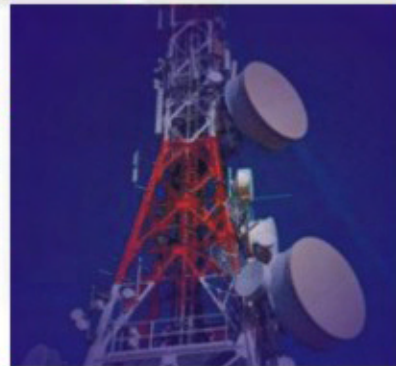




रेलटेल  
RAILTEL

A Mini Ratna Enterprise

14<sup>वीं</sup> वार्षिक रिपोर्ट  
14<sup>th</sup> Annual Report  
2 0 1 3 - 2 0 1 4



रेलटेल कार्पोरेशन ऑफ इण्डिया लिमिटेड  
(भारत सरकार का उपक्रम)  
**RailTel Corporation of India Limited**  
(A Government of India Undertaking)



## BOARD OF DIRECTORS



श्री आर.के.बहुगुणा  
अध्यक्ष एवं प्रबंध निदेशक  
**Shri R.K. Bahuguna**  
Chairman & Managing Director



श्री एन के गुप्ता  
निदेशक / वित्त  
**Shri N.K. Gupta**  
Director/Finance



श्री ए. शेषागिरी राव  
निदेशक / नेटवर्क प्लानिंग एवं मार्केटिंग  
**Shri A.Seshagiri Rao**  
Director/Network Planning & Marketing



श्री राजीव सिन्हा  
निदेशक / पी.ओ.एम  
**Shri Rajiv Sinha**  
Director/Project  
Operation & Maintenance  
(Till 28.02.2014)



श्री भास्कर गुप्ता  
अंशकालिक गैर आधिकारिक / स्वतंत्र निदेशक  
**Shri Bhaskar Gupta**  
Part Time Non Official / Independent Director



श्री आर.के. गोयल  
अंशकालिक गैर आधिकारिक / स्वतंत्र निदेशक  
**Shri R. K. Goyal**  
Part Time Non Official / Independent Director



श्री संजय उप्रेती  
अंशकालिक आधिकारिक निदेशक  
**Shri Sanjay Upreti**  
Part Time Official Director



श्री शोभन चौधरी  
अंशकालिक आधिकारिक निदेशक  
**Shri Shobhan Chaudhuri**  
Part Time Official Director



श्री एस.सी. हंस  
महाप्रबंधक (विधि) एवं कम्पनी सचिव  
**Shri S.C. Hans**  
GM (Law) & Company Secretary

Dear Shareholders,

I am privileged to welcome you all to this 14th Annual General Meeting of your Company. The Directors' Report and the Audited Accounts for the year 2013-14 are already with you and with your permission; I may take these as having read.

2. I am pleased to inform that in the current year, the company had a total income of ₹ 538 crores with gross margin of ₹ 254 cr. The profit before tax amounted to ₹ 169 crores and net profit of ₹ 138 crore. In the previous year, the total income was ₹ 440 crore, gross margin ₹ 232 crore, the profit before tax ₹ 144 crore and net profit ₹ 113 crore. The increase in current year is about 22% over previous years' turnover and net profit.

3. The Board of Directors have recommended a total dividend of ₹ 17 crores for the year including the interim dividend of ₹ 8 crores already paid. Till date RailTel has paid a total dividend of ₹ 87 crores during the past 8 years. The company will pay ₹ 21 Crore towards revenue share to Railways during the year. Similarly the accumulated revenue share paid over last 10 years is ₹ 121 cr. The company is constantly discharging its obligation in the payment of license fee to DoT and also towards other statutory liabilities including Income Tax, Service Tax, VAT, etc. During the year it has paid ₹ 28 crore by way of license fee to DoT, ₹ 31 crores by way of income tax and ₹ 49 Crore approx towards Service Tax.

4. As you may be aware that RailTel is a debt free Company and is the only profitable CPSU in very competitive telecom sector. I am sure this trend would be further strengthened in coming years.

RailTel is engaged in enlarging its customer base by augmenting its Telecom and IT infrastructure. Investment of about ₹400 crore is in progress & will be spread over in two years in expanding network capacity. This shall create 400 G backbone and MPLS data network over 25,000 RKM of Core route. Commissioning of Two "tier III" data centres at Secunderabad and Gurgaon will complete the infrastructure for data network services. The data centre facility is already committed by NIC. RailTel requested that CRIS may also use this reliable infrastructure.

5. RailTel is having a Pan-India optic fiber network of approx. 42000 Kms. In addition, access network in many cities are also being created for delivery of NKN links. OFC works are in progress in various Railways for approx. additional 7,500 RKM. In addition, the Company is executing work relating to creation of OFC network of approx. 12,000 KMs in 6 states of NE viz. Tripura, Meghalaya, Mizoram, Arunachal Pradesh, Nagaland & Manipur under the subsidy program of USOF. The creation of this network will place RailTel in a unique position in North East where it will have District to Block and Block to Panchayat connectivity.

6. You will also be glad to know that during the year your Company has executed successfully the first foreign project of telecom in Bhutan and earned foreign exchange of approx. ₹ 7.85 crore. Now with this experience, Company shall explore possibilities in other parts of the world.

7. During the year, RailTel was entrusted with long term commitment of 100 G capacity by MNCs and telecom projects by DRDO, PSUs, Kerala

and Madhya Pradesh Governments. RailTel commissioned OFC connectivity to 400 village offices in Kerala in partnership with cable operators within record time of 90 days to exceed expectations of the State Govt.

8. RailTel has also been assigned as one of three CPSUs to execute National Optical Fiber Network in the country to connect all 2,50,000 Panchayats in the country. RailTel has signed an MoU with Bharat BroadBand Network Limited (BBNL), a central government PSU to work on 11 states covering 36,000 Panchayats at a approx. cost of ₹ 2000 crores. The work is already in progress in Gujarat and North East. The survey work has been completed and contracts for execution are being awarded. The target for current year is 5000 Panchyats and all are to be completed by FY 2017.

9. RailTel created a R&D centre at IIT, Roorkee for “broadband and IT application” under the aegis of Telecom Centre of Excellence initiative of DoT in May, 2013. An agreement has been signed with DoT, IIT, Roorkee and RailTel and funds to the extent of ₹ 12 crore have been committed. An amount of ₹ 1 crore has already been released. The products are expected to bring about economical solutions for spreading broadband in rural and remote areas.

10. RailTel has implemented Oracle based ERP for streamlining its processes within a record time of around 10 months and all the modules are now functional. The Company was benefited with detailed asset data, updation of project data and filling of finance and accounts data and it is the key step towards paperless working and

transparency. This will add to its analytical capabilities and will strengthen project execution.

11. In an effort to continue persuasion of its prime objectives to modernize Railways’ telecommunication Network for safer and efficient train operations, RailTel is making its continued endeavor to provide various services to Indian Railway. RailTel needs to provide pole mounts/masts on land/roof top space at stations/service buildings to install radio for extending network/services to customers for which a policy directive from Ministry is requested. This has the potential to bring additional revenue of approx. ₹ 50-100 crores annually to RailTel, considering increased sale of telecom network services.

12. RailTel has created new business called “Tele-Presence as service”. Once adopted in enterprise sector, it shall reduce need to travel and save in energy. Further, broadband internet services in retail sector have been considered in partnership with Access Network providers (LCOs) under “Railwire” brand. The Railwire project is already operational in Southern Region with approx. 12000 customers and is being extended to other parts of the country.

13. To avoid dependence on just one sector, the opportunities for diversification of telecom business activities is being planned by the company in other related avenues of business including in the field of IT, Signaling and other Railway projects which could be conveniently and advantageously be combined with the existing business.

14. RailTel is exploring key role in Digital India programme of the Govt. of India by facilitating telecom and IT infrastructure to educational institutions, health services etc.

15. RailTel with its vast pool of S&T engineers is rightly poised to take up Railway project works in the domain of Mobile Train Radio Communication, Train Protection warning system and ICT based signaling etc. Opportunities exist in Indian and overseas to undertake such projects. There is a need to amend the object clause of Memorandum of Association to provide undertaking of signaling projects for which a request to Ministry has already been made and the approval is expected to be received soon.

16. The company at present has employees of 490 personals besides outsource staff. Empowering staff at each level with lot of functional flexibility is prime moto of the organisation. Continuous training and skill upgradation for employees through regular onsite and offsite training programs were undertaken.

17. During the year, under CSR initiative RailTel provided IT and broadband infrastructure in 45 schools/panchayats in rural areas in the State of Tripura, Karnataka, Uttaranchal and Gujarat.

18. Your Company is also conscious of concept of corporate governance and is following regularly corporate governance practices. As a part of such practice, RailTel has considered and adopted the risk management policy and the same is getting implemented. Various Committees such

as Audit Committee, CSR Committee, Remuneration Committee etc are already in place to effectuate the functioning of the Company.

19. RailTel has got "Excellent" rating in the previous year 2012-13 and is also aspiring to maintain such rating during 2013-14. It has already submitted its self appraisal to the Ministry /DPE for evaluation.

20. I would like to take this opportunity to express my gratitude to Ministry of Railways and other Departments of Govt. of India including DoT, DIT, NIC, Defense and DPE etc. for their continued support, patronage and encouragement.

21. I express my gratitude to my Board colleagues for their providing wise counsel and guidance and also to our customers for their kind patronage and to the team of dedicated work force of RailTel for their commitment in accelerating the Company's growth. I would like to take the opportunity to urge the Railway Board to consider appointment of part time non official /independent Directors on the Board of our Company early as the tenure of all the earlier Directors had since expired and at present there are no such Directors available on the Board of Directors of RailTel.

With these words, I propose that the annual accounts together with the reports thereon may be considered and adopted.

**CMD**

**Note:** These excerpts do not purport to be a report of the proceedings of the 14th annual general meeting of the Company held on 27th August, 2014.



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## Vision

To become the preferred telecom solution 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.



ISO-9001-2000  
ISO-27001:2005

- \*Continually strive towards corporate policy of creating a national wide broadband telecom and multimedia network to supplement National Telecom Infrastructure to spur growth of telecom, internet and IT enabled value added services in all parts of the country specially rural, remote and backward areas.
  
- \*To meet Railways communication requirements and to generate much needed revenues for the Railways by commercial utilization of communication network.
  
- \*Continuous improvement in service.
  
- \*Upgradation of Human Resources through knowledge and skills

## Board of Directors

1.	Shri R.K. Bahuguna	Chairman & Managing Director
2.	Shri Rajiv Sinha	Director (POM) (superannuated w.e.f. 28.02.2014)
3.	Shri N.K. Gupta	Director (Finance)
4.	Shri A. Seshagiri Rao	Director (NPM)
5.	Shri Shobhan Chaudhuri	Part time official Director
6.	Shri Sanjay Upreti	Part time official Director
7.	Shri A.K. Bandyopadhyay	Part time non official Director (ceased w.e.f. 27.07.2013)
8.	Shri A.K. Sinha	Part time non official Director (ceased w.e.f. 07.09.2013)
9.	Shri R.K. Goyal	Part time non official Director
10.	Shri Bhaskar Gupta	Part time non official Director

## Audit Committee

1. Shri Bhaskar Gupta, Chairman
2. Shri R.K. Goyal, Member
3. Shri Sanjay Upreti, Member
4. Shri Shobhan Chaudhuri, Member

## Remuneration Committee

1. Shri Bhaskar Gupta
2. Shri R.K. Goyal
3. Shri Sanjay Upreti
4. Shri Shobhan Chaudhuri

## Organisation Committee

1. Shri Bhaskar Gupta
2. Shri R.K. Goyal
3. Shri Sanjay Upreti
4. Shri Shobhan Chaudhuri
5. Shri A. Seshagiri Rao

## Regd. Office:

10<sup>th</sup> Floor, Bank of Baroda building,  
16, Sansad Marg, New Delhi-110001  
Tele 011-23311707  
Fax 011-23311711

## Regional Offices:

### Northern Region:

Shri R.K. Goel  
Executive Director  
10th Floor, Bank of Baroda building,  
16, Sansad Marg, New Delhi-110001  
Tele: 011-23311707  
Fax: 011-23311711

## Corporate Office:

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

## Website:

[www.railtelindia.com](http://www.railtelindia.com)

### **Southern Region**

Shri S.K. Goel  
2nd Floor, B Block, Rail Nilayam  
Secunderabad -500071  
Tele: +91 40 27821134  
Fax: 040-27820682

### **Eastern Region**

Shri J.P. Singh,  
Executive Director  
Chatterjee International Centre,  
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, Opp. Ambika Mills  
Mumbai-400013  
Tele: 022-24923907  
Fax: 022-24923913

### **Branch Auditor:**

#### **Western Region :**

M/s M K P S & Associates, Chartered Accountants,  
1001, A Wing, 10th Floor, Rassaz Castle,  
Gundavli, Western Express Highway, Andheri,  
East Mumbai-400069  
Tel.: 022-65236959 Fax 022-26870770  
Email: mumbai@mkps.in; dmmkamumbai@yahoo.co.in  
www.mkps.in

#### **Southern Region:**

Raju & Prasad- Chartered Accountants  
401, Diamond House  
Adi Amrutha Hills, Punjagutta  
Hyderabad-50082  
Tel: 040-23410404, Fax: 040-23410403  
E mail: hyderabad@rajuprasad.com

### **Bankers:**

State Bank of India  
Union Bank of India  
Axis Bank  
Yes Bank  
Indusind Bank

### **Cost Auditors:**

M/s KL Jaisingh & Co.  
J-7, Sector-XI  
Jaisingh House  
Noida- 201301, U.P.  
E-mail : k.l.jaisingh.noida@gmail.com

### **Statutory Auditors:**

V.K. Verma & Co.,  
C-37, Connaught Place,  
New Delhi-11001  
Tele 011-23415811, 23416858  
email: vkverma@vkvermaco.com




### **Eastern Region:**

Nandy Halder & Ganguli  
Chartered Accountants  
18, Netaji Subhash Road  
(Top Floor), Kolkata-700001  
Tel: 033-2230008, 22316123  
Fax: 033-22105018  
E-mail: nandyhalderganguli1973@gmail.com

### **Northern Region:**

V.K. Verma & Co., Chartered Accountants  
C-37, Connaught Place New Delhi-110001  
Tel: 011-23415811, 23416858  
Fax: 011-23417925  
Email: vkverma@vkvermaco.com

## Financial Highlights for the year 2013-14

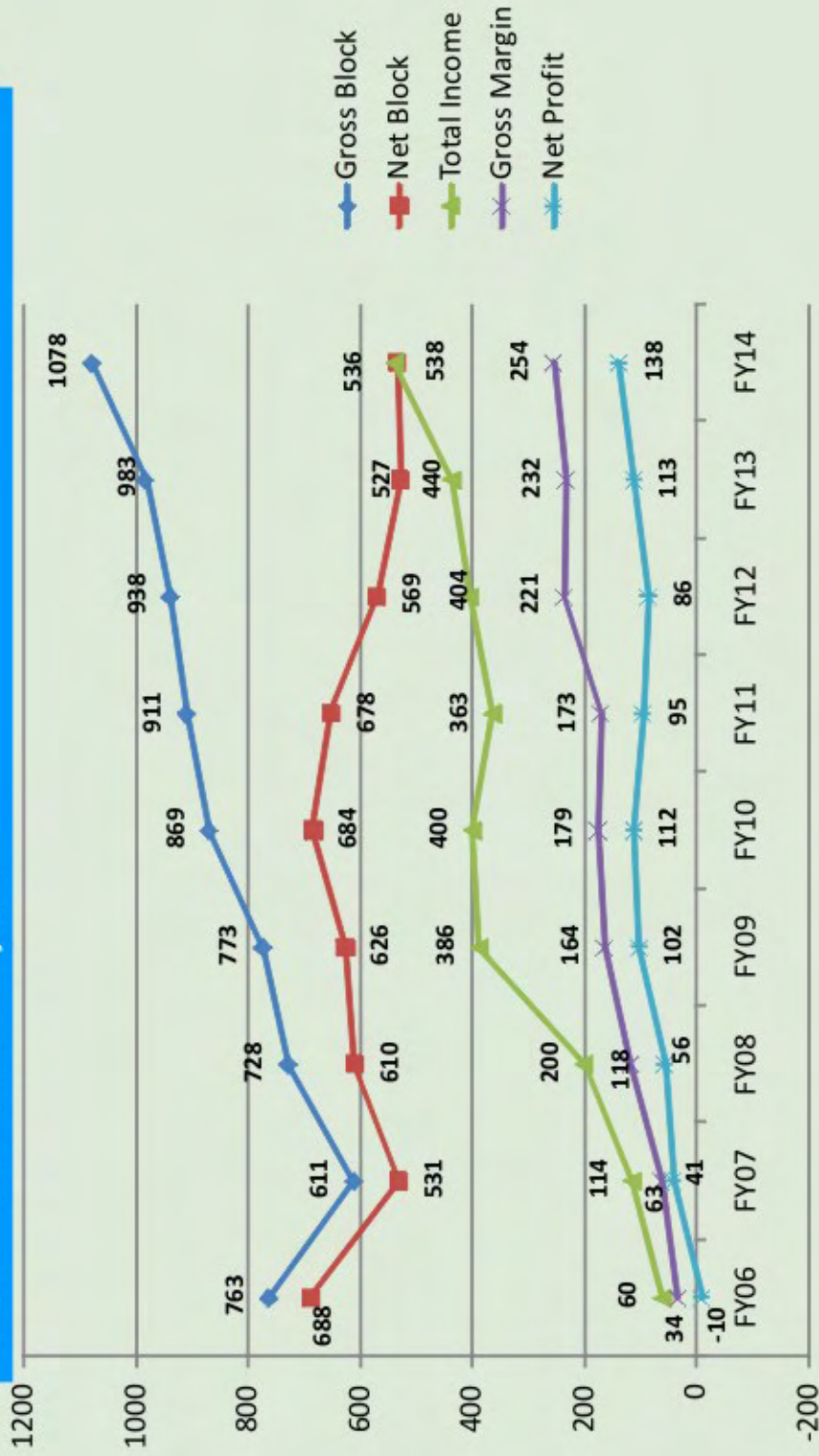
TOTAL INCOME	GROSS PROFIT	EPS (BASIC) Per Share	NET PROFIT
₹ <b>538</b> Crores	₹ <b>169</b> Crores	₹ <b>4.30</b>	₹ <b>138</b> Crores
 <b>+22%</b>	 <b>+17%</b>	 Last year EPS: Rs 3.51	 <b>+22%</b>

## Financial Performance

### 5 Years Consolidated Data (₹ in Crores)

Statement of Profit & Loss	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Sales	388	350	347	367	453
Other Income	12	13	57	73	85
<b>Total Income</b>	<b>400</b>	<b>363</b>	<b>404</b>	<b>440</b>	<b>538</b>
<b>Expenditure</b>	<b>221</b>	<b>190</b>	<b>183</b>	<b>208</b>	<b>284</b>
Gross Margin	179	173	221	232	254
Depreciation	47	66	110	88	85
<b>Gross Profit</b>	<b>132</b>	<b>107</b>	<b>111</b>	<b>144</b>	<b>169</b>
<b>Interest</b>	<b>15</b>	<b>11</b>	<b>6</b>	<b>1</b>	<b>NIL</b>
<b>Tax/ Others</b>	<b>5</b>	<b>1</b>	<b>19</b>	<b>30</b>	<b>31</b>
<b>Net Profit</b>	<b>112</b>	<b>95</b>	<b>86</b>	<b>113</b>	<b>138</b>
Earnings per share – Basic	3.5	2.97	2.36	3.51	4.30
Earnings per share - Diluted	3.5	2.97	2.36	3.51	4.30
Dividend declared	15	13	14	15	17
Dividend per share	0.47	0.41	0.44	0.47	0.53

## RailTel – Growth over the years



## Awards & Accolades



RailTel's Management receiving ET Award

During the year, RailTel bagged the **Economic Times Telecom Awards 2013 for "Best Social Initiative" as well as "Trusted Carrier of The Year" category**. The award was received by Sh. R.K. Bahuguna, CMD along with Directors in an award ceremony held on 6th September 2013 held at Taj Palace, New Delhi. The award received over several categories and witnessed

participation from the leaders of Global Telecom industry, Senior Government officials and Heads of Indian Telecom Industry.

During the year, RailTel also received the **IMC IT Awards, 2013 for "Best CSR Program" in a ceremony held at Indian Merchant's Chambers, Mumbai on 30th January, 2014.**

## Our Operations - Projects



During the year the core network of RailTel was extended by further 455 RKM of OFC leading to a total length of 42554 RKM by the end of year thus connecting 4145 stations.

The **NKN project** has also progressed during the year as per assigned targets. Till March 31, 2014, RailTel

has provided 26 Core links, 122 Distribution links and 391 Access links to operationalize the network. The links are of 10G/1G/100Mbps capacity for connecting Core, distribution & access locations on the NKN network.

Dept. of Telecommunication under the **Universal**

**Service Obligation Fund scheme (USOF)** awarded the project of laying OFC in NE – I and NE – II (Mizoram, Tripura, Meghalaya under NE-I & Arunachal Pradesh, Manipur & Nagaland under NE-II). The network provided under the scheme shall be entitled for subsidy from DoT/USOF and will remain under ownership of RailTel. RailTel has already completed the work of survey for laying of OFC in all six states under the project. The implementation is expected to be completed within the targeted timelines. Till March 2014, LoA for execution across 21 nos. of sections has been awarded in the state of Mizoram, Meghalaya, Tripura, Arunachal Pradesh, & Nagaland covering 4600 KMs and work is in progress.

With an aim to democratize information to improve governance and service delivery at the Panchayats through increased efficiency, accountability, transparency & collaboration and greater decentralized decision-making, Government of India has agreed to create OFC based Broadband infrastructure till all the Panchayats. Govt. of India has approved the project for creation of a National Optical Fiber Network (NOFN) for providing Broadband connectivity to all 2.5 Lac Gram Panchayats (GPs). RailTel has been allocated work consisting of 36000 GPs in 11 States comprising of NE states (Tripura, Meghalaya, Manipur, Mizoram, Nagaland & Arunachal Pradesh), Tamil Nadu (incl. Pondicherry) & Gujarat (incl. Daman & Diu and Dadra & Nagar Haveli). RailTel has also completed a pilot project under NOFN at ‘Panisagar’ block of Tripura connecting 14 GPs successfully. In addition the survey works for all states have been completed and executions have been taken up at all assigned States.

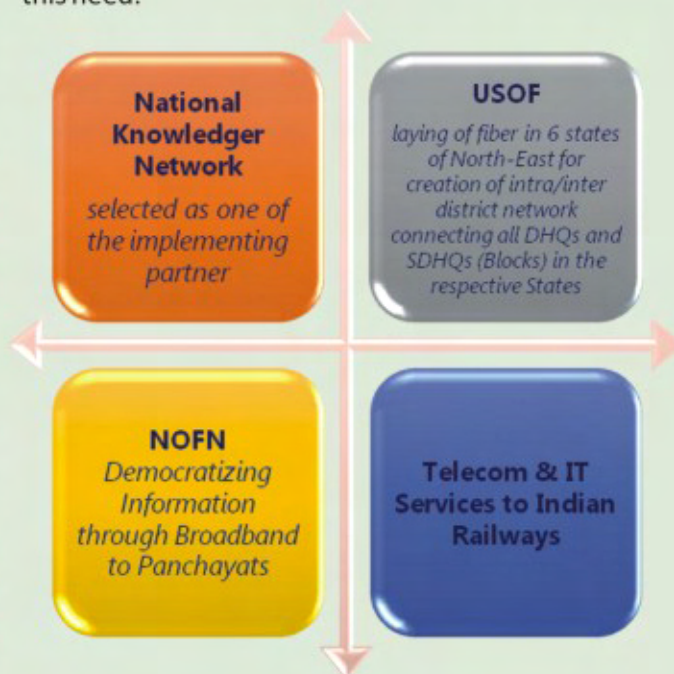
### Centre for Excellence

RailTel took the initiative to give country its 8th Telecom Centre of Excellence. On 5th Jun 2013 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. Probable areas shall be Development of Vernacular Language Tools that shall be able to convert content into local language for readability, Development of software/application based rural social hubs for rural focused content sharing & Development of Cloud based e-gov Services, e-agri Services and other e-services in the field of education and health.

This TCOE shall go a long way to fulfil the objectives enshrined in NTP 2012 to take total broadband connections to over 600 million connections by 2020 through enhancing country’s talent pool, creating an environment of technology innovation, securing and managing the national information infrastructure during peace/disaster and ensuring economic uplift shall get a major boost with this TCOE. Setting up of country wide network of Centres of Excellence (“COE”) in telecommunication domain in Indian Institutes of repute will go a long way in fulfilling this need.



Dear Shareholders,

Your Company's Directors are pleased to present 14th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2014.

### 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 4100 towns & 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. During the year, your company also created its first Tier-III data center (also the 1st within Indian Railways & 8th Tier-III certified in India) which shall be used to launch various Value Added Services (VAS) and IT related services in the market. The second data center being created in Gurgaon is almost ready except for the power arrangements.

The company launched various new services during the year such as Data center services, Telepresence as a service, Railwire and Consultancy service on a pan-India basis. During the year, RailTel also started exploring opportunities in International market and participated in network/ICT projects in Bhutan & Bangladesh.

Equipped with an ISO 9001:2008 & ISO 27001 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, Govt. Institutions/dept., 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 now stands as the only telecom PSU, which is a 100% debt free company and has a unique position in today's telecom sector.

### Financial Performance

Results: (₹ In Crores)

Particulars	FY2013-14	FY2012-13
Total Income	538	440
Profit Before Tax	169	144
Dividend	17	15

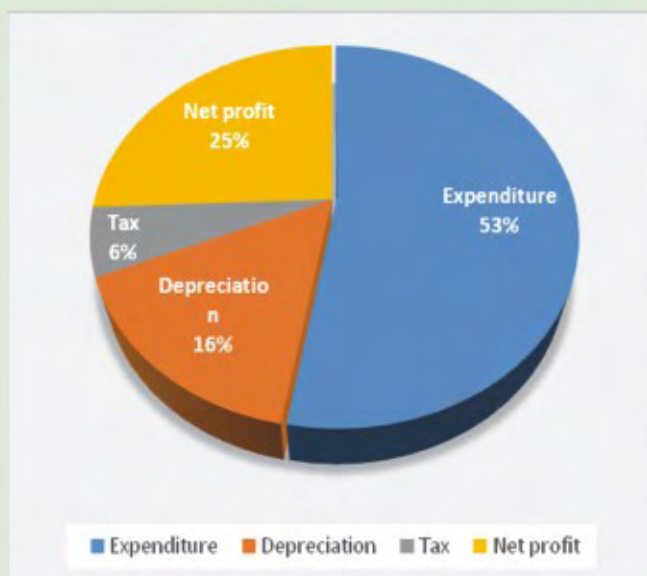
### Summarised Statement of Profit & Loss:

(₹ In Crores)

Particulars	FY2013-14	FY2012-13
<b>Gross Sales</b>	<b>453</b>	<b>367</b>
Other Income	85	73
<b>Total Income</b>	<b>538</b>	<b>440</b>
Expenditure	284	208
<b>Gross Margin</b>	<b>254</b>	<b>232</b>
Depreciation	85	88
<b>Profit Before Interest &amp; Tax</b>	<b>169</b>	<b>144</b>
Interest	NIL	1
Tax/ Others	31	30
<b>Profit for the Year</b>	<b>138</b>	<b>113</b>
<b>Basic EPS (₹)</b>	<b>4.30</b>	<b>3.51</b>

The financial results and the results of operations including major developments have been further discussed in detail in Management Discussion and Analysis section.

The Composition of rupee earned during FY 2013-14-



### Share Capital

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

Accordingly, Issued, Subscribed and Paid-up Share Capital is ₹ 320.94 crores divided into 32.09 crores Equity Shares of ₹ 10 each as on 31st March, 2014 including ₹ 305.94 crores issued for consideration other than cash.

The Company is presently in the process of getting its equity shares valued with a view to offer the same subsequently to the existing stakeholder(s). Few sections of Indian Railways wherein OFC has already been laid are being taken over from Railways against which equity shares for consideration other than cash would

be allotted.

### Dividend

The Company has declared and paid an interim dividend of ₹ 8 crores in 2013-14. A final dividend of additional ₹ 9 crores 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 ₹ 17 Crores excluding tax on dividend.

### Railways Revenue Share

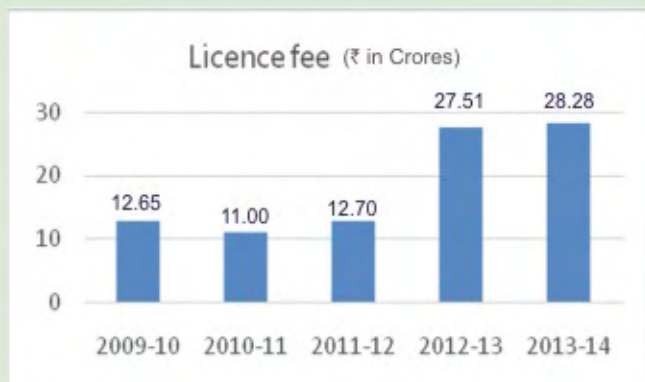
The Company is also contributing by way of revenue share to Railways and the total share of such contribution comes to ₹ 20.74 crores as against such share of ₹ 18.14 crores in the preceding year. The cumulative revenue share to Railways amounts to ₹ 121 crore till the year.



\* The amount of Rs. 21.08 crores during FY 2010-11 consists of two parts:

(i) Rs. 12.95 crores as revenue share for FY 10-11, & (ii) Rs. 8.13 crores as arrears of railway revenue share of previous years for difference of 2% as per revised agreement with railways dated 21.09.2006

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 paid spectrum Charge of ₹ 3.56 crores in the FY 2013-14.

### Fixed Deposits

The Company has not accepted or invited any deposits under Section 58A read with the relative regulations from public during the year.

### Reserves

The Company appropriated its profit earned during the year under report. It has transferred ₹ 40 crores during the year and as such, the total reserves & surplus as at the end of the financial year 2013-14 is ₹ 592 crores.

### Buy Back of Shares under Section 217(2B)

The Government of India holds all the shares in the Company and the Company has not resorted to any buy back of its shares during the year under review. As such, there is nothing to report under section 217(2B) of the Companies Act, 1956.

### Capital Expenditure

Capital expenditure of ₹128 crores approx. was incurred mainly on development OFC related assets, data centre in Secunderabad, telecom equipments, etc. The Company made commitments to the tune of ₹ 182 crores on

capital account and accordingly, expenditure would be booked during the current financial year, in addition to the capital expenditure allocated for the year 2014-15.

### Directors

During the year under report, the Board of RailTel consists of Chairman & Managing Director, three functional Directors, two Govt. Nominees and four part time non-official Directors.

However, 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.

Shri. Shobhan Chaudhuri, Executive Director/ Telecom Development, Railway Board was appointed as Nominee Director by Govt. of India, Ministry of Railways from 28.06.2013 vice Sh. Kul Bhushan.

Sh. A K Bandyopadhyay, part time non-official Director, ceased to hold office on 27.07.2013 consequent to completion of tenure of appointment.

Sh. Anil Kumar Sinha, part time non-official Director, ceased to hold office on 07.09.2013 consequent to completion of tenure of appointment.

The Board placed on record its appreciation of the services rendered by Shri. Kul Bhushan, Member Electrical, Railway Board as the Chairman of the company. The Board appreciated the extensive guidance & support provided by Sh. Kul Bhushan towards the overall development

of the organisation.

The Board also placed on record its appreciation of the services rendered by Shri. A K Bandyopadhyay and Shri Anil Kumar Sinha during their respective association with the Company.

Sh. Rajiv Sinha, Director/POM ceased to hold office w.e.f. 28.02.2014 due to superannuation from service. The Board placed on record appreciation of the services rendered by Sh. Rajiv Sinha as Director/POM of the Company.

Further, Ministry of Railways extended the tenure of Sh. Bhaskar Gupta and Sh. R.K. Goyal, part time non-official Directors of the Company by 3 months w.e.f. 26.05.2014 or until further orders whichever is earlier.

The Board met five times for transacting the business of the company during the year 2013-14 on 28.06.2013, 19.08.2013, 30.10.2013, 06.12.2013 and 19.03.2014.

### Projects Undertaken

The details of the major projects and capital expenditure incurred on the projects is included as a part of this annual report.

Procurement from Micro and Small Enterprises

RailTel had set up goals for resorting to procurement from Micro and Small Enterprises and PLB duct for value of ₹ 53.28 crores and power supply equipment's to the extent of ₹ 3.42 crores has been procured.

### 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.

### Particulars of Employees

The information required in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, as amended till date is NIL, as no employee has drawn a remuneration of ₹ 60 lakhs or more per annum or ₹ 5 lakhs or more per month during the year 2013-14.

The other Human resource related information is made part separate section of this annual report.

### Management Discussion and Analysis Report

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

### Industrial Relations and HR matters

The manpower strength as on 31st March, 2014 was 490 regular employees on roll of the employees including 66 officers and staff on deputation from the Ministry of Railways and 80 from other Govt. departments/PSUs. In addition, the Company had outsourced the services of personnel in different capacities to facilitate the work.

During the year the company recruited 26 middle

and lower management executives in keeping with the functional requirements and future business expansion plans.

During the year, near about 265 employees attended Technical Training, 105 attended marketing training, 90 attended CSR training, 39 attended Risk Management training and 67 attended training on leadership/management etc.

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.

#### **Employment of Women, Use of Official language**

During the year 4 female employees joined, raising the total number of female employees to 36, which is 7.4% of the regular strength of 490.

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 9th September, 2013 to 15th September, 2013 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.

#### **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 31st March, 2014 is as under:

Category	Total	Joined in
	Employees	FY 2013-14
Scheduled caste	53	5
Scheduled Tribe	18	1
Other backward class	107	5
Persons with Disabilities (DwB)	9	NIL

### 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 framed 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 your Company has constituted an Internal Complaints Committee (ICC) which shall:

- 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

The ICC has been constituted at Corporate and all regional offices of RailTel in accordance with the said Act.

### 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.

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 85.75 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.

### Corporate Social Responsibility

During the year 2013-14, RailTel took up CSR

project for creating IT infrastructure at 45 institutions situated in 31 panchayats across 4 States to provide broadband enabled IT centres for rural population through local institutions like Primary schools & Primary health centre.

Under the initiative, RailTel provided IT infrastructure at each of these centres fully equipped with high speed broadband connectivity, multimedia desktops, LCD TV, equipped with enterprise webcam and speakers, solar panels with UPS for power back up, etc. Also, during the year, RailTel extended its Broad band connectivity in institutions wherein similar CSR project was undertaken during previous year. During the financial year 2013-14, the Company created a provision of ₹ 1.46 Crores and incurred an expenditure of ₹79 Lacs towards providing the above infrastructure.

#### Statutory Auditors

The Comptroller and Auditor General of India (CAG) have re-appointed M/s V.K. Verma & Co., Chartered Accountants of New Delhi as Statutory Auditors of the Company to audit the annual accounts for the year ended 31st March, 2014.

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
M K P S & Associates	Western Region
Nandy Halder & Ganguli	Eastern Region
Raju & Prasad	Southern Region
V.K. Verma & Co.	Northern Region & Corporate Office

In terms of the authorization 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 ₹ 10.89 lakhs 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 2014-15 as and when appointed.

#### 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 2013-14.

The Company has filed Form 23C with the Ministry of Corporate Affairs.

#### Comments of CAG

The comments of the CAG on the accounts of the Company for the year ended 31st March, 2014 and the management replies there to as included in the annual report form part of this report.

## Auditors' Report

The Auditors have made observations in their Report on the annual accounts of the Company for the year ended 31st March, 2014, and the same are replied/dealt with as under:

Observations of Statutory Auditors on 2013-14 Accounts	Management Replies
1. All balances shown under Trade Receivables, Trade Payables and Advances including with Railways are subject to confirmation/reconciliation and consequential adjustments, if any.	Reconciliation is a continuous exercise and is being carried out throughout the year. This is also chased at the apex level. However, this aspect will be further strengthened.
2. VAT liability on Railway Deposit works for the period 2008-09 to 2011-12 worked out to ₹ 2159 lakh, out of which ₹ 142 lakh still payable on 31/03/2014. In the year 2012-13 and 2013-14 company executed works for railways for ₹ 5400 lakhs. The extent of VAT liability is under process of ascertainment.	It is an issue of inter region and interstate. Liability for the year 2008-09 to 2011-12 has been paid during the year. An amount of ₹ 33 Lakhs has already been paid for the year 2012-13 and 2013-14 and balance liability shall be discharged in the current year.
3. Telecom & Radio Equipment's and STM-16 (Fixed Assets) valuing ₹ 14908 lakh (WDV) may be insured. However, company has organized a committee to assess/opinion on the insurance value of the assets of the Company. The report of the committee still awaited.	As directed by Audit Committee, Risk Analysis of Telecom & Radio Equipment's and STM-16 will be carried out for identifying high risk category assets. A provision for insurance reserve fund is likely to be created in the books of the company for such high risk assets.
4. Depreciation on Optical Fiber Cable taken over from Railways till 2006-07 has been charged without reassessing the remaining useful life of the asset; the impact on such transaction is not ascertained. A committee was set up for assessing impairment on all telecom assets in the year 2011-12 but no impairment has been found on these Optical Fiber Cable.	Life of all assets of the Company has been examined and finalized by Technical committee of the Company. Depreciation has been charged accordingly on average life basis.
5. During the year Capital work in progress and inventories (Stores & Spares) are accounted for at the time of payment instead of accrual system. However, at the year end all such transactions has been recorded on accrual system.	Procedure is being incorporated in ERP to take care of this issue.

<p>6. The audited accounts and Income Tax Returns of Gratuity Fund Trust were not made available to us for our verification; however the provision for the gratuity has been made on the basis of Valuation received from LIC. The audited accounts and Income Tax Returns of Gratuity Fund Trust were not made available to us for our verification; however the provision for the gratuity has been made on the basis of valuation received from LIC.</p>	<p>Accounts of trust has been audited and available for verification. PAN number for the trust has also been applied for and income tax returns will be filed as soon as PAN is received.</p>
<p>7. The cost of equipment's acquired by the company from P3 Technologies under settlement at ₹ 275 lakh. The assets have not been revalued at ₹ 175.54 lakh and the loss amounting to ₹ 99.46 lakh have been shown "Loss on Revaluation of assets".</p>	<p>This is as per the Arbitration settlement and a part of disclosure requirement.</p>
<p>8. The company has adapted to ORACLE ERP from TALLY ERP during the Financial Year 2013-14 with effect from December 2013. As a result certain statements/reports (like ageing of Trade receivable, Trade payables etc.) required for audit have been provided Excel Sheets which have been relied upon by us.</p>	<p>These reports will be completed during the current year.</p>
<p>9. A provision of ₹ 360 lakhs Performance related Pay for 13-14 has been made on estimated basis awaiting performance rating from Department of Public Enterprise.</p>	<p>This is part of disclosure requirement.</p>
<p>10. ₹187.43 lakh paid to Delhi Metro Rail Corporation Ltd. against the demand raised by them for hiring of space for setting up network Operating Centre has been charges to revenue pending format execution of Lease agreement.</p>	<p>This is part of disclosure requirement.</p>
<p>11. The depreciation on Optical Fiber and Related Assets (Last Mile) has been charged at 100% with retrospective effect resulting in extra depreciation of ₹ 578 lakhs which has been shown under "Earlier year Depreciation".</p>	<p>This is part of disclosure requirement.</p>

### Remuneration to Directors

RailTel, being a Government Company under the Companies Act, 1956, 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 drawing 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 are paid sitting fee of ₹ 8,000/- per meeting attended.

### Composition of Committees

#### Audit Committees

An Audit Committee of the Board of Directors was re-constituted by the Board and at present, such Committee consisted of the following Directors:

- Shri R.K. Goyal, part time non official Director
- Shri Bhaskar Gupta, part time non official Director
- Shri Sanjay Upreti, Nominee Director
- Shri Shobhan Chaudhuri, Nominee Director
- Shri Bhaskar Gupta is the Chairman of the said Committee.

### Organization Committee

During the year under review, the Board has constituted an Organization Committee of the Board of Directors which shall examine and submit recommendations on requirements as to manpower for each Department with reference to present and future workload, qualification and experience required for manning the posts in each Deptt, hierarchal structure in view of the promotion policy of RailTel, mode of filling in the posts - deputation/recruitment/outsource.

At present, such Committee consists of the following Directors:

- Shri R.K. Goyal, part time non official Director
- Shri Bhaskar Gupta, part time non official Director
- Shri Sanjay Upreti, Nominee Director
- Shri Shobhan Chaudhuri, Nominee Director
- Shri A. Seshagiri Rao, Director/NPM

### Remuneration Committee

The Company has a remuneration committee of Board of Directors. The above committee consists of the following directors:

- Shri R.K. Goyal, part time non official Director
- Shri Bhaskar Gupta, part time non official Director
- Shri Sanjay Upreti, Nominee Director
- Shri Shobhan Chaudhuri, Nominee Director
- Shri Bhaskar Gupta is the Chairman of the

said Committee.

### **Energy Conservation & Technology Adoption**

The Company is presently engaged in providing telecom services. The following disclosures are made as required under the provisions of section 217(1) (e) of the Companies Act, 1956:

#### **a) Energy conservation measures taken**

Effective steps are being taken to conserve energy by the use of solar energy at various PoPs of RailTel, installing CFL tubes in office premises and other energy efficient gadgets. Special measures were also undertaken during the Data Center construction at Secunderabad and Gurgaon to ensure energy conservation within the Data Center. There is a separate DCIM (Data Centre Infrastructure Management) unit to monitor the consumption of power rackwise. In addition, the air condition provided in POPs have the advantage of pumping in hot air during winter, thereby reducing power consumption during winter.

During the year, the Company incurred a total expenditure of ₹ 11.47 crores (previous year ₹ 10.16) crores on electricity and power expenses. The units consumed will henceforth be worked out separately.

Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

**b) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods/services.**

The MoU target under sustainable development during the FY 2013-14 for energy saving in 20 POPs was 6% for excellent rating. The Company has been able to successfully achieve this target by ensuring various measures taken at these PoPs and saved 19.665 KVA in terms of monthly electricity bills.

#### **Foreign Exchange Earnings & Outgo**

During the period under review, your company has commissioned SASEC project from Bhutan (supply of equipment and accessories, installation related services and commissioning of SASEC regional network of Bhutan side) and has earned foreign exchange earnings worth ₹ 7.85 Cr. Also during the year, your Company has incurred foreign expenditure of ₹ 7.31 crores on foreign projects.

#### **Presidential Directives**

No Presidential Directives were received from the Government during the financial year 2013-14.

#### **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 2012-13, RailTel has got "Excellent" rating from DPE.

### Business Responsibility Statement

As a voluntary initiative, your Company has decided to form Business Responsibility Report as part of its Annual Report, applicable only to listed entities. The report describes the initiatives taken by RailTel from Environmental, Social and governance perspective during the period under review. A report on Business Responsibility is part of this Annual Report.

### Directors' Responsibility Statement

In terms of the provisions of section 217 (2AA) of the Companies Act, 1956, as amended, your Directors confirm as under: that in the preparation of the annual accounts,

- i. The applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii. That the Directors have adopted 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 or loss of the Company for that period;
- iii. That the Directors have 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 prevention and detecting fraud and other irregularities; and

- iv. That the Directors have prepared the annual accounts on a going concern basis.

### Acknowledgments

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 stake holder 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 and also the branch auditors for their valued contribution.

**R.K. Bahuguna**

Chairman and Managing Director

DIN: 01748132

**Date: 27.06.2014**

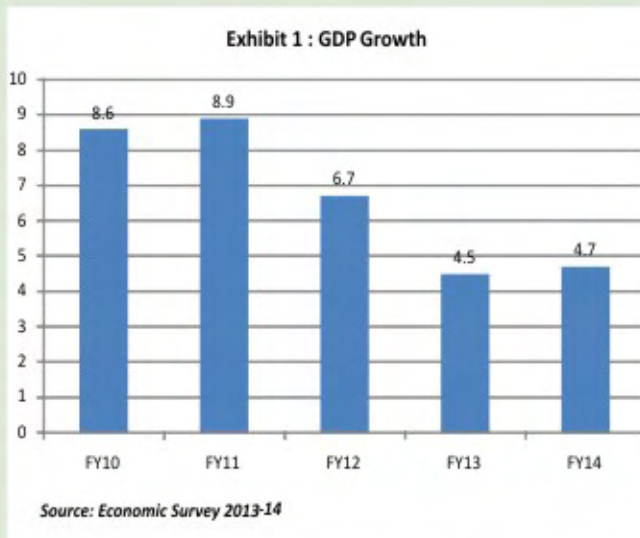
**Place: Gurgaon**

# Management Discussion and Analysis Report

## Economic Overview

As per Economic survey 13-14, Indian economy is estimated to register a growth rate of 4.7 per cent in 2013-14 (in terms of GDP at factor cost at constant prices). This growth is significantly lower in comparison to the decadal average of 7.6 per cent during 2004-05 to 2013-14. The sub-5 per cent growth of the economy in 2013-14 is primarily the result of the continued slowdown in the industrial sector that has shown negative growth of -0.1 per cent in 2013-14 and lower growth in the 'trade, hotels, transport and communications' segment of the service sector.

On the brighter side sectors, viz. agriculture, electricity, gas & water supply, financial,



insurance, real estate & business services and community, social & personal services are projected to have grown at faster rates in 2013-14 vis-à-vis 2012-13. The index of industrial production (IIP) [base:2004-05] is the leading indicator of industrial performance. A combination of global and domestic factors has led to deceleration in the industrial output. The

contraction in the growth during current year was largely because of decline in mining sector, capital goods, and consumer goods. Manufacturing, the dominant sector in industry, witnessed negative growth of -0.7 per cent during 2013-14 as compared to a growth of 1.1 per cent in the corresponding period of the previous year.

## Industry Structure and Development

As brought out above, the Indian Telecom sector was also affected during past two years due to various economic and policy factors prevailing in the country. Even though the Indian telecom sector has registered a phenomenal growth during the past few years, it showed skewed growth rates in customer acquisition. This necessitated a series of reform measures by the Government to increase active participation by private sector so as to achieve exponential growth of telecom sector in the country. In this regard, National Telecom Policy-2012 (NTP-2012) was 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 addresses the Vision, Strategic direction and the various medium term and long term issues related to telecom sector. The primary objective of NTP-2012 is maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. One of the main objectives is to provide affordable and reliable broadband-on-demand by the year 2015 and to achieve 175 million broadband connections by the year 2017 and 600

million by the year 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand. The policy also recommends promoting indigenous R&D, IPR creation, & manufacturing of state-of-the-art telecom products and services to meet the Indian telecom sector demand to the extent of 60% and 80% with a minimum value addition of 45% and 65% by the year 2017 and 2020 respectively.

During the year, TRAI initiated various consultations across various areas of Broadband, Mobile and Broadcasting services which were followed by recommendations. Major of them like auction of spectrum in 800 MHz band, spectrum trading, Improving Telecom services in North Eastern States – An Investment Plan, unified license scheme to name a few which could boost the overall telecom sector thereby aiding positive telecom environment in the country. During Mar'14, TRAI has issued the consultation on revision of Tariff for Domestic Lease circuits. It is expected that the revised tariffs shall be made applicable during FY14-15 itself. Though it would be early to gauge the impact on RailTel revenues, however considering the fact that RailTel is operating in the intense competitive market having market determined tariff not much impact is seen in the present revenues being earned from various customers.

The number of telecom subscribers in India increased to 933.01 million at the end of March, 2014. The share of urban subscribers stood at 59.51% whereas share of rural subscribers stood at 40.49% by March, 2014.

With this, the overall Tele-density in India stood

at 75.23 at the end of March, 2014. The overall urban Tele-density is 145.78 whereas Rural Tele-density is 43.96 by March 2014. Total wireless subscriber base is 904.51 million at the end of March, 2014. The share of urban wireless subscribers is 58.90% whereas share of rural wireless is 41.10%. The overall wireless Tele-density in India has increased to 72.94% at the end of March, 2014. Wireline subscriber base declined to 28.49 Million at the end of March, 2014. The share of urban subscribers is 79.09% whereas share of rural subscribers is 20.91%. Number of broadband subscribers stood at 60.87 million at the end of Mar-14 out of which 18.50 million are wired broadband subscribers. Number of subscribers for Wireless Broadband subscribers including 3G services is 233.09 million at the end of Mar-14.

#### Financial Overview

The financial results of the Company's operations for the year 2013-14 is summarized below:

₹ in Crores

Particulars	2013-14	2012-13
Gross Sales	453	367
Other income	85	73
<b>Total income</b>	<b>538</b>	<b>440</b>
Expenditure	284	208
<b>Gross Margin</b>	<b>254</b>	<b>232</b>
Depreciation	85	88
<b>Gross Profit</b>	<b>169</b>	<b>144</b>
Interest	NIL	1
<b>Tax/ Others</b>	<b>31</b>	<b>30</b>
<b>Net Profit</b>	<b>138</b>	<b>113</b>

## Financial Highlights

During the financial year 2013-14, the Company has earned Total Income of ₹ 538 crores as against that of ₹ 440 crores during the year ended 31st March, 2013

Railway deposit work undertaken by the Company amounted to ₹ 34 crores in the recognized income of the current year and such work has increased by ₹ 15 Crores compared to the previous year

The gross-margin earned during the year is ₹ 254 crores before interest, depreciation and tax as against that of ₹ 232 crores in the preceding year. After providing for interest and depreciation, the net profit after tax amounted to ₹ 138 crores (previous year ₹113 crores).The net surplus has been carried to Balance Sheet after transferring a sum of ₹ 40 crores to General Reserves

The Company does not have any outstanding loan and as on date, the Company is a debt free Company. The Board believes that your Company shall achieve better financial results during the current financial year 2014-15



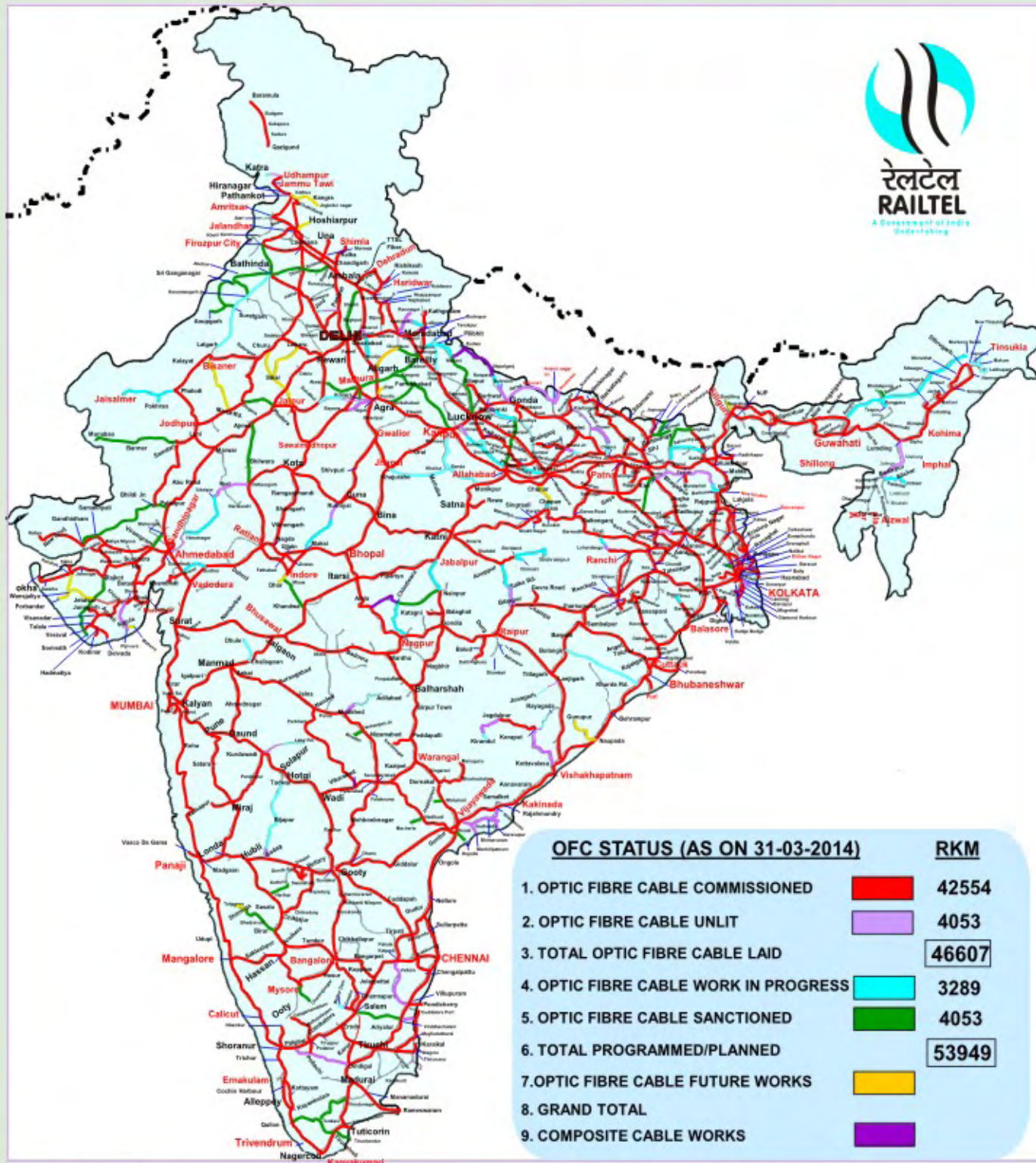
रेलटेल  
RAILTEL

A Mini Ratna Enterprise

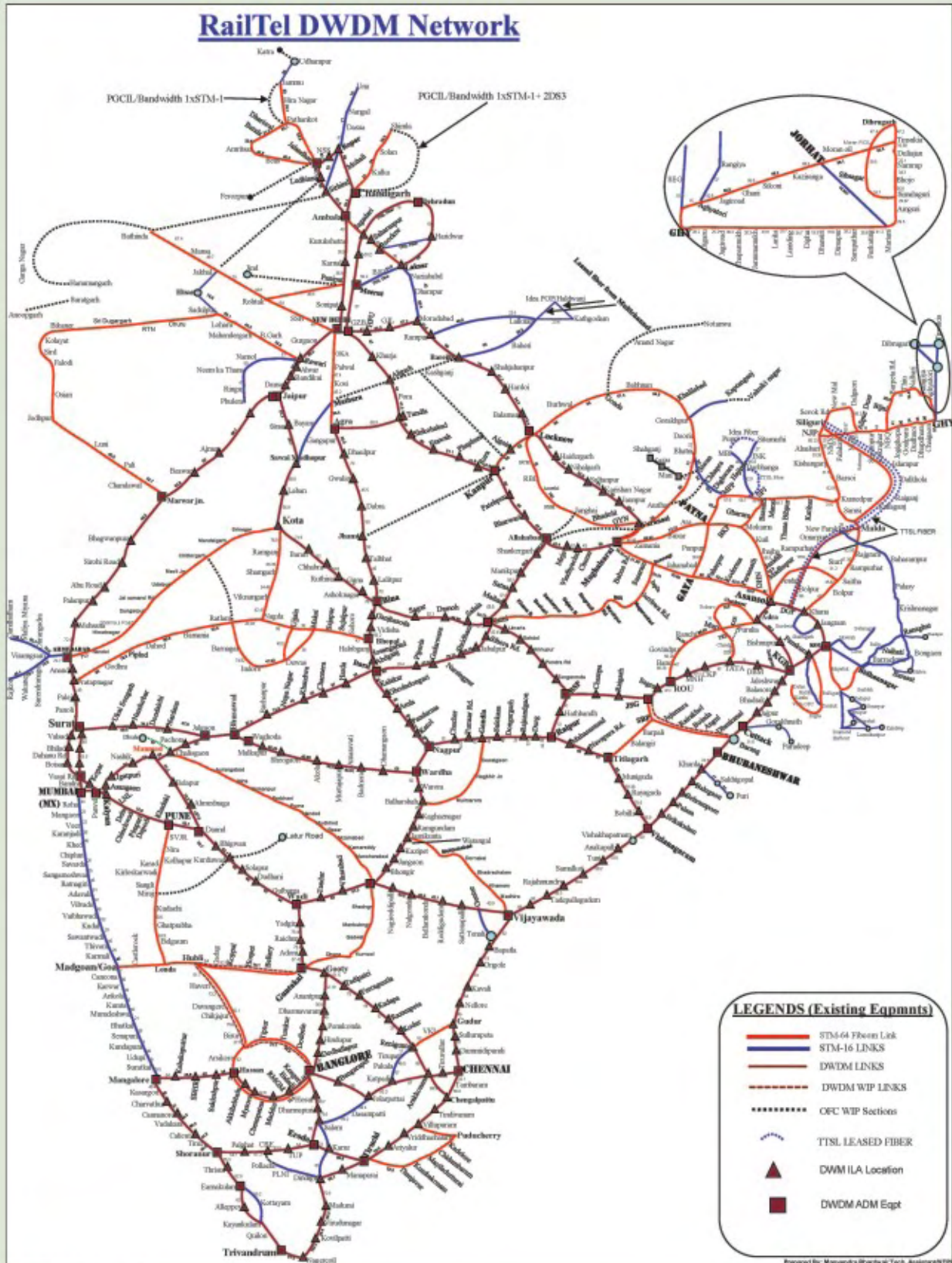
# OPTIC FIBRE CABLE NETWORK



रेलटेल  
RAILTEL  
A Government of India  
Undertaking



Map not to scale



Map not to scale

## 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 46607 RKM of OFC and OFC lit is 42554 RKM till March 31, 2014 thus connecting 4145 stations till March'14

Works on another 7500 KMs are in various stage of execution. The network diagram shows the reach of OFC across the country along with details of OFC laid, under progress and future works.

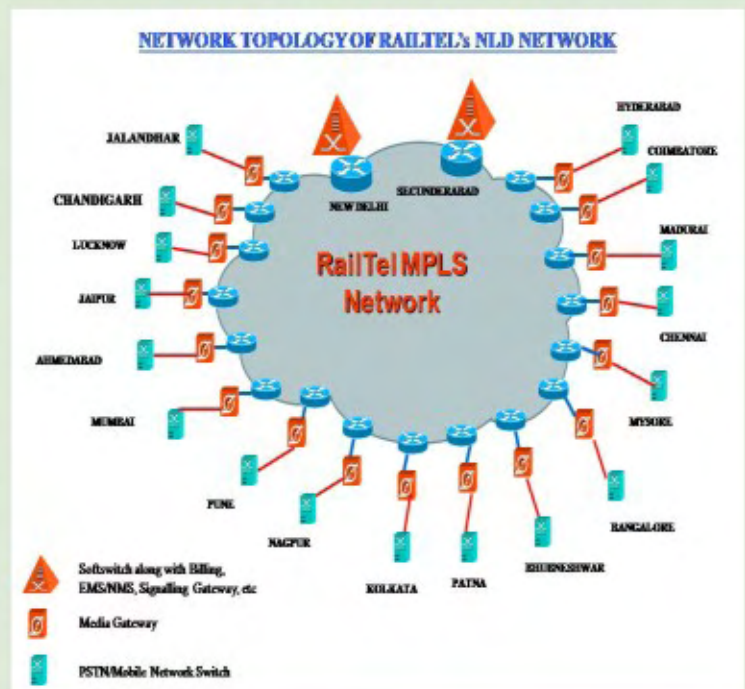
RailTel's transparent, robust, reliable, high speed OFC Backbone Network shall ultimately cover entire railway route across the country. In high bandwidth backbone segment, RailTel occupies a pride place with its unparalleled network. Its network has the ability to provide the mission critical customized 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 upto 100G on its core network using DWDM at over 10000 RKM in southern India to provide Giga Bit capacities which can be further augmented in future upto 400G. The DWDM network in northern & eastern part of India is under implementation which will

eventually cover whole of India by Mar' 2015. Access network with C/DWDM & STM-64 is being provided in important cities and is being augmented/extended to over 300+ cities to meet the connectivity requirements of serving Enterprise customers up to the premises.

## MPLS- IP & NGN Network

One of the objectives of formation of RailTel was to spread telecom access in the remote and backward areas of the country by building state of the art multimedia network. RailTel has also implemented country wide data network with MPLS-IP backbone network to provide whole range of VPN & Internet services using high end network routers. The network supports services like Layer 3 and Layer 2 VPN services, broadband internet access, multicast services etc. RailTel is augmenting its MPLS network with nx 10G Core edge and n x 1G with scalability at access



Further, RailTel has also rolled out NLD (National Long Distance) Services for carriage of Inter-Circle voice traffic based on the state of the art NGN (Next Generation Network) platform. NLD backbone of RailTel has currently been rolled out in 50 cities having POIs (Point of Interconnection) with majority of Operators. These cities include all Metros, mini-metros & State Capitals to cover all major Telecom circles of the country. NGN is termed to be a future proof technology enabling RailTel to launch various Value Added Services (VAS) as and when market demands. The NGN platform is also being used for connectivity of Railway's exchanges across India & have a standard uniform numbering scheme.

### Sales & Marketing

Keeping up with the objectives, your company have made greater strides in ensuring its growth across various business segments during the last year. RailTel has clocked healthy double digit growth in almost all the service segments that it operates except for internet services.

For various telecom services, new initiatives were taken to foray major growth in this sector. The capacity leased has also grown during the year. As witnessed during last year, higher discounts have been a stress on the business earnings due to which the growth in volumes could not be matched by similar growth in revenues. However, on the strength of better service delivery as well as account management RailTel has not only acquired new customers during the year but was also able to increase business earnings with its

existing customers. The major achievements were in terms of initiating new service portfolios for increasing revenue segment as well as fully supplementing the existing services.

### Data Centre

During the year, your company commissioned its first Data Centre, including that in Indian Railways and 8th in the country with Tier-III certification for design and facilities by Uptime Institute, U.S.A.

The Data center, in addition to co-location will facilitate in providing various services to its enterprise customers. Shri. D.P. Pande, General Manager, South Central Railway inaugurated the first Data Centre of RailTel Corporation of India Ltd. at Rail Nilayam, Secunderabad in the



Inauguration of first Data Center of RailTel

presence of Shri R.K. Bahuguna, Chairman & Managing Director & other Railway & RailTel officers. The data center services for its first customer were also inaugurated by Member Electrical, Railway Board.

RailTel is offering Co-location, Hosting, other related services in addition to DR site services through the Data Centre. It has world class



रेलटेल  
RAILTEL

A Mitti Ratna Enterprise



RailTel Secunderabad Data Center

facilities with state of Art Data Centre Infrastructure Management System (DCIM) and Building Management System (BMS). All the Infrastructure in the Data Centre is concurrently maintainable with redundancy features of power from two separate grids. RailTel has completed the construction of another Data Centre at Gurgaon with similar facilities.

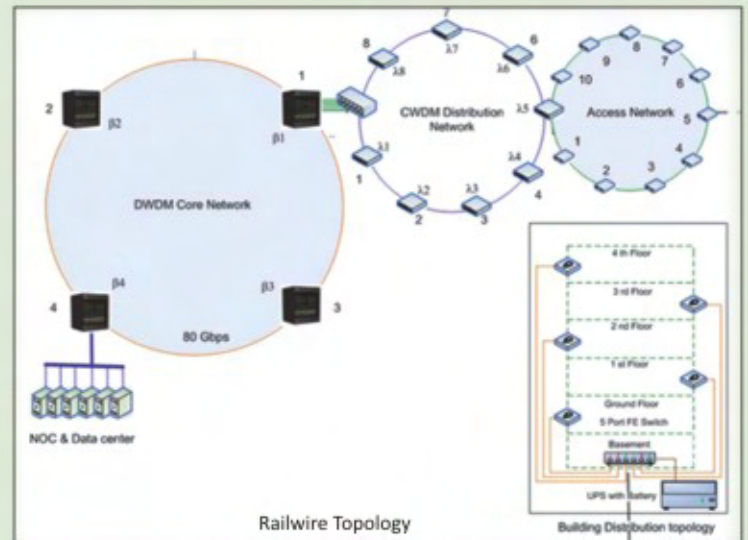
### Central NOC

RailTel is also creating modern Central NOC (Network Operation Center) at Shastri Park, New Delhi which shall be equipped with state of the art network management tools incl. NMS, OSS/BSS, Billing solution, GIS platform, etc.

### Railwire

RailTel being one of the largest neutral telecom infrastructure providers in country having a PAN India optical fiber network with exclusive Right of way (ROW) along railway track initiated a broadband delivery platform named "RailWire".

**RailWire is retail Broadband initiative with a mission to make available "ICT to common man" and also extend "Internet, Education and Health Services to masses".**



Vision of RailWire is to extend Broadband & Application Services to urban, rural & remote areas through its collaborative platform. The platform shall utilize the Core Backbone layer of RailTel (available across India), Access Network (shared infrastructure/last mile access like fibre to the building (FTTB), Fibre to the Home (FTTH) or similar technologies), IT System (available with Large IT Companies) and Managed Service Partners/Application Service Providers. RailWire being a collaborative platform has been designed to adopt all available access networks with any of network technology like metro Ethernet, EOC, GEAPON, Wi-Max etc.) for expediting the broadband rollout.

RailTel has aligned & partnered with various Managed Service Partners in different zones for managing the entire operations, hundreds of quality conscious Access Network Providers for end connectivity to customer premises, Last mile service delivery partners for scalable aggregation network and IT partners for billing, provisioning, retailing, auditing & revenue assurance etc.

RailWire collaborative platform has been designed in a way to ensure the consistence, Transparency and openness among the partners to provide the consistent & high speed Retail Broadband & Value added Service with proactive customer support. During the year 2013-14, more than 9000 RailWire customers were added on the Network and the revenues on Railwire closed at ₹ 5.97 Cr by end of March 2014.

### **Tele-presence as service ( TPaaS)**

During the year, RailTel also partnered with a OEM player of Tele-presence solutions to provide the services on a revenue share basis, as managed service model without any capex exposure to the customer. However, the customer will get end to end support on infra, video hardware, network and 24x7 service from RailTel hosting its services in DC and DR of Data Centers. The TPaaS shall utilize the data network (MPLS) of RailTel combined with various flavors of Tele-Presence solutions available to the customer to choose from.

Tele-Presence which enables the rich immersive experience of audio-visual communication is expected to be the future of collaborative platform. RailTel which have always been in the fore-front in launching next generation services is expected to do well considering its penetration with various enterprise customers in banking, strategic and Govt. sectors. These services shall use the new data centers created by RailTel thereby making the hosted platform secure and effective for its customers in India. The Tele-Presence services are ready for offering and discussions are in advanced stage with

Government customers, PSUs, Banks including for in-house use by Railways. This saves cost and time in addition to carbon footprint.

### **Focus on International Market**

During the year RailTel bagged its first international project from Govt. of Bhutan for the SASEC Project for building up data network at approx. cost of ₹7.85 Crores. The project got completed by RailTel within the targeted timeline and the completion certificate has also been issued to RailTel specially stating the high standards of work execution by RailTel's highly professional team of experts. This opens a new opportunity for RailTel to showcase its expertise in the international sector.

RailTel now focusses on taking up similar works in other international markets with a focus on ASEAN & SAARC regions to start with and eventually moving to other markets also.

### **Existing Services**

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

#### **1. Bandwidth Leasing**

During the year, RailTel has been able to consolidate the bandwidth leasing segment due to the rationalization of tariff policy and introduction of innovative pricing mechanism. This has ensured preventing any large scale surrenders of the service especially by the Telcos during the year. In addition, RailTel extended its running contracts with various enterprise and banking customers thereby maintaining a dedicated customer base.

Further, significant resources are assigned to plan the network at least for next 5 years requirement. In this initiative, network design plan based on the DWDM, PTN, DXC (ASON) based technology for Core & City access have been planned and purchase orders placed. This shall ensure that high capacity leased circuits can be provided on demand, thereby bringing higher revenues to RailTel.

## 2. IP-VPN & IBW

Your company made a well-planned and timely investments in MPLS network to fulfil the anticipated demand of IP network over the years. On the strength of this MPLS network, RailTel is providing its Layer-3 and Layer-2 MPLS VPN with fully managed service and defined SLA parameters. RailTel has leased IP-VPN bandwidth to various customers viz, Railways, major banks like SBI, Central Bank, Bank of Baroda, as well as Govt./PSUs like DRDO, SPMCIL, BCCL, CIL etc. With the commissioning of Data Center and TPaaS services it is expected to have a higher revenue realization.

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 leased over 5 Gbps of IBW to various customers registering a growth of over 20% during the same period last year.

## 3. MSOs/CATV

During the year, Govt. of India issued regulation for digitization of all cable TV networks by 2014 with complete digitalization of urban areas by Dec'15. This has opened up a new opportunity for

Telecom infrastructure companies specially for a neutral player like RailTel to offer bandwidth services to MSO/CATV segment. For the purpose of digitization of CATV require high capacity pipes in multicast mode with signal add-drop functionalities. The migration shall be largely to address the problems of capacity constraints and improved customer satisfaction.

## 4. Colocation Services

The Wireless/Mobile services has led to the requirement of "Infrastructure Sharing". RailTel is providing the service on Railway's towers & roof top of service buildings to Telcos.

## 5. NLD Voice Services

RailTel has been able to continue efficient utilization of its NGN network by offering NLD (National Long Distance) Services for carriage of Inter-Circle voice traffic. NLD backbone of RailTel has been rolled out in 50 major cities comprising of Metros, mini-metros & important State Capitals covering all major circles of India. RailTel has also in place the Interconnect agreement with most Telecom operators for carrying voice minutes.

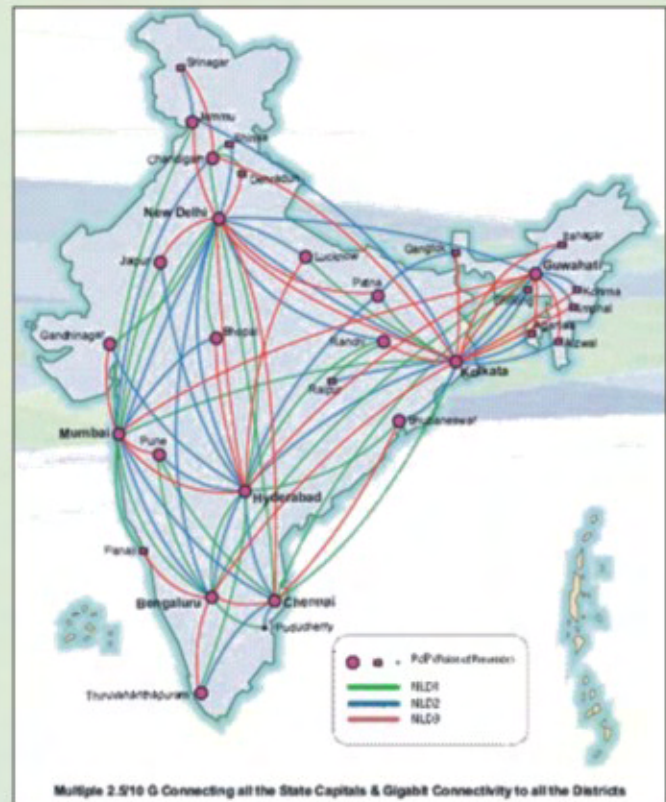
## 6. Services to Railways & Railway Passengers

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 and some value added services to facilitated Railway operations.

- **Short haul connectivity (station to station):** RailTel supports Railway's STM-4/STM-1 based network at every station with ring

protection, wherever feasible. Data connectivity needs of Railways such as PRS/UTS/FOIS/mission critical information along emergency communication needs are taken care .

- **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 17 Zonal HQs, 66 Divisions offices, Production units, Training Institutions for sharing of information from all depts. The network reach is also being extended to operational areas like major yards, workshops & other far units. Internet access is also extended to all Railway offices on RailNet, as required. RailTel has also undertaken the task of creating secured L3 MPLS VPN network for Vigilance directorate connecting across all Zonal Railways and Railway units. 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 deployed DSLAM's on existing Railway exchanges to provide Broadband services



to homes and offices of Railway officials 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 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 also provides professional and technical guidance to Indian Railways on technical up-gradation. RailTel is also considering facilitating

modern signalling and safety systems and other important ICT works in Indian Railways.

## Facilitating Govt. of India Initiatives

### 1. Creating Knowledge Society

The work of provisioning National Knowledge Network is also progressing as per the target timelines assigned to RailTel. As per the network plan NKN shall have 84 Core links of 10 Gbps across 33 locations (state capitals & important cities), 600 distribution links of 2.5 Gbps at District level and access links of 1G/100 Mbps capacity at 1500 locations (important institutions, universities). Till date, RailTel has received a total order value of ₹1056 Crores over 10 year period out of which ₹587 Crores have been received as advance.

Till March 31, 2014 RailTel has provided 26 Core links, 122 Distribution links and 391 Access links to operationalize the network. Under the project, RailTel is slated to execute links worth ₹ 1200 Crores approx. by next year. Total cumulative capacity of over 257 Gbps have been commissioned for NKN project till Mar'14 for connecting Core, distribution & access locations on the NKN network thereby ensuring revenue realization of ₹79 Crores during the FY13-14.

### 2. Democratizing Information through Broadband to Panchayats:

With an aim to democratize information to improve governance and service delivery at the Panchayats through increased efficiency, accountability, transparency & collaboration and

greater decentralized decision-making, Government of India has agreed to create OFC based Broadband infrastructure till all the Panchayats Govt. of India has approved the project for creation of a National Optical Fiber Network (NOFN) for providing Broadband connectivity to all 2.5 Lac Gram Panchayats (GPs). RailTel has been allocated work consisting of 36000 GPs in states comprising of NE states (Tripura, Meghalaya, Manipur, Mizoram, Nagaland & Arunachal Pradesh), Tamil Nadu (incl. Pondicherry) & Gujarat (incl. Daman & Diu and Dadra & Nagar Haveli). RailTel has also completed a pilot project under NOFN at 'Panisagar' block of Tripura connecting 14 GPs successfully. In addition the survey works for all states have been completed and executions have been taken up at all assigned States.

### 3. Creating of Intra/Inter District OFC network 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). The program envisages to lay OFC cable (at least 24F underground) and provide minimum 2.5 Gbps bandwidth capacity upgradeable upto 10 Gbps. USOF envisages to use Existing fiber and collocation facility for creation of this network to reduce CAPEX requirement. Cable laying is encouraged at those sections/areas which is not covered by other operators for effective



North East OFC Network Representation

utilization of national resources. The agreement between USOF & RailTel shall be for a period of 8 years.

RailTel has already completed the work of survey for laying of OFC in all six states under the project. The implementation is expected to be completed within the targeted timelines. Till March 2014, LoA for execution across 21 nos. of sections has been awarded in the state of Mizoram, Meghalaya, Tripura, Arunachal Pradesh, & Nagaland covering 4600 KMs out of total planned 12305 KMs.

### **New Frontiers: The Way Ahead**

During the year, apart from identifying opportunities in the existing business segment, your company has also decided to enter into new business area segments on the strength of expertise developed within RailTel. These include consultancy services, Railway signalling projects, broadband services & various VAS like

Tele-Presence etc.

RailTel with its vast expertise in ICT domain & network creation is planning to start providing consulting services to various Govt. dept./PSUs & International Railways which shall aid to grow the bottom-line more stronger. RailTel is also envisaging taking up Railway project works in the new domain of Mobile Train Radio Communication (MTRC), Train Protection & Warning System (TPWS) and modern ICT based Signalling, etc. which can help in developing a long term captive business segment. RailTel with its vast pool of S&T engineers can provide services to Indian Railways effectively. In this connection, based on the approval of the Board of Directors, the Company has approached its administrative Ministry for consideration of the proposal to amend the object clause of the main objects of Memorandum of Association of the company to enable itself to undertake such like works.

RailTel's recent participation in the countries of Bangladesh and Bhutan has also opened gateway for itself to explore possibilities in expanding its services network in other parts of the world.

### **Strategies**

Current issue facing the organization is not only to sustain present bandwidth business but to increase volumes in this period of rapidly falling Bandwidth prices. Similarly maintaining high margins/bottomline is another area of concern which requires an in-depth market research and

analysis and developing new business portfolio to include value added services with BW leasing, RailTel's business, which is primarily dependent on requirement/growth of Telco's is adversely affected due to number of regulatory and spectrum related issues experienced by the industry.

RailTel has started rationalizing its tariff policy not only to retain present business but also to increase volumes through innovative pricing for customers. A marginal cost based tariff is being implemented for various customer categories. Similarly investment is also planned to develop high bandwidth streams so as to achieve economy of scales to lower per unit bandwidth cost and also focusing on bulk BW leasing. This shall enable RailTel to sell higher bandwidth capacities at cheaper price in line with industry expectation as well as bringing higher revenue through volume sales.

RailTel has also devised strategy to enter new business areas for providing complete network solutions to various Government projects which are generally high volume projects thus enhancing revenue streams.

### **Financial Performance**

During the financial year 2013-14, total income earned by RailTel is ₹ 538 Crores. The gross margin earned during 2013-14 has been ₹ 254 Crores while net profit earned has been

₹ 138 Crores. RailTel has also paid an interim dividend of ₹ 8 Crores to Ministry of Railways during the year under report.

From NLD (Bandwidth) services, RailTel earned ₹ 289 Crores during the year which is 21% higher than last year. While earning from IP-1 services has been ₹ 81 Crores which includes revenues from tower & rack colocation and Dark fiber leasing. Total earning from IP-VPN and IBW services has been ₹ 23 Crores Under the new revised business plan, the target for the year 2013-14 is to achieve completion of total OFC network of 47000 RKM and increasing PoPs to 4500.

### **Outlook**

Despite experiencing several hitches in the industry, the outlook seems to be positive in the light of robust customer growth in retail as well as enterprise segment as well as introduction of new NTP-2012. In addition, Govt. spending in creation of various telecom based ICT projects incl. NOFN, USOF, CCTNS, E-toll, DCN, etc. will also add to the optimism in the industry.

RailTel will greatly benefit specially in the various areas of Govt. projects. In addition, opportunities are also being explored in the creation of network for implementation of modern signalling technology in Indian Railways. Further introduction of new services in the areas of consultancy, data center, Tele Presence,

Content Delivery Network shall also open new opportunities for revenue earning.

**Project Parivartan – Implementation of ERP**

Project Parivartan was launched during the year to bring the effectiveness of IT tools through introduction of ERP in the company. To lead to a customer-focused and operationally efficient public organization that consistently delivers superior results, your company has completed the project to reach this goal by successful implementation of ERP (Enterprise Resource Planning). I am happy to inform that your company achieved this pan-India roll out within a



Go Live of ERP

short span of 10 months thereby making a new benchmark in the industry for ERP roll out.

Parivartan has enabled RailTel to improve service to internal staff as well as external customers; increased quality and consistency of information delivery, better managed and controlled risk, and

have increased efficiencies. It has enabled us to work smarter and be the best at what we do better than our competitors. For RailTel, the ERP implementation project marks the beginning of an inevitable journey towards next phase of growth. The issues impacting the urgency of this project includes mandate to promote transparency and integrity in various public sector organization.

Parivartan is supported by a country-wide robust change management programme which is closely integrated with the Project Management Office under direct supervision of CMD. The change management team has ensured that updates regarding Project are communicated and that specific communication principles are adhered to. The project involved country wide implementation across all offices of RailTel catering to all departments incl. Project, Operation, Finance, HR, Sales & Marketing.

RailTel has now moved into a new phase of its journey to reach the next level of competitiveness through:



*Optimizing our business Processes (how efficiently Do we manage processes? And performance of Functional units)*

*Enhancing people capabilities; and*

*Increasing transparency and accountability in the workplace.*

### R&D Efforts

RailTel took the initiative to give country its 8th Telecom Centre of Excellence. On 5th Jun 2013 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. Probable areas shall be Development of Vernacular Language Tools that shall be able to convert content into local language for readability, Development of software/application based rural social hubs for rural focused content sharing & Development of Cloud based e-gov Services, e-agri Services and other e-services in the field of education and health.



MOU Signing Ceremony

This TCOE shall go a long way to fulfil the objectives enshrined in NTP 2012 to take total broadband connections to over 600 million connections by 2020 through

enhancing country’s talent pool, creating an environment of technology innovation, securing and managing the national information infrastructure during peace/disaster and ensuring economic uplift shall get a major boost with this TCOE. Setting up of country wide network of Centres of Excellence (“COE”) in telecommunication domain in Indian Institutes of repute will go a long way in fulfilling this need.

### Quality Process

During the year, your company got the ISO/IEC 27001:2005 certificate from KVQA Certification Services Pvt. Ltd. for its Information Security Management System.



RailTel received this certificate for Installation & Maintenance of Nationwide Broadband Telecom & multimedia Network, Service Management for Telecom Internet and I.T. Enabled Value added Service in all parts of India as per SOA Version 2.1.

This certificate is one of the compliance required in tenders and after achieving it we can demonstrate to customers and clients that we are committed to security and have the ability to handle information in a secure manner. This will improve customer's confidence on us.

This has the ability to minimize the opportunity to incidents to occur and is a major advantage for business/service resilience and is closely linked with IT disaster and business continuity work. In addition, RailTel also got the Tier-III certification for its Data centers. RailTel is also in the process to receive ISO 20000:2011 certification (IT Management System) for its services.

### Human Resources

Your company had evolved unique practices in human resources over the last few years. During the year special attention was given towards rationalizing and preparing various HR policies related to employee welfare including promotion & seniority, training policy, conduct discipline & appeal rules, perks and allowances, etc. for uniformity across the RailTel. Further to meet new demand and projected growth of the company, employment of direct recruits have also been taken up in the area of marketing, technical & HR. For better financial management in the organisation special recruitment of finance professionals/CA's was done to take up the work of auditing, taxation, costing & accounting system.

RailTel has involved a team based project/service handling system which is based on similar strategies adopted by major organisations. These teams are made independently

responsible to bring business, create or Roll out Network/ Services as per customer requirements/ expectations and develop new processes to know customer requirement as per various adjustment due to market dynamics. Because of this, there has been an appreciable growth in productivity per employee.

RailTel has also evolved and evolving new processes to further improve employee satisfaction/organizational climate/engagement and competition. A view of the improved steps taken during the year is:

- Empowering staff at each level with lot of functional flexibility.
- Key Result Areas have been identified with each of the official thereby bringing a sense of team working.
- Regularly social interaction of employees at various levels.
- New System of identifying talent for giving higher position was introduced through limited departmental competitive examinations which has motivated people do better.
- Training and skill up gradation for employees through regular onsite and offsite trainings.

Regular interaction is done with each of the employee in a team which has increased the performances against the benchmark and weightage given. The periodic evaluation and monitoring of results are done clearly bringing out corrective action taken, development of team working and motivating the person to do better.

## Corporate Social Responsibility

During the year 2013-14, RailTel took up CSR project for creating IT infrastructure at 45 institutions situated in 31 panchayats across 4 States to provide broadband enabled IT centres for rural population through local institutions like Primary schools & Primary health centre. Under the initiative, RailTel provided IT infrastructure at each of these centres fully equipped with high speed broadband connectivity, multimedia



RailTel CSR Initiative

desktops, LCD TV, equipped with enterprise webcam and speakers, solar panels with UPS for power back up, etc. Also, during the year, RailTel extended its Broad band connectivity in institutions wherein similar CSR project was undertaken during previous year.

During the year financial 2013-14, the Company created a provision of ₹ 1.46 Crores and incurred an expenditure of ₹ 79 Lacs towards providing the above infrastructure.

## Corporate Governance

Corporate Governance is based on following institutional mechanism:

- a. Constitution of a Board of Directors of appropriate composition, size, varied expert and commitment to discharge its responsibilities and duties.
- b. Constitution of an Audit Committee to scrutinize financial matters.
- c. Ensuring timely flow of information to the board and its Committees to enable them discharge their functions effectively.
- d. Independent verification and safeguarding integrity of the Company's financial reporting at 3 level of auditing –Internal Auditing, External Auditing and Statutory Auditing.
- e. A sound system of risk management and internal control.
- f. Timely and balanced disclosure of all material information concerning the company to all stakeholders including Ministry of Railways.
- g. Transparency and accountability management through implementation of RTI Act.
- h. Compliance with all the applicable rules and regulations as per CVC guidelines, CAG report & guidelines as per Company Act and Clauses of various licenses/registration.
- i. Fair and equitable treatment of all its stakeholders including employees, customers, shareholders and investors.

## Vigilance Matters Year 2013 -2014

This year has been an eventful year for Vigilance administration in the company. During the year 15 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 bills against O&M contracts, e-procurement, annual property returns etc.

Vigilance organization also liaised with CVC & CBI authorities for timely investigation of complaints, effecting in number of system improvements apart from punitive action against errant staff.

On the pursuance of Vigilance, RailTel also adopted new E-procurement software (Developed by TCIL duly confirming to DIT guidelines). Tenders worth more than Rs 20 Crores were finalized on the new software platform. Organization also obtained ISO 27001 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 stake holders.

This year was also significant as CVC's old recommendation of adopting ERP in the organization for efficiency and effectiveness in the organization was successfully commissioned. ERP is likely to bring numerous advantages.

### **Vigilance awareness week**

Vigilance Awareness week was celebrated in corporate office as well as in 4 regional offices of RailTel during the period 28th Oct to 3rd Nov 2013. 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 telepresence/video conference. CMD/RailTel

delivered special talk on promoting good governance and positive contribution of Vigilance on the occasion of vigilance awareness week. Seminar on role of Vigilance was conducted in corporate office which was well attended by the officials of RailTel.

Two vigilance workshops were held to raise awareness about raising transparency, efficiency and reducing discretionary 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.

RailTel also participated in the Vigilance workshop organized by CVC at IRCON international to improve transparency in working of PSUs. CVO/RailTel gave a presentation on RailTel's experience on Leveraging Information Technology and role of Geo-spatial tools for estimation, project monitoring & execution. Company Management has subsequently planned to use Geo spatial tools and Geo tagging platform to centrally monitor optical fiber laying works across multiple locations & field sites using the software system residing on android based phones to capture geo tagged field information from various locations.

## SECTION A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	U64202DL2000GOI107905
2. Name of the Company	RailTel Corporation of India Limited
3. Registered address	10th Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi-110001
4. Website	www.railtelindia.com
5. E-mail id	schans@railtelindia.com
6. Financial Year reported	2013-14
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	9983
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> <li>• NLD services;</li> <li>• IP-1 services; &amp;</li> <li>• ISP services</li> </ul>
9. Total number of locations where business activity is undertaken by the Company	
Number of International Locations (Provide details of major 5)	RailTel has started exploring opportunities in International market and participated in network/ICT projects in Bhutan & Bangladesh
Number of National Locations	RailTel's OFC network presently reaches to over 4000 town and cities of the country including several rural areas
10. Markets served by the Company – Local/State/ National/International	On Pan India basis.

## SECTION B: Financial Details of the Company

1. Paid up Capital (INR)	320,93,84,070
2. Total Turnover (INR)	537,73,39,726
3. Total profit after taxes (INR)	137,93,07,034
4. Total Spending on Corporate Social y Responsibility (CSR) as percentage of profit after tax (%)	In terms of the provisions contained in DPE guide lines and recently implemented Companies Act, 2013, RailTel created a provision of ₹1.46 Crores and incurred an expenditure of ₹79 Lacs towards providing the infrastructure under CSR project.
5. List of activities in which expenditure in 4 above has been incurred	<p>During the year 2013-14, RailTel took up CSR project for:</p> <ul style="list-style-type: none"> <li>- Creating IT infrastructure at 45 institutions situated in 31 panchayats across 4 States to provide broadband enabled IT centres enabling E-health, E-education for rural population through local institutions like Primary schools &amp; Primary health centre. Under the initiative, RailTel provided IT infrastructure at each of these centres fully equipped with high speed broadband connectivity, multimedia desktops, LCD TV, equipped with enterprise webcam and speakers, solar panels with UPS for power backup, etc.</li> <li>- Extended its Broad band connectivity in institutions wherein similar CSR project was undertaken during previous year.</li> </ul>

## SECTION C: Other Details

<p>a. Does the Company have any Subsidiary Company/ Companies?</p>	<p>No</p>
<p>b. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)</p>	<p>NA</p>
<p>c. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60% , More than 60%]</p>	<p>RailTel collaborates with all relevant stakeholders as part of the BR initiatives of the company. This includes suppliers, distributors, local communities and other the spread of RailTel's value chain, at present the number of entities who directly participate in the BR initiatives would be less than 30%</p>

## SECTION D: Business Responsibility Information

### 1.1 Details of Director/Directors responsible for BR

#### a. Details of the Director/Director responsible for implementation of the BR policy/ policies

DIN Number	01748132
Name	Sh. R. K. Bahuguna
Designation	Chairman & Managing Director

DIN Number	05330063
Name	Sh. N. K. Gupta
Designation	Director/Finance

DIN Number	06364174
Name	Sh. A. Seshagiri Rao
Designation	Director/NPM

DIN Number	-
Name	-
Designation	Director/POM (Position currently vacant)

#### b. Details of the BR head

DIN Number	01748132
Name	Sh. R. K. Bahuguna
Designation	Chairman & Managing Director
Tele. number	+91-124-2714001
E-mail id	cmdrailtel@railtelindia.com

## SECTION E: Principle Wise Performance

*Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability*

*Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle*

*Principle 3 - Businesses should promote the well-being of all employees.*

*Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.*

*Principle 5 - Businesses should respect and promote human rights*

*Principle 6 - Business should respect, protect, and make efforts to restore the environment*

*Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner*

*Principle 8 - Businesses should support inclusive growth and equitable development*

*Principle 9 - Responsibility towards Customers*

## Principle 1

### **Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

RailTel has been built on the pillars of ethics and transparency. In our case the government plays a supervisory role in the field of business ethics. Also, the Company has to ensure compliance of various guidelines issued by pertinent departments in this regard. With regard to transparency, the Company has always believed in making true & full disclosures, as & when required, whether it may be under Companies Act, Right to Information Act, Code of conduct, vigilance administration, whistle blower policy, DPE Guidelines or any other law governing RailTel.

RailTel respects the right to information of every Indian citizen & has always been prompt & diligent to provide information in accordance with the Right to Information Act, 2005.

RailTel has proposed to enter into an MoU with Transparency International India (TII) in consultation with CVC, for implementing an Integrity Pact Program. The program is a vigilance tool in the form of an agreement between prospective vendors/ bidders and the buyer committing the persons/ officials of both the parties, not to exercise any corrupt influence on any as part of the contract and will be implemented by RailTel in its procurement activities.

With a view to provide its employees 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, for whistle blowing in good faith, RailTel has implemented a Whistle blower policy.

Railtel is covered under Central Vigilance Commission Act. 2003. RailTel has a dedicated vigilance department which controls the organisation through its corporate office in Gurgaon. It is headed by a Chief Vigilance Officer who directly reports to the Chairman and Managing Director of RailTel.

## Principle 2

### **Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

Creating sustainable services has always been RailTel's endeavour. We follow highest safety standards in rendering the services keeping in view the vulnerability of environment.

## Principle 3

### **Businesses should promote the well-being of all employees**

RailTel values its people as most critical resource. We have put in place a people centric, fair and transparent HR policy framework. The policies address various issues and stipulate equal

opportunities for all candidates, whether during recruitment or employment, reservation to SCs, STs and OBCs as per government guidelines, employment of women etc. RailTel follows work-life balance approach for its employees. Wages and salaries are paid on time to each employee category.

RailTel condemn the social evil of sexual harassment and in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 ("Rules"), the Company has framed a policy to prohibit & prevent Sexual Harassment at Workplace. Pursuant to this, RailTel has formed an Internal Complaints Committee (ICC) for time bound redressal of the complaints made by the victim.

In RailTel practices of child labour and forced labour are strictly prohibited.

#### **Principle 4**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

Stakeholders play an important role in determining RailTel's growth story. Stakeholder engagement, at RailTel, aims to provide transparency in communications and continual improvement. RailTel's stakeholders include employees, shareholders, customers,

government & non-government organisation. It's a dialogue that defines the RailTel's approach of understanding stakeholder needs, and developing action plans to fulfil them.

RailTel sets an annual goal of procurement from MSEs for each financial year in accordance with Public Procurement policy for Micro & Small Enterprises (MSEs) Order, 2012.

#### **Principle 5**

**Businesses should respect and promote human rights**

RailTel has established a culture in its organisation which demonstrates integrity and respect for human rights. It is in tune with the Indian constitutional provisions and United Nations guiding principles on Business and Human Rights. RailTel aims to prevent and prohibit any act of human rights abuse committed in business operations. The Board of RailTel has also adopted a "Code of business conduct and Ethics for Board members and Senior Management". One of the general moral imperative of said code is to contribute to society and human wellbeing which concerns the quality of life of all people, and affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures.

RailTel has integrated the respect towards Human Rights in its management process and systems. All HR policies are laid down considering this fundamental principle.

## Principle 6

### **Business should respect, protect, and make efforts to restore the environment**

Effective steps are being taken to conserve energy by the use of solar energy at various PoPs of RailTel, installing CFL tubes in office premises and other energy efficient gadgets. Special measures were also undertaken during the Data Center construction at Secunderabad and Gurgaon to ensure energy conservation within the Data Center. There is a separate DCIM (Data Centre Infrastructure Management) unit to monitor the consumption of power rackwise. In addition, the air condition provided in POPs have the advantage of pumping in hot air during winter, thereby reducing power consumption during winter. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The MoU target under sustainable development during the FY 2013-14 for energy saving in 20 POPs was 6% for excellent rating. The Company has been able to successfully achieve this target by the use of solar energy at various PoPs located in 16 places and saved 19.665 KVA in terms of monthly electricity bills.

## Principle 7

### **Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

RailTel interacts with various Government

/Regulatory Authorities on public policy frameworks directly and sometimes through apex industry institutions like Standing Conference of Public Enterprises (SCOPE), Federation of Indian Chambers of Commerce & Industry (FICCI) etc.

RailTel keeps in view the industry needs, standards & protocols while giving any suggestion during said interactions. We provide proactive advocacy with an aim to bring positive changes in the business ecosystems and industry at large. Our representation is not self centered. We believe that our representation benefit our stakeholders, industry and society at large.

## Principle 8

### **Businesses should support inclusive growth and equitable development**

RailTel's CSR initiatives support inclusive growth and equitable development. While pursuing its CSR initiatives, RailTel keeps in view the needs of socially and economically backward sections of the society. CSR initiatives of RailTel includes, providing of IT infrastructure in schools with broadband access. RailTel's community development activities focus on areas that foster development and wellbeing of the communities. By public procurement of goods and services from MSEs in accordance with Public Procurement policy for Micro & Small Enterprises (MSEs) Order, 2012, RailTel supports inclusive growth and equitable development.

## Principle 9

### **Businesses should engage with and provide value to their customers and consumers in a responsible manner**

RailTel is regularly making efforts to improve its business processes to provide for improved quality of customer satisfaction. Some of the initiatives/ practices adopted by the organisation are listed below:

- Assignment of dedicated Account Managers for resolving of any contract related issues.
- Signing of Service levels agreements with built-in service credits.
- Providing Escalation matrix with defined timelines for resolution of issues.
- Toll Free Helpdesk at Network Operation Center with 24x7x365 support.
- Software based application (under ERP) for generation of “docket numbers” for tracking and resolution of network/service related issues.
- Information on status of network issues through automated email alerts.
- Pro-active information sharing on planned network maintenance activities.
- Periodic reconciliation of link reports with customers.
- Security for customer’s equipment at RailTel locations.

- Facilitation for arranging various clearances at RailTel PoPs (Railway stations) from Railway authorities.
- Online “Service Connect” form on website for customers (existing + new) to seek information or remedies to various issues.
- Display of contact details of key officials at Corporate office and Regional/Territory offices on website with email & telephone numbers for speedy resolution of issues.

In addition to above, the company also ensures quality of service by subscribing to various international quality certifications namely ISO 9001:2008 for all its business processes. In addition RailTel has also received ISO/IEC 27001:2005 certificate from KVQA Certification Services for its Information Security Management System. RailTel received this certificate for Installation & Maintenance of Nationwide Broadband Telecom & multimedia Network as well as Service Management for its Telecom, Internet and I.T. Enabled Value added Services in all parts of India as per SOA Version 2.1. This certificate ensures RailTel’s commitment towards security, reliability and ability to handle information in a secure environment. RailTel’s industry standard processes & practices shall not only improve customer’s confidence but shall also help in business continuity for the organisation.

In accordance with Clause 49 of the Listing Agreement, the following report on governance lays down the governance practices followed by the Company:

## Company's Philosophy on Corporate Governance & Key Values

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.

The Company has always believed in creating a frame.

## Board of Directors

### Composition of the Board

Present strength of the Board of Directors is seven comprising of three whole-time directors (Chairman & Managing Director, Director/NPM and Director/Finance), two government nominated part-time official directors and two part time non official Directors.

### Independent Directors

There are independent directors in the Company, and the tenure of appointment is 3 years from the date of appointment. Two part time non official Directors are in position at present on extended tenure of three months from 26.5.2014.

In addition, two part time official Directors (Nominees from the Ministry) are on the Board of the Company.

### Composition and Directorship (s) as on 31st March, 2014:

The composition of Directors as on 31st March, 2014 is as under:

Directors	Whole-time / part-time official / independent	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 & Managing Director	Nil	NA	NA
Sh. N.K. Gupta	Director /Finance (whole time Director)	Nil	NIL	Nil
Sh. A. Seshagiri Rao	Director/Network Planning & Marketing (whole time Director)	Nil	Nil	Nil
Sh. Shobhan Chaudhuri	Part time official Director	Nil	Nil	2
Sh. Sanjay Upreti	Part time official Director	Nil	Nil	2
Sh. R.K. Goyal	Part time non official Director	1	NIL	2
Sh. Bhaskar Gupta	Part time non official Director	NIL	2	NIL

Ceased to be directors during 2013-14 and thereafter

	Whole-time / part-time official / independent	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. A. K. Bandyopdhyay	Part - time non- official Director	1	1	1
Sh. A.K. Sinha	Part - time non- official Director	1	1	1
Sh. Kul Bhushan	Part - time official Director	Nil	Nil	Nil
Sh. Rajiv Sinha	Director / Projects, Operations & Maintenance (whole time Director)	Nil	Nil	Nil

**Notes:**

- The term 'whole-time director' used in this report refers to functional/ executive directors.
- 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 twelve (12) as mentioned in sections 275 to 278 of the Companies Act 1956.
- Committees here denote Audit Committee, Remuneration Committee and Allotment Committee, Organization Committee.
- The number of committee memberships/ chairmanships of directors is within the

maximum limit of ten memberships.

- 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.

**Change in Whole-time Directors**

During the period under review, Sh. Rajiv Sinha, Director/POM ceased to hold office w.e.f. 28.02.2014 due to superannuation from service. The Board placed on record appreciation of the services rendered by Sh. Rajiv Sinha as Director/POM of the Company.

**Changes in Part-time (Official) Directors**

During the year under report, Shri Shobhan Chaudhuri, Executive Director (Tele Directorate) has been appointed vice Shri Kul Bhushan from 28.06.2013.

### **Change in part time non official Directors**

During the year under report, Sh. A. K. Bandhyopadhyay, part time non-official Director, ceased to hold office on 27.07.2013 consequent to completion of tenure of appointment.

Further, Sh. Anil Kumar Sinha, part time non-official Director, ceased to hold office on 07.09.2013 consequent to completion of tenure of appointment.

### **Brief profile of Directors who joined the Board as whole-time/ Part-time Directors**

#### **Shri Kul Bhushan, Nominee Director (upto 28.06.2013)**

Shri Kul Bhushan passed B.Sc. Engg.(Electrical) with Honours in 1974 from Punjab Engineering College, Chandigarh and is the topper of the batch. He joined Indian Railways in February, 1976. He worked in various capacities in Railways including General Manager of Central Railway and Western Railway. During his tenure, he travelled to USA, Switzerland, Germany, France, UK, Japan, China and Australia. He also dealt with World Bank, Asian Development Bank and other bilateral funding agencies for sanction and funding of new railway projects.

He has joined as Member Electrical, Railway Board on 16.08.2011. He held also concurrently the office as ex-officio part time Chairman of RailTel from 2.9.2011. Consequent to the designation of MD to CMD from 7th March, 2013,

the appointment as part time Chairman has ceased to operate.

#### **Shri R.K. Bahuguna now Chairman and Managing Director (w.e.f. 07.03.2013)**

(earlier associated with the Company as Director/NPM and then as Managing Director with effect from July, 2007 and October, 2011 respectively, and at present holding office of Chairman & Managing Director w.e.f. 7.03.2013)

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. 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. He has been elevated to the post of Managing Director of the Company in October, 2011. At present, he has been re-designated as Chairman & Managing Director of

**Shri Rajiv Sinha, D/POM (ceased to hold office on 28.2.014)**

An Engineering Graduate from IIT, Kanpur having more than 30 years of experience in Railways mainly in different capacities including that of DRM, Agra during 2002-04 and General Manager, IRCON. He is a Fellow Member of Railway Signal Engineers (London). He is also a Life Member and Fellow of Institute of Railway Signal and Telecom Engineering.

**Shri A. Seshagiri Rao, Director/NPM (w.e.f. 14/08/2012)**

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 Signalling and Telecom in Indian Railways. He is a recipient of GM's and Railway Board's awards.

He joined RailTel in Dec 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 (w.e.f. 10.07.2012)**

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/F. 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 Sanjay Upreti part time official director (w.e.f 30.01.2013)**

Shri Sanjay Upreti is an IRAS officer with more than 20 years' experience and is currently



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working with Ministry of Railways (Railway Board), Government of India as Executive Director Finance (Commercial). 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 has worked in Railway Board as Director Finance (Commercial) and has served in Northern Railway as FA&CAO in various capacities. He has done M.Sc. from Lucknow University and holds a Diploma and M.Phil. in Public Policy from Punjab University.

**Shri A.K. Bandyopadhyay, part time non official /independent Director (ceased to hold office on 27.07.2013)**

Professor Anup Kumar Bandyopadhyay obtained his Graduate, Post Graduate and Doctoral degrees from Jadavpur University, Kolkata, India. He served Microwave Antenna System Engineering Group of the Indian Space Research Organization as an

Electronic Engineer. In 1972 he joined the Department of Electronics and Telecommunication Engineering, Jadavpur University, where he is currently a Professor. His research interests include logic, program proving and modelling of distributed Systems. Professor Bandyopadhyay has many research publications to his credit in National and International Journals.

**Shri Anil Kumar Sinha, part time non official /independent Director (ceased to hold office on 07.09.2013)**

Shri Anil Kumar Sinha has done B.Sc. Engineering in 1966. After working as a Lecturer in Bihar College of Engineering, Patna for more than 2 years, he joined Indian Telecom Service in 1971 and thereafter he took charge as CMD, BSNL in September, 2004 from where he retired on superannuation on 31st July, 2007. During that period, BSNL was the largest Telecom Operator in India.

**Shri R.K. Goyal, part time non official /independent Director (w.e.f. 26.05.2011)**

Shri Rajendra Kumar Goyal is qualified person and has done M.Tech (Structural Engineering) from IIT Delhi (1973) and B.Tech. (Civil) from IIT Delhi (1970). He has retired as a senior Railway Officer after working with Railways in different capacities, last being Additional Member (Planning), Railway Board. He has to his credit more than 40 years of experience.

He is presently working as Advisor (Railways) in Krishnapatnam Port Company Limited and as Director (Nominee of KPCL) on the Board.

**Shri Bhaskar Gupta, part time non official /independent Director (w.e.f. 26.05.2011)**

Bhaskar Gupta joined Jadavpur University as faculty member in 1985. Currently he is Professor and Head of the Electronics and Telecommunications Engineering Department there. He has published about 250 research articles in refereed journals and conferences and co-authored three books on advanced research topics, published

internationally. He served as referee and Guest Editor in different internationally acclaimed journals.

Mr. Gupta is Senior Member of IEEE, Fellow of IETE, Fellow of IE (India) and Life Member of SEMCE (I). He is former Chair of AP-MTT Chapter, IEEE Calcutta Section and presently Chair, Students Activities, IEEE Calcutta Section.

He is also on the Board of Directors of Dedicated Freight Corridor Corporation of India.

**Shri Shobhan Chaudhuri, part time official (w.e.f. 28.06.2013)**

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.

**Disclosures about Directors**

As per the disclosures made by the directors in terms of section 299 of the Companies Act, 1956, no relationship exists between directors inter-se.

Two part-time officials from the administrative Ministry i.e. Ministry of Railways and thus related to the promoters being the Govt. of India, Ministry of Railways. Since the appointment of all directors including part-time directors is done by the Government, it has not been possible to have an item in the notice of AGM for appointment of directors as per sections 255 to 257 of the Companies Act, 1956, which require and provide the modality for appointment of not less than 2/3rd of the directors at a general meeting. The Government appoints directors and that too with a fixed tenure due to which there is no scope for actually retiring any director by rotation every year.

The Company has not issued any prospectus or letter of offer since inception so far.

**Number of Board Meetings**

The Board of Directors met five times during the financial year 2013-14.

Leave of absence was granted in terms of section 283(1) (g) of the Companies Act and granted in all cases of absence by Directors.

Details of attendance of the Directors during 2013-14 are given below:



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Director	No. of Meetings during 2013-14		Attended last Annual General Meeting
	Held (during their Attended respective tenures)	Attended	
Shri Kul Bhushan	Nil	Nil	Yes
Shri Rajiv Sinha	4	4	Yes
Shri R. K. Bahuguna	5	5	Yes
Shri Bhaskar Gupta	5	5	No
Shri R.K. Goyal	5	5	
Shri A. K. Bandyopadhyay	1	1	No
Shri A. K. Sinha	2	2	No
Shri N. K. Gupta	5	5	Yes
Shri A. Seshagiri Rao	5	4	Yes
Shri Sanjay Upreti	5	5	Yes
Shri Shobhan Chaudhury	5	4	Yes

Mr. S.C. Hans, GM & Company Secretary, attended all the Board Meetings of the Company held during 2013-14.

#### **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](http://www.railtelindia.com). 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 2013-14 is placed as **Annexure 'A'**

#### **Remuneration Policy for 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 were paid or are entitled for sitting fee within the ceiling prescribed by Rule 10-B of the Companies (Central Government's) General Rules and Forms 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.

Disclosure of Remuneration package of whole-

time Directors for 2013-14

The remuneration paid to Directors during the year was of ₹ 109 lakhs in the current year as against that of ₹ 99 lakhs in the previous year.

No stock option has been made available or offered by the Company during the year 2013-14 as the equity shares of the company are held only the Govt. of India.

#### Details of Payments made to Part-time Non-Official Directors during the year 2013-14

Name of the part-time non-official Directors	Sitting Fee*		Total
	Board Meetings	Other Meetings	
Shri A.K. Sinha	2	2	0.32 lakhs
Shri R.K. Goyal	5	7	0.96 lakhs
Shri Bhaskar Gupta	5	7	0.96 lakhs
Shri A.K. Bandyopadhyay	Nil**	-	-Nil-

\*excluding out of pocket expenses and expenses on stay at hotel etc. on actual basis

\*\*not claiming the sitting fee

#### 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.

Audit Committee is now comprised of two independent directors, two part-time official director.

#### Key Responsibilities of Audit Committee

Terms of reference for the Audit Committee as decided by the BoD.

- Review of financial statements.
- Review of project and other capital schemes.
- Review of operational performance vis a vis standard parameters.
- Periodic review of systems and internal control.
- Review of Government Audit and Statutory Audit Reports.
- Development of commensurate and effective internal audit functions.
- Special study /investigation of any matter including issues referred to by the Board.
- Audit Committee will have access to all financial and other data /information of the Company.

Review: The Audit Committee reviewed the financial reporting process during the year, and the Annual Financial Statements for 2013-14 were approved by the Board of Directors on 26th June, 2014

No Subsidiary has been formed by the company. Meetings, Attendance and Composition of Audit Committee

During the Financial year 2013-14, the Audit Committee met three times.

The composition and the attendance of the members at the meetings held during FY 2013-14, are given below:

Member	Status	Meetings held (During their respective tenures)	Meetings attended
Shri A.K. Bandyopadhyay*	Chairman	1	1
Shri R.K. Goyal	Member	3	3
Shri A.K. Sinha**	Member	1	1
Shri Bhaskar Gupta	Chairman	3	3
Shri Sanjay Upreti	Member	3	3
Shri Shobhan Chaudhuri	Member	1	1

\* Ceased to be member of the committee w.e.f.  
27-07-2013

\*\* Ceased to be member of the committee w.e.f.  
07-09-2013

#### Notes:

- The Director/Finance had attended the meeting as a Special Invitee.
- Mr. S.C. Hans, GM & Company Secretary, is the Secretary of the Audit Committee and attended all the 3 meetings held during 2013-14.

#### Remuneration Committee

The Board of Directors in their meeting had re-constituted the remuneration committee consisted of two part time official directors, two part time non-official Directors. During the year, two meetings of such Committee were held.

The Board accepted such recommendations made by the said Committee.

#### Shareholders' Grievance Committee

The total equity capital of the Company is held by the Government of India and as such, the Company did not constitute any Shareholders' Grievance Committee.

#### General Body Meetings

The Last 3 (three) Annual General Meetings were held as under at Rail Bhawan, New Delhi:

Financial Year	Date of holding meeting	Time
2010-11	23th September, 2011	4 PM
2011-12	29th August, 2012	4 PM
2012-13	24th September, 2013	4 PM

#### Disclosures

- There has been no related party transaction of material nature with potential conflict interest.
- The Company has followed the Accounting Standard 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.
- Management: A Management Discussion and Analysis Report spelling out the business environment in which the Company operates, its Vision, Mission and

Objectives, operational performance, strengths and opportunities, constraints, risk and concerns, strategy, internal control system and human resource has been included as part of the Directors' Report.

**CEO/CFO Certification**

The Chairman and Managing Director certified in writing the due compliances.

**General Shareholders' Information**

**14th Annual General Meeting**

Date: 27th August 2014  
 Time: 4 PM  
 Venue: 2nd Floor, Committee Room,  
 Rail Bhawan, New Delhi-110001

**Factual Calendar for approving matters pertaining to financial year 2013-14**

Approval of Annual Accounts by BoD: 26th June, 2014

Adoption of Audited Annual Accounts by Shareholders: 27th August, 2014

**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.

**Dividend and Dividend Pay-out Date**

Dividend when declared is normally paid within 5 days. During the financial year 2013-14 the Company had paid on 28th March, 2014, an interim dividend to its shareholders of ₹ 8.00 crores on the paid-up share capital of ₹ 320.94 crores. The final dividend of ₹ 9 Crores has been recommended for payment to the shareholders.

**Distribution of Shareholding**

As on the date of this report

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.

## Communication Address

<p>Regional Offices and Territorial Offices of the Company</p>	<p>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.</p>
<p>Address correspondence with the Registered Office (regarding the Corporate Governance matters covered under this report)</p>	<p>The GM &amp; Company Secretary, RAILTEL Corporation of India Ltd. 10th Floor, Bank of Baorda building, 16, Sansad Marg, New Delhi-110001 Tele: 011-23311707 and Fax 011-23311711 E-mail: schans@railtelindia.com  OR RAILTEL Corporation of India Ltd. Corporate office: 143, Sector 44, Gurgaon (Haryana)-122003 Tele: 0124-2714000 and Fax 0124-4236084 E-mail: schans@railtelindia.com</p>

### Non-Mandatory Requirements

- i. 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).
- ii. Qualified Auditors' Report: The Company has suitably explained from time to time on the qualifications made by the Auditors in the annual accounts of the Company.
- iii. 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.
- iv. 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.
- v. Whistle Blower Policy: The Company has evolved a policy on the subject.
- vi. 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.

- vii. 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, two meetings were held on 28th June, 2013 and 30th October, 2013 and all the members of the committee were present at the meeting. The Committee presently consists of:

- Shri R.K. Goyal
- Shri Bhaskar Gupta
- Shri Sanjay Upreti
- Shri Shobhan Chaudhuri

### viii. 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.

**Annexure A**  
**ACKNOWLEDGEMENT OF RECEIPT**  
**OF**  
**CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

I have received and read the code of Business Conduct and Ethics for Board Members and Senior Management of RailTel Corporation of India Ltd. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the RailTel or the legal and regulatory requirements applicable to my job, I know I can consult Director or Company Secretary concerned of the Company knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following Affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

**AFFIRMATION**

I, R.K. Bahuguna, Chairman and Managing Director having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March, 2014.

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

**Date: 30.04.2014**

**Place: Gurgaon**

**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](mailto:balikasharma@gmail.com)

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## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members,

**RAILTEL CORPORATION OF INDIA LIMITED**

We have examined the compliance of conditions of Corporate Governance by **RAILTEL CORPORATION OF INDIA LIMITED**, for the Financial Year ended on 31<sup>st</sup> March, 2014 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.

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.

**For Balika Sharma & Associates**

**Balka Sharma Prop.**

**M. No. 4816**

**Certificate of Practice No. 3222**

**Place : New Delhi**

**Date : 21.07.2014**

Service Tax No. : AMAPS 9564 KST 001 ; Certificate of Practice No. : 3222

## INDEPENDENT AUDITOR'S REPORT

To,

**The Members**

**RailTel Corporation of India Limited**

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of RailTel Corporation of India Limited ('the company') which comprise the Balance Sheet as at March 31, 2014, Statement of Profit and Loss, Cash Flow Statement for the year ended on that date and summary of significant accounting policies and other explanatory information annexed thereto which incorporate the financials of Northern Region and Corporate Office audited by us and Southern, Eastern and Western Region of the company audited by Branch Statutory Auditors duly appointed by Comptroller & Auditors General of India and whose reports have been considered by us in framing our report.

### 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control 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.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on

these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the company preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### 4. Basis for Qualified Opinion

- (i) *All balances shown under Trade Receivables, Trade Payables and Advances including with Railway are subject to confirmation / reconciliation and consequential adjustments, if any.*

- (ii) **VAT Liability on Railway Deposit works for the period 2008-09 to 2011-12 worked out to Rs 2159 lakhs, out of which Rs.142 lakhs still payable on 31/03/2014. In the year 2012-13 and 2013-14 company executed works for Railways for Rs 5400 lakhs, The extent of VAT Liability is under process of ascertainment.**
- (iii) **Telecom & Radio Equipment's and STM-16 (Fixed Assets) valuing Rs 14908 lakhs (WDV) may be insured. However, company has organized a committee to assess/opinion on the insurance value of the assets of the company. The report of the committee still awaited.**
- (iv) **Depreciation on Optical Fiber Cable taken over from Railways till 2006-07 has been charged without reassessing the remaining useful life of the asset; the impact on such transaction is not ascertained. A committee was set up for assessing impairment on all telecom assets in the year 2011-12 but no impairment has been found on these Optical Fiber Cable.**
- (v) **During the year Capital work in progress and Inventories (Stores & Spares) are accounted for at the time of payment instead of accrual system. However at the year end all such transactions has been recorded on accrual system.**
- (vi) **The audited accounts and Income Tax Returns of Gratuity Fund Trust were not made available to us for our verification; however the provision for the gratuity has been made on the basis of Valuation received from LIC.**
- (vii) **The cost of equipments acquired by the company from P3 Technologies under settlement at Rs.275 lakhs .The assets have been revalued at Rs.175.54 lakhs and the loss amounting to Rs.99.46 lakhs have been shown "Loss on Revaluation of Fixed Assets".**
- (viii) **The company has adopted to ORACLE ERP from TALLY ERP during the Financial Year 2013-14 with effect from December 2013. As a result certain statements/reports (like ageing of Trade receivable, Trade payables, etc.) required for audit have been provided in Excel Sheets which have been relied upon by us.**
- (ix) **A provision for Rs.360 lakhs Performance Related Pay for 2013-2014 has been made on estimated basis awaiting performance rating from Department of Public Enterprise**
- (x) **Rs.187.43 lakhs paid to Delhi Metro Rail Corporations Ltd against the demand raised by them for hiring of space for setting up Network Operating Centre has been charges to revenue pending formal execution of Lease agreement.**
- (xi) **The depreciation on Optical Fiber and Related Assets (Last Mile) has been charged at 100% with retrospective effect resulting in extra depreciation of Rs.578 lakhs which has been shown under "Earlier Year Depreciation".**

## 5. Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis of Qualified Opinion paragraph, the financial statements give the information required



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RAILTEL

A Mitti Ratna Enterprise

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:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- c) In case of cash flow statement of the company for the year ended on that date.

#### 6. Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Regional Auditors in respect regions audited by them;
  - c) The reports of Regional Auditors

on account of regions audited by other auditors have been received and considered by us in preparing this report after making such adjustments as we considered necessary;

- d) The Balance Sheet, Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account;
- e) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company".
- g) The disqualifications of Section 274(1)(g) of Companies Act, 1956 are not applicable to the Directors of the Company.

For V.K.Verma & Co.  
Chartered Accountants  
(FRN. 000386N)

Mukesh Chand  
Partner  
(M.No.:016197)

Place: New Delhi  
Date : 27.06.2014

**Annexure to the Auditor's report referred to in Paragraph 6(1) of our report of even date of RailTel Corporation of India Limited for the year ended 31st March,2014**

- (I) (a) The company is maintaining the fixed asset register of the company in ERP. The same generally contains the details as to the nature of assets, quantity, date of purchase/commissioning, price adjustments etc. However, there is no system for allotting identification numbers on the assets and as such the same are not mentioned in the Asset register maintained. As apprised by the management due to the nature of the equipments, it is not feasible to allot identification numbers on the major part of its assets being telecom assets. Similarly in certain cases, the location of the assets, the quantity, and the description are not mentioned.
- (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. Pursuant to the program, during the year, as part of the Internal Audit, the Internal Auditors have carried out physical verification of fixed assets of the region. As per their report no discrepancies have been identified during the course of the physical verification.
- (c) No substantial part of fixed assets disposed off during the year, affecting the going concern basis.
- (ii) (a) The physical verification of Inventories has been conducted by the Internal Auditors on sample basis.
- (b) The procedures for physical verification of the company are generally reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The maintenance of Inventory records needs to be improved in view of the purchase of inventory being directly debited to the expenditure instead of routing through inventory records and no system of reconciliation between the stores records and the financial books.
- (iii) (a) The Company has neither granted nor taken any loans, secured or unsecured from companies, Firms and other parties, mentioned in the register maintained under section 301 of the companies Act 1956.
- (b) Since, the Company has neither granted nor taken any loans, as referred to in Para 3 (a) above, provisions of clause (iii) (b) to (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the internal control systems as

regards to purchase of inventory and fixed assets / Capital work in Progress as well as regards to the rendering of services needs to be strengthened to make them commensurate with the size the company and the nature of its business.

(v) (a) Since none of the Director is interested in any capacity, in any company or firm, hence the reporting requirement under this clause is not applicable.

(b) As directors are not interested in companies and firms. Hence, the reporting requirements under this sub clause are not applicable.

(vi) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public so as to require any compliance of the directives of Reserve Bank of India or the provisions of section 58A or 58AA of the Act. As explained to us, the Company has not received any order passed by the Company Law Board or the National Company Law Tribunal or any court or other forum.

(vii) The company has an Internal Audit system which is generally commensurate with the size and nature of its business. However, the Bank Reconciliation of the various Banks needs to be done on regular basis. The

scope and extent of Internal Audit system needs to be strengthened specially in this regard.

(viii) The cost records has been maintained by the company as prescribed by Central Government under section 209(1) (d) of the Companies Act, 1956, vide notification No. G.S.R. 869 (E) dated 7th December, 2011.

(ix) (a) According to information explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund. Employees State Insurance, Income Tax, Sales Tax, VAT. Service Tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities and there is no arrear of outstanding statutory dues as at the last day of the financial year for the period of more than six months from the date they become payable.

(b) According to information and explanations given to us, there are disputed dues of income tax aggregating to Rs. 1,015.35 Lacs, VAT aggregating to Rs. 1820.38 Lacs and Service Tax aggregating to Rs. 1,085.13 Lacs which have not been deposited, the details are as under:

## Disputed Income Tax Cases

S.No	Nature of Tax	CO/Regions	Year	Amount Involved (Lac)	Status of the case	Financial implications
1	Income Tax	CO	2006-07	Addition of Rs 843lac . Tax may be Rs 286 lac for non invoicing of STM-4 Bandwidth	Department issued a notice u/s 143(2) on 03/01/2013. Appeal has been filed before CIT(A) on 18/04/2013 and hearing date is still awaited.	286 lac
2	Income Tax	ER	2010-11 to 2012-13	Survey Conducted u/s 133 by Deptt. In August,2013 for analysis whether due compliances have been made by Railtel or not. Demand raised for Rs.99 lacs	Appeal has been filed before CIT(A) and notice of hearing is still awaited	99 lac
3	Income Tax	CO	2007-08	Addition of Rs 1619.80lac. Tax may be Rs 534.53 lac for non invoicing of STM-4 Bandwidth	Appeal has been filed before ITAT on 2/11/2011 hearing date is awaited.	534 lac
4	Income Tax	CO	2010-11	Demand raised on 24/03/2014 for DDT amounting to Rs. 96.35 lacs due to wrongly payment made for DDT against TAN instead of PAN	Appeal has been filed against CIT(A) on 26/04/2014	96.35 lac
					Total	1,015.35 Lac

## Disputed VAT Cases

S.No	Nature of Tax	CO/Regions	Year	Amount Involved (Lac) (5)	Brief Description of the case (6)
1	VAT	NR	2007-08	1820.38 lac	VAT on the sale of light energy claimed by Collector Grade I-Delhi VAT.

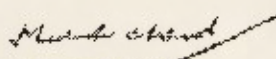
## Disputed Service Tax Cases

S.No	Nature of Tax	CO/Regions	Year	Amount Involved (Lac) (5)	Brief Description of the case (6)
1	Service Tax	NR	1.05.06 to 10.05.07	Tax of Rs 78.88 lac	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax
2	Service Tax	NR	15.09.2004 to 31.03.07	Tax of Rs 1.32 lac	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax
3	Service Tax	SR	1.04.08 to 31.03.09	Tax of Rs 69.63 lac	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax
4	Service Tax	ER	1.04.03 to 31.12.05	Tax of Rs 352.30 lac	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before CESTAT
5	Service Tax	ER	April 2006 to March 2010 and	Tax of Rs.109 lakhs 114 lakhs amount of penalty	1) Issue of Service Tax liability on 13% amount of the Railway Deposit work. 2) Wrong availment of Cenvat credit on the Challan issued by the Corporate Office without having registration of ISD
6	Service Tax	SR	April 2008 March 2011	Tax of Rs.160 lakhs and equal amount	Service Tax liability on 13% amount of the Railway Deposit work. Appeal filed against of penalty the order of Commissioner and stay has been granted by CESTAT in September, 2013
7	Service Tax	ER	April 2006- September 2008	Tax of Rs. 40 lakhs along with Interest and Penalty	Issue of understatement of Revenue in Service Tax return and short Payment of Service Tax. Appeal has been filed to Commissioner
			<b>Total</b>	<b>1085.13 Lac</b>	

- (x) The Company has no accumulated losses as at 31st march 2014 and the company has not incurred cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.
- (xi) The company does not have any borrowings by way of debenture .Hence the reporting requirements under this sub-clause are not applicable.
- (xii) Company has not granted any Loan/Advances by way of pledge of shares, debentures and other securities .Hence this clause is not applicable to the company.
- (xiii) The company is not a chit fund/ mutual benefit fund / society. Consequently, the provisions of any special statute governing these entities are not applicable.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments as such the reporting requirements under sub-clause (xiv) of the order are not applicable at the Company.
- (xv) Company has not given any guarantee for loan taken by other from banks or financial institutions. Hence, the reporting requirements under sub-clause (xv) of the order are not applicable.
- (xvi) No term loan outstanding, the reporting requirements under this sub-clause are not applicable.
- (xvii) The Company has not raised any funds during the year under audit and as such the reporting requirements under this sub-clause are not applicable.
- (xviii) The company has not made any preferential allotment of shares during the year, to parties and companies covered in the register maintained under section 301 of the companies Act 1956.
- (xix) The company has not issued any debentures during the year and accordingly, the provisions this clause of the order is not applicable to the company.
- (xx) The company has not raised money by public issue and accordingly the provision of this clause of the order are not applicable to the company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management , we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: New Delhi  
Date : 27.06.2014

For V.K.Verma & Co.  
Chartered Accountants

  
Mukesh Chand  
Partner  
(M.No.:016197)

**COMMENTS UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE  
ACCOUNTS OF RAILTEL CORPORATION OF INDIA LTD, GURGAON FOR THE YEAR  
ENDED 31 MARCH, 2014**

The preparation of financial statements of Railtel Corporation of India Ltd, Gurgaon for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27.06.2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Railtel Corporation of India Ltd, Gurgaon for the year ended 31" March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries on the statutory auditors and company personnel and a selective examination of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

**A. Comments on Disclosure**

**1. Short Term Loans & Advances (Note-15) Rs.28985 lakh**

(a) The above includes Rs. 4696 lakh recoverable from Ministry of Railways (MOR) for sales tax and other recoveries. As these amounts are not loans and advances to MOR, the same should have been shown under "Other Current Assets" as per provisions of Revised Schedule VI of the Companies Act, 1956.

This has resulted in overstatement of "Short Term Loans and Advances" and understatement of "Other Current Assets" to the extent of Rs.4696 lakh.

(b) The above includes Rs. 161 lakh towards advances given to Railways for capital works. The same should have been included Linder "Long Term Loans and Advances" as per the provisions of Revised Schedule-VI.

This has resulted into overstatement of "Short Term Loans and Advances" and understatement of "Long Term Loan and Advances" to the extent of Rs. 161 lakh.

**2. Significant Accounting Policies (Note-27)**

**(q) Employee Benefits-Defined Benefit Plans**

As per the provisions of Accounting Standard 15 on "Employee Benefits" the valuation of defined benefit should be got done from the qualified actuary. The Company has got done the valuation from LIC which is not a qualified actuary.

This has resulted in non compliance of companies own accounting policy no. q 2 and contravention of the provisions of Accounting Standard-15 on "Employee Benefits".

Place: New Delhi

Date : 06.08.2014

(Dinesh Bhargav)

Pr. Director of Audit (Railway Commercial)

**REPLIES OF COMMENTS ISSUED BY THE C&AG AUDITORS ON THE  
ANNUAL ACCOUNTS 2013-14**

S.No	C&AG Comments	Management Reply
<b>1</b>	<b>Balance Sheet</b>	
	<b>Short Term Loans and Advances (Note 15) Rs.28985 lakh.</b>	
(a)	<p>The above includes Rs.4696 lakh recoverable from Ministry of Railways (MOR) for sales tax and other recoveries. As these amounts are not loan and advance to MOR, the same should have been shown under "Other Current Assets" as per provision of Revised Schedule VI of the Companies Act 1956.</p> <p>This has resulted in overstatement of "Short term Loans and Advances" and understatement of "Other Current Assets" to the extent of Rs.4696 lakh.</p>	<p>The observation of C&amp;AG shall be followed from next year. However, it is mentioned that this does not have any impact on the profitability of the current year.</p>
(b)	<p>The above includes Rs. 161 lakh towards advances given to Railways for capital works. The same should have been included under "Long Term Loans and Advances" as per the provision of revised schedule VI.</p> <p>This has resulted in overstatement of "Short Term Loans and Advances" and understatement of "Long Term Loans and Advances" to the extent of Rs.161 lakh.</p>	
<b>2</b>	<b>Significant Accounting Policies (Note 27)</b>	
	<b>(q) Employee Benefits- Defined Benefit Plans</b>	
	<p>As per the provision of Accounting Standard-15 on "Employees Benefit" the valuation of defined benefit should be done by a qualified actuary. The company has got done the valuation from LIC which is not a qualified Actuary.</p> <p>This has resulted in noncompliance of companies own accounting policy no q2 and contravention of the provision of Accounting Standard-15 on "Employees Benefits".</p>	<p>The observation of C&amp;AG may be followed. However, the company will seek an opinion from ICAI on this issue.</p>

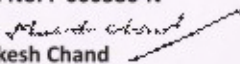
## RAILTEL CORPORATION OF INDIA LIMITED


### Balance Sheet as at 31st March, 2014

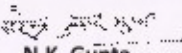
Particulars	Note No	As at 31st March 2014 ₹ in Lakhs	As at 31st March 2013 ₹ in Lakhs
<b>I. EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	32094	32094
Reserve & Surplus	2	59187	47567
Money received against share warrant		0	0
<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		0	0
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings		0	0
Deferred Tax Liabilities (Net)		0	28
Other Long Term Liabilities	3	70702	72860
Long Term Provisions	4	467	661
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings		0	0
Trade Payables	5	11783	10602
Other Current liabilities	6	19612	20589
Short Term Provisions	7	11642	7681
<b>Total of Equity and Liabilities</b>		<b>205487</b>	<b>192082</b>
<b>II ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	8	53190	52711
Intangible Assets	8	450	0
Capital Work in progress	9	6015	2722
Intangible Assets under development		0	0
Non Current Investment		0	0
Deferred Tax Assets (Net)		145	0
Long term loans and advances	10	1645	1313
Other non current assets	11	21497	15571
<b>CURRENT ASSETS</b>			
Current Investment		0	0
Inventories	12	292	380
Trade Receivables	13	15387	9264
Cash and Cash Equivalents	14	74390	81796
Short term loans and advances	15	28985	24352
Other current assets	16	3491	3973
<b>Total Assets</b>		<b>205487</b>	<b>192082</b>


The significant accounting policies and accompanying notes form an integral part of these financial statements  
This is the Balance Sheet referred to in our report of even date In terms of our report attached

For V.K. Verma & Co.  
Chartered Accountants  
FRN No. : 000386-N

  
Mukesh Chand  
Partner  
M.No. 016197  
Place : New Delhi  
Date : 27.06.2014

  
S.C. Hans  
Company Secretary

For and on behalf of  
RailTel Corporation of India Limited  
  
N.K. Gupta  
Director Finance

  
R.K. Bahuguna  
Chairman &  
Managing Director

**RAILTEL CORPORATION OF INDIA LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014**

Particulars	Note No		For the year ending on 31-03-2014 ₹ in Lakhs		For the year ending on 31-03-2013 ₹ in Lakhs
<b>INCOME</b>					
Revenue from Operation (Gross sales)	17		45327		36674
Telecom Income		40686		34317	
Project Income		4294		1891	
Prior Period Income		347		467	
Other Income	18		8446		7351
<b>TOTAL INCOME</b>			<b>53773</b>		<b>44025</b>
<b>EXPENSES</b>					
Access and other Charges	19	9093		8597	
License Fee & Spectrum Charges (Revenue Share)	20	3184		2751	
Expenses on Project	21	4062	16339	1694	13042
Purchase of Stock in Trade			0	0	
Change in Inventories of finished goods, work in progress and Stock in Trade			0	0	
Employee Benefit Expenses	22		6507		4658
Administrative and Other Expenses	23		5560		3183
Administrative Expenses		5219		2679	
Prior Period Expenses		340		600	
Corporate Social Responsibilities (taken to Reserves & Surplus)				-97	
<b>TOTAL EXPENSES</b>			<b>28406</b>		<b>20883</b>
<b>PROFIT BEFORE FINANCE COST, DEPRECIATION, AMORTISATION AND TAXATION</b>					
			25367		23143
Finance costs	24		0		72
Depreciation and amortization expense	25		8476		8821
<b>PROFIT BEFORE TAX</b>			16891		14249
<b>TAX EXPENSES</b>					
Current Tax	26		3271		3093
Deferred Tax			-173		-99
<b>PROFIT FOR THE YEAR</b>			13793		11256
Earning per equity share:					
(1) Basic			4.30		3.51
(2) Diluted			4.30		3.51

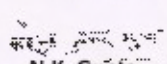
The significant accounting policies and accompanying notes form an integral part of these financial statements  
This is the Profit & Loss Account referred to in our report of even date

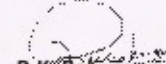
In terms of our report attached

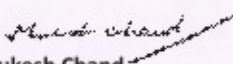
For V.K. Verma & Co.  
Chartered Accountants  
FRN No. : 000386-N

  
S.C. Hans  
Company Secretary

For and on behalf of  
RailTel Corporation of India Limited

  
N.K. Gupta  
Director Finance

  
R.K. Bahuguna  
Chairman &  
Managing Director

  
CA Mukesh Chand  
Partner  
M.No. 016197

Place : New Delhi  
Date : 27.06.2014

**NOTE NO 1**

**SHARE CAPITAL**

Particulars	As at 31.03.14 ₹ in lakhs	As at 31.03.13 ₹ in lakhs
<b>Authorized Equity Shares</b> 1,00,00,00,000 (March 31, 2013 - 1,00,00,00,000) equity shares of Rs 10 each	<u>100000</u>	<u>100000</u>
<b>Issued, Subscribed and fully paid-up shares</b>		
<b>Issued</b>		
<b>Subscribed and fully paid-up shares</b> 1,50,00,007 (March 31, 2013 - 1,50,00,007) equity shares of Rs 10 each in Cash	1,500	1,500
30,59,38,400 (March 31, 2013 - 30,59,38,400) equity shares of Rs 10 each in consideration other than cash	30,594	30,594
<b>Total</b>	<b>32,094</b>	<b>32,094</b>
<b>Earning Per Share</b> The calculation of EPS as per the Accounting standard –20 (Earning per share) is as follows: "Net Profit/ Loss (-) available for Equity Shareholders (a) "Weighted average of Equity share of Rs. 10 each in lakhs)(b) Basic Earning per share )a/b "Weighted average No. of Equity share of Rs. 10 each (b)(in lakhs) ( c)" " Diluted Earning per share (a)/ ( c)"	13793  3209 4.30  3209 4.30	11256  3209 3.51  3209 3.51

**a. 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 March 2014			
No of Equity Shares - In Cash	15000000	0	15000000
No of Shares - In consideration other than cash	305938400	0	305938400
Amount	3209384000	0	3209384000
Year ended 31 March 2013			
No of Shares - In Cash	15000000	0	15000000
No of Shares - In consideration other than cash	305938400	0	305938400
<b>Amount</b>	<b>3209384000</b>	<b>0</b>	<b>3209384000</b>

**Right, Preference and restriction attached to shares**

The Company has only one class of equity shares having par value of Rs 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 19th March'2014 . During the year ended March 31, 2014, Company has paid a interim dividend of Rs 0.25 per share and proposed final dividend of Rs 0.28 per share of Rs 10 each (March 31, 2013 Rs 0.467 per share).

**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 March 2014		As at 31 March 2013	
	(Number)	(Percentage)	(Number)	(Percentage)
Ministry of Railways (in the name of President of India)	32,09,38,400	100%	32,09,38,400	100%

7 shares are held by different government nominee to make the company as a public limited company

<b>RESERVES &amp; SURPLUS</b>		<b>NOTE NO 2</b>	
<b>Particulars</b>	<b>As at 31.03.14</b>	<b>As at 31.03.13</b>	
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>	
<b>General Reserve</b>			
Opening Balance at the beginning of the year	24000	20000	
Add : Transferred from surplus in statement of profit & Loss account	4000	4000	
Closing Balance (1)	28000	24000	
<b>Other Reserves</b>			
<b>Corporate Social Responsibility Reserve, Sustainable Development Reserve</b>			
Opening Balance at the beginning of the year	0	0	
Add: Transferred from surplus in the statement of profit & Loss	225	97	
Less: Fund utilized	79	97	
Closing at the end of the year (2)	146	0	
<b>Reserve &amp; Research and Development Reserve</b>			
Opening Balance at the beginning of the year	0	0	
Add: Transferred from surplus in the statement of profit & Loss	100	0	
Less: Fund utilized	100	0	
Closing at the end of the year (2)	0	0	
<b>Surplus in the Statement of Profit &amp; Loss</b>			
Opening Balance at the beginning of the year	23567	18151	
Add: Profit transferred from statement of profit & loss account	13793	11256	
Amount available for appropriation	37360	29407	
<b>Appropriations:</b>			
Interim Dividend on Equity Shares	800	800	
Proposed final dividend on Equity Shares	900	700	
Tax on interim Dividend*	141	130	
Tax on proposed Dividend	153	114	
Transferred to General Reserve	4000	4000	
Transfer to Corporate Social Responsibilities and Sustainable Development Reserve	225	97	
Reserve and Research & Development Reserve	100	0	
<b>Net Surplus in the statement of Profit and Loss (3)</b>	<b>31041</b>	<b>23567</b>	
<b>Closing Balance carry over to Balance Sheet (1+2+3)</b>	<b>59187</b>	<b>47567</b>	
<p>Corporate Social Responsibility and Sustainable Development has been created @ 2% of Average Profit After Tax for last three years. Research &amp; Development expenses was required to be provided @ 0.50% of Profit After Tax but in the current year Company has incurred 0.72% of Profit After Tax of Current Year</p> <p>*Rs. 5.41 lakh pertains to previous year dividend distribution tax on proposed dividend for the FY 12-13</p> <p>The Board of Directors, at their meeting held on 26.06.2014 has recommended dividend of Rs. 17 crore for FY 13-14 out of which Rs. 8 crore has already been paid as interim dividend and provision has been made for balance of Rs. 9 crore in FY 13-14. The payment of final dividend is subject to the approval of share holders at the ensuing Annual General Meeting.</p>			
<b>Other Long Term Liabilities</b>		<b>NOTE NO 3</b>	
<b>Particulars</b>	<b>As at 31.03.14</b>	<b>As at 31.03.13</b>	
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>	
<b>Unsecured</b>			
<b>TRADE PAYABLES</b>			
Retention Money	3,404	1,578	
<b>OTHERS</b>			
Security Deposit Received	1,660	1,097	
Deferred Revenue (Advance from Customers)*	60,697	66,357	
Advances from Related Party**	4,941	3,828	
<b>Total</b>	<b>70,702</b>	<b>72,860</b>	



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RAILTEL

A Nira Ratna Enterprise

Advances from related party includes Rs. 2241 Lakh towards execution of works from Railway's PSU.

\*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.

\*\* Advance deposit from Indian Railways received towards Deposit works

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

#### A) General description on leasing arrangement

(1) The Company has been offering NLD and VPN under NLD Licence granted to it, offering 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

(2) 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, 2014 and accordingly respective disclosures required by AS 19 are not provided

(3) Future minimum lease rentals receivable under operating lease for each of the following period as on 31st march'2014 are as under:-

Particulars	As at 31.03.14	As at 31.03.13
	₹ in lakhs	₹ in lakhs
Later then one year and upto five year	40393	35729
Later then five year	20304	30628
	<b>60697</b>	<b>66357</b>

Balance shown as above in various Customer accounts are subject to Confirmation reconciliation and consequence adjustment, if any :-

#### Long Term Provision

#### NOTE NO 4

Particulars	As at 31.03.14	As at 31.03.13
	₹ in lakhs	₹ in lakhs
<b>Unsecured</b>		
Provision for DoT penalty	379	379
Provision for Arbitration Claim*	46	240
Provision for Doubtful advances	42	42
<b>Total</b>	<b>467</b>	<b>661</b>

\* Provision made for arbitration claim of M/s P-3 Technologies amounting to Rs 194 lakhs paid during 2013-14

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

Particulars	Opening Balance	Paid/Adjustment	Closing Balance
Provision for Arbitration Claim	240	194	46

#### Trade Payables

#### NOTE NO 5

Particulars	As at 31.03.14	As at 31.03.13
	₹ in lakhs	₹ in lakhs
<b>Trade Payables</b>		
Micro and Small Enterprises	-	-
Revenue share payable to Indian Railway & Konkan Railway	4,016	4,495
Others	7,768	6,107
<b>Total</b>	<b>11,783</b>	<b>10,602</b>

#### Note:

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the management) Rs. 18166 lakh (net of advances) (Previous Year Rs. 9741 lakh).

2. Balances appearing in respective account of the creditors are subject to confirmation/ reconciliation and consequential adjustments, if any.

**3. Contingent Liabilities: (Accounting Standard-29 "Provision on Contingent Liability & Contingent Assets)**  
a. Claims against the Company not acknowledged as liability are Rs. 4595 lakh. (Previous Year Rs. 5503 lakh) b. Counter indemnity for Bank Guarantees issued on behalf of the company by the banks Rs. 2278 lakh (Previous year Rs. 1095 lakh)."

**Other Current Liabilities****NOTE NO 6**

Particulars	As at 31.03.14 ₹ in lakhs	As at 31.03.13 ₹ in lakhs
<b>Unsecured</b>		
<b>INCOME RECEIVED IN ADVANCE</b>		
Deferred Revenue (Advance from Customers)	12,208	11,480
From Others*	2,131	3,121
EMD Payable	966	521
<b>Payable to others</b>	<b>4,306</b>	<b>5,467</b>
<b>Total</b>	<b>19,612</b>	<b>20,589</b>

\* From others, represent amount received from Bharat Broadband Network Ltd (BBNL) for carrying out Project work relating to laying of OFC on their behalf.

Balances appearing in the respective accounts of the creditors and others under this schedule are subject to confirmation/ reconciliation and consequential adjustments, if any.

**Short Term Provisions****NOTE NO 7**

Particulars	As at 31.03.14 ₹ in lakhs	As at 31.03.13 ₹ in lakhs
<b>Provision for Retirement Benefits</b>		
Employee Benefits*	123	298
<b>Provisions-Others</b>		
Provision for Dividend	900	700
Provision for Tax on Dividend	153	114
Provision for MAT	4,770	4,145
Provision for Tax	5,696	2,425
<b>Total</b>	<b>11,642</b>	<b>7,681</b>

1. \* Provision of Rs. 60 lakh for Gratuity and Rs. 63 lakh for leave encashment on the basis detail received from LIC since Group Gratuity Policy and leave encashment is managed by LIC. Group Gratuity is managed by a Trust.

2. In respect of pending issuance of notification under Section 441A of the Companies Act, 1956, no provision has been made towards cess on the turnover of the company.

3. A provision of Performance related Pay (PRP) of Rs. 360 lakhs has been provided for PRP for the FY 2013-14 (previous year no provision were created on this account).

**3. 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 Basis pay and Dearness allowance. These contributions are made to the fund administered and managed by Government of India. The contributions of PF of the employee on deputation are made to the funds of their parent department. "

**4. Information as per requirement of AS-29 (Provision on Contingent Liability & Contingent Assets)**

Particulars	Opening Balance	Paid/Adjustment	Closing Balance
Provision for Taxation MAT	4145	625	4770

Tangible Assets		₹ in lakhs								NOTE NO 8	
PARTICULARS	As At 1 April -13	GROSS BLOCK			ACCUMULATED DEPRECIATION				Impairment	NET BLOCK	
		Addition	Deductions/ Adjustment	As at 31 March-14	As at 1 April-13	Depreciation for the period	Deductions/ Adjustment	As at 31 March-14		As at 31 March-14	As at 31 March-13
<b>TANGIBLE ASSETS (A)</b>											
FREE HOLD LAND	222	-	-	222	-	-	-	-	-	222	222
Leasehold Land & Building	-	-	-	-	-	-	-	-	-	-	-
BUILDING	2,208	142	-	2,350	147	222	-	369	-	1,981	2,061
<b>PLANTS &amp; EQUIPMENT'S</b>											
Computers	495	96	3	588	379	49	(3)	426	-	162	116
ERP-ORACLE	-	157	-	157	-	8	-	8	-	149	-
i. OFC & Related Assets	56,896	1,792	-	58,688	20,728	3,311	510	24,549	-	34,139	36,169
iii Telecom & Radio Equipments	18,283	3,543	-	21,826	8,941	2,121	-	11,062	1,091	9,673	8,251
Prefabricated Buildings	1,301	-	-	1,301	433	65	-	498	-	803	868
iv. MPLS	4,175	-	-	4,175	2,782	143	-	2,925	1,250	-	143
v. STM-16	13,216	2,810	2	16,024	8,296	1,763	-	10,059	730	5,235	4,190
Furniture & Fixtures	132	72	-	204	102	20	-	122	-	82	30
Vehicles	35	10	-	45	6	8	-	15	-	30	29
Office Equipment's	371	163	-	534	284	36	-	320	-	214	87
Leasehold Improvements	1,000	60	-	1,060	457	102	-	559	-	501	543
Temporary Fixtures	10	-	-	10	10	-	-	10	-	-	-
<b>Total As on 31 March 2014 (A)</b>	<b>98,345</b>	<b>8,844</b>	<b>5</b>	<b>107,184</b>	<b>42,565</b>	<b>7,851</b>	<b>507</b>	<b>50,922</b>	<b>3,071</b>	<b>53,190</b>	<b>52,711</b>
Total As on 31 March 2013 (A1)	93,835	5,805	(1,297)	98,345	33,818	9,576	(829)	42,565	3,071	52,711	56,946
<b>Intangible Assets (B)</b>											
ERP	-	405	-	405	-	21	-	21	-	384	-
NLD Licence*	-	250	-	250	-	25	159	184	-	66	-
<b>Total As on 31 March 2014 (B)</b>	<b>-</b>	<b>655</b>	<b>-</b>	<b>655</b>	<b>-</b>	<b>46</b>	<b>159</b>	<b>205</b>	<b>-</b>	<b>450</b>	<b>-</b>
Total As on 31 March 2013 B1	-	-	-	-	-	-	-	-	-	-	-
<b>Total As on 31 March 2014 (A+B)</b>	<b>98,345</b>	<b>9,500</b>	<b>5</b>	<b>107,840</b>	<b>42,565</b>	<b>7,898</b>	<b>666</b>	<b>51,128</b>	<b>3,071</b>	<b>53,640</b>	<b>52,711</b>
Total As on 31 March 2013 (A+B)	93,835	5,805	(1,297)	98,345	33,818	9,576	(829)	42,565	3,071	52,711	56,946

\* As per Revised Schedule VI ,NLD License is required to shown as Intangible Asset which were showing under other loans & advances upto 31.03.2013. The residual value of 91 lakh as on 31.3.13 has been regrouped in Fixed Asset under intangible asset and depreciation @ 10% on straight line basis has been charged.

In the current year company installed ERP (Oracle), an amount of Rs 405 lakhs has been capitalized as intangible (software) and Rs 157 lakhs has been capitalized as tangible (Hardware Cost). Depreciation on both the items has been charged @20% on straight line method

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 for any indication of impairment in the carrying amount of fixed assets. On the basis of such assessment, in the opinion of management no provision for the impairment of fixed assets is required to be made during the year.

Fixed assets such as Computers, Printers, Scanners, Office equipment's, and Furniture's is capitalized on the date of payment instead of date of invoice / date of put to use and depreciation has also been provided accordingly

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

The region has constructed buildings on Railways land in Hyderabad and Mumbai. The same has been classified in leasehold improvement and depreciation has been charged as per the policy of the company.

Fixed assets have been taken over from Railways after physical verification by the management, at a pre-determined price. Depreciation has been provided on them without reassessing the remaining useful life of such assets as on the date of takeover.

<b>CAPITAL WORK IN PROGRESS</b>		<b>NOTE NO 9</b>
<b>Particulars</b>	<b>As at 31.03.14</b>	<b>As at 31.03.13</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
OFC laying works, Pre Fab Building	5079	1615
Installation of STM & Other Equipment	678	738
Buildings	258	369
<b>TOTAL</b>	<b>6015</b>	<b>2722</b>

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.

2. OFC Laying work includes Rs. 2537 lacs as work executed towards NE-1 & NE\_2 projects

3. Additional information pursuant to Schedule VI of the Companies Act, 1956, is as follows:

a. Value of imports calculated on CIF basis

a. Value of imports calculated on CIF basis

i. Capital Goods

Nil

Nil

ii. Spare parts

Nil

Nil

b. Expenditure in foreign currency

Nil

i. Professional/ Consultancy Fee

Nil

Nil

ii. Others

Nil

Nil

c. Value of component, spares and spare parts consumed

(Imported and indigenous)

Nil

Nil

d. Earning in Foreign Exchange

785 Lakh

Nil

#### **Deferred Tax Assets (Net)**

**NOTE NO 9A**

<b>Particulars</b>	<b>As at 31.03.14</b>	<b>As at 31.03.13</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Deferred Tax Assets (Net)	145	-
Deferred Tax Assets (Net)	145	-

#### **Long Term Loans and Advances**

**NOTE NO 10**

<b>Particulars</b>	<b>As at 31.03.14</b>	<b>As at 31.03.13</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>(Unsecured, considered good unless stated otherwise)</b>		
<b>Capital Advances</b>		
Considered Good	769	605
<b>Security Deposit</b>		
Considered Good	330	187
<b>Others</b>	546	521
<b>Total</b>	<b>1,645</b>	<b>1,313</b>

<b>Other Non-Current Assets</b>		<b>NOTE NO 11</b>	
Particulars	As at 31.03.14 ₹ in lakhs	As at 31.03.13 ₹ in lakhs	
<b>Unsecured, considered good unless stated otherwise</b>			
Long Term Trade Receivables*	21,497	15,571	
<b>Total</b>	<b>21,497</b>	<b>15,571</b>	

Balances shown as above on various accounts are subject to confirmation/ reconciliation and consequential adjustments, if any.

\*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.

<b>Inventories</b> (Valued at lower of cost and net realisable value)		<b>NOTE NO 12</b>	
Particulars	As at 31.03.14 ₹ in lakhs	As at 31.03.13 ₹ in lakhs	
Stores and Spares (as verified by the management)	292	380	
<b>Total</b>	<b>292</b>	<b>380</b>	

<b>Trade Receivables</b>		<b>NOTE NO 13</b>		
Particulars		As at 31.03.14 ₹ in lakhs		As at 31.03.13 ₹ in lakhs
<b>Unsecured, unless stated otherwise</b>				
<b>Telecommunication Business</b>				
Receivable outstanding for a period exceeding six month				
From the date they were due for payment				
Considered Good	2,900		902	
Considered Doubtful	2,600		866	
Less Provision for Doubtful receivables	<u>2,600</u>	2,900	<u>866</u>	902
Receivables (less than six month)				
Considered Good	7,897		3,361	
Considered Doubtful	-	-	-	
Less Provision for Doubtful receivables	<u>-</u>	7,897	<u>-</u>	3,361
<b>Other Deposit Works</b>				
Receivable outstanding for a period exceeding six month				
From the date they were due for payment				
Considered Good	2,094		2,809	
Considered Doubtful	46		46	
Less Provision for Doubtful receivables	<u>46</u>	2,094	<u>46</u>	2,809
Receivables (less than six month)				
Considered Good	2,496		2,192	
Considered Doubtful	-		-	
Less Provision for Doubtful receivables	<u>-</u>	2,496	<u>-</u>	2,192
<b>Total</b>		<b>15,387</b>		<b>9,264</b>

Balances shown as above are subject to confirmation/ reconciliation and consequential adjustments, if any.

<b>Cash and Bank Balances</b>		<b>NOTE NO 14</b>
<b>Particulars</b>	<b>As at 31.03.14</b> ₹ in lakhs	<b>As at 31.03.13</b> ₹ in lakhs
<b>Cash and Cash Equivalents</b>		
a. Cash on Hand (Imprest)	23	2
b. Remittance in Transit	94	0
c. Balances with Schedule Bank:		
In Current A/c	1223	610
In Collection A/c	2505	845
In Term Deposit	70527	80321
Balance With Bank (Margin Money)	18	18
<b>Total</b>	<b>74390</b>	<b>81796</b>

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

<b>Short Term Loans and Advances</b>		<b>NOTE NO 15</b>
<b>Particulars</b>	<b>As at 31.03.14</b> ₹ in lakhs	<b>As at 31.03.13</b> ₹ in lakhs
<b>Unsecured, Considered good unless stated otherwise</b>		
Security Deposit	133	56
Loans and advances to Employee (secured considered good)	39	11
Prepaid Expenses	41	23
Balance With tax authorities		
Service tax credit available	2,319	1,979
MAT Credit	5,939	5,315
TDS-Income Tax	10,298	8,546
Advance Income Tax	3,274	1,211
Others	18	16
Others	1055	1,440
Supplier Advances	797	-
Expenses Recoverable from Customers	215	143
Considered Good (Indian Railway)	4,857	5,612
<b>Total</b>	<b>28,985</b>	<b>24,352</b>

Balances shown as above are subject to confirmation/ reconciliation and consequential adjustments, if any.

Amounts recoverable from Indian Railway (being the parent Ministry and related party) includes various recoverable like VAT recoverable, Transfer of 4 Fiber, proportionate maintenance charges of OFC etc

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 Rs 379 lakhs 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.

Expenses recoverable from customer represent reimbursement of electricity charges recoverable from customers

<b>Other Current Assets</b>		<b>NOTE NO 16</b>
<b>Particulars</b>	<b>As at 31.03.14</b> ₹ in lakhs	<b>As at 31.03.13</b> ₹ in lakhs
<b>Unsecured, Considered good unless stated otherwise</b>		
Other Current Assets	3491	3973
<b>Total</b>	<b>3491</b>	<b>3973</b>

<b>Revenue From Operation</b>		<b>NOTE NO 17</b>		
<b>Particulars</b>		<b>For the year Ended 31.03.14 ₹ in lakhs</b>		<b>For the year Ended 31.03.13 ₹ in lakhs</b>
<b>Revenue from Operation</b>				
Income from Telecom Services				
NLD Services		28921		23836
ISP Services		2306		2551
IP-1 Services		8078		8033
Centage Income		338		0
Income from Projects				
Railways Deposit Works	3397		1891	
Foreign Projects	785		0	
Other projects	112	4294	0	1891
Other Operating Revenue		1390		363
<b>Total</b>		<b>45327</b>		<b>36674</b>

- 1) Centage income represent income from NOFN project
- 2) Other project included income from Bhutan project and income from Assam University
- 3) Other operating revenue represent reversal of expenses claimed in earlier year
- 4) Current Year revenue inclues Rs. 347 lakhs which pertains to prior period.
- 5) Revenue for the year 2012-13 includes Rs 467 lakhs, which was included in prior period on the face of profit & Loss account after set of Rs 600 lakhs as prior period expenses. In Current FY prior period income and expenses are shown separately.
- 6) As per the directive no. 2006/tele/RCIL/4 dated 14.6.07 from the Ministry of Railways the income to be booked on the Railway deposit works is 13% on the cost of such work in some of the cases excluding octroi, sales tax, royalties, other taxes etc.

<b>Other Income</b>		<b>NOTE NO 18</b>	
<b>Particulars</b>		<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>
Interest Income on deposits with Bank*		7975	7141
Gain/(Loss) on foreign Exchange		9	0
<b>Other Non Operating Income</b>			
Excess provision Written Back			
Net Profit on sale of fixed assets			
Provision written back		374	0
Miscellaneous Income		88	210
<b>Total</b>		<b>8446</b>	<b>7351</b>

\* Interest income includes Rs. 2.87 lakh pertaining to FY 12-13.

<b>Access and Other Charges</b>		<b>NOTE NO 19</b>
<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>
Operation & Maintenance of Fiber & Equipment's	2776	2558
Share of Revenue with Konkan Railway	50	54
Hire Charges Radio Modem/Optic Fibers and Internet Access*	2394	2428
Inter Connect & Port Charges	301	554
Franchise Expenses	351	173
Power & Fuel Expenses on network	1147	1016
Revenue Share to Railways	2074	1814
<b>Total</b>	<b>9093</b>	<b>8597</b>

\*Includes Hire charges Radio Modem, Optic Fiber, Protection Bandwidth, Connectivity charges, and Internet Bandwidth. Previous year figures includes an amount of Rs 2354 lakhs, 580 lakhs and 48 lakhs respectively.

The expenditure on repair & maintenance exclude the expenses chargeable to Indian Railways which is owning 2 pairs of fibers in all sections of OFC laid.

#### **Licence Fee & Spectrum Charges**

**NOTE NO 20**

<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>
Licence Fee to DoT*	2828	2751
Spectrum Charges*	356	0
<b>Total</b>	<b>3184</b>	<b>2751</b>

\*Current year expenses includes Rs.208 lakhs pertains to prior period and Rs. 78 lakhs pertains to next year.

#### **Expenses on Project**

**NOTE NO 21**

<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>
Expenses on Projects	3030	1569
Expenses on Foreign Projects*	731	0
Allocation of Establishment Expenses	188	78
Allocation of Administrative Expenses	113	47
<b>Total</b>	<b>4062</b>	<b>1694</b>

\* It includes Rs. 300 lakhs towards warranty expenses on estimated basis.

#### **Employee Benefit Expenses**

**NOTE NO 22**

<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>
Salaries & Wages (including Staff Welfare)	6295	4384
Contribution to Provident and other funds	400	352
<b>Less: Expenses transferred to projects</b>	<b>188</b>	<b>78</b>
<b>Total</b>	<b>6507</b>	<b>4658</b>

Sh R K Bahuguna (Chairman & Managing Director)		Key Management
Sh. N K Gupta (Director Finance)		Key Management
Sh. Rajiv Sinha (Director (POM)) (upto 28.02.2014)		Key Management
Sh. A Sheshgiri Rao (Director (NPM))		Key Management
1. Salaries and wages includes Director Remuneration of ₹ 109 lakh (₹ 78 lakh Remuneration and ₹ 31 lakh other emoluments) in current year and ₹ 99 lakh (₹ 69 lakh Remuneration and ₹ 30 lakh other emoluments) in previous year		
2. Sitting Fee Paid to Non Official Directors		
Sh A K Sinha	₹ 0.32 Lakhs	₹ 0.96 Lakhs
Sh Bhaskar Gupta	₹ 0.96 Lakhs	₹ 0.96 Lakhs
Sh R K Goyal	₹ 0.96 Lakhs	₹ 0.88 Lakhs
Sh. A.K. Bandyopadhyay	Nil	Nil

### Asministrative and Other Expenses

### NOTE NO 23

Particulars	For the year Ended 31.03.14 ₹ in lakhs	For the year Ended 31.03.13 ₹ in lakhs
Auditor Remuneration		
As Auditor	11	9
For Taxation Matter	0	3
For Others	0	1
Out of Pocket Expenses	0	1
Books & Periodicals	3	11
Communication Expenses	134	107
Conveyance Expenses	82	71
Bank Charges & Commission	12	9
Legal & Professional Expenses	202	148
Insurance	1	1
Rates & Taxes	31	32
Rent	857	584
Repair & Maintenance – Others	562	149
Tender Expenses.	138	120
Training & Recruitment Expenses	71	188
Travelling Expenses	404	269
Printing & Stationary Expenses	80	67
Vehicle Hire charges	269	213
Business promotion Expenses	143	75
Other Miscellaneous Expenses	280	178
Loss due to Fire Fixed Assets	0	0
Loss on revaluation of Fixed Assets	100	0
Provision for Bad and Doubtful Debts	1883	393
Forex Gain/Loss	5	0
Electricity Expenses	65	
<b>Less:- Expenses transferred to Railways Deposit Works</b>	<b>113</b>	<b>47</b>
<b>Total</b>	<b>5219</b>	<b>2582</b>
Prior Period Expenses	<b>340</b>	<b>600</b>
<b>Total</b>	<b>5560</b>	<b>3183</b>

<b>Financial Cost</b>		<b>NOTE NO 24</b>	
<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>	
Interest on Loan	0	72	
<b>Total</b>	<b>0</b>	<b>72</b>	
<b>Depreciation and Amortisation Expenses</b>		<b>NOTE NO 25</b>	
<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>	
Depreciation on tangible Assets	7871	9576	
Depreciation on Intangible Assets	46	0	
Earlier Year Depreciation	578	278	
Depreciation Adjustment	-20	-1033	
<b>Total</b>	<b>8476</b>	<b>8821</b>	
<b>Tax Expenses</b>		<b>NOTE NO 26</b>	
<b>Particulars</b>	<b>For the year Ended 31.03.14 ₹ in lakhs</b>	<b>For the year Ended 31.03.13 ₹ in lakhs</b>	
Current Tax (Income Tax)	3271	2425	
Current Tax (Income Tax)-previous Years	0	668	
Deferred Tax Liability	0	0	
Deferred Tax Asset	-173	-99	
<b>Total</b>	<b>3098</b>	<b>2994</b>	

## **NOTE-27**

### **Corporate Information**

RailTel Corporation of India Limited ('the Company') 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 10th Floor Bank of Baroda Building 16 Sansad Marg New Delhi 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.

### **Significant Accounting Policies**

#### **a. 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 as prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 2013 . 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 (Rs) and all amount are rounded to the nearest Lakhs, except as stated otherwise.

#### **b. 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.

**c. 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.

**d. 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.

**e. 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.

#### f. 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 three 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.

#### g. 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. Assets costing less than Rs 5,000 are fully depreciated in the month of purchase.

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 improvements	:	On straight line method @ 10% per annum
Prefabricated Building	:	On straight line method 4.75% per annum
Telecom Radio Assets,	:	On straight line method @
MPLS/STM-16 Network	:	12.50% per annum
Radio Equipment	:	33.33% per annum
Battery	:	20% per annum
Optical & Related Asset	:	On straight line method @ 5.28% per annum
Office Equipment	:	On straight line method 20% per Annum
Furniture	:	On straight line method @20% per Annum
Computer	:	On straight line method 20% per Annum

#### Intangible Assets

Software	:	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 amortisation 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.
5 years	:	
Licenses	:	
10%	:	

Such rates are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

#### h. 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 recognised 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

#### i. 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 capitalised 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.

#### j. **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.

#### k. **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.

#### **I. 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.

#### **m. 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.

##### **1. 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.

##### **2. 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.

##### **3. Interest and Other Income**

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

##### **n. 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.

**o. 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.

**p. 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.

**q. 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, New Delhi. 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 Rs 10 lakhs 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 2013-14 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.

**r. 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.

**s. 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.

**t. 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.

**u. 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.

**v. 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

**w. 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.

**x. Prior Period Expenses**

Income/Expenditure relating to prior period, which do not exceeds Rs 50000/- in each case, are treated as income/expenditure of current year.

**y. 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.

**z. 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.

**a.a. 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 noncurrent.

## RAILTEL CORPORATION OF INDIA LIMITED

Amount in Lakhs(₹)

### Accounting Standard-3 (Cash Flow Statement)

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 (Indirect Method)

	For the Year Ended on 31.03.14	For the Year Ended on 31.03.13
<b>Cash Flow From Operating Activities</b>		
Net Profit/(Loss) Before Tax & Extraordinary items	16891	14249
Adjusted for:-		
Add :Depreciation	7898	8821
Add : Interest on Loan	0	72
Less : Corporate Social Responsibility	179	97
Less: Interest received	7975	7141
<b>Net cash from operating activities before Extraordinary Item and change in working capital (a)</b>		15905
<b>Working Capital changes</b>		16635
(Increase)/ Decrease in Inventory	87	-150
(Increase)/Decrease in other Current Assets	482	-6039
(Increase) /Decrease in other Loans & Advances	-4965	-1598
Increase/ ( Decrease) in Current Liabilities	1814	9653
Increase/ ( Decrease) in Deferred tax Assets	-145	0
Increase/ ( Decrease) in Deferred tax Liability	-28	-99
(Increase) / Decrease in Sundry Debtors	-12049	1424
TDS on Interest Income	251	127
<b>Net (Increase) /Decrease in Working Capital (b)</b>		-14551
<b>Total (a)-(b)</b>		2084
Less: Deferred Tax	173	99
Less: Income Tax	-3271	-3093
<b>Extraordinary Item</b>		-2994
Less: Depreciation adjustment for earlier years		666
Net cash from operating activities		-348
<b>Cash Flow From Investing Activities</b>		
Purchase/Sale of Fixed Assets	-9495	-4510
(Increase) / Decrease in Capital Work in Progress	-3292	575
Interest received (Net of TDS)	7724	7014
Net cash from investing activities		-5063
<b>Cash Flow From Financing Activities</b>		
Equity Shares to be issued to Ministry of Railways		-432
Repayment of Loan to IRFC	0	-2080
Dividend & Dividend Distribution Tax	-1994	-1743
Interest on Loan	0	-72
Net cash from financing activities		-4327
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		-7406
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		81796
<b>CASH AND CASH EQUIVALENT AT END OF PERIOD</b>		74390

In terms of our report attached even date

For V.K. Verma &amp; Co.

Chartered Accountants

FRN No. : 000386-N

*Mukesh Chand*  
CA Mukesh Chand  
Partner  
M.No. 016197

*S.C. Hans*  
S.C. Hans  
Company Secretary

*N.K. Gupta*  
N.K. Gupta  
Director Finance

*R.K. Bahuguna*  
R.K. Bahuguna  
Chairman &  
Managing Director

Place : New Delhi  
Date : 27.06.2014

1. Figures in bracket ( ) indicate cash outflow.

2. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statement"

3. Dividend &amp; Dividend Distribution Tax include Rs. 9 Crore as proposed dividend and rs. 1.53 crore as tax on proposed dividend

4. The accounting notes from an integral part of these Financial Statements

## Accounting Standard 17 (Segment Reporting)

### Primary Information relating to Business Segments for the year ended 31st March, 2014

Annexure-A  
Amount in Lakhs(₹)

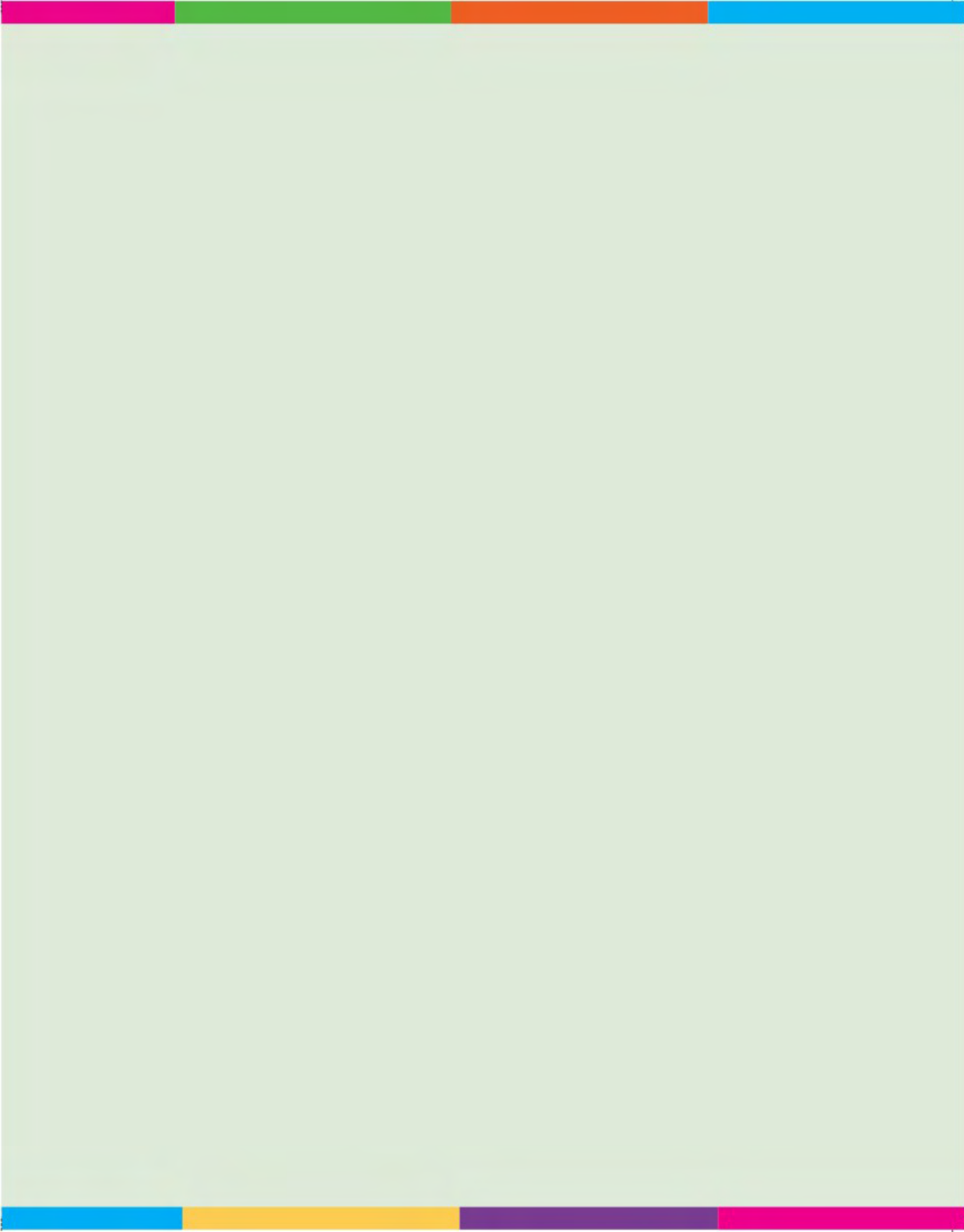
	Telecommunications Services		Project		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Segment Revenue including allocable other income</b>						
External Lease Revenue	40686	34316	4294	1891	44980	36207
Total Revenue	40686	34316	4294	1891	44980	36207
<b>RESULT</b>						
Segment Result (a)	40686	34316	4294	1891	44980	36207
Interest Expense (b)	0	72	0	0	0	72
Interest & Other Income (c)	8446	7351	0	0	8446	7351
Other Expenses (d)	32480	27505	4062	1694	36542	29103
Income Taxes ( FBT ) / deferred tax (e)	2909	2931	189	63	3098	2994
<b>Profit from Ordinary Activities</b>						
<b>f = {(a)+©-(b)-(d)-(e)}</b>	13743	11158	43	133	13786	11389
Prior period Income (g)	347	467	0	0	347	467
Prior period Expenses (h)	340	600	0	0	340	600
<b>Net profit = (f+g-h)</b>	13750	11026	43	133	13793	11255
<b>OTHER INFORMATION</b>						
Segment Assets (Gross Block)	107840	98345	0	0	107840	98345
Other Assets	141242	131648	4590	5001	145832	136649
<b>Total Assets</b>	<b>249082</b>	<b>229993</b>	<b>4590</b>	<b>5001</b>	<b>253673</b>	<b>234994</b>
Capital Expenditure	6015	2722	0	0	6015	2722
Inter segment capital expenditure	0		0	0	0	0
Segment Liabilities				0		0
Unallocated Corporate Liabilities	109265	108593	4941	3828	114206	112421
<b>Total Liabilities</b>	<b>109265</b>	<b>108593</b>	<b>4941</b>	<b>3828</b>	<b>114206</b>	<b>112421</b>
Depreciation/Impairment	8476	8821	0	0	8476	8821
Secured Loans	0	0	0	0	0	0
Unsecured Loans	0	0	0	0	0	0
Deferred Tax	-173	28	0	0	-173	28

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 crores)

S.No.	Particulars	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
1	Total Income (incl. other income)	33	60	114	200	386	400	363	404	440	538
2	Expenditure (incl. increase/decrease in stock)	14	27	52	82	222	224	193	171	209	284
3	Operating Margin	19	34	63	118	164	175	170	233	231	254
4	Interest Expenses	10	13	16	23	20	15	11	6	1	-
5	Depreciation	29	31	5	39	42	47	51	110	88	85
6	Profit before tax	(20)	(10)	41	62	103	113	108	116	142	169
7	Profit after tax	(20)	(10)	41	56	102	112	95	86	113	138
8	Dividend	-	-	-	5	8	15	13	14	15	17
9	Reserves & surplus	-	-	-	44	137	232	312	382	476	592
10	Gross block	770	763	611	728	773	869	911	938	983	1,078
11	Inventories	0	1	1	1	1	1	1	2	4	3
12	Share Capital	234	234	321	321	321	321	321	326	321	321
13	Capital employed	640	566	533	560	565	660	706	696	770	851
14	Net Worth	415	188	315	365	458	553	633	707	797	913
15	Profit before tax to capital employed	-3%	-2%	8%	11%	18%	17%	15%	17%	19%	20%
16	Operating margin to capital employed	3%	6%	12%	21%	29%	27%	24%	33%	30%	30%
17	Profit after tax to share capital	-8%	-4%	13%	17%	32%	35%	30%	26%	35%	43%
18	Expenditure to income	43%	44%	45%	41%	58%	56%	53%	42%	47%	53%
19	Number of Employees ( no)	158	263	278	332	382	361	360	359	490	490
20	Income per employee	0.21	0.23	0.41	0.60	1.01	1.11	1.01	1.13	0.90	1.10
21	Current ratio	0.43:1	0.38:1	1:1	0.75:1	0.83:1	0.94:1	1.08:1	3.70:1	3.08:1	2.84:1
22	Debt/equity ratio	0.41:1	1.15:1	0.86:1	0.63:1	0.41:1	0.27:1	0.16:1	0.06:1	-	-
23	Railway Revenue Share	1.82	3.24	5.31	8.52	12.01	13.79	21.08	16.09	18.14	20.74





A Mini Ratna Enterprise

## रेलटेल कार्पोरेशन ऑफ इण्डिया लिमिटेड

(भारत सरकार का उपक्रम)

### **RailTel Corporation of India Limited**

(A Government of Indian Undertaking)

**CIN : U64202DL2000GOI107905**

**Registered Office :** 10th Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi - 110 001.

**Corporate Office :** 143, Institutional Area, Sector-44, Gurgaon - 122 003, NCR (India)

**Phone :** +91 124 2714000, **Fax :** +91 124 4236084

**www.railtelindia.com**