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Vision and Mission



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.

Quality Policy

*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

MANAGEMENT TEAM

Board of Directors

- | | | |
|-----|-------------------------|---|
| 1. | Shri Kul Bhushan, ML | Chairman (upto 7.3.2013) |
| 2. | Shri R.K. Bahuguna | Chairman & Managing Director
(w.e.f. 1.10.2011 as M.D. w.e.f. 7.3.2013 as CMD) |
| 3. | Shri Rajiv Sinha | Director (POM) |
| 4. | Shri N.K. Gupta | Director (Finance) from 10.7.2012 |
| 5. | Shri A. Seshagiri Rao | Director/NPM (w.e.f. 14.8.2012) |
| 6. | Shri Naresh Salecha | Nominee Director (upto 30.1.2013) |
| | Shri Sanjay Upreti | Nominee Director (w.e.f. 30.1.2013) |
| 7. | Shri A.K. Bandyopadhyay | part time non official Director (upto 27.7.2013) |
| 8. | Shri A.K. Sinha | part time non official Director |
| 9. | Shri R.K. Goyal | part time non official Director |
| 10. | Shri Bhaskar Gupta | part time non official Director |

Audit Committee

1. Shri A.K. Bandyopadhyay, Chairman
2. Shri Sanjay Upreti
3. Shri A.K. Sinha
4. Shri R.K. Goyal
5. Shri Bhaskar Gupta

Remuneration Committee

1. Shri A.K. Sinha, Chairman
2. Shri A.K. Bandyopadhyay
3. Shri Bhaskar Gupta
4. Shri R.K. Goyal

Regd. & Corporate Office:

10th Floor, Bank of Baroda bldg
16, Sansad Marg,
New Delhi-110001
Tele 011-23311707
Fax 011-23311711

Website:

www.railtelindia.com

Regional Offices:

Northern Region:

R.K. Goel
Regional General Manager
501-502, Arunachal Building,
19, Barakhamba Road,
New Delhi-110001
Tele 011-23752114 – 16

Southern Region:

Shri P.V. Rajasekhar
Regional General Manager,
2nd Floor, B Block, Rail Nilayam
Secunderabad -500426
Tele: +91 40 27820429
Fax 040-27820682

Eastern Region:

Shri J.P. Singh,
Executive Director
Chaterjee International Centre,
3rd Floor, 33-A,
Jawaharlal Nehru Centre,
3rd Floor, Kolkatta-700071
Tele 033-44041499
Fax 033-44041490

Western Region:

Shri BS Tahim
Executive Director
Microwave Complex,
Senapati Bapat Marg,
Opp. Ambika Mills
Mumbai-400013
Tele 022 - 24923925

Bankers:

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

Statutory Auditors:

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

Branch Auditor

Western Region :

M/s M K P S & Associates, 1001, A wing,
10th Floor, Rassaz Castle, Gundavali,
Western Express Highway, Andheri (East),
Mumbai-400069
Tele No. 022-65236959
email: mumbai@mkps.in;
dmmkamumbai@yahoo.co.in
Website: www.mkps.in

Eastern Region:

SRI Associates
Central Plaza, 41 BB Ganguly Street,
3rd Floor, Kolkata-700012
Tele 033-22111175
email: sasso@cal2.vsnl.net.in

Southern Region:

Raju & Prasad
401, Diamond House,
ADJ-Amrutha Hills, Punja Gutta,
Hydrabad-500082
Tele 040-23410404, 23410403
email: rajuandprasad@gmail.com;
hydrabad@rajuandprasad.com

Northern Region:

V.K. Verma & Co.,
C-37, Connaught Place
New Delhi-110001
Email: vkverma@vkvermaco.com

DIRECTORS' REPORT

Gentlemen,

The Directors have pleasure in presenting their 13th annual report together with annual accounts of the Company for the year ended 31st March, 2013.

2. FINANCIAL RESULTS

2.1 The financial results of the Company's operations for the year 2012-13 is summarized below:

Rs. in crores

Particulars	2012 -13	2011 -12
Operating turnover	362.07	347.42
Other income	73.51	56.55
Total Income	435.58	403.97
Expenditure	203.79	171.42
Gross Margin	231.79	232.55
Depreciation	88.21	106.32*
Impairment	-	4.01
Gross Profit	143.58	122.22
Interest	0.72	6.19
Prior Period/Extraordinary items	1.33	11.37
Income tax	29.94	18.81
Net Profit	111.59	85.85

* The depreciation of Rs. 106.32 includes Rs. 52.75 crores due to change in life of assets

3. FINANCIAL HIGHLIGHTS

- 3.1 During the financial year 2012-13, the Company has earned a recognized income of Rs. 435.58 crores as against that of Rs. 403.97 crores during the year ended 31st March, 2012.
- 3.2 Railway deposit work undertaken by the Company amounted to Rs 18.91 Crores in the recognized income of the current year and such works were reduced from Rs. 35.72 crores carried during the previous year .
- 3.3 The gross margin earned during the year is Rs 231.79 crores before interest, depreciation and tax as against that of Rs. 232.55 crores in the preceding year. After providing for interest and depreciation, the net profit after tax amounted to Rs. 111.59 crores (previous year Rs. 85.85 crores). The net surplus has been carried to Balance Sheet after transferring a sum of Rs. 40 crores to General Reserves.
- 3.4 The total outstanding against loans from the IRFC Ltd was liquidated during the year and as on date, the Company is a debt free Company.
- 3.5 The Directors are hopeful of achieving better financial results during the current financial year 2013-14.

4. MINI RATNA STATUS:

The Company was conferred the Miniratna status in May 2012 and has been maintaining its status Mini Ratna Company since then.

5. CAPITAL STRUCTURE

There is no change in the capital structure, with the Govt. of India continuing to hold 100% of the equity capital in the Company. The authorized equity capital of the Company is Rs. 1000 crores. As on 31st March, 2013, the issued, subscribed and paid up share capital of the Company stood at Rs. 320.94 crores including Rs. 305.94 crores equity allotted for consideration other than cash against the OFC related assets of Railways.

6. DIVIDEND AND RAILWAYS' REVENUE SHARE

The Company declared and paid an interim dividend of Rs. 8.00 crores in 2012-13. A final dividend of additional Rs. 7.00 crore has now been proposed to be paid. It had also paid dividend distribution tax to the exchequer. During the previous year, the total dividend paid was Rs. 14 crores. The Company started making payment of dividend on equity commencing from the financial year 2007-08 and till now, the total dividend payment upto 2012-13 amounted to Rs. 70 crores over the years.



MD, RailTel Shri RK Bahuguna presenting a dividend cheque to Hon'ble Minister for Railways. Other officials of Railways and RailTel were also present.

The Company is also contributing by way of revenue share to Railways and the total share of such contribution comes to Rs.18.14 crores as against such share of Rs. 16.09 crores in the preceding year. The cumulative revenue share to Railways comes Rs. 96.24 crores till the year 2012-13. Besides, the Company has also paid licence fee to DoT, Govt. of India on its income from telecom business carried by it under licences granted to it.

7. FIXED DEPOSITS

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

8. RESERVES

The Company appropriated its profit earned during the year under report. It has transferred Rs. 40.00 crores during the year and as such, the total accumulated general reserves as at the end of the financial year 2012-13 amounted to Rs. 240 crores. The total Reserves and Surplus Account as at the end of the financial year were of the order of Rs. 475.67 crores as against that of Rs. 381.51 crores at the end of previous year.

9. PROJECTS

- 9.1 During the year the core network of RailTel was extended by further 1077 RKM of OFC leading to a total length of 42099 RKM by the end of the year.
- 9.2 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. Route Survey for 17947 KM and 595 nodes have been completed for all 6 states of NE project. Free RoW has been granted by state Govts of Mizoram, Tripura, Meghalaya and Arunachal Pradesh against the project. The agreement for both NE-I & NE-II were signed in Jan'12 with USOF and the work is targeted to be completed within scheduled timelines of 2 years in NE-I and 2 years 6 months in NE-II from the date of signing of agreement.
- 9.3 National Optical Fiber Network (NOFN) project: RailTel has been selected by Govt. of India as one of the implementation partner of NOFN project to connect 2.5 Lac panchayats in the country by laying of incremental OFC from block level to panchayats. For this purpose a new CPSU, Bharat Broadband Network Ltd. (BBNL) has been created which shall take up the work of NOFN implementation as well as own the entire network. BBNL has allotted 11 states comprising of 36,000 panchayats to RailTel which includes the states of Gujarat, Daman & Diu, Dadar & Nagar Haveli in West, Tamil Nadu and Puducherry in South and Meghalaya, Mizoram, Tripura, Arunachal Pradesh, Manipur, Nagaland in North-East. The survey work is in progress in 9 out of 11 states as allocated to RailTel. The tender for 2 states i.e. Manipur and Nagaland will be finalized soon. Till date, survey in nearly 834 blocks out of 966 blocks have been completed across various States and survey report submitted to BBNL. Fibre leasing agreement has also been signed with BBNL on 16th April, 2013. In addition, the Company had also signed Agreement with BBNL on 23rd May, 2013 for laying of Optical Fibre in these States.
10. **ERP implementation for RailTel** : To lead to a customer-focused and operationally efficient public organization that consistently delivers superior results, your company has initiated the project to reach this goal by implementing ERP (Enterprise Resource Planning) and is called Project 'Parivartan'. Parivartan will enable RailTel to improve service to internal staff as well as external customers; increase the quality and consistency of information delivery, better manage and control risk, and increase efficiencies. The project involves country wide implementation across all offices of RailTel catering to all departments incl. Project, Operation, Finance, HR, Sales & Marketing. For this purpose the solution have been chosen on Oracle based platform and is being

implemented by M/s Wipro under the supervision of M/s Ernst & Young as consultants. During the year, the project completed all its milestone including business process documents (To-Be process) for ERP implementation. In addition, various modules from HR, Project, Marketing & Finance were configured and successful Conference Room Pilot (CRP) was also completed for all such modules of ERP. The project is under the 2nd phase wherein the system design as well as data migration have been taken up for total ERP implementation by Oct'13.

11. MANAGEMENT DISCUSSIONS AND ANALYSIS

A detailed analysis on the activities of the Company is annexed here to and the same forms part of this report.

12. INDUSTRIAL RELATIONS AND HR MATTERS

- i) The organization values its people as its most critical resource. The company has endeavored to put in place a people centric, fair and transparent HR policy framework which also encourages individual employees to acquire knowledge and competencies to perform better. Policies on all important HR matters were formulated and notified during the year. These were also published in the form of HR policy manual and also uploaded on the intranet for transparency and awareness of all the employees.
- ii) As the company operates in high-tech telecom sphere, most of its employees are professionals from Engineering and other disciplines in levels E-0 and above. In the circumstances, there is no recognized employee union in the Company. However, the Management makes it a point to hold interactive sessions with the employees on regular basis to understand their perspective, problems and concerns. An open door policy is followed, with junior most employees also having direct access to the highest management level. The employee relations remained harmonious during the year, there having been no loss of man-days due to strike or any other untoward incident. The organization also benefitted from the useful suggestions that were received from the employees by virtue of the above system and practices. In all 44 suggestions were received out of which 10 implemented. Several other suggestions have been appreciated and noted for suitable action at appropriate time in future.
- iii) As on 31.03.2013, there were 428 regular employees on the rolls of the company including 66 officers and staff on deputation from the Ministry of Railways and 05 officers on deputation from Department of Telecom, Government of India. In addition, the company had outsourced the services of personnel in different capacities to facilitate the work.
- iv) During the year the company recruited 138 technical and non-technical Executives in keeping with its future business expansion plans.
- v) Training & Development and competency building has always been a key focus area for the company. A five week induction capsule was designed for the new recruit engineering and

management graduates to smoothen the process of their induction in RailTel. The capsule consists of inputs about RailTel, its work systems, its business and the technology environment.

Recognizing the essentiality of keeping its employees abreast with the latest technological advancements in the Telecom field, the company has put in place a regular system of deputing its Executives at operational level to training courses in new technology areas. During the year, 15 % of its Executives (44 out of 297) were given one week training exposure in new technology areas. Besides, in-house training courses were also organized for imparting training in soft skills and employees deputed for training modules in various management disciplines. The total expenditure on training, excluding the cost of induction training capsule, constituted 0.75 % of the total employee cost.

- vi) In its zeal to contribute towards the National skill development initiative of the Government of India in the Telecom domain, the company is in the process of signing a MoU with Telecom Sector Skill Council (TSSC) for becoming its active member. RailTel is also collaborating with TSSC to finalize the occupational standards for various technical roles in the field of OFC maintenance, training and active network operation and maintenance.

13. EMPLOYMENT OF WOMEN, USE OF OFFICIAL LANGUAGE ETC.

- 13.1 During the year 12 female employees joined the rolls of the company taking the total number of female employees to 32 which is 10 % of the total employee strength in the regular cadre.
- 13.2 Company has sincerely 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 extensively 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 fully 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.

13.3 'Hindi Week' was organized from 10th September, 2012 to 17th September, 2012 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. 07 employees were also given away cash awards. On the closing ceremony of 'Hindi Week', Under Secretary, Committee of Parliament on Official Language, New Delhi, invited as Chief Guest, enlightened and educated RailTel's officers and staff about the spirit and salient features of the Official Language Act.

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

14. 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.

15. 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 Rs. 8,000/- per meeting attended.

16. PARTICULARS OF EMPLOYEES

No employee has drawn a remuneration of Rs. 60 lakhs or more per annum or Rs. 5 lakhs or more per month during the year 2012-13.

17. PARTICULARS RELATING TO CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC.

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 to ensure energy conservation within the Data Center.

During the year, the Company incurred a total expenditure of Rs. 10.16 crores (previous year – Rs.6.76) 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.

No separate earmarked expenditure has been incurred during the year.

- (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 impact of the measures being taken for reduction of energy consumption would be known once the steps taken are effectively implemented on usage of renewal energy project(s).

- (c) Under sustainable development during the FY13-14, the MoU target is to provide for atleast 5% energy saving in 20 Point of Presence (PoPs) of RailTel. Your company is working towards achieving the set target.

18. CENTRE FOR EXCELLENCE

During the year, RailTel took the initiative of opening a Telecom Center of Excellence in partnership with IIT Roorkee and accordingly Department of Telecommunications, Govt. of India approved the 8th TCOE (Telecom Centre of Excellence) to be established by RailTel at IIT Roorkee. The tripartite agreement between DoT, RailTel & IIT Roorkee was been signed on 5th June '13 in the presence of Sh. Kapil Sibal (Hon'ble Minister for Communications & Information Technology and Law & Justice) to take up the R&D activities in the field of ICT & Broadband applications." RailTel shall fund a total of Rs. 12 Cr. to the TCOE over 5 yr period.



Signing ceremony in the presence of Shri Kapil Sibal, Hon'ble Minister for Telecommunication & Information Technology and Law & Justice

19. CORPORATE SOCIAL RESPONSIBILITY

During the year, RailTel provided IT-Kiosk in schools with broadband access at 36 institutions in 20 rural panchayats in the State of West Bengal, Haryana, Rajasthan, Gujarat, MP and Tamilnadu of the country. This shall not only enable internet access to the students but shall also help in providing various value added services like, e-education, e-gov services in the panchayats which shall provide benefits to the local community.

The Company incurred an expenditure of Rs. 2.6 Cr. (Rs. 97 lakhs booked during the financial year 2012-13) towards providing the above infrastructure.

20. The Company has not earned foreign exchange during the year under report. The Company incurred an expenditure in foreign currency of ` Nil lakhs (previous year nil lakhs) on account of payment towards capital goods. However, during the present year, your company has bagged SASEC project from Bhutan worth Rs. 7.17 Cr. which shall help in earning foreign exchange during the forthcoming years.

21. 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.

22. 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.

23. PRESIDENTIAL DIRECTIVES

No Presidential Directives were received from the Government during the financial year 2012-13.

24. EXPLANATION TO AUDITORS' QUALIFICATIONS ON THE ANNUAL ACCOUNTS.

The Auditors have made observations in their Report on the annual accounts of the Company for the year ended 31st March, 2013, and the same are replied/dealt with as under:

S.No.	Observations of Statutory Auditors on 2012-13 Accounts	Management Replies
(i)	<p>(a) Sundry Debtors, Loans and Advances and Current Liabilities include Rs.10613 lakh receivable from ministry of Railway and Rs.8269 lakhs payable to ministry of Railway respectively on various accounts/works. In some of the accounts there are no movements for a long time. In absence of balance confirmation/reconciliation reliability/adjustability of the same cannot be commented upon.</p> <p>(b) In addition to the facts stated above balance Balances shown under Debtors, Creditors and Advances are subject to confirmation / reconciliation and consequential adjustments, if any.</p>	<p>(a) Receivables include on account of Railway project outstanding, payment for the supplies made and services provided. The payable includes proposed revenue share and advances received for the projects. The policy of reconciling the amount of payable and receivable to Railways is already in place but its implementation needs to be made more effective and regular. It also interact with the Ministry of Railways, Zonal railways and others for the settlement of the pending dues.</p> <p>(b) Letters for balance confirmation have been sent to all Sundry debtors in the current financial year 2012-13. Efforts for reconciliation of current liabilities of all major parties will be perused for completion within the current financial year.</p>

S.No.	Observations of Statutory Auditors on 2012-13 Accounts	Management Replies
(ii)	VAT Liability on Railway Deposit and Asset transferred to Railways has been calculated and accounted for. The same has been worked out in 2012-13 to Rs 2159 Lakh yet to be paid .	The applicability of VAT liability and its settlement shall be completed during the current financial year.
(iii)	Company has not taken insurance cover for the Assets of the RailTel due to which assets are exposed to risk which may apprehend losses to the company. 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 waited.	An assessment will be made on the basis of loss of asset due to theft, fire, flood and other causes during past five years and based on this assessment, a policy decision on taking of policy will be taken.
(iv)	Depreciation on fixed assets transferred from Railways has been charged without reassessing the remaining useful life of the asset; the impact on such transaction is not ascertained.	Life of all the assets of the Company has been examined and finalized by Technical committee of the Company. Depreciation has been charged accordingly on average life basis.
(v)	Capital work in progress and Inventories are accounted for at the time of payment instead of at the time of receipt of material at site.	Instructions to the same will be issued and will be get implemented in the current year. ERP has this provision and will take care of this.
(vi)	A provision for Rs 569 lakh has been made for liability against license fee payable to DOT on other and interest income for Financial years 2009-10, 2010-11 and 2011-12 on the basis of assessment finalized by DoT for the year 2007-08 and 2008-09 subsequent stand taken by the company to pay revenue share on interest and other income as well during the current financial year. [Refer note 22(iii)(a)]	Factually correct as provision made on the basis of assessment made by the DoT for FY 2007-08 & 08-09 based on recent Supreme Court decision in the matter. Company has already started paying the DoT license fee on proportionate interest and other income.
(vii)	Sundry creditors for revenue expenses include Rs 266 lakh against the services rendered by one of the equipment supplier and maintenance contractor during the period 01.04.2009 to 31.12.2011 without formal written purchase/Work order by the company. It is informed the provision has been made on the basis of negotiation with the party. However final settlement is not yet made. [Refer note 9(i)(4)(b)]	The approval has been given by the competent authority and final settlement is in progress and will be completed during Financial year 2013-14.
(viii)	Provision of 194 lakh (Net) has been made after adjusting value of equipment amounting to Rs. 275 lakh against the liability towards arbitration claim.[Refer note 7(i)(3)(d)]	This is statement of fact and is a part of disclosure requirement.

25. DIRECTORS' RESPONSIBILITY STATEMENT:

- 25.1 In terms of the provisions of section 217(2AA) of the Companies Act, 1956, as amended, your Directors confirm as under:
- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
 - (b) 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;
 - (c) 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
 - (d) that the Directors have prepared the annual accounts on a going concern basis.

26. CORPORATE GOVERNANCE

- 26.1 The Company is on the path of enhancing the concept of corporate governance and the principles underlying the same. As a part of good corporate governance practices, the Company has been taking steps to implement such concepts. A report on the corporate governance is annexed to this Report.
- 26.2 In compliance with the directive of DPE, the Company is also regularly sending its quarterly returns in the prescribed manner to the DPE.

27. MOU SIGNING

- 27.1 RailTel is signing an MoU with the Government of India, Ministry of Railways thereby laying inter alia the physical and financial targets. During the year 2011-12, RailTel has got "Good" rating from DPE.
- 27.2 The company has assessed "Excellent" rating during the year under review i.e. 2012-13 on MoU stated parameters. It has been also approved by BOD of the company and also by the Ministry of Railways. The self-assessment has been sent to DPE for the final evaluation.

28. AUDITORS

- 28.1 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, 2013. 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:

1. M K P S & Associates	Western Region
2. SRI & Associates	Eastern Region
3. Raju & Prasad	Southern Region
4. V.K. Verma & Co.	Northern Region

28.2 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 ` Rs. 9.00 lakhs excluding service tax.

28.3 Similarly, the approval of the shareholders is solicited for authorizing the Board for fixation of remuneration payable to the statutory auditors for the year 2013-14 as and when appointed.

29. COST AUDITORS:

29.1 The Company has appointed M/s Sanjay Gupta & Associates, Cost Accountants as Cost Auditors to audit the cost record maintained by the Company for the financial year 2012-13. The Company filed Form 23C with the Ministry of Corporate Affairs and the same has been approved in respect of such appointment.

30. COMMENTS OF CAG

The comments of the CAG on the accounts of the Company for the year ended 31st March, 2013 and the management replies thereto as included in the annual report form part of this report.

31. BOARD OF DIRECTORS

31.1 During the year under report, the Board of RailTel consisted of ex-officio part time Chairman (Member Electrical, Railway Board), Managing Director, three functional Directors, one Govt. Nominee and four part time non official Directors.

31.2 In terms of the orders of the Govt. of India, Ministry of Railways, Shri RK Bahuguna took over as Chairman & Managing Director of the Company from 7th March, 2013.

31.3 Shri NK Gupta was appointed as Director/Finance w.e.f 10th July, 2012.

31.4 Shri A. Seshagiri Rao was appointed as Director/Network Planning & Marketing w.e.f. 16th August, 2012.

31.5 Shri Sanjay Upreti, Executive Director/FC, Railway Board was nominated as Nominee Director in place of Shri Naresh Salecha w.e.f. 30th January, 2013.

31.6 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.

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

31.8 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.

- 31.9 The Board also placed on record its appreciation of the services rendered by Shri Naresh Salecha & Shri. A K Bandyopadhyay during their respective association with the Company.
- 31.10 The Board has seven meetings for transacting the business of the company during the year 2012-13.

32. AUDIT COMMITTEE

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

1. Shri A.K. Sinha, part time non official Director
2. Shri R.K. Goyal, part time non official Director
3. Shri Bhaskar Gupta, part time non official Director
4. Shri. Sanjay Upreti, Nominee Director

33. ACKNOWLEDGMENTS

- 33.1 The Board expresses its gratitude towards Indian Railways and other Departments for their cooperation and continued assistance. Besides, the Board is also thankful to IRFC for providing timely assistance to the Company.
- 33.2 The Board expresses its gratitude to Department of Telecommunication, for considering 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.
- 33.3 The Board also expresses its sincere thanks to CAG and the statutory and also the branch auditors for their valued contribution.
- 33.4 The Board also places on record its appreciation of the services rendered by all categories of employees and others, which have enabled RailTel to achieve its objectives. The Board also expresses its gratitude to the valued customers and vendors of the Company for their kind and continued patronage.

For and on behalf of the Board

Dated : 02.09.2013
Place : New Delhi

(R.K. Bahuguna)
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Economy Overview

The GDP growth rate over last two years have been under pressure despite strong fiscal and monetary stimulus in earlier years due to which a growth rate of 8.6 per cent and 9.3 per cent were achieved in 2009-10 and 2010-11 respectively. However, the boost to consumption, coupled with supply side constraints, led to higher inflation. Monetary policy was tightened, even as external headwinds to growth increased. High rates as well as policy constraints adversely impacted investment, and as a result in the subsequent two years viz. 2011-12 and 2012-13, the growth rate slowed to 6.2 per cent and 5.0 per cent respectively. The consequent slowdown, especially in 2012-13, has been across the board, with no sector of the economy unaffected. Nevertheless, despite this slowdown, the compound annual growth rate (CAGR) for gross domestic product (GDP) at factor cost, over the decade ending 2012-13 is 7.9 per cent.

The services sector in the country which had been the flag bearer of growth, after achieving double-digit growth continuously for last five years also declined to 8.2 per cent in 2011-12 and 6.6 per cent in 2012-13. The sectors that particularly slowed within the services sector was Trade, Hotels, and Restaurants, Transport and Telecommunications, and its growth further declined in 2012-13.

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 during the year 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. The main thrust of the Policy is on the multiplier effect and transformational impact of such services on the overall economy. It recognizes the role of such services in furthering the national development agenda while enhancing equity and inclusiveness. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the NTP-2012. 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. In a major shift from the present licensing regime, the policy recommends to strive to create One Nation – One License across various services and service areas. In addition, NTP strives to achieve for One Nation – Full Mobile Number Portability and work towards One Nation – Free Roaming.

The total subscribers reached 898.02 million including 867.80 million wireless mobile connections, at the end of March 2013 making it the second largest network in the world after China. Out of this, 349.22 million connections are in rural areas and 548.80 million are in urban areas of the country. Tele-density, which was 78.66% at the end of March 2012, declined to 73.32% in March 2013 with mobile tele-density at 70.85%. However, the silver lining has been the overall slight improvement in the rural tele-density during 2012-13 which increased from 39.26% at the end of March 2012 to 41% at the end of March 2013. Though, the urban tele-density decreased from 169.17% to 146.96% during the same period.

There were 164.81 million Internet subscribers including 14.05 million Broadband subscribers & 143.20 million mobile internet subscriber at the end of March 2013 which has shown slight improvement over last year after achieving 8% growth in broadband subscriber over last year. Another achievement for the sector has been the slight improvement in the ARPU levels which have been on decline for last few years. The ARPU for GSM & CDMA in March 2013 have been Rs. 105 & Rs. 95 respectively.

B. RailTel – An Overview

RailTel Corporation is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network presently reaches to over 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) in the market. The company initiated the process to launch various new services viz. data center services, Tele-presence as a service, consultancy services & Railwire 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 9001:2010 certification, RailTel offers a wide gamut of managed telecom services to Indian Telecom market. The service includes Managed lease lines, Tower colocation, MPLS based IP-VPN, Internet, Data Center services and NGN based voice carriage services to Telecom Operators, Internet Service Providers, MSOs, Enterprises, Banks, Govt. Institutions/dept., Educational Institutions/Universities, etc. Over a decade ago, RailTel embarked on a challenging journey to create nationwide telecom infrastructure in the country by harnessing the exclusive Right of Way along the Railway track. Today the dedication shown by all present & past individuals associated with the company have been recognized with conferring of the "Mini Ratna (Category-I)" status from the Govt. of India. During the year, your company also became a 100% debt free company a unique position in today's telecom sector.

Network Strength

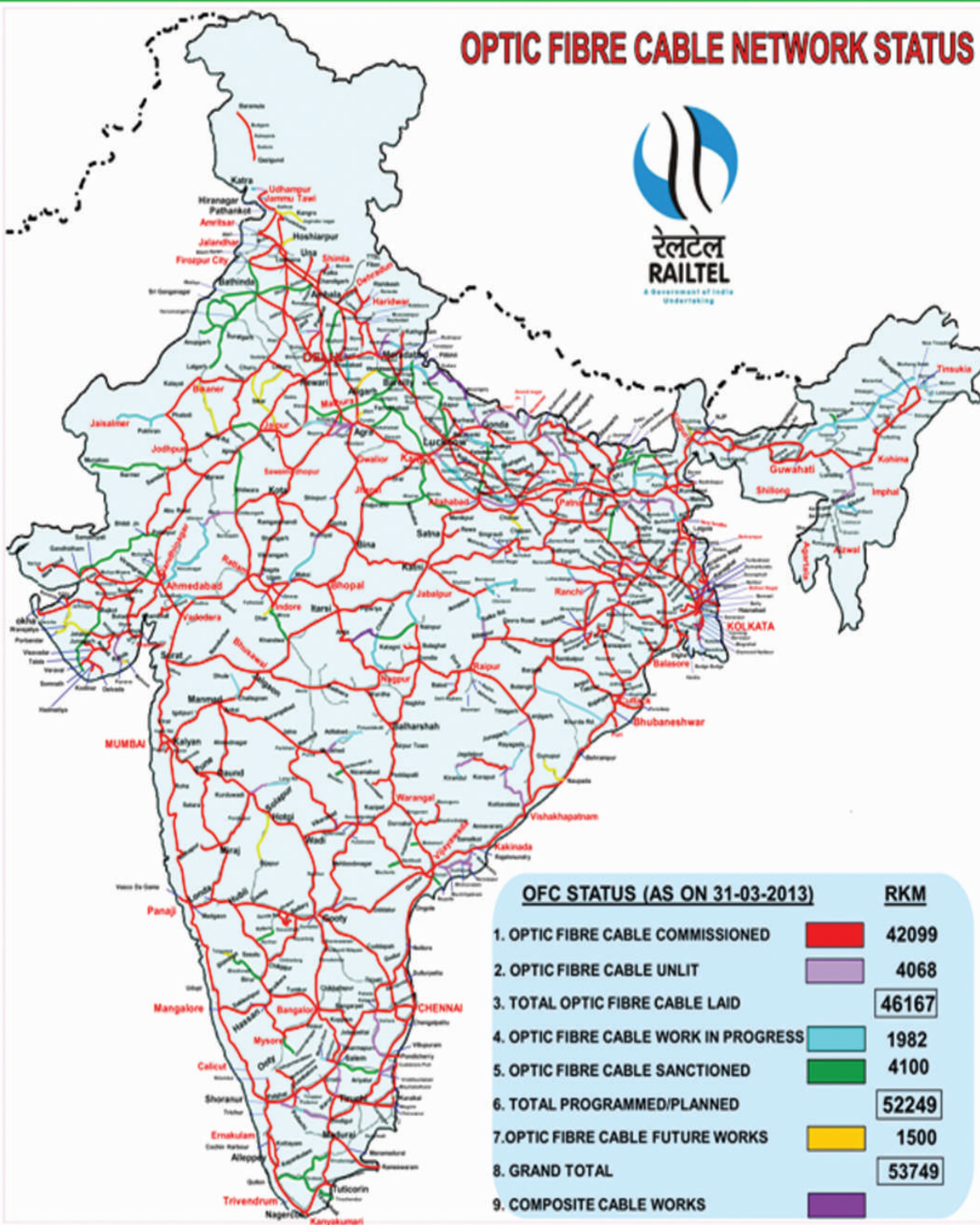
RailTel has exclusive seamless Right of Way (ROW) along 63,000 KM of Railway Track passing through 7000 stations across the country. Using this ROW, RailTel has so far commissioned over 42099 KM of OFC till March 31, 2013 thus connecting 4145 stations till March'13. Works on another

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-

OPTIC FIBRE CABLE NETWORK STATUS



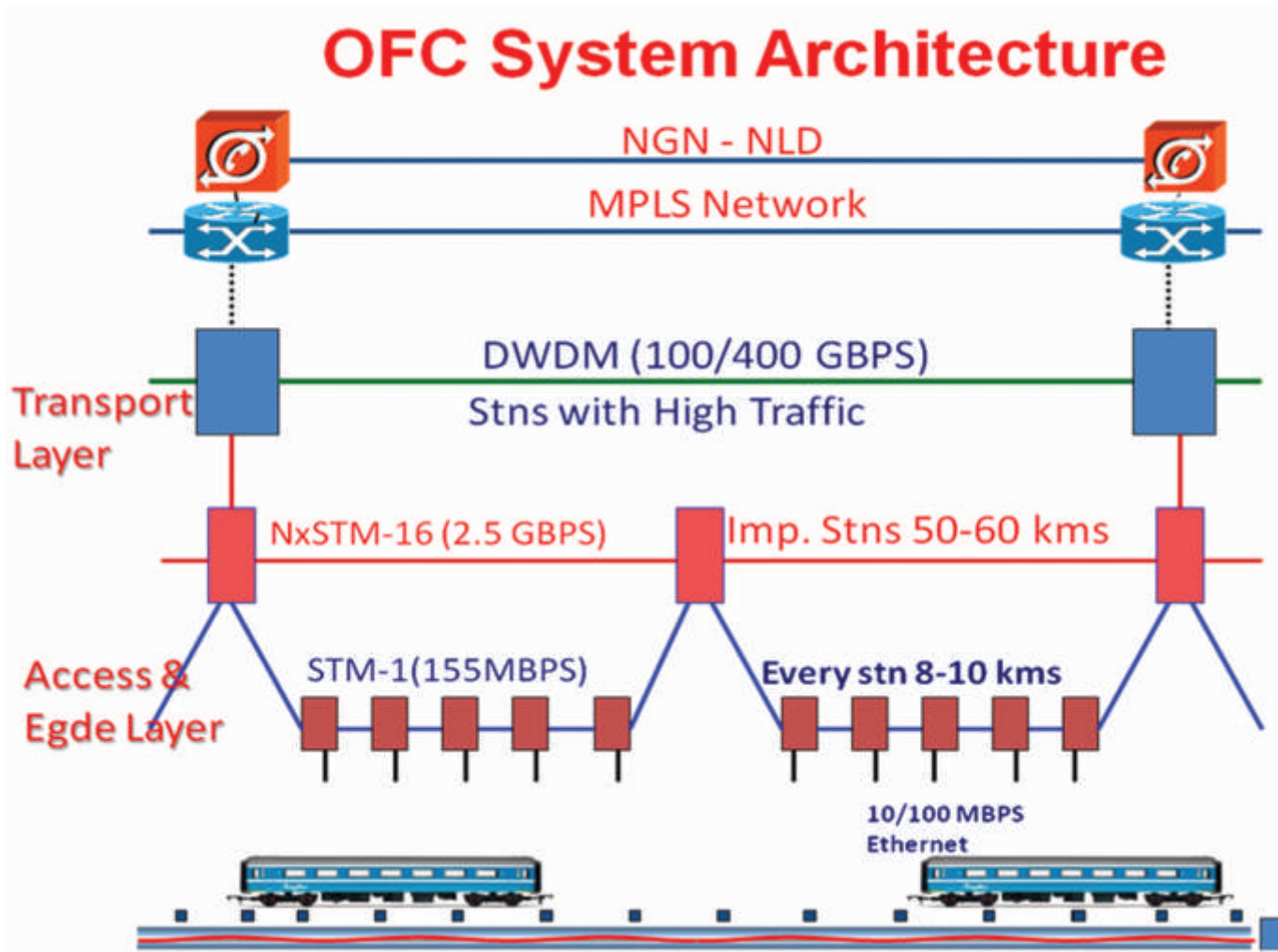
OFC STATUS (AS ON 31-03-2013)

RKM

1. OPTIC FIBRE CABLE COMMISSIONED		42099
2. OPTIC FIBRE CABLE UNLIT		4068
3. TOTAL OPTIC FIBRE CABLE LAID		46167
4. OPTIC FIBRE CABLE WORK IN PROGRESS		1982
5. OPTIC FIBRE CABLE SANCTIONED		4100
6. TOTAL PROGRAMMED/PLANNED		52249
7. OPTIC FIBRE CABLE FUTURE WORKS		1500
8. GRAND TOTAL		53749
9. COMPOSITE CABLE WORKS		

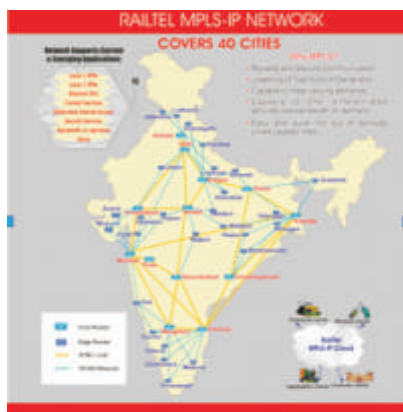
Map is for illustration purpose only

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 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'2014. Access network with C/DWDM & STM-16 has been provided in important cities and is being augmented/extended to over 300+ cities to meet the connectivity requirements of serving Enterprise customers upto the premises.



MPLS-IP & NGN (Next Generation 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 further augmenting its MPLS network on n x 10G Core at 38 important cities and n x 1G at over 70 locations.



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 36 cities having POIs (Point of Interconnection) with majority of Operators. These cities includes all Metros, mini-metros &

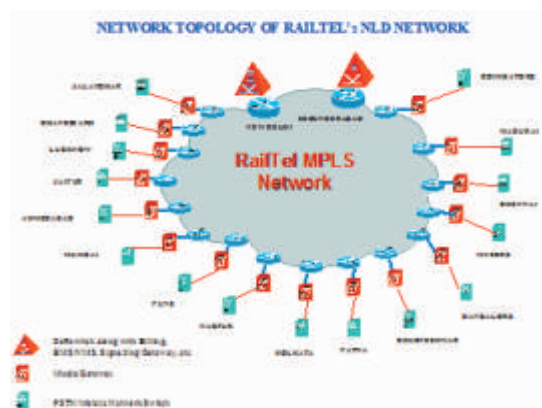
State Capitals to cover all major Telecom circles of the country. NGN is termed to be a future proof technology enabling RailTel to launch various Value Added Services(VAS) as and when market demands. The NGN platform is also being used for connectivity of Railways exchanges for voice communication.

C. 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. The capacity leased has also grown exponentially 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.

Bandwidth Leasing

During the year, RailTel has been able to consolidate the bandwidth leasing segment due to the rationalizing of tariff policy and introducing innovative pricing mechanism in earlier year. This has



ensured preventing any large scale surrenders of the service specially by the Telcos during the year. In addition, RailTel has been able to extend its running contracts with various enterprise and banking customers thereby maintaining a dedicated customer base. The aggregated network capacity leased to various telcom & enterprise customers has grown to over 175 Gbps, a growth of over 50% over last year.

Further, significant resources were assigned to plan the network atleast for next 5 years requirement. In this initiative, sustainable network design plan based on the latest DWDM, PTN, DXC (ASON) based technology for Core & City access have been prepared and implementation is targeted to be completed within a year.

IP-VPN & IBW

Your company made well planned and timely investments in MPLS network to fulfill 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. During the year, RailTel has leased over 3.6 Gbps of IP-VPN bandwidth to various customers including Railways registering a growth of over 12%. However, the growth in revenue could not be matched with volume growth due to the intense competition and non-availability of VAS services with RailTel. This has necessitated to plan VAS services in order to extract more revenue per customer as well as improve bandwidth utilization of the network.

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 4 Gbps of IBW to various customers registering a growth of over 25% during the same period last year.

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 Sep'14 and all India by Dec'14. 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 digitalization MSOs 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 against the DTH operators.

Fully understanding their needs and requirement of MSOs, RailTel during the year made a separate strategy to address this huge market and accordingly built a specialized service structure with specific tariff charges on per port basis of Lease Line services for MSOs which was non-existent in the industry earlier thus making digital broadcasting affordable with quality and reliability on this OFC network. Understanding the complexities of MSO's business model, RailTel provided them with the option of long term and short term leasing of services thereby not only ensuring MSOs to

sustain their businesses but also ensuring committed revenue to RailTel. This resulted in tapping new requirements from various MSOs across the country. The ensuing year shall be important for RailTel to target and attract more of the MSO players on to its network when MSO roll out their network in small cities/towns across the country.

Colocation Services

The Indian Mobile Revolution has led to the introduction of various services; one of them being “Infrastructure Sharing”. RailTel with IP-1 license and an asset of over 1000+ towers across India have gradually built expertise in this business.

During the year, RailTel has strengthened its existing arrangements with all mobile operators across India to lease these tower sites for collocation purposes. Understanding the market requirement, RailTel during the year has standardized its agreement for the collocation services and revised the tariff charges to ensure competitiveness in the segment. It is expected that the requirement shall further firm up with roll out of 3G/4G services in the country. RailTel's location also gives inherent advantage to customers in accessing fiber based backhaul services thereby saving spectrum usage by the Telcos which has become more expensive to sustain. Till March'13, RailTel has provided 788 colocations to various Telcos across the country.

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 36 cities comprising of Metros, mini-metros & important State Capitals covering all major circles of India. RailTel has also in place the Interconnection agreement with all operators using which RailTel is able to carry calls to even to the remote and rural parts of the country. During the year, RailTel carried total of 401 million minutes of NLD traffic over its network.

NGN is termed to be a future proof technology enabling RailTel to launch various Value Added Services(VAS) as and when market demands. The network is being used by some prominent Telcos for carriage of NLD calls across the country. In addition, new operators have also shown interest in RailTel's services and are under discussion to utilize the infrastructure for their requirement.

D. RailTel Network for Railways Operational Excellence and Passenger Delight

One of the objectives for creation of RailTel was to modernize Railways' telecommunication Network for safer and efficient train operations. In this endeavor every station has been provided with STM-1 links with 155Mbps capacity. This supports various data connectivity needs of Railways like PRS, UTS etc.

RailTel also provides MPLS based Wide Area Network – Railnet to support administrative data communication needs of various field organizations of Indian Railways. The network interconnects Ministry of Railways with 16 Zonal HQs, 66 Divisions offices, Production units, Training Institutions for sharing of information from all reas. 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 implemented the project of creating secured L3 MPLS VPN network for Vigilance directorate connecting over 39 locations across all Zonal Railways and Railway units.

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 as well as worldwide. It has greatly facilitated in seamless communication among the officials for improved train operations. During the year, the revised agreement for offering CUG services was signed with the service provider based on the open tender procedure.

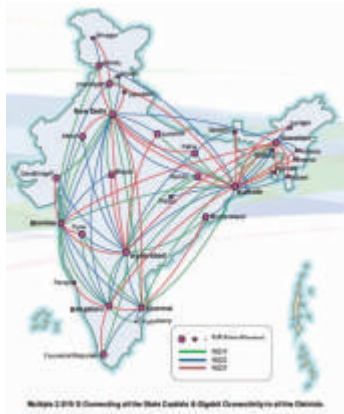
Further, all major telephone exchanges of Indian Railways were also migrated to future proof NGN technology. This infrastructure is very critical for day to day administrative functioning of Railways. RailTel with its intelligent NGN switch has migrated this whole network on its NGN based IP infrastructure thereby improving efficiency and lowering the operational cost of Railways significantly. RailTel has carried over 39 million minutes of voice traffic of Indian Railways during the year.

During the year, RailTel has also deployed IP-DSLAM's on existing Railway exchanges to provide Broadband services to several thousand homes and offices of Indian Railways in various cities using the existing Copper wire last mile of Railways. During the year RailTel has provided over 30000 connections on this network. 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.

In addition, RailTel also participated extensively with various committees formed for modernization of Indian Railways as well as for provisioning of modern communication based safety systems on IR. Based on the same, RailTel is pursuing opportunities to create network for implementation of modern signaling and safety systems in Indian Railways.

E. Facilitating Govt. of India Initiatives

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 Rs. 1056 Cr. over 10 yr period out of which Rs. 587 Cr. have been received as advance.

Till March 31, 2013 RailTel has provided 26 Core links, 76 Distribution links and 319 Access links to operationalize the network. Under the project, RailTel is slated to execute links worth Rs. 1200 Cr. approx. by next year.

Total cumulative capacity of over 208 Gbps have been commissioned for NKN project till Mar'13 for connecting Core, distribution & access locations on the NKN network thereby ensuring timely revenue realizations from

Democratizing Information through Broadband to Panchayats:

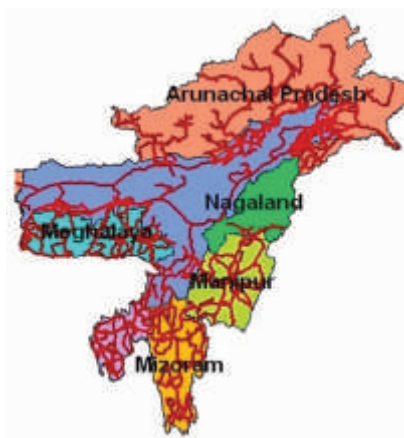
With an aim to democratize information to improve governance and service delivery at the Panchayats through increased efficiency, accountability, transparency & collaboration and greater decentralized decision-making, Government of India has agreed to create OFC based Broadband infrastructure till all the Panchayats. For this purpose, Government of India through DoT had created a High Level Committee (HLC) under the co-chairmanship of Sh. Sam Pitroda, Advisor to Prime Minister for (P3i) & Sh. Nandan Nilekani, Chairman/UIDAI to study and create a strategy plan for providing broadband connectivity to all 2.5 Lac panchayats of the country on fiber optic cable with minimum 100 Mbps speed. Based on their commendation of the HLC, Cabinet Committee on Infrastructure in Oct'11 approved the project at a total cost of Rs 20,000 Cr. The network shall be used to provide various E-Gov services as well as internet facility to all Panchayats for the benefit of all population.

For this purpose a new CPSU, Bharat Broadband Network Ltd. has been created which shall take up the work of NOFN implementation as well as own the entire network. RailTel has been selected as one of the implementing partner (along with BSNL & PGCIL) to lay the incremental OFC network to connect the panchayats with respective Block HQs on 100 Mbps broadband speed.

BBNL has allotted 11 states comprising of 36,000 panchayats to RailTel which includes the states of Gujarat, Daman & Diu, Dadar & Nagar Haveli in West, Tamil Nadu and Puducherry in South and Meghalaya, Mizoram, Tripura, Arunachal Pradesh, Manipur, Nagaland in North-East. RailTel shall be implementing approx. Rs. 2500 Cr. worth of project. During the year, RailTel was also instrumental in timely implementation of the pilot block under the project at "Panisagar" in Tripura in which 14 panchayats were connected by RailTel on the OFC network.

Creation 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 utilization of national resources. The agreement between USOF & RailTel shall be for a period of 8 years. The whole project has to be completed within 24 months timeline from the date of signing of agreement which was signed between USOF & RailTel in Jan'2012.

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. In this regard, RailTel is working closely with the local administration in all States and has already met with Chief Ministers, State IT Secretaries, NE Council to ensure that necessary clearances are given to RailTel for creating this network.

F. **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 signaling projects, broadband services & various VAS like Tele-presence, Cloud using Data Center facility created by RailTel.

As per the business plan, RailTel has the potential to grow to Rs. 687 Cr. by FY14 and Rs. 1180 Cr. by FY16. RailTel needs to invest cumulative capex of Rs. 852 Cr. by FY16, 30% of which needs to be invested in FY13 for network augmentation/creation.

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 Signaling, 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.

Business plan also recommends for RailTel to reorient from current 'Project & Operations centric organization' to 'Sales & Customer Service focused organization'. For this, it is recommended that sales & marketing functions needs to be separated from territory managers and dedicated team needs to be in the regions under direct control of CO which shall supervise the entire sales & marketing cycle. RailTel shall establish National NOC for Lease line, VPN & other services with centralize provisioning of customer network powered by OSS/BSS solutions. This will enable central view of entire network and facilitate comprehensive network planning and optimization.

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 heavily falling Bandwidth prices. Similarly maintaining high margins/bottomline is another area of concern which requires a very 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.



Mr. Manohar Raja, GM/BD, RailTel signing Agreement with Mr. Phuntsho Tobgay, Director, Department of Information Technology & Telecom, Bhutan

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 2012-13, total revenue earned by RailTel is Rs 435.58 Crs. The operating profit/gross margin earned during 2012-13 has been Rs. 231.79 Cr. while net profit earned has been Rs 111.59 Crs. RailTel has also paid an interim dividend of Rs 8 Crore to Ministry of Railways during the year under report.

From NLD (Bandwidth) services, RailTel earned Rs. 222.48 Cr. during the year which is 12% higher than last year. While earning from IP-1 services has been Rs. 78.3 Cr. reflecting a growth of 12% over last year. Total earning from IP-VPN and IBW services has been Rs. 38.77 Cr. 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.

The services offered by RailTel includes National Long Distance Bandwidth leasing (2 Mbps to 155 Mbps & above), Internet Services, Tower Space for Antennae (1000+ towers nationwide), Co-location services, Dark Fibre leasing and VPN services.

Awards:

During the year, RailTel bagged the National Telecom Award 2012 organised by CMAI for category of "Excellence in Innovation with Rural Telecom Focus". The award was received by Sh. Rajiv Sinha, Director/POM in an award ceremony held on 8th May 2012 held at Siri Fort Auditorium. The award received in total 541 nominations over several categories and witnessed participation from the leaders of Global Telecom industry, Senior Government officials and Heads of Indian Telecom Industry.



National Telecom Award 2012 being received by Mr. Rajiv Sinha, D/POM, RailTel. (standing at no. 2 from left).

During the year, RailTel also received the Aegis Graham Bell Award for "Innovation in Telecom Infrastructure" in 2012 in a ceremony held in Oct'12. In addition, RailTel MD Sh R K Bahuguna was selected as "T20 of Indian Telecom" in 2012 by Aegis Graham Bell Awards.

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-12. 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 signaling 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

RailTel is moving 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

To lead to a customer-focused and operationally efficient public organization that consistently delivers superior results, your company has initiated the project to reach this goal by implementing ERP (Enterprise Resource Planning) and is called Project Parivartan. Parivartan will enable RailTel to improve service to internal staff as well as external customers; increase the quality and consistency of information delivery, better manage and control risk, and increase efficiencies. It will enable 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 will ensure that updates regarding Project are communicated and that specific communication principles are adhered to. The project involves country wide implementation across all offices of RailTel catering to all departments incl. Project, Operation, Finance, HR, Sales & Marketing. During the year, the project completed all its milestone incl. business process documents (To-Be process) for ERP implementation. In addition, one module each for HR & Finance were implemented by Mar'13 and successful Conference Room Pilot (CRP) was also completed for all modules of ERP. The project is under the 2nd phase wherein the system design as well as data migration have been taken up for total ERP implementation by Oct'13.

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 incl. 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 was done for recruitment of finance professionals/CA's to take up the work of auditing, taxation, costing & accounting system.

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

- (a) Empowering staff at each level with lot of functional flexibility.
- (b) Key Result Areas have been identified with each of the official thereby bringing a sense of team working.
- (c) Regularly social interaction of employees at various levels.
- (d) New System of identifying talent for giving higher position was introduced through limited departmental competitive examinations which has motivated people do better.
- (e) 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

In the past your company has taken CSR initiatives in areas of providing artificial limbs, calipers & hand paddled tricycles for disabled persons, financial assistance to girls affected by violence for their education and skill development.

During the year, RailTel provided IT-Kiosk in schools with broadband access at 36 institutions in 20 rural panchayats in the State of West Bengal, Haryana, Rajasthan, Gujarat, MP and Tamilnadu of the country. This shall not only enable internet access to the students but shall also help in providing various value added services like, e-education, e-gov services in the panchayats which shall be an advantage for the local community.

The Company incurred an expenditure of Rs. 2.64 Cr. towards this initiative.

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, 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

This year our emphasis has been on system improvement rather than punitive vigilance. Accordingly, various inspections were conducted in different spheres of company working. 17 inspections were carried out at different Regions & territories. Apart from this 12 complaints were investigated which resulted in number of system improvement apart from punitive action against errant staff

CVC's instructions on leveraging of technology were closely monitored by CVO. ERP and E-procurement system has been the focus area. In addition "on line bill payment status" system was also implemented on the Web site of RailTel. Regular meetings between MD, CVO, Directors and other senior executives has also been done for better coordination and overall improvement in function of vigilance administration. Following are the achievements in vigilance administration:

- ERP (Use of IT for vigilance administration) implementation has been taken in hand by the company. ERP implementation (LOA has been issued) to stream line working of various verticals has been taken up in RailTel. This shall help in developing new processes and systems to enhance transparency and efficiency and facilitate management of RailTel professionally and correctly.
- Vigilance Awareness week was celebrated in corporate office as well as in 4 regional offices of RailTel during the period 29th Oct to 3rd Nov 2012. Educational/ inspirational posters and banner on Vigilance issues were displaced at prominent locations in the corporate office as well in the regional offices/territorial offices. Slogans/quotes were put on the notice board. Staffs were counseled about the activities. Sh. Prabodh Kumar IPS Joint Director CBI/New Delhi was invited to deliver special talk on Vigilance issues in the corporate office on 02.11.2012. This was well attended by the RailTel officers as well officials of regional offices in Delhi area. The discussion were very well appreciated and of great importance for the company work culture in vigilance administration. A poster competition on the topic transparency in public procurement and quiz competition were held and prizes were distributed among the winners.
- VPN Network for Indian Railways Vigilance set up under Ministry of Railways has been completed at all Railway locations and readied for Vigilance administration as per Railway Board instructions for Indian Railways.
- Publication of the tender enquiries, bid awards details on CPP portal implemented.
- Electronic complainant management system for public has been created on RailTel website.
- Adoption of integrity pact is under consideration. Draft of integrity pact has been prepared and presented to Company Secretary for taking BOD approval.
- On Vigilance recommendations, to take care of fraudulent activities in the Company, the finance department has developed a revised finance code and initiated action plan to implement it to curb loop holes which may lead to malpractices.

- Preventive checks were conducted during the year in the area of O&M (repairing of OFC and leasing of dark fiber). System improvements have been advised to retrieve damaged/defective OFC fiber. A system to make a data base of dark fiber leasing as well as to maintain leasing arrangement has been made. With more and more emphasis on the availability of dark fibers in OFC in the country, vigilance has launched a drive to retrieve damaged/defective OFC fiber, which shall lead to more revenue to the company as well as make resources readily available for upcoming National Optical Fiber Network project a national mission mode project of Govt of India.
- In order to rationalize O& M payments as per the actual length of the O.F.C section, drive has been launched to get all the OTDR equipments (Used for calculating length of O.F.C) duly calibrated, so that the length is accurate and money paid is as per actual length.
- Preventive checks were conducted during a year, in the areas i.e. inspection of projects and their implementation, records of commercial circuits, demand notes/invoices, commissioning dates of circuits and revenue realized imprest bills, reimbursement bills, functioning of outsourced maintenance contractors and failure analysis, efficiency in processing files, especially, Leasing of dark fiber and revenue earned form fiber leasing revenue earning proposals, setting up of ISO process progress made in online billing etc.
- In order to supervise the dark fiber, it is suggested for adherence of corporate policy in leasing of dark fiber, examination of invoices raised, revenue earned and sanction of leasing of dark fiber in the regions and plan the monitoring of dark fiber from NOC/Central location to prevent unauthorized tapping of dark fiber.

Annexure to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

1. 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.

2. Board of Directors

2.1 Composition of Board of Directors

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

2.2 Strength of Independent Directors

There are independent directors in the Company, and the tenure of appointment is 3 years from the date of appointment. Three part time non official Directors are in position at present.

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

2.3 Change in Whole- time Directors

During the year under report, Shri A. Seshagiri Rao and Shri N.K Gupta have been appointed as the Director /Network, Marketing & Planning (NPM) w.e.f. 14th August, 2012 and Director/Finance w.e.f. 10th July 2012 respectively.

Further Shri R.K. Bahuguna, who was earlier holding the post of Managing Director has been re-designated as Chairman and Managing Director of the Company and he took over to such post on 7th March, 2013.

2.4 Changes in Part-time (Official) Directors

Shri Sanjay Upreti, Executive Director, Finance (Commercial), Ministry of Railways has been appointed as Nominee Director vice Mr. Naresh Salecha from 30th January, 2013.

Shri Shobhan Chaudhuri, Executive Director (Tele Directorate) has been appointed vice Shri Kul Bhushan from 28.06. 2013.

2.5 Change in part time non official Directors.

During the year under report, there has been no change in the independent Directors.

2.5 The details of Directors are given below:

Directors S/Shri	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
Kul Bhushan	Part time official Director	Nil	Nil	Nil
R.K. Bahuguna	Chairman & Managing Director	Nil	NA	NA
Rajiv Sinha	Director/Projects, Operations & Maintenance (whole time Director)	Nil	Nil	Nil
A. Seshagiri Rao	Director/Network Planning & Marketing (whole time Director)	Nil	NIL	Nil
N.K. Gupta	Director /Finance (whole time Director)	Nil	NIL	Nil
Sanjay Upreti	Part time official Director	Nil	Nil	
Dr. Anup Kumar Bandyopadhaya	Part time non official Director	1	1	1
A.K. Sinha	Part time non official Director	1	1	1
R.K. Goyal	Part time non official Director	1	2	0
Bhaskar Gupta	Part time non official Director	1	2	0

Ceased to be directors during 2012-13 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
Shri Naresh Salcha	Part time official Director	Nil	Nil	Nil
Shri R.K. Mitra	Director /Finance	Nil	Nil	Nil

Notes:

1. The term 'whole-time director' used in this report refers to functional/ executive directors.
2. 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 Para 4 of this report. None of the directors has any material or pecuniary relationship with the Company which can affect their independence of judgment.
3. The number of Directorships is within the maximum limit of twelve (12) as mentioned in sections 275 to 278 of the Companies Act 1956.
4. Committees here denote Audit Committee, Remuneration Committee and Allotment Committee, Organization Committee.
5. The number of committee memberships/chairmanships of directors is within the maximum limit of ten memberships.
6. The term 'official' indicates part-time Government nominated directors who hold office in the Government.
7. The term 'non-official'/ independent' indicates part-time directors who hold no office in the Government and are independent.

3. 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.

4. **Brief Resume of Directors who joined the Board as whole-time / Part-time Directors.**

(i) 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 Railway 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 is also concurrently holding the office as ex-office 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.

(ii) Shri R.K. Bahuguna now Chairman and Managing Director (w.e.f. 7.03.2013)

(earlier associated with the Company as Director/NPM and then as Managing Director with effect from July, 2007 and October, 2011 respectively.

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 Signaling 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 the Company from March, 2013.

(iii) Shri Rajiv Sinha, D/POM (with effect from 27.10.2006)

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.

(iv) 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 (IRSSSE 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 reasucedy. Innovative marketing techniques were reasuced by him to enter new reas of business. He joined Corpoarate office as ED/NPM in 2011 and became Director /NPM in May 2012. He travelled extensively in India and abroad visiting countries like Singapore, malyasia, China, Italy, Germany and USA. He attended a number of conferences and presented papers in various events.

(v) Shri N.K. Gupta, Director (Finance) (w.e.f. 10.07.2012)

Shri NK 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 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.

(vi) 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 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 Panjab University.

(vii) Shri A.K. Bandyopadhyay, part time non official /independent Director (upto 27.7.2013)

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 modeling of distributed Systems. Professor Bandyopadhyay has many research publications to his credit in National and International Journals.

(viii) Shri Anil Kumar Sinha, part time non official /independent Director (w.e.f. 08.09.2010)

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.

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

Shri Rajendra Kumar Goyal is qualified personnel 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.

(x) 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

(xi) Shri Shobhan Chaudhuri, part time non official /independent Director (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.

Remuneration of Directors

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

With the approval of the administrative Ministry i.e. Ministry of Railways, part-time (non-official)/ independent directors 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.

4.1 Disclosure of Remuneration package of whole-time Directors for 2012-13

The remuneration paid to Directors during the year was of Rs. lakhs in the current year as against that of Rs. 95 lakhs in the previous year.

No stock option has been made available or offered by the Company during the year 2012-13 as the equity shares of the company are held only the Govt. of India.

4.2 Details of Payments made to Part-time Non-Official Directors During the year 2012-13:

SI No.	Name of the part-time non-official Directors	Sitting Fee*		Total
		Board Meetings	Other meetings	
1	Shri A.K. Sinha		-	0.96 lakhs
2.	Shri R.K. Goyal		-	0.88 lakhs
3.	Shri Bhaskar Gupta		-	0.96 lakhs
4.	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.

5. Board procedure

BoD Meeting and Attendance during 2012-13:

The Board of Directors met five times during the financial year 2012-13.

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 2012-13 are given below:-

Director	No. of Meetings during 2012-13		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Shri Kul Bhushan	7	5	Yes
Shri Rajiv Sinha	7	6	Yes
Sh.RK Bahuguna	7	7	Yes
Shri Bhaskar Gupta	7	7	
Sh.A.K. Bandyopadhyay	7	7	Yes
Shri A.K. Sinha	7	7	Yes
Shri N.K. Gupta	4	4	Yes
Shri A. Seshagiri Rao	3	3	Yes
Shri Naresh Salecha	6	5	Yes
Shri Sanjay Upreti	1	1	NA

Mr. S.C. Hans, Company Secretary, attended all the Board Meeting of the Company held during 2012-13.

6. 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. 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 2012-13 is placed as Annexure 'A'

7. Audit Committee

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

- (a) Review of financial statements.
- (b) Review of project and other capital schemes.
- (c) Review of operational performance vis a vis standard parameters.
- (d) Periodic review of systems and internal control.
- (e) Review of Government Audit and Statutory Audit Reports.
- (f) Development of commensurate and effective internal audit functions.
- (g) 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 2012-13 were approved by the Board of Directors on _June, 2013

No Subsidiary has been formed by the Company.

- 7.2 Audit Committee Composition and Attendance during 2012-13

The Audit Committee of the Board, consisting of four part-time non-official (independent) Directors of the Company, was originally set up with the approval of Board of Directors as a 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 four independent director, one part-time official director.

The Committee had 4 meetings during the financial year 2012-13.

The attendance by the members at the meetings held during the year 2012-13 is as follows:

Member	Status	Meetings held (During their respective tenures)	Meetings attended
Shri A.K. Bandyopadhyay	Chairman	5	4
Shri Naresh Salecha	Member	3	2
Shri R.K. Goyal	Member	5	4
Shri A.K. Sinha	Member	5	5
Shri Bhaskar Gupta	Member	5	5
Shri Sanjay Upreti	Member	1	1

The Director/Finance had attended the meeting as a Special Invitee.

Mr. S.C. Hans, Company Secretary, is the Secretary of the Audit Committee and attended all the 4 meetings held during 2012-13.

8. Remuneration Committee

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

The Board accepted such recommendations made by the said Committee.

9. 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.

10. General Body Meetings

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

Financial Year	Date of holding meeting Rail Bhawan, New Delhi	Time	Location
2009-10	29 th September, 2010	5 PM	-do-
2010-11	23 th September, 2011	4 PM	-do-
2011-12	29 th August, 2012	4 PM	-do-

11. Disclosures

- A. There has been no related party transaction of material nature with potential conflict interest.
- B. The Company has followed the Accounting Standard issued by the Institute Chartered Accounts of India in the preparation of Financial Statement.

- C. 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.
- D. 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.

12. CEO/CFO Certification

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

13. General Information for shareholders

13th Annual General Meeting

Date : 24th Sept., 2013

Time : 4 PM

Venue : 2nd Floor, Committee Room,

Rail Bhawan, New Delhi-110001

Factual Calendar for approving matters pertaining to financial year 2012-13	
Approval of Annual Accounts by BoD	28.06.2013
Adoption of Audited Annual Accounts by Shareholders	24.09.2013

Dates of 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 payment date

Dividend when declared is normally paid within 5 days. During the financial year 2012-13 the Company had paid on 28.12. 2012 an interim dividend to its shareholders of Rs 8 crores on the paid-up share capital of Rs. 320.94 crores.

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	320938407	100.00%
	320938407	
TOTAL		100.00%

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.

Regional Offices and Territorial Offices of the Company etc.

The Company has four Regional Offices at New Delhi, Mumbai, Kolkatta and Secunendrabad. It has got 17 territorial field offices in various State Capitals. In addition, the Company has NOC at New Delhi, Secunderabad, Kolkatta and Mumbai and also a central NOC in Delhi.

Address for correspondence with the Registered Office (regarding the Corporate Governance matters covered under this report is given below:-

The Company Secretary,
RAILTEL Corporation of India Ltd.
10th Floor, Bank of Baorda building,
16, Sansad Marg,
New Delhi-110001
Tele: 011-23319914 and Fax 011-23311711
E-mail: schans@railtelindia.com

OR

RAILTEL Corporation of India Ltd.
Corporate office: 143, Sector 44,
Gurgaon (Haryana)-122003
Tele: 0124-4236085 and Fax 0124-4236084
E-mail: schans@railtelindia.com

Non-Mandatory Requirements

1. 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).
2. 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.
3. 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 Broucher, Annual Report, Latest Unaudited financial results and MoU targets & achievement, Memorandum and Articles of Association,
4. Evaluation of Board Members: Mechanism for evaluating the performance of part-time non official directors is in place.
5. Whistle Blower Policy: The Company has evolved a policy on the subject.

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 behavior, 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.

6. 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 2nd April, 2012 and 18th March, 2013 and all the members of the committee were present at the meeting. The Committee presently consists of:

1. Shri A.K. Sinha
2. Shri A.K. Bandyopadhyay
3. Shri R.K. Goyal
4. Shri Bhaskar Gupta

7. 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

Declaration by Chairman and Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management during the financial year 2012-13

I, R.K. Bahuguna, Chairman and Managing Director, RailTel Corporation of India Ltd., do hereby declare that all the members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct and Key Values of the Company during 2012-13.

Place : New Delhi
Date : 02-09-2013

Chairman and Managing Director

Chairman & Managing Director and Finance Head Certification

We have reviewed financial statements and the cash flow statement for the financial year 2012-13 and to the best of our knowledge and belief:

- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- iii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are illegal or violative of the Company's code of conduct.
- iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed, to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- v) We have discussed with the auditors and the Auditors Committee
 - (a) Significant changes in internal control over financial reporting during the year.
 - (b) Significant changes in accounting policies during the year, and that the same have been disclosed in the notes to the financial statements; and

Place : Gurgaon
Date : 02-09-2013

N.K. Gupta
Director Finance

R.K. Bahuguna
Chairman and Managing Director

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, 2013

Date : 02-09-2013

Place : Gurgaon

R.K. Bahuguna
Chairman and Managing Director

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

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 31st March, 2013 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.

Balika Sharma
(Proprietor)

CP. No. 3222

M. No FCS 4816

Chairman and Managing Director

Place : New Delhi

Date : 27th July, 2013

ServiceTaxNo.:AMAPS9564KST001;

CertificateofPracticeNo.:3222

AUDITOR'S REPORT

V.K. Verma & Co.

Chartered Accountants

C-37, Connaught Place, New Delhi-110001

Tel: 23415811, 23416868, 23415778, 23411014

Fax 91-11-23417925

Email: vkverma@vkvermaco.com

Website: www.vkvermaco.com

This report supersedes our earlier Auditor Report dated 28.6.2013 and is issued at the instance of
Comptroller and Auditor General of India

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, 2013, Statement of Profit and Loss, Cash Flow Statement for the year ended on that date a summary of significant accounting policies and other explanatory information annexed thereto in which are incorporated the account 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 & Auditor 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) (a) Trade Receivable, Loans and Advances, Trade Payables and Current Liabilities include Rs.10,613 lacs receivable from ministry of Railway and Rs.8,269 lac payable to ministry of Railway respectively on various accounts/works. In some of the accounts there are no movements for a long time. In absence of balance confirmation/reconciliation reliability/adjustability of the same cannot be commented upon.
- (b) In addition to the facts stated above balances shown under Trade Receivables, Trade Payables and Advances are subject to confirmation/reconciliation and consequential adjustments, if any [Refer Note No 14 (ii) (1) (c)]
- (ii) VAT Liability on Railway Deposit and Asset transferred to railways has been calculated and accounted for. The same has been worked out in 2012-13 to Rs 2159 lac yet to be paid .
- (iii) Company has not taken insurance cover for the Assets of the Railtel due to which assets are exposed to risk which may apprehend losses to the company. 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 waited.
- (iv) Depreciation on fixed assets transferred from Railways has been charged without reassessing the remaining useful life of the asset; the impact on such transaction is not ascertained.
- (v) Capital work in progress and Inventories are accounted for at the time of payment instead of at the time of receipt of material at site.
- (vi) Non reconciliation and non confirmation of balances recoverable from/payable to Ministry of railway on various accounts and its consequential impacts on the account if any is not ascertainable.

- (vii) A provision for Rs 569 Lac has been made for liability against license fee payable to DOT on other and interest income for Financial years 2009-10, 2010-11 and 2011-12 on the basis of assessment finalized by DOT for the year 2007-08 and 2008-09 subsequent stand taken by the company to pay revenue share on interest and other income as well during the current financial year.[Refer note 22(iii)(a)]
- (viii) Trade Payables for revenue expenses include Rs.266 lacs against the services rendered by one of the equipment supplier and maintenance contractor during the period 01.04.2009 to 31.12.2011 without formal written purchase/Work order by the company. It is informed the provision has been made on the basis of negotiation with the party. However final settlement is not yet made.[Refer note 9(l)(4)(b)]
- (ix) As per the Arbitration Award produced to us, the total amount payable to the party (P3 Technologies) against the Arbitration Award of Rs.469 lacs. Accordingly, a provision of Rs.194 lacs(Net) has been made after adjustment of the value of equipment amounting to Rs.275 lacs as per Arbitration Award. Since the party has not yet transferred the equipments as required by Arbitration Award so far, the same is pending.
- (x) The Accounts and Returns of the Gratuity Fund Trust were not made available to us for our verification. However, the provision for the gratuity and leave encashment has been made on the basis of valuation received from LIC of India.

5. Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, read along with the Accounting Policy and , the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013
- (b) In the case of the Statement of Profit and Loss Account, of the profit for the period 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 applicability of Section 274 (1) (g) of the companies Act, 1956 are not applicable to the Directors of the Company.

**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, 2013.**

- (i)
 - (a) The Company has maintained proper records showing full particulars Including quantitative details and situation of fixed assets. 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 Similarly in certain cases the location of the assets, the quantity, the description are no mentioned.
 - (b) As per information and explanations given to us, the fixed assets have not been physically verified by the management and in absence of physical verification of all assets, the discrepancy, if any with the books records could not be ascertained and accounted for as such in the books of accounts.
 - (c) No substantial part of fixed assets disposed off during the year, affecting the going concern basis.
- (ii)
 - (a) The management has not carried out 100% physical verification of Inventory.
 - (b) The procedures for physical verification of the company is 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 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 scope and extent of coverage needs to be strengthened.
- (viii) The cost records have 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. 689 (E) dated 8th October, 2002.
- (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. 10790 Lac, VAT aggregating to Rs. 1820.38 and VAT aggregating to Rs 502.13 which have not been deposited, the details are as under:

- (x) The Company has no accumulated losses as at 31st march 2013 and the company has not incurred cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.

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 843 lac . Tax may be Rs 253 lac for non invoicing of STM-4 Bandwidth	Department issued a notice u/s 143(2) on 03/01/2013 on of IT act, no reply have been submitted since date of hearing has been fixed on 02/02/2013	253 lac
2	Income Tax	CO	2007-08	Addition of Rs 1619.80 lac. Tax may be Rs 534.53 lac for non invoicing of STM-4 Bandwidth	Appeal has been filed before ITAT on 2/11/2011	534 lac
3	Income Tax	CO	2008-09	Penalty of Rs 433 lac was imposed by AO vide vide his latter no nil dated 29/06/2012	Appeal has been filed before CIT(A) on 31/07/2012	433 lac
4	Income Tax	CO	2010-11	Notice U/s 143(2) received on 10.10.2012	Appearance before AO	9570 lac

Disputed VAT Cases

S.No. (1)	Nature of Tax (2)	CO/Regions (3)	Year (4)	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.
2	VAT	WR	2009-10	N.A	Maharashtra VAT department have issued a notice on 12/10/2012, that Company have not conducted VAT audit as required under Maharashtra VAT Act u/s 61(2). Audit has been completed and report have been submitted

Disputed Service Tax Cases

S.No. (1)	Nature of Tax (2)	CO/Regions (3)	Year (4)	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	WR	May 08 to till date	Amount of Service tax involved is not worked out by us and by deptt. as well.	Payment of Service Tax on out traffic. Letter dt. 27.06.12 received from Department. The case is pending before Commissioner Service Tax

- (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 provision of 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: 27/07/2013

For V.K.Verma & Co.

Chartered Accountants

Mukesh Chand
(M No.016197)
(Partner)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNER SECTION 619 (4)
OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RAILTEL CORPORATION OF INDIA LTD,
NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of RAIL TEL Corporation of India Ltd, New Delhi for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statuory 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 teir professional body, the Institute of Chartered Accountants of India. this is stated to have been done by them vide their Revised Audit Report dated 27 July, 2013.

I, on the behalf of the Comptroller And Auditor General of India, have conducted a sipplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of RAILTEL Corporation of India Limited for the year ended 31st March 2013. 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 Revised Audit Report.

Comments on Profitability

1. Expenses

Employee Benefit Expenses (Note No. 23): Rs 4658 lakh

The above does not include provision towards Performance Related Pay amounting to Rs. 158 lakhs as disclosed in Note No. 11 The same should have been provided for as it relates to the year 2013-13

The above has also resulted into understatement of 'Short Term Provision' and Overstatement of 'Profit Before Tax' to the same extent.

Comments on Disclosure

2. Current Liabilities

Other Current Liabilities (Note No. 10): Rs 25897 lakh

The above includes Rs. 5063 Lakh payable to Railways, DoT and Konkan Railways for revenue sharing expenditure. As these amounts are payable for operational expenses of the Company, the same should have been shown under 'Trade payable' as per provisions of Revised Schedule VI to the Companies Act, 1956

The above has resulted into overstatement of 'Other Current Liabilities' and understatement of 'Trade Payable' to the extent of Rs 5063 lakh.

3. Non-Current Liabilities

Long Term Provisions (Note No. 7): Rs 661 lakh

The above includes an amount of Rs. 194 lakh for a liability towards P-3 Technologies Private Limited in respect of an arbitration claim settled against the Company. As the payment of this amount is in the nature of Current Liability as per provisions of Revisions Schedule VI to the Companies Act, Act, 1956 the same should have been shown under Current Liability.

The above has resulted into overstatement of 'Non-Current Liability' and understand of Current Liabilities' to the extent of Rs 194 lakhs.

(Dinesh Bhargav)

Date: 21/08/2013

Pr. Director Audit (Railway Commercial)

New Delhi

REPLIES OF THE COMMENTS ISSUED BY THE C&AG AUDITORS ON THE ANNUAL ACCOUNTS 2012-13

S. No.	C&AG Comments	Management Reply
1.	<p>Expenses Employee Benefit Expenses (Note No. 23) : Rs. 4658 lakh The above does not include provision towards Performance Related Pay amounting to Rs. 158 lakh. The same should have been provided for as it relates to the year 2012-13. The above has resulted into understatement of "short term provisions" and overstatement of "profit before tax" to the same extent.</p>	<p>CAG comments are noted and will be taken care in the next year. However, it is mentioned that the amount of Performance related pay payable to employees depends on various factors such as</p> <ol style="list-style-type: none"> i. Confidential report of Employee ii. PRP can be assessed only after approval of MoU rating of Company which is generally in November/December next year. iii. Recommendation of remuneration committee for PRP to Board of Directors. <p>Exact figure can only be worked out after detailed analysis of all of the above factors. None of the above has been completed and due to this, exact amount cannot be worked out. An amount of Rs 158 lakhs has been shown only for the purpose of disclosure of full facts. Further, it is mentioned that in financial year 2013-14, there shall be two booking for performance related pay, one for actual payment and another for provision.</p>
2.	<p>Current Liabilities Other current liabilities of Rs. 25897 lakh includes Rs. 5063 lakh payable to Railways, DoT and Konkan Railways for revenue sharing expenditure. As these amounts are payable for operational expenses of the Company, the same should have been shown under "Trade payable" as per provisions of Revised Schedule VI to the Companies Act, 1956. The above has resulted into overstatement of "Other Current Liabilities" and understatement of "Trade Payable" to the extent of Rs. 5063 lakh.</p>	<p>The observation of C&AG has been noted and the same 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>
3.	<p>Non Current Liabilities Long term provisions of Rs. 661 lakh includes Rs. 194 lakh for a liability towards P-3 Technologies Private Ltd. in respect of an arbitration claim settled against the Company. As the payment of this amount is in the nature of Current Liability as per provisions of Revised Schedule VI to the Companies Act, 1956, the same should have been shown under Current Liability. The above has resulted into overstatement of "Non-Current Liabilities" and understatement of "Current Liabilities" to the extent of Rs 194 lakh.</p>	<p>The observation of C&AG has been noted. It is mentioned that liability towards P-3 Technologies Pvt. Ltd. was not finally approved on the date of signing of Balance sheet. Therefore, the amount was shown under long term provisions. However, The intended reflection of the entry as advised would be taken care during the next financial year at the time of re-grouping. Further, it is mentioned that this does not have any impact on the profitability of current year.</p>

Place : Gurgaon
Date: 02/09/2013

R.K. Bahuguna
Chairman and Managing Director

ANNUAL ACCOUNTS

RAILTEL CORPORATION OF INDIA LIMITED Balance Sheet as at 31st March, 2013

Particulars	Note No	As at 31/03/2013 in Lakhs	As at 31/03/2012 in Lakhs
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	32,094	32,094
(b) Reserves and Surplus	2	47,567	38,151
(c) Money received against share warrants		0	0
(2) Share application money pending allotment	3	0	432
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	0	2,080
(b) Deferred tax liabilities (Net)	5	28	126
(c) Other Long term liabilities	6	72,860	74,282
(d) Long term provisions	7	661	467
(4) Current Liabilities			
(a) Short-term borrowings	8	0	57
(b) Trade payables	9	6,107	4,823
(c) Other current liabilities	10	25,897	18,921
(d) Short-term provisions	11	6,868	4,189
Total of Equity & Liabilities		192,082	175,622
II .Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	52,711	56,947
(ii) Intangible assets	12	0	0
(iii) Capital work-in-progress	13	2,722	3,296
(iv) Intangible assets under development			
(b) Non-current investments		0	0
(c) Deferred tax assets (net)		0	0
(d) Long term loans and advances	14	1,313	1,263
(e) Other non-current assets	14	15,571	10,575
(2) Current assets			
(a) Current investments		0	0
(b) Inventories	15	380	230
(c) Trade receivables	16	9,264	10,688
(d) Cash and cash equivalents	17	81,796	66,889
(e) Short-term loans and advances	18	24,352	22,804
(f) Other current assets	19	3,973	2,930
Total Assets		192,082	175,622

Significant accounting policy and notes to accounts - Note No.29

The notes referred to above form an integral part of Balance Sheet. This is the statement of Balance Sheet referred to in our report of even date

For and on behalf of

For V.K. Verma & Co.

Chartered Accountants

FRN No. : 000386-N

Mukesh Chand
Partner
M.No. 016197

S.C. Hans
Company Secretary

N.K. Gupta
Director Finance

R.K. Bahuguna
Chairman &
Managing Director

Place : New Delhi
Date : 28-06-2013

RAILTEL CORPORATION OF INDIA LIMITED

STATEMENT OF PROFIT AND LOSS

Particulars	Note No	For the year ending on 31-03-2013 in Lakhs	For the year ending on 31-03-2012 in Lakhs
II. Revenue from operations	20		
a) Telecom Income		34316	31170
b) Project Income		1891	3572
II. Other Income	21	7351	5655
III. Total Revenue (I + II)		43558	40397
IV. Expenses:			
Access & Other Charges	22	13042	11740
Purchase of Stock-in-Trade		0	0
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		0	0
Employee benefit expense	23	4658	3592
Financial costs	24	72	619
Depreciation and amortization expense	25	8821	11033
Administrative & Other expenses	26	2679	1810
Total Expenses		29272	28794
Prior Period Adjustment (Net)	27	133	-272
V. Profit before exceptional and extraordinary items and tax		14153	11875
VI. Exceptional Items	28	0	1409
VII. Profit before extraordinary items and tax (V - VI)		14153	10465
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		14153	10465
X. Tax expense:			
(1) Current tax		3093	1842
(2) Deferred tax		(99)	39
XI. Profit(Loss) for the period from continuing operations		11159	8585
XII. Profit/(Loss) from discontinuing operations		0	0
XIII. Tax expense of discounting operations		0	0
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		0	0
XV. Profit/(Loss) for the period (XI + XIV)		11159	8585
XVI. Earning per equity share:			
(1) Basic		3.48	2.36
(2) Diluted		3.48	2.36

Significant accounting policy and notes to accounts - Note No. 29
The notes referred to above form an integral part of Balance Sheet
This is the statement of Profit & Loss referred to in our report of even date

For and on behalf of
For V.K. Verma & Co.
Chartered Accountants
FRN No. : 000386-N

Mukesh Chand
Partner
M.No. 016197

S.C. Hans
Company Secretary

N.K. Gupta
Director Finance

R.K. Bahuguna
Chairman &
Managing Director

Place : New Delhi
Date : 28-06-2013

NOTE NO 1

(I) (1)(a) SHARE CAPITAL

Particulars		Asat 31.03.13 ` in lakhs		Asat 31.03.12 ` in lakhs
Share Holders Funds				
Authorised Capital 1,00,00,00,000 Equity shares of ` 10/- each		<u>100000</u>		<u>100000</u>
Issued, Subscribed & Paid up Capital (Ministry of Railways) 15,00,000,7 Equity Shares of ` 10/- each		1500		1500
30,59,38,400 Equity shares of ` 10/- each allotted for consideration other than cash		30594		30594
TOTAL		32094		32094
Earning Per Share				` in lakhs
The calculation of EPS as per the Accounting standard-20 (Earning per share) is as follows:				
"Net Profit/ Loss (-) available for Equity Shareholders (a) "		11159		8585
"Weighted average of Equity share of ` 10 each in lakhs (b)"		3209		3642
Basic Earning per share)a/b		3.48		2.36
"Weighted average No. of Equity share of each (b)(in lakhs) (c)"		3209		3642
"Diluted Earning per share (a)/ (c)"		3.48		2.36

(I) (1)(b) RESERVES & SURPLUS

NOTE NO 2

Particulars		Asat 31.03.13 ` in lakhs		Asat 31.03.12 ` in lakhs
RESERVES & SURPLUS				
General Reserve				
Opening Balance	20000		16000	
Add: - Addition during the year	<u>4000</u>	24000	<u>4000</u>	20000
Profit & Loss Account				
Opening Balance	18151		15193	
Add: - Profit (Loss) for the year	<u>7159</u>	<u>25310</u>	<u>4585</u>	<u>19778</u>
Amount available for appropriation		49310		39778
Less:- Appropriation				
Interim Dividend		800		500
Proposed Dividend		700		900
Dividend Distribution Tax		243		227
Surplus		47567		38151

(I) (2) SHARE APPLICATION MONEY PENDING ALLOTMENT

NOTE NO 3

Particulars		Asat 31.03.13 ` in lakhs		Asat 31.03.12 ` in lakhs
Share Application Money Pending Allotment		0		432
TOTAL		0		432

The amount has been adjusted against transferred assets (i.e. STM-1 Equipments) to Railways valued at ` 765 lacs and balance is recoverable from Railways under the terms of first revised agreement dt. 21.09.2006

(I) (3)(a) LONG TERM BORROWINGS			NOTE NO 4
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
TERM LOAN			
UNSECURED LOAN			
Term Loan from Indian Railway Finance Corporation Ltd.	0		2080
GRAND TOTAL	0		2080
Loans due for repayment within one year	N.A		2080

(I) (3)(b) DEFERRED TAX LIABILITIES			NOTE NO 5
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured Deferred Tax Liabilities	28		126
TOTAL	28		126

Consequent to difference in chargeability of depreciation at the rates prescribed under Companies Act, 1956 and the Income Tax Act, 1961, the Deferred Tax Asset amounting to Rs. 98 lakhs has been worked out as per Accounting Standard-22 (Accounting for Taxes on Income) as notified under Companies Accounting Standard Rules, 2006.

(I) (3) (c) OTHER LONG TERM LIABILITIES			NOTE NO 6
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured TRADE PAYABLES			
Retention Money	1578		1942
Liquidated Damage	0		3
OTHERS			
Advance From Customers	66357		67240
Advance From Related Parties*	3828		4216
Securities Deposits and Others	1097		881
TOTAL	72860		74282

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

*Advance deposit from Indian Railways recd towards OFC related 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 various agreements to provide NLD & IP-I services on Indefeasible right to use (IRU) basis for a period of 5, 10 or 15 year. The lease rental receivable accepted by the customers is credited to Profit & Loss account on a straight-line basis over the lease term.

3. Balances shown as above in various customers account are subject to confirmation/ reconciliation and consequential adjustments, if any.

4. Due to nature of assets being virtual, it is not possible to compute the gross carrying amount, depreciation for the year, and accumulated depreciation on assets given on operating lease as at March 31, 2013 and no such disclosure made on this account.

B) Future minimum lease rentals receivable under operating lease for each of the following period as on March 31, 2013 are as under-

` in lakhs			
Particulars	31-Mar-13		31-Mar-12
later then one year and upto five year	35729		25630
later then five year	30628		41610
TOTAL	66357		67240
(I) (3)(d) LONG TERM PROVISIONS			NOTE NO 7
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
OTHERS			
Provision for Impairment	0		0
Provision for DoT Penalty	379		379
Provision for Arbitration Claim	240		46
Provision for Doubtful Advances	42		42
TOTAL	661		467
2. Information as per requirement of AS-29 (Provision,Contingent Liabilities and Contingent Assets)			
Particulars	Opening Balance	Paid/Adjustment	Closing Balance
Provision for Arbitration Claim	46	194	240
A provision for Rs. 194 lac has been made towards Arbitration claim in respect of P-3 Technologies. Copy of award given by Arbitration is awaited.			
(I) (4)(a) SHORT TERM BORROWINGS			NOTE NO 8
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
Book Overdraft-Union Bank of India	0		57
TOTAL	0		57
(I) (4)(b) TRADE PAYABLES			NOTE NO 9
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
Sundry Creditors for Capital Expenses	1336		1228
Sundry Creditors for Revenue Expenses	4771		3595
TOTAL	6107		4823
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the management) `9741 lakh (net of advances) (Previous Year `5156/- lakh).			
2. Balances appearing in respective account of the creditors are subject to confirmation/ reconciliation and consequential adjustments, if any.			
"3. Contingent Liabilities (Accounting Statndard-29 - Provision,Contingent Liabilities and Contingent Assets:			
a. Claims against the Company not acknowledged as liability are ` 5503 lakh. (Previous Year 592.20 lakh)b. Counter indemnity for Bank Guarantees issued on behalf of the company by the banks ` 1095 lakh (Previous year ` 1600.54 lakh).c. Corporate gurantees issued by the company in favor of NICSI to the extent of Rs. 265.29 crore (Previous year Rs. 200 crores) pending adjustment of advance received."			

(I) (4)(c) OTHER CURRENT LIABILITIES			NOTE NO 10
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
INCOME RECEIVED IN ADVANCE			
Advance from Customers	11480		9545
From others *	3121		0
UNPAID DIVIDEND	700		900
OTHER PAYABLES			
Others Current Liabilities	10075		8086
EMD From Contractors	521		390
TOTAL	25897		18921

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

* 2. Amount recd as advance from Bharat Broadband Network Ltd (BBNL) for carrying out Project work relating to laying of OFC on their behalf.

3. The disclosure with regards to suppliers under Micro and Small Enterprise Development Act 2006- The Company has not received any memorandum (as required to be filled by the suppliers with the notified authority under the Micro, Small, and Medium Enterprise Development Act 2006) claiming their status as on 31st March 2013 as micro, small, or medium enterprises. Consequently, the amount paid/payable to these parties during the year is Nil.

(I) (4)(d) SHORT TERM PROVISIONS			NOTE NO 11
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
PROVISION FOR EMPLOYEE BENEFITS			
Benefits to Employees*	298		44
OTHERS			
Provision for Taxation (MAT)	4145		4145
Provision for Income Tax 12-13	2425		0
TOTAL	6868		4189

1. * Based on the premium payable under LIC Gratuity Policy and leave encashment taken by the Company and also on the basis of valuation received from Actuary Valuer on LTA payable.

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. No provision has been made towards PRP payable to employees for the year 2012-13 which has been estimated at Rs. 158 Lakhs "2. 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, Contingent Liabilities and Contingent Assets)

Particulars	Opening Balance	Paid/Adjustment	Closing Balance
Provision for Taxation MAT	4145	0	4145

No Provision has been added in the current year as the actual tax liability exceeds the MAT liability.

(II) (1)(a)(I) Tangible Fixed Assets														in lakhs		NOTE NO 12	
PARTICULARS	GROSS BLOCK				DEPRECIATION							Impairment	NET BLOCK				
	As At 1-4-2012	Additions During the Year	Transfer/Adjustment During the Year	Total As at 31.03.2013	Upto 01-04-2012	For The Year	Prior Period Depreciation	Adjustments Impairment	Impairment	Other Adjustment	Total Upto 31/03/13	Total Upto 31/03/13	As at 01-04-2012	As at 31-03-2012			
(II) (1) (a) (i) TANGIBLE ASSETS (A)																	
LAND-FREE HOLD BUILDING	222	0	0	222	0	0	0	0	0	0	0		222	222			
LEASEHOLD LAND & BUILDING																	
FREEHOLD LAND & BUILDING	29	2179	0	2208	0	147	0	0	0	0	147		2061	29			
PLANTS & EQUIPMENTS																	
Computers	437	63	-5	495	342	39	0	-2	0	0	379		116	95			
OFC and Related Assets	55752	1199	-55	56896	17492	3067	161	-11	0	19	20728		36169	38260			
Telecom & Radio Equipments	18051	1465	-1233	18283	7356	2673	26	-1021	0	-93	8941	1091	8251	9604			
Prefab Buildings	1290	11	0	1301	371	62	0	0	0	0	433		868	919			
MPLS Network	4042	133	0	4175	1955	827	0	0	0	0	2782	1250	143	837			
STM-16 Network	12848	371	-3	13216	5609	2596	91	0	0	0	8296	730	4190	6509			
FURNITURE & FIXTURES	120	13	-1	132	90	13	0	-1	0	0	102		30	30			
VEHICLES	35	0	0	35	3	3	0	0	0	0	6		29	32			
OFFICE EQUIPMENTS	331	40	0	371	239	45	0	0	0	0	284		87	92			
OTHERS													0	0			
LEASEHOLD IMPROVEMENT	669	331	0	1000	351	104	0	2	0	0	457		543	318			
TEMPORARY FIXTURES	10	0	0	10	10	0	0	0	0	0	10		0	0			
TOTAL (A)	93835	5805	-1297	98345	33818	9576	278	-1033	0	-74	42565	3071	52711	56947			
(II) (1)(a) (ii) INTANGIBLE ASSETS (B)	0	0	0	0	0	0	0	0	0	0	0		0	0			
TOTAL (B)	0	0	0	0	0	0		0	0		0		0	0			
TOTAL (A+B)	93835	5805	-1297	98345	33818	9576	278	-1033	0	-74	42565		52711	56947			
PREVIOUS YEAR	91050	3164	-378	93835	23209	10637	-23	-5	0	0	33818	3071	56947	67841			

1. Cost of Building on free hold basis amounting to Rs. 2179 lakh. (Previous year Nil) has been put to use on dt. 28-07-2012 . Accordingly depreciation has been charged with effect from 28-07-12.

(II)(1) (a) (iii) CAPITAL WORK IN PROGRESS			NOTE NO 13
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
OFC laying works, Pre Fab Building	1615		1190
Installation of STM & Other Equipment	738		203
Buildings	369		1903
TOTAL	2722		3296
<p>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.</p> <p>2. Additional information pursuant to Schedule VI of the Companies Act, 1956, is as follows:</p> <p>a. Value of imports calculated on CIF basis</p> <p>i. Capital Goods Nil Nil</p> <p>ii. Spare parts Nil Nil</p> <p>b. Expenditure in foreign currency</p> <p>i. Professional/ Consultancy Fee Nil Nil</p> <p>ii. Others Nil Nil</p> <p>c. Value of component, spares and spare parts consumed (Imported and indiginous) Nil Nil</p> <p>d. Earning in Foreign Exchange Nil Nil</p>			
(II)(1) (d) LONG TERM LOANS AND ADVANCES			NOTE NO 14
CAPITAL ADAVNCES			
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured Considered Good			
Advances for Residential Flats	455		512
Advances for Railways Deposit Works	35		25
Buildings			
Prefab Buildings			
Advance for Office Building	114		11
TOTAL (a)	605		548
SECURITY DEPOSITS			
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
Security Deposits	187		200
TOTAL (b)	187		200
OTHER LOANS AND ADVANCES			
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured			
Other loans and advances	521		515
TOTAL (c)	521		515

(II) (1) (e) OTHER NON CURRENT ASSETS				
Particulars		As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Long Term Receivable *		15571		10575
TOTAL		15571		10575
Total of Other Non Current Asset		15571		10575
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.				
(2) CURRENT ASSETS		NOTE NO 15		
(II) 2(b) INVENTORIES				
Particulars		As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Stores & Spares-At Cost (Taken, valued and certified by the Management)		380		230
TOTAL		380		230
(II) 2(c) TRADE RECEIVABLES		NOTE NO 16		
Particulars		As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
(Unsecured)				
(A) (i) Debts outstanding for period exceeding six months				
- Considered Good	902		1250	
- Considered Doubtful	866		473	
	<u>1768</u>		<u>1723</u>	
Less: Provision for Doubtful Debts	866		473	
	<u>902</u>		<u>1250</u>	
(ii) Other Debts Considered good	3361	4263	3419	4669
(B) Dues from Railways				
Debts outstanding for period exceeding six months	2855		3264	
Debts outstanding for period less than six months	2192		2801	
	<u>5047</u>		<u>6065</u>	
Less: Provision for Doubtful Debts	46	5001	46	6019
TOTAL		9264		10688
Balances shown as above are subject to confirmation/ reconciliation and consequential adjustments, if any.				

(II) 2(d) CASH AND CASH EQUIVALENTS				NOTE NO 17
Particulars		As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Balance With Banks				
Current Account	610		239	
Collection A/c	845		2329	
Term deposits	80321	81776	64317	66885
Cheques/Drafts in Hands		0		0
Cash In Hand		2		3
Balance With Banks (Margin Money)		18		1
		81796		66889

Balance With Banks (Margin Money) has been kept with Banks for issuing of Bank Guarantee

(II) 2(e) SHORT TERM LOANS AND ADVANCES

NOTE NO 18

LOANS AND ADVANCES TO RELATED PARTIES (A)

Particulars		As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Unsecured LOANS AND ADVANCES TO RELATED PARTIES				
Indian Railway *		5612		4898
OTHERS				
Mat Credit Entilment		5315		5983
Prepaid Taxes		9757		9008
Others		3668		2915
TOTAL		24352		22804

- Balances shown as above are subject to confirmation/ reconciliation and consequential adjustments, if any.
 - In the opinion of the management, the value of loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated as above.
 - Loans and advances include a sum of ` 379 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.
 - In the current year company has received income tax refund of ` 2814 lakhs for the year 2010-11 against claimed amount of ` 2827 lakhs. Refund order has not been received. An amount of ` 472 lakhs is yet to be received against refund order issued by the Income tax authorities for the year 2007-08 & 2008-09.
- * Amounts recoverable from India Railway (being the parent Ministry and related party) on account of various services provided to them, project execution work on their behalf and on account of assets transferred to them.

(II) 2(f) OTHER CURRENT ASSETS			NOTE NO 19
Particulars	As at 31.03.13 ` in lakhs		As at 31.03.12 ` in lakhs
Accrued Interest on term Deposits	3973		2930
TOTAL	3973		2930

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

REVENUE FROM OPERATION NOTE NO 20

Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Income from IP-1	7828	7040
Income from NLD (BANDWIDTH)	22248	19886
Income from ISP	2544	2400
Income from NLD (VPN)	1333	910
Income From Railway Deposit Works	1891	3572
Other Operating Revenue-Telecom Business	362	934
TOTAL	36206	34742

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.

OTHER INCOMES NOTE NO 21

Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Other Non Operational Income	210	253
Interest Income	7141	5402
TOTAL	7351	5655

ACCESS AND OTHER CHARGES NOTE NO 22

Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Repair & Maintenance Expenses*	2558	2113
Share of Revenue with Konkan Railway	54	90
Hire Charges Radio Modem/Optic Fibers	2354	1679
Protection Bandwidth & Connectivity Charges	580	589
Internet Bandwidth	48	64
Franchise Expenses	173	100
Electricity & Power Exps.	1016	676
License Fees to DoT	2751	1270
Revenue Share to Railways	1814	1609
Expenses on Railway Project	1694	3550
TOTAL	13042	11740

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

EMPLOYEE BENEFIT EXPENSES		NOTE NO 23
Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Salaries & Wages	4131	3367
Contribution to PF & Other Funds	352	185
Staff Welfare Expenses	253	204
Less:- Expenses transferred to Railways Deposit Works	78	164
TOTAL	4658	3592
<p>Related Party Disclosure as per Accounting Standard-18 (Related Party Disclosure) is as follows.</p> <p>Sh R K Bahuguna (Chairman & Managing Director) Key Management Sh. N K Gupta (Director Finance) Key Management Sh. Rajiv Sinha (Director (POM)) Key Management Sh. A Sheshgiri Rao (Director (NPM)) Key Management</p> <p>1. Salaries and wages includes Director Remuneration of ` 99 lakh (` 69 lakh Remuneration and ` 30 lakh other emoluments)lakhs in current year and ` 95 (` 65 Remuneration and ` 30 other emoluments)lakhs in previous year</p> <p>2. Fee Paid to Non Official Directors</p> <p>Sh A K Sinha ` 0.96 Lakhs ` 0.72 Lakhs Sh Bhaskar Gupta ` 0.96 Lakhs ` 0.48 Lakhs Sh R K Goyal ` 0.88 Lakhs ` 0.48 Lakhs Sh. A.K. Bandyopadhyay nil nil</p>		
FINANCIAL COST		NOTE NO 24
Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Interest Expenses	72	619
	72	619
DEPRECIATION AND AMORTISATION EXPENSES		NOTE NO 25
Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Depreciation	9576	10637
Impairment	0	401
Earlier Year Depreciation	278	0
Earlier Year Depreciation	-1033	-5
	8821	11033

ADMINISTRATIVE AND OTHER EXPENSES		NOTE NO 26
Particulars	For the Year Ended on 31/03/2013 ` in lakhs	For the Year Ended on 31/03/2012 ` in lakhs
Auditor Remuneration		
As Auditor	9	9
For Taxation Matter	3	3
For Others	1	1
Out of Pocket Expenses	1	1
Books & Periodicals	11	9
Communication Expenses	107	92
Conveyance Expenses	71	88
Bank Charges & Commission	9	6
Legal & Professional Expenses	148	66
Insurance	1	0
Rates & Taxes	32	12
Rent	584	634
Repair & Maintenance – Others	149	283
Tender Expenses.	120	56
Training & Recruitment Expenses	188	20
Travelling Expenses	269	183
Printing & Stationary Expenses	67	46
Vehicle Hire charges	213	173
Business promotion Expenses	75	36
Other Miscellaneous Expenses	178	113
Loss due to sale of Fixed Assets	0	5
Corporate Social Responsibility	97	27
Provision for Bad and Doubtful Debts	393	46
Less:- Expenses transferred to Railways Deposit Works	47	99
TOTAL	2679	1810
Prior Period Adjustment (Net)		NOTE NO 27
Prior Period Expenses	600	240
Prior Period Incomes-Operation	-467	-495
Prior Period Income Other	0	-17
	133	-272
Exceptional Items		NOTE NO 28
Provisions for Railways	0	1409
Total	0	1409
<p>RailTel has billed for internet bandwidth as per Railway Board letter no. 2005/Tele/RCIL/I dt. 03-04-2008 till 31-03-2012 subsequently Railway Board has issued an administrative order for revision of rate of internet bandwidth with effective from Dec'2008. The impact of revision has been calculated to Rs.14.09 cr upto 31-03-2012. While the amount of Rs. 9.76 crore got adjusted during the year, the balance amount of Rs. 4.33 crores has been carried over for adjustment in the subsequent financial year.</p>		

Significant Accounting Policies

1. General

The Financial Statements have been prepared under the historic cost convention, in accordance with the Notified Accounting Standards) Rules 2006 (as amended) and in accordance with the applicable requirements of the Companies Act, 1956 as adopted consistently by the Company.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all the expenses related to bringing the assets to their present location and condition.

Expenditure related to and incurred during construction period are capitalized as part of the construction cost and allocated to relevant fixed assets.

Addition to buildings on land not owned by the Company are capitalised as Leasehold Improvements.

3. Capital Works-in-Progress

a) In respect of supply-cum-erection contracts, the values of supplies received and accepted at site, is treated as capital work-in progress. The capitalization is done on the basis of the date of issue of provisional acceptance certificate of the work.

b) Contracts under deposit work are accounted for on the basis of statement of account received from executing agencies /technical assessments of the works executed.

c) Incidental expenditure related to company's own projects are not charged to the CWIP in view of very low materiality of Such expenses.

4. Borrowing costs

Borrowing costs attributable to the acquisition of qualifying assets during construction are capitalized as part of the cost of acquisition. Such borrowing costs are appointed on the average of capital work-in-progress during the year.

5. Inventories

Stores and spares are valued at cost on FIFO basis.

INCOME

6. Income recognition

a) Income is recognized on completion of provision of services. Service revenue includes Income from lease, renting or sale of end -toend bandwidth hires charges for tower space and

accommodation, Internet bandwidth and VPN services and is net of discount. Income from services are recognized on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realization of the consideration and on time proportion basis in accordance with the related contract.

- b) In cost plus contracts executed of Railways, revenue is worked out by including eligible items of expenditure in the bills raised on the clients and charging specified margin.

EXPENDITURE

7. Depreciation

- a) Depreciation on fixed assets is provided on Straight Line basis (SLM) in the manner and at the rates specified in Schedule

XIV of the Companies Act, 1956, except in following cases where it is provided at the rates higher than prescribed in the said

Schedule :

- | | | |
|---|---|---|
| 1) Lease hold improvements | : | On Straight line method @10% per annum |
| 2) Prefabricated Building | : | On Straight line method @4.75% per annum |
| 3) (a) Telecom Radio Assets,
MPLS/STM-16 Network | : | On straight line method @12.50% per annum |
| (b) Radio Equipment | : | On Straight line method @ 33.33% |
| (c) Battery | : | On Straight line method @ 20% |
| 4) Optical & Related Asset | : | On straight line method @5.28% per annum |
| 5) Office Equipment | : | On straight line method @20% per annum |
| 6) Furniture | : | On straight line method @ 20 per Annum |
| 7) Computer | : | On straight line method @20% per annum |
- b) In case of leasehold land (other than perpetual lease) and leasehold property depreciation provided proportionately the period of lease.
- c) Fixed assets costing up to Rs. 5000/- acquired during the year are fully depreciated in the year of acquisition.

8. Impairment of Assets

An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value as per accounting standard 28 issued by ICAI.

9. Retirement Benefits

The liability for retirement benefits of the regular employees in respect of gratuity and leave encasement is provided for based on the premium payable to LIC of India against the policy taken

for that purpose. Liability of LIC is provided for on the basis of valuation done by Actuary. In case of deatations Foreign Service contribution is being paid to their parent organization.

10. License Fees and Revenue share

The variable license fees computed at prescribed rates is charged to the profit & loss account in the year in which the related revenues are recognized.

11. Establishment Expenses of Railways Project Works

A part of expenditure of Employees Remuneration & Benefits and Administrative Expenses, being 5% & 3% of cost of Railways Project incurred on the works & supplies is apportioned to Railway project expenses.

12. Foreign Currency Transaction

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.

13. Taxes on Income :

- a) Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961
- b) Deferred tax on account of timing difference between taxable and accounting income is provided considering the tax rates and laws enacted or substantively enacted by the Balance Sheet date, in accordance with Accounting Standards-22' Accounting for Taxes on Income ' issued by the Institute of Chartered Accountants of India.

14. Provisions

- (a) Provision for Doubtful Debts is made when there is uncertainty of realization. For outstanding over 1 year, where services have been terminated, full provisions is made except the amount is considered recoverable.
- (b) Provisions are recognized in respect of obligations, based on the evidence available, and wherever their existance on the Balance Sheet date is considered probable.
- (c) Contingent liabilities are determined on the basis of available information. These liabilities are not provided for and are disclosed by way of notes on accounts.

15. Cash and Cash Equivalentents

Cash and cash equivalent in the Balance Sheet comprise of cash in hand and at banks, cheques in hand, short term investment and demand deposits.

16. Prior period adjustment and extraordinary items.
Income/expenditure relating to prior period and period expenses not exceeding ` 50000/- in each case are treated as income/expenditure of the current year.
17. Segment Reporting
The Company has identified Business Segment (telecommunication and Construction) as primary reporting segments and secondary reporting segment based on the geographical location is "All over india."
18. Previous year figures have been regrouped, rearranged wherever necessary to make them comparable with those of current year.

For and on behalf of
For V.K. Verma & Co.
Chartered Accountants
FRN No. : 000386-N

Mukesh Chand
Partner
M.No. 016197

S.C. Hans
Company Secretary

N.K. Gupta
Director Finance

R.K. Bahuguna
Chairman &
Managing Director

Place : New Delhi
Date : 28-06-2013

RAILTEL CORPORATION OF INDIA LIMITED

Amount in Lakhs(`)

Accounting Standard-3 (Cash Flow Statement)**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (Indirect Method)**

	For the Year Ended on 31.03.13		For the Year Ended on 31.03.12	
Cash Flow From Operating Activities				
Net Profit/ (Loss) Before Tax & Extraordinary items		14153		11875
Adjusted for:-				
Add : Depreciation	8821		10612	
Add : Interest on Loan	72		619	
Add : Impairment	0		3071	
Less: Interest received	7141		5402	
Net cash from operating activities before Extraordinary Item and change in working capital (a)		15905		20774
Working Capital changes				
(Increase)/ Decrease in Inventory	-150		-165	
(Increase)/Decrease in other Current Assets	-6039		-2032	
(Increase) /Decrease in other Loans & Advances	-1598		-1267	
Increase/ (Decrease) in Current Liabilities	9653		22702	
Increase/ (Decrease) in Deferred tax Liability	-99		39	
(Increase) / Decrease in Sundry Debtors	1424		1867	
TDS on Interest Income	127	3318	95	21238
Net (Increase) /Decrease in Working Capital (b) 19223		42012		
Less: Deferred Tax	99		-39	
Less: Income Tax	-3093	-2994	-1842	-1881
Extraordinary Item				
Less:- Provisions for Railways	0		-1409	
Less: Depreciation adjustment for earlier years	-74	-74	-5	-1414
Net cash from operating activities after Extraordinary Item before change in working capital (a)				
Net cash from operating activities	16155		38717	
Cash Flow From Investing Activities				
Purchase/Sale of Fixed Assets	-4510		-2785	
(Increase) / Decrease in Capital Work in Progress	575		-564	
Interest received (Net of TDS)	7014		5307	
Net cash from investing activities before Extraordinary Item	3079		1958	
Cash Flow From Financing Activities				
Equity Shares to be issued to Ministry of Railways	-432		418	
Repayment of Loan to IRFC	-2080		-2084	
Loan from State Bank of India	0		-6300	
Dividend & Dividend Tax Paid	-1743		-1627	
Interest on Loan	-72	-4328	-619	-10212
Net cash from financing activities				
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14906		30464
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		66889		36425
CASH AND CASH EQUIVALENT AT END OF PERIOD		81796		66889

For and on behalf of
For V.K. Verma & Co.
Chartered Accountants
FRN No. : 000386-N

Mukesh Chand
Partner
M.No. 016197

S.C. Hans
Company Secretary

N.K. Gupta
Director Finance

R.K. Bahuguna
Chairman &
Managing Director

Place : New Delhi
Date : 28-06-2013

Accounting Standard 17 (Segment Reporting) Primary Information relating to Business Segments for the year ended 31st March 2013

Annexure-A
Amount in Lakhs(`)

	Telecommunications Services		Project		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue including allocable other income						
External Lease Revenue	34316	31170	1891	3572	36207	34742
Inter Segment Sales						0
Total Revenue	34316	31170	1891	3572	36207	34742
RESULT						
Segment Result (a)	34316	31170	1891	3572	36207	34742
Interest Expense (b)	72	619	0	0	72	619
Interest & Other Income (c)	7351	5655	0	0	7351	5655
Other Expenses (d)	27505	26035	1694	3550	29200	29584
Income Taxes(FBT) / deferred tax (e)	2931	1873	63	7	2994	1881
Profit from Ordinary Activities f = {(a)+©-(b) - (d)-(e)}	11158	8298	133	15	11292	8313
Prior period Income (g)	467	512	0	0	467	512
Prior period Expenses (h)	600	240	0	0	600	240
Net profit = (f+g-h)	11026	8569	133	15	11159	8585
OTHER INFORMATION						
Segment Assets (Gross Block)	98345	93,835	0	0	98,345	93835
Other Assets	131648	98785	5001	6019	136649	104804
Total Assets	229993	192620	5001	6019	234994	198639
Capital Expenditure	2722	3296	0	0	2722	3296
Inter segment capital expenditure			0	0	0	0
Segment Liabilities			0	0	0	0
Unallocated Corporate Liabilities	108593	90,154	3828	4216	1,12,421	94370
Total Liabilities	108593	90154	3828	4216	112421	94370
Depreciation/Impairment	0 8821	0 11033	0	0	8821	11033
Total Liabilities exclude:	0	0				
Secured Loans	0	0	0	0	0	0
Unsecured Loans	0	2080	0	0	0	2080
Deferred Tax	28	126	0	0	28	126

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 Lakhs)

S.No.	Particulars	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
1	Total Income (incl. other income)	0.27	0.04	2.58	11.34	32.86	60.44	114.32	199.82	386.44	399.70	363.07	403.97	435.58
2	Expenditure (incl. increase/decrease in stock)	-	0.40	3.18	7.10	14.25	26.78	51.75	81.97	222.42	224.49	193.01	171.42	203.79
3	Operating Margin	0.27	(0.36)	(0.60)	4.24	18.61	33.66	62.57	117.85	164.02	175.21	170.06	232.55	231.79
4	Interest Expenses	-	2.68	-	4.68	9.84	12.77	16.40	23.41	19.54	14.79	11.27	6.19	0.72
5	Depreciation	-	0.01	0.55	15.31	29.13	31.32	5.09	38.94	41.81	47.07	51.07	110.33	88.21
6	Profit before tax	0.27	(0.36)	(1.15)	(15.74)	(19.50)	(10.01)	41.08	62.15	102.67	113.35	107.72	116.03	142.86
7	Profit after tax	0.16	(0.36)	(1.15)	(15.74)	(19.50)	(10.27)	40.85	56.14	102.04	112.29	95.41	85.85	111.59
8	Dividend	-	-	-	-	-	-	-	5.00	8.00	15.00	13.00	14.00	15.00
9	Foreign Projects reserve	-	-	-	-	-	-	-	-	-	-	0.00	-	-
10	General Reserve	-	-	-	-	-	-	-	40.00	80.00	120.00	160.00	200.00	240.00
11	Other Reserve	-	-	-	-	-	-	-	-	-	-	0.00	-	-
12	Reserves & surplus	0.16	-	-	-	-	-	-	44.26	136.94	231.68	311.93	381.51	475.67
13	Net Fixed Assets (Gross block)	0.04	0.09	11.44	728.44	769.63	763.06	611.37	728.05	773.26	869.42	910.50	938.35	983.45
14	Inventories	-	-	-	0.47	0.41	0.91	0.91	0.79	0.50	1.15	0.65	2.30	3.80
15	Foreign exchange earnings	-	-	-	-	-	-	-	-	-	-	0.00	-	-
16	Share Capital	15.00	15.00	15.00	158.80	234.40	234.40	320.94	320.94	320.94	320.94	321.09	325.56	320.94
17	Capital employed	13.10	70.57	21.00	313.38	640.17	566.18	533.01	560.47	564.89	660.36	706.08	695.87	769.67
18	Government investment	-	-	-	-	-	-	-	-	-	-	0.00	-	-
19	Net Worth	15.16	14.96	13.44	141.60	414.79	187.53	314.91	365.20	457.88	552.62	633.02	707.07	796.60
20	Profit before tax to capital employed	2.06%	-0.51%	-5.48%	-5.02%	-3.05%	-1.77%	7.71%	11.09%	18.18%	17.16%	15.26%	8.76%	10.69%
21	Operating margin to capital employed	2.06%	-0.51%	-2.86%	1.35%	2.91%	5.95%	11.74%	21.03%	29.04%	26.53%	24.09%	17.55%	17.35%
22	Profit after tax to share capital	1.07%	-2.40%	-7.67%	-9.91%	-8.32%	-4.38%	12.73%	17.49%	31.79%	34.99%	29.71%	26.37%	34.77%
23	Expenditure to income	0.00%	1081.08%	123.26%	62.61%	43.37%	44.31%	45.27%	41.02%	57.56%	56.16%	53.16%	42.43%	46.79%
24	Number of Employees	1	16	48	121	158	263	278	332	382	361	389.00	389.00	490
25	Income per employee	0.27	0.00	0.05	0.09	0.21	0.23	0.41	0.60	1.01	1.11	0.93	1.04	0.89
26	Foreign exchange earning per employee	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Current ratio	1.29	4.62	1.17	0.12	0.43	0.38	1.01	0.75	0.83	0.94	1.08	3.70:1	3.08%
28	Debt/equity ratio	-	6.68	11.16	1.06	0.41	1.16	0.86	0.63	0.41	0.27	0.16	0.06	0
29	Investments	-	-	-	-	-	-	-	-	-	-	-	-	-