
Intangible Assets	10	238	344
Capital Work in progress	11	28,774	16,774
Total		99,827	76,385
Non Current Investment	11A	1,000	1,000
Long term loans and advances	12	1,383	1,818
Other non current assets	13	13,961	19,180
Total		16,344	21,998
CURRENT ASSETS			
Current Investment		—	—
Inventories	14	59	117
Trade Receivables	15	25,777	16,790
Cash and Cash Equivalents	16	55,976	67,241
Short term loans and advances	17	14,376	14,537
Other current assets	18	8,636	7,937
Total		1,04,824	1,06,622
TOTAL ASSETS		2,20,995	2,05,005
Summary of Significant Accounting Policies		1	
The accompanying notes are an integral part of financial statements		28 to 46	

In terms of our report attached
For GSA & Associates
Chartered Accountants, FRN No. : 000257N

For and on behalf of
RailTel Corporation of India Limited

Sd/-
Ashish Arya
Partner
M No. 533967
Place : Delhi Date : 30/06/2016

Sd/-
J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-
N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-
R.K. Bahuguna
Chairman & Managing
Director
(DIN: 01748132)

RailTel Corporation of India Limited

Statement of Profit and Loss for the year ended 31st March 2016

Particulars	Notes No		Year Ended 31.3.2016 (₹ in Lakh)		Year Ended 31.3.2015 (₹ in Lakh)
INCOME					
Revenue from Operation					
Telecom Income	19	51,776		43,838	
Project Income	19	5,445	57,221	4,344	48,182
Other Income	20		6,934		7,182
TOTAL INCOME			64,155		55,364
EXPENSES					
Access and other Charges	21	16,344		11,497	
License Fee & Spectrum Charges paid to DoT	22	3,547		3,443	
Project-Expenses	23	2,692	22,583	3,452	18,392
Employee Benefit Expenses	24		8,810		6,996
Administrative and Other Expenses	25		5,265		4,370
TOTAL EXPENSES			36,658		29,758
PROFIT BEFORE FINANCE COST, DEPRECIATION, AND TAXATION			27,497		25,606
Finance costs			—		—
Depreciation expense	26	9,889		8,985	
Reversal of Impairment provision		(1,821)	8,068	—	8,985
PROFIT BEFORE TAX			19,429		16,621
TAX EXPENSES					
Current Tax	27		5,389		5,345
Tax related to earlier year	27		(199)		(612)
Deferred Tax	27		3,856		(205)
PROFIT FOR THE YEAR			10,383		12,094
Earning per equity share of Face Value of ₹ 10 Per Share each:					
(1) Basic			3.24		3.77
(2) Diluted			3.24		3.77
Summary of Significant Accounting Policies		1			
The accompanying notes are an integral part of financial statements	28 to 46				

In terms of our report attached

For M/s GSA & Associates

Chartered Accountants

FRN No. : 000257N

For and on behalf of
RailTel Corporation of India Limited

Sd/-
CA Ashish Arya
Partner
M No. 533967

Sd/-
J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-
N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-
R.K. Bahuguna
Chairman & Managing Director
(DIN: 01748132)

Place : Delhi
Date : 30/06/2016

RailTel Corporation of India Limited

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the Year Ended on 31.03.16 (₹ in Lakh)		For the Year Ended on 31.03.15 (₹ in Lakh)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/ Before Tax & Extraordinary items Adjusted for:-	19,429		16,621	
Depreciation	8068		8,985	
Research & Development Expenses	-		(100)	
Corporate Social Responsibility (Earlier Year)	(24)			
Interest received	(5,650)		(6,583)	
<i>Net cash from operating activities before Extraordinary Item and change in working capital (a)</i>		21,823		18,923
Working Capital changes				
(Increase)/Decrease in Inventory	58		175	
(Increase)/Decrease in other Current Assets	4,521		2,728	
(Increase)/Decrease in other Loans & Advances	595		8,999	
Increase/(Decrease) in Current Liabilities	1,793		(10,095)	
(Increase)/Decrease in Sundry Debtors	(8,989)		(1,403)	
TDS on Interest Income	318	(1,704)	417	822
<i>Net (Increase)/Decrease in Working Capital (b)</i>				
Total (a)-(b)		20,119		19,745
Less: Income Tax	(2,558)	(2,558)	(4,319)	(4,319)
Extraordinary Item				
Less: Depreciation adjustment for earlier years		(17)		(13)
CASH GENERATED FROM(USED) IN OPERATING ACTIVITIES (A)		17,544		15,413
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase)/Sale of Fixed Assets	(19,493)		(15,769)	
(Increase)/Decrease in Capital Work in Progress	(12,000)		(10,759)	
Investment in Subsidiary Company	-		(1,000)	
Interest received (Net of TDS)	5,332		6,166	
CASH GENERATED FROM(USED) IN INVESTING ACTIVITIES (B)		(26,161)		(21,362)

Particulars	For the Year Ended on 31.03.16 (₹ in Lakh)	For the Year Ended on 31.03.15 (₹ in Lakh)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interim Dividend & Dividend Distribution Tax	(2,648)	(1,200)
CASH GENERATED FROM(USED) IN FINANCING ACTIVITIES (C)		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(11,265)	(7,149)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	67,241	74,390
D. CASH AND CASH EQUIVALENT AT END OF YEAR	55,976	67,241
E. COMPONENT OF CASH & CASH EQUIVALENTS:-		
Particulars	As at 31st March 2016 (₹ in Lakh)	As at 31st March 2015 (₹ in Lakh)
Cash and Cash Equivalents		
(ii) Cash & Cash Equivalent (maturity <= 3 Months)		
a. Cash on Hand (Imprest)	6	5
b. Remittance in Transit	31	348
c. Balances with Schedule Bank:		
In Current A/c	591	454
In Collection A/c	2,155	703
In Term Deposit	353	302
(i) Other Bank Balances		
a. Balance With Bank (Margin Money)	460	56
b. Bank deposit with less than 12 month maturity	52,380	65,374
TOTAL	55,976	67,241

In terms of our report attached even date

For M/s GSA & Associates

Chartered Accountants

FRN No. : 000257N

Sd/-
Ashish Arya
Partner
M No. 533967

Sd/-
J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-
N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-
R.K. Bahuguna
Chairman & Managing
Director
(DIN: 01748132)

Place : Delhi
Date : 30/06/2016

- Figures in bracket () indicate cash outflow.
- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statement".

Accounting Policy

NOTE-1

Corporate Information

RailTel Corporation of India Limited ('the Company') (CIN No.U64202DL2000GOI107905) incorporated in India on 26th September 2000 is a public sector undertaking. The company is promoted by and is in administrative control of Ministry of Railways. The Registered office of the Company is situated at 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, Delhi-110053 and Corporate Office at Plot No 143 Sector 44, Institutional Area Gurgaon Haryana.

Main objective of the company are

- i. To facilitate Railways in expeditious modernizing of their operation and safety systems and network providing by state of art communication infrastructure.
- ii. To plan, build, develop, operate and maintain a nationwide broadband telecom and multimedia network to supplement national telecom infrastructure to spur growth of telecom, broadband and IT enabled value added services in all parts of country specially rural, remote and backward areas.
- iii. To generate revenue through commercial exploitation of its telecom network.

RailTel Corporation a "Mini Ratna (Category-I)" PSU is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network covers all important towns & cities of the country and several rural areas covering 70% of India's population. RailTel with strong nationwide presence is committed to bring cutting edge technology and offer innovative services to the Indian Telecom market. RailTel is in the forefront in providing nationwide Broadband Telecom & Multimedia Network in all parts of the country in addition to modernization of Train operations and administration network systems. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

1 Basis for Preparation of financial statement

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

These financial statements are presented in Indian Rupees (₹) and all amount are rounded to the nearest Lakh, except as stated otherwise.

2.1 Summary of significant accounting policies

(a) Change in accounting estimates

Depreciation on Owned Building constructed on Freehold land

Till the year ended 31st March 2015, depreciation on owned building constructed on freehold land was charged @ 10% per annum on Straight line method. During the year, useful life of the building was re-visited by the Management and useful life as indicated in Sch II to the Companies Act, 2013 has been adopted by the Company.

Had the company continued to use the earlier policy of depreciating on Building constructed on freehold land i.e. @10% on SLM, the profit for the current period would have been lower by ₹ 198.50 lakh (net of tax impact of ₹ 142.43 lakh), and the net fixed asset would correspondingly have been lower by ₹ 198.50 lakh.

(b) Change in the Accounting Policies

1. Component Accounting

The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed assets. Now, the company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. However, it does not have impact on the operating results for the period.

(c) Reworded of the existing accounting policies, having no financial impact over the financial statements

Following accounting policy has been re-worded / re-aligned. However, the change does not have any impact on recognition and measurement principles followed for preparation of financial statements.

Policy No	Existing Policy	Accounting policy documented in FY 2015-16	Financial Impact over the financial statements.
	Software-Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license, generally not exceeding three years.	Software-Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license, generally not exceeding five years.	NIL

d. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Examples of such estimates include estimates of expected costs to be incurred to

complete contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the year in which the results are known/materialize.

e. Inventory

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

f. Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g. Tangible Assets and capital work in progress

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term projects if the recognition criteria are met. When significant parts of tangible assets are required to be replaced in intervals, the Company recognises such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Capital work in progress is valued at cost.

Assets are recognised as Tangible Assets or intangible assets if provisional acceptance certificate has been issued or company has started offering services from these tangible and intangible assets.

Where assets are installed on the premises of customers (commonly called Customer premise equipment- "CPE"), such assets continue to be treated as tangible assets as the associated risks and rewards remain with the Company and management is confident of exercising control over them, expenses on such assets are treated as retrievable expenses (returnable items of assets after the decommissioning of link) and a depreciation of 100% may be charged on all of these assets. All the non-retrievable expenses (used only once and cannot be returned back from the customer premises) may be charged as expenses to profit & loss account in the year of commissioning of services

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of profit and loss on the date of retirement and disposal.

Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as capital work-in-progress.

h. Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities through credit), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Amortization is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

- i. **Software**-Software is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding five years. Software up to 5 lakh is amortised over a period of one year from the date of place in service.
- ii. **Licenses**-Acquired licenses are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use in the respective jurisdiction. Spectrum charges paid to DoT is charged to Profit & Loss account on straight line basis over the period of use.

i. Depreciation and Amortization

- i. Depreciation on fixed assets, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of the various fixed assets are as follows:

Assets Category	Useful Life (in Years)
Tangible Assets	
Lease Hold land/Flats	: In the period of lease
Lease hold improvements	: 10 years, SLM @10% per annum
Prefabricated Building	: 3 years, SLM @33.33% per annum
Furniture	: 5 years, SLM@20% per Annum

Telecom Radio Assets

MPLS/STM-16 Network	: 8 years, SLM@12.50% per annum
Data Centre	: 8 years, SLM@12.50% per annum
Radio Equipment	: 3 years, SLM@33.33% per annum
Battery	: 5 years, SLM@20% per annum

Such rates are higher than the rates specified in Part C of Schedule II of the Companies Act, 2013.

Free hold Building	: 60 years, SLM @1.66% per annum
OFC & Related Asset	: 18 years, SLM@5.28% per annum
Office Equipment	: 5 years, SLM@20% per Annum
Computer	: 3 years, SLM@33.33% per Annum

Intangible Assets

Software	: 5 years, SLM@20% per Annum
Licenses	: In equal ratio, during the period of validity

j. Impairment of Assets

The carrying amounts of assets are reviewed by management at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortization expense.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had previously been recognised.

k. Leases

1. **Where the Company is the Lessee-** Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals with respect to assets taken on 'Operating Lease' are charged to the statement of profit and loss on a straight-line basis over the lease term.

Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance lease. Assets acquired on 'Finance Lease', which transfer risk and rewards of ownership to the Company, are capitalized as assets by the Company at the cost paid to lessor.

Amortisation of capitalised leased assets is computed on the straight line method over the useful life of the assets.

2. **Where the Company is the lessor-**Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income in respect of 'Operating Lease' is recognised in the statement of profit and loss on a straight-line basis over the lease term. Assets subject to operating leases are included in fixed assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease term.
3. **Indefeasible Right to Use ('IRU')-** As a part of operations, the Company enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease.

The contracted price is received in advance and is recognised as revenue during the tenure of the agreement. Unearned IRU revenue net of the amount recognizable within one year is disclosed as deferred revenue in other long term liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

l. Borrowing Cost

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalised based on actual investment in the asset at the interest rate for specific borrowings. All other borrowing costs are expensed in the period they occur.

m. Investment

Investment, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

n. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, and other short term highly liquid deposits with bank, with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

o. Revenue Recognition and Receivables

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the consideration received/receivable, excluding discounts, rebates, and value added tax ('VAT'), service tax. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

p. Service Revenues

Service revenues include incomes from National Long Distance services, Internet Service, infrastructure provider services such as co-location, dark fiber, tower space etc. Revenues are recognised on prorata basis on provision of services while revenue from co-location, dark fiber, tower space etc is recognised over the period of arrangement.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid services like Railwire are recognised based on actual usage.

Service revenue is recognised on transfer of significant risk and rewards to client (the date of satisfactory commissioning of services) and when there is no uncertainty in ultimate collection of revenue.

Deferred revenue includes amount received in advance from customers which would be recognised over the periods when the related services are expected to be rendered.

q. Deposit Works

Deposit work/cost plus works are accounted for on the basis of statements of account received from the contractors. Incidental Expenditure relating to these works including corporate office expenses for the year, is apportioned to these works on the basis of expenses incurred on these works. 5% and 3% of expenses incurred on each work is apportioned towards establishment cost and other common expenses respectively. All these works are recognised when, the significant risks and rewards of ownership are transferred to the buyer and when no significant uncertainty exists regarding realization of consideration.

r. Interest and Other Income

Income on account of interest and other activities are recognised on an accrual basis.

s. Provision for Doubtful Debts

The Company provides for amounts outstanding in specific cases where the management is of the view that the amounts from certain customers are not recoverable. For receivables due from the National Long Distance (NLD)) traffic, ISP, IP_1 services, the Company provides for amounts outstanding for more than 6 month from the date of billing, net of any amounts payable to the operators or in specific cases where the management is of the view that the amounts from these operators are not recoverable.

t. Unbilled Revenue

Unbilled revenue represent revenue recognised in respect of services provided from the last bill cycle date to the end of the reporting period. These are billed in subsequent periods as per the terms of the billing plans/ contractual arrangements.

u. License Fees – Revenue Share

The revenue-share is computed as per the licensing agreement at the prescribed rate and is expensed as incurred. As per the NLD and ISP license condition, company is required to share 8% of its adjusted gross revenue with Department of Telecommunication, the same is provided on the basis of adjusted gross revenue booked during the year. In addition to this company is also required to share 7% of its gross revenue with Indian Railways as per agreement between RailTel and Railways dated 21/09/2006. The same is provided for in the statement of profit & Loss account.

v. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

1. Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

12% of the Basic pay plus dearness allowance of employees and equal contribution of the corporation is contributed to provident fund maintained with the Regional Provident Fund Commissioner. Corporation's contribution to provident fund is charged to revenue.

2. Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

- i. Gratuity is payable on separation @15 days pay for each completed year of service to eligible employee, who rendered continuous service of 5 year or more. The gratuity ceiling of ₹ 10 lakh has been considered for actuarial valuation.
- ii. Leave Encashment is payable on separation to eligible employee who have accumulated earned leave. Leave salary is provided for based on valuation, as balance sheet date, made by independent actuary.
- iii. Foreign service contribution payable for leave salary and pension in respect of deputationists (Employees who have joined corporation on deputation on a fixed term from Indian Railways, Department of Telecommunications) for the year 2014-15 in terms of government rules, and regulation is charged to revenue on accrual basis.

3. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- i. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- ii. in case of non-accumulating compensated absences, when the absences occur.

4. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

w. Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is recognised in the year of sale itself with a corresponding provision for expenses likely to be incurred during the period of warranty.

x. Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Statement of Profit and Loss.

y. Taxes

1. Current Income Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

2. MAT Credit

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

3. Deferred Tax

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

z. Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

aa. Segment Reporting

1. Primary Segment

The Company operates in two primary business segments viz. Telecom Services, Project Works.

2. Secondary Segment

The Company has operations serving customers within India as well as in other countries located outside India. The operations in India constitute the major part, which is the only reportable segment, the remaining portion being attributable to others

ab. Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

ac. Prior Period Expenses

Income/Expenditure relating to prior period, which do not exceeds ₹ 2,00,000/- in each case, are treated as income/expenditure of current year.

ad. Exceptional Item

Exceptional items are generally non-recurring item of income & expenses within profit & loss from ordinary activity which are of such size, nature or incidence hat their disclosure is relevant to explain the performance of the company for the year.

ae. Provisions and Contingencies

The Company recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

Contingent assets are not recognised in the financial statements.

af. Operating cycle

Based on the nature of services/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Share Capital

Note-2

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Authorized Share Capital		
Equity Shares		
1,00,00,00,000 (Previous Year - 1,00,00,00,000) equity shares of ₹ 10 each	1,00,000	1,00,000
Issued, Subscribed and fully paid-up shares		
1,50,00,007 (Previous Year - 1,50,00,007) equity shares of ₹ 10 each in Cash	1,500	1,500
30,59,38,400 (Previous Year - 30,59,38,400) equity shares of ₹ 10 each in consideration other than cash	30,594	30,594
TOTAL	32,094	32,094

1. Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	Opening Balance	Allotted During The Year	Closing Balance
Year ended 31 st March 2016			
No of Equity Shares - In Cash	1,50,00,007	0	1,50,00,007
No of Shares - In consideration other than cash	30,59,38,400	0	30,59,38,400
Amount	3,20,93,84,070	0	3,20,93,84,070
Year ended 31 st March 2015			
No of Shares - In Cash	1,50,00,007	0	1,50,00,007
No of Shares - In consideration other than cash	30,59,38,400	0	30,59,38,400
Amount	3,20,93,84,070	0	3,20,93,84,070

2. Structure of Shares as above remain unchanged during last five years and no bonus share are issued since incorporation of the Company

3. Right, Preference and restriction attached to shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by Board of Directors held on 29th March 2016. During the year ended March 31, 2016, Company has paid a interim dividend of ₹ 0.467 per share (previous year 0.31 per share) and proposed final dividend of ₹ 0.827 per share of ₹ 10 each (Previous Year ₹ 0.22 per share).

4. Number of share held by shareholders holding (as per the register of shareholders) holding more than 5% of aggregate shares in the Company

Particulars	As at 31.3.2016		As at 31.3.2015	
	(Number)	(Percentage)	(Number)	(Percentage)
Ministry of Railways (in the name of President of India)	32,09,38,407	100%	32,09,38,407	100%

Reserve and Surplus

Note-3

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
General Reserve		
Opening Balance at the beginning of the year	32,000	28,000
Add : Transferred from surplus in statement of profit & Loss account	4,000	4,000
Closing Balance (1)	36,000	32,000
Other Reserves		
Corporate Social Responsibility Reserve, Sustainable Development Reserve		
Opening Balance at the beginning of the year	146	146
Add: Transferred from surplus in the statement of profit & Loss	—	—
Less: Fund utilized	24	—
Closing at the end of the year (2)	122	146
Research & Development Reserve		
Opening Balance at the beginning of the year	—	—
Add: Transferred from surplus in the statement of profit & Loss	—	100
Less: Fund utilized	—	100
Closing at the end of the year (3)	—	—
Surplus in the Statement of Profit & Loss		
Opening Balance at the beginning of the year	36,168	31,042
Add: Profit transferred from statement of profit & loss account	10,383	12,094
Amount available for appropriation	46,551	43,136
Appropriations		
Interim Dividend on Equity Shares	1,500	1,000
Proposed final dividend on Equity Shares	2,653	700
Tax on interim Dividend	305	200
Tax on proposed Dividend	540	143
Transferred to General Reserve	4,000	4,000
Research & Development Reserve	—	100
Depreciation Impact due to Schedule II of Companies Act' 2013	—	825
Net Surplus in the statement of Profit and Loss (4)	37,552	36,168
Closing Balance carry over to Balance Sheet (1+2+3+4)	73,674	68,315

The Board of Directors, at their meeting held on 30th June 2016 has recommended a total dividend of ₹ 4153 lakh for FY 15-16. ₹ 1500 lakh already been paid and provision has been made for balance of ₹ 2653 lakh in FY 15-16. The payment of final dividend is subject to the approval of share holders at the ensuing Annual General Meeting.

Deferred Tax Liabilities (Net)

Note-4

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Deferred Tax Liabilities	4,933	
Depreciation claimed as deduction under Income Tax Act but chargeable in the statement of profit and loss in future years		
	4,933	—
Less: Deferred Tax Assets		
Depreciation chargeable in the statement of profit and loss but claimed as deduction under Income Tax Act in future year	—	350
Provision for doubtful debts charged in the statement of profit and loss but to be allowed as deduction under the Income Tax Act in future years	911	—
Expenditure to be allowed on payment basis under Income Tax Law/Provisions	516	—
Gross Deferred Tax Assets	1,427	350
TOTAL	3,506	(350)

Other Long Term Liabilities

Note-5

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured		
OTHERS		
Security Deposit Received	2,308	2,095
Deferred Revenue (Advance from Customers)*	42,083	61,228
Advances from Related Party**	2,334	2,850
Retention Money	7,769	6,197
TOTAL	54,494	72,370

* Advance from Customers include (i) advances against IRU lease (ii) advance for providing bandwidth connectivity under NLD license and (iii) advances received for upgradation of existing services etc.

** Advances from related party represent advance received towards execution of works from Railways and Railway's PSU.

Long Term Provisions

Note-6

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured		
Provision for Arbitration Claim	46	46
TOTAL	46	46

Trade Payables

Note-7

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Trade Payables		
Micro and Small Enterprises	—	—
Other Than Micro and Small Enterprises		
-Revenue share payable to Indian Railway & Konkan Railway	4,142	3,285
-Others	8,870	7,573
TOTAL	13,012	10,859

Note : In the absence of any information of supplier/creditors, amount due to Micro, Small and Medium enterprise could not be ascertained in terms of the Micro, Small and Medium enterprise development Act 2006

Other Current Liabilities

Note-8

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured		
INCOME RECEIVED IN ADVANCE		
Deferred Revenue (Advance from Customers)	19,991	9,706
Advance received from Others*	10,840	6,129
EMD Payable	1,174	758
Payable to others**	7,691	4,235
TOTAL	39,696	20,828

* It represents amount received from Bharat Broadband Network Ltd (BBNL) for carrying out Project work relating to laying of OFC on their behalf.

** It includes ₹ 813 lakh (previous Year 922 lakh for 2013-14 and 2014-15) on account of Provision for Performance Related Pay for the FY 14-15 and 2015-16 which has been provided on estimated basis and also includes ₹ 46 lakh (Previous Year 56 lakh) related to Foreign service contribution, payable to Ministry of Railways (In respect of obligation of leave salary and Gratuity to Deputationist)

Short Term Provisions

Note-9

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Provision for Retirement Benefits		
Provision for Pension	209	—
Provisions-Others		
Provision for Dividend	2,653	700
Provision for Tax on Dividend	540	143
Provision for Tax	1,071	—
TOTAL	4,473	843

Note-10

(₹ in Lakh)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				IMPAIRMENT			NET BLOCK	
	As at 1.04.15	Addition	Deductions/Adjustment	As at 1.04.15	Depreciation for the period	Deductions/Adjustment affecting P&L	Deductions/Adjustment	As at 1.04.15	For the period	Total	As at 31.03.16	As at 31.03.15
Tangible Assets (A)												
Freehold Land Gurgaon	222	-	-	-	-	-	-	-	-	-	222	222
Leasehold Land Guwahati		30									30	
Leasehold Land Noida		1,552			29			29			1,523	
Leasehold Flats		399			53			53			346	-
Owned Buildings Gurgaon	2,382	37		491	32	(1)		523			1,896	1,891
Plant & Equipment's												
i. OFC & Related Assets	61,313	1,963		27,746	3,228	-		30,974			32,302	33,564
ii. Telecom & Radio Equipment's	32,045	12,599		14,227	4,516	-		18,743	-1,091	0	25,901	16,727
iii. STM-16 Equipments	17,737	350		12,035	1,260	2		730	-730	0	4,789	4,972
iv. Prefabricated Buildings	1,323	110		1,311	20	9		1,340			93	12
v. MPLS Equipments	5,154	1,652		3,025	261	-	(1,250)	4,537	-1,250	0	2,269	878
Computers	672	90	2	521	102	(2)	7	615			149	151
ERP- Hardware System	204	-	-	41	52	0		93			111	164
Furniture & Fixtures	245	40		150	31	-		181			104	96
Vehicles	45	-		20	5	-		25			20	24
Office Equipment's	501	135		362	63	(0)	4	421			214	139

Tangible Assets (A)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				IMPAIRMENT			NET BLOCK		
	As at 1.04.15	Addition	Deductions/Adjustment	As at 31.03.16	As at 1.04.15	Depreciation for the period	Deductions/Adjustment affecting P&L	Deductions/Adjustment	As at 31.03.16	As at 1.04.15	For the period	Total	As at 31.03.16	As at 31.03.15
Leasehold Improvements	1,102	535	-	1,636	673	131	(11)	3	790				846	429
Temporary Fixtures	10	-	-	10	10	-	-	-	10				-	-
Total As on 31 March 2016	122,953	19,493	2	142,446	60,612	9,783	(2)	(1,236)	71,631	3,071	(3,071)	-	70,815	59,267
Total As on 31 March 2015	107,184	15,723	45	122,953	50,922	9,704	-	13	60,612	3,071	-	3,071	59,267	53,190
Intangible Assets (B)														
ERP	405	0	-	405	103	81	(0)		184				222	303
NLD Licence*	250	-	-	250	209	25	0		234				16	41
Total As on 31 March 2016	655	0	-	655	312	106	0	-	418	-	-	-	238	344
Total As on 31 March 2015	655	-	-	655	205	106	-	-	312				344	450
Total As on 31 March 2016 (A+B)	123,609	19,493	2	143,100	60,926	9,889	(2)	(1,236)	72,049	3,071	(3,071)	-	71,053	59,611
Total As on 31 March 2015 (A+B)	107,840	15,724	45	123,609	51,127	9,810	-	13	60,926	3,071	0	3,071	59,611	53,640

- Pursuant to Accounting Standard (AS 28) impairment on assets issued by the Institute of Chartered Accountants of India, the Corporation made an assessment on 31st March, 2016 for any indication of impairment in the carrying amount of fixed assets. On the basis of such assessment, in the opinion of management, there is no indication of impairment as per AS-28.
- Company has constructed buildings on leased premises (including Railway Land). The same has been classified in leasehold improvement and depreciation has been charged as per the policy of the Company. Land on which these leasehold improvements has been constructed are not in the name of the company.
- In the current year company has capitalized leasehold flats in Mumbai & Ahmedabad and leasehold land in Noida from back date. Impacts of depreciation for earlier years are ₹ 39.52 lakh and 11.85 lakh respectively.

Capital Work in Progress

Note-11

Particulars	As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)	
NE-1 & NE-2 Projects				
Gross Cost	16,646		7,891	
Less: -Subsidy Received for NE-1 Projects	395	16,251	-	7,891
OFC laying works		2,462		1,370
MPLS, STM & Other Telecom & Radio Equipment & Data Center		3,024		5,824
Buildings		3,108		779
Site works		3,929		910
TOTAL		28,774		16,774

1. As per the existing system, construction materials are directly handed over to the contracting agencies and the entire cost of such materials is charged to CWIP.

Non Current Investments

Note-11A

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Long term Investments - at cost		
Trade (unquoted)		
Investment in Shares of subsidiaries		
RailTel Enterprises Limited* (fully owned)	1,000	1,000
1,00,00,000 equity shares of ₹ 10 each fully paid		
TOTAL	1,000	1,000

Long Term Loans and Advances

Note-12

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
(Unsecured, considered good unless stated otherwise)		
Capital Advances		
Considered Good *	510	909
Security Deposit		
Considered Good	481	457
Others**	392	452
TOTAL	1,383	1,818

* Capital Advances given to Indian Railways (Related Party)

** Prepaid expenses of long term leasing contract

Other Non-Current Assets

Note-13

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured, considered good unless stated otherwise		
Long Term Trade Receivables	13,961	19,180
TOTAL	13,961	19,180

Under the terms of arrangements in respect of services provided for National Knowledge Network (NKN) connectivity, the amounts are receivable after specified period, even though complete billing has been made against such service.

Inventories (Valued at lower of cost and net realisable value)

Note-14

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Inventory (Consumables for O&M Work)	59	117
TOTAL	59	117

Trade Receivables

Note-15

Particulars		As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)
Unsecured, unless stated otherwise				
Telecommunication Business				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	13,936		5,839	
Considered Doubtful	2,585		2,610	
Less Provision for Doubtful receivables	2,585	13,936	2,610	5,839
Receivables (less than six months)				
Considered Good	7,216		5,529	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	7,216	0	5,529
Other Deposit Works				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	3,171		3,293	
Considered Doubtful	46		46	
Less Provision for Doubtful receivables	46	3,171	46	3,293
Receivables (less than six months)				
Considered Good	1,454		2,130	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	1,454	0	2,130
TOTAL		25,777		16,790

Cash and Bank Balances

Note-16

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Cash and Cash Equivalents		
(i) Cash & Cash Equivalent (maturity <= 3 Months)		
a. Cash on Hand (Imprest)	6	5
b. Remittance in Transit	31	348
c. Balances with Schedule Bank:		
In Current A/c	591	454
In Collection A/c	2,155	703
In Term Deposit	353	302
(ii) Other Bank Balances with Schedule Bank		
a. Balance with Bank (Margin Money)	460	56
b. Bank deposits with less than 12 month maturity	52,380	65,374
TOTAL	55,976	67,241

Balance with Bank (Margin Money) represent deposit under lien (for issuing Bank guarantee by bank)

Short Term Loans and Advances

Note-17

Particulars		As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)
Unsecured, Considered good unless stated otherwise				
Security Deposit		179		171
Loans and advances to Employee (secured considered good)		55		28
Prepaid Expenses		52		99
Balance With tax authorities				
Service tax credit available		3,092		1,778
VAT Credit		95		24
MAT Credit				
Opening Balance	5,231		5,940	
Less: Utilised during the year	1,567	3,664	709	5,231
Recoverable from Income Tax Deptt		3,630		3,347
Advance Income Tax		28		28
Others*	3,043		3,057	
Less:- provision for doubtful advances	420	2,623	420	2,636
Supplier Advances		87		849
Unbilled Revenue		871		345
TOTAL		14,376		14,537

In the opinion of the management, the value of loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated as above.

*Loans and advances include a sum of ₹ 379 lakh deposited with the Department of Telecommunication, under protest, on account of share on income, interest, and penalty. The company has filed an appeal with Telecom Dispute Settlement and Appellate Tribunal (TDSAT). Against which necessary provision exist.

Other Current Assets

Note-18

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured, Considered good unless stated otherwise		
Accrued interest on term deposit	2,624	2,667
Considered Good (Related Party)*	6,210	5,271
TOTAL	8,636	7,937

*Includes an amount of ₹ 6114 lakh (Previous year 5211) lakh recoverable from Indian Railway (being the administrative Ministry and related party) ₹ 96 lakh (Previous Year 59 lakh) is recoverable from 100% owned Subsidiary Company

Revenue From Operation

Note-19

Particulars		For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Revenue from Operation			
Income from Telecom Services			
NLD Services		31,562	28,490
ISP Services		7,882	4,011
IP-1 Services		12,164	10,419
Income from Projects			
Railways Deposit Works	2,165		3,463
Other projects	3,280	5,445	181
Other Operating Revenue		168	917
TOTAL		57,221	48,182

Other Income

Note-20

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Interest Income on deposits with Bank	5,650	6,583
Gain/(Loss) on foreign Exchange	37	-
Other Non Operating Income		
Miscellaneous Income	204	50
Liabilities/Provision written back	801	549
Interest on Income Tax Refunds	242	-
TOTAL	6,934	7,182

Access and Other Charges

Note-21

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Operation & Maintenance of Fiber & Equipment	4,297	3,158
Share of Revenue with Konkan Railway	19	28
Hire Charges Radio Modem/Optic Fibers and Internet Access*	3,370	2,806
Interconnect & Port charges	1,016	607
Franchise Expenses	2,753	803
Power & Fuel Expenses on network	2,674	2,166
Revenue Share to Railways	2,215	1,929
TOTAL	16,344	11,497

*Includes Hire charges Radio Modem, Optic Fiber, Protection Bandwidth, Connectivity charges, and Internet Bandwidth.

Licence Fee & Spectrum Charges paid to DoT

Note-22

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Licence Fee to DoT	3,469	3,365
Spectrum Charges	78	78
TOTAL	3,547	3,443

Project-Expenses

Note-23

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Expenses on Projects	2,492	3,197
Allocation of Employee benefit Expenses	125	160
Allocation of Administrative Expenses	75	96
TOTAL	2,692	3,452

Employee Benefit Expenses

Note-24

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Salaries & Wages (including Staff Welfare)	8,535	6,817
Contribution to Provident and other funds	400	339
Less: Expenses transferred to projects- Refer Note no 23	125	160
TOTAL	8,810	6,996

Administrative and Other Expenses

Note-25

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Auditor Remuneration		
As Auditor	13	11
Books & Periodicals	2	2
Communication Expenses	127	146
Conveyance Expenses	42	58
Bank Charges & Commission	11	19
Legal & Professional Expenses	541	414
Insurance	9	4
Rates & Taxes	59	71
Rent	1,165	1,116
Repair & Maintenance – Others	1,079	888
Tender Expenses.	140	86
Training & Recruitment Expenses	22	76
Travelling Expenses	477	431
Printing & Stationary Expenses	75	79
Vehicle Hire charges	278	297
Inspection Charges	99	70
Business promotion Expenses	120	79
Other Miscellaneous Expenses	751	359
Corporate Social Responsibility	321	249
Provision for Bad and Doubtful Debts	9	9
Less:- Expenses transferred to Railways Deposit Works	75	96
-Refer Note no 23		
TOTAL	5,265	4,370

Depreciation and Amortisation Expenses

Note-26

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Depreciation on tangible Assets	9,783	9,704
Depreciation on Itangible Assets	106	106
Depreciation (Part of Retained Earning)	-	-825
TOTAL	9,889	8,985

Tax Expenses

Note-27

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Current Tax (Income Tax)	5,389	5,345
Current Tax (Income Tax)-previous Years	(199)	(612)
Deferred Tax Asset	-	(205)
Deferred Tax Liabilities	3,856	
TOTAL	9,046	4,528

28 Earning Per Share

The calculation of EPS as per the Accounting standard-20 (Earning per share) is as follows

Particulars	As at 31 st March 2016	As at 31 st March 2015
Earning Per Share		
Basic Earning Per Share		
(a) Net Profit/ Loss (-) available for Equity Shareholders (₹ in lakh)	10,383	12,094
(b) Weighted average of Equity share of ₹ 10 each (₹ in lakh)	3,209	3,209
Basic Earning per share (a/b)	3.24	3.77
Diluted Earning Per Share		
(c) Weighted average No. of Equity share of ₹ 10 each (b) (in lakh)	3,209	3,209
Diluted Earning per share (a)/(c)	3.24	3.77

29 Gratuity (Employee Benefits (AS 15))

The Company has a defined benefit gratuity plan for its employees from LIC. Every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with insurance companies in the form of qualifying insurance policies.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the above plan.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in respect of Gratuity are as below

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Current service cost	85,66,705	44,43,405
Interest cost on benefit obligation	21,81,858	17,87,020
Expected return on plan assets	22,08,785	15,19,517
Net actuarial (gain)/loss recognised in the year	-1,62,699	-6,180
Net benefit expense	11,30,183	25,78,436
Actual return on plan assets	20,46,086	15,13,337

Balance Sheet Benefit liability

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Present value of defined benefit obligation	6,35,98,302	2,72,73,227
Fair value of plan assets	2,87,69,982	2,76,09,814
Plan liability	-3,48,28,320	3,36,587

Changes in the present value of defined benefit obligation are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening defined benefit obligation	2,72,73,227	2,23,37,748
Current service cost	85,66,705	44,43,405
Interest cost	21,81,858	17,87,020
Benefit paid	11,30,183	25,78,436
Actuarial losses on obligation	2,67,06,695	12,83,490
Closing defined benefit obligation	6,35,98,302	2,72,73,227

Changes in the fair value of plan assets are as follows

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening fair value of plan assets	2,76,09,814	1,74,65,707
Expected return	22,08,785	15,19,517
Contributions by employer	2,44,265	1,12,09,206
Benefits paid	-11,30,183	-25,78,436
Actuarial gain	-162699	-6180
Closing fair value of plan assets	2,87,69,982	2,76,09,814

The Company expects to contribute ₹ 3,48,28,320 to gratuity fund in the next year (31st March, 2015 - ₹ 3,36,587)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Investment with insurers	2,87,69,982	2,76,09,814
	(100%)	(100%)

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	31 st March 2016	31 st March 2015
Mortality table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate	7.6% per annum	8% per annum
Expected rate of return on plan assets	8% per annum	8% per annum
Rate of escalation in salary	6% per annum	6% per annum
Employee Turnover		
Up to 30 years	2%	2%
From 31 to 44 years	2%	2%
Above 44 years	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

Gratuity	31 st March 2016	31 st March 2015	31 st March 2014	31 st March 2013	31 st March 2012
Defined benefit obligation at end of the period/year	6,35,98,302	2,72,73,227	2,23,37,748	1,63,07,217	NA
Plan assets at end of the period/year	2,87,69,982	2,76,09,814	1,74,65,707	1,74,65,707	NA
Plan liability (net)	-3,48,28,320	3,36,587	(48,72,041)	11,58,490	NA
Experience adjustments on plan liabilities (loss)/ gain	NA	NA	NA	NA	NA
Experience adjustments on plan assets (loss)/ gain	NA	NA	NA	NA	NA

30. Provident Fund (Accounting Standard-15 "Employee Benefit)- All regular employees of the Company (excluding those on deputations) are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and employer make monthly contribution to the plan at a pre-determined rate (presently 12%) of the employees' salary consisting of Basic pay and Dearness allowance. These contributions are made to the fund administered and managed by Provident Fund Commissioner. The contributions of PF of the employee on deputation are made to the funds of their parent department.

31. Leave Encashment: Payable on separation to eligible employees who have accumulated earned leave. Leave salary is provided for based on valuations, as at the balance sheet date, made by independent actuary.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in respect of Leave encashment are as below.

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Current service cost	92,04,668	35,13,172
Interest cost on benefit obligation	21,34,453	19,94,013
Expected return on plan assets	23,46,842	14,63,630
Net actuarial (gain)/loss recognised in the year	3,79,93,847	9,21,882
Net benefit expense	30,52,272	46,73,559
Actual return on plan assets	23,01,662	14,45,229

Balance Sheet Benefit liability

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Present value of defined benefit obligation	7,29,61,363	2,66,80,666
Fair value of plan assets	2,86,86,288	2,93,35,520
Plan liability	4,42,75,075	-26,54,854

Changes in the present value of defined benefit obligation are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening defined benefit obligation	2,66,80,666	2,49,25,158
Current service cost	92,04,668	35,13,172
Interest cost	21,34,453	19,94,013
Benefit paid	30,52,272	46,73,559
Actuarial losses on obligation	3,79,93,847	9,21,882
Closing defined benefit obligation	7,29,61,363	2,66,80,666

Changes in the fair value of plan assets are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening fair value of plan assets	2,93,35,520	1,68,23,335
Expected return	23,46,842	14,63,630
Contributions by employer	1,01,378	1,57,40,515
Benefits paid	30,52,272	46,73,559
Actuarial gain	45,180	18,401
Closing fair value of plan assets	2,86,86,288	2,93,35,520

The Company expects to contribute ₹ 4,42,75,075/- to leave fund in the next year (31st March, 2015 - ₹ -26,54,854)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Investment with insurers	2,86,86,288	2,93,35,520
	(100%)	(100%)

The principal assumptions used in determining leave benefit obligation for the Company's plans are shown below:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Mortality table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate	7.6% per annum	8% per annum
Expected rate of return on plan assets	8% per annum	8% per annum
Rate of escalation in salary	6% per annum	6% per annum
Employee Turnover		
Up to 30 years	2%	2%
From 31 to 44 years	2%	2%
Above 44 years	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

Leave Encashment	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation at end of the period/year	72,9,61,363	2,66,80,666	2,49,25,158	2,17,38,480	NA
Plan assets at end of the period/year	2,86,86,288	2,93,35,520	1,68,23,335	1,16,50,626	NA
Plan liability (net)	(4,42,75,075)	26,54,854	(81,01,823)	(1,00,87,854)	NA
Experience adjustments on plan liabilities (loss)/ gain	NA	NA	NA	NA	NA
Experience adjustments on plan assets (loss)/ gain	NA	NA	NA	NA	NA

32. Foreign Service Contribution: Foreign service contribution payable for leave salary and pension in respect of deputationists including deemed deputationists (employees who have joined the corporation on deputation for a fixed period from Indian Railways) for the year 2015-16 in terms of Government rules and regulations is charged to revenue on accrual basis.

33 Related party disclosures

1(a) Names of related parties and related party relationship:

(i) Enterprises under common control

Enterprises under common control	NA
----------------------------------	----

(ii) Related parties under AS-18 with whom transactions have taken place during the period

Subsidiaries	RailTel Enterprises Limited
Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company	Sh Rajendra Kumar Bahuguna Sh A Seshagiri Rao Sh Narender Kumar Gupta
Key Managerial Personnel	Sh Rajendra Kumar Bahuguna Sh A Seshagiri Rao Sh Narender Kumar Gupta Sh J S Marwah
Relatives of Key Managerial Personnel and relatives of Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company	NA
Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	NA

Salaries and wages includes Directors remuneration of ₹ 145 lakh in current year and ₹ 133 lakh in previous year

1(b) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period

Sitting fee paid to Non Official Directors	For 2015-16	For 2014-15
Sh Bhaskar Gupta	Nil	0.72 lakh
Sh R K Goyal	Nil	0.88 lakh

Transactions with Subsidiary

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period

Nature of Transactions	Subsidiaries
Purchases of goods	Nil
On account of Services	₹ 36.69 lakh (₹ 59.33 lakh)
Purchase of fixed assets	Nil

(Figure in bracket represents previous year figures)

Nature of Transactions	Subsidiaries	Enterprises under Common control with the reporting Enterprises	Joint Venture of Reporting Enterprises	Key Managerial Personnel & their relatives	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	Total
Salaries / Remuneration Paid to KMP and any advances / investment / payable of Subsidiary	Nil	N.A	N.A	N.A	N.A	Nil
Sitting Fees	Nil	N.A	N.A	N.A	N.A	Nil

35. Capital and other commitments:

Particulars	31 st March 2016	31 st March 2015
Estimated amount of contracts remaining to be executed on capital account (net of advances)	17,431 lakh	18,771 lakh

36. Contingent liabilities:

Contingent liabilities not provided for

(₹ in lakh)

Particulars	31 st March 2016	31 st March 2015
(1) Claims against the Company not acknowledged as debts		
(i) Service tax demands	2040	1085
(ii) Income tax demands	57	2868
(iii) Sales tax/VAT demand	148	1863
(iv) Department of telecommunication	7823	5751
(v) Other matters	300	300
(2) Bank Guarantees given by the Company	8910	5317

The Company is confident that outflow is not probable; hence the provision is not created for the above-mentioned cases.

37. Value of imports calculated on CIF basis

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Raw materials	Nil	Nil
Consumables and Spare parts	Nil	Nil
Capital goods	5,597	2,823
Total	5,597	2,823

38. Expenditure in foreign currency (accrual basis)

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Interest on foreign currency loan	Nil	Nil
Travelling & conveyance	14	Nil
Royalty	Nil	Nil
Repair & Maintenance	Nil	Nil
Technical know how	Nil	Nil
Service charges	Nil	Nil

39. Leases

Operating Lease: Company as lessee

The Company has taken various office premises under operating lease agreements. These leases are not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreement. There are no subleases.

Operating Lease-As a Lessor (Accounting Standard-19-Leases)

- The Company has been offering NLD, infrastructure services (Dark Fibers, Tower space and colocation etc.) under IP-I registration and Internet services under ISP licence to its customers under respective operating lease
- The Company has entered into a non-cancellable lease arrangement to provide optical fiber on indefeasible right of use (IRU) basis for a period of 10-15 years. The lease rental receivable proportionate to actual kilometers accepted by the customer is credited to the statement of profit and loss on a straight-line basis over the lease term. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2016 and accordingly respective disclosures required by AS 19 are not provided
- Future minimum lease rentals receivable under operating lease for each of the following period as on 31st march, 2016 are as under:-

Particulars	31-Mar-16	31-Mar-15
Later than one year and upto five year	36,442	44,951
Later than five year	5,641	16,277

40. Accounting for Corporate Social Responsibility

During the period, the gross amount required to be spent by the Company on activities related to Corporate Social Responsibility (CSR) amounted to ₹ 321 lakh (Previous year ₹ 249 lakh).

Further, amount spent during the year in relation to CSR activities in cash is mentioned below:

(₹ in lakh)

Particulars	Amount paid	Amount yet to be paid	Total
Construction/Acquisition of any asset	Nil	Nil	Nil
On any other purpose	222	99	321
Total	222	99	321

41. In the current year company has revised useful life of freehold Building from 10 Year to 60 years. Impact for the same on depreciation is ₹ 198.50 lakh.

42. Previous year figures have been regrouped, rearranged wherever necessary to make them comparable with those of current year.

43. Information as per requirement of AS-29 (Provision, Contingent Liabilities and Contingent Assets)

Provisions

(₹ in lakh)

Particulars	Provision for Arbitration Claim
Carrying Amount at the beginning of the period	46
Additional provision made in the period	0
Amount utilised/adjusted during the period	0
Unused amount reversed during the period	0
Carrying amount at the end of the period	46

44. Balances shown in the Notes to Balance Sheet are subject to confirmation/reconciliation and consequential adjustments, if any.

45. In the opinion of the management, the value of loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated as above.

46. Segment Reporting under AS 17

Financial information about the business segments for the year ended 31st March 2016 is as under.

Accounting Standard 17 (Segment Reporting)

Primary Information relating to Business Segments for the year ended 31st March 2016

Amount in Lakh (₹)

	Telecommunications Services		Project		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue including allocable other income						
External Lease Revenue	51,776	43,838	5,445	4,344	57,221	48,182
Total Revenue	51,776	43,838	5,445	4,344	57,221	48,182
RESULT						
Segment Result (a)	51,776	43,838	5,445	4,344	57,221	48,182
Interest Expense (b)	0	0	0	0	0	0
Interest & Other Income (c)	6,469	7,182	466	0	6,934	7,182
Other Expenses (d)	42,034	35,290	2,692	3,452	44,726	38,743
Income Taxes(FBT) / deferred tax (e)	8,093	4,463	953	65	9,046	4,528
Profit from Ordinary Activities						
f = {(a)+(c)-(b) - (d)-(e)}	8,118	11,267	2,266	827	10,383	12,094
Prior period Income (g)		0	0	0	0	0
Prior period Expenses (h)	0	0	0	0	0	0
Net profit = (f+g-h)	8,118	11,267	2,266	827	10,383	12,094
OTHER INFORMATION						
Segment Assets (Gross Block)	1,43,100	1,23,609	0	0	1,43,100	1,23,609
Other Assets	1,14,463	1,19,150	6,705	9,470	1,21,168	1,28,620
Total Assets	2,57,564	2,42,758	6,705	9,470	2,64,268	2,52,229
Capital Expenditure	28,774	16,774	0	0	28,774	16,774
Inter segment capital expenditure	0	0	0	0	0	0
Segment Liabilities	1,02,053	95,617	13,174	8,979	1,15,226	1,04,596
Total Liabilities	1,02,053	95,617	13,174	8,979	1,15,226	1,04,596
Depreciation/Impairment	0	0	0	0	0	0
Secured Loans	0	0	0	0	0	0
Unsecured Loans	0	0	0	0	0	0
Deferred Tax Liabilities	3,506	-350	0	0	3,506	-350

The Company has two business segments as identified by the management. These are Telecommunication Services and Project. Secondary information relating to geographical segments is not given as the entire operations are carried on in India.

Independent Auditor's Report

To,
The Members of
Railtel Corporation of India Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Railtel Corporation of India Ltd. (hereinafter referred to as “the Holding Company”), its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) which comprise the consolidated Balance Sheet as at 31st March 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated financial statements).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis statement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the other matters below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other Auditors, the consolidated financial statements give the information required by the Act in the manner required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliance of which is set out in "Annexure A".
2. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - (a) We/the other auditor whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of consolidated financial statement have been kept so far as it appears from our examination of those books.
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparations of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) In terms of exemption granted Govt. companies, Section 164 (2) is not applicable.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B"; and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated position of the group as at March 31, 2016 Refer Note 36 to the financial statements.
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, in respect of such items as it relates to the Group.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and subsidiary company incorporated in India.

Other Matter

- a) We did not audit the financial statements/financial information of subsidiary (Railtel Enterprise Limited), whose financial statements/financial information reflect total assets of ₹ 2030.01 lakh as at 31st March 2016, total revenues of ₹ 666.74 lakh and net cash flows amounting to ₹ 139.84 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No. 533967

Place: **Delhi**

Date: 30th June 2016

“Annexure A” referred to in Section 143 (5) of Companies Act 2013.

S. No.	Directions	Reply
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.	All freehold and leasehold lands have clear title/ lease deeds.
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, reasons thereof and amount involved.	There are no cases of waiver/ write off of debts/ loans/ interest etc.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grants from government or other authorities	As per our opinion, there are no inventories which are lying with the third parties. The company has not received any assets as gift/ grant(s) from Government or other authorities.

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No. 533967

Place: **Delhi**

Date: 30th June 2016

Annexure-B to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of Railtel Corporation of India Limited ("the Holding Company") and its subsidiary company which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For GSA & Associates
Chartered Accountants,
FRN: 000257N

Sd/-

(Ashish Arya)
Partner
Membership No. 533967

Place: **Delhi**

Date: 30th June 2016

RailTel Corporation of India Limited

Consolidated Balance Sheet As At 31st March 2016

Particulars	Notes No	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share Capital	2	32,094	32,094
Reserve & Surplus	3	73,765	68,328
Total		105,859	100,422
NON CURRENT LIABILITIES			
Long Term Borrowings		—	—
Deferred Tax Liabilities/(Assets) (Net)	4	3,506	(350)
Other Long Term Liabilities	5	54,511	72,383
Long Term Provisions	6	46	46
Total		58,063	72,079
CURRENT LIABILITIES			
Short Term Borrowings		—	—
Trade Payables		—	—
-Total outstanding dues of micro enterprises and small enterprises		—	—
-Total outstanding dues of creditors other than micro enterprises and small enterprises	7	13,602	10,932
Other Current liabilities	8	39,927	20,890
Short Term Provisions	9	4,479	843
Total		58,008	32,665
Total of Equity and Liabilities		221,930	205,166
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	70,815	59,267
Intangible Assets	10	238	344
Capital Work in progress	11	28,774	16,774
Total		99,827	76,385
Non Current Investment		—	—
Long term loans and advances	12	1,383	1,818
Other non current assets	13	13,989	19,217
Total		15,372	21,035
CURRENT ASSETS			
Current Investment		—	—
Inventories	14	141	117
Trade Receivables	15	26,396	16,796
Cash and Cash Equivalents	16	57,199	68,324
Short term loans and advances	17	14,414	14,537
Other current assets	18	8,581	7,972
Total		106,731	107,746
TOTAL ASSETS		221,930	205,166
Summary of Significant Accounting Policies		1	
The accompanying notes are an integral part of financial statements	28 to 46		

In terms of our report attached
For GSA & Associates
Chartered Accountants, FRN No. : 000257N

For and on behalf of
RailTel Corporation of India Limited

Sd/-
Ashish Arya
Partner
M No. 533967
Place : Delhi Date : 30/06/2016

Sd/-
J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-
N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-
R.K. Bahuguna
Chairman & Managing
Director
(DIN: 01748132)

RailTel Corporation of India Limited

Consolidated Statement of Profit and Loss for the year ended 31st March 2016

Particulars	Notes No		Year Ended 31.3.2016 (₹ in Lakh)		Year Ended 31.3.2015 (₹ in Lakh)
INCOME					
Revenue from Operation					
Telecom Income	19	51,776	57,789	43,895	48,239
Project Income	19	6,013		4,344	
Other Income	20		7,034		7,258
TOTAL INCOME			64,823		55,497
EXPENSES					
Access and other Charges	21	16,344		11,591	
License Fee & Spectrum Charges paid to DoT	22	3,547		3,443	
Project-Expenses	23	3,193	23,084	3,452	18,486
Employee Benefit Expenses	24		8,848		7,005
Administrative and Other Expenses	25		5,277		4,381
TOTAL EXPENSES			37,209		29,872
PROFIT BEFORE FINANCE COST, DEPRECIATION, AND TAXATION			27,614		25,626
Finance costs			—		—
Depreciation expense	26	9,889		8,985	
Reversal of Impairment provision		(1,821)	8,068	—	8,985
PROFIT BEFORE TAX			19,546		16,640
TAX EXPENSES					
Current Tax	27		5,428		5,350
Tax related to earlier year	27		(199)		(612)
Deferred Tax	27		3,856		(205)
PROFIT FOR THE YEAR			10,461		12,107
Earning per equity share of Face Value of ₹ 10 Per Share each:					
(1) Basic			3.26		3.77
(2) Diluted			3.26		3.77
Summary of Significant Accounting Policies		1			
The accompanying notes are an integral part of financial statements	28 to 46				

In terms of our report attached

For M/s GSA & Associates

Chartered Accountants

FRN No. : 000257N

For and on behalf of

RailTel Corporation of India Limited

Sd/-

Ashish Arya
Partner
M No. 533967

Sd/-

J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-

N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-

R.K. Bahuguna
Chairman & Managing Director
(DIN: 01748132)

Place : Delhi

Date : 30/06/2016

RailTel Corporation of India Limited

Consolidated Cash Flow Statement for the year ended March 31, 2016

Particulars	For the Year Ended on 31.03.16 (₹ in Lakh)		For the Year Ended on 31.03.15 (₹ in Lakh)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/ Before Tax & Extraordinary items Adjusted for:-	19,546		16,640	
Depreciation	8,068		8,985	
Research & Development Expenses	-		(100)	
Corporate Social Responsibility (Earlier Year)	(24)			
Interest received	(5,749)		(6,659)	
<i>Net cash from operating activities before Extraordinary Item and change in working capital (a)</i>		21,841		18,866
Working Capital changes				
(Increase)/Decrease in Inventory	(24)		175	
(Increase)/Decrease in other Current Assets	4,620		2,656	
(Increase)/Decrease in other Loans & Advances	558		8,996	
Increase/(Decrease) in Current Liabilities	2,483		(8,892)	
(Increase)/Decrease in Sundry Debtors	(9,602)		(1,409)	
TDS on Interest Income	330	(1,635)	417	1,943
<i>Net (Increase)/Decrease in Working Capital (b)</i>				
Total (a)-(b)		20,206		20,809
Less: Income Tax	(2,591)	(2,591)	(4,325)	(4,325)
Extraordinary Item				
Less: Depreciation adjustment for earlier years		(17)		(13)
CASH GENERATED FROM(USED) IN OPERATING ACTIVITIES (A)		17,598		16,471
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase)/Sale of Fixed Assets	(19,493)		(15,768)	
(Increase)/Decrease in Capital Work in Progress	(12,000)		(10,759)	
	-			
Interest received (Net of TDS)	5,418		6,243	
CASH GENERATED FROM(USED) IN INVESTING ACTIVITIES (B)		(26,075)		(20,284)

Particulars	For the Year Ended on 31.03.16 (₹ in Lakh)	For the Year Ended on 31.03.15 (₹ in Lakh)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interim Dividend & Dividend Distribution Tax	(2,648)	(2,253)
CASH GENERATED FROM(USED) IN FINANCING ACTIVITIES (C)		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	11,125	(6,066)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	68,324	74,390
D. CASH AND CASH EQUIVALENT AT END OF YEAR	57,199	68,324
E. COMPONENT OF CASH & CASH EQUIVALENTS:-		
Particulars	As at 31st March 2016 (₹ in Lakh)	As at 31st March 2015 (₹ in Lakh)
Cash and Cash Equivalents		
(ii) Cash & Cash Equivalent (maturity <= 3 Months)		
a. Cash on Hand (Imprest)	6	5
b. Remittance in Transit	31	348
c. Balances with Schedule Bank:	—	—
In Current A/c	597	570
In Collection A/c	2,155	703
In Term Deposit	353	302
(i) Other Bank Balances	—	—
a. Balance With Bank (Margin Money)	477	73
b. Bank deposit with less than 12 month maturity	53,580	66,324
TOTAL	57,199	68,324

In terms of our report attached even date

For M/s GSA & Associates

Chartered Accountants

FRN No. : 000257N

Sd/-
Ashish Arya
Partner
M No. 533967

Sd/-
J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-
N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-
R.K. Bahuguna
Chairman & Managing
Director
(DIN: 01748132)

Place : Delhi

Date : 30/06/2016

- Figures in bracket () indicate cash outflow.
- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statement".

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

S.No.	Particulars	F.Y. 2015-16	F.Y. 2014-15
1	Name of subsidiary	RailTel Enterprises Limited	RailTel Enterprises Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2015 to 31.03.2016 (Same as Holding Company)	12.08.2014 (Date of Incorporation) to 31.03.2015
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
4	Share Capital	Authorised - ₹ 50,00,00,000 Subscribed, Issued & Paid up - ₹ 10,00,00,000	Authorised - ₹ 50,00,00,000 Subscribed, Issued & Paid up - ₹ 10,00,00,000
5	Reserve & Surplus	₹ 88,98,975	₹ 13,17,644
6	Total Assets	₹ 20,30,01,409	₹ 11,61,70,719
7	Total Liabilities	₹ 9,41,02,435	₹ 1,48,53,074
8	Investments	Nil	Nil
9	Turnover	₹ 6,66,73,547	₹ 1,33,31,305
10	Profit before taxation	₹ 1,15,39,516	₹ 19,06,866
11	Provision for taxation	₹ 39,58,185	₹ 5,89,222
12	Profit after taxation	₹ 75,81,331	₹ 13,17,644
13	Proposed Dividend	Nil	Nil
14	% of shareholding	100	100

For GSA & Associates
Chartered Accountants
FRN No. : 000257-N

For and on behalf of
RailTel Corporation of India Limited

Sd/-
Ashish Arya
Partner
M No. 533967

Sd/-
J.S. Marwah
Company Secretary
(M. No.: F8075)

Sd/-
N.K. Gupta
Director Finance
(DIN: 05330063)

Sd/-
R.K. Bahuguna
Chairman &
Managing Director
(DIN: 01748132)

Place : Delhi
Date : 30/06/2016

Accounting Policy

NOTE-1

Corporate Information

RailTel Corporation of India Limited ('the Company') (CIN No.U64202DL2000GOI107905) incorporated in India on 26th September 2000 is a public sector undertaking. The company is promoted by and is in administrative control of Ministry of Railways. The Registered office of the Company is situated at 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, Delhi-110053 and Corporate Office at Plot No 143 Sector 44, Institutional Area Gurgaon Haryana.

RailTel Corporation, together with its subsidiary (RailTel Enterprises Limited) is hereinafter referred to as "the Group".

Main objective of the group are

- i. To facilitate Railways in expeditious modernizing of their operation and safety systems and network providing by state of art communication infrastructure.
- ii. To plan, build, develop, operate and maintain a nationwide broadband telecom and multimedia network to supplement national telecom infrastructure to spur growth of telecom, broadband and IT enabled value added services.
- iii. To generate revenue through commercial exploitation of its telecom network.
- iv. To undertake Information and Communication Technologies (ICT) infrastructure projects, to undertake design and development of Railway Signaling projects/systems.
- v. To carry out consultation services fro various customers in the field of IT, Telecom, Signaling, critical infrastructure and to undertake Data center, Network/security operation center related infrastructure projects in India and abroad.

RailTel Corporation a "Mini Ratna (Category-I)" PSU is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network covers all important towns & cities of the country and several rural areas covering 70% of India's population. RailTel with strong nationwide presence is committed to bring cutting edge technology and offer innovative services to the Indian Telecom market. RailTel is in the forefront in providing nationwide Broadband Telecom & Multimedia Network in all parts of the country in addition to modernization of Train operations and administration network systems. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

1 Basis for Preparation of financial statement

The consolidated financial statements of the group are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

These consolidated financial statements are presented in Indian Rupees (₹) and all amount are rounded to the nearest Lakh, except as stated otherwise.

2.1 Summary of significant accounting policies

a. Principles of Consolidation

The Consolidated Financial Statements relate to RailTel Corporation of India Limited ("Parent Company") and its subsidiary Company (the Parent Company and its subsidiary together referred to as "the Group").

The Standalone Financial Statements of the Parent Company and its subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard 21-"Consolidated Financial Statements" notified under section 133 of the Companies Act, 2013 read together with Para 7 of the Companies (Accounts) Rules, 2014. The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent subsidiary relationship came into existence.

The Subsidiary Company which is included in the consolidation and the Parent Company's holding therein is as under:

S. No.	Name of the Subsidiary Company	Nature of Relationship	% of holding
1.	RailTel Enterprises Limited	Subsidiary	100%

b. Change in accounting estimates

The accounting estimates adopted in preparation of Consolidated Financial Statements are consistent with those of previous year except for the change in accounting estimate of Parent Company as explained below:

Depreciation on Owned Building constructed on Freehold land

Till the year ended 31st March, 2015, depreciation on owned building constructed on freehold land was charged @ 10% per annum on Straight line method. During the year, useful life of the building was re-visited by the Management and useful life as indicated in Schedule II to the Companies Act, 2013 has been adopted by the Parent Company.

Had the Parent Company continued to use the earlier policy of depreciating on Building constructed on freehold land i.e. @10% on SLM, the profit for the current period would have been lower by ₹ 198.50 lakh (net of tax impact of ₹ 142.43 lakh) and the net fixed asset would correspondingly have been lower by ₹ 198.50 lakh.

c. Change in the Accounting Policies

The accounting policies adopted in preparation of Consolidated Financial Statements are consistent with those of previous year except for the change in accounting policy of Parent Company as explained below:

Component Accounting

The Parent Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed assets. Now, the company identifies and determines separate useful life for each

major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. However, it does not have impact on the operating results for the period.

d. Reworded of the existing accounting policies, having no financial impact over the consolidated financial statements:

Following accounting policy of Parent Company has been re-worded/re-aligned. However, the change does not have any impact on recognition and measurement principles followed for preparation of consolidated financial statements.

Existing Policy	Accounting policy documented in FY 2015-16	Financial Impact over the consolidated financial statements.
Software-Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license, generally not exceeding three years.	Software-Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license, generally not exceeding five years.	NIL

e. Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Examples of such estimates include estimates of expected costs to be incurred to complete contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the year in which the results are known / materialize.

f. Inventory

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.

The group provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

g. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

h. Tangible Assets and capital work in progress

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long

term projects if the recognition criteria are met. When significant parts of tangible assets are required to be replaced in intervals, the group recognises such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Capital work in progress is valued at cost.

Assets are recognised as Tangible Assets or intangible assets if provisional acceptance certificate has been issued or group has started offering services from these tangible and intangible assets.

Where assets are installed on the premises of customers (commonly called Customer premise equipment- "CPE"), such assets continue to be treated as tangible assets as the associated risks and rewards remain with the group and management is confident of exercising control over them, expenses on such assets are treated as retrievable expenses (returnable items of assets after the decommissioning of link) and a depreciation of 100% may be charged on all of these assets. All the non-retrievable expenses (used only once and cannot be returned back from the customer premises) may be charged as expenses to profit & loss account in the year of commissioning of services

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of profit and loss on the date of retirement and disposal.

Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as capital work-in-progress.

i. Intangible Assets

Identifiable intangible assets are recognised when the group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the group and the cost of the asset can be reliably measured.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities through credit), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Amortization is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

- i. **Software**-Software is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding five years. Software up to 5 lakh is amortised over a period of one year from the date of place in service.

- ii. **Licenses**-Acquired licenses are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use in the respective jurisdiction. Spectrum charges paid to DoT is charged to Profit & Loss account on straight line basis over the period of use.

j. Depreciation and Amortization

Depreciation on fixed assets, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

The management's estimates of the useful lives of the various fixed assets are as follows:

Assets Category	Useful Life (in Years)
Tangible Assets	
Lease Hold land/Flats	: In the period of lease
Lease hold improvements	: 10 years, SLM @10% per annum
Prefabricated Building	: 3 years, SLM @33.33% per annum
Furniture	: 5 years, SLM@20% per Annum
Telecom Radio Assets	
MPLS/STM-16 Network	: 8 years, SLM@12.50% per annum
Data Centre	: 8 years, SLM@12.50% per annum
Radio Equipment	: 3 years, SLM@33.33% per annum
Battery	: 5 years, SLM@20% per annum

Such rates are higher than the rates specified in Part C of Schedule II of the Companies Act, 2013.

Free hold Building	: 60 years, SLM @1.66% per annum
OFC & Related Asset	: 18 years, SLM@5.28% per annum
Office Equipment	: 5 years, SLM@20% per Annum
Computer	: 3 years, SLM@33.33% per Annum

Intangible Assets

Software	: 5 years, SLM@20% per Annum
Licenses	: In equal ratio, during the period of validity

k. Impairment of Assets

The carrying amounts of assets are reviewed by management at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortization expense.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had previously been recognised.

l. Leases

- 1. Where the group is the Lessee-** Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals with respect to assets taken on 'Operating Lease' are charged to the statement of profit and loss on a straight-line basis over the lease term.

Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance lease. Assets acquired on 'Finance Lease', which transfer risk and rewards of ownership to the Company, are capitalized as assets by the Company at the cost paid to lessor.

Amortisation of capitalised leased assets is computed on the straight line method over the useful life of the assets.

- 2. Where the group is the lessor-** Leases in which the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income in respect of 'Operating Lease' is recognised in the statement of profit and loss on a straight-line basis over the lease term. Assets subject to operating leases are included in fixed assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease term.
- 3. Infeasible Right to Use ('IRU')-** As a part of operations, the group enters into agreement for leasing assets under "Infeasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease.

The contracted price is received in advance and is recognised as revenue during the tenure of the agreement. Unearned IRU revenue net of the amount recognizable within one year is disclosed as deferred revenue in other long term liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

m. Borrowing Cost

Borrowing costs consist of interest and other costs that the group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalised based on actual investment in the asset at the interest rate for specific borrowings. All other borrowing costs are expensed in the period they occur.

n. Investment

Investment, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

o. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, and other short term highly liquid deposits with bank, with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

p. Revenue Recognition and Receivables

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the consideration received/receivable, excluding discounts, rebates, and value added tax ('VAT'), service tax. The group assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

q. Service Revenues

Service revenues include incomes from National Long Distance services, Internet Service, infrastructure provider services such as co-location, dark fiber, tower space etc. Revenues are recognised on prorata basis on provision of services while revenue from co-location, dark fiber, tower space etc is recognised over the period of arrangement.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid services like Railwire are recognised based on actual usage.

Service revenue is recognised on transfer of significant risk and rewards to client (the date of satisfactory commissioning of services) and when there is no uncertainty in ultimate collection of revenue.

Deferred revenue includes amount received in advance from customers which would be recognised over the periods when the related services are expected to be rendered.

r. Deposit Works

Deposit work/cost plus works are accounted for on the basis of statements of account received from the contractors. Incidental Expenditure relating to these works including corporate office expenses for the year, is apportioned to these works on the basis of expenses incurred on these works. 5% and 3% of expenses incurred on each work is apportioned towards establishment cost and other common expenses respectively. All these works are recognised when, the significant risks and rewards of ownership are transferred to the buyer and when no significant uncertainty exists regarding realization of consideration.

s. Interest and Other Income

Income on account of interest and other activities are recognised on an accrual basis.

t. Provision for Doubtful Debts

The Group provides for amounts outstanding in specific cases where the management is of the view that the amounts from certain customers are not recoverable. For receivables due from the National Long Distance (NLD)) traffic, ISP, IP_1 services, the group provides for amounts outstanding for more than 6 month from the date of billing, net of any amounts payable to the operators or in specific cases where the management is of the view that the amounts from these operators are not recoverable.

u. Unbilled Revenue

Unbilled revenue represent revenue recognised in respect of services provided from the last bill cycle date to the end of the reporting period. These are billed in subsequent periods as per the terms of the billing plans/ contractual arrangements.

v. License Fees – Revenue Share

The revenue-share is computed as per the licensing agreement at the prescribed rate and is expensed as incurred. As per the NLD and ISP license condition, parent company is required to share 8% of its adjusted gross revenue with Department of Telecommunication, the same is provided on the basis of adjusted gross revenue booked during the year. In addition to this parent company is also required to share 7% of its gross revenue with Indian Railways as per agreement between RailTel and Railways dated 21/09/2006. The same is provided for in the statement of profit & Loss account.

w. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

1. Defined contribution plans

The group's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

12% of the Basic pay plus dearness allowance of employees and equal contribution of the corporation is contributed to provident fund maintained with the Regional Provident Fund Commissioner Corporation's contribution to provident fund is charged to revenue.

2. Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

- i. Gratuity is payable on separation @15 days pay for each completed year of service to eligible employee, who rendered continuous service of 5 year or more. The gratuity ceiling of ₹ 10 lakh has been considered for actuarial valuation.
- ii. Leave Encashment is payable on separation to eligible employee who have accumulated earned leave. Leave salary is provided for based on valuation, as balance sheet date, made by independent actuary.
- iii. Foreign service contribution payable for leave salary and pension in respect of deputationists (Employees who have joined corporation on deputation on a fixed term from Indian Railways, Department of Telecommunications) for the year 2014-15 in terms of government rules, and regulation is charged to revenue on accrual basis.

3. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- i. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- ii. in case of non-accumulating compensated absences, when the absences occur.

4. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

x. Post Sales client support and warranties

The group provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is recognised in the year of sale itself with a corresponding provision for expenses likely to be incurred during the period of warranty.

y. Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Statement of Profit and Loss.

z. Taxes

1. Current Income Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

2. MAT Credit

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the group will pay normal income tax. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

3. Deferred Tax

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

aa. Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the group.

ab. Segment Reporting

1. Primary Segment

The group operates in two primary business segments viz. Telecom Services, Project Works.

2. Secondary Segment

The group has operations serving customers within India as well as in other countries located outside India. The operations in India constitute the major part, which is the only reportable segment, the remaining portion being attributable to others

ac. Earnings Per Share

The earnings considered in ascertaining the group's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

ad. Prior Period Expenses

Income/Expenditure relating to prior period, which do not exceeds ₹ 2,00,000/- in each case, are treated as income/expenditure of current year.

ae. Exceptional Item

Exceptional items are generally non-recurring item of income & expenses within profit & loss from ordinary activity which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the group for the year.

af. Provisions and Contingencies

The group recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

Contingent assets are not recognised in the financial statements.

ag. Operating cycle

Based on the nature of services/activities of the group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and noncurrent.

Share Capital

Note-2

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Authorized Share Capital		
Equity Shares		
1,00,00,00,000 (Previous Year - 1,00,00,00,000) equity shares of ₹ 10 each	1,00,000	1,00,000
Issued, Subscribed and fully paid-up shares		
1,50,00,007 (Previous Year - 1,50,00,007) equity shares of ₹ 10 each in Cash	1,500	1,500
30,59,38,400 (Previous Year - 30,59,38,400) equity shares of ₹ 10 each in consideration other than cash	30,594	30,594
TOTAL	32,094	32,094

1. Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	Opening Balance	Allotted During The Year	Closing Balance
Year ended 31 st March 2016			
No of Equity Shares-In Cash	1,50,00,007	0	1,50,00,007
No of Shares-In consideration other than cash	30,59,38,400	0	30,59,38,400
Amount	3,20,93,84,070	0	3,20,93,84,070
Year ended 31 st March 2015			
No of Shares-In Cash	1,50,00,007	0	1,50,00,007
No of Shares-In consideration other than cash	30,59,38,400	0	30,59,38,400
Amount	3,20,93,84,070	0	3,20,93,84,070

2. Structure of Shares as above remain unchanged during last five years and no bonus share are issued since incorporation of the Company

3. Right, Preference and restriction attached to shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by Board of Directors held on 29th March 2016. During the year ended March 31, 2016, Company has paid a interim dividend of ₹ 0.467 per share (previous year 0.311 per share) and proposed final dividend of ₹ 0.827 per share of ₹ 10 each (Previous Year ₹ 0.218 per share).

4. Number of share held by shareholders holding (as per the register of shareholders) holding more than 5% of aggregate shares in the Company

Particulars	As at 31.3.2016		As at 31.3.2015	
	(Number)	(Percentage)	(Number)	(Percentage)
Ministry of Railways (in the name of President of India)	32,09,38,407	100%	32,09,38,407	100%

Reserve and Surplus

Note-3

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
General Reserve		
Opening Balance at the beginning of the year	32,000	28,000
Add : Transferred from surplus in statement of profit & Loss account	4,000	4,000
Closing Balance (1)	36,000	32,000
Other Reserves		
Corporate Social Responsibility Reserve, Sustainable Development Reserve		
Opening Balance at the beginning of the year	146	146
Add: Transferred from surplus in the statement of profit & Loss	—	—
Less: Fund utilized	24	—
Closing at the end of the year (2)	122	146
Research & Development Reserve		
Opening Balance at the beginning of the year	—	—
Add: Transferred from surplus in the statement of profit & Loss	—	100
Less: Fund utilized	—	100
Closing at the end of the year (3)	—	—
Surplus in the Statement of Profit & Loss		
Opening Balance at the beginning of the year	36,181	31,042
Add: Profit transferred from statement of profit & loss account	10,461	12,107
Amount available for appropriation	46,641	43,149
Appropriations		
Interim Dividend on Equity Shares	1,500	1,000
Proposed final dividend on Equity Shares	2,653	700
Tax on interim Dividend	305	200
Tax on proposed Dividend	540	143
Transferred to General Reserve	4,000	4,000
Research & Development Reserve	—	100
Depreciation Impact due to Schedule II of Companies Act' 2013	—	825
Net Surplus in the statement of Profit and Loss (4)	37,644	36,181
Closing Balance carry over to Balance Sheet (1+2+3+4)	73,765	68,328

The Board of Directors, at their meeting held on 30th June 2016 has recommended a total dividend of ₹ 4153 lakh for FY 15-16. ₹ 1500 lakh already been paid and provision has been made for balance of ₹ 2653 lakh in FY 15-16. The payment of final dividend is subject to the approval of share holders at the ensuing Annual General Meeting.

Deferred Tax Liabilities (Net)

Note-4

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Deferred Tax Liabilities	4,933	
Depreciation claimed as deduction under Income Tax Act but chargeable in the statement of profit and loss in future years	4,933	—
Less: Deferred Tax Assets		
Depreciation chargeable in the statement of profit and loss but claimed as deduction under Income Tax Act in future year	—	350
Provision for doubtful debts charged in the statement of profit and loss but to be allowed as deduction under the Income Tax Act in future years	911	—
Expenditure to be allowed on payment basis under Income Tax Law/Provisions	516	—
Gross Deferred Tax Assets	1,427	350
TOTAL	3,506	(350)

Other Long Term Liabilities

Note-5

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured		
OTHERS		
Security Deposit Received	2,311	2,095
Deferred Revenue (Advance from Customers)*	42,083	61,228
Advances from Related Party	2,334	2,850
Retention Money	7,783	6,210
TOTAL	54,511	72,383

* Advance from Customers include (i) advances against IRU lease (II) advance for providing bandwidth connectivity under NLD license and (iii) advances received for upgradation of existing services etc.

Advances from related party represent advance received towards execution of works from Railways and Railway's PSU.

Long Term Provisions

Note-6

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured		
Provision for Arbitration Claim	46	46
TOTAL	46	46

Trade Payables

Note-7

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Trade Payables		
Micro and Small Enterprises	—	—
Other Than Micro and Small Enterprises		
-Revenue share payable to Indian Railway & Konkan Railway	4,142	3,285
-Others	9,460	7,647
TOTAL	13,602	10,932

Note : In the absence of any information of supplier/creditors, amount due to Micro, Small and Medium enterprise could not be ascertained in terms of the Micro, Small and Medium enterprise development Act 2006

Other Current Liabilities

Note-8

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured		
INCOME RECEIVED IN ADVANCE		
Deferred Revenue (Advance from Customers)	20207	9,706
Advance received from Others*	10840	6,129
EMD Payable	1174	758
Payable to others**	7706	4,297
TOTAL	39,927	20,890

* It represents amount received from Bharat Broadband Network Ltd (BBNL) for carrying out Project work relating to laying of OFC on their behalf.

** It includes ₹ 813 lakh (previous Year 922 lakh for 2013-14 and 2014-15) on account of Provision for Performance Related Pay for the FY 14-15 and 2015-16 which has been provided on estimated basis and also includes ₹ 46 lakh (Previous Year 56 lakh) related to Foreign service contribution, payable to Ministry of Railways (In respect of obligation of leave salary and Gratuity to Deputationist)

Short Term Provisions

Note-9

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Provision for Retirement Benefits		
Provision for Pension	209	—
Provison for Dividend	2,653	700
Provision for Tax on Dividend	540	143
Provision for Tax	1,071	—
TOTAL	4,479	843

Tangible Assets (A)

Note-10

(₹ in Lakh)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				IMPAIRMENT			NET BLOCK			
	As at 1.04.15	Addition	Deductions/Adjustment	As at 31.03.16	As at 1.04.15	Depreciation for the period	Deductions/Adjustment affecting P&L	Deductions/Adjustment	As at 31.03.16	As at 1.04.15	For the period	Total	As at 31.03.16	As at 31.03.15
Tangible Assets (A)														
Freehold Land Gurgaon	222	-	-	222	-	-	-	-	-	-	-	-	222	222
Leasehold Land Guwahati	-	30	-	30	-	-	-	-	-	-	-	-	30	-
Leasehold Land Noida	-	1,552	-	1,552	29	29	-	29	29	-	-	-	1,523	-
Leasehold Flats	-	399	-	399	52.93	52.93	-	53	53	-	-	-	346	-
Owned Buildings Gurgaon	2,382	37	-	2,419	491	32	(1)	523	523	-	-	-	1,896	1,891
Plant & Equipment's	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i. OFC & Related Assets	61,313	1,963	-	63,276	27,746	3,228	-	30,974	30,974	-	-	-	32,302	33,564
ii. Telecom & Radio Equipment's	32,045	12,599	-	44,644	14,227	4,516	-	18,743	18,743	1,091	-1,091	0	25,901	16,727
iii. STM-16 Equipments	17,737	350	-	18,086	12,035	1,260	2	13,297	13,297	730	-730	0	4,789	4,972
iv. Prefabricated Buildings	1,323	110	-	1,433	1,311	400	9	1,340	1,340	-	-	-	93	12
v. MPLS Equipments	5,154	1,652	-	6,806	3,025	261	-	4,537	4,537	1250	-1250	0	2,269	878
Computers	672	90	2	764	521	102	(2)	615	615	7	-	-	149	151
ERP-Oracle	204	-	-	204	41	52	0	93	93	-	-	-	111	164
Furniture & Fixtures	245	40	-	285	150	31	-	181	181	-	-	-	104	96
Vehicles	45	-	-	45	20	5	-	25	25	-	-	-	20	24
Office Equipment's	501	135	-	635	362	63	(0)	421	421	4	-	-	214	139

Leasehold Improvements	1,102	535	-	1,636	673	131	(11)	3	790				846	429
Temporary Fixtures	10	-	-	10	10	-	-	-	10				-	-
Total As on 31 March 2016	122,953	19,493	2	142,446	60,612	10,163	(2)	(856)	71,631	3,071	(3,071)	-	70,815	59,267
Total As on 31 March 2015	107,184	15,723	45	122,953	50,922	9,704	-	13	60,612	3,071	-	3,071	59,267	53,190
Intangible Assets (B)														
ERP	405	0	-	405	103	81	(0)		184				222	303
NLD Licence*	250	-	-	250	209	25	0		234				16	41
Total As on 31 March 2016	655	0	-	655	312	106	0	-	418	-	-	-	238	344
Total As on 31 March 2015	655	-	-	655	205	106	-	-	312				344	450
Total As on 31 March 2016 (A+B)	123,609	19,493	2	143,100	60,926	10,269	(2)	(856)	72,049	3,071	(3,071)	-	71,053	59,611
Total As on 31 March 2015 (A+B)	107,840	15,724	45	123,609	51,127	9,810	-	13	60,926	3,071	0	3,071	59,611	53,640

1. Pursuant to Accounting Standard (AS 28) impairment on assets issued by the Institute of Chartered Accountants of India, the Corporation made an assessment on 31st March, 2016 for any indication of impairment in the carrying amount of fixed assets. On the basis of such assessment, in the opinion of management, there is no indication of impairment as per AS-28.
2. Company has constructed buildings on leased premises (including Railway Land). The same has been classified in leasehold improvement and depreciation has been charged as per the policy of the Company. Land on which these leasehold improvements has been constructed are not in the name of the company.
3. In the current year company has capitalized leasehold flats in Mumbai & Ahmedabad and leasehold land in Noida from back date. Impacts of depreciation for earlier years are ₹ 39.52 lakh and 11.85 lakh respectively.

Capital Work in Progress

Note-11

Particulars	As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)	
NE-1 & NE-2 Projects				
Gross Cost	16,646		7,891	
Less: -Subsidy Received for NE-1 Projects	395	16,251	-	7,891
OFC laying works		2,462		1,370
MPLS, STM & Other Telecom & Radio Equipment & Data Center		3,024		5,824
Buildings		3,108		779
Site works		3,929		910
TOTAL		28,774		16,774

1. As per the existing system, construction materials are directly handed over to the contracting agencies and the entire cost of such materials is charged to CWIP.

Long Term Loans and Advances

Note-12

Particulars	As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)	
(Unsecured, considered good unless stated otherwise)				
Capital Advances				
Considered Good *		510		909
Security Deposit				
Considered Good		481		457
Others**		392		452
TOTAL		1,383		1,818

* Capital Advances given to Indian Railways (Related Party)

** Prepaid expenses of long term leasing contract

Other Non-Current Assets

Note-13

Particulars	As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)	
Unsecured, considered good unless stated otherwise				
Long Term Trade Receivables*		13,961		19,180
Preliminary Expenses**		28		37
TOTAL		13,989		19,217

* Under the terms of arrangements in respect of services provided for National Knowledge Network (NKN) connectivity, the amounts are receivable after specified period, even though complete billing has been made against such service.

** Unamortized expenditures on account of subsidiary company

Inventories (Valued at lower of cost and net realisable value)

Note-14

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Inventory (Consumables for O&M Work)	141	117
TOTAL	141	117

Trade Receivables

Note-15

Particulars		As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)
Unsecured, unless stated otherwise				
Telecommunication Business				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	14,555		5,839	
Considered Doubtful	2,585		2,610	
Less Provision for Doubtful receivables	2,585	14,555	2,610	5,839
Receivables (less than six months)				
Considered Good	7,216		5,534	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	7,216	0	5,534
Other Deposit Works				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	3,171		3,293	
Considered Doubtful	46		46	
Less Provision for Doubtful receivables	46	3,171	46	3,293
Receivables (less than six months)				
Considered Good	1,454		2,130	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	1,454	0	2,130
TOTAL		26,396		16,796

Cash and Bank Balances

Note-16

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Cash and Cash Equivalents		
(i) Cash & Cash Equivalent (maturity <= 3 Months)		
a. Cash on Hand (Imprest)	6	5
b. Remittance in Transit	31	348
c. Balances with Schedule Bank:		
In Current A/c	597	570
In Collection A/c	2,155	703
In Term Deposit	353	302
(ii) Other Bank Balances with Schedule Bank		
a. Balance with Bank (Margin Money)	477	73
b. Bank deposits with less than 12 month maturity	53,580	66,324
TOTAL	57,199	68,324

Balance with Bank (Margin Money) represent deposit under lien (for issuing Bank guarantee by bank)

Short Term Loans and Advances

Note-17

Particulars		As at 31.3.2016 (₹ in Lakh)		As at 31.3.2015 (₹ in Lakh)
Unsecured, Considered good unless stated otherwise				
Security Deposit		180		171
Loans and advances to Employee (secured considered good)		55		28
Prepaid Expenses		52		99
Balance With tax authorities				
Service tax credit available		3,106		1,779
VAT Credit		95		24
MAT Credit				
Opening Balance	5,231		5,940	
Less: Utilised during the year	1,567	3,664	709	5,231
Recoverable from Income Tax Deptt		3,630		3,347
Advance Income Tax		28		28
Others*	3,067		3,057	
Less:- provision for doubtful advances	420	2,647	420	2,637
Supplier Advances		87		849
Unbilled Revenue		871		345
TOTAL		14,414		14,537

In the opinion of the management, the value of loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated as above.

*Loans and advances include a sum of ₹ 379 Lakh deposited with the Department of Telecommunication, under protest, on account of share on income, interest, and penalty. The company has filed an appeal with Telecom Dispute Settlement and Appellate Tribunal (TDSAT). Against which necessary provision exist.

Other Current Assets

Note-18

Particulars	As at 31.3.2016 (₹ in Lakh)	As at 31.3.2015 (₹ in Lakh)
Unsecured, Considered good unless stated otherwise		
Accrued interest on term deposit	2,467	2,701
Considered Good (Related Party)*	6,114	5,271
TOTAL	8581	7972

*Includes an amount of ₹ 6114 lakh (Previous year 5211) lakh recoverable from Indian Railway (being the administrative Ministry and related party) ₹ 96 lakh (Previous Year 59 lakh) is recoverable from 100% owned Subsidiary Company

Revenue From Operation

Note-19

Particulars		For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Revenue from Operation			
Income from Telecom Services			
NLD Services		31,562	28,490
ISP Services		7,882	4,011
IP-1 Services		12,164	10,419
Income from Projects			
Railways Deposit Works	2165	3,463	
Other projects	3,848	6,013	4,344
Other Operating Revenue		168	974
TOTAL		57,789	48,239

Other Income

Note-20

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Interest Income on deposits with Bank	5,749	6,659
Gain/(Loss) on foreign Exchange	37	-
Other Non Operating Income		
Miscellaneous Income	204	50
Liabilities/Provision written back	801	549
Interest on Income Tax Refunds	242	-
TOTAL	7,033	7,258

Access and Other Charges

Note-21

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Operation & Maintenance of Fiber & Equipment	4,297	3,158
Share of Revenue with Konkan Railway	19	28
Hire Charges Radio Modem/Optic Fibers and Internet Access*	3,370	2,900
Interconnect & Port charges	1,016	607
Franchise Expenses	2,753	803
Power & Fuel Expenses on network	2,674	2,166
Revenue Share to Railways	2,215	1,929
TOTAL	16,344	11,591

*Includes Hire charges Radio Modem, Optic Fiber, Protection Bandwidth, Connectivity charges, and Internet Bandwidth.

Licence Fee & Spectrum Charges paid to DoT

Note-22

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Licence Fee to DoT	3,469	3,365
Spectrum Charges	78	78
TOTAL	3,547	3,443

Project-Expenses

Note-23

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Expenses on Projects	2,993	3,197
Allocation of Employee benefit Expenses	125	160
Allocation of Administrative Expenses	75	96
TOTAL	3,193	3,452

Employee Benefit Expenses

Note-24

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Salaries & Wages (including Staff Welfare)	8,573	6,825
Contribution to Provident and other funds	400	339
Less: Expenses transferred to projects- Refer Note no 23	125	160
TOTAL	8,848	7,004

Administrative and Other Expenses

Note-25

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Auditor Remuneration		
As Auditor	13	11
Books & Periodicals	2	2
Communication Expenses	127	146
Conveyance Expenses	42	58
Bank Charges & Commission	11	19
Legal & Professional Expenses	542	415
Insurance	9	4
Rates & Taxes	59	72
Rent	1,165	1116
Repair & Maintenance – Others	1,079	888
Tender Expenses.	140	86
Training & Recruitment Expenses	22	76
Travelling Expenses	477	431
Printing & Stationary Expenses	75	79
Vehicle Hire charges	278	297
Inspection Charges	99	70
Business promotion Expenses	121	79
Other Miscellaneous Expenses	751	359
Corporate Social Responsibility	321	249
Provision for Bad and Doubtful Debts	9	9
Preliminary Expenses Amortization	9	9
Less:- Expenses transferred to Projects	75	96
-Refer Note no 23		
TOTAL	5,277	4,381

Depreciation and Amortisation Expenses

Note-26

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Depreciation on tangible Assets	9,783	9,704
Depreciation on Itangible Assets	106	106
Depreciation (Part of Retained Earning)	-	(825)
TOTAL	9,889	8,985

Tax Expenses

Note-27

Particulars	For the year Ended March 31, 2016 (₹ in Lakh)	For the year Ended March 31, 2015 (₹ in Lakh)
Current Tax (Income Tax)	5,428	5,349.54
Current Tax (Income Tax)-previous Years	(199)	(612)
Deferred Tax Asset	-	(205)
Deferred Tax Liabilities	3,856	-
TOTAL	9,085	4,533

28 Earning Per Share

The calculation of EPS as per the Accounting standard-20 (Earning per share) is as follows

Particulars	As at 31 st March 2016	As at 31 st March 2015
Earning Per Share		
Basic Earning Per Share		
(a) Net Profit/ Loss (-) available for Equity Shareholders (₹ in Lakh)	10461	12107
(b) Weighted average of Equity share of ₹ 10 each (₹ in Lakh)	3209	3209
Basic Earning per share (a/b)	3.26	3.77
Diluted Earning Per Share		
(c) Weighted average No. of Equity share of ₹ 10 each (b) (in lakh)	3209	3209
Diluted Earning per share (a)/(c)	3.26	3.77

29 Gratuity (Employee Benefits (AS 15))

The Company has a defined benefit gratuity plan for its employees from LIC. Every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with insurance companies in the form of qualifying insurance policies.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the above plan.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in respect of Gratuity are as below

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Current service cost	85,66,705	44,43,405
Interest cost on benefit obligation	21,81,858	17,87,020
Expected return on plan assets	22,08,785	15,19,517
Net actuarial (gain)/loss recognised in the year	-1,62,699	-6,180
Net benefit expense	11,30,183	25,78,436
Actual return on plan assets	20,46,086	15,13,337

Balance Sheet Benefit liability

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Present value of defined benefit obligation	6,35,98,302	2,72,73,227
Fair value of plan assets	2,87,69,982	2,76,09,814
Plan liability	-3,48,28,320	3,36,587

Changes in the present value of defined benefit obligation are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening defined benefit obligation	2,72,73,227	2,23,37,748
Current service cost	85,66,705	44,43,405
Interest cost	21,81,858	17,87,020
Benefit paid	11,30,183	25,78,436
Actuarial losses on obligation	2,67,06,695	12,83,490
Closing defined benefit obligation	6,35,98,302	2,72,73,227

Changes in the fair value of plan assets are as follows

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening fair value of plan assets	2,76,09,814	1,74,65,707
Expected return	22,08,785	15,19,517
Contributions by employer	2,44,265	1,12,09,206
Benefits paid	-11,30,183	-25,78,436
Actuarial gain	-162699	-6180
Closing fair value of plan assets	2,87,69,982	2,76,09,814

The Company expects to contribute ₹ 3,48,28,320 to gratuity fund in the next year (31st March, 2015 - ₹ 3,36,587)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Investment with insurers	2,87,69,982 (100%)	2,76,09,814 (100%)

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	31 st March 2016	31 st March 2015
Mortality table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate	7.6% per annum	8% per annum
Expected rate of return on plan assets	8% per annum	8% per annum
Rate of escalation in salary	6% per annum	6% per annum
Employee Turnover		
Up to 30 years	2%	2%
From 31 to 44 years	2%	2%
Above 44 years	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

Gratuity	31 st March 2016	31 st March 2015	31 st March 2014	31 st March 2013	31 st March 2012
Defined benefit obligation at end of the period/year	6,35,98,302	2,72,73,227	2,23,37,748	1,63,07,217	NA
Plan assets at end of the period/year	2,87,69,982	2,76,09,814	1,74,65,707	1,74,65,707	NA
Plan liability (net)	-3,48,28,320	3,36,587	(48,72,041)	11,58,490	NA
Experience adjustments on plan liabilities (loss)/ gain	NA	NA	NA	NA	NA
Experience adjustments on plan assets (loss)/ gain	NA	NA	NA	NA	NA

30. Provident Fund (Accounting Standard-15 "Employee Benefit)- All regular employees of the Company (excluding those on deputations) are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and employer make monthly contribution to the plan at a pre-determined rate (presently 12%) of the employees' salary consisting of Basic pay and Dearness allowance. These contributions are made to the fund administered and managed by Provident Fund Commissioner. The contributions of PF of the employee on deputation are made to the funds of their parent department.

31. Leave Encashment: Payable on separation to eligible employees who have accumulated earned leave. Leave salary is provided for based on valuations, as at the balance sheet date, made by independent actuary.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in respect of Leave encashment are as below.

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Current service cost	92,04,668	35,13,172
Interest cost on benefit obligation	21,34,453	19,94,013
Expected return on plan assets	23,46,842	14,63,630
Net actuarial (gain)/loss recognised in the year	3,79,93,847	9,21,882
Net benefit expense	30,52,272	46,73,559
Actual return on plan assets	23,01,662	14,45,229

Balance Sheet Benefit liability

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Present value of defined benefit obligation	7,29,61,363	2,66,80,666
Fair value of plan assets	2,86,86,288	2,93,35,520
Plan liability	4,42,75,075	-26,54,854

Changes in the present value of defined benefit obligation are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening defined benefit obligation	2,66,80,666	2,49,25,158
Current service cost	92,04,668	35,13,172
Interest cost	21,34,453	19,94,013
Benefit paid	30,52,272	46,73,559
Actuarial losses on obligation	3,79,93,847	9,21,882
Closing defined benefit obligation	7,29,61,363	2,66,80,666

Changes in the fair value of plan assets are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Opening fair value of plan assets	2,93,35,520	1,68,23,335
Expected return	23,46,842	14,63,630
Contributions by employer	1,01,378	1,57,40,515
Benefits paid	30,52,272	46,73,559
Actuarial gain	45,180	18,401
Closing fair value of plan assets	2,86,86,288	2,93,35,520

The Company expects to contribute ₹ 4,42,75,075/- to leave fund in the next year (31st March, 2015 - ₹ -26,54,854)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Investment with insurers	2,86,86,288	2,93,35,520
	(100%)	(100%)

The principal assumptions used in determining leave benefit obligation for the Company's plans are shown below:

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Mortality table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate	7.6% per annum	8% per annum
Expected rate of return on plan assets	8% per annum	8% per annum
Rate of escalation in salary	6% per annum	6% per annum
Employee Turnover		
Up to 30 years	2%	2%
From 31 to 44 years	2%	2%
Above 44 years	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

Leave Encashment	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation at end of the period/year	7,29,61,363	2,66,80,666	2,49,25,158	2,17,38,480	NA
Plan assets at end of the period/year	2,86,86,288	2,93,35,520	1,68,23,335	1,16,50,626	NA
Plan liability (net)	(4,42,75,075)	26,54,854	(81,01,823)	(1,00,87,854)	NA
Experience adjustments on plan liabilities (loss)/ gain	NA	NA	NA	NA	NA
Experience adjustments on plan assets (loss)/ gain	NA	NA	NA	NA	NA

32. Foreign Service Contribution: Foreign service contribution payable for leave salary and pension in respect of deputationists including deemed deputationists (employees who have joined the corporation on deputation for a fixed period from Indian Railways) for the year 2015-16 in terms of Government rules and regulations is charged to revenue on accrual basis.

33 Related party disclosures

1(a) Names of related parties and related party relationship:

(i) Enterprises under common control

Enterprises under common control	NA
---	-----------

(ii) Related parties under AS-18 with whom transactions have taken place during the period

Subsidiaries	RailTel Enterprises Limited
Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company	Sh Rajendra Kumar Bahuguna Sh A Seshagiri Rao Sh Narender Kumar Gupta
Key Managerial Personnel	Sh Rajendra Kumar Bahuguna Sh A Seshagiri Rao Sh Narender Kumar Gupta Sh J S Marwah
Relatives of Key Managerial Personnel and relatives of Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company	NA
Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	NA

Salaries and wages includes Directors remuneration of ₹ 145 lakh in current year and ₹ 133 lakh in previous year

1(b) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period

Sitting fee paid to Non Official Directors	For 2015-16	For 2014-15
Sh Bhaskar Gupta	Nil	0.72 Lakh
Sh R K Goyal	Nil	0.88 Lakh

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period

Nature of Transactions	Subsidiaries
Purchases of goods	Nil
On account of Services	36.69 lakh (₹ 59.33 lakh)
Purchase of fixed assets	Nil

(Figure in bracket represents previous year figures)

Nature of Transactions	Subsidiaries	Enter-prises under Common control with the reporting Enterprises	Joint Ven- ture of Reporting Enterprises	Key Manage- rial Person- nel & their relatives	Enterprises over which relatives of Key Manage- rial Person- nel are able to exercise significant influence	Total
Salaries / Remunera- tion Paid to KMP and any advances / investment / payable of Subsidiary	Nil	N.A	N.A	N.A	N.A	Nil
Sitting Fees ...	Nil	N.A	N.A	N.A	N.A	Nil

35. Capital and other commitments:

Particulars	31 st March 2016	31 st March 2015
Estimated amount of contracts remaining to be executed on capital account (net of advances)	17,431 lakh	18,771 lakh

36. Contingent liabilities:

Contingent liabilities not provided for

(₹ in lakh)

Particulars	31 st March 2016	31 st March 2015
(1) Claims against the Company not acknowledged as debts		
(i) Service tax demands	2,040	1,085
(ii) Income tax demands	57	2,868
(iii) Sales tax/VAT demand	148	1,863
(iv) Department of telecommunication	7,823	5,751
(v) Other matters	300	300
(2) Bank Guarantees given by the Company	8,910	5,317

The Company is confident that outflow is not probable; hence the provision is not created for the above-mentioned cases.

37. Value of imports calculated on CIF basis

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Raw materials	Nil	Nil
Consumables and Spare parts	Nil	Nil
Capital goods	5,597	2,823
Total	5,597	2,823

38. Expenditure in foreign currency (accrual basis)

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Interest on foreign currency loan	Nil	Nil
Travelling & conveyance	14	Nil
Royalty	Nil	Nil
Repair & Maintenance	Nil	Nil
Technical know how	Nil	Nil
Service charges	Nil	Nil

39. Leases

Operating Lease: Company as lessee

The Company has taken various office premises under operating lease agreements. These leases are not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreement. There are no subleases.

Operating Lease-As a Lessor (Accounting Standard-19-Leases)

- The Company has been offering NLD, infrastructure services (Dark Fibers, Tower space and colocation etc.) under IP-I registration and Internet services under ISP licence to its customers under respective operating lease
- The Company has entered into a non-cancellable lease arrangement to provide optical fiber on indefeasible right of use (IRU) basis for a period of 10-15 years. The lease rental receivable proportionate to actual kilometers accepted by the customer is credited to the statement of profit and loss on a straight – line basis over the lease term. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2016 and accordingly respective disclosures required by AS 19 are not provided
- Future minimum lease rentals receivable under operating lease for each of the following period as on 31st March, 2016 are as under:-

Particulars	31-Mar-16	31-Mar-15
Later than one year and upto five year	36,442	44,951
Later than five year	5,641	16,277

40. Accounting for Corporate Social Responsibility

During the period, the gross amount required to be spent by the Company on activities related to Corporate Social Responsibility (CSR) amounted to ₹ 321 lakh (Previous year ₹ 249 lakh).

Further, amount spent during the year in relation to CSR activities in cash is mentioned below:

(₹ in lakh)

Particulars	Amount paid	Amount yet to be paid	Total
Construction/Acquisition of any asset	Nil	Nil	Nil
On any other purpose	222	99	321
Total	222	99	321

41. In the current year company has revised useful life of freehold Building from 10 Year to 60 years. Impact for the same on depreciation is ₹ 198.50 lakh.

42. Previous year figures have been regrouped, rearranged wherever necessary to make them comparable with those of current year.

43. Information as per requirement of AS-29 (Provision, Contingent Liabilities and Contingent Assets)

Provisions

(₹ in lakh)

Particulars	Provision for Arbitration Claim
Carrying Amount at the beginning of the period	46
Additional provision made in the period	0
Amount utilised/adjusted during the period	0
Unused amount reversed during the period	0
Carrying amount at the end of the period	46

44. Balances shown in the Notes to Balance Sheet are subject to confirmation/reconciliation and consequential adjustments, if any.

45. In the opinion of the management, the value of loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated as above.

46. Segment Reporting under AS 17

Financial information about the business segments for the year ended 31st March, 2016 is as under.

Accounting Standard 17 (Segment Reporting)

Primary Information relating to Business Segments for the year ended 31st March, 2016

Amount in Lakh (₹)

	Telecommunications Services		Project		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue including allocable other income						
External Lease Revenue	51,776	43,895	6,013	4,344	57,789	48,239
Total Revenue	51,776	43,895	6,013	4,344	57,789	48,239
RESULT						
Segment Result (a)	51,776	43,895	6,013	4,344	57,789	48,239
Interest Expense (b)	0	0	0	0	0	0
Interest & Other Income (c)	6,493	7,258	541	0	7,034	7,258
Other Expenses (d)	42,083	35,405	3,193	3,452	45,277	38,858
Income Taxes (FBT) / deferred tax (e)	8,109	4,468	976	65	9,085	4,533
Profit from Ordinary Activities						
f = {(a)+(c)-(b) - (d)-(e)}	8,076	11,280	2,384	827	10,461	12,107
Prior period Income (g)		0	0	0	0	0
Prior period Expenses (h)	0	0	0	0	0	0
Net profit = (f+g-h)	8,076	11,280	2,384	827	10,461	12,107
OTHER INFORMATION						
Segment Assets (Gross Block)	1,43,100	1,23,609	0	0	1,43,100	1,23,609
Other Assets	1,15,399	1,19,310	6,705	9,470	1,22,103	1,28,781
Total Assets	2,58,499	2,42,919	6,705	9,470	2,65,204	2,52,389
Capital Expenditure	28,774	16,774	0	0	28,774	16,774
Inter segment capital expenditure	0	0	0	0	0	0
Segment Liabilities	1,02,897	95,765	13,174	8,979	1,16,071	1,04,744
Total Liabilities	1,02,897	95,765	13,174	8,979	1,16,071	1,04,744
Depreciation/Impairment	0	0	0	0	0	0
Secured Loans	0	0	0	0	0	0
Unsecured Loans	0	0	0	0	0	0
Deferred Tax Liabilities	3,506	-350	0	0	3,506	-350

The Company has two business segments as identified by the management. These are Telecommunication Services and Project. Secondary information relating to geographical segments is not given as the entire operations are carried on in India.

Annual Report Data

Annexure

(₹ in Crore)

S.No.	Particulars	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
1	Total Income (incl. other income)	114	200	386	400	363	404	440	538	554	642
2	Expenditure (incl. increase/decrease in stock)	52	82	222	224	193	171	209	284	298	367
3	Operating Margin	63	118	164	175	170	233	231	254	256	275
4	Interest Expenses	16	23	20	15	11	6	1	-	-	0
5	Depreciation	5	39	42	47	51	110	88	85	90	81
6	Profit before tax	41	62	103	113	108	116	142	169	166	194
7	Profit after tax	41	56	102	112	95	86	113	138	121	104
8	Dividend	0	5	8	15	13	14	15	17	17	42
9	Reserves & surplus	-	44	137	232	312	382	476	592	683	737
10	Fixed Assets (Gross block)	611	728	773	869	911	938	983	1,078	1236	1,431
11	Inventories	0.91	0.79	0.50	1.15	0.65	2.30	3.80	2.92	1	0.59
12	Share Capital	321	321	321	321	321	326	321	321	321	321
13	Capital employed	533	560	565	660	706	696	770	851	833	1,058
14	Net Worth	315	365	458	553	633	707	797	913	1004	1,058
15	Number of Employees (no)	278	332	382	361	360	359	490	490	525	537
16	Income per employee	0.41	0.60	1.01	1.11	1.01	1.13	0.90	1.10	1.06	1.19
17	Current ratio	1:1	0.75:1	0.83:1	0.94:1	1.08:1	3.70:1	3.08:1	2.84:1	3.28:1	1.83:1
18	Debt/equity ratio	0.86:1	0.63:1	0.41:1	0.27:1	0.16:1	0.06:1	-	-	-	-
19	Operating margin/ capital employed	11.74%	21.03%	29.04%	26.53%	24.09%	33.42%	30.07%	29.80%	30.73%	26.00%
20	Expenditure / income	45.27%	41.02%	57.56%	56.16%	53.16%	42.43%	47.43%	52.83%	53.79%	57.14%
21	PBT/ Capital Employed	7.71%	11.09%	18.18%	17.16%	15.26%	16.67%	18.51%	19.84%	19.93%	18.37%
22	PAT/ Share capital	12.73%	17.49%	31.79%	34.99%	29.71%	26.37%	35.07%	42.98%	37.69%	32.35%
23	PBT/ Turnover	35.93%	31.10%	26.57%	28.36%	29.67%	28.72%	32.37%	31.41%	29.96%	30.28%
24	PAT/ Turnover	35.73%	28.10%	26.41%	28.09%	26.28%	21.25%	25.57%	25.65%	21.84%	16.18%
25	PAT/Net Worth	12.97%	15.37%	22.29%	20.32%	15.07%	12.14%	14.13%	15.11%	12.05%	9.82%
26	Dividend/PAT	NA	8.91%	7.84%	13.36%	13.63%	16.31%	13.33%	12.33%	14.05%	40.00%
27	Dividend/Net worth	NA	1.37%	1.75%	2.71%	2.05%	1.98%	1.88%	1.86%	1.69%	3.93%



RailTel launches high-speed public Wi-Fi service with Google at various Railway Stations



Women's day Celebration at RailTel



RailTel signs MOU with Archaeological Survey of India (ASI) for providing Wi-Fi facilities at its various monuments and sites

RAILTEL CORPORATION OF INDIA LTD

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the
Companies (Management and Administration) Rules, 2014]

Name of the Member(s):

Registered Address:

E-mail ID:

Folio No./* DP & Client Id:

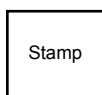
I/We, being the member(s) of shares of the above named Company, hereby appoint:

- (1) Name:.....
Address: E-mail Id:
Signature:, or failing him/her;
- (2) Name:.....
- (3) Address: E-mail Id:
Signature:, or failing him/her;
- (4) Name:.....
- (5) Address: E-mail Id:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company, to be held on Tuesday, 13th September, 2016 at 4:00 p.m. at the Committee Room, 2nd Floor, Rail Bhawan, New Delhi-110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) for the Financial Year ended 31 st March, 2016 together with the Board's Report and Auditor's Report thereon and comments of the CAG, in terms of section 143(6) of the Companies Act, 2013.		
2.	To confirm payment of interim dividend and to consider declaration of final dividend on equity shares for the financial year ended 31 st March, 2016.		
3.	To take note of the appointment of M/s GSA & Associate, Chartered Accountant as Statutory Auditors of the Company for the financial year 2016-17 made by CAG and to fix the remuneration of such Auditors.		
Special Business			
4.	Ordinary Resolution for taking note of the appointment of Dr. Anupam Alok as Independent Director on the Board of RailTel.		
5.	Ordinary Resolution for taking note of the appointment of Shri Ashok Goel as Independent Director on the Board of RailTel.		
6.	Ordinary resolution for ratification of the Remuneration of Cost Auditor for the Financial year 2015-16.		

Signed this..... day of..... 2016.



Signature of the Shareholder _____

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

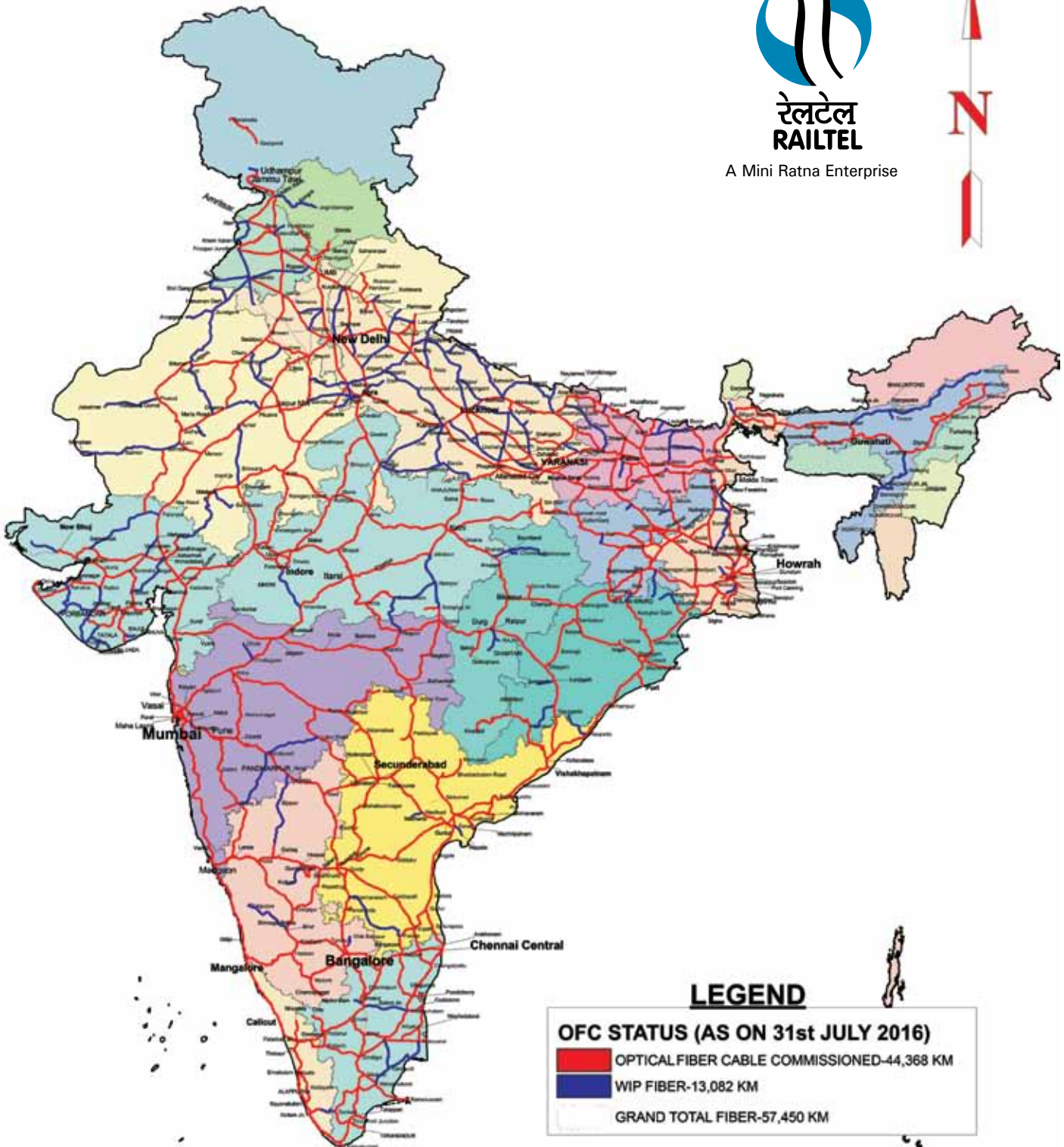
Notes: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

RAILTEL'S OPTICAL FIBRE CABLE NETWORK



रेलटेल
RAILTEL

A Mini Ratna Enterprise



The Map shown is only for representational purpose and does not represent territorial boundaries of India. Map not to scale.



रेलटेल कार्पोरेशन ऑफ इण्डिया लिमिटेड
(भारत सरकार का उपक्रम)

RailTel Corporation of India Limited

(A Government of India Undertaking)

CIN : U64202DL2000GOI107905

Registered Office : 6th Floor, IIIrd Block, Delhi Technology Park, Delhi-110053

Corporate Office : 143, Institutional Area, Sector-44, Gurgaon - 122003, NCR (India)

Phone : +91 124 2714000, **Fax :** +91 124 4236084

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