



रेलटेल
RAILTEL

A Mini Ratna Enterprise



15^{वीं} वार्षिक रिपोर्ट
15th Annual Report
2014-15

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



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



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

Board of Directors



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



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



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

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Vision & Mission

Vision

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



Mission

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



Quality Policy

ISO-9001-2008

ISO-27001:2005

ISO-20000-1:2011

*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 an 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 R.K. Bahuguna	Chairman & Managing Director
2.	Shri A. Seshagiri Rao	Director/NPM
3.	Shri N.K. Gupta	Director/Finance
4.	Shri Shobhan Chaudhuri	Part-time official Director
5.	Shri Sanjay Upreti	Part-time official Director
6.	Shri R.K. Goyal	Part-time non official Director (tenure expired on 25.08.2014)
7.	Shri Bhaskar Gupta	Part-time non official Director (tenure expired on 25.08.2014)

Company Secretary:

1. Shri S.C. Hans (superannuated on 31.12.2014)
2. Shri J.S. Marwah (appointed w.e.f. 05.02.2015)

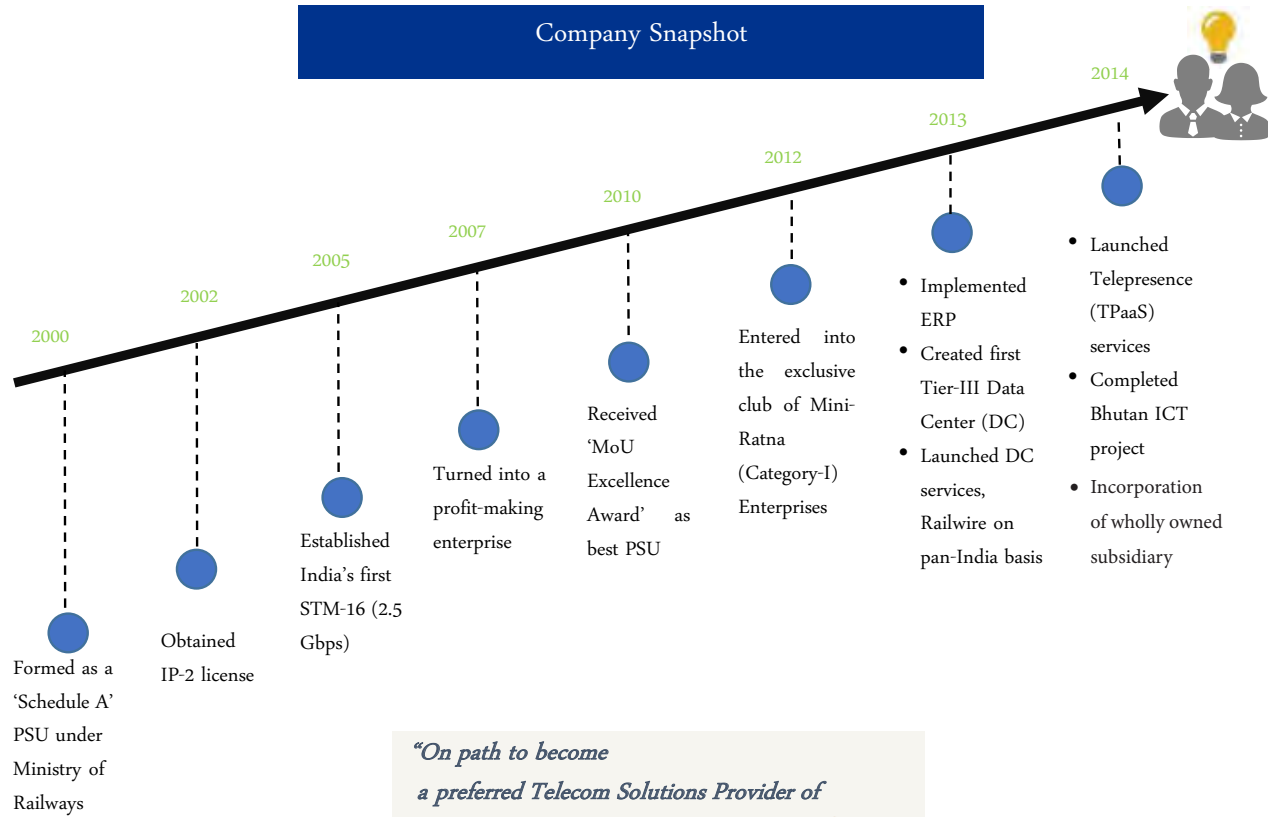
Regional Offices:

Northern Region:	Southern Region
<p>Shri Kabal Singh Executive Director 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, New Delhi-110053 Tele: 011-22185933-34, Fax: 011-22185978</p>	<p>Shri S.K. Goel Excutive Director 2nd Floor, B Block, Rail Nilayam Secunderabad-500071 Tele: 040-27821134, Fax: 040-27820682</p>
Eastern Region	Western Region
<p>Shri Pradeep Kumar, Executive Director Chatterjee International Centre, 3rd Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700071 Tele: 033-44041499, Fax: 033-44041499</p>	<p>Shri B.S. Tahim Executive Director Western Railway Microwave Complex, Senapati Bapat Marg, Mahalakshmi Mumbai - 400 013 Tele: 022-24923907, Fax: 022-24923913</p>

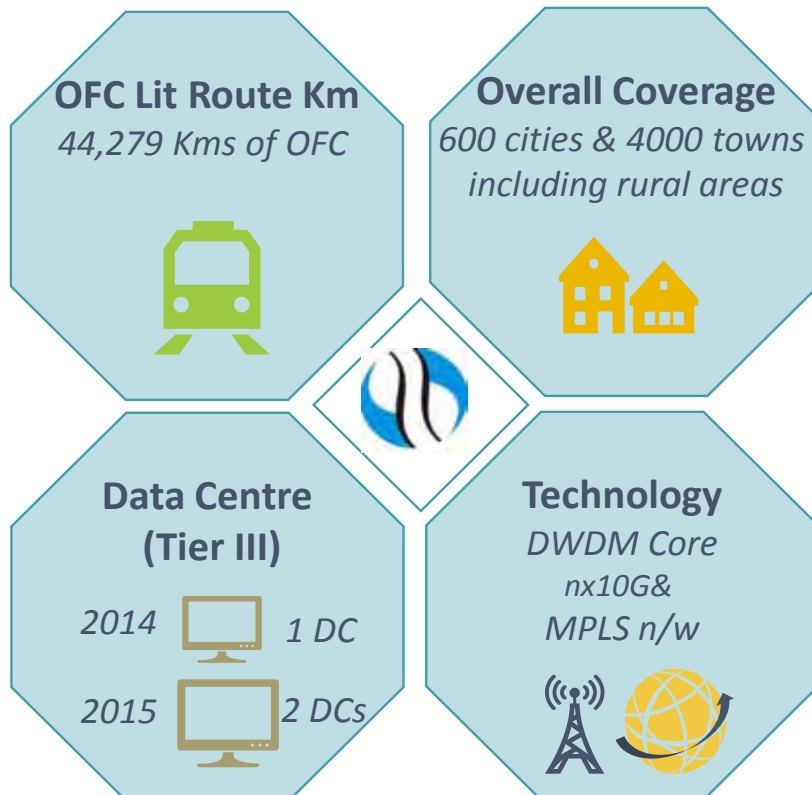
Reference Information

Regd. Office:	Corporate Office:
6 th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, New Delhi-110053 Tele: 011-22185933-34, Fax: 011-22185978	143, Institutional Area, Sector-44, Gurgaon-122003, NCR (India) Tele 0124-2714000, Fax 0124-4236084
Website:	
www.railtelindia.com	
Bankers:	Statutory Auditors:
State Bank of India Union Bank of India, Axis Bank. Yes Bank Indusind Bank	V.K. Verma & Co., C-37, Connaught Place, New Delhi-11001 Tele 011-23415811, 23416858 Fax: 011-23417925 email: vkverma@vkvermaco.com
Branch Auditor:	
Western Region:	Eastern Region:
M/s Shaparia & Mehta LLP, Chartered Accountants 1/74, Krishna Kunj, R.A. Kidwai Road, King's Circle, Matunga (C. Rly.), Mumbai-400 019 Telefax: 022-24098905/06/07/08 Email: office.smca@gmail.com	Nandy Halder & Ganguli, Chartered Accountants 18, Netaji Subhas Road (Top Floor), Kolkata-700001 Tel: 033-2230008, 22316123 Fax: 033-22105018 E-mail: nandyhalderganguli1973@gmail.com
Southern Region:	Northern Region:
D.V. Ramana Rao & Co., Chartered Accountants 1-1-773/A, Opp. Park-2, Gandhinagar, Hyderabad-500 080 Tel: 040-27613712, 040-65576767, 9885376767 E mail: dvrrao_co@hotmail.com	V.K. Verma & Co., Chartered Accountants C-37, Connaught Place, New Delhi-110001 Tel: 011-23415811, 23416858, Fax: 011-23417925 Email: vkverma@vkvermaco.com
Secretarial Auditor:	Cost Auditor:
Balika Sharma & Associates, Company Secretary Flat No. 211, Pocket-A/3, Sector-7, Rohini, New Delhi-110085 Tel: 011-27931217 Email: balikasharma@gmail.com	M/s KL Jaisingh & Co., Cost Accountants J-7, Sector-XI Jaisingh House Noida-201301, U.P. Tel: 0120-2530007 E-mail: k.l.jaisingh.noida@gmail.com

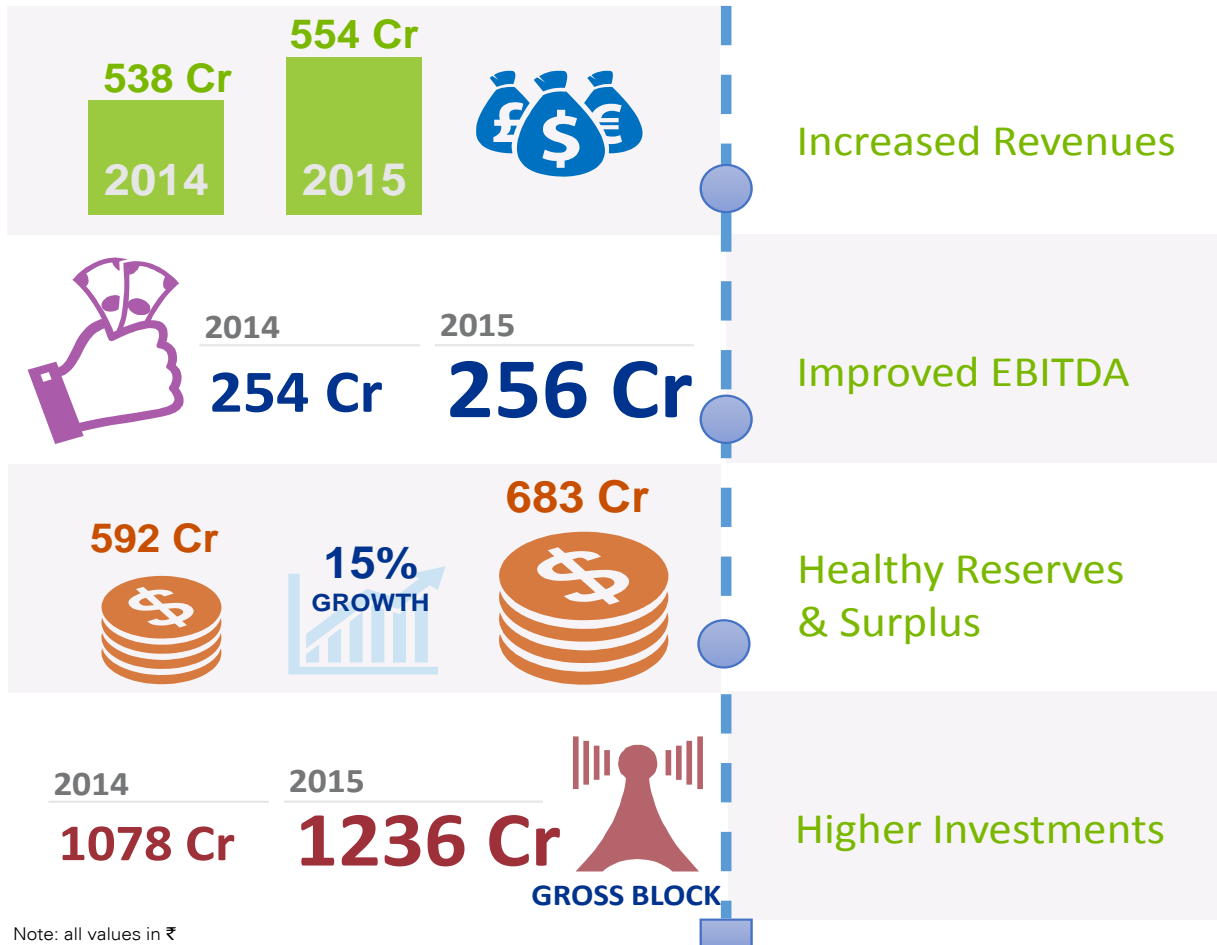
Company Snapshot



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

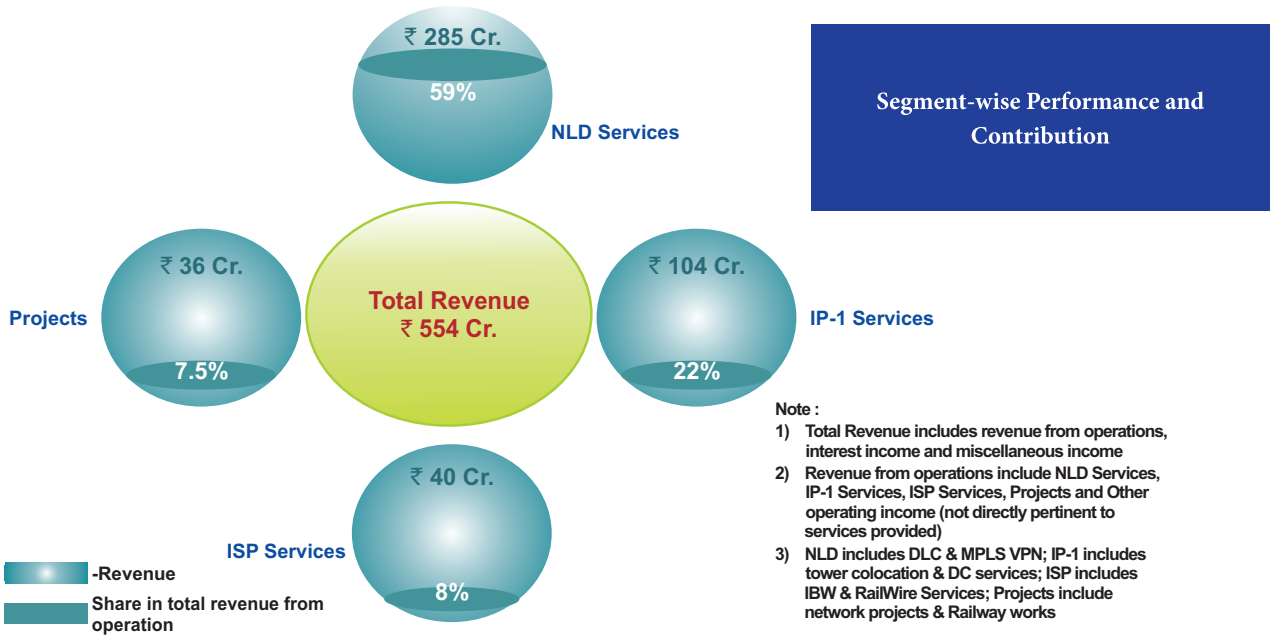


Financial Performance



Note: all values in ₹

With sound financial health your company is on track to invest for the future and realize its vision of becoming a leading ICT player



Railtel Corporation of India Ltd.

(A Govt. of India Undertaking)

CIN: U64202DL2000GOI107905

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

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

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

Notice

NOTICE is hereby given that the 15th Annual General Meeting of the Members of RailTel Corporation of India Limited will be held on Monday, 21st September, 2015 at 4.00 p.m. at the Committee Room, 2nd Floor, Rail Bhawan, New Delhi-110001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) for the Financial Year ended 31st March, 2015 together with the Board's Report and Auditor's Report thereon and comments of the CAG, in terms of section 143(6) of the Companies Act, 2013.
2. To confirm payment of interim dividend and to consider declaration of final dividend on equity shares for the financial year ended 31st March, 2015.
3. To take note of the appointment of M/s. GSA & Associate, Chartered Accountant as Statutory Auditors of the Company for the financial year 2015-16 made by CAG and to fix the remuneration of such Auditors and to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** appointment of Statutory Auditors as well as Branch Auditors made by CAG be and is hereby noted and the Board of Directors of the Company are hereby authorised to fix the remuneration of such auditors for the Financial Year 2015-16 in pursuance to the provision of section 139(5) read with Section 142 of the Companies Act, 2013.”

SPECIAL BUSINESS:

4. To ratify the remuneration of Cost Auditor for the Financial year 2014-15 by passing following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s. KL Jaisingh & Co, Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 with a remuneration of ₹ 88,999/- plus applicable taxes be and is hereby ratified.”

By order of the Board
For RailTel Corporation of India Limited

Sd/-
(J S Marwah)
Company Secretary

Place: New Delhi
Date : 26/08/2015

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and on poll to vote instead of himself/herself. A Proxy need not be a member of the Company.
2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted, as set out in the notice, is annexed hereto.

ANNEXURE TO THE NOTICE

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

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

Item No 4 :

1. In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company for the Financial Year 2014-15. The Board has approved the appointment of M/s. M/s KL Jaisingh & Co, Cost Accountant as the Cost Auditor of the Company for the financial year 2014-15 at an aggregate remuneration of ₹ 88,999/- plus service tax.
2. The appointment and the remuneration of the cost auditor is required to be ratified subsequently by members in accordance to Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014. Accordingly, it is proposed to pass the Ordinary Resolution by the Members for their ratification.
3. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in this Resolution.

Board's Report

Dear Shareholders,

During the year 2014-15, we have entered a new era of Company Law. The remaining provisions of the Companies Act, 2013 have been notified by the Ministry of Corporate Affairs with effect from 1st April, 2014.

The Act has been simplified in a way and lot of value addition has been done in the new Act. Companies are required to make more disclosures than what was called for under the predecessor law.

Your Company's Directors are pleased to present 15th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2015, prepared in accordance with the provisions of Companies Act, 2013.

Company Overview

RailTel Corporation is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network presently reaches to over 4000 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 on various fronts. During the year, your company created its second Tier-III data center at Gurgaon,

which shall be used to launch various Value Added Services (VAS) and IT related services in the market. The company launched various new services during the year such as Data Center & DR services, Tele-presence as a service on a pan-India basis. During the year, your company also took up the initiative of providing Wi-Fi services at Railway stations.

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

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

Financial Performance

During the year, your Company has observed an increase of 6.5% in its revenue from operations which comes out to be ₹ 482 Crores. The total turnover of the Company during the year is

₹ 554 Crores comprising of other income of ₹ 72 Crores. The summarised financial results of the Company are as under:

(₹ In Crores)

Particulars	FY	FY
	2014-15	2013-14
Income from Operations	482	453
Other Income	72	85
Total Income	554	538
Expenditure	298	284
Gross Margin	256	254
Depreciation	90	85
Profit Before Interest & Tax	166	169
Interest	NIL	NIL
Tax/ Others	45	31
Profit for the Year	121	138
Dividend	17	17
Basic EPS (₹)	3.77	4.30

Share Capital

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

Accordingly, Issued, Subscribed and Paid-up Share Capital is ₹ 320.94 crores divided into 32.09 crores Equity Shares of ₹ 10 each as on 31st March, 2015 including ₹ 305.94

crores issued for consideration other than cash.

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

Recently, Ministry of Railways has expressed its intent to list its PSU's in stock market. As a part of regular correspondence, the management has also submitted the benefits and drawbacks of listing of Railway PSUs. In this regard RailTel has also carried out internal valuation of its Equity Shares and submitted to the Ministry. Further, the Company has engaged the services of third party to carry out valuation of shares. The same is under process.

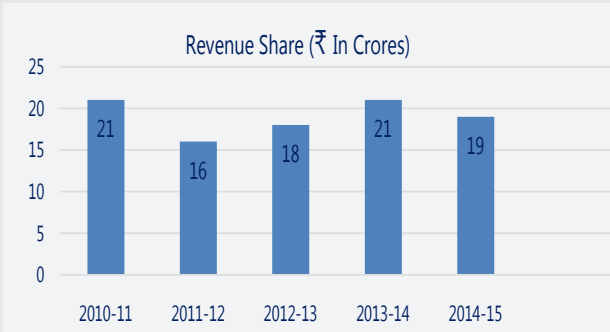
Dividend

The Company has declared and paid an interim dividend of ₹ 10 crores in the year 2014-15. A final dividend of additional ₹ 7 crores has now been proposed to be paid. It had also paid dividend distribution tax to the exchequer.

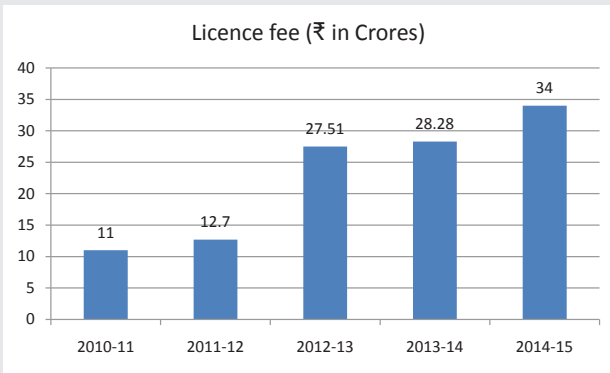
The total Dividend pay-out will amount to ₹ 17 Crores excluding tax on dividend.

Railways Revenue Share

The Company is also contributing by way of revenue share to Railways and the total share of such contribution comes to ₹ 19 crores as against such share of ₹ 20.74 crores in the preceding year. The cumulative revenue share to Railways amounts to ₹ 140 crores till the year.



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



The company has also paid a spectrum charge of ₹ 0.78 crores for the FY 2014-15.

Fixed Deposits

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

Reserves

The Company appropriated its profit earned during the year under report. It has transferred ₹ 40 crores during the year. The total reserves & surplus at the end of the financial year 2014-15 is ₹ 683 crores.

Capital Expenditure

During the year, capital expenditure of ₹ 265 crores approx. was incurred mainly on OFC

related assets, data center in Gurgaon, Telecom equipments etc. The Company made commitments to the tune of ₹ 187 crores on capital account and accordingly, expenditure would be booked during the current financial year, in addition to the capital expenditure allocated for the year 2015-16.

Directors

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

However, as on date of the Board's Report, the Board of RailTel consists of a Chairman & Managing Director, two functional Directors and two Govt. Nominees.

During the year RailTel has received a declaration from its Independent Directors stating that they have met the criteria of independence under Section 149(6) of the Companies Act, 2013.

The tenure of Sh. Bhaskar Gupta and Sh. R.K. Goyal, part time non-official Directors of the Company expired on 25.08.2014

The Board placed on record its appreciation of the services rendered by Shri. Bhaskar Gupta and Shri R.K. Goyal during their association with the Company.

As on date, RailTel does not have Independent Directors on its Board and its 4 (four) committees i.e. Audit Committee, Remuneration Committee, Organisation Committee & CSR Committee. RailTel has requested Ministry of Railways to fill the position of Independent Directors including one woman Director. Such proposal is under consideration with the Ministry.

During the year, there has been no appointment or extension of an Independent Director for a term exceeding 5 (Five) years as per Section 149(10) of the Companies Act, 2013.

Number of Meetings of Board

The Board met four times for transacting the business of the company during the year 2014-15 on 26.06.2014, 26.07.2014, 13.11.2014 and 12.03.2015.

Remuneration to Directors

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

The part time official Directors (Government Nominee) on the Board of the Company do not draw any remuneration from the Company. The part time non official Directors/ Independent Directors are paid sitting fee of ₹ 8,000/- per meeting attended, besides cost of travel and lodging in case of outstation Directors.

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

Composition of Committees

Audit Committee

Due to cessation of the tenure of Independent Directors on the Board of the Company during the year, the Audit Committee of the Board of Directors was re-constituted and at present, such Committee consists of the following Directors:

- Shri Sanjay Upreti, Nominee Director;
- Shri Shobhan Chaudhuri, Nominee Director.

Organization Committee

The Company has an Organization Committee of the Board of Directors which examines and submits recommendations on requirements as to manpower for each Department with reference to present and future workload, qualification and experience required for manning the posts in each Deptt. hierarchical structure in view of the promotion policy of RailTel, mode of filling in the posts-deputation/recruitment/outsourc.

At present, such Committee consists of the following Directors:

- Shri Sanjay Upreti, Nominee Director
- Shri Shobhan Chaudhuri, Nominee Director
- Shri A. Seshagiri Rao, Director/NPM

Remuneration Committee

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

- Shri Sanjay Upreti, Nominee Director
- Shri Shobhan Chaudhuri, Nominee Director

Subsidiary

Keeping in view the expanding activities in project execution works for telecom and signalling, a need was felt to make a clear distinction of RailTel's existing core activities vis-a-vis project execution works. Accordingly, RailTel has incorporated a wholly owned subsidiary Company on 12th August, 2014 by the name "RailTel Enterprises Limited" (REL) pursuant to the provisions of Companies Act, 2013. It was decided that REL shall undertake mainly project execution for telecom and signalling works etc.

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

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

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

Projects Undertaken

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

Procurement from Micro and Small Enterprises

RailTel had set up goals for resorting to procurement from Micro and Small Enterprises and has made a total procurement of ₹ 22.37 crores from MSEs and of ₹ 3.27 crores from MSEs owned by SC/ST entrepreneurs during the year 2014-15.

Right to Information Act, 2005

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

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

Particulars of Loan, guarantees or investments

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

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

Internal controls, systems & their adequacy

The Company has put in place an internal control system which commensurates with size, scale and complexity of its operations.

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

Further, RailTel has migrated to ERP system which is used by the employees and has been made an integral part of their job with a view to strengthen the internal control system and to have track/record of functions.

Related Party Transactions

During the year, there has been no related party transaction entered into by the Company pursuant to Section 188 of the Companies Act, 2013.

Annual Return

The extract of Annual Return pursuant to Section 92(3) of the Companies Act, 2013

and Rule 12 of Companies (Management & Administration) Rules, 2014 is enclosed with this report as **Annexure-I**.

Management's Discussion and Analysis Report

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

Industrial relations and HR Matters

The manpower strength as on 31st March, 2015 was 525 regular employees on roll of the employees including 63 officers and staff on deputation from the Ministry of Railways & other Govt. Departments/ PSUs. In addition, the Company had outsourced the services of personnel in different capacities to facilitate the execution of work.

During the year, the company recruited 37 middle and lower management executives in keeping with the functional requirements and future business expansion plans.

During the year, near about 269 employees attended Technical Training, 108 attended marketing training, 64 attended CSR training, 30 attended Risk Management training and 5 attended training on leadership /management etc.

A comprehensive training policy with underlying theme of transforming RailTel into a vibrant learning organization has been evolved. The policy lays high emphasis on facilitating and incentivizing focused learning and competency building where by employees will have opportunity of taking up trainings and industry recognized professional accreditations courses in their areas of interest. The employees will also earn credit in the process which will benefit them in their career advancement.

Employment of Women, Use of Official language:

During the year 4 female employees joined, raising the total number of female employees to 51, which is 9.7 % of the regular strength of 525.

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

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

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

'Hindi Week' was organized from 15th September, 2014 to 22nd September, 2014 during which in-house general Hindi knowledge, Essay and Kavita Path competitions were organized to popularize Hindi. A good number of employees took part in these competitions. Few employees were also given away cash awards.

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

Schedule Caste, Schedule Tribes and Other Backward Classes

The Company has been following the Govt. Guidelines regarding reservation for STs, SCs, OBCs, persons with disabilities (PwDs) and ex-servicemen. The representation as on 31.3.2015 is as under:

Category	Total	Joined in FY2014-15
Scheduled Caste	52	1
Scheduled Tribe	16	NIL
Other backward class	114	8
Persons with Disabilities (DwB)	8	NIL

Prevention, Prohibition and redressal of Sexual Harassment

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

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

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

- Investigate every formal written complaint of sexual harassment

- Meet at regular intervals
- Prepare an Annual Report containing the details of complaints of sexual harassment pursuant to the provisions of Act and provide the same to employer
- Take appropriate remedial measures to respond to any substantial allegations of sexual harassment

During the year, ICC of RailTel has received one complaint under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same was redressed in accordance with the prescribed procedure within time limit.

As on date, there is no complaint pending under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in RailTel.

Risk Management Policy

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

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

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

It has also been advised to form a Functional Risk Committee comprising of a Chief Risk Officer

and the Core risk team which shall consist of functional heads from key functions/departments.

The implementation of Risk Management policy in RailTel is under process. However, during the year, the Company imparted training to 30 officials on various topics which addressed the issues under identified risks as above viz; Financial risk, Technology risk, Project risk, People risk etc.

Corporate Governance

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

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

Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with rules framed there under, the Board of Directors of the

Company at their 78th meeting constituted a CSR Committee consisting of the following members:

- Sh. A. Seshagiri Rao, Director/NPM
- Sh. N.K. Gupta, Director/Finance
- Sh. R.K. Goyal, Independent Director

As on date there are only two members consequent upon completion of tenure of Sh. R.K. Goyal, as an Independent Director.

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

Vigil Mechanism

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

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

Significant and material orders of regulators etc.

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

Statutory Auditors

The Comptroller and Auditor General of India (CAG) has 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, 2015.

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

Auditor	Region
Shaparia & Mehta	Western Region
Nandy Halder & Ganguli	Eastern Region
DV Ramana Rao & Co.	Southern Region
V.K. Verma & Co.	Northern Region & Corporate Office

In terms of the authorization given by the members in their last annual general meeting, the Board on the recommendations of Audit Committee has already considered and approved payment of fee for all the above Auditors to the aggregate extent of ₹ 11 lakhs excluding service tax.

Similarly, the approval of the shareholders is solicited for authorizing the Board for fixation of remuneration payable to the statutory auditors for the year 2015-16 as and when appointed.

Cost Auditors

The Company has appointed M/s. KL Jaisingh & Co., Cost Accountants as Cost Auditors to audit the cost record maintained by the Company for the financial year 2014-15.

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

Secretarial Audit

During the year, pursuant to Section 204 of the Companies Act, 2013 read with rules made there under, RailTel has appointed M/s. Balika Sharma & Associates, Company Secretaries, New Delhi as Secretarial Auditors of the Company for the financial year 2014-15. The Secretarial Auditor has conducted the audit and issued a Secretarial Audit Report in the format prescribed under Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit report of the Company for the year ended 31st March, 2015 is annexed as **Annexure-IV**. The management's reply on the observation/comments of Secretarial Auditor is given in **Annexure-V**.

Comments of CAG

The comments of the CAG on the accounts of the Company for the year ended 31st March, 2015 is enclosed and form part of this report.

Auditors' Report

The Auditors' Report of the Company for the year ended 31st March, 2015 is attached with the financial statements of the Company. There has been no qualification/adverse remarks made by the Auditors on the financial statements for the year ended 31st March, 2015.

Energy Conservation, Technology Absorption, Foreign Exchange Earnings & Outgo

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

Presidential Directives

No Presidential Directives were received from the Government during the financial year 2014-15.

MOU with Administrative Ministry

RailTel is signing a MoU with the Government of India, Ministry of Railways thereby laying inter alia the physical and financial targets.



MoU Signing Ceremony

During the year 2013-14, RailTel has got “Excellent” rating from DPE.

Directors’ Responsibility Statement

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

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

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

Acknowledgements

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

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

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

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

For and on behalf of the Board

R.K. Bahuguna

Chairman and Managing Director

DIN: 01748132

Date: 24th June, 2015

Place: Gurgaon

Annexure-I

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN OF RAILTEL CORPORATION OF INDIA LTD

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of	NIC Code of the Product/ service	% to total turnover of the company
1	Telecom Income	611/612	92%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

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

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

(i) Category-wise Share Holding

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

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital									
i) Funds Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i. Indian									
ii. Overseas									
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	320938407	320938407	100%	NIL	320938407	320938407	100%	NIL

(ii) Shareholding of Promoters

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		R K Bahuguna	A Sehshagiri Rao	N K Gupta	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 49,88,577/-	₹ 35,26,318/-	₹ 33,39,398/-	₹ 1,18,54,193/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 7,81,809/-	₹ 6,63,466/-	NIL	₹ 14,45,275/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL		NIL	NIL
2.	Stock Option	-	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	TOTAL (A) Ceiling as per the Act	₹ 57,70,386/-	₹ 41,89,784/-	₹ 33,39,298/-	₹ 1,32,99,468/-

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Bhaskar Gupta	R.K. Goyal	
1.	Independent Directors Fee for attending board/ committee meetings	₹ 72,000	₹ 88,000	₹ 1,60,000/-
	Commission	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	TOTAL (1)	₹ 72,000	₹ 88,000	₹ 1,60,000/-
		Sanjay Upreti	Shobhan Chaudhuri	
2.	Other Non-Executive Directors Fee for attending board /committee meetings	NIL	NIL	NIL
	Commission			
	Others, please specify			
	TOTAL (2)	NIL	NIL	NIL
	TOTAL (B)=(1+2)	₹ 72,000	₹ 88,000	₹ 1,60,000/-
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

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

	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary		CFO	
		N.A.	S.C Hans	J S Marwah	N.K. Gupta	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		₹ 16,47,279/-	₹ 1,60,499/-	₹ 33,39,298 /-	₹ 51,74,076/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		₹ 2,85,572/-	NIL	NIL	₹ 2,85,572 /-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4.	Commission-as % of profit-others, specify...	NIL	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL	NIL
	TOTAL		₹ 19,32,851/-	₹ 1,60,499/-	₹ 33,39,298/-	₹ 54,59,648/-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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, 2015 as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprise (DPE), Government of India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Guidelines.

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

For Balika Sharma & Associates

Balika Sharma Prop.

M. No. 4816

Certificate of Practice No. 3222

Place: New Delhi

Date: 24.06.2015

Annexure-III

Railtel Corporation of India Limited

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

ACTIVITIES FOR THE YEAR 2014-15

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

1.	A Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	<p>The Company already has a Board approved policy on Corporate Social Responsibility (CSR) which provides for incurring CSR expenditure on certain thrust areas as under:</p> <ul style="list-style-type: none"> ● Education ● Skill Development, Vocational Training ● Sanitation and Public Health ● Relief to Victims of Natural Calamities, Communal and Terrorist Violence and their families ● Health and Family welfare ● Drinking water facility, electricity facility, Solar energy ● Supplementing development programmes of the Govt. ● Promotion of livelihood for economically weaker sections and development of backward areas. ● Scholarships to meritorious students belonging to SC, ST, OBC and Disabled categories. ● Adoption of villages <p>During the year 2014-15, RailTel undertook the following CSR activities:</p> <p>(1) Setting up of IT Infrastructure at rural institutions in villages & Gram Panchayats (GPs) - Total 82 institutions covered in 66 GPs across 11 Blocks in 7 Districts & 6 States to provide IT infra incl. Desktops, multimedia, displays, UPS/Solar and Broadband internet.</p> <p>(2) Sponsoring talented but underprivileged students of Uttarakhand for achieving educational success (Super 30 at Dehradun) - To support 30 underprivileged but talented 12th pass students of economic weaker section in the State of Uttarakhand by providing 11 months free training incl. lodging & boarding, etc. for IIT-JEE preparation at RailTel Super 30 center in Dehradun.</p> <p>The CSR policy is available at RailTel's weblink www.railtelindia.com</p>
2.	The composition of the CSR Committee	<ul style="list-style-type: none"> ● Sh. A. Seshagiri Rao, Director/NPM ● Sh. N.K. Gupta, Director/Finance <p>One position is vacant.</p>
3.	Average Net Profit of the company for last three financial years	<p>Net Profit for FY 2011-12 - ₹ 86 Crores Net Profit for FY 2012-13 - ₹ 113 Crores Net Profit for FY 2013-14 - ₹ 138 Crores</p> <p>Avg. Net Profit - ₹ 112.33 Crores</p>
4.	Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 2.25 Crores

5. Details of CSR spent during the financial year:							
a.	Total amount to be spent for the financial year	₹ 2.25 Crores					
b.	Amount unspent, if any	NIL					
c.	Manner in which the amount spent during the financial year is detailed below:						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project / programs Subheads: 1.Direct expenditure on projects or programs 2.Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
I.	Creation of IT-setup with broadband access to institutions in rural panchayats of the country.	Education	Backward areas of Eastern, Northern, Southern & Western regions	₹ 2.27 Crores	₹ 2.27 Crores	₹ 2.27 Crores	Direct
II.	To support 30 underprivileged but talented 12th pass students of economic weaker section by providing 11 months free training incl. lodging & boarding, etc. for IIT-JEE preparation at RailTel Super 30 center in Dehradun.	Education	Dehradun, Uttarakhand	₹ 22.5 Lacs	₹ 22.5 Lacs	₹ 22.5 Lacs	Implementing Agency-Center for Social Responsibility & Leadership
TOTAL				₹ 2.49 Crores	₹ 2.49 Crores	₹ 2.49 Crores	
*Details of implementing Agency							
6.	In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.			NA			
7.	The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.						
N.K. Gupta (Director/Member-CSR Committee)				A. Seshagiri Rao (Director/Member-CSR Committee)			

Balika Sharma & Associates
(Company Secretary)

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

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 2014-15

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

To,

The Members of,
RailTel Corporation of India Limited
Reg. Off: 10th Floor, Bank of Baroda Building,
16 Sansad Marg , New Delhi-110001
CIN: U64202DL2000GOI107905

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

Based on our verification of the Company’s books, papers, minute books, e-Forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year **commencing from 01.04.2014 and ended on 31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, e-forms and returns filed and other records maintained by **RailTel Corporation of India Limited** (“the Company”) for the financial year ended on 31st March, 2015 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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

We have not examined compliances of the followings, as provisions of para (i) were not in place till 31st March, 2015 and provisions of para (ii) are not applicable to the Company (being unlisted public company).

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors, except the Independent Directors because during the year, term of Independent Directors has been superannuated as per the terms of appointment issued by Administrative Ministry i.e. Ministry of Railways. The Company has already requested the Ministry to appoint requisite number of Independent Directors on the Board of Company and the confirmation on same is awaited from the Ministry of Railways. During the year, declaration from Independent Directors has also been received by the Company pursuant to the Section 149(7) of the Companies Act, 2013.

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

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

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

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

1. Altered the Memorandum of Association of the Company to change the Object Clause of the Company.

The following new paras in Memorandum of Association have been incorporated.

- (A) 12. To undertake design and development of railway signaling projects/systems, telecom works in new factories/workshops and also other works relating to railway electrification, power distribution systems, transmission lines, and incidental civil engineering works etc. concerned with running of railway in India and abroad. However, for undertaking any electrification work which are within purview of CORE, Allahabad, RailTel would seek prior approval of the Board (CRB).
- (A) 13. To undertake design and development of information technology, infrastructure projects covering hardware and software applications and other associated sub-systems in the industry.
- (A) 14. To carry on the business/activity/scheme like Build-Operate-Transfer (BOT), Build-Own-Operate-Transfer (BOOT), Build-Lease, Transfer (BLT) or any other scheme or project found suitable in relation to the fields of business of the Company under the Public Private Partnership (PPP) programme.
2. The Company has not filed MGT-14 for appointment of CFO and CEO as per the Sec.179 (3) and rules of the Companies Act, 2013.
3. The Audit Committee has not been constituted properly as per the requirements of Section 177(2) & (3) pending appointment of Independent Directors in its Board.
4. The Company has not filed MGT-14 for approval of unaudited financial results for the quarter ended 31st December, 2014 as per Sec.179 (3) and rules of the Companies Act, 2013.
5. The Company has not filed MGT-14 for appointment of Internal Auditor as per Sec.179 (3) and rules of the Companies Act, 2013.

Place: New Delhi

Signature:

Date: 24.06.2015

Balika Sharma & Associates

Company Secretaries

FCS No: 4816

C P No : 3222

Annexure I- other laws applicable to the company

1. Employees Provident Fund and Miscellaneous Provisions Act, 1952
2. Employees State Insurance Act, 1948
3. Employers Liability Act, 1938
4. Environment Protection Act, 1986 and other environmental laws
5. Equal Remuneration Act, 1976
6. Factories Act, 1948
7. Indian Contract Act, 1872
8. Income Tax Act, 1961 and Indirect Tax Laws
9. Indian Stamp Act, 1999
10. Industrial Dispute Act, 1947
11. Maternity Benefits Act, 1961
12. Minimum Wages Act, 1948
13. Negotiable Instruments Act, 1881
14. Payment of Bonus Act, 1965
15. Payment of Gratuity Act, 1972
16. Payment of Wages Act, 1936 and other applicable labour laws
17. The Indian Telegraph Act, 1885 (Relevant Provisions)
18. The Telecom Regulatory Authority of India Act, 1997
19. The TRAI (Levy of Fees and Other Charges for Tariff Plans) Regulations, 2002
20. The Telecommunication Interconnection (Charges and Revenue Sharing) Regulation, 2001
21. The Telecommunication Interconnection Usage Charges Regulation, 2003
22. The Telecom Regulatory Authority of India (Annual Report and Returns) Rules, 1999
23. The Telecom Regulatory Authority of India (Form of Annual Statement of Accounts and Records) Rules, 1999
24. The Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004
25. The International Telecommunication Access to Essential Facilities at Cable Landing Stations Regulations, 2007
26. The Telecommunication Consumers Education and Protection Fund Regulations, 2007
27. The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007
28. The Information Technology (Certifying Authorities) Rules, 2000
29. Right to Information Act, 2005
30. Service tax Rules, 1994
31. The Indian Wireless Telegraphy Act, 1933

Annexure-V

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

Sl No.	Observations / comments of Secretarial Auditors	Management Replies
1.	The Company has not filed MGT-14 for appointment of CFO and CEO as per the Sec.179 (3) and rules of the Companies Act, 2013. However, Company has filed DIR-12 form on intimating appointment of CFO & CEO to ROC.	It is clarified itself in the audit report that Company has already filed DIR-12 form intimating appointment of KMP (i.e. CFO & CEO) to the ROC. Required action has been taken. As such, it was felt that MGT 14 was not required, when the objective of notifying KMP was served.
2.	In the absence of appointment of independent Directors on the Board of the Company by the Govt. of India, the Audit Committee has not been constituted properly as per the requirements of Section 177(2) & (3) of the Companies Act, 2013. The Audit Committee presently constituted by the Company consists of two Nominee Directors on the Board.	<p>In terms of the provision contained in Article 66 of Articles of Association of RailTel, the President of India shall have the power to appoint Directors on the Board of the company. Being the CPSE, selection of all Board level appointment are processed by our administrative ministry i.e. Ministry of Railways.</p> <p>The Company has made request on 07/10/2014 and thereafter followed by reminders on 31/12/2014, 04/02/2015, 10/04/2015 and 25/06/2015 to its administrative Ministry and is also regularly pursuing the matter for appointment of independent Directors (part-time non-official Directors) including one woman Director on the Board of the Company. During MOU negotiations, the DPE was also informed and a stipulation in relation to assistance from the Ministry was also included under the MoU 2014-15 to the effect that the Ministry would get expedited the appointment of independent Directors by June, 2014.</p> <p>In addition, the matter relating to appointment of woman director on the Board of the Company was also discussed in the 79th Board meeting held on 26/06/2014 wherein Board expressed its concern and advised to take effective steps to get the name of woman Director recommended from the Govt. of India for appointment as part time non-official Director on the Board.</p>
3.	The Company has not filed MGT-14 for approval of unaudited financial results for the quarter ended 31 st December, 2014 as per Sec.179 (3) and rules of the Companies Act, 2013. (However, this requirement has been dispensed with under the MCA Notification dated 05/06/2015, as explained to us by the management)	The Company did not compile the quarterly financial results and as such, not intended to file MGT 14. However, the requirement of filing form MGT-14 for approval of unaudited financial results has since been dispensed with under the MCA Notification.

Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings & Outgo

(A) Conservation of Energy			
(i)	Steps taken or impact on conservation of energy	(a) Use of efficient controlled lighting system using LEDs at Data Center in Gurgaon. (b) Replacement of old batteries & chargers with new tubular gel batteries for better energy back up & energy conservation	
(ii)	Steps taken by the company for utilising alternate sources of energy	NIL	
(iii)	Capital investment on energy conservation equipments	₹ 28.30 Lakh	
(B) Technology Absorption			
(i)	Efforts made towards technology absorption	<ul style="list-style-type: none"> Use of Telepresence solution for effective working across all geographical locations Use of high capacity equipments like DWDM, PTN, MPLS for reducing cost of bandwidth creation 	
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Product improvement & cost reduction	
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA	
(a)	Details of technology imported	NA	
(b)	Year of import	NA	
(c)	Whether the technology been fully absorbed	NA	
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA	
(iv)	Expenditure incurred on Research and Development	₹ 1 Crore	
(C) Foreign Exchange Earnings & Outgo		FY 2014-15	FY 2013-14
(i)	Foreign Exchange Earnings	NIL	₹ 7.85 Crores
(ii)	Foreign Exchange Outgo	₹ 28.42 Crores	₹ 7.31 Crores

Management Discussion and Analysis Report

1.0 Economy Overview

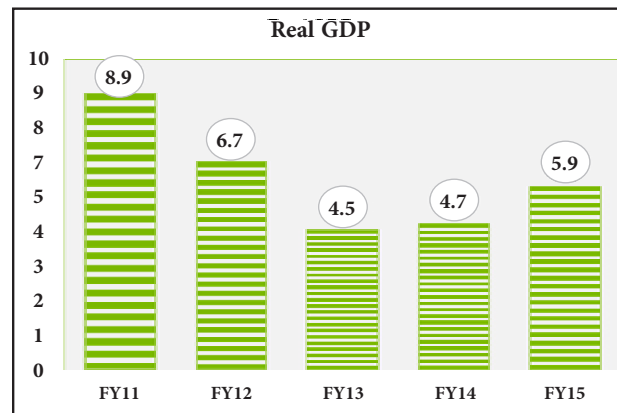
Macroeconomic Overview

Indian economy has weathered many challenges successfully in recent times and is currently placed on a cyclical upturn, on the back of strong policies and a whiff of new optimism. In the recent past, the economy faced testing times with issues like lower growth, high levels of inflation and widening current account deficit; escalated by an unsupportive external environment. Growth is back, with its desirable concomitants of mild inflation and manageable current account balance with stable rupee and rising foreign exchange reserves, signaling improvements in macro-economic stability.

After a revision in National Accounts aggregates base from 2004-05 to 2011-12 undertaken by the Central Statistics Office (CSO), India's GDP growth rate for the year 2014-15 at 2011-12 market prices increased to 7.4 per cent as compared to 6.9 per cent in the year 2013-14. The RBI continued to maintain a tight monetary policy stance for a greater part of the year. However, easing of inflationary pressure due to falling oil prices led to RBI softening its stance and responding with a cut in policy repo rates by 25 basis points (bps) from 8 per cent to 7.75 per cent in January 2015. India's trade deficit narrowed from USD 116.9 billion to USD 112.5 in the period April-December from 2013 to 2014 respectively on account of higher growth in merchandise exports and marginal rise in merchandise

imports. The Government has launched key initiatives and programmes such as the 'Make in India' campaign, 'Digital India' and 'Smart Cities'. While the 'Make in India' program is set to boost the domestic manufacturing sector, the latter initiatives are aimed at transforming India into a knowledge economy through ICT innovations and e-governance. On the back of controlled inflation, rise in domestic demand, increase in investments and reforms, 2014-15 has seen India emerge as an economy that holds immense potential.

GDP



The GDP at constant prices has grown from ₹ 9,921,106 Crore in 2013-14 to ₹ 10,656,925 Crore in 2014-15. An analysis from the demand side comprising private consumption, investments and net exports, shows that growth in private consumption increased to 7.6 per cent in 2014-15 from 6.5 per cent in 2013-14 as per advanced estimates, the growth in gross fixed capital formation increased to 4.1 per cent in 2014-15 from 3 per cent in 2013-14, and exports increased marginally by 0.9 per

cent in 2014-15 as compared to 7.3 per cent in 2013-14 while imports declined by 0.5 per cent in 2014-15 as compared to a decline of 8.4 per cent in 2013-14, primarily due to decline in international oil prices.

India is one of the very few countries for which IMF and World Bank have raised their growth assessment. The ongoing revival is remarkable against the fact that it happened despite a highly tentative global economic conditions and a below-par domestic agricultural season.

Inflation, Monetary Policy and Interest Rate

The average Wholesale Price Index (WPI) inflation declined in 2014-15 to 3.4 per cent (April-December) vis-à-vis 8.9 per cent in 2013-14 owing to a sharp decline in prices. A similar trend was observed in food price inflation that moderated to 4.8 per cent during April-December 2014 as compared to 9.4 per cent in 2013-14. The Consumer Price Index (CPI) also moderated to 6.3 per cent in 2014-15 from 9.5 per cent in 2013-14 in the period April-December. The RBI had tightened the monetary policy last year which helped contain demand pressures, creating a buffer against any external shock and keeping volatility in the value of the rupee under check. With the easing of the inflationary conditions, the RBI softened the monetary policy stance and responded by cutting policy repo rates by 25 basis points (bps) to 7.75 per cent in January 2015. The RBI further reduced the statutory liquidity ratio (SLR) by 50 bps from 22 per cent of net demand and time liabilities (NDTL) to 21.5 per cent.

Industrial Production, Infrastructure Performance & Current Deficit

The year 2014-15 has witnessed key policy reforms, aimed at aiding growth revival and the surmounting structural constraints in the economy. The policy action has combined the needs of short term economic management with focus on taming inflation and external sector imbalances with a medium to long-term vision for transformation and development, manifested in significant reforms aimed at rationalizing administered pricing policies in petroleum and natural gas, stirring infrastructure development and de-bottlenecking the economy with initiatives to unshackle land acquisition for development (along with rehabilitation requirements therein) and to ensure adequate availability of key inputs like coal and power. The growth agenda of the Government has been tethered to the revival of manufacturing, unleashed in the “Make in India” initiative, accompanied by liberalization of foreign direct investment, a large array of investment facilitation measures and steps to improve saving. The performance of key industrial sectors based on the Index of Industrial Production (IIP) reveals the reversal in trends of industrial production in 2014-15, which had slowed down since 2011-12.

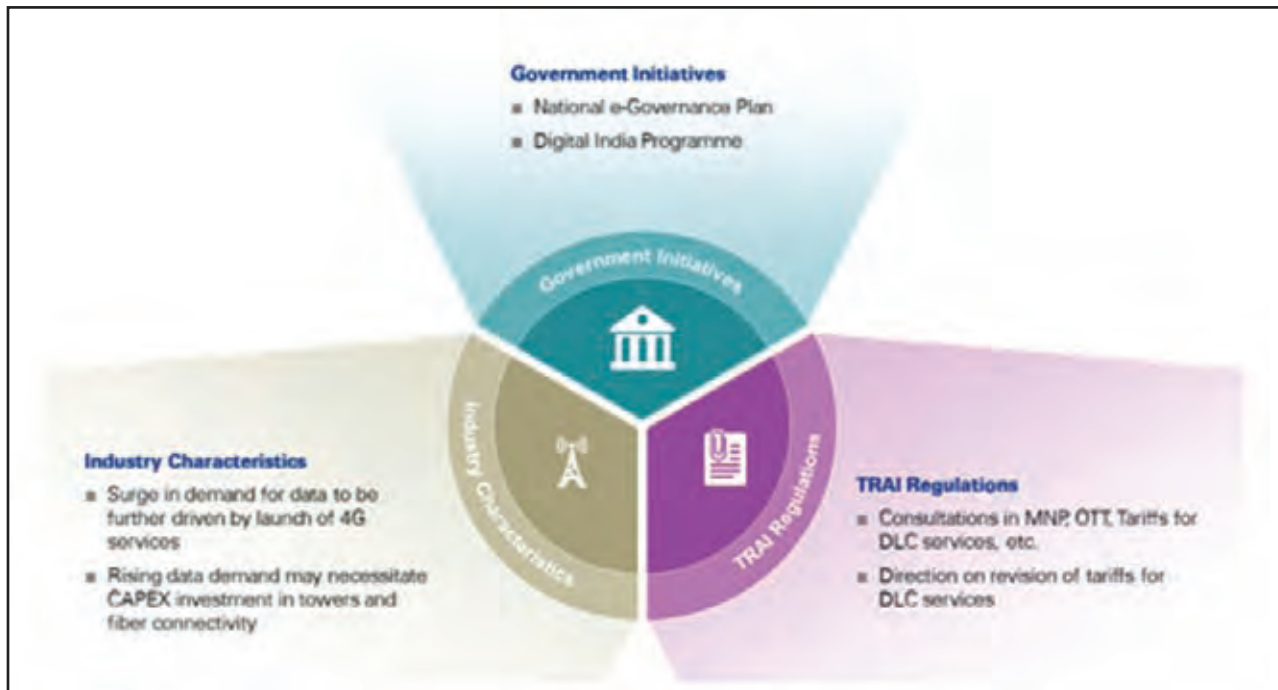
The Index of Industrial Production (IIP) based industrial growth during 2014-15 (April-January), was 2.5 per cent as compared to 0.1 per cent suggesting the slow recovery of the industrial sector primarily led by the infrastructure sectors: electricity, coal and cement. The overall growth in eight core sectors during 2014-15 (April-December) has marginally improved to 4.4 per cent compared to 4.1 per cent in the same period last year. The telecom sector continues to grow rapidly. During April-November 2014-15, 31.2

million new telephone connections were added as compared to 12.1 million new connections in the corresponding period of 2013-14.

In 2014-15 (April-January) trade deficit increased by 1.6 per cent to USD 118.4 billion as against USD 116.5 billion in 2013-14 (April-January). To counter elevated level of trade deficit, the

government took numerous measures aimed at boosting the performance of the exports. Various sector schemes were strengthened-Focus Product Schemes (FPS), Focus Market Scheme (FMS), Marked Linked Focus Product Scheme (MLFPS), etc. The 'Make in India' campaign is again a step in this direction.

2.0 Telecom Industry



Telecom Industry Characteristics

On the basis of the TRAI performance indicator reports, the Gross Revenue of Telecommunication industry during the October-December quarter of 2013 was reported at ₹ 58385 Crore and this has increased to ₹ 63955 Crore for the same period in 2014. At the service level, NLD Gross Revenues for the same period have gone up to ₹ 8829 Crore in 2014 from ₹ 8383 in 2013.

The total telecom subscribers (wireline + wireless) stood at 970.97 million subscribers in

the quarter ending December 2014 vs. 915.19 million subscribers in the same period in 2013, indicating an approximate increase of 6 per cent. The mix for the quarter ending December 2014 stood at approximately 943.97 million wireless subscribers (a 6 per cent increase) and 27 million wireline subscribers (a 6 per cent decrease) from the same period in 2013. The overall tele-density went up from 74.02 in December 2013 to 77.58 in December 2014.

The total internet subscribers in December 2014 was estimated at 267.39 million, up from 238.71

million in December 2013, comprising 248.53 million wireless internet subscribers and 18.86 million wired internet subscribers showing a ~13 per cent increase and ~3 per cent increase from the same period in 2013, respectively. India's total Internet subscribers per 100 population is 21.37. There is still a significant divide between urban and rural internet subscribers per 100 population figures that are currently 45.33 and 10.66 respectively.

The Indian Telecom industry that was plagued by hyper-competition for years has finally been witnessing growth in revenues and profitability on account of waning competitive intensity resulting in falling churn rates and paving way for revenue per minute (RPM) hike. The Industry is experiencing significant data growth driven primarily by growth in data volumes (major operators have witnessed a CAGR of ~ 19-21 per cent between 2013 and 2015) and marginally by pricing correction. The increase in data demand is on account of several factors such as falling handset prices, increasing rural penetration, rising demand for OTT applications, increasing demand for e-commerce, etc. Expected launch of 4G services in India may further boost data volume growth although disruptive pricing of the same may cause pricing pressure in both data and voice services. This continuing surge in data volumes may require investments in towers/ BTS and increased fiber connectivity for backhaul in the near future in order to avoid network congestion and deliver seamless data offering (3G + 4G).

Telcos are increasingly diversifying their bouquet of services and are increasingly offering Enterprise IT Services that maybe

broadly defined to include cloud computing services, enterprise mobility, analytics and security services. Enterprise IT Services are going to be the main arena of play for RailTel in the coming future as it looks to offer the same by leveraging its Data Centers. The Indian Data Center (DC) Market is ₹ 14,000 Crore where 3rd party DC market accounts for ₹ 3800 Crore and Captive DC market accounts for ₹ 10,200 Crore. The 3rd party DC market is witnessing growth rates of 12 per cent.

Government Initiatives

Government thrust on initiatives such as the National e Governance Plan and Digital India initiative are set to completely change the Indian Telecom landscape. The vision of Digital India is to make India a digitally empowered society and a knowledge economy. The Digital India programme is thus transformational in nature and aims at ensuring all Government services are available to citizens electronically. This is in line with the National Telecom Policy-2012 (NTP-2012) announced with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. The Digital India programme will be implemented in phases from 2015 till 2018.

TRAI Regulations

During the year, TRAI initiated various consultations on Mobile Number Portability (MNP), regulatory framework for Over-the-top (OTT) services, valuation and reserve price spectrum for 2100 MHz Band, interconnection

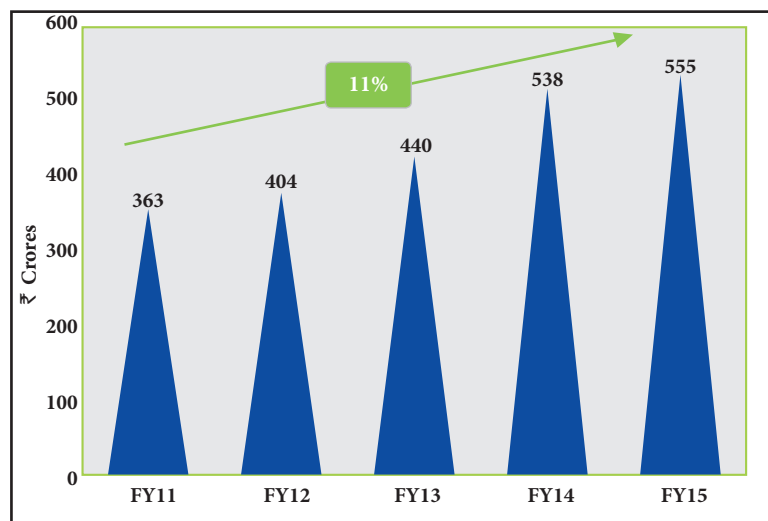
usage charges, need for delivering broadband quickly, migration to IP based networks, review of tariffs for Domestic Leased Circuits (DLC), many of which were followed by recommendations. A major direction from TRAI was the issuance of revised tariffs for DLC services. In this regard, the prices have been reduced ranging from 30-60 per cent for E1 tariffs and approx. 10 per cent to 60 per cent for higher capacities with maximum reduction seen on higher distance bands.

3.0 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 4000 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 created its second Tier-III data center at Gurgaon, which shall be used to launch various Value Added Services (VAS) and IT related services in the market besides working as a DR for many services, while the Data Center requirements are taken care by the Secunderabad Center. The Company launched various new services during the year such as Data center & DR services, Tele-presence as a service on a pan-India basis. During the year, your Company also took up the initiative of providing Wi-Fi services at Railway stations.

Equipped with an ISO 20000-1:2011 certification, RailTel offers a wide gamut of managed telecom services to Indian Telecom market. The service includes Managed lease lines, Tower colocation, MPLS based IP-VPN, Internet, Data Center services, NGN based voice carriage services to Telecom Operators, Services to Internet Service Providers, MSOs, Enterprises, Banks, Govt. Institutions/dept., Educational Institutions/Universities, etc. RailTel being a “Mini Ratna (Category-I)” PSU is steaming ahead in the enterprise segment with the launch of various services coupled with capacity augmentation in its Core network.

A look at the past 5 years performance reveals RailTel’s healthy growth, standing at ~11 per cent, as it realizes returns from its existing services and marks its foray into the Enterprise IT space. Your Company’s growth rate is expected to accelerate further as it ventures into providing more value added Enterprise IT services. This bodes well for your Company given the average growth rate of the top three domestic neutral telecom players in India is ~12 per cent.



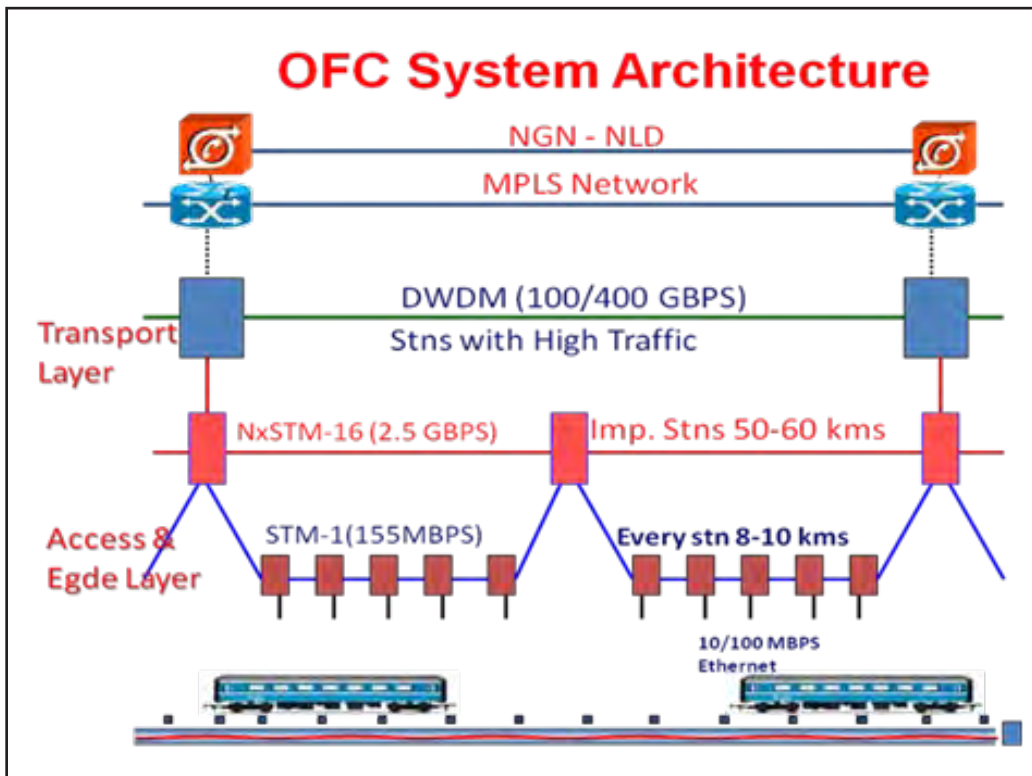
Snapshot of RailTel's 5 years performance

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

4.0 Network Strength

RailTel has exclusive seamless Right of Way (ROW) along 63,000 KM of Railway Track passing through 7000 stations across the country. Using this ROW, RailTel has so far laid 46888 RKMs of OFC and OFC lit is

44279 RKMs till March 31, 2015. Works on another 6500 KMs are in various stage of execution. RailTel's high speed OFC Backbone Network shall ultimately cover the entire railway route across the country. In high bandwidth backbone segment, RailTel occupies a proud place with its unparalleled network. The network has the ability to provide the mission critical customized connectivity platform for enhanced corporate efficiency and growth.

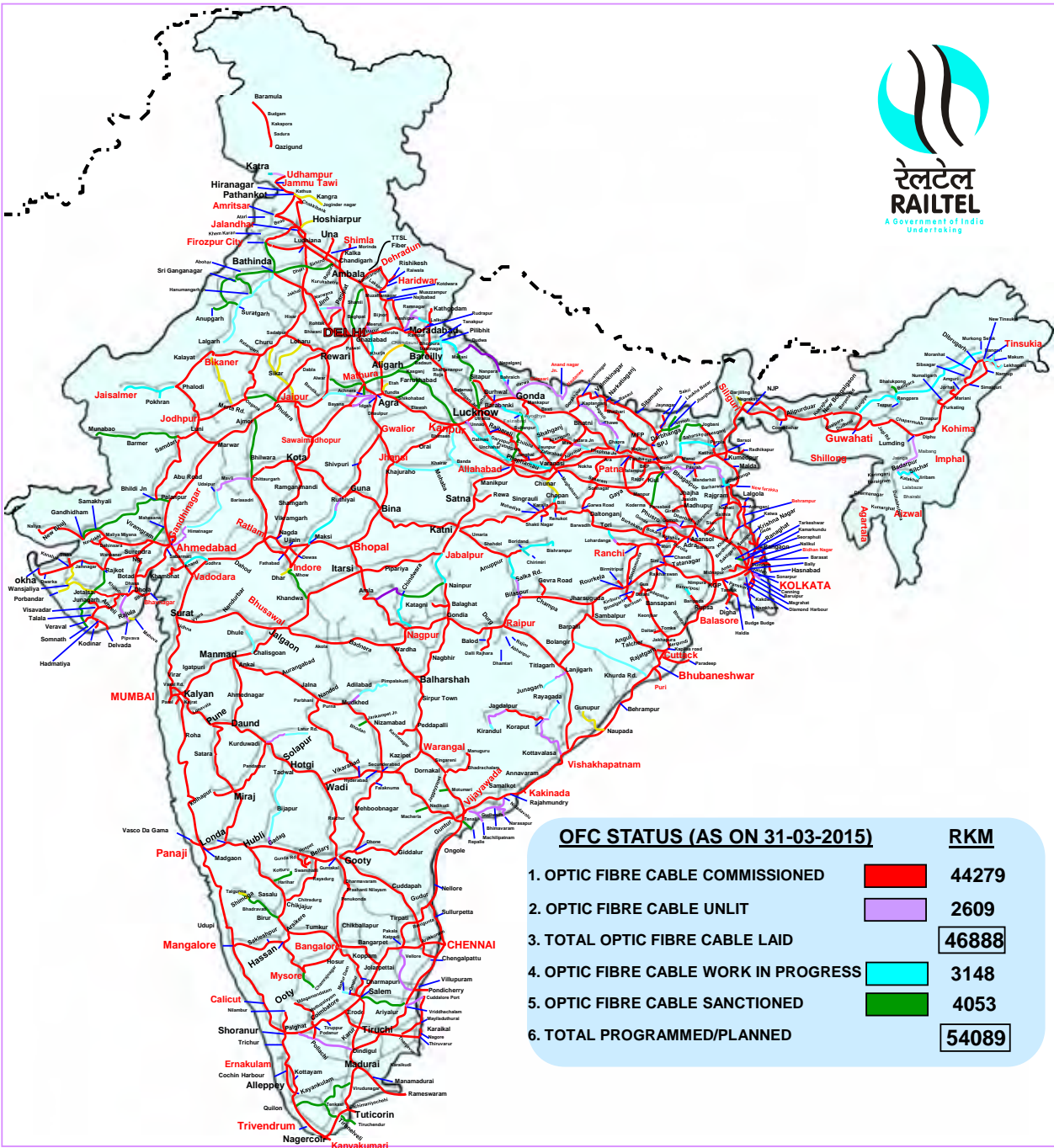


RailTel is creating PoPs at every Railway station enroute which are spaced at 8-10 Kms. At all the stations en route is deployed STM-1/4 (155/625 Mbps) primarily to meet Railways requirement.

The distribution layer network of STM-64/16 (10G/2.5G) spaced at 40-60 KMs is deployed to connect important towns/cities of the country. Presently this network is available at over 600 cities in multiple rings of STM-64/16. Further, RailTel has also provided n x 10G capacities on

its Core network using DWDM at over 24000 RKM across 85 cities to provide Gigacapacities capable to provide up to 400/800G. On top of this network, RailTel has upgraded its MPLS network to provide n x 10G capacities on backbone with access routers having multiple of 2.5G/1G capacity. Access network with C/ DWDM, STM-64/PTN is being provided in important cities to meet the connectivity requirements of serving Enterprise customers upto the premise.

OPTIC FIBRE CABLE NETWORK



The Map shown is only for representational purpose and does not represent territorial boundaries of India.

Map not to scale.

5.0 New Initiatives during the year:

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

5.1 Wi-Fi Services

During the year, RailTel has been mandated by Railways to provide Wi-Fi facility at A1 & A category stations comprising of about 400 stations in the country. RailTel has already commissioned Wi-Fi facility at Bangalore, New Delhi, Chennai, & Goa. However, RailTel facilitates provisioning of Wi-Fi at 6 more stations in Agra, Ahmedabad, Varanasi, Howrah, CST/Mumbai & Secunderabad using one of the Telecom operator's services as a limited period model. RailWire-the retail broadband distribution model of RailTel is the platform for distributing internet bandwidth through Wi-Fi.

The RailWire powered Wi-Fi will give maximum speed of 1 mbps and the facility shall be available to the users free of cost initially for a period of 30 minutes by registering on the Wi-Fi network through their Wi-Fi enabled devices. For usage beyond 30 minutes, the user may purchase scratch cards, which will be made available at the Wi-Fi Help Desk at the station.

In addition, RailTel & DMRC (Delhi Metro) signed an MoU for providing Wi-Fi facilities in five metro stations namely Rajiv Chowk Station, Kashmere Gate Station, Vishwavidyalaya Station, Central Secretariat Station, HauzKhas Station. These stations are

few of the busiest metro stations catering to a huge numbers of passenger daily. The Wi-Fi facility will enable them to stay connected via high speed internet on the go, as access to broadband is the first step to achieve the objectives laid down under Digital India programme. RailTel is also in discussion with other agencies to provide similar facility at other public places as well.

5.2 Data Center

During the year, your Company commissioned its second Data Center at Gurgaon with Tier-III certification for design by Uptime Institute, U.S.A. The Data Center, in addition to co-location requirements will facilitate in providing various Value Added Services to its enterprise customers. With availability of



ML-Railway Board visit at Gurgaon Data Center

similar Tier-III Data Center at Secunderabad, now Disaster recovery services can also be provided to customers. Creation of such high quality Data Center infrastructure will enable your Company to mark its entry into value added IT services such as Cloud & Managed Services. Presently, the Indian Public Cloud Computing market is estimated to be ₹ 4800 Crore. Software as a Service (SaaS) constitutes ~39 per cent, Platform as a Service (PaaS)

constitutes ~32 per cent and Infrastructure as a Service (IaaS) constitutes 15 per cent of this market. Moreover, the Indian Managed IT Services market is estimated to be ₹ 23000 Crore. The Cloud & Managed Services markets in India are together experiencing very high growth rates with various sub-segments growing at rates in the range of 12 - 40 per cent. Your Company plans to invest further into building quality DC capabilities and enter this attractive market.

5.3 RailWire

During the year, RailWire has been launched on a Pan-India basis across all major States. RailWire is a retail Broadband initiative with a mission to make available “ICT to common man” and also extend “Internet, Education and Health Services to masses”. Vision of RailWire is to extend Broadband & Application Services to urban, rural & remote areas through its collaborative platform.

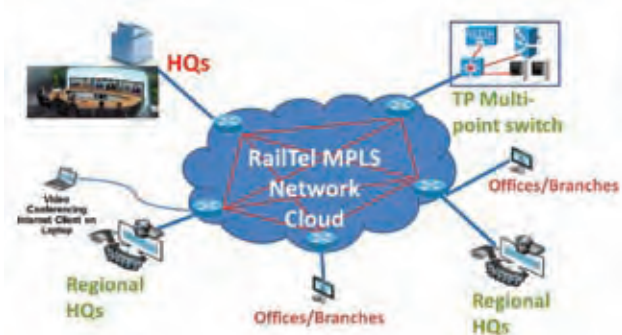
RailTel has aligned & partnered with various Managed Service Partners in different zones for managing the entire operations, hundreds of quality conscious Access Network Providers for end connectivity to customer premises, Last mile service delivery partners for scalable aggregation network and IT partners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

RailWire, a collaborative platform has been designed in a way to ensure consistency, transparency and openness among the partners, to provide consistent & high speed Retail Broadband & Value Added Service with proactive customer support. Till March'15, approx. 28,000 RailWire

customers were added on the Network and the revenues on RailWire are at ₹ 14.60 crores.

5.4 Tele-Presence as a Service (TPaaS)

The Tele-Presence market size in India is estimated to be ₹ 700 Crore and is expected to grow at a CAGR of ~21 per cent till 2018. During the year, RailTel also formally launched Tele-presence services in partnership with a major OEM player of Tele-presence solutions selected through an open tender and transparent mechanism. The services can now be provided on a managed service model without any capex exposure to the customer. The customer will get end to end support on infra, video hardware, network and unmatched 24x7 service from a single operator, i.e. RailTel hosting its services in DC with DR at its own Data Centers. The partnership shall utilize the high capacity data network (MPLS) of RailTel combined with various flavors of Tele-presence solutions available to the customer to choose from.



Formal launching of the services for the information of Govt. & other agencies was also done by conducting two road shows one at Delhi and the other at Kolkata.

Tele-presence which enables the rich experience of audio-visual communication is expected to



Launch of TPaaS

be the future of collaborative platform. RailTel which has always been in the fore-front in launching next generation services is expected to do well considering its penetration with various enterprise customers in banking, strategic and Govt. sectors saving resources incl. cost and time in addition to reducing carbon footprint.

6.0 Existing Services

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

6.1 NLD Services

The bandwidth leasing segment (to both Telcos and other Enterprises) in India is estimated to be ₹ 29,000 Crore and is growing at 5-7 per cent CAGR. RailTel's focused efforts in this segment has ensured continuing growth in this segment especially in Govt. departments, Enterprises,

Banks, etc. and last year also saw positive traction in leasing of circuits by Telecom operators and MSOs. The aggregated network capacity leased to various telecom & enterprise customers has grown by 20% over last year.

The Indian VPN market is estimated to be ₹ 5,200 Crore. During the year, your Company was able to get many high volume orders for MPLS, VPN & NLD services especially from many prestigious PSUs, MNCs and Banks. During the year, RailTel has leased VPN bandwidth to various customers including for Railways.

Total revenue from NLD segment (bandwidth leasing & VPN) stood at ₹ 284.90 Crore ending March, 15.

6.2 ISP Services

RailTel is also providing Nationwide Internet services to all major customer segments like ISPs,

Educational Institutions and various Government departments. The internet leased line market in India is estimated to be ₹ 3000 Crore and is growing at a CAGR of 11 per cent till 2019. During the year RailTel has leased IBW to various customers leading to total revenues of ₹ 40.11 crores (including RailWire accruals) during the year. This segment is expected to see higher growth on account of RailWire and Wi-Fi services being rolled out by RailTel. Though the contribution to topline from Wi-Fi services is still at nascent stage, business model is being developed for realizing revenues from this segment.

6.3 IP-1 & Colocation Services

During the year, RailTel saw muted growth from this segment. Considering this and in order to drive higher margins, RailTel is in the process of re-orienting its colocation business giving due importance to managed services in partnership with a leading infrastructure provider who shall be responsible for management and marketing of RailTel towers to various customers. This shall help in further consolidating its market with existing customer arrangements with all mobile operators across India to lease these sites for colocation purposes. Till March, 15, RailTel has earned a total revenue of ₹ 104.19 Crores from this segment .

6.4 Service to Railways

RailTel was established with the vision to modernize Railways train control, operations and safety system networks. Over the years, RailTel has implemented various telecom & IT infrastructure projects as well as various Value Added Services for Indian Railways.

This facilitated in spreading various Railways applications to remote and rural stations thus increasing customer satisfaction.

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

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

7.0 Facilitating Govt. of India Initiatives

7.1 Creating Knowledge Society

RailTel continues to support NKN infrastructure through its high capacity backbone network. Till March 31, 2015 RailTel has provided 26 Core links, 124 Distribution links and 434 Access links to operationalize the network.

7.2 Broadband to Panchayats

Govt. of India has approved the project for creation of a National Optical Fiber Network (NOFN) for providing Broadband connectivity to all 2.5 Lac Gram Panchayats (GPs) which has now been rechristened as 'BharatNet'. RailTel has been allocated work consisting of 36000 GPs in 11 States comprising of NE states (Tripura, Meghalaya, Manipur, Mizoram, Nagaland & Arunachal Pradesh), Tamil Nadu (incl. Pondicherry) & Gujarat (incl. Daman & Diu and Dadra & Nagar Haveli).

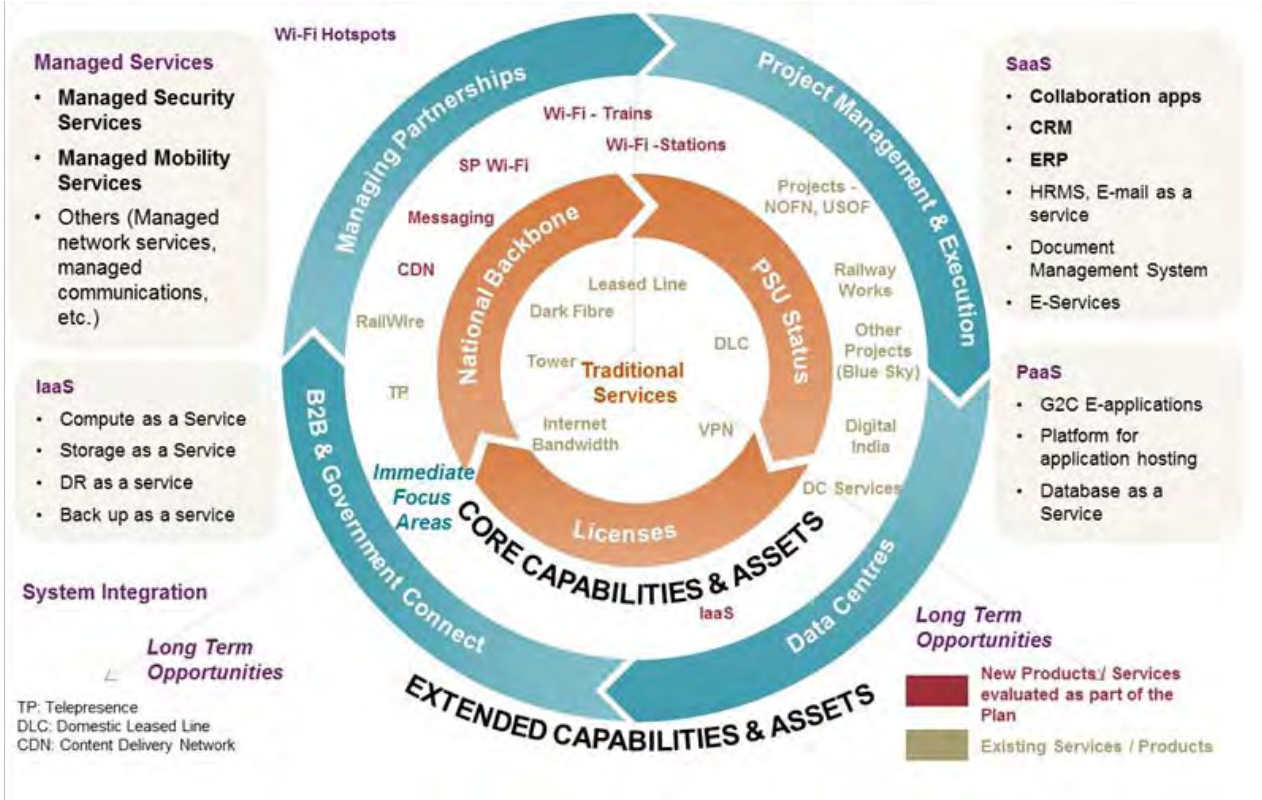
Puducherry became the first State/UT to be completed with laying of OFC across all 98 GPs by March, 15. The activity of provision of active component is being taken up by BBNL. In addition, RailTel has laid 3074 KM of duct and 1056 KM of OFC under the project.

7.3 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). During the year, RailTel completed all nodes of Tripura. Till Mar'15, approximately 480 KMs of OFC has been laid in Tripura, 76 KMs in Mizoram, 272 KM in Meghalaya under NE-I and 98 KMs in Nagaland & 106 KMs in Arunachal Pradesh under NE-II.

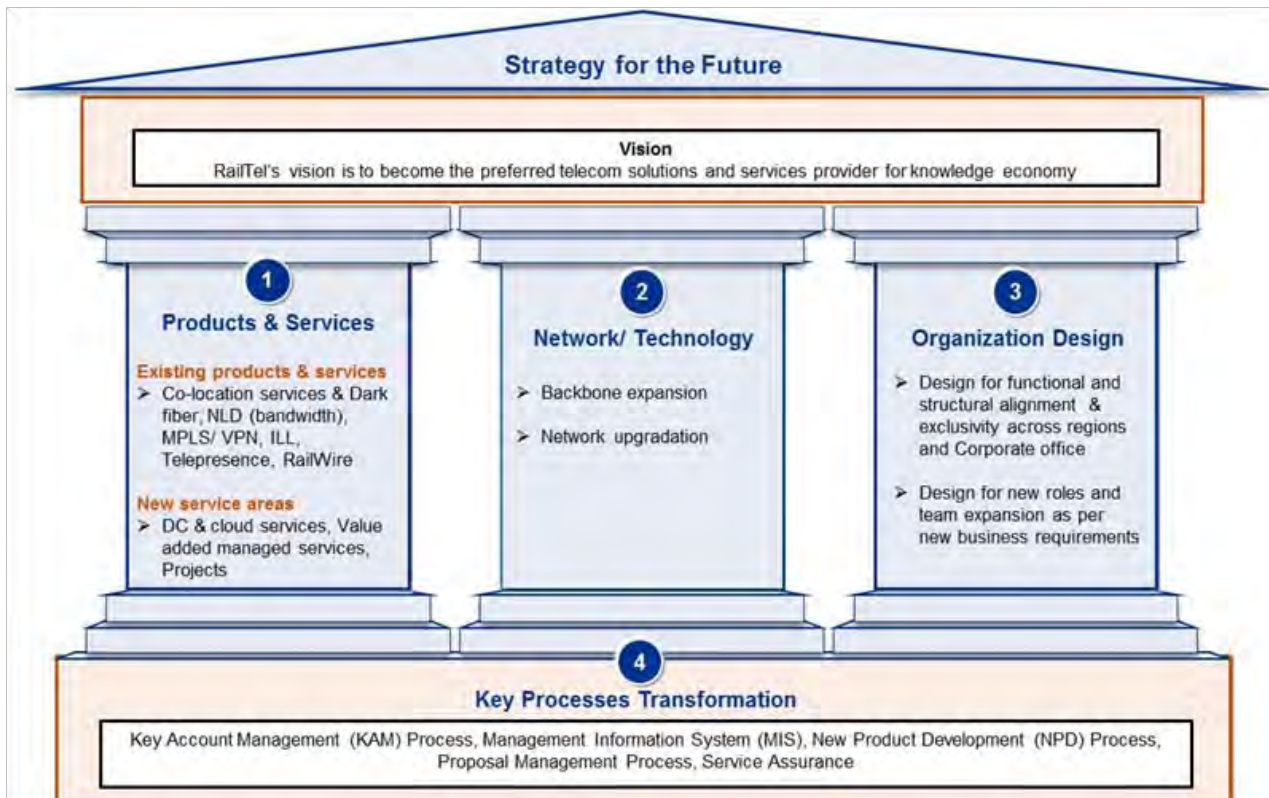
8.0 Blueprint for the Future

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



As per the business plan, RailTel now needs to focus in developing extended capabilities in the area of Data Center centric services such as managed services & cloud, CDN, project

execution, etc. In some areas these can be developed effectively using partnership models ensuring risk mitigation while delivering such services



In order to realize the vision of being the preferred telecom solutions and services provider for knowledge economy, your Company would be following a three pronged strategy of concentrating on optimizing the products & services bouquet, expanding the network and upgrading to a high capacity network, and modifying the organization design. Execution of the strategy would be supported by state of the art improvements in internal business processes such as service assurance and new product development.

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

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

Organization Design: Your Company plans to modify its organization design to suit changing business needs such as the Company's entry into enterprise IT services and as your Company looks to execute ICT projects & initiatives

launched by the Government and various State Governments.

Internal Processes: Your Company believes that strengthening of internal business processes is essential for efficient customer service delivery & cost efficiency that in turn would enable savings for higher investments in the future. Your Company plans to improve key business processes such as service assurance, key account management, management information systems (MIS) to improve competitiveness. Your Company also wishes to institute a dedicated new product development process that would enable your Company to roll out quality products and services in the fast paced technology industry.

9.0 Financial Performance

During the financial year 2014-15, total revenue earned by RailTel is ₹ 554 Crores. The operating profit earned during 2014-15 has been ₹ 166 crores while net profit earned has been ₹ 121 crores. RailTel has also paid an interim dividend of ₹ 10 Crores to the Ministry of Railways during the year under report.

From NLD (Bandwidth) services, RailTel earned ₹ 284.90 Crores during the year. While earning from IP-1 services has been ₹ 104.19 Crores which includes revenues from tower & rack colocation and Dark fiber leasing. Total earning from IP-VPN and IBW services has been ₹ 40.11 Crores. Under the new revised business plan, the target for the year 2015-16 is to achieve completion of total OFC network of 46000 RKM and increasing PoPs to 4600.

10.0 Awards

During the year, RailTel bagged some of the most prestigious awards for various categories as mentioned below:

- **“Best IT adoption”** Governance Now PSU Award 2014 for implementation of ERP in the company
- **“Best HR Practices”** Governance Now PSU Award 2014 for excellence in Training of employees in the company
- **“Innovative Managed Services”** awards by Aegis Graham Bell Award 2014 for RailWireservices
- **“Best Carrier of Carrier”** award by VAR India for high capacity Backbone network in the country **“Legend PSU of the Year”** award by News Ink Media Awards and **“Legend CMD of the Year”** award to RailTel CMD Shri R K Bahuguna for his Leadership role.

11.0 R&D Efforts

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

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



RAILTEL receives “Best carrier of carrier” award being honored by Shri Vipin Tyagi, E.D.-C Dot, Govt. of India and Shri D.K. Sahu, Chief editor-VAR INDIA

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

12.0 Quality Process

RailTel is an ISO 9000 certified Company, for its various areas of operation for all departments across all its offices. In addition, your Company has the ISO/IEC 27001:2005 certificate from KVQA Certification Services Pvt. Ltd. for its Information Security Management System. RailTel received this certificate for Installation & Maintenance of Nationwide Broadband Telecom & Multimedia Network Service Management for Telecom Internet and I.T. Enabled Value Added Service in all parts of India as per SOA Version 2.1. Further, RailTel has also got the Tier-III certification for its Data Center at Secunderabad for both design and facility while design certification for its Gurgaon Data Center. The facility certificate for Gurgaon Data Center from Uptime, USA shall be taken during the current year. RailTel is also in the process to receive an ISO 20000:2011 certification (IT Management System) for its services.

13.0 Human Resources

Your Company has evolved unique practices in Human Resources over the last few

years. With the increased use of ERP, many employee related activities are being taken up online, facilitating them to avail in-house services within a stipulated timeframe. Employees deputed in fields are the main beneficiaries who can now avail various reimbursements online without requiring to visit territorial/regional offices.

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 Organization special recruitment was done for recruitment of finance professionals/CA's to take up the work of auditing, taxation, costing & accounting system. Total of 48 employees joined the organization during the year taking the total to over 230 employees in last two years.

RailTel is continuously 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 functional flexibility.
- b. Key Result Areas have been identified with each of the officials thereby bringing a sense of team work
- 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 to do better

- e. Training and skill up gradation for employees through regular onsite and offsite trainings

Regular interaction is done with each of the employees in the team that has increased its performance 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.

14.0 Corporate Social Responsibility

The key principle driving the Company's CSR activities is in line with its vision statement to develop knowledge society in the country. It aims to integrate social and environmental concerns in its business processes. RailTel shall constantly strive to remain a good corporate citizen committed to the concerns of the society as a whole.

In line with previous year's initiatives, RailTel took up a CSR project for creating IT infrastructure at rural institutions situated in villages/panchayats across various States/UT to provide broadband enabled IT centers enabling e-health, e-education for rural population through



CSR initiative at HTE Railway Hospital

local institutions like Primary schools & Primary health center.

During the year, to take forward this CSR initiative, RailTel provided IT infrastructure at 82 such institutions. Each of these centres is fully equipped with high speed broadband connectivity, multimedia desktops, LCD TV equipped with enterprise webcam and speakers, solar/UPS for power back up, etc.

With this the total network of this initiative has expanded to 163 such institutions.



CSR initiative at Gutharlapii School

Coverage	Institutions	States/UT	Districts	Blocks	GPs
FY 14-15	82	6	7	11	66
Total	163	12	21	27	125

Further, during the year, RailTel has started the work of opening a Super 30 Center at Dehradun for supporting underprivileged yet meritorious and talented students. This center equips the students with the skills and knowledge required for the IIT-JEE, the entrance examination of IIT. Under this project, RailTel will provide training to 30 students (12th pass) from economically backward sections of Uttarakhand. They shall be supported for one year with lodging, boarding and training at RailTel's Super 30 Center. The selection of the candidates will be done through an open exam and counselling. The center is likely to be made operational by July, 15.

The Companies Act, 2013 mandates that companies would be required to spend at least 2 per cent of the average net-profits of the immediately preceding three years on CSR activities.

The Company incurred an expenditure of ₹ 2.5 crores during the financial year towards CSR activities.

We are pleased to inform you that your Company has not only met this compliance but has exceeded the mandated sum by ₹ 25 lakhs.

15.0 Corporate Governance

Corporate Governance is based on following institutional mechanism:

- a. Constitution of a Board of Directors of appropriate composition, size, varied expert and commitment to discharge its responsibilities and duties.
- b. Constitution of an Audit Committee to scrutinize financial matters

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

16.0 Vigilance Matters Year 2014 -15

This year has been an eventful year for Vigilance administration in the Company. During the year 2014-15, twelve inspections were carried out in different spheres of the working of the Company. Based on the inspection, system improvements were effected in the leveraging of technology, monitoring and review of advances received from customs, inspection of projects and their implementation, timely payment of bills against O&M contracts, e-procurement, annual property returns etc.

RailTel also renewed ISO 27001 and ISO

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

This year was also significant as CVC's old recommendation of adopting Integrity Pact in the organization was successfully implemented for tenders valuing more than ₹ 15 crores.

Vigilance awareness week

Vigilance Awareness week was celebrated in the Corporate Office as well as in 4 Regional

all Regional Offices through telepresence/ video conference. CMD/RailTel delivered a special talk on promoting good governance and positive contribution of Vigilance on the occasion of vigilance awareness week.

A special talk on preventive vigilance was delivered by Sh. Ratn Sanjay, DIG/CBI on 27th Oct. 2014 in Corporate Office of RailTel which was attended by concerned officials of RailTel.

Two vigilance workshops were held to raise awareness about raising transparency, efficiency and reducing discretion in the organization to educate executives of working on large projects,



MoU signing ceremony with TII for adoption of Integrity Pact in RailTel.

Offices of RailTel during the period 27.10.2014 to 01.11.2014. Fresh bilingual educational/inspirational posters and banners on vigilance issues were displayed at prominent locations. Chairman and Managing Director/RailTel administered the pledge to all the RailTel officials in the Corporate Office as well as in

about various methodologies to be adopted, CVC guidelines and Company Policy pertaining to contracts and tenders, role of Vigilance, canon of financial proprietary, conduct rules etc. Pending items pertaining to vigilance administration were discussed in the meetings held with Executive Board of RailTel.

Report on Corporate Governance

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

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

1. CORPORATE GOVERNANCE PHILOSOPHY AND KEY VALUES

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

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

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

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

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

Corporate Governance is strengthened by the fact that RailTel has a code of conduct (which is described in detail elsewhere in this

section) and the operations and accounts are audited at multiple levels-There is a process of Internal Audit, Statutory Audit, Cost audit and Secretarial Audit. Furthermore, the company is committed to maintain a transparent flow of information.

2. BOARD OF DIRECTORS

2.1 Composition of the Board

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

2.2 Independent Directors

Independent Directors are a part of the Board and they bring rich experience and expertise to RailTel. During the year under review, the prescribed term of three years of two part-time non official (Independent) Directors was expired on May, 2014. However, their term was further extended for a period of three months i.e. till August, 2014 and the positions are vacant since then.

RailTel has requested Ministry of Railways to fill the position of Independent Directors.

2.3 Woman Director

Keen to comply with the amendments to the corporate governance norms, we have forwarded our request to the ministry so that they may nominate a Woman as a Director on the Board.

2.4 Nominee Directors/Part time-official Directors

Two part-time official Directors (Nominees from the Ministry of Railways) are on the Board of the Company.

2.5 Composition and Directorship(s) as on 31st March, 2015:

The composition of Directors as on 31st March, 2015 is as under:

Name of Director	Charge held and nature of Directorship	Members of the Boards of public companies (excluding RailTel) excluding Directorship in private companies	Total No. of Committee memberships held including RailTel (excluding private companies)	
			As Chairman	As Member other than Chairman
Sh. R.K. Bahuguna	Chairman and Managing Director	1	NA	NA
Sh. N.K. Gupta	Director-Finance (whole-time Director)	NIL	NIL	1 (CSR Committee)
Sh. A. Seshagiri Rao	Director- Network Planning & Marketing (whole-time Director)	NIL	NIL	2 (Organisation & CSR Committee)
Sh. Shobhan Chaudhuri	Part-time official Director	NIL	NIL	3 (Organisation, Audit & Remuneration Committee)
Sh. Sanjay Upreti	Part-time official Director	NIL	NIL	3 (Organisation, Audit & Remuneration Committee)
Ceased to be Directors during 2014-15 and thereafter				
Sh. Bhaskar Gupta	Part-time non-official Director	NIL	3 (Audit, Remuneration & Organisation Committee)	NIL
Sh. R.K. Goyal	Part-time non-official Director	1	NIL	4 (Audit, Remuneration, Organization, and CSR committee)

Note:

- The term 'whole-time director' used in this report refers to functional/ executive directors.
- The term 'official' indicates part-time Government nominated directors who hold office in the Government.
- The term 'non-official'/ independent' indicates part-time directors who hold no office in the Government and are independent.
- Due course was followed in the appointment of Independent Directors and they were issued official letters of appointment as per the laid down norms.
- Apart from the remuneration to directors as per the terms and conditions of their appointment and entitled sitting fee to part-time (non-official) directors, as detailed in this report. None of the directors has any material or pecuniary relationship with the Company which can affect their independence of judgment.
- The number of Directorships is within the maximum limit of 20 Companies

(out of which maximum 10 Public Companies) as mentioned in Section 165 of the Companies Act, 2013.

- Committees here denote Audit Committee, Remuneration Committee, Organization Committee and CSR Committee.
- The number of committee memberships/ chairmanships of directors is within the maximum limit of 10 (ten) memberships and 5 (Five) chairmanships in accordance with the DPE Corporate Governance Guidelines, 2010.

2.6 Change in Whole- time Directors

During the period under review, there has been no change in the composition of Whole-Time Directors.

2.7 Changes in Part-time (Official) Directors

During the year under review, there has been no change in the composition of Part-time (Official) Directors.

2.8 Change in part-time non official Directors

During the year under report, Sh. Bhaskar Gupta and Sh. R.K. Goyal, part-time non-official Directors, ceased to hold office on 25.08.2014 consequent to completion of tenure of appointment.

2.9 Profile of Directors

- **Shri R.K. Bahuguna, Chairman and Managing Director**

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

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

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

- **Shri A. Seshagiri Rao, Director (NPM)**

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

He joined RailTel in December 2001 and opened S. Region. The Region scaled new heights under his tenure and became the top performing region. He joined corporate office as ED/NPM in 2011 and became Director (NPM) in May 2012. He travelled

extensively in India and abroad visiting countries like Singapore, Malaysia, China, Italy, Germany and USA. He attended a number of conferences and presented papers in various events.

- **Shri N.K. Gupta, Director (Finance)**

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

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

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

- **Shri Shobhan Chaudhuri, Part-time official Director/Nominee Director**

Shri Shobhan Chaudhuri is IRSSE Officer of 1986 Exam batch having more than 25 years of varied working experience in the Signalling and Telecommunication field of Indian Railways and is currently working as

Executive Director / Telecom Development, Railway Board. He has completed his B.E (Electronics & Telecommunication) from Government Engineering College, Jabalpur and was awarded gold medal for topping the University. He has also done his Master's in Business Administration. He has been deputed to attend Advance Management Programme conducted by EMLYON Business School, France and trained in Modern Railway Signalling and Telecommunications from JR East, Japan. He is a Fellow of Institution of Engineers (India) and a member of senate of IIIT/ Jabalpur.

- **Shri Sanjay Upreti, Part-time official Director /Nominee Director**

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 Punjab University.

- **Shri R.K. Goyal, Part-time non-official Director/Independent Director (Tenure expired w.e.f. 25.08.2014)**

Shri Rajendra Kumar Goyal is qualified person and has done M.Tech (Structural Engineering) from IIT Delhi (1973) and B.Tech. (Civil) from IIT Delhi (1970). He

has retired as a senior Railway Officer after working with Railways in different capacities, last being Additional Member (Planning), Railway Board. He has to his credit more than 40 years of experience.

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

- **Shri Bhaskar Gupta, Part-time non-official Director/Independent Director (Tenure expired w.e.f. 25.08.2014)**

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.

2.10 Independence of Directors

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

Two part-time officials from the administrative Ministry i.e. Ministry of

Railways and thus related to the promoters being the Govt. of India, Ministry of Railways.

The appointment of Whole-Time Directors of the Company is done by the Government of India in the name of the President of India and not by the Company. Further, Government of India appoints Part-Time (Official & Non-Official) Directors with a fixed tenure. Hence, it has not been possible to have an item in the notice of AGM for appointment of Directors as per Section 152 of the Companies Act, 2013 and determine not less than 2/3rd of the Directors of the Company whose period of office is liable to retire by rotation.

2.11 Number of Board Meetings

The Board of Directors met 4 (Four) times during the financial year 2014-15.

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

Detail of attendance of the Directors during 2014-15 is given below:

Director	No. of Meetings during 2014-15		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Shri R. K. Bahuguna	4	4	Yes
Shri Bhaskar Gupta	2	2	No
Shri R. K. Goyal	2	2	No
Shri N. K. Gupta	4	4	Yes
Shri A. Seshagiri Rao	4	4	Yes
Shri Sanjay Upreti	4	4	Yes
Shri Shobhan Chaudhuri	4	3	Yes

During the year under review, Sh. S.C. Hans, GM & Company Secretary of the Company superannuated on 31.12.2014. Further, Sh. J.S. Marwah has been appointed as Company Secretary & DGM (Law) of the Company with effect from February 2015.

In the capacity of Company Secretary, Sh. S.C. Hans attended 3 (Three) Board Meetings and Sh. J.S. Marwah attended 1 (One) Board Meeting of the Company held during the year 2014-15.

2.12 RailTel Code of Conduct

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

The declaration signed by MD affirming receipt of compliance with the Code of Conduct and Key Values from Board of Directors and members of Senior Management team during 2014-15 is placed as Annexure 'A'.

2.13 Remuneration Policy for Directors

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

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

were paid or are entitled for sitting fee within the ceiling prescribed by Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 per meeting of Board or Committee thereof. Besides, they are also reimbursed travelling, boarding and lodging expenses etc. in case any of them is stationed outside Delhi.

2.14 Remuneration package of whole-time Directors for 2014-15

The remuneration paid to Directors during the year was of ₹ 1.54 crores in the current year as against that of ₹ 1.09 crores in the previous year.

No stock option has been made available or offered by the Company during the year 2014-15 as the equity shares of the company are held only the Govt. of India.

2.15 Details of Payments made to Part-time Non-Official Directors during the year 2014-15

Name of the part-time non-official Directors	Sitting Fee*		Total
	Board Meetings	Other Meetings	
Shri R. K. Goyal	2	9	₹ 88,000
Shri Bhaskar Gupta	2	7	₹ 72,000

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

3. AUDIT COMMITTEE

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

Due to completion of tenure of Independent Directors, Audit Committee is now comprised of two part-time official Directors. The same will be reconstituted as & when the Independent Directors are appointed on the Board of the Company. The Company has already made requests to the Administrative Ministry in this regard.

3.1 Key Responsibilities of Audit Committee

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

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

3.2 Review:

The Audit Committee reviewed the financial reporting process during the year, and the Annual Financial Statements for the year 2014-15 were approved by the Board of Directors in its 83rd meeting held on 24th June, 2015.

3.3 Meetings, Attendance and Composition of Audit Committee

During the Financial year 2014-15, the Audit Committee met three times.

The composition and the attendance of the members at the meetings held during FY 2014-15, are given below:

Member	Status	Meetings held (During their respective tenures)	Meetings attended
Shri R.K. Goyal*	Member	1	1
Shri Bhaskar Gupta*	Chairman	1	1
Shri Sanjay Upreti	Member	3	3
Shri Shobhan Chaudhuri	Member	3	2

* Ceased to be member of the committee w.e.f. 25.08.2014

Note:

- The Director/Finance had attended the meeting as a Special Invitee.
- Sh. S.C. Hans, GM & Company Secretary, Secretary of the Audit Committee till 31.12.2014 attended all the 2 (Two) meetings held during 2014-15. Sh. J.S. Marwah, Company Secretary & DGM (Law) has attended 1(One) meeting held during the year 2014-15.

4. 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 19th August, 2014 and 25th August, 2014 and all the members of the committee were present at the meeting. The Committee presently consists of:

- Shri Sanjay Upreti; &
- Shri Shobhan Chaudhuri

5. APPOINTMENT OF AUDITORS

The CAG handles the appointment, reappointment, terms of appointment and replacement / removal of the Statutory Auditors.

6. WHISTLE-BLOWER POLICY

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

7. SHAREHOLDER'S 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.

8. GENERAL BODY MEETINGS

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

Financial Year	Date of holding meeting	Time
2011-12	29 th August, 2012	4 PM
2012-13	24 th September, 2013	4 PM
2013-14	27 th August, 2014	4 PM

Disclosures

- There has been no related party transaction of material nature with potential conflict interest.
- The Company has followed the Accounting Standard issued by the Institute of Chartered Accountants of India in the preparation of Financial Statement.
- The Company has not made any public issue of shares or made any offer of shares in any manner to public. There has been no instance of non-compliance on any matter related to the capital market.
- **Subsidiary Company:** During the year 2014-15, the Company formed a wholly-owned subsidiary by the name of "RailTel Enterprises Limited".
- **Management:** A Management Discussion and Analysis Report spelling out the business environment in which the Company operates, its Vision, Mission and Objectives, operational performance, strengths and opportunities, constraints, risk and concerns, strategy, internal control system and human resource has been included as part of the Directors' Report.

CEO/CFO Certification

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

General Shareholders' Information 15th Annual General Meeting

Date:	21 st September, 2015
Time:	4:00 P.M.
Venue:	2 nd Floor, Committee Room, Rail Bhawan, New Delhi-110001

Factual Calendar for approving matters pertaining to financial year 2014-15

Approval of Annual Accounts by BoD: 24th June, 2015

Adoption of Audited Annual Accounts by Shareholders:

Book Closure

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

Dividend and Dividend Pay-out Date

Dividend when declared is normally paid within 5 days. During the financial year 2014-15 the Company had paid on 30.03.2015, an interim dividend to its shareholders of ₹ 10 crores on the paid-up share capital of ₹ 320.94 crores. The final dividend of

₹ 7 Crores has been recommended for payment to the shareholders.

Distribution of Shareholding

As on the date of this report

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

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

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

Communication Address

Regional Offices and Territorial Offices of the Company	The Company has four Regional Offices at New Delhi, Mumbai, Kolkata and Secunderabad. It has got 17 territorial field offices in various State Capitals. In addition, the Company has NOC at New Delhi, Secunderabad, Kolkata and Mumbai and also a central NOC in Delhi.
Address correspondence with the Registered Office (regarding the Corporate Governance matters covered under this report)	<p>The Company Secretary & DGM (Law), RailTel Corporation of India Ltd.</p> <p>Corporate office: 143, Sector 44, Institutional Area, Gurgaon (Haryana)-122003 Tele: 0124-2714000, Fax 0124-4236084</p> <p>Regd. Off: 6th Floor, IIIrd Block, Delhi Technology Park, Shastri Park, Delhi – 110 053 Tele: 011-22185933-34, Fax: 011-22185978</p> <p>E-mail: jsmarwah@railtelindia.com</p>

Non-Mandatory Requirements:

- i. Information to Shareholders:** Apart from the annual report etc. sent to the shareholders before the Annual General Meeting, periodical reports on the progress of the Company both in physical and financial are submitted in the form of PCDO and other correspondence to the Govt. of India, Ministry of Railways (100% holder of the equity share capital of the Company).
- ii. Training of Board Members:** The normal practice is to furnish a set of documents / booklet to a director on his / her joining the Board. This includes data about the Company including its Boucher, Annual Report, Latest Unaudited financial results and MoU targets & achievement, Memorandum and Articles of Association.
- iii. Evaluation of Board Members:** Mechanism for evaluating the performance of part-time non official directors is in abeyance till all independent directors join the Board
- iv. RailTel being a Govt. company under the Ministry of Railways is covered under**

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

- v. 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.

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, 2015.

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

Date: 04.06.2015

Place: Gurgaon

C&AG Comments

Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of Railtel Corporation of India Limited for the year ended 31st March, 2015.

The preparation of financial statements of **RailTel Corporation of India Limited** for the year ended 31st March, 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25-6-15.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of **RailTel Corporation of India Limited** for the year ended 31st March, 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments upon or supplement to statutory auditors' report.

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

Sd/-

(Dinesh Bhargav)

**Principal Director of Audit
(Railway Commercial)**

Place: New Delhi

Date: 31-08-2015

Comments of the Comptroller and Auditor General of India under Section 143(6)(b) read with Section 129(4) of the Companies Act, 2013 on the Consolidated Financial Statements of Railtel Corporation of India Limited for the year ended 31st March, 2015.

The preparation of consolidated financial statements of **RailTel Corporation of India Limited** for the year ended 31st March, 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25-6-15.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) read with section 129(4) of the Act of the consolidated financial statements of **RailTel Corporation of India Limited** for the year ended 31st March, 2015. We did not conduct supplementary audit of the financial statements of **RailTel Enterprises Limited** for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments upon or supplement to statutory auditors' report.

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

Sd/-

(Dinesh Bhargav)

**Principal Director of Audit
(Railway Commercial)**

Place: New Delhi

Date: 31-08-2015

Independent Auditor's Report

To, The Members Railtel Corporation of India Ltd

1. Report on the Financial Statements

We have audited the accompanying standalone financial statements of RailTel Corporation of India Limited ('the company') which comprise the Balance Sheet as at March 31, 2015, Statement of Profit and Loss, Cash Flow Statement for the year ended on that date and summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the standalone financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable

and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and, its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of

our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) The Company has prepared its financial statements on going concern basis.
- (f) In terms of exemption granted to Govt Companies, Section 164(2) is not applicable
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

As required by Section 143 (5) of the Act, we report that:

- (a) In our opinion, the company has not been selected for disinvestment
- (b) In our opinion, there is not any cases of waiver / write off of debts/loans/interest.
- (c) In our opinion, proper records are maintained for inventories lying with third parties and there is not any case of

assets received as gift from government or other authorities.

- (d) A report on age-wise analysis of pending legal/arbitration cases including the reason of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) is placed in annexue attached with this report.

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

Mukesh Chand
Partner
(M. No.016197)

Place: New Delhi

Date: 25.06.2015

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date.

- Railtel Corporation of India Limited to whom the provisions of the Order apply (hereinafter referred to as “the Company”)
- (i) a. The Company has maintained proper records showing full particulars, Including quantitative details and situation of fixed assets.
- b. All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) a. The management has conducted physical verification of Inventory at reasonable Intervals during the year.
- b. The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification.
- (iii). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that the prescribed accounts and records have been made and maintained.
- (vii)a. The company is generally regular in depositing undisputed statutory dues with the appropriate authorities including Provident Fund, Professional tax, Tax Deducted at Source (TDS), Service tax, and Work contract tax, duty of customs, duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authority. There is no arrears of outstanding statutory dues as at the last day of financial year concerned for a period of more than six month from the date they become payable.
- b. We are informed that there are no dues in

respect of Provident Fund, Professional tax, Tax Deducted at Source (TDS), Service tax, and Work contract tax, duty of customs, duty of Excise, Value Added Tax,

Cess and any other statutory dues with the appropriate authority as at 31st March, 2015 which have not been deposited on account of any dispute except following:

Sl. No.	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forums where dispute is pending
1	Income Tax Act 1961	Addition made to Taxation for Non-Invoicing of STM-4 Bandwidth of ₹ 843/- lacs	286.00	F.Y 2006-07	Commissioner of Income Tax (Appeal), New Delhi
2	Income Tax Act 1961	Addition made to Taxation for Non-Invoicing of STM-4 Bandwidth of ₹ 1619.80/- lacs	534.00	F.Y 2007-08	Income Tax Appellate Tribunal, New Delhi
3	Income Tax Act 1961	Survey Conducted u/s 133 by Deptt. In August, 2013 for analysis whether due compliances have been made by Railtel or not. Demand raised for ₹ 99 lacs	99.00	2010-11 to 2012-13	Commissioner of Income Tax (Appeal), Kolkata
4	Income Tax Act 1961	Demand raised on 24/03/2014 for DDT amounting to ₹ 96.35 lacs due to wrongly payment made for DDT against TAN instead of PAN	96.35	2010-11	Commissioner of Income Tax (Appeal), New Delhi
5	Income Tax Act 1961	Additions of ₹ 6924/- lacs made to Taxation Income and Less Credit of TDS, Wrong Levy of Interest u/s 234B & 234C.	1,824.00	2011-12	Commissioner of Income Tax (Appeal), New Delhi
6	Income Tax Act 1961	Order Issued u/s 201(1)/ 201(1A) Dated 25.03.2015	27.85	2012-13	Commissioner of Income Tax (Appeal), Kolkata
7	Delhi VAT Act 2004	VAT on the sale of light energy claimed by Collector Grade-I Delhi VAT.	1,820.38	2007-08	Collector Grade-I Delhi VAT
8	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	78.88	1.05.06 to 10.05.07	Commissioner Service Tax
9	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	1.32	15.09.2004 to 31.03.07	Commissioner Service Tax
10	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	69.63	1.04.08 to 31.03.09	Commissioner Service Tax

Sl. No.	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forums where dispute is pending
11	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before CESTAT	352.30	1.04.03 to 31.12.05	CESTAT, New Delhi
12	Finance Act 1994	1) Issue of Service Tax liability on 13% amount of the Railway Deposit work.	109.00	April 2006 to March 2010	Commissioner Service Tax
		2) Wrong availment of Cenvat credit on the Challan issued by the Corporate Office without having registration of ISD	114.00		
13	Finance Act 1994	Service Tax liability on 13% amount of the Railway Deposit work. Appeal filed against the order of Commissioner and stay has been granted by CESTAT in September, 2013	160.00	April 2008- March 2011	CESTAT, Hyderabad
14	Sales Tax	Against C Forms	43.00		
15	Finance Act 1994	Issue of understatement of Revenue in Service Tax return and short Payment of Service Tax. Appeal has been filed to Commissioner	40.00	April 2006- September 2008	Commissioner Service Tax

c. The said clause is not applicable.

viii. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

ix. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.

x. Company has not given any guarantee for loan taken by other from banks or financial institutions.

xi. No term loan outstanding, the reporting

requirements under this sub-clause are not applicable.

xii. 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 year.

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

Mukesh Chand
Partner
(M. No.016197)

Place: New Delhi
Date: 25.06.2015

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

Sl.No.	Name of Party	Age	Reason of pendency
Legal Cases			
1.	U Form vs Supreme Telecom and others (RailTel)	Pending since 2012	Pending before City Civil Court at Hyderabad
2.	Western Region Fraud Case against M/s. V.J. Choksi & Company	Pending since 2010	Pending before Criminal Court of Metropolitan Magistrate at Dadar, Mumbai, Maharashtra and Institute of Chartered Accountants of India (ICAI)
3.	RailTel vs Tulip Telecom Ltd.	Pending since 2013	Pending before High Court at Delhi or the Official Liquidator appointed
4.	UTL vs IDBI and others (RailTel)	Pending since 2014	Pending before High Court at Delhi
5.	RailTel vs UOI (TDSAT)	Pending since 2008	Pending before TDSAT
Arbitration Cases:			
6.	Tamilnadu Telecommunication Ltd. Vs RailTel (started during the years 2010)	Pending since 2012	Pending before the High Court at Delhi
7.	Garg Builders vs RailTel	Pending since 2014	Pending before Shri ML Mehta, ex-Judge, High Court appointed as sole arbitrator in the matter by Hon'ble High Court
8.	S.P. Telecom vs RailTel	Pending since 2015	Pending before High Court at Kolkata

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

Mukesh Chand
Partner
(M. No.016197)

Place: New Delhi
Date: 25.06.2015

Railtel Corporation of India Limited

Balance Sheet as at 31st March 2015

Particulars	Notes No	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share Capital	1	32094	32094
Reserve & Surplus	2	68315	59187
NON CURRENT LIABILITIES			
Long Term Borrowings		0	0
Deferred Tax Liabilities (Net)		0	0
Other Long Term Liabilities	3	72370	70702
Long Term Provisions	4	467	467
CURRENT LIABILITIES			
Short Term Borrowings		0	0
Trade Payables	5	10859	11783
Other Current liabilities	6	20828	19612
Short Term Provisions	7	843	11642
Total of Equity and Liabilities		205775	205487
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	8	59267	53190
Intangible Assets	8	344	450
Capital Work in progress	9	16774	6015
Intangible Assets under development		0	0
Non Current Investment	9A	1000	0
Deferred Tax Assets (Net)	10	350	145
Long term loans and advances	11	1818	1645
Other non current assets	12	19180	21497
CURRENT ASSETS			
Current Investment		0	0
Inventories	13	117	292
Trade Receivables	14	16790	15387
Cash and Cash Equivalents	15	67241	74390
Short term loans and advances	16	14957	24128
Other current assets	17	7937	8348
TOTAL ASSETS		205775	205487

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

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

For and on behalf of
RailTel Corporation of India Limited

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Place : New Delhi
Date : 25/06/2015

Railtel Corporation of India Limited

Statement of Profit and Loss for the year ended 31st March 2015

Particulars	Notes No		Year Ended 31.3.2015 (₹ in Lakhs)		Year Ended 31.3.2014 (₹ in Lakhs)
INCOME					
Revenue from Operation	18		48182		45327
Telecom Income		44538		40686	
Project Income		3644		4294	
Prior Period Income		0		347	
Other Income	19		7182		8446
TOTAL INCOME			55364		53773
EXPENSES					
Access and other Charges	20	11497		9093	
License Fee & Spectrum Charges (Revenue Share)	21	3443		3184	
Expenses on Project	22	3452	18392	4062	16339
Purchase of Stock in Trade			0		0
Employee Benefit Expenses	23		6996		6507
Administrative and Other Expenses	24		4370		5560
Administrative Expenses		4370		5220	
Prior Period Expenses		0		340	
TOTAL EXPENSES			29757		28406
PROFIT BEFORE FINANCE COST, DEPRECIATION, AMORTISATION AND TAXATION			25606		25367
Finance costs			0		0
Depreciation and amortization expense	25		8985		8476
PROFIT BEFORE TAX			16621		16891
TAX EXPENSES					
Current Tax	26		4733		3271
Deferred Tax	26		-205		-173
PROFIT FOR THE YEAR			12094		13793
Earning per equity share:					
(1) Basic			3.77		4.30
(2) Diluted			3.77		4.30

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

In terms of our report attached

For V K Verma & Co.

Chartered Accountants

FRN No. : 000386-N

For and on behalf of
RailTel Corporation of India Limited

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Place : New Delhi
Date : 25/06/2015

Accounting Standard-3 (Cash Flow Statement)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Indirect Method)

Particulars	For the Year Ended on 31.03.15 (₹ in Lakhs)		For the Year Ended on 31.03.14 (₹ in Lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/ (Loss) Before Tax & Extraordinary items Adjusted for:-	16621		16891	
Adjustment for:-				
Add : Depreciation	8985		7898	
Add : Interest on Loan	0		0	
Less : Corporate Social Responsibility	0		79	
Less : Research & Development Expenses	100		100	
Less: Interest received	6583		7975	
<i>Net cash from operating activities before Extraordinary Item and change in working capital (a)</i>		18923		16635
Working Capital changes				
(Increase)/ Decrease in Inventory	175		87	
(Increase)/Decrease in other Current Assets	2728		482	
(Increase) /Decrease in other Loans & Advances	8998		-4965	
Increase/ (Decrease) in Current Liabilities	-8839		1814	
Increase/ (Decrease) in Deferred tax Assets	-205		-145	
Increase/ (Decrease) in Deferred tax Liability	0		-28	
(Increase) / Decrease in Sundry Debtors	-1403		-12049	
TDS on Interest Income	417		251	
<i>Net (Increase) /Decrease in Working Capital (b)</i>		1871		-14551
Total (a)-(b)		20795		2083
Less: Deferred Tax	205		173	
Less: Income Tax	-4733	-4528	-3271	-3098
Extraordinary Item				
Less: Depreciation adjustment for earlier years		-13		666
CASH GENERATED FROM(USED) IN OPERATING ACTIVITIES (A)		16254		-348
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase/Sale of Fixed Assets	-15768		-9495	
(Increase) / Decrease in Capital Work in Progress	-10759		-3292	
Investment in Subsidiary Company	-1000		-	
Interest received (Net of TDS)	6166		7724	
CASH GENERATED FROM(USED) IN INVESTING ACTIVITIES (B)		-21360		-5063

Particulars	For the Year Ended on 31.03.15 (₹ in Lakhs)		For the Year Ended on 31.03.14 (₹ in Lakhs)	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend & Dividend Distribution Tax			-2042	-1994
CASH GENERATED FROM(USED) IN FINANCING ACTIVITIES (C)				
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)			-7149	-7406
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			74390	81796
D. CASH AND CASH EQUIVALENT AT END OF YEAR			67241	74390
E. COMPONENT OF CASH & CASH EQUIVALENTS:-				
Particulars		As at 31st March 2015 (₹ in Lakhs)		As at 31st March 2014 (₹ in Lakhs)
Cash and Cash Equivalents				
(ii) Cash & Cash Equivalent (maturity <= 3 Months)				
a. Cash on Hand (Imprest)		5		23
b. Remittance in Transit		348		94
c. Balances with Schedule Bank:				
In Current A/c		454		1223
In Collection A/c		703		2505
In Term Deposit		302		769
(i) Other Bank Balances				
a. Balance With Bank (Margin Money)		56		18
b. Bank deposit with less than 12 month maturity		65374		69759
TOTAL		67241		74390

In terms of our report attached even date

For V.K. Verma & Co.

Chartered Accountants

FRN No. : 000386-N

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Place : New Delhi

Date : 25/06/2015

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statement"
- Dividend & Dividend Distribution Tax include ₹ 7 Crore as proposed dividend and ₹ 1.43 crore as tax on proposed dividend
- The accounting notes from an integral part of these Financial Statements

Share Capital

Note-1

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Authorized Share Capital		
Equity Shares		
1,00,00,00,000 (March 31, 2014 - 1,00,00,00,000) equity shares of ₹ 10 each	1,00,000	1,00,000
Issued, Subscribed and fully paid-up shares		
1,50,00,007 (March 31, 2014 - 1,50,00,007) equity shares of ₹ 10 each in Cash	1,500	1,500
30,59,38,400 (March 31, 2014 - 30,59,38,400) equity shares of ₹ 10 each in consideration other than cash	30,594	30,594
TOTAL	32,094	32,094
Earning Per Share		
The calculation of EPS as per the Accounting standard-20 (Earning per share) is as follows:		
"Net Profit/Loss (-) available for Equity Shareholders (a)"	12,094	13,793
"Weighted average of Equity share of ₹ 10 each (in lakhs) (b)"	3209	3209
Basic Earning per share (a/b)	3.77	4.30
"Weighted average No. of Equity share of ₹ 10 each (b)(in lakhs) (c)"	3209	3209
"Diluted Earning per share (a)/(c)"	3.77	4.30

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

Particulars	Opening Balance	Allotted During The Year	Closing Balance
Year ended 31 March 2015			
No of Equity Shares - In Cash	15,000,007	0	1,50,00,007
No of Shares - In consideration other than cash	305,938,400	0	30,59,38,400
Amount	320,93,84,070	0	320,93,84,070
Year ended 31 March 2014			
No of Shares - In Cash	1,50,00,007	0	15,000,007
No of Shares - In consideration other than cash	30,59,38,400	0	305,938,400
Amount	320,93,84,070	0	320,93,84,070

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

Right, Preference and restriction attached to shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by Board of Directors held on 12th March' 2015. During the year ended March 31, 2015, Company has paid a interim dividend of ₹ 0.31 per share (previous year 0.25 per share) and proposed final dividend of ₹ 0.22 per share of ₹ 10 each (Previous Year ₹ 0.28 per share).

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

Particulars	As at 31.3.2015		As at 31.3.2014	
	(Number)	(Percentage)	(Number)	(Percentage)
Ministry of Railways (in the name of President of India)	32,09,38,407	100%	32,09,38,407	100%

Reserve and Surplus

Note-2

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
General Reserve		
Opening Balance at the beginning of the year	28000	24000
Add : Transferred from surplus in statement of profit & Loss account	4000	4000
Closing Balance (1)	32000	28000
Other Reserves		
Corporate Social Responsibility Reserve, Sustainable Development Reserve		
Opening Balance at the beginning of the year	146	0
Add: Transferred from surplus in the statement of profit & Loss	0	224
Less: Fund utilized		79
Closing at the end of the year (2)	146	146
Research & Development Reserve		
Opening Balance at the beginning of the year	0	0
Add: Transferred from surplus in the statement of profit & Loss	100	100
Less: Fund utilized	100	100
Closing at the end of the year (3)	0	0
Surplus in the Statement of Profit & Loss		
Opening Balance at the beginning of the year	31042	23567
Add: Profit transferred from statement of profit & loss account	12094	13793
Amount available for appropriation	43136	37360
Appropriations		
Interim Dividend on Equity Shares	1000	800
Proposed final dividend on Equity Shares	700	900
Tax on interim Dividend*	200	141
Tax on proposed Dividend	143	153
Transferred to General Reserve	4000	4000
Transfer to Corporate Social Responsibilities and Sustainable Development Reserve*	0	224
Research & Development Reserve	100	100
Depreciation Impact due to Schedule II of Companies Act' 2013	825	0
Net Surplus in the statement of Profit and Loss (4)	36168	31042
Closing Balance carry over to Balance Sheet (1+2+3+4)	68315	59187

* Consequent upon guidance note issued by Institute of Chartered Accountants of India, expenditure on corporate social responsibility during FY 2014-15 has been charged to expenditure on accrual basis and hence expenditure on CSR has not been charged to Reserve & Surplus.

The Board of Directors, at their meeting held on 24th June 2015 has recommended dividend of ₹ 17 crore for FY 14-15 out of which ₹ 10 crore has already been paid as interim dividend and provision has been made for balance of ₹ 7 crore in FY 14-15. The payment of final dividend is subject to the approval of share holders at the ensuing Annual General Meeting..

Other Long Term Liabilities

Note-3

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Unsecured		
OTHERS		
Security Deposit Received	2095	1,660
Deferred Revenue (Advance from Customers)*	61228	60,697
Advances from Related Party**	2850	4,941
Retention Money	6197	3,404
TOTAL	72,370	70,702

Advances from related party includes ₹ 2603 Lakh towards execution of works from Railways and Railway's PSU.

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

** Advance deposit from Indian Railways/Railway PSU's received towards Deposit works

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

A) General description on leasing arrangement

- (1) The Company has been offering NLD, infrastructure services (Dark Fibers, Tower space and colocation etc.) under IP-I registration and Internet services under ISP licence to its customers under respective operating lease
- (2) The Company has entered into a non-cancellable lease arrangement to provide optical fiber on indefeasible right of use (IRU) basis for a period of 10-15 years. The lease rental receivable proportionate to actual kilometers accepted by the customer is credited to the statement of profit and loss on a straight - line basis over the lease term. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2015 and accordingly respective disclosures required by AS 19 are not provided
- (3) Future minimum lease rentals receivable under operating lease for each of the following period as on 31st March, 2015 are as under :—

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Later than one year and upto five year	44951	40393
Later than five year	16277	20304
	61228	60697

Long Term Provisions

Note-4

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Unsecured		
Provision for DoT penalty	379	379
Provision for Arbitration Claim*	46	46
Provision for Doubtful advances	42	42
TOTAL	467	467

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

Particulars	Provision for DoT penalty	Provision for Arbitration Claim	Provision for Doubtful advances
Carrying Amount at the beginning of period	379	46	42
Additional Provision Made in the period	0	0	0
Amounts utilized/adjusted During the period	0	0	0
Unused Amounts reversed during the period	0	0	0
Carrying Amount at the end of period	379	46	42

Trade Payables

Note-5

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Trade Payables		
Micro and Small Enterprises	-	-
Revenue share payable to Indian Railway & Konkan Railway	3285	4,016
Others	7573	7,768
TOTAL	10,859	11,783

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

2. Contingent Liabilities: (Accounting Standard-29 "Provisions, Contingent Liability & Contingent Assets)

- a. Disputed claims against the Company by tax authorities & others not acknowledged as liability are ₹ 11867 lakh. (Previous Year ₹ 4595 lakh)

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Income Tax	2868	1347
Sales Tax/VAT	1863	1863
Service Tax	1085	1085
Department of Telecommunication	5751	0
Others	300	300
TOTAL	11867	4595

- b. Counter indemnity for Bank Guarantees issued on behalf of the company by the banks ₹ 5317 lakh (Previous year ₹ 2278 lakh).

Other Current Liabilities

Note-6

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Unsecured		
INCOME RECEIVED IN ADVANCE		
Deferred Revenue (Advance from Customers)	9706	12,208
Advance received from Others*	6129	2,131
EMD Payable	758	966
Payable to others**	4235	4,306
TOTAL	20,828	19,612

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

** It includes ₹ 461 lakh on account of Provision for Performance Related Pay for the FY 14-15 which has been provided on estimated basis and also includes ₹ 56 lakh related to Foreign service contribution, payable to Ministry of Railways (Related Party in respect of obligation of leave salary and Gratuity to Deputationist)

Short Term Provisions

Note-7

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Provision for Retirement Benefits		
Employee Benefits	0	123
Provisions-Others		
Provison for Dividend	700	900
Provision for Tax on Dividend	143	153
Provision for Tax	0	10,465
TOTAL	843	11,642

3. Provident Fund (Accounting Standard-15 Employee Benefit)

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

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

Particulars	Carrying Amount at the beginning of period (₹ in Lakhs)	Additional Provision Made in the period (₹ in Lakhs)	Amounts utilized/adjusted During the period (₹ in Lakhs)	Unused Amounts reversed during the period (₹ in Lakhs)	Carrying Amount at the end of period (₹ in Lakhs)
Provision for Retirement Benefits	123	0	123	0	0
Provison for Dividend	900	1700	1900	0	700
Provision for Tax on Dividend	153	343	353	0	143
Provision for Tax	10,465	5345	15198	612	0

Tangible Assets (A)

Note-8

(₹ in Lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				IMPAIRMENT			NET BLOCK		
	As at 1.04.14	Addition	Deductions/Adjustment	As at 31.03.15	As at 1.04.14	Depreciation for the period	Deductions/Adjustment affecting P&L	Deductions/Adjustment	As at 31.03.15	As at 1.04.14	For the period	Total	As at 31.03.15	As at 31.03.14
Tangible Assets (A)														
Freehold Land	222	-	-	222	-	-	-	-	-	-	-	-	222	222
Leasehold Land & Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	2,350	32	-	2,382	369	122	-	-	491	-	-	-	1,891	1,981
PLANT & EQUIPMENT'S														
Computers	588	94	(10)	672	426	99	4	8	521	-	-	-	151	162
ERP-ORACLE	157	47	-	204	8	33	-	-	41	-	-	-	164	149
i. OFC & Related Assets	58,688	2,562	63	61,313	24,549	3,196	(4)	(4)	27,746	-	-	-	33,564	34,139
ii. Telecom & Radio Equipment's	21,826	10,140	78	32,045	11,062	3,175	-	10	14,227	1091	0	1091	16,727	9,673
iii. Prefabricated Buildings	1,301	1	21	1,323	498	813	-	(0)	1,311	-	-	-	12	803
iv. MPLS Equipments	4,175	978	-	5,154	2,925	101	-	(0)	3,025	1250	0	1250	878	(0)
v. STM-16 Equipments	16,024	1,714	(1)	17,737	10,059	1,976	-	1	12,035	730	0	730	4,973	5,235
Furniture & Fixtures	204	40	1	245	122	27	-	(0)	150	-	-	-	96	83
Data Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	45	-	-	45	15	6	-	-	20	-	-	-	24	30
Office Equipment's	534	53	(87)	501	320	42	-	0	362	-	-	-	139	214
Leasehold Improvements	1,060	63	(21)	1,102	559	114	-	(0)	673	-	-	-	429	501
Temporary Fixtures	10	-	-	10	10	-	-	-	10	-	-	-	-	-

Total As on 31 March 2015	107,184	15,723	45	122,953	50,922	9,704	-	13	60,612	3,071	-	3,071	59,267	53,190
Total As on 31 March 2014	98,345	8,844	(5)	107,184	42,565	7,851	507	-	50,922	3,071	-	3,071	53,190	52,711
Intangible Assets (B)														
ERP	405	0	-	405	21	81	-	-	103				303	384
NLD Licence	250	-	-	250	184	25	-	-	209				41	66
Total As on 31 March 2015	655	0	-	655	205	106	-	-	312				344	450
Total As on 31 March 2014	-	655	-	655	-	46	159	-	205				450	-
Total As on 31 March 2015 (A+B)	107,840	15,724	45	123,609	51,127	9,810	-	13	60,926	3,071	-	3,071	59,611	53,640
Total As on 31 March 2014 (A+B)	98,345	9,499	(5)	107,840	42,565	7,897	666	-	51,128	3,071	-	3,071	53,640	52,711

- Pursuant to Accounting Standard (AS 28) impairment on assets issued by the Institute of Chartered Accountants of India, the Corporation made an assessment on 31st March 2015 for any indication of impairment in the carrying amount of fixed assets. On the basis of such assessment, in the opinion of management, no provision for the impairment of fixed assets is required to be made during the year.
- As per the existing system construction materials are directly handed over to the contracting agencies and the entire cost of such materials is charged to CWIP.
- The region have constructed buildings on Railways land in Hyderabad and Mumbai. The same has been classified in leasehold improvement and depreciation has been charged as per the policy of the Company.
- During the year Company has changed accounting policy in regard to useful life of Computer, Prefab shelters and Vehicles. Subsequent upon change in accounting policy, its impact on profit has been worked out to reducing ₹ 88 lakh in current year profit and ₹ 825 lakh in retained earning and corresponding increase in depreciation expenses.
- The Company has been consistently charging depreciation based on useful life of assets as mentioned in policy no. g of the Accounting Policy (Note-28) which is different from useful life as prescribed in part-C of schedule II of Companies Act 2013. The useful life of assets as mentioned in accounting policy no. g (Note 28) has been determined based on report of Technical Committee set up in 2012 considering several technical factors including high level of obsolescence in telecom industry.
- Comparison of changed useful life of assets are as under :-

Nature of Assets	Useful Life as prescribed by the Part C of Schedule II of Companies Act 2013.	Useful life as considered by the Technical Committee
Prefabricated Building	3 Year	3 Year with Nil salvage Value
MPLS/STM-16 Network	13 Year	8 Year with Nil salvage Value
Radio Equipments	13 Year	3 Year with Nil salvage Value
Battery	Not Prescribed	5 Year with Nil salvage Value
Furniture	10 Year	5 Year with Nil salvage Value
Computers	3 Year	3 Year with Nil salvage Value

Capital Work in Progress

Note-9

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
NE-1 & NE-2	7891	2537
OFC laying works	1370	2542
MPLS, STM & Other Telecom & Radio Equipment & Data Center	5824	678
Buildings	779	258
Inventory (Store for Site work)	910	0
TOTAL	16774	6015

- 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.
- Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the management) ₹ 18771 lakh (net of advances) (Previous Year ₹ 18166 lakh).
- Additional information pursuant to the Companies Act is as follows:

a. Value of imports calculated on CIF basis		
i. Capital Goods	2823	Nil
b. Expenditure in foreign currency (Travelling)	19	Nil

Non Current Investments

Note-9A

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Long term Investments - at cost		
Trade (unquoted)		
Investment in Shares of subsidiaries		
RailTel Enterprises Limited* (fully owned) 1,00,00,000 equity shares of ₹ 10 each fully paid	1,000	0
TOTAL	1,000	0

*Incorporated on 12.08.2014

Deferred Tax Assets (Net)

Note-10

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Deferred Tax Assets (Net) - On account of Depreciation	350	145
TOTAL	350	145

Long Term Loans and Advances

Note-11

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
(Unsecured, considered good unless stated otherwise)		
Capital Advances		
Considered Good *	909	769
Security Deposit		
Considered Good	457	330
Others**	452	546
TOTAL	1,818	1,645

* Capital Advances given to Indian Railways (Related Party)

** Prepaid expenses of long term leasing contract

Other Non-Current Assets

Note-12

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Unsecured, considered good unless stated otherwise		
Long Term Trade Receivables*	19,180	21,497
Preliminary Expenses**	-	-
TOTAL	19,180	21,497

* 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.

** Unamortised expenses on account of Subsidiary company.

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

Note-13

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Inventory (Consumables for O&M Work)	117	292
TOTAL	117	292

Trade Receivables

Note-14

Particulars		As at 31.3.2015 (₹ in Lakhs)		As at 31.3.2014 (₹ in Lakhs)
Unsecured, unless stated otherwise				
Telecommunication Business				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	5839		2900	
Considered Doubtful	2610		2600	

Particulars		As at 31.3.2015 (₹ in Lakhs)		As at 31.3.2014 (₹ in Lakhs)
Less Provision for Doubtful receivables	2610	5839	2600	2900
Receivables (less than six months)				
Considered Good	5529		7897	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	5529	0	7897
Other Deposit Works				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	3293		2094	
Considered Doubtful	46		46	
Less Provision for Doubtful receivables	46	3293	46	2094
Receivables (less than six months)				
Considered Good	2130		2496	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	2130	0	2496
TOTAL		16790		15387

Cash and Bank Balances

Note-15

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Cash and Cash Equivalents		
(i) Cash & Cash Equivalent (maturity <= 3 Months)		
a. Cash on Hand (Imprest)	5	23
b. Remittance in Transit	348	94
c. Balances with Schedule Bank:		
In Current A/c	454	1223
In Collection A/c	703	2505
In Term Deposit	302	769
(ii) Other Bank Balances with Schedule Bank		
a. Balance with Bank (Margin Money)	56	18
b. Bank deposits with less than 12 month maturity	65374	69759
TOTAL	67241	74390

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

Short Term Loans and Advances

Note-16

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Unsecured, Considered good unless stated otherwise		
Security Deposit	171	133
Loans and advances to Employee (secured considered good)	28	39
Prepaid Expenses	99	41
Balance With tax authorities		
Service tax credit available	1778	2,319
VAT Credit	24	-
MAT Credit	5231	5,940
TDS-Income Tax	3347	10,298
Advance Income Tax	28	3,274
Others	0	18
Others*	3057	1055
Supplier Advances	849	797
Expenses recoverable from customer	345	215
TOTAL	14,957	24,128

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.

Other Current Assets

Note-17

Particulars	As at 31.3.2015 (₹ in Lakhs)	As at 31.3.2014 (₹ in Lakhs)
Unsecured, Considered good unless stated otherwise		
Accrued interest on term deposit	2667	3491
Considered Good (Related Party)*	5271	4,857
TOTAL	7937	8348

*Includes an amount of ₹ 5211 lakh is recoverable from Indian Railway (being the parent Ministry and related party) includes various recoverable like VAT recoverable, Transfer of 4 Fiber, proportionate maintenance charges of OFC etc. ₹ 59 lakhs is recoverable from 100% owned Subsidiary Company

* In previous year this figure was classified in short term loan and advances (Note No 16), in current year this has been shifted to other current assets. Balances shown in the Notes to Balance Sheet are subject to confirmation/ reconciliation and consequential adjustments, if any.

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

Revenue From Operation

Note-18

Particulars		For the year Ended March 31, 2015 (₹ in Lakhs)		For the year Ended March 31, 2014 (₹ in Lakhs)
Revenue from Operation				
Income from Telecom Services				
NLD Services		28490		28921
ISP Services		4011		2306
IP-1 Services		10419		8078
Income of Subsidiary Company				
Income from Projects				
Railways Deposit Works	3463		3397	
Foreign Projects	0		785	
Other projects	181	3644	112	4294
Other Operating Revenue		1617		1728
TOTAL		48182		45327

Other Income

Note-19

Particulars		For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Interest Income on deposits with Bank		6583	7975
Gain/(Loss) on foreign Exchange		0	9
Other Non Operating Income			
Miscellaneous Income		50	88
Liabilities/Provision written back		549	374
TOTAL		7182	8446

Access and Other Charges

Note-20

Particulars		For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Operation & Maintenance of Fiber & Equipment		3158	2776
Share of Revenue with Konkan Railway		28	50
Hire Charges Radio Modem/Optic Fibers and Internet Access*		2806	2394
Interconnect & Port charges		607	301
Franchise Expenses		803	351
Power & Fuel Expenses on network		2166	1147
Revenue Share to Railways		1929	2074
TOTAL		11497	9093

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

Licence Fee & Spectrum Charges

Note-21

Particulars	For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Licence Fee to DoT	3365	2828
Spectrum Charges	78	356
TOTAL	3443	3184

Expenses on Project

Note-22

Particulars	For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Expenses on Projects	3197	3030
Expenses on Foreign Projects	0	731
Allocation of Establishment Expenses	160	188
Allocation of Administrative Expenses	96	113
TOTAL	3452	4062

Employee Benefit Expenses

Note-23

Particulars	For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Salaries & Wages (including Staff Welfare)	6817	6295
Contribution to Provident and other funds	339	401
Less: Expenses transferred to projects	160	188
TOTAL	6996	6507
Sh R K Bahuguna (Chairman & Managing Director)		Key Management
Sh. N K Gupta (Director/Finance)		Key Management
Sh. A Sheshgiri Rao (Director (NPM))		Key Management
Sh. S C Hans (Company Secretary) upto 31.12.14		Key Management
Sh. J.S. Marwah (Company Secretary)		Key Management
1. Salaries and wages includes Director's Remuneration of ₹ 154 lakh in current year and Rs 109 lakh in previous year		
2. Sitting Fee Paid to Non Official Directors		
Sh A K Sinha	Nil	₹ 0.96 Lakhs
Sh Bhaskar Gupta	₹ 0.72 Lakhs	₹ 0.96 Lakhs
Sh R K Goyal	₹ 0.88 Lakhs	₹ 0.88 Lakhs

Administrative and Other Expenses

Note-24

Particulars	For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Auditor Remuneration		
As Auditor	11	11
Books & Periodicals	2	3
Communication Expenses	146	134
Conveyance Expenses	58	82
Bank Charges & Commission	19	12
Legal & Professional Expenses	414	202
Insurance	4	1
Rates & Taxes	71	31
Rent	1116	857
Repair & Maintenance – Others	888	562
Tender Expenses.	86	138
Training & Recruitment Expenses	76	71
Travelling Expenses	431	404
Printing & Stationary Expenses	79	80
Vehicle Hire charges	297	269
Inspection Charges	70	14
Business promotion Expenses	79	143
Other Miscellaneous Expenses	359	331
Corporate Social Responsibility*	249	0
Loss on revaluation of Fixed Assets	0	100
Provision for Bad and Doubtful Debts	9	1883
Preliminary Expenses Amortization	0	0
Forex Gain/Loss	0	5
Less:- Expenses transferred to Railways Deposit Works	96	113
TOTAL	4370	5220
Prior Period Expenses	0	340
TOTAL	4370	5560

* Refer Note no 2 on Reserves & Surplus

Disclosure as required by Guidance Note of ICAI:

(a) Gross Amount required to be spent by the Company during the year on CSR activities - ₹ 225 Lakhs

(b) Amount spent during the year on:

	In cash	Year to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	₹ 249 Lakhs	-	₹ 249 Lakhs

Depreciation and Amortisation Expenses

Note-25

Particulars	For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Depreciation on tangible Assets	9704	7871
Depreciation on Intangible Assets	106	46
Earlier Year Depreciation		578
Depreciation Adjustment	0	-20
Depreciation (Part of Retained Earning)	-825	0
TOTAL	8985	8476

Tax Expenses

Note-26

Particulars	For the year Ended March 31, 2015 (₹ in Lakhs)	For the year Ended March 31, 2014 (₹ in Lakhs)
Current Tax (Income Tax)	5345	3271
Current Tax (Income Tax)-previous Years	-612	0
Deferred Tax Asset	-205	-173
TOTAL	4528	3098

Accounting Standard 17 (Segment Reporting)

Note-27

Primary Information relating to Business Segments for the year ended 31st March 2015

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	44538	40686	3644	4294	48182	44980
Total Revenue	44538	40686	3644	4294	48182	44980
RESULT						
Segment Result (a)	44538	40686	3644	4294	48182	44980
Interest Expense (b)	0	0	0	0	0	0
Interest & Other Income (c)	7182	8446	0	0	7182	8446
Other Expenses (d)	35290	32480	3452	4062	38743	36542
Income Taxes(FBT) / deferred tax (e)	4463	2909	65	189	4528	3098
Profit from Ordinary Activities						
f = {(a)+(c)-(b) - (d)-(e)}	11967	13743	127	43	12094	13786
Prior period Income (g)	0	347	0	0	0	347
Prior period Expenses (h)	0	340	0	0	0	340
Net profit = (f+g-h)	11967	13750	127	43	12094	13793
OTHER INFORMATION						
Segment Assets (Gross Block)	123609	107840	0	0	123609	107840
Other Assets	119920	141242	9470	4590	129390	145832
Total Assets	243529	249082	9470	4590	252999	253673
Capital Expenditure	16774	6015	0	0	16774	6015
Inter segment capital expenditure	0	0	0	0	0	0
Segment Liabilities	96387	109265	8979	4941	105366	114206
Total Liabilities	96387	109265	8979	4941	105366	114206
Depreciation/Impairment	8985	8476	0	0	8985	8476
Secured Loans	0	0	0	0	0	0
Unsecured Loans	0	0	0	0	0	0
Deferred Tax	-205	-173	0	0	-205	-173

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.

Accounting Policy

NOTE-28

Corporate Information

RailTel Corporation of India Limited (‘the Company’) incorporated in India on 26th September, 2000 is a public sector undertaking. The company is promoted by and is in administrative control of Ministry of Railways. The Registered office of the Company is situated at 10th Floor Bank of Baroda Building 16 Sansad Marg New Delhi and Corporate Office at Plot No 143 Sector 44, Institutional Area Gurgaon Haryana.

Main objective of the company are

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

RailTel Corporation a “Mini Ratna (Category-I)” PSU is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network covers all important towns & cities of the country and several rural areas covering 70% of

India’s population. RailTel with strong nationwide presence is committed to bring cutting edge technology and offer innovative services to the Indian Telecom market. RailTel is in the forefront in providing nationwide Broadband Telecom & Multimedia Network in all parts of the country in addition to modernization of Train operations and administration network systems. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

Significant Accounting Policies

a. Basis for Preparation of financial statement

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles (“GAAP”) and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 2013. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

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

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

b. Use of Estimates

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

c. Inventory

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

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

d. Cash flow statement

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

e. Tangible Assets and capital work in progress

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

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

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

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

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

f. Intangible Assets

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

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset

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

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

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

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

g. Depreciation and Amortization

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

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

Assets Category Useful Life (in Years)

Tangible Assets

Lease hold improvements	:	10 years, SLM @10% per annum
Prefabricated Building	:	3 years, SLM @33.33% per annum
Telecom Radio Assets	:	
MPLS/STM-16 Network	:	8 years, SLM@12.50% per annum
Radio Equipment	:	3 years, SLM@33.33% per annum
Battery	:	5 years, SLM@20% per annum

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

OFC & Related Asset	:	18 years, SLM@5.28% per annum
Office Equipment	:	5 years, SLM@20% per Annum
Furniture	:	5 years, SLM@20% per Annum
Computer	:	3 years, SLM@33.33% per Annum

Intangible Assets

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

h. Impairment of Assets

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

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

i. Leases

1. Where the Company is the Lessee-

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals with respect to assets taken on 'Operating Lease' are charged to the

statement of profit and loss on a straight-line basis over the lease term.

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

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

2. Where the Company is the lessor-

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income in respect of 'Operating Lease' is recognised in the statement of profit and loss on a straight-line basis over the lease term. Assets subject to operating leases are included in fixed assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease term.

3. Indefeasible Right to Use ('IRU')-

As a part of operations, the Company enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease.

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

j. Borrowing Cost

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

k. Investment

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

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

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are valued at cost. Provision is made for

diminution in value to recognise a decline, if any, other than that of temporary nature.

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

l. Cash and Cash Equivalents

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

m. Revenue Recognition and Receivables

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

1. Service Revenues

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

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

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

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

2. Deposit Works

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

3. Interest and Other Income

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

n. Provision for Doubtful Debts

The Company provides for amounts outstanding in specific cases where the

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

o. Unbilled Revenue

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

p. License Fees – Revenue Share

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

q. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

1. Defined contribution plans

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

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

2. Defined benefit plans

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

- i. Gratuity is payable on separation @15 days pay for each completed year of service to eligible employee, who rendered continuous service of 5 year or more. The gratuity ceiling of ₹ 10 lakhs has been considered for actuarial valuation.
- ii. Leave Encashment is payable on separation to eligible employee who have accumulated earned leave. Leave salary is provided for based on valuation, as balance sheet date, made by independent actuary.
- iii. Foreign service contribution payable for leave salary and pension in respect of deputationists (Employees who have joined corporation on deputation on

a fixed term from Indian Railways, Department of Telecommunications) for the year 2014-15 in terms of Government rules and regulation is charged to revenue on accrual basis.

3. Short-term employee benefits

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

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

4. Long-term employee benefits

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

r. Post Sales client support and warranties

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

s. Foreign exchange transactions

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

t. Taxes

1. Current Income Tax

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

2. MAT Credit

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

specified period.

3. Deferred Tax

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

u. Research and development

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

v. Segment Reporting

1. Primary Segment

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

2. Secondary Segment

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

w. Earnings Per Share

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

x. Prior Period Expenses

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

y. Exceptional Item

Exceptional items are generally non-recurring item of income & expenses

within profit & loss from ordinary activity which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year.

z. Provisions and Contingencies

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

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

Contingent assets are not recognised in the financial statements.

aa. Operating cycle

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

Independent Auditor's Report

To The Members of Railtel Corporation of India Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of RailTel Corporation Of India Limited (hereinafter referred to as “the Holding Company”), its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the consolidated Balance Sheet as at March 31st, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated financial statements’).

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group is responsible

for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit

to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other Auditors, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting

principles generally accepted in India of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's report of the Holding company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We/the other auditor whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
 - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under

Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) In terms of exemption granted to Govt Companies, Section 164(2) is not applicable
- (f) With respect to the other matter to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group.
- (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, in respect of such items as it relates to the Group.
- (iii) There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

As required by Section 143 (5) of the Act, we report that:

- (a) In our opinion, the company has not been selected for disinvestment
- (b) In our opinion, there is not any cases of waiver / write off of debts/loans/interest.
- (c) In our opinion, proper records are maintained for inventories lying with third parties and there is not any case of assets received as gift from government or other authorities.
- (d) A report on age-wise analysis of pending legal/arbitration cases including the reason of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) is placed in annexure attached with this report.

Other Matter

- (a) We did not audit the financial statements/ financial information of subsidiary (Railtel Enterprise Limited), whose financial statements/financial information reflect total assets of ₹ 1161.71 lakhs as at 31st March, 2015, total revenues of ₹ 133.31 lakhs and net cash flows amounting to ₹ 1083.19 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

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

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

Mukesh Chand
Partner
(M. No.016197)

Place: New Delhi
Date: 25.06.2015

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Railtel Corporation of India Limited to whom the provisions of the Order apply (hereinafter referred to as “the Holding Company”)

- | | |
|--|---|
| <p>(i) a. The Holding Company has maintained proper records showing full particulars, Including quantitative details and situation of fixed assets.</p> <p>b. All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them which, in our opinion, is reasonable having regard to the size of the Holding Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(ii) a. The management has conducted physical verification of Inventory at reasonable Intervals during the year.</p> <p>b. The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and the nature of its business.</p> <p>c. The Holding Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification.</p> <p>(iii). According to the information and explanations given to us, the Holding Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3(a) and (b) of the Order are not applicable to the Holding Company and hence not commented upon.</p> | <p>(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control systems commensurate with the size of the Holding Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Holding Company in respect of these areas.</p> <p>(v) The Holding Company has not accepted any deposits from the public.</p> <p>(vi) We have reviewed the books of account maintained by the Holding Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that the prescribed accounts and records have been made and maintained.</p> <p>(vii) a. The company is generally regular in depositing undisputed statutory dues with the appropriate authorities including Provident Fund, Professional tax, Tax Deducted at Source (TDS), Service tax, and Work contract tax, duty of customs, duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authority. There is no arrears of outstanding statutory dues as at the last day of financial year concerned for a period of more than six month from the date they become payable.</p> <p>b. We are informed that there are no dues in respect of Provident Fund, Professional</p> |
|--|---|

tax, Tax Deducted at Source (TDS), Service tax, and Work contract tax, duty of customs, duty of Excise, Value Added Tax, Cess and any other statutory dues

with the appropriate authority as at 31st March, 2015 which have not been deposited on account of any dispute except following:

Sl. No.	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forums where dispute is pending
1	Income Tax Act 1961	Addition made to Taxation for Non-Invoicing of STM-4 Bandwidth of ₹ 843/- lacs	286.00	F.Y 2006-07	Commissioner of Income Tax (Appeal), New Delhi
2	Income Tax Act 1961	Addition made to Taxation for Non-Invoicing of STM-4 Bandwidth of ₹ 1619.80/- lacs	534.00	F.Y 2007-08	Income Tax Appellate Tribunal, New Delhi
3	Income Tax Act 1961	Survey Conducted u/s 133 by Deptt. In August, 2013 for analysis whether due compliances have been made by Railtel or not. Demand raised for ₹ 99 lacs	99.00	2010-11 to 2012-13	Commissioner of Income Tax (Appeal), Kolkata
4	Income Tax Act 1961	Demand raised on 24/03/2014 for DDT amounting to ₹ 96.35 lacs due to wrongly payment made for DDT against TAN instead of PAN	96.35	2010-11	Commissioner of Income Tax (Appeal), New Delhi
5	Income Tax Act 1961	Additions of ₹ 6924/- lacs made to Taxation Income and Less Credit of TDS, Wrong Levy of Interest u/s 234B & 234C.	1,824.00	2011-12	Commissioner of Income Tax (Appeal), New Delhi
6	Income Tax Act 1961	Order Issued u/s 201(1)/201(1A) Dated 25.03.2015	27.85	2012-13	Commissioner of Income Tax (Appeal), Kolkata
7	Delhi VAT Act 2004	VAT on the sale of light energy claimed by Collector Grade-I Delhi VAT.	1,820.38	2007-08	Collector Grade-I Delhi VAT
8	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	78.88	1.05.06 to 10.05.07	Commissioner Service Tax
9	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	1.32	15.09.2004 to 31.03.07	Commissioner Service Tax
10	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	69.63	1.04.08 to 31.03.09	Commissioner Service Tax

Sl. No.	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forums where dispute is pending
11	Finance Act 1994	TAX on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before CESTAT	352.30	1.04.03 to 31.12.05	CESTAT, New Delhi
12	Finance Act 1994	1) Issue of Service Tax liability on 13% amount of the Railway Deposit work.	109.00	April 2006 to March 2010	Commissioner Service Tax
		2) Wrong availment of Cenvat credit on the Challan issued by the Corporate Office without having registration of ISD	114.00		
13	Finance Act 1994	Service Tax liability on 13% amount of the Railway Deposit work. Appeal filed against the order of Commissioner and stay has been granted by CESTAT in September, 2013	160.00	April 2008- March 2011	CESTAT, Hyderabad
14	Sales Tax	Against C Forms	43.00		
15	Finance Act 1994	Issue of understatement of Revenue in Service Tax return and short Payment of Service Tax. Appeal has been filed to Commissioner	40.00	April 2006- September 2008	Commissioner Service Tax

c. The said clause is not applicable.

- viii. The Holding Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- ix. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Holding Company has not defaulted in repayment of dues to banks. The Holding Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- x. Company has not given any guarantee for loan taken by other from banks or financial institutions.
- xi. No term loan outstanding, the

reporting requirements under this sub-clause are not applicable.

- xii. 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 Holding Company has been noticed or reported during the year.

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

Mukesh Chand
Partner
(M. No.016197)

Place: New Delhi
Date: 25.06.2015

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

Sl.No.	Name of Party	Age	Reason of pendency
Legal Cases			
1.	U Form vs Supreme Telecom and others (RailTel)	Pending since 2012	Pending before City Civil Court at Hyderabad
2.	Western Region Fraud Case against M/s. V.J. Choksi & Company	Pending since 2010	Pending before Criminal Court of Metropolitan Magistrate at Dadar, Mumbai, Maharashtra and Institute of Chartered Accountants of India (ICAI)
3.	RailTel vs Tulip Telecom Ltd.	Pending since 2013	Pending before High Court at Delhi or the Official Liquidator appointed
4.	UTL vs IDBI and others (RailTel)	Pending since 2014	Pending before High Court at Delhi
5.	RailTel vs UOI (TDSAT)	Pending since 2008	Pending before TDSAT
Arbitration Cases:			
6.	Tamilnadu Telecommunication Ltd. Vs RailTel (started during the years 2010)	Pending since 2012	Pending before the High Court at Delhi
7.	Garg Builders vs RailTel	Pending since 2014	Pending before Shri ML Mehta, ex-Judge, High Court appointed as sole arbitrator in the matter by Hon'ble High Court
8.	S.P. Telecom vs RailTel	Pending since 2015	Pending before High Court at Kolkata

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

Mukesh Chand
Partner
(M. No.016197)

Place: New Delhi
Date: 25.06.2015

Railtel Corporation of India Limited

Consolidated Balance Sheet as at 31st March, 2015

Particulars	Notes No	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share Capital	1	32094	32094
Reserve & Surplus	2	68328	59187
NON CURRENT LIABILITIES			
Long Term Borrowings		0	0
Deferred Tax Liabilities (Net)		0	0
Other Long Term Liabilities	3	72383	70702
Long Term Provisions	4	467	467
CURRENT LIABILITIES			
Short Term Borrowings		0	0
Trade Payables	5	10932	11783
Other Current liabilities	6	20890	19612
Short Term Provisions	7	843	11642
Total of Equity and Liabilities		205937	205487
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	8	59267	53190
Intangible Assets	8	344	450
Capital Work in progress	9	16774	6015
Intangible Assets under development		0	0
Non Current Investment		0	0
Deferred Tax Assets (Net)	10	350	145
Long term loans and advances	11	1818	1645
Other non current assets	12	19217	21497
CURRENT ASSETS			
Current Investment		0	0
Inventories	13	117	292
Trade Receivables	14	16796	15387
Cash and Cash Equivalents	15	68324	74390
Short term loans and advances	16	14958	24128
Other current assets	17	7972	8348
Total Assets		205937	205487

The significant accounting policies and accompanying notes form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date In terms of our report attached

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

For and on behalf of
RailTel Corporation of India Limited

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Place : New Delhi
Date : 25/06/2015

Railtel Corporation of India Limited

Consolidated Statement of Profit and Loss for The Year ended 31st March, 2015

Particulars	Notes No		Year Ended 31.3.2015 (₹ in Lakhs)		Year Ended 31.3.2014 (₹ in Lakhs)
INCOME					
Revenue from Operation	18		48239		45327
Telecom Income		44595		40686	
Project Income		3644		4294	
Prior Period Income		0		347	
Other Income	19		7259		8446
TOTAL INCOME			55497		53773
EXPENSES					
Access and other Charges	20	11591		9093	
License Fee & Spectrum Charges (Revenue Share)	21	3443		3184	
Expenses on Project	22	3452	18486	4062	16339
Purchase of Stock in Trade			0		0
Employee Benefit Expenses	23		7005		6507
Administrative and Other Expenses	24		4381		5560
Administrative Expenses		4381		5220	
Prior Period Expenses		0		340	
TOTAL EXPENSES			29872		28406
PROFIT BEFORE FINANCE COST, DEPRECIATION, AMORTISATION AND TAXATION			25626		25368
Finance costs			0		0
Depreciation and amortization expense	25		8985		8476
PROFIT BEFORE TAX			16640		16891
TAX EXPENSES					
Current Tax	26		4738		3271
Deferred Tax	26		-205		-173
PROFIT FOR THE YEAR			12107		13793
Earning per equity share:					
(1) Basic			3.77		4.30
(2) Diluted			3.77		4.30

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

In terms of our report attached

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

For and on behalf of
RailTel Corporation of India Limited

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Place : New Delhi
Date : 25/06/2015

Accounting Standard-3 (Cash Flow Statement)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Indirect Method)

Particulars	For the Year Ended on 31.03.15 (₹ in Lacs)		For the Year Ended on 31.03.14 (₹ in Lacs)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/ (Loss) Before Tax & Extraordinary items Adjustment for:-	16640		16891	
Adjustment for:-				
Add : Depreciation	8985		7898	
Add : Interest on Loan	0		0	
Less : Corporate Social Responsibility	0		79	
Less : Research & Development Expenses	100		100	
Less: Interest received	6659		7975	
<i>Net cash from operating activities before Extraordinary Item and change in working capital (a)</i>		18866		16635
Working Capital changes				
(Increase)/ Decrease in Inventory	175		87	
(Increase)/Decrease in other Current Assets	2656		482	
(Increase) /Decrease in other Loans & Advances	8996		-4965	
Increase/ (Decrease) in Current Liabilities	-8690		1814	
Increase/ (Decrease) in Deferred tax Assets	-205		-145	
Increase/ (Decrease) in Deferred tax Liability	0		-28	
(Increase) / Decrease in Sundry Debtors	-1409		-12049	
TDS on Interest Income	417		251	
<i>Net (Increase) /Decrease in Working Capital (b)</i>		1941		-14551
Total (a)-(b)		20807		2084
Less: Deferred Tax	205		173	
Less: Income Tax	-4738	-4533	-3271	-3098
Extraordinary Item				
Less: Depreciation adjustment for earlier years		-13		666
CASH GENERATED FROM(USED) IN OPERATING ACTIVITIES (A)		16260		-348
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase/Sale of Fixed Assets	-15768		-9495	
(Increase) / Decrease in Capital Work in Progress	-10759		-3292	
Interest received (Net of TDS)	6243		7724	
CASH GENERATED FROM(USED) IN INVESTING ACTIVITIES (B)		-20284		-5063

Particulars	For the Year Ended on 31.03.15 (₹ in Lacs)		For the Year Ended on 31.03.14 (₹ in Lacs)	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend & Dividend Distribution Tax		-2042		-1994
CASH GENERATED FROM(USED) IN FINANCING ACTIVITIES (C)		-2042		-1994
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		-6066		-7406
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		74390		81796
D. CASH AND CASH EQUIVALENT AT END OF YEAR		68324		74390
E. COMPONENT OF CASH & CASH EQUIVALENTS:-				
Particulars		As at 31.03.15 (₹ in Lacs)		As at 31.03.14 (₹ in Lacs)
Cash and Cash Equivalents				
(ii) Cash & Cash Equivalent (maturity <= 3 Months)				
a. Cash on Hand (Imprest)		5		23
b. Remittance in Transit		348		94
c. Balances with Schedule Bank:				
In Current A/c		570		1223
In Collection A/c		703		2505
In Term Deposit		302		769
(i) Other Bank Balances				
a. Balance With Bank (Margin Money)		73		18
b. Bank deposit with less than 12 month maturity		66324		69759
TOTAL		68324		74390

In terms of our report attached even date

For V.K. Verma & Co.

Chartered Accountants

FRN No. : 000386-N

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Place : New Delhi

Date : 25/06/2015

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statement"
- Dividend & Dividend Distribution Tax include ₹ 7 Crore as proposed dividend and ₹ 1.4 crore as tax on proposed dividend
- The accounting notes from an integral part of these Financial Statements

Share Capital

Note-1

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Authorized Share Capital		
Equity Shares		
1,00,00,00,000 (March 31, 2014 - 1,00,00,00,000) equity shares of ₹ 10 each	100,000	100,000
Issued, Subscribed and fully paid-up shares		
1,50,00,007 (March 31, 2014 - 1,50,00,007) equity shares of ₹ 10 each in Cash	1,500	1,500
30,59,38,400 (March 31, 2014 - 30,59,38,400) equity shares of ₹ 10 each in consideration other than cash	30,594	30,594
TOTAL	32,094	32,094
Earning Per Share		
The calculation of EPS as per the Accounting standard-20 (Earning per share) is as follows:		
"Net Profit/Loss (-) available for Equity Shareholders (a)"	12107	13793
"Weighted average of Equity share of ₹10 each in lakhs (b)"	3209	3209
Basic Earning per share (a/b)	3.77	4.30
"Weighted average No. of Equity share of ₹ 10 each (b)(in lakhs) (c)"	3209	3209
"Diluted Earning per share (a)/(c)"	3.77	4.30

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

Particulars	Opening Balance	Allotted During The Year	Closing Balance
Year ended 31 March 2015			
No of Equity Shares - In Cash	1,50,00,007	0	1,50,00,007
No of Shares - In consideration other than cash	30,59,38,400	0	30,59,38,400
Amount	320,93,84,070	0	320,93,84,070
Year ended 31 March 2014			
No of Shares - In Cash	1,50,00,007	0	1,50,00,007
No of Shares - In consideration other than cash	30,59,38,400	0	30,59,38,400
Amount	320,93,84,070	0	320,93,84,070

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

Right, Preference and restriction attached to shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by Board of Directors held on 12th March 2015. During the year ended March 31, 2015, Company has paid a interim dividend of ₹ 0.31 per share (previous year 0.25 per share) and proposed final dividend of ₹ 0.22 per share of ₹ 10 each (Previous Year ₹ 0.28 per share).

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

Particulars	As at 31.3.2015		As at 31.3.2014	
	(Number)	(Percentage)	(Number)	(Percentage)
Ministry of Railways (in the name of President of India)	32,09,38,407	100%	32,09,38,407	100%

Reserve and Surplus

Note-2

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
General Reserve		
Opening Balance at the beginning of the year	28000	24000
Add : Transferred from surplus in statement of profit & Loss account	4000	4000
Closing Balance (1)	32000	28000
Other Reserves		
Corporate Social Responsibility Reserve, Sustainable Development Reserve		
Opening Balance at the beginning of the year	146	0
Add: Transferred from surplus in the statement of profit & Loss	0	224
Less: Fund utilized		79
Closing at the end of the year (2)	146	146
Research & Development Reserve		
Opening Balance at the beginning of the year	0	0
Add: Transferred from surplus in the statement of profit & Loss	100	100
Less: Fund utilized	100	100
Closing at the end of the year (3)	0	0
Surplus in the Statement of Profit & Loss		
Opening Balance at the beginning of the year	31042	23567
Add: Profit transferred from statement of profit & loss account	12107	13793
Amount available for appropriation	43149	37360
Appropriations		
Interim Dividend on Equity Shares	1000	800
Proposed final dividend on Equity Shares	700	900
Tax on interim Dividend*	200	141
Tax on proposed Dividend	143	153
Transferred to General Reserve	4000	4000
Transfer to Corporate Social Responsibilities and Sustainable Development Reserve*	0	224
Research & Development Reserve	100	100
Depreciation Impact due to Schedule II of Companies Act'2013	825	0
Net Surplus in the statement of Profit and Loss (4)	36181	31042
Closing Balance carry over to Balance Sheet (1+2+3+4)	68328	59187

* Consequent upon guidance note issued by Institute of Chartered Accountants of India, expenditure on corporate social responsibility during FY 2014-15 has been charged to expenditure on accrual basis and hence expenditure on CSR has not been charged to Reserve & Surplus.

The Board of Directors, at their meeting held on 24th June 2015 has recommended dividend of ₹ 17 crore for FY 14-15 out of which ₹ 10 crore has already been paid as interim dividend and provision has been made for balance of ₹ 7 crore in FY 14-15. The payment of final dividend is subject to the approval of share holders at the ensuing Annual General Meeting.

Other Long Term Liabilities

Note-3

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Unsecured		
OTHERS		
Security Deposit Received	2095	1,660
Deferred Revenue (Advance from Customers)*	61228	60,697
Advances from Related Party**	2850	4,941
Retention Money	6210	3,404
TOTAL	72,383	70,702

Advances from related party includes ₹ 2603 Lakh towards execution of works from Railway's PSU.

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

** Advance deposit from Indian Railways/Railway PSU's received towards Deposit works

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

A) General description on leasing arrangement

- (1) The Company has been offering NLD, infrastructure services (Dark Fibers, Tower space and colocation etc.) under IP-I registration and Internet services under ISP licence to its customers under respective operating lease
- (2) The Company has entered into a non-cancellable lease arrangement to provide optical fiber on indefeasible right of use (IRU) basis for a period of 10-15 years. The lease rental receivable proportionate to actual kilometers accepted by the customer is credited to the statement of profit and loss on a straight – line basis over the lease term. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2015 and accordingly respective disclosures required by AS 19 are not provided.
- (3) Future minimum lease rentals receivable under operating lease for each of the following period as on 31st March, 2015 are as under :—

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Later than one year and upto five year	44951	40393
Later than five year	16277	20304
TOTAL	61228	60697

Long Term Provisions

Note-4

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Unsecured		
Provision for DoT penalty	379	379
Provision for Arbitration Claim*	46	46
Provision for Doubtful advances	42	42
TOTAL	467	467

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

Particulars	Provision for DoT penalty	Provision for Arbitration Claim	Provision for Doubtful advances
Carrying Amount at the beginning of period	379	46	42
Additional Provision Made in the period	0	0	0
Amounts utilized/adjusted During the period	0	0	0
Unused Amounts reversed during the period	0	0	0
Carrying Amount at the end of period	379	46	42

Trade Payables

Note-5

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Trade Payables		
Micro and Small Enterprises	-	-
Revenue share payable to Indian Railway & Konkan Railway	3285	4,016
Others	7647	7,768
TOTAL	10,932	11,783

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

2. Contingent Liabilities: (Accounting Standard-29 "Provisions, Contingent Liability & Contingent Assets)

- a. Disputed claims against the Company by tax authorities & others not acknowledged as liability are ₹ 11867 lakh. (Previous Year ₹ 4595 lakh)

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Income Tax	2868	1347
Sales Tax/VAT	1863	1863
Service Tax	1085	1085
Department of Telecommunication	5751	0
Others	300	300
TOTAL	11867	4595

- b. Counter indemnity for Bank Guarantees issued on behalf of the company by the banks ₹ 5317 lakh (Previous year ₹ 2278 lakh).

Other Current Liabilities

Note-6

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Unsecured		
INCOME RECEIVED IN ADVANCE		
Deferred Revenue (Advance from Customers)	9706	12,208
Advance received from Others*	6129	2,131
EMD Payable	758	966
Payable to others**	4297	4,306
TOTAL	20,890	19,612

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

** It includes ₹ 461 lakh on account of Provision for Performance Related Pay for the FY 14-15 which has been provided on estimated basis and also includes ₹ 56 lakh related to Foreign service contribution, payable to Ministry of Railways (Related Party in respect of obligation of leave salary and Gratuity to Deputationist)

Short Term Provisions

Note-7

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Provision for Retirement Benefits		
Employee Benefits	0	123
Provisions-Others		
Provison for Dividend	700	900
Provision for Tax on Dividend	143	153
Provision for Tax	0	10,465
TOTAL	843	11,642

3. Provident Fund (Accounting Standard-15 Employee Benefit)

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

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

Particulars	Carrying Amount at the beginning of period (₹ in Lacs)	Additional Provision Made in the period (₹ in Lacs)	Amounts utilized/ adjusted During the period (₹ in Lacs)	Unused Amounts reversed during the period (₹ in Lacs)	Carrying Amount at the end of period (₹ in Lacs)
Provision for Retirement Benefits	123	0	123	0	0
Provison for Dividend	900	1700	1900	0	700
Provision for Tax on Dividend	153	343	353	0	143
Provision for Tax	10,465	5350	15204	612	0

Tangible Assets (A)

Note-8

(₹ in Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				IMPAIRMENT			NET BLOCK	
	As at 1.04.14	Addition	Deductions/Adjustment	As at 31.03.15	As at 1.04.14	Depreciation for the period	Deductions/Adjustment affecting P&L	As at 31.03.15	As at 1.04.14	For the period	Total	As at 31.03.15	As at 31.03.14
Tangible Assets (A)													
Freehold Land	222	-	-	222	-	-	-	-	-	-	-	222	222
Leasehold Land & Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	2,350	32	-	2,382	369	122	-	491	-	-	-	1,891	1,981
Plant & Equipments													
Computers	588	94	(10)	672	426	99	4	521	8	-	-	151	162
ERP-ORACLE	157	47	-	204	8	33	-	41	-	-	-	164	149
i. OFC & Related Assets	58,688	2,562	63	61,313	24,549	3,196	(4)	27,746	(4)	-	-	33,564	34,139
ii. Telecom & Radio Equipments	21,826	10,140	78	32,045	11,062	3,175	-	14,227	10	0	1091	16,727	9,673
iii. Prefabricated Buildings	1,301	1	21	1,323	498	813	-	1,311	(0)	-	-	12	803
iv. MPLS Equipments	4,175	978	-	5,154	2,925	101	-	3,025	(0)	0	1250	878	(0)
v. STM-16 Equipments	16,024	1,714	(1)	17,737	10,059	1,976	-	12,035	1	0	730	4,973	5,235
Furniture & Fixtures	204	40	1	245	122	27	-	150	(0)	-	-	96	83
Data Center	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	45	-	-	45	15	6	-	20	-	-	-	24	30
Office Equipments	534	53	(87)	501	320	42	-	362	0	-	-	139	214
Leasehold Improvements	1,060	63	(21)	1,102	559	114	-	673	(0)	-	-	429	501
Temporary Fixtures	10	-	-	10	10	-	-	10	-	-	-	-	-

Total As on 31 March 2015	107,184	15,723	45	122,953	50,922	9,704	-	13	60,612	3,071	-	3,071	59,267	53,190
Total As on 31 March 2014	98,345	8,844	(5)	107,184	42,565	7,851	507	-	50,922	3,071	-	3,071	53,190	52,711
Intangible Assets (B)														
ERP	405	0	-	405	21	81	-	-	103				303	384
NLD Licence*	250	-	-	250	184	25	-	-	209				41	66
Total As on 31 March 2015	655	0	-	655	205	106	-	-	312				344	450
Total As on 31 March 2014	-	655	-	655	-	46	159	-	205				450	-
Total As on 31 March 2015 (A+B)	107,840	15,724	45	123,609	51,127	9,810	-	13	60,926	3,071	-	3,071	59,611	53,640
Total As on 31 March 2014 (A+B)	98,345	9,499	(5)	107,840	42,565	7,897	666	-	51,128	3,071	-	3,071	53,640	52,711

- Pursuant to Accounting Standard (AS 28) impairment on assets issued by the Institute of Chartered Accountants of India, the Corporation made an assessment on 31st March 2015 for any indication of impairment in the carrying amount of fixed assets. On the basis of such assessment, in the opinion of management, no provision for the impairment of fixed assets is required to be made during the year.
- As per the existing system construction materials are directly handed over to the contracting agencies and the entire cost of such materials is charged to CWIP.
- The region have constructed buildings on Railways land in Hyderabad and Mumbai. The same has been classified in leasehold improvement and depreciation has been charged as per the policy of the Company.
- During the year Company has changed accounting policy in regard to useful life of Computer, Prefab shelters and Vehicles. Consequent upon change in accounting policy, its impact on profit has been worked out to reduction of ₹ 88 lakh in current year profit and ₹ 825 lakh in retained earning and corresponding increase in depreciation.
- The Company has been consistently charging depreciation based on useful life of assets as mentioned in policy no. g of the Accounting Policy (Note-28) which is different from useful life as prescribed in part-C of schedule II of Companies Act 2013. The useful life of assets as mentioned in accounting policy no. g (Note 28) has been determined based on report of Technical Committee set up in 2012 considering several technical factors including high level of obsolescence in telecom industry.
- Comparison of changed useful life of assets are as under :-

Nature of Assets	Useful Life as prescribed by the Part C of Schedule II of Companies Act 2013.	Useful life as considered by the Technical Committee
Prefabricated Building	3 Year	3 Year with Nil salvage Value
MPLS/STM-16 Network	13 Year	8 Year with Nil salvage Value
Radio Equipments	13 Year	3 Year with Nil salvage Value
Battery	Not Prescribed	5 Year with Nil salvage Value
Furniture	10 Year	5 Year with Nil salvage Value
Computers	3 Year	3 Year with Nil salvage Value

Capital Work in Progress

Note-9

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
NE-1 & NE-2	7891	2537
OFC laying works	1370	2542
MPLS, STM & Other Telecom & Radio Equipment & Data Center	5824	678
Buildings	779	258
Inventory (Store for Site work)	910	0
TOTAL	16774	6015

- 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.
- Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the management) ₹ 18771 lakh (net of advances) (Previous Year ₹ 18166 lakh).
- Additional information pursuant to the Companies Act is as follows:

a. Value of imports calculated on CIF basis		
i. Capital Goods	2823	Nil
b. Expenditure in foreign currency (Travelling)	19	Nil
Add: Earning in Foreign Exchange	Nil	785

Deferred Tax Assets (Net)

Note-10

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Deferred Tax Assets (Net) - On account of Depreciation	350	145
TOTAL	350	145

Long Term Loans and Advances

Note-11

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
(Unsecured, considered good unless stated otherwise)		
Capital Advances		
Considered Good *	909	769
Security Deposit		
Considered Good	457	330
Others**	452	546
TOTAL	1,818	1,645

* Capital Advances given to Indian Railways (Related Party)

** Prepaid expenses of long term leasing contract

Other Non-Current Assets**Note-12**

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Unsecured, considered good unless stated otherwise		
Long Term Trade Receivables*	19,180	21,497
Preliminary Expenses**	37	-
TOTAL	19,217	21,497

* 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.

** Unamortised expenses on account of Subsidiary company.

Inventories (Valued at lower of cost and net realisable value)**Note-13**

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Inventory (Consumables for O&M Work)	117	292
TOTAL	117	292

Trade Receivables**Note-14**

Particulars		As at 31.3.2015 (₹ in Lacs)		As at 31.3.2014 (₹ in Lacs)
Unsecured, unless stated otherwise Telecommunication Business				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	5839		2900	
Considered Doubtful	2610		2600	
Less Provision for Doubtful receivables	2610	5839	2600	2900
Receivables (less than six months)				
Considered Good	5534		7897	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	5534	0	7897
Other Deposit Works				
Receivable outstanding for a period exceeding six months From the date they were due for payment				
Considered Good	3293		2094	
Considered Doubtful	46		46	
Less Provision for Doubtful receivables	46	3293	46	2094
Receivables (less than six months)				
Considered Good	2130		2496	
Considered Doubtful	0		0	
Less Provision for Doubtful receivables	0	2130	0	2496
TOTAL		16796		15387

Cash and Bank Balances

Note-15

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Cash and Cash Equivalents		
(i) Cash & Cash Equivalent (maturity <= 3 Months)		
a. Cash on Hand (Imprest)	5	23
b. Remittance in Transit	348	94
c. Balances with Schedule Bank:		
In Current A/c	570	1223
In Collection A/c	703	2505
In Term Deposit	302	769
(ii) Other Bank Balances with Schedule Bank		
a. Balance with Bank (Margin Money)	73	18
b. Bank deposits with less than 12 month maturity	66324	69759
TOTAL	68324	74390

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

Short Term Loans and Advances

Note-16

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Unsecured, Considered good unless stated otherwise		
Security Deposit	171	133
Loans and advances to Employee (secured considered good)	28	39
Prepaid Expenses	99	41
Balance With tax authorities		
Service tax credit available	1779	2,319
VAT Credit	24	-
MAT Credit	5231	5,940
TDS-Income Tax	3347	10,298
Advance Income Tax	28	3,274
Others	0	18
Others*	3057	1055
Supplier Advances	849	797
Expenses recoverable from customer	345	215
TOTAL	14,958	24,128

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.

Other Current Assets

Note-17

Particulars	As at 31.3.2015 (₹ in Lacs)	As at 31.3.2014 (₹ in Lacs)
Unsecured, Considered good unless stated otherwise		
Accrued interest on term deposit	2701	3491
Considered Good (Related Party)*	5271	4,857
TOTAL	7972	8348

* Includes an amount of ₹ 5211 lakh is recoverable from Indian Railway (being the parent Ministry and related party) includes various recoverable like VAT recoverable, Transfer of 4 Fiber, proportionate maintenance charges of OFC etc. ₹ 59 lakhs is recoverable from 100% owned Subsidiary Company

* In previous year this figure was classified in short term loan and advances (Note No 16), in current year this has been shifted to other current assets. Balances shown in the Notes to Balance Sheet are subject to confirmation/ reconciliation and consequential adjustments, if any.

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

Consolidated figures including financial statement of its subsidiary Company which were incorporated in the FY 14-15, Hence previous year figures shall not be available.

Revenue From Operation

Note-18

Particulars		For the year Ended 31.03.15 (₹ in Lacs)		For the year Ended 31.03.14 (₹ in Lacs)
Revenue from Operation				
Income from Telecom Services				
NLD Services		28490		28921
ISP Services		4011		2306
IP-1 Services		10419		8078
Income of Subsidiary Company				
Income from Projects				
Railways Deposit Works	3463		3397	
Foreign Projects	0		785	
Other projects	181	3644	112	4294
Other Operating Revenue		1674		1728
TOTAL		48239		45327

Other Income

Note-19

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Interest Income on deposits with Bank	6659	7975
Gain/(Loss) on foreign Exchange	0	9
Other Non Operating Income		
Miscellaneous Income	50	88
Liabilities/Provision written back	549	374
TOTAL	7259	8446

Access and Other Charges

Note-20

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Operation & Maintenance of Fiber & Equipment	3158	2776
Share of Revenue with Konkan Railway	28	50
Hire Charges Radio Modem/Optic Fibers and Internet Access*	2900	2394
Interconnect & Port charges	607	301
Franchise Expenses	803	351
Power & Fuel Expenses on network	2166	1147
Revenue Share to Railways	1929	2074
TOTAL	11591	9093

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

Licence Fee & Spectrum Charges

Note-21

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Licence Fee to DoT	3365	2828
Spectrum Charges	78	356
TOTAL	3443	3184

Expenses on Project

Note-22

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Expenses on Projects	3197	3030
Expenses on Foreign Projects	0	731
Allocation of Establishment Expenses	160	188
Allocation of Administrative Expenses	96	113
TOTAL	3452	4062

Employee Benefit Expenses

Note-23

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Salaries & Wages (including Staff Welfare)	6825	6295
Contribution to Provident and other funds	339	401
Less: Expenses transferred to projects	160	188
TOTAL	7005	6507
Sh R K Bahuguna (Chairman & Managing Director)		Key Management
Sh. N K Gupta (Director/Finance)		Key Management
Sh. A Sheshgiri Rao (Director (NPM))		Key Management
Sh. S C Hans (Company Secretary) upto 31.12.14		Key Management
Sh. J.S. Marwah (Company Secretary)		Key Management
1. Salaries and wages includes Director's Remuneration of ₹ 154 lakh in current year and ₹ 109 lakh in previous year		
2. Sitting Fee Paid to Non Official Directors		
Sh A K Sinha	Nil	₹ 0.96 Lakhs
Sh Bhaskar Gupta	₹ 0.72 Lakhs	₹ 0.96 Lakhs
Sh R K Goyal	₹ 0.88 Lakhs	₹ 0.88 Lakhs

Administrative and Other Expenses

Note-24

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Auditor Remuneration		
As Auditor	11	11
Books & Periodicals	2	3
Communication Expenses	146	134
Conveyance Expenses	58	82
Bank Charges & Commission	19	12
Legal & Professional Expenses	415	202
Insurance	4	1
Rates & Taxes	72	31
Rent	1116	857
Repair & Maintenance – Others	888	562
Tender Expenses.	86	138
Training & Recruitment Expenses	76	71
Travelling Expenses	431	404

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Printing & Stationary Expenses	79	80
Vehicle Hire charges	297	269
Inspection Charges	70	14
Business promotion Expenses	79	143
Other Miscellaneous Expenses	359	331
Corporate Social Responsibility*	249	0
Loss on revaluation of Fixed Assets	0	100
Provision for Bad and Doubtful Debts	9	1883
Preliminary Expenses Amortization	9	0
Forex Gain/Loss	0	5
Less:- Expenses transferred to Railways Deposit Works	96	113
TOTAL	4381	5220
Prior Period Expenses	0	340
TOTAL	4381	5560

* Refer Note no 2 on Reserves & Surplus.

Disclosure as required by Guidance Note of ICAI:

(a) Gross Amount required to be spent by the Company during the year on CSR activities - ₹ 225 Lakhs

(b) Amount spent during the year on:

	In cash	Year to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	₹249 Lakhs	-	₹249 Lakhs

Depreciation and Amortisation Expenses

Note-25

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Depreciation on tangible Assets	9704	7871
Depreciation on Intangible Assets	106	46
Earlier Year Depreciation	0	578
Depreciation Adjustment	0	-20
Depreciation (Part of Retained Earning)	-825	
TOTAL	8985	8476

Tax Expenses

Note-26

Particulars	For the year Ended March 31, 2015 (₹ in Lacs)	For the year Ended March 31, 2014 (₹ in Lacs)
Current Tax (Income Tax)	5350	3271
Current Tax (Income Tax)-previous Years	-612	0
Deferred Tax Liability	0	0
Deferred Tax Asset	-205	-173
TOTAL	4533	3098

Accounting Standard 17 (Segment Reporting)

Note-27

Primary Information relating to Business Segments for the year ended 31st March 2015

Amount in Lakhs (₹)

Particulars	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	44595	40686	3644	4294	48239	44980
Total Revenue	44595	40686	3644	4294	48239	44980
RESULT						
Segment Result (a)	44595	40686	3644	4294	48239	44980
Interest Expense (b)	0	0	0	0	0	0
Interest & Other Income (c)	7259	8446	0	0	7259	8446
Other Expenses (d)	35405	32480	3452	4062	38857	36542
Income Taxes(FBT) / deferred tax (e)	4469	2909	65	189	4533	3098
Profit from Ordinary Activities						
f = {(a)+(c)-(b) - (d)-(e)}	11980	13743	127	43	12107	13786
Prior period Income (g)	0	347	0	0	0	347
Prior period Expenses (h)	0	340	0	0	0	340
Net profit = (f+g-h)	11980	13750	127	43	12107	13793
OTHER INFORMATION						
Segment Assets (Gross Block)	123609	107840	0	0	123609	107840
Other Assets	120082	141242	9470	4590	129552	145832
Total Assets	243690	249082	9470	4590	253161	253673
Capital Expenditure	16774	6015	0	0	16774	6015
Inter segment capital expenditure	0	0	0	0	0	0
Segment Liabilities	96536	109265	8979	4941	105515	114206
Total Liabilities	96536	109265	8979	4941	105515	114206
Depreciation/Impairment	8985	8476	0	0	8985	8476
Secured Loans	0	0	0	0	0	0
Unsecured Loans	0	0	0	0	0	0
Deferred Tax	-205	-173	0	0	-205	-173

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.

Accounting Policy

NOTE-28

Corporate Information

RailTel Corporation of India Limited (‘the Company’) incorporated in India on 26th September 2000 is a public sector undertaking. The company is promoted by and is in administrative control of Ministry of Railways. The Registered office of the Company is situated at 10th Floor Bank of Baroda Building 16 Sansad Marg New Delhi and Corporate Office at Plot No 143 Sector 44, Institutional Area Gurgaon Haryana.

Main objective of the company are

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

RailTel Corporation a “Mini Ratna (Category-I)” PSU is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optic fiber network on exclusive Right of Way (ROW) along Railway track. The OFC network covers all important towns & cities of the

country and several rural areas covering 70% of India’s population. RailTel with strong nationwide presence is committed to bring cutting edge technology and offer innovative services to the Indian Telecom market. RailTel is in the forefront in providing nationwide Broadband Telecom & Multimedia Network in all parts of the country in addition to modernization of Train operations and administration network systems. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

Significant Accounting Policies

a. Basis for Preparation of financial statement

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles (“GAAP”) and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 2013. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

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

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

b. Use of Estimates

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

c. Inventory

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

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

d. Cash flow statement

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

e. Tangible Assets and capital work in progress

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

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

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

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

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

f. Intangible Assets

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

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset

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

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

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

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

g. Depreciation and Amortization

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

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

Assets Category Useful Life (in Years)

Tangible Assets

Lease hold improvements	:	10 years, SLM @10% per annum
Prefabricated Building	:	3 years, SLM @33.33% per annum
Telecom Radio Assets	:	
MPLS/STM-16 Network	:	8 years, SLM@12.50% per annum
Radio Equipment	:	3 years, SLM@33.33% per annum
Battery	:	5 years, SLM@20% per annum

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

OFC & Related Asset	:	18 years, SLM@5.28% per annum
Office Equipment	:	5 years, SLM@20% per Annum
Furniture	:	5 years, SLM@20% per Annum
Computer	:	3 years, SLM@33.33% per Annum

Intangible Assets

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

h. Impairment of Assets

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

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

i. Leases

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

straight-line basis over the lease term.

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

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

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

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

j. Borrowing Cost

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

k. Investment

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

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

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

any, other than that of temporary nature.

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

l. Cash and Cash Equivalents

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

m. Revenue Recognition and Receivables

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

1. Service Revenues

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

Service revenues are recognised as the services are rendered and are stated

net of discounts, waivers and taxes.

Revenues from pre-paid services like Railwire are recognised based on actual usage.

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

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

2. Deposit Works

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

3. Interest and Other Income

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

n. Provision for Doubtful Debts

The Company provides for amounts outstanding in specific cases where the management is of the view that the amounts from certain customers are not recoverable.

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

o. Unbilled Revenue

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

p. License Fees – Revenue Share

The revenue-share is computed as per the licensing agreement at the prescribed rate and is expensed as incurred. As per the NLD and ISP license condition, company is required to share 8% of its adjusted gross revenue with Department of Telecommunication, the same is provided on the basis of adjusted gross revenue booked during the year. In addition to this company is also required to share 7% of its gross revenue with Indian Railways as per agreement between RailTel and Railways dated 21.09.2006. The same is provided for in the statement of profit & Loss account.

q. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

1. Defined contribution plans

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

12% of the Basic pay plus dearness

allowance of employees and equal contribution of the corporation is contributed to provident fund maintained with the Regional Provident Fund Commissioner, New Delhi. Corporation's contribution to provident fund is charged to revenue.

2. Defined benefit plans

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

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

Department of Telecommunications) for the year 2014-15 in terms of Government rules and regulation is charged to revenue on accrual basis.

3. Short-term employee benefits

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

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

4. Long-term employee benefits

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

r. Post Sales client support and warranties

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

s. Foreign exchange transactions

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

t. Taxes

1. Current Income Tax

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

2. MAT Credit

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

3. Deferred Tax

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

u. Research and development

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

v. Segment Reporting

1. Primary Segment

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

2. Secondary Segment

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

w. Earnings Per Share

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

x. Prior Period Expenses

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

y. Exceptional Item

Exceptional items are generally non-recurring item of income & expenses

within profit & loss from ordinary activity which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year.

z. Provisions and Contingencies

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

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

Contingent assets are not recognised in the financial statements.

aa. Operating cycle

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

Form AOC-1

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

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

Part "A": Subsidiaries

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

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Railtel Enterprises Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	12.08.2014 (Date of Incorporation) to 31.03.2015
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	Authorised - 50,00,00,000 Subscribed, Issued & Paid up- 10,00,00,000
5.	Reserves & surplus	13,17,644
6.	Total assets	1167,56,906
7.	Total Liabilities	154,39,261
8.	Investments	Nil
9.	Turnover	133,31,305
10.	Profit before taxation	19,06,866
11.	Provision for taxation	5,89,222
12.	Profit after taxation	13,17,644
13.	Proposed Dividend	Nil
14.	% of shareholding	100

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

For and on behalf of
RailTel Corporation of India Limited

CA Mukesh Chand
Partner
M No. 016197

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

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

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

Annual Report Data

Annexure

(₹ in Crores)

S.No.	Particulars	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
1	Total Income (incl. other income)	60.44	114.32	199.82	386.44	399.7	363.07	403.97	440.25	537.73	554
2	Expenditure (incl.increase/decrease in stock)	26.78	51.75	81.97	222.42	224.49	193.01	171.42	208.82	284.06	298
3	Operating Margin	33.66	62.57	117.85	164.02	175.21	170.06	232.55	231.43	253.67	256
4	Interest Expenses	12.77	16.4	23.41	19.54	14.79	11.27	6.19	0.72	-	-
5	Depreciation	31.32	5.09	38.94	41.81	47.07	51.07	110.33	88.21	84.76	90
6	Profit before tax	-10.01	41.08	62.15	102.67	113.35	107.72	116.03	142.49	168.91	166
7	Profit after tax	-10.27	40.85	56.14	102.04	112.29	95.41	85.85	112.56	137.93	121
8	Dividend	0	0	5	8	15	13	14	15	17	17
9	Reserves & surplus	0	0	44.26	136.94	231.68	311.93	381.51	475.67	591.87	683
10	Net Fixed Assets (Gross block)	763.06	611.37	728.05	773.26	869.42	910.5	938.35	983.45	1078.4	1236
11	Inventories	0.91	0.91	0.79	0.5	1.15	0.65	2.3	3.8	2.92	1
12	Share Capital	234.4	320.94	320.94	320.94	320.94	321.09	325.56	320.94	320.94	321
13	Capital employed	566.18	533.01	560.47	564.89	660.36	706.08	695.87	769.67	851.21	833
14	Net Worth	187.53	314.91	365.2	457.88	552.62	633.02	707.07	796.61	912.81	1004
15	Profit before tax to capital employed	-2%	8%	11%	18%	17%	15%	17%	19%	20%	20%
16	Operating margin to capital employed	6%	12%	21%	29%	27%	24%	33%	30%	30%	31%
17	Profit after tax to share capital	-4%	13%	17%	32%	35%	30%	26%	35%	43%	38%
18	Expenditure to income	44%	45%	41%	58%	56%	53%	42%	47%	53%	54%
19	Number of Employees (no)	263	278	332	382	361	360	359	490	490	525
20	Income per employee	0.23	0.41	0.60	1.01	1.11	1.01	1.13	0.90	1.10	1.06
21	Current ratio	0.38:1	1:1	0.75:1	0.83:1	0.94:1	1.08:1	3.70:1	3.08:1	2.84:1	3.28:1
22	Debt/equity ratio	1.15:1	0.86:1	0.63:1	0.41:1	0.27:1	0.16:1	0.06:1	-	-	-

RAILTEL CORPORATION OF INDIA LTD

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the
Companies (Management and Administration) Rules, 2014]

Name of the Member(s):

Registered Address:

E-mail ID:

Folio No./* DP & Client Id:

I/We, being the member(s) of shares of the above named Company, hereby appoint:

- (1) Name:.....
Address: E-mail Id:
Signature:, or failing him/her;
- (2) Name:.....
- (3) Address: E-mail Id:
Signature:, or failing him/her;
- (4) Name:.....
- (5) Address: E-mail Id:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15th Annual General Meeting of the Company, to be held on Monday, 21st September, 2015 at 4:00 p.m. at the Committee Room, 2nd Floor, Rail Bhawan, New Delhi-110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	For	Against
1.	To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) for the Financial Year ended 31 st March, 2015 together with the Board's Report and Auditor's Report thereon and comments of the CAG, in terms of section 143(6) of the Companies Act, 2013.		
2.	To confirm payment of interim dividend and to consider declaration of final dividend on equity shares for the financial year ended 31 st March, 2015.		
3.	To take note of the appointment of M/s GSA & Associate, Chartered Accountant as Statutory Auditors of the Company for the financial year 2015-16 made by CAG and to fix the remuneration of such Auditors.		
4.	To ratify the Remuneration of Cost Auditor for the Financial year 2014-15		

Signed this..... day of..... 2015.



Signature of the Shareholder _____

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



Launch of Wi-Fi facility at New Delhi Railway Station by Hon'ble Minister of Railways



Signing of MoU with DMRC for providing Wi-Fi facility at selected Delhi Metro Stations



Train Flag off using RailTel's Telepresence services (TPaas)



रेलटेल
RAILTEL

A Mini Ratna Enterprise

रेलटेल कार्पोरेशन ऑफ इण्डिया लिमिटेड

(भारत सरकार का उपक्रम)

RailTel Corporation of India Limited

(A Government of India Undertaking)

CIN : U64202DL2000GOI107905

Registered Office : 6th Floor, IIIrd Block, Delhi Technology Park, Delhi-110053

Corporate Office : 143, Institutional Area, Sector-44, Gurgaon - 122003, NCR (India)

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

www.railtelindia.com