

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



A Mini Ratna Enterprise



BRINGING INTERNET TO MILLIONS OF PASSENGERS IN RAILWAY STATIONS



17<sup>वीं</sup> वार्षिक रिपोर्ट  
17<sup>th</sup> Annual Report  
2016-17



## Vision & Mission

### Vision

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



### Mission

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

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# Management Team

## Present Composition of Board of Directors:

1.	Shri R. K. Bahuguna	Chairman and Managing Director
2.	Shri A. Seshagiri Rao	Director/Network Planning and Marketing
3.	Smt. Anju Ranjan	Director/Finance
4.	Shri Ashutosh Vasant	Director/Project Operation and Maintenance
5.	Shri Anshul Gupta	Part-time Official/Govt. Nominee Director
6.	Shri Sanjay Upreti	Part-time Official/Govt. Nominee Director
7.	Dr. Anupam Alok	Part-time Non Official/Independent Director
8.	Shri Ashok Goel	Part-time Non Official/Independent Director

## Company Secretary:

Shri J. S. Marwah

### Regd. Office:

6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park,  
Shastri Park, New Delhi-110053  
Tele: 011-22185933-34, Fax: 011-22185978

### Corporate Office:

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

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

## Regional Offices:

### Northern Region:

Shri Suresh Kumar  
Executive Director  
6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park,  
Shastri Park, New Delhi-110053  
Tele: 011-22185933-34, Fax: 011-22185978

### Southern Region

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

### Eastern Region

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

### Western Region

Shri Shailesh Gupta  
Executive Director (I/c)  
Western Railway Microwave Complex,  
Senapati Bapat Marg, Mahalakshmi  
Mumbai - 400 013  
Tele: 022-24923907, Fax: 022-24923913



# Reference Information

<b>Bankers:</b>		<b>Statutory Auditors:</b>	
State Bank of India Union Bank of India Indusind Bank Axis Bank Yes Bank IDFC Bank		M/s. G S A & Associates, Chartered Accountants 16 DDA Flat, Panchsheel-Shivalik Mode, Near Malviya Nagar, New Delhi-110017 Tel No: 011-32099205, Fax No: 011-26672949 E-mail: admin@gsa.net.in	
<b>Branch Auditor:</b>			
<b>Western Region:</b>		<b>Eastern Region:</b>	
M/s. Batliboi & Purohit, 2 <sup>nd</sup> Floor, National Insurance Budg, 204, Dadabhoy Naoroji Road, Fort Mumbai-400001 Telephone No. 22077941/42 Telefax: 22074260 E-mail: info@batliboipurohit.com		Nandy Halder & Ganguli, Chartered Accountants 18, Netaji Subhas Road (Top Floor), Kolkata-700001 Tel: 033-2230008, 22316123 Fax: 033-22105018 E-mail: nandyhalderganguli1973@gmail.com	
<b>Southern Region:</b>		<b>Northern Region:</b>	
D.V. Ramana Rao & Co., Chartered Accountants 1-1-773/A, Opp. Park-2, Gandhinagar, Hyderabad-500 080 Tel: 040-27613712, 040-65576767, 9885376767 E-mail: dvrrao_co@hotmail.com		M/s. G S A & Associates, Chartered Accountants 16 DDA Flat, Panchsheel-Shivalik Mode, Near Malviya Nagar, New Delhi-110017 Tel No: 011-32099205, Fax No: 011-26672949 E-mail: admin@gsa.net.in	
<b>Internal Auditors:</b>			
<b>Corporate Office:</b>			
<b>(From April 2016 to Sept. 2016)</b> M/s. APT & Co. 43A, Raheja mall, sector-47, Sohna Road, Gurugram-122018 (HR) Tel: 0124-4252455 E-mail: gurgaon@aptllp.com		<b>(From Oct 2016 to March 2017)</b> M/s. Ravi Rajan & Co 505A, 5 <sup>th</sup> floor, D-4 rectangle-1, District center, saket, New Delhi-110017 Tel: 9958781001 E-mail: sumit@sravigroup.in	
<b>Eastern Region:</b>			
<b>(From April 2016 to Sept. 2016)</b> M/s. Suresh Surana & Associates 2 <sup>nd</sup> floor, Tower-B, B-37, sector-1, Noida (NCR)-201301 (UP) Tel: 9810096388 E-mail: ravinder@rsmindia.com		<b>(From Oct 2016 to March 2017)</b> S K Agarwal & Co The chambers, opp. Gitanjali stadium 1865, Rajdanga main road, kasba, Kolkata-700107 Tel: 9903590022 E-mail: sarat@skagrawal.co.in	

**Western Region:**

**(From April 2016 to March 2017)**

M/s. Suresh Surana & Associates  
2<sup>nd</sup> floor, Tower-B, B-37, sector-1,  
Noida (NCR)-201301 (UP)  
Tel: 9810096388  
E-mail: ravinder@rsmindia.in

**Northern Region:**

**(From April 2016 to Sept. 2016)**

M/s. APT & Co.  
43A, Raheja mall, sector-47, Sohna Road,  
Gurugram-122018 (HR)  
Tel: 0124-4252455  
E-mail: gurgaon@aptllp.com

**(From Oct 2016 to March 2017)**

M/s. AR & Co  
C-1, 11<sup>th</sup> floor, RDC, Rajnagar,  
Ghaziabad-201001, Delhi-NCR  
Tel: 9810195084  
E-mail: pawankgoel1@gmail.com

**Southern Region:**

**(From April 2016 to Sept. 2016)**

SK Patodia & Associates  
207 A, NDM-1, Netaji Subhash place,  
Pitampura, New Delhi, 110034  
Tel: 9999918450  
E-mail: sharwan@skpatodia.in

**(From Oct 2016 to March 2017)**

UCC & Associates  
1315, Ansal tower, 38, Nehru place,  
New Delhi- 110019  
Tel: 9810266702  
E-mail: sunita.umesh@uccglobal.in

**Secretarial Auditor:**

M/s. Amit Agrawal & Associates, Company Secretaries  
H-63, Vijay Chowk, Laxmi Nagar, Delhi-110092  
Tel: 011-22024525  
E-mail: amitagcs@gmail.com

**Cost Auditor:**

M/s. KL Jaisingh & Co., Cost Accountants  
J-7, Sector- XI, Jaisingh House, Noida-201301, U.P.  
Tel: 0120-253007  
E-mail: k.l.jaisingh.noida@gmail.com

## COMPANY MILESTONES

**INCORPORATION YEAR**  
Incorporated as 'Schedule A' PSU under Ministry of Railways

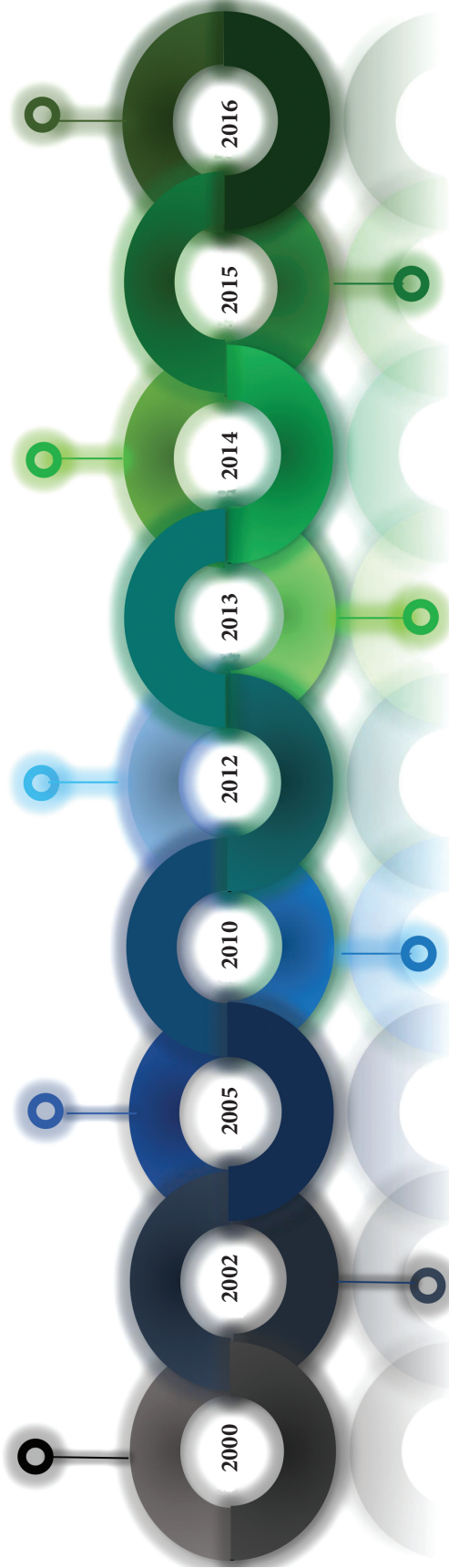
**1<sup>st</sup> STM- 16 NETWORK**  
Established India's 1<sup>st</sup> STM-16 network enabling higher bandwidth In the Country

**MINI RATNA STATUS**  
Entered into the exclusive club of Mini Ratna (Category-1) Enterprises

**INTERNATIONAL ENTRY**  
Completed Bhutan ICT project and launched Tpaas Services. Started it's wholly owned subsidiary

**INTERNATIONAL ENTRY**  
Completed Bhutan ICT project and launched Tpaas Services. Started it's wholly owned subsidiary

**Wi-Fi AT 400 STATION BY 2019**  
Initiated Wi-Fi at Railway Stations with Google and 1st Station Launched in Jan'16 at Mumbai Central



**BANDWIDTH LEASE**  
Obtained IP-2 Licence to start commercial operations of leasing bandwidth to private telcos

**EXCELLENCE AWARD**  
Received MOU excellence award as best PSU in Electronics & Communication Sector

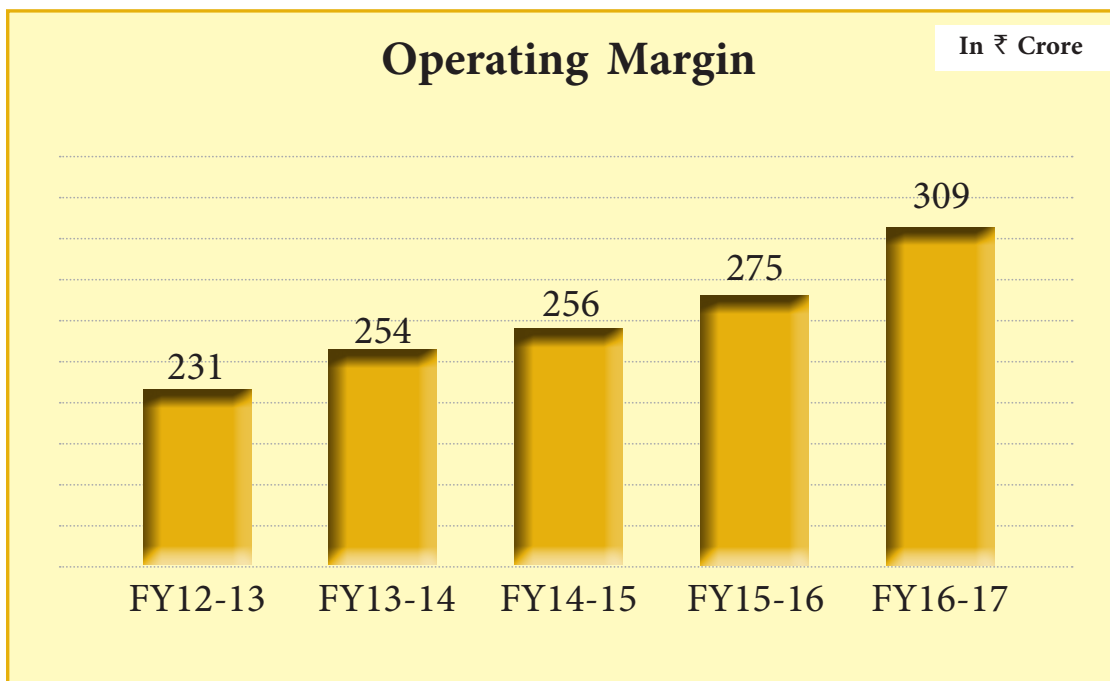
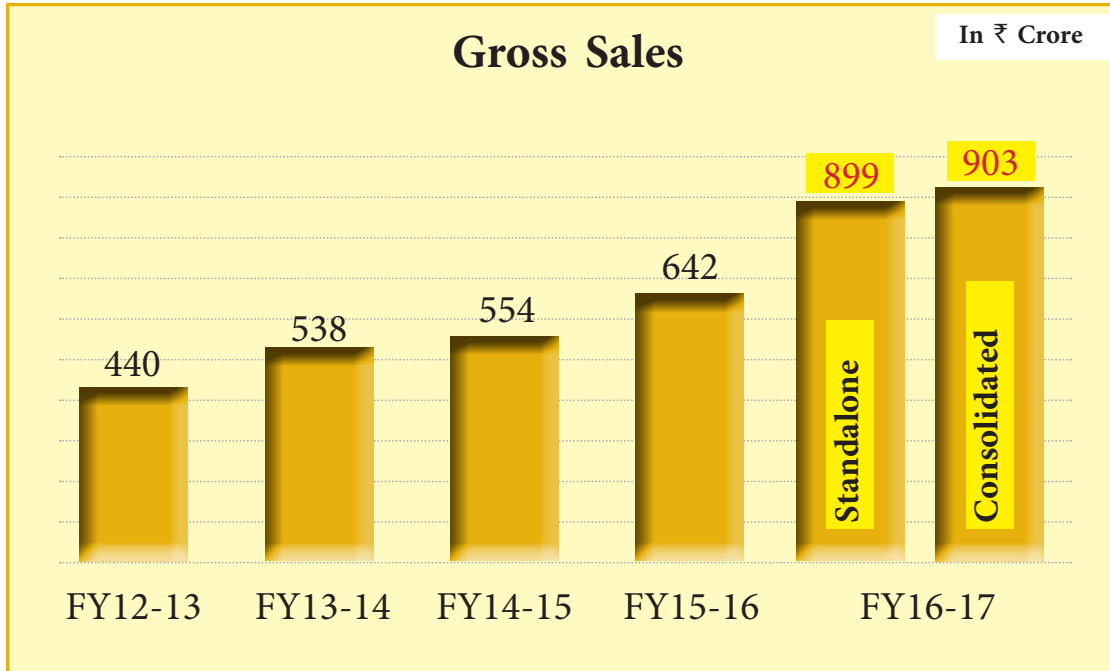
**DC & RAILWAY LAUNCH**  
Created 1<sup>st</sup> Tire-III data Center (DC) and Launched Railwire and DC services on Pan-India basis

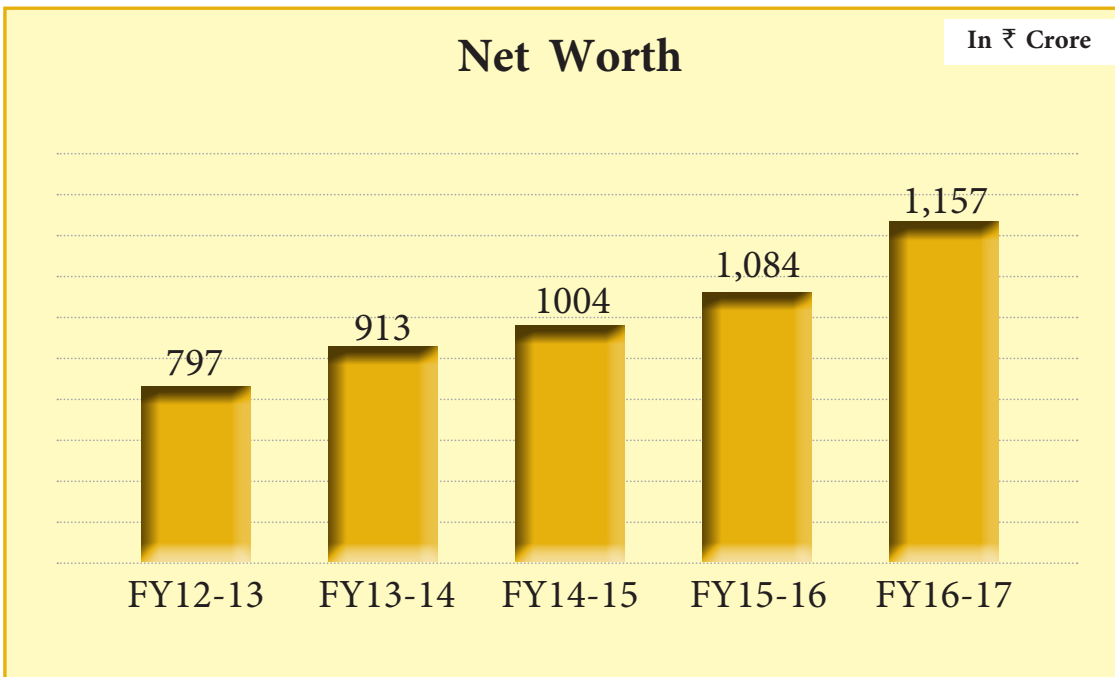
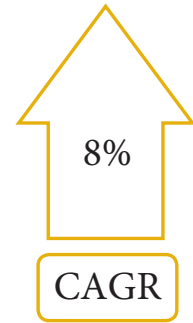
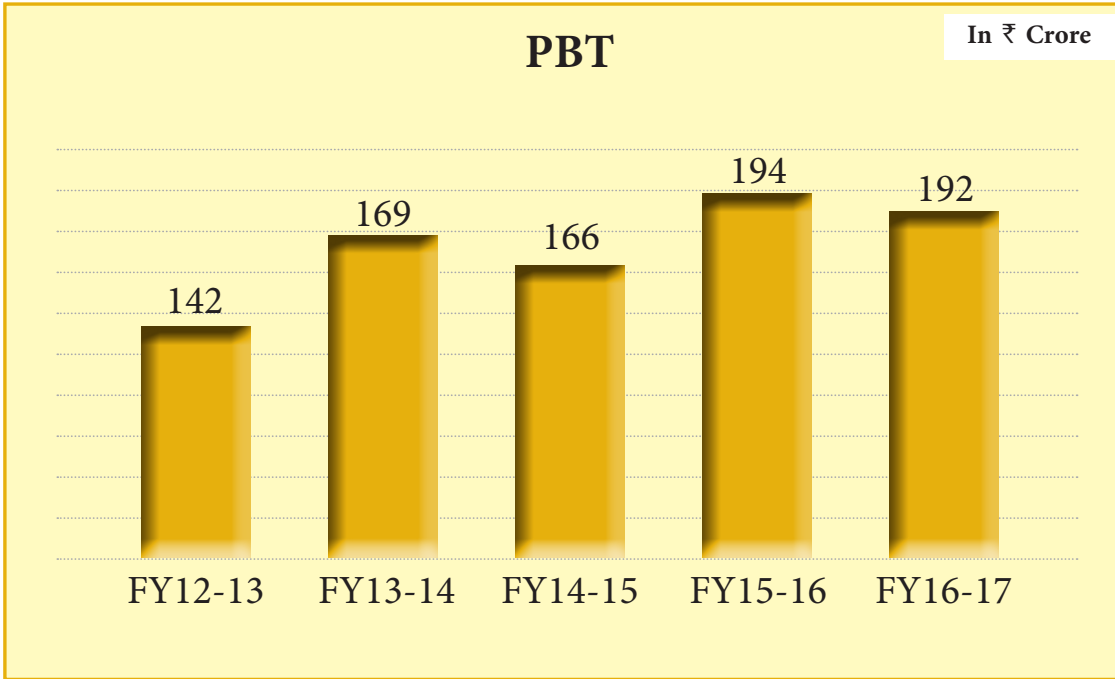
**1<sup>st</sup> STATION Wi-Fi BY RAILTEL**  
Bangalore became the first station to get Public Wi-Fi by RailTel

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



## KEY FINANCIAL HIGHLIGHTS

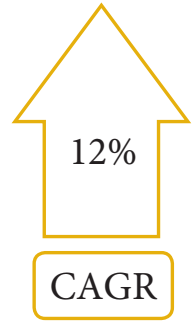
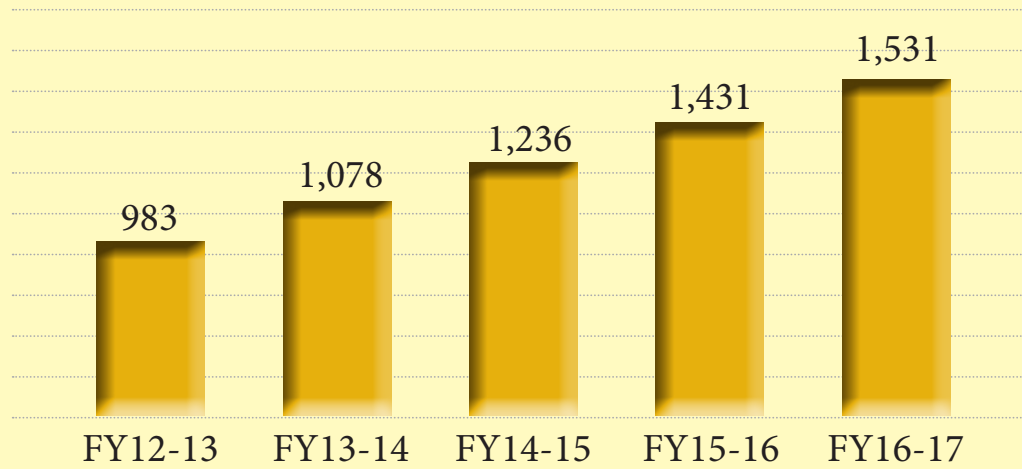




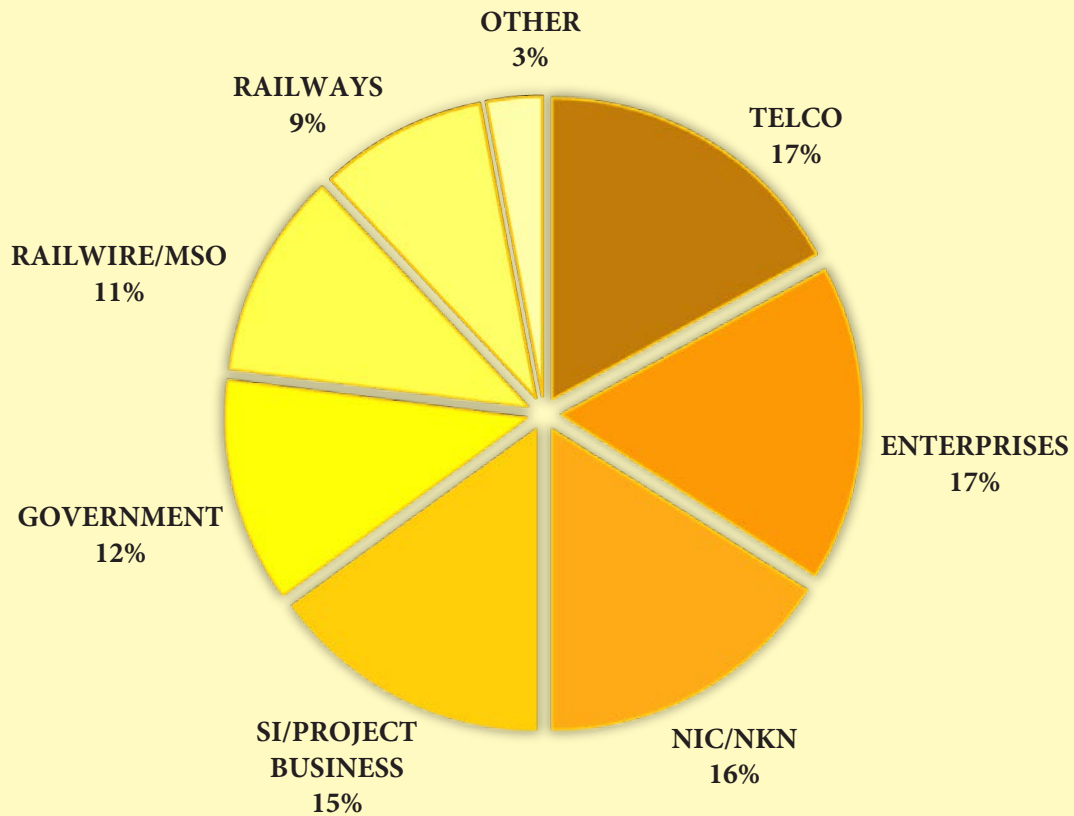


### Fixed Assets (Gross block)

In ₹ Crore



### Revenue Mix





# RailTel Corporation of India Limited

(A Govt. of India Undertaking)

CIN: U64202DL2000GOI107905

Regd. Off.: 6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park, Shastri Park, Delhi-110053

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

## NOTICE

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of RailTel Corporation of India Limited will be held on Friday, 22<sup>nd</sup> September, 2017 at 4.00 p.m. at the Committee Room, 2<sup>nd</sup> 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 31<sup>st</sup> March, 2017 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<sup>st</sup> March, 2017.
3. To take note of the appointment of M/s Suresh Chandra & Associates, Chartered Accountant as Statutory Auditors of the Company for the financial year 2017-18 made by CAG and to fix the remuneration of such Auditors and to pass the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** appointment of Statutory Auditors as well as Branch Auditors made by CAG vide order No./CA.V/COY/CENTRAL GOVERNMENT, RAILTL(4)/242, dated 24/07/2017 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 2017-18 in pursuance to the provision of section 139(5) read with Section 142 of the Companies Act, 2013.”

### SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Smt. Anju Ranjan, (DIN: 06681154), who was appointed as Director/Finance, by the President of India through Ministry of Railways vide letter no. 2011/E(O) II/40/9 dated 28/03/2017 and who joined with effect from April 03, 2017 and such appointment subsequently noted by the Board of Directors in its meeting held on 28/06/2017, be and is hereby noted as Director/Finance of the Company, on such terms & conditions as may be determined by the Govt. of India.”
5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions,

if any, of the Companies Act, 2013, Rules made thereunder, Shri Ashutosh Vasant, (DIN: 07783222), who was appointed as Director/POM, by the President of India through Ministry of Railways vide letter no2012/E(O) II/40/31 dated 30/03/2017 and who joined with effect from April 03, 2017 and such appointment subsequently noted by the Board of Directors in its meeting held on 28/06/2017, be and is hereby noted as Director/POM of the Company, on such terms & conditions as may be determined by the Govt. of India.”

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Shri Anshul Gupta, (DIN: 07858895), who was appointed as Part time official/Govt. Nominee Director, by the President of India through Ministry of Railways vide letter no. 2004/PL/48/3 dated 20/06/2017 and who joined with effect from June 23, 2017 and such appointment subsequently noted by the Board of Directors in its meeting held on 28/06/2017, be and is hereby noted as Part time official/Govt. Nominee Director of the Company, on such terms & conditions as may be determined by the Govt. of India.”

7. To ratify the remuneration of Cost Auditor for the Financial year 2016-17 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 K. L. 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, 2017 with a remuneration of ₹ 38,980/- plus applicable taxes & Reimbursement of out-of-pocket expenses be and is hereby ratified.”

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

Sd/-  
**(J. S. Marwah)**  
**Company Secretary**

Place: New Delhi

Date: 11/09/2017

**NOTES:**

1. Members entitled to vote at the meeting have agreed for shorter notice than 21 days as being given for the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and on poll to vote instead of himself/herself. A Proxy need not be a member of the Company. Proxy form is available in the Annual Report.
3. 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.

4. Members having any questions on accounts or any other item set out in the Agenda are requested to send their queries at least 10 days in advance to the Company at its Corporate Office address to enable the Company to collect the relevant information and to keep the information ready at the meeting.

To

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

#### ANNEXURE TO THE NOTICE

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

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

##### Item No 4 :

1. Section 152(2) of the Companies Act, 2013, provides that save as otherwise expressly provided in the Act, all the directors will be appointed in general meeting.
2. Since all the directors in RailTel [whole-time, part time(official/non official)] are appointed by the President of India through administrative ministry i.e. Ministry of Railways, in terms of article 66 of the Articles of Association of the Company for a fixed tenure, it is not possible to appoint directors at General meeting. Therefore, the appointments made by the Ministry are being put up for noting by the shareholders.
3. Smt. Anju Ranjan, (DIN: 06681154), was appointed Director/Finance by the Ministry of Railways vide its letter no. letter no. 2011/E(O) II/40/9 dated 28/03/2017 and she joined w.e.f. April 03, 2017 and such appointment subsequently noted by the Board of Directors in its meeting held on 28/06/2017. The terms and conditions regulating the appointment of Smt. Anju Ranjan is to be determine by the President of India as contained in article 66(2) of the Articles of Association of the Company. Her brief resume, inter-alia, giving nature of expertise are provided in this Annual Report.
4. None of the Directors or Key Managerial Personnel of the Company or their relatives except Smt. Anju Ranjan, being the appointee herself, is in any way, concerned or interested, financially or otherwise, in the resolution.

##### Item No 5:

1. Section 152(2) of the Companies Act, 2013, provides that save as otherwise expressly provided in the Act, all the directors will be appointed in general meeting.
2. Since all the directors in RailTel [whole -time, part time (official/non official)] are appointed by the President of India through administrative ministry i.e. Ministry of Railways, in terms of article 66 of the Articles of Association of the Company for a fixed tenure, it is not possible to appoint directors at General meeting. Therefore, the appointments made by the Ministry are being put up for noting by the shareholders.

3. Shri Ashutosh Vasant, (DIN: 07783222) was appointed as Director/POM by the Ministry of Railways vide its letter no. 2012/E(O) II/40/31 dated 30/03/2017 and he joined w.e.f. April 03, 2017 and such appointment subsequently noted by the Board of Directors in its meeting held on 28/06/2017. The terms and conditions regulating the appointment of Shri Ashutosh Vasant is to be determine by the President of India as contained in article 66(2) of the Articles of Association of the Company. His brief resume, inter-alia, giving nature of expertise are provided in this Annual Report.
4. None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Ashutosh Vasant, being the appointee himself, is in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No 6 :**

1. Section 152(2) of the Companies Act, 2013, provides that save as otherwise expressly provided in the Act, all the directors will be appointed in general meeting.
2. Since all the directors in RailTel [whole -time, part time (official/non official)] are appointed by the President of India through administrative ministry i.e. Ministry of Railways, in terms of article 66 of the Articles of Association of the Company for a fixed tenure, it is not possible to appoint directors at General meeting. Therefore, the appointments made by the Ministry are being put up for noting by the shareholders.
3. Shri Anshul Gupta, (DIN: 07858895) was appointed as Part time official Director/Govt. Nominee Director by the Ministry of Railways vide its letter no. 2004/PL/48/3 dated 20/06/2017 and he joined w.e.f. June 23, 2017 and such appointment subsequently noted by the Board of Directors in its meeting held on 28/06/2017. The terms and conditions regulating the appointment of Shri Anshul Gupta is to be determine by the President of India as contained in article 66(2) of the Articles of Association of the Company. His brief resume, inter-alia, giving nature of expertise are provided in this Annual Report.
4. None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Anshul Gupta, being the appointee himself, is in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No 7 :**

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 2016-17. The Board has approved the appointment of M/s KL Jaisingh & Co, Cost Accountant as the Cost Auditor of the Company for the financial year 2016-17 in their meeting held on 29/09/2016 at an aggregate remuneration of ₹ 38,980/- plus applicable taxes & re-imbusement of out-of-pocket expenses.
2. The remuneration of the cost auditor is required to be ratified subsequently by members in accordance to Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014. Accordingly, it is proposed to pass the Ordinary Resolution by the Members for their ratification.
3. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution.

## Profile of Directors



**Shri R. K. Bahuguna**

Chairman and Managing Director

DIN No. 01748132

Shri R. K. Bahuguna is a qualified Electronics and Communication Engineer from I.I.T. Roorkee (1980 batch). He started his career in Railways as IRSSE and had long association with Railways shouldering responsibilities at various levels in operations, projects and Railway HQs. He has to his credit more than 25 years of experience in the field of electronics and communications..

He joined RailTel in October, 2001 initially as RGM in Western Region and remained instrumental in setting up of the same. He not only planned OFC network but also looked after marketing of telecom services, O&M and project executions works there. Then he was elevated to the post of Director/NPM in the Company and was made responsible for all marketing of RailTel services and network planning of RailTel's network

Presently he is the Chairman and Managing Director of the Company and is responsible for all day to day management of affairs of the Company. He brought the Company to scaling heights year after year and presently the Company is a Mini Ratna category I Company. RailTel has been rated as "Excellent" by DPE during the last three consecutive financial years starting from 2013-14.

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 personally awarded various awards by the industry.

He is also Vice Chairman of SCOPE Executive Board (Standing Conference of Public Enterprises), an apex body of all Central Government owned Public Enterprises.





**Shri A. Seshagiri Rao**

Director (Network Planning & Marketing)  
DIN No. 06364174

Shri A. Seshagiri Rao is 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 traveled 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.



**Smt. Anju Ranjan**

(Director Finance)  
DIN No. 06681154

Smt. Anju Ranjan is an IRAS 1989 cadre and joined service in 1990. She holds a MSc. in Botany from University of Delhi and serving Indian Railways as EDFX-II/Railway Board. In addition to her duty in Railway board she is looking after the duty of Director/Finance, RailTel. Prior to this she has held many important positions like Director Finance (EXP)II, Railway Board and FA&CAO(WSF), FA&CAO (F&B) & FA&CAO/EC Railway. She has also spent 5 years in IRCON in deputation as General Manager/Fin shouldering the responsibilities of Associate Finance for all proposals of Domestic and Foreign Projects at Corporate Office, Preparation of bids, Contract Policy, Audit, Cadre Management, Treasury and Fund Management, Banking and Investments. She was associated in high value tender committees. She was also a Part-time Director on the Board of Indian Railway Stations Development Corporation Limited (a JV between IRCON and RLDA) and was nominated as the co-ordinating GM/Fin and exercising the powers of ED/F/IRCON.





**Shri Ashutosh Vasant**  
(Director Project Operation  
and Maintenance )  
DIN No. 07783222

Shri Ashutosh Vasant is a qualified Electronic and Telecommunication Engineer and is an IRSSE of 1990 batch. He recently took over as Director /POM. During his long association with RailTel since January 2002 in different capacities, he has to his credit good amount of experience and has contributed in lots of achievements mainly in the areas of marketing of telecom services, promoting business of RailWire, and other Project and O&M related activities aggressively.

Prior to his joining RailTel, he served in various capacities in Indian Railway (IRSSE) mainly in Western Railways. He has to his credit in Railway services many achievements of being first (i) in pager system on Indian Railways for calling loco pilots on duty (ii) in 181 kms train control on Radio on SBI-BTD section of BVP Div, (iii) in having integrated paging in Divisional office and all divisional hospitals (iv) in completing mobility in 1997 with radio trunking in all vehicles (v) in achieving 100% solar lit LED signals and (vi) in having multi-channel control on overhead and MARR.



**Shri Sanjay Upreti**  
(Part-time Official/  
Govt. Nominee Director)  
DIN No. 06498752

Shri Sanjay Upreti is an IRAS officer with more about 25 years of experience and is currently working as Executive Director Finance (Commercial) in the Ministry of Railways (Railway Board), Government of India. He deals with a gamut of policy issues related to passenger and freight business and other areas of revenue generation for Indian Railways. Prior to his current posting, he worked in Railway Board as Director Finance (Commercial) and served on Northern Railway as FA&CAO in various capacities. He has done M.Sc. from Lucknow University and holds Master's Diploma in Public Administration from Indian Institute of Public Administration, New Delhi and M.Phil. degree in Social Sciences from Punjab University, Chandigarh.



**Shri Anshul Gupta**  
(Part-time official/  
Govt. Nominee Director)  
DIN No. 07858895

Shri Anshul Gupta, FIRSE, FIRSTE, MIET, is currently working as Executive Director, Telecom Development in Railway Board. Prior to this, he worked as Divisional Railway Manager at Adra division of South Eastern Railway, a division known for its freight loading which adds to the growth of our GDP. He is a Master of Engineering in Computer and Information Sciences from Indian Institute of Sciences, Bangalore, he joined Indian Railways in 1986. He has worked on Railways in various roles ranging from Monitoring, Operations and maintenance of Railways Signalling Systems, undertaking projects of Modernisation of Signalling and Telecom Systems, quality inspections for the Material manufactured for Railway's requirement. Development of QA processes for new technology product, Development of suitable policies for the introduction and absorption of modern Signalling systems on Indian Railways. He has also done MBA in public Policy from MDI, Gurugram and George Mason University, Virginia, where he wrote a thesis on "Development of Integrated Logistic System for Dedicated Freight Corridor for Indian Railways". His priorities are to make railway transportation, a safer, faster and efficient transport. He believes in converting passenger amenities into passenger delight.



**Dr. Anupam Alok**  
(Part-time Non Official Director/  
Independent Director)  
DIN No. 07486492

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

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

He took charge as part-time non-official (Independent Director) in RailTel Corporation of India limited w.e.f. 01/04/2016.



**Sh. Ashok Goel**

(Part-time Non Official Director/  
Independent Director)  
DIN No. 01247398

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

He took charge as part-time non-official (Independent Director) in RailTel Corporation of India limited w.e.f. 01/04/2016



# Board's Report

Dear Shareholders,

Your Company's Directors are pleased to present 17<sup>th</sup> Annual Report of the Company, along with Audited Accounts, for the financial year ended 31<sup>st</sup> March, 2017, prepared in accordance with the provisions of Companies Act, 2013 and rules made thereunder.

## 1. Company Overview

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

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

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

## 2. Financial Performance

During the year, your Company has achieved total consolidated turnover of ₹ 903 crore. The Company has observed an increase of 48% in its revenue from operations which comes out to be ₹ 848 Crore on standalone basis. The total turnover of the Company during the year is ₹ 899 Crore comprising of other income of ₹ 51 Crore. The summarized financial results of your Company are shown in **Table 1**.

## 3. Share Capital

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

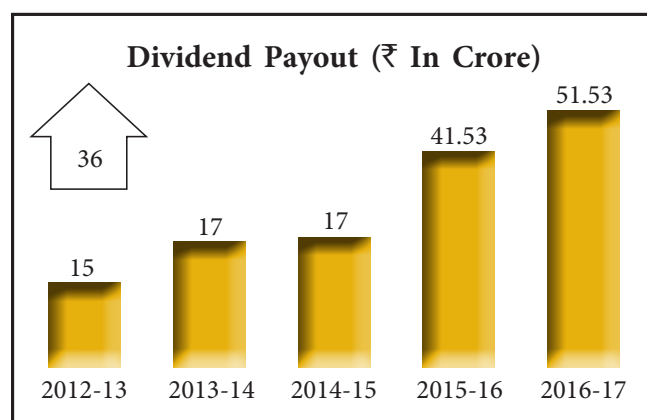
Accordingly, Issued, Subscribed and Paid-up Share Capital is ₹ 320.94 crore divided into 32.09 crore Equity Shares of ₹ 10 each as on 31<sup>st</sup> March, 2017 including ₹ 305.94 crore issued for consideration other than cash.

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

Particulars	Year ended 31/03/2017	Year ended 31/03/2016	Year ended 31/03/2017	Year ended 31/03/2016
	Consolidated		Standalone	
Total Revenue	903	648	899	642
-Revenue from Operations	851	578	848	572
-Other Income	52	70	51	70
Expenditure	593	372	591	367
Gross Margin	310	276	308	275
Depreciation	116	81	116	81
Profit Before Interest & Tax	194	195	192	194
Interest	Nil	Nil	Nil	Nil
Tax/ Others	64	92	63	92
Profit for the Year	130	103	129	102
Dividend	18	42	18	42
Basic EPS (₹)	4.06	3.20	4.01	3.18

Table1: Financial Performance of Company (₹ In Crore)

#### 4. Dividend



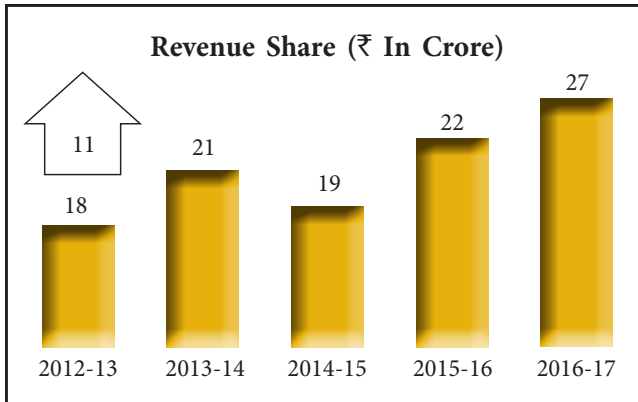
Ministry of Railways, Govt. of India vide its letter no. 2011/PL/64/3/Pt.1 dated 29.04.2016 issued Presidential directive stating therein that for the year ended on 31<sup>st</sup> March, 2017 the Company is

required to pay dividend @40% of its profit after tax. Therefore, taking into consideration the above Presidential directive, the Board recommends a final dividend of ₹ 33.53 crore. An interim dividend of ₹ 18 Crore has already been paid. The total dividend payment for the FY 2016-17 will be ₹ 51.53 crore as compared to ₹ 41.53 Crore (excluding dividend distribution tax) for the FY 2015-16.

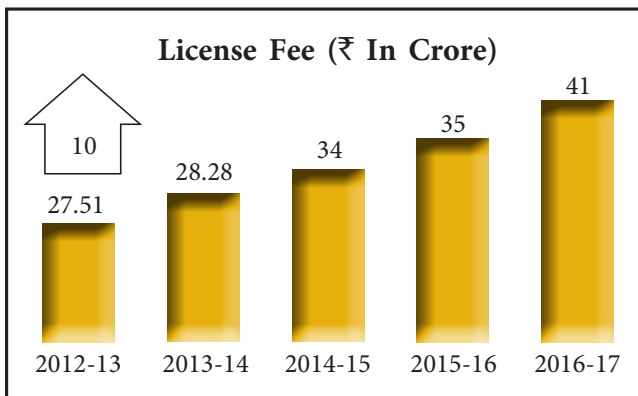
#### 5. Railways Revenue Share

The Company is also contributing by way of revenue share @7% on services to Indian Railways and the total share of such contribution comes to ₹ 27 crore as against such share of ₹ 22 crore in the preceding year. The cumulative revenue share to Railways amounting to ₹ 181 crore till this year.





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



## 6. Deposits

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

## 7. Reserves

The Company appropriated its profit earned during the year under review. It has transferred ₹ 40 Crore to the General Reserves during the year. The total reserves & surplus at the end of the FY 2016-17 is ₹ 836 crore.

## 8. Capital Expenditure

During the year, Capital expenditure of ₹ 197.70 crore approx. was incurred mainly on OFC related

assets, Telecom & Radio equipments, Network Expansion of NE-1/NE-2 Projects etc. The Company made commitments to the tune of ₹ 278 crore on capital account and accordingly, expenditure would be booked during the current financial year, in addition to the capital expenditure allocated for the year 2017-18.

## 9. Directors and Key Managerial Personnel

During the year under review, the Board of RailTel consisted of Chairman & Managing Director, two functional Directors, two part time official Directors (Govt. Nominees) and two part time non official Directors (Independent Directors).

The present composition of Board of Directors of RailTel consists of a Chairman & Managing Director, three Functional Directors, two part time official Directors (Govt. Nominees) and two part time non official Directors (Independent Directors).

## 10. Declaration from Independent Directors

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

## 11. Number of Meetings of Board

The Board met 4 (four) times for transacting the business of the company during the FY 2016-17 i.e. on 30.06.2016, 29.09.2016, 17.01.2017 and 24.03.2017.

## 12. Remuneration to Directors

RailTel, being a Government Company under the provisions of 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 draws remuneration under IDA pattern of pay scale pre-determined by the Government and as per the terms and conditions issued by the Government of India from time to time.

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

### 13. Committees of the Board

As on March 31, 2017, the board had three committees; the Audit Committee, the Corporate Social Responsibilities Committee, and the Nomination & Remuneration Committee. The detailed note on the composition of the Board and its committees are provided in the Corporate Governance Report section of this Annual Report.

### 14. Subsidiary

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

- To undertake Information and Communication Technologies (ICT) infrastructure projects covering hardware and software applications and other associated sub-systems.
- To carry on any ICT infrastructure construction work on Build-Operate-Transfer, Build-Own operate-Transfer, Build-Lease-Transfer etc. or otherwise or any other scheme or project found suitable in and related to the field of infrastructure projects etc.

- To carry out consultation services for various customers in the field of IT, Telecom, signaling, critical infrastructure in India and abroad.
- To undertake Data Center, Network/Security Operation center related infrastructure projects.

The intent behind formation of REL was to make a clear distinction of RailTel's existing core activities vis-a-vis project execution works. During the year under review, no company has become or ceased to be subsidiary/joint venture/associate Company of RailTel.

The Authorised Share Capital of REL is ₹ 50 Crore and paid up equity share capital is ₹ 10 Crore. The total equity share capital of REL is held by RailTel itself and 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.

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

### 15. Projects Undertaken

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

### 16. Procurement from Micro and Small Enterprises

The Govt. of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSE) Order 2012. Accordingly, RailTel had set up goals for resorting to procurement from Micro and Small Enterprises (MSE). The value of Goods & Services

procured from MSEs is ₹ 199.79 crore during the FY 2016-17.

### 17. 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 RailTel being a responsible public sector undertaking has complied with the provisions of Right to Information Act, 2005 and designated CPIOs/ CAPIO and appellate as required under the Act.

### 18. Particulars of Loans, Guarantees or Investments

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

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

### 19. Internal Controls Systems and their adequacy

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

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

Further, RailTel has implemented ORACLE ERP solution with name “ Project Parivartan” and all modules like Projects, Procurement, Operations, Maintenance, Finance, HR, Sales and Marketing are live from December 2013. Implementation of “Project Parivartan” has empowered all employees

to focus on their core competencies, making work environment stress free, at the same time ensuring transparency and decision making in the system. During the FY 2016-17, RailTel’s IT team had been continuously working towards strengthening of core processes of these implemented modules so that users should effectively and efficiently use ERP for day to day work. RailTel’s IT team has also launched new additional modules like I – Recruitment, Online File Tracking Management System, Decentralized ERP invoicing and new reports etc. Development of modules like online payment and collection and automatic bank reconciliation have been developed and POC has been done successfully with Bank also, same will be implemented in due course. In next financial year also RailTel’s IT team is working towards strengthening of existing and development of additional modules like GST Implementation in existing ERP, implementation of ERP for RailTel Enterprises Limited and any other additional requirement during next financial year.

### 20. 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 in Form- MGT 9 is forming part of this report and is given as **Annexure-I**.

### 21. 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.

### 22. Human Resource Development

The Human Resource Development (HRD) function in the organization has been designed to maximize employee performance. HRD is primarily concerned with the management of people within organization

and focusing on policies and systems. RailTel firmly believes in the strength of its most vital asset i.e. Human Resource. RailTel cares and values for its human resource which is the bedrock of success story. To keep the employees' morale high, your Company extends several welfare benefits to them and their families by way of implementing various

new and revised welfare policies for its Employees.

As on 31<sup>st</sup> March, 2017, the Company had total manpower strength of 814 employees including regular, deputationiest, contractual and consultants. During the year, Company has also availed the services of 755 outsourced employees.

Category	No. of Employees for the year ended 31.03.2016	No. of Employees for the year ended 31.03.2017
Regular Employees	451	494
Deputationiest	65	62
On Contract	169	254
Consultants	4	4

The percentage of women employees, SC/ST/OBC employees, persons with disabilities and ex-servicemen out of regular employees of the Company is mentioned below:

Category	No. of Employees for the year ended 31.03.2016	No. of Employees for the year ended 31.03.2017	% of total no. of regular employees during financial year ended 31.03.2017	No. of recruitment made in these categories
Women Employees	42	49	9.12	7
SC Personnel	52	63	12.75	9
ST Personnel	15	16	3.24	2
Other Backward Classes	109	123	24.9	18
Persons with Disabilities	7	8	1.62	1
Ex-Serviceman	1	1	-	-

The Company has been following the Govt. Guidelines regarding reservation for SCs, STs, OBCs, persons with disabilities (Pwds) and ex-servicemen.

### 23. Rajbhasha (Official Language)

The Company continued its thrust on the Official language implementation as per the Govt. of India's Rajbhasha Policy. Several steps were taken to increase the use of Rajbhasha in the Company

and the Company has proved its commitment to ensure the implementation of the Rajbhasha Policy. The Company has made several efforts to increase the use and propagation of the official language. Various activities were undertaken during the year like organizing workshops, providing training, organizing meetings, essay competitions. RailTel's website is bilingual and computers have unicode facility to work in Hindi.

'Hindi Week' was organized from 14<sup>th</sup> September, 2016 to 20<sup>th</sup> September, 2016 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.

#### 24. Prevention, Prohibition and Redressal of Sexual Harassment

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

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

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

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

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

#### 25. Risk Management Policy

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

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

It has been advised to form a Risk Management Committee at Apex level. It has also been advised to form a Functional Risk Committee comprising of a Chief Risk Officer and the Core risk team which shall consist of functional heads from key functions/departments. The implementation of Risk Management policy in RailTel is under process.

#### 26. Related Party Transactions

The related party transactions entered during the year are given in Form no. AOC-2 in terms of section 134(3) (h) of the Companies Act, 2013, read with rule 8 (2) of the Companies (Accounts) Rules, 2014 will form part of this Report and is given as **Annexure-II.**



## 27. Corporate Governance

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

In compliance with the directives of DPE, the Company is also regularly sending its quarterly and consolidated annual report in the prescribed manner to its Administrative Ministry/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.

## 28. Corporate Social Responsibility

As per the provisions of Companies Act, 2013, your Company has formulated a CSR & sustainability policy which provides a broad framework within which the Company will carry out the CSR activities. The policy aims for social and economic development of community in the areas of rural development, education, skill development, health and such other areas and adhere to sustainable and transparent business practices. The activities to be undertaken under the policy will be in accordance with Schedule VII of the Act.

During the FY 2016-17, RailTel has undertaken to spend ₹ 3.59 crore on CSR activities which is more than 2% of average net profit before tax (PBT) of the company earned during the immediately preceding three Financial Years.

During the year, RailTel has carried out various CSR activities with the aim to create IT infrastructure at rural institutions situated in villages/panchayats across various States/UT to provide broadband enabled IT centers enabling e-health, e-education for rural population through local institutions like Primary schools & Primary health center. The Annual Report on CSR as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 will form part of this Report and is given as **Annexure-IV**.

## 29. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standard) Rules 2015 enabling implementation of Ind AS. Pursuant to this notification RailTel and its subsidiary has adopted Ind AS (the converged IFRS) with effect from April 1, 2016. Accordingly, the standalone and consolidated financial statements for the year ended 31st March, 2017, and 31st March, 2016 including transition date balance sheet as at 1st April, 2015 have been prepared in pursuant to Ind AS. The effect of transition to Ind AS has been given in detail in the Financial Statements section.

## 30. Goods and Services Tax

Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide significant growth stimulus to the business and contribute to the Prime Minister's mission of 'Make in India'. Your Company has been preparing for migrating to GST for the past year; changes across IT systems and operations have been made. The GST has been implemented w.e.f. 1st July, 2017.

## 31. Vigil Mechanism

The Company has a Whistle-Blower policy with an



objective to provide its employees an avenue to raise complaints, in line with commitment of RailTel to the highest possible standards of ethical, moral and legal business conduct and 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 conducted.

### 32. Vigilance awareness week

As per the CVC directive, Vigilance Awareness Week was observed in RailTel corporate office as well as in 4 regional offices during the period 31<sup>st</sup> October 2016 to 5<sup>th</sup> November 2016. The theme of this year was “Public participation in promoting integrity and eradicating corruption”. On this occasion CMD RailTel administered Vigilance as well as Integrity pledge to RailTel officials from Corporate office as well as to all Regional officials connected through RailTel’s in-house Tele-presence services. On this occasion a lecture was delivered by Shri. R. P. Aggarwal, Joint Director/CBI on 3<sup>rd</sup> November 2016 to all Corporate and Regional officials connected through tele-presence. A RailTel vigilance bulletin was also published by Shri. R.P. Aggarwal along with CMD, Functional Directors and CVO RailTel.

As per the directive of CVC, a debate competition, poster competition and article writing on the subject was also conducted during the vigilance week in which top participant employees were awarded. In addition, RailTel also conducted public awareness on this subject by organizing activities across 10 Schools in Delhi/NCRs areas. In this approximately 290 Students participated in the debate/essay competition. Additionally, RailTel officials as well as other stakeholders like vendors, partners and customers were also requested to take the integrity pledge online for which a link was made available on RailTel website as well as promoted through RailTel social media accounts using Twitter/Facebook.

### 33. Significant and material orders of regulators etc.

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

### 34. Statutory Auditors

The Comptroller and Auditor General of India (CAG) has appointed M/s GSA & Associates of New Delhi as Statutory Auditors of the Company to audit the financial statements for the year ended on 31<sup>st</sup> March, 2017.

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

Auditor	Region
Batliboi & Purohit	Western Region
Nandy Halder & Ganguli	Eastern Region
D V Ramana Rao & Co	Southern Region
GSA & Associates	Northern Region

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 ₹ 17.20 lakh excluding service tax, for the FY 2016-17.

### 35. Cost Auditors

The Company has appointed M/s K L Jaisingh & Co., Cost Accountants as Cost Auditors to audit the cost records maintained by the Company for the financial year 2016-17.

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

### 36. Secretarial Audit

During the year, pursuant to provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder, RailTel has appointed M/s Amit Agrawal & Associates, Company Secretaries, New Delhi as Secretarial Auditors of the Company for the financial year 2016-17. 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 on 31<sup>st</sup> March, 2017 in Form MR-3 is given as **Annexure-V** and the Management's Replies on the observation/comments of Secretarial auditors are forming part of this report and is given as **Annexure-VI**.

### 37. Comments of CAG

The financial statements for the year ended 31<sup>st</sup> March 2017 were reviewed by the Comptroller and Auditors General of India (C&AG). They have conducted supplementary audit under section 143(6) (b) of the Companies Act 2013 of the financial statement. The comments of C&AG, if any, will form part of the Annual Report.

### 38. Auditors' Report

The Auditors' Report of the Company for the year ended on 31<sup>st</sup> March, 2017, is attached with the financial statement of the Company. There has been no qualification/adverse remarks made by the Auditors on the financial statement for the year ended on 31<sup>st</sup> March, 2017.

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

The Company is presently engaged in providing telecom services. The disclosure on Conservation

of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo 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 will form part of this Report and is given as **Annexure-VII**.

### 40. Presidential Directives

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

### 41. MOU with Administrative Ministry

RailTel is signing a MoU with the Government of India, Ministry of Railways whereby laying inter alia the physical and financial targets. The MOU pertaining to FY 2017-18 has been signed with Ministry of Railways within stipulated time. During the FY 2015-16 RailTel has got "Excellent" rating from DPE.

### 42. Event occurring after the Balance Sheet Date

As such no significant events occurred between the end of the financial year to which this financial statement relates and the date of this report.

### 43. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting

policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Indian Railways, Government of India, Ministry of Communications and IT and other Ministries/ Departments, subscribers of Company's telecom services, the stakeholders, and bankers and to all the State Governments, Local Bodies and Regulatory authorities for their continued cooperation and invaluable support. Your Directors express their deep appreciation for the hard work and dedicated efforts put in by the employees at all levels and look forward to their continued contribution in achieving the mission and objectives of the Company.

For and on behalf of the Board

Sd/-

**R. K. Bahuguna**

Chairman and Managing Director

DIN: 01748132

#### 44. Acknowledgements

Your Directors would like to place on record their sincere appreciation and gratitude to the

**Date: 22.08.2017**

**Place: Gurugram**

## 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 31<sup>st</sup> March, 2017 [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 <sup>th</sup> Floor, III <sup>rd</sup> Block, Delhi Technology Park, Shastri Park, New Delhi, Delhi-110053
(vi)	Whether listed company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1	Telecom Income	611/612	73.57
2	Project Income	-	26.43

### 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Govt	Nil	320938407	320938407	100%	Nil	320938407	320938407	100%	Nil
State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A)(1):-</b>	Nil	320938407	320938407	100%	Nil	320938407	320938407	100%	Nil
<b>(2) Foreign</b>									
NRI Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (2):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	Nil	320938407	320938407	100%	Nil	32093840	320938407	100%	Nil

**B. Public Shareholding**

<b>Institutions</b>									
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
State Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Venture Capital	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Non-Institutions</b>									
<b>a) Bodies Corp</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian									
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>b) Individuals</b>	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
<b>c) Others (specify)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(2):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>C. Shares held by Custodian for GDR's &amp; ADR's</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	Nil	320938407	320938407	100%	Nil	320938407	320938407	100%	Nil



(ii) Shareholding of Promoters:

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		R K Bahuguna CMD	A Sehshagiri Rao D/NPM	N K Gupta D/Finance	
1.	a) Gross salary				
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 44,53,348/-	₹ 35,44,312/-	₹ 34,35,273/-	₹ 1,14,32,933/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 6,98,190/-	₹ 7,79,999/-	₹ 3,63,777/-	₹ 18,41,966/-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission- as % of profit	Nil	Nil	Nil	Nil
5.	Others (Company contribution to PF and other non-taxable perquisites)	₹ 3,05,638/-	₹ 2,76,859/-	₹ 2,63,049/-	₹ 8,45,546/-
	<b>Total (A)</b>	₹ 54,57,176/-	₹ 46,01,170/-	₹ 40,62,099/-	₹ 1,41,20,445/-
	Ceiling as per the Act*				

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

### B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. Anupam Alok (Independent Director)	Shri Ashok Goel (Independent Director)	
1.	Independent Directors Fee for attending board/committee meetings	3,00,000/-	2,20,000/-	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	<b>Total (1)</b>	Nil	Nil	Nil

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

# Government nominees are not entitled to any remuneration or sitting fees from the Company.

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

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

Sl No.	Particulars of Remuneration	Key Managerial Personnel	
		J. S. Marwah Company Secretary	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 9,45,615/-	₹ 9,45,615/-
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	₹ 1,57,480/-	₹ 1,57,480/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission -as % of profit - others, specify...	Nil	Nil
5.	Others, please specify	₹ 2,15,966/-	₹ 2,15,966/-
	<b>Total</b>	<b>₹ 13,19,061/-</b>	<b>₹ 13,19,061/-</b>

## 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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			<b>Nil</b>		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

Annexure-II

# Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	RailTel Enterprises Ltd (REL) wholly owned subsidiary company	Expenditure in relation to establishment cost towards managing day to day affairs in REL.	2016-17	5% of Salary of the officers of RailTel Corporation of India Ltd, who are nominated to assist the activities in REL shall be charged from the account of REL as per OO No.390, 02/06/2015	Approved by the Board on 31/07/2017	Nil
2.	-do-	RailTel will provide necessary support to REL and enable it to execute the work awarded by Indian Railways in relation to provisioning	Ongoing	As per MOU already entered into by REL with Ministry of Railway on 24.03.2017, the REL shall charge establishment charges, Project Management and other charges covered under D&G	Approved by the Board on 31/07/2017	Nil



		of Integrated Emergency Response Management System (Video Surveillance System) at 983 A1, A, B, & C category Railway Stations.		charges for S&T work estimates at the rate of 8.5%. RailTel would charge some specified percentage of establishment (project management) charges not being less than 4% from REL to enable REL to execute the said work awarded to it by Indian Railways.		
3.	-do-	RCIL has supplied the materials like OFC, DUCT and Equipment's etc to REL for executing the said project assigned by DRDO.	2016-17	The total value of said materials supplied was ₹ 75.49 lakhs on purchase rate basis and RCIL has charged 2% on account of common overhead expenses so incurred.	Approved by the Board on 31/07/2017	Nil
4.	-do-	The maintenance work was awarded to RCIL by ESIC for providing 3 months AMC for software and hardware. RCIL has further assigned such work to REL and REL completed the said work.	2016-17	RCIL is responsible for sales, pre-sales, PMO and revenue part and REL is responsible for execution of said work. -50% basis for said work.	Approved by the Board on 31/07/2017	Nil

5.	-do-	As per arrangement between RCIL and REL, REL will complete the work amounting to ₹ 5.72 Crore out of the work awarded to RCIL by the ESIC.	2016-17	The work includes development of applications for ESIC project, providing resource persons for facilitating change request.	Approved by the Board on 31/07/2017	Nil
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2. Details of material contracts or arrangement or transactions at arm's length basis are given below:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
6.	RailTel Enterprises Ltd (REL) wholly owned subsidiary company	Providing of data center services in relation to work of Municipal Corpn., Gurugram	2016-17	Work for Municipal Corpn., Gurugram PO value ₹ 14 lakhs approx. Rates are on RailTel tariff card.	Not applicable	Nil
7.	RailTel Enterprises Ltd (REL) wholly owned subsidiary company	Providing of data center services in relation to work of RDSO	2016-17	Work for RDSO (estimated amount ₹ 9.50 lakhs). Rates are on RailTel tariff card.	Not applicable	Nil

\*Transactions are made on Approved tariff/Customer tariff

For RailTel Corporation of India Ltd.

Sd/-

R. K. Bahuguna

(Chairman & Managing Director)

DIN: 01748132

Annexure-III

# COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

RailTel Corporation of India Limited

143, Sector 44, Gurugram (Haryana)

1. We have examined the compliance of guidelines on Corporate Governance by **RAILTEL CORPORATION OF INDIA LIMITED** having its Registered Office at 6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park, Shastri Park New Delhi-110053 and Corporate Office at Plot No.-143, Sector-44, Gurugram, Haryana-122003, for the Financial Year ended on 31<sup>st</sup> March, 2017 as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSE), issued by the Department of Public Enterprise (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India, May 2010 (as amended from time to time).
2. The Compliance of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the guidelines on the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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 guidelines on Corporate Governance as stipulated in the above mentioned DPE guidelines except the following:
  - a. *During the 3<sup>rd</sup> and 4<sup>th</sup> quarter of the Financial Year 2016-17, the number of Independent Directors are less than two-thirds of the total strength of the Audit Committee which is at variance to the aforesaid guidelines.*
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

\For Amit Agrawal & Associates  
(Company Secretaries)

Sd/-

CS Amit Agrawal  
(Proprietor)

M. No. F5311

C.P. No. : 3647

Place: Delhi

Date: 18.08.2017

Annexure-IV

## RAILTEL CORPORATION OF INDIA LIMITED

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2016-17

TO BE INCLUDED IN THE BOARD'S REPORT

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

<p>1.</p>	<p>A Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.</p>	<p>RailTel's CSR vision is "To be a Company that sets a defined strategy for Social &amp; Economic Development of communities in an inclusive manner and adhering to sustainable &amp; transparent business practices"</p> <p>RailTel's CSR mission is "To align CSR and Sustainability policy with the business policy so as to conduct business in a sustainable manner and to undertake high impact community development projects in the areas of rural development, education, skill development, health and other areas of national and local importance in consultation with stakeholders utilizing the ICT expertise developed in the Company."</p> <p>The Company already has a Board approved policy on Corporate Social Responsibility (CSR). The focus sectors under CSR for the Company shall be in the areas of rural development, education, health, women empowerment, citizen centric services utilizing the ICT tools &amp; technologies. The Company may choose to take up other areas based on need assessment of the local community and geographic areas. The activities proposed to be undertaken under CSR shall include all activities consistent with CSR provisions of the companies Act, 2013 and Schedule VII of Act, Rules framed thereunder.</p> <p>The CSR policy is available at RailTel's <b>website:www.railtelindia.com</b></p> <p>During the FY 2016-17, RailTel undertook the following CSR activities:</p>
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- (a) **Creation of Wi-Fi infrastructure at Heritage Sites of Tourism at National Rail Museum:** Under the program, RailTel provides Wi-Fi infrastructure at National Rail Museum, New Delhi for usage by tourists visiting the Museum so as to enable them using this infrastructure on their devices (mobile, tablet, laptop etc.) and make them aware about rich heritage of Railways.
- (b) **Creation of Wi-Fi Hotspots at Rural villages for Internet access by local population:** Under the program, RailTel provides free Wi-Fi internet facility in 200 rural villages to enable rural population to access internet strengthening digital literacy mission of G.O.I
- (c) **Continuity of RaiTel Akansha Super-30 at Dehradun:** The program provides for 11-months long boarding, lodging and coaching of 30 students free of cost for IIT JEE exams, who are talented but from economically weaker sections of society.
- (d) **Proposal for Women Empowerment through Literacy and Skill Development/Income Generation by Matrix Society for Social Service (MASS) for 300 beneficiaries :** RailTel has started literacy and skill development center at one of the villages of Delhi in association with an NGO to impart training to women from the locality of the center enabling rural young women in terms of vocational skills and information on developmental schemes, facilities and programmes of Government, NGOs and other developmental agencies.
- (e) **Setting up of 'Digital Learning Centers at Varanasi, U.P. (Basani & Kavirampur villages of Baragoan Block) :** RailTel has created IT center at rural location in Varanasi complete with computers, internet, etc. as well as musical instruments. The center shall provide free IT based training and skill development to local public.
- (f) **Setting up of Digital Service Centers (DSCs) at major Railway Stations ₹ 60 lakhs for 10 stations in FY 2016-17 :** Under this programme RailTel has set up Wi-Fi hotspot kiosks at 10 rural Rly. stations aiming to provide access & assistance of digital services to the local rural population, passengers & Railway workers.

	<p>2. The composition of the CSR Committee</p>	<p>(g) <b>Proposal by Southern Region for provision of IT infrastructure with internet facility at primary Schools in rural areas of Andhra Pradesh (Srikulam District) :</b> Program includes providing computers, printer/scanner, UPS, furniture with broadband link at each of the school enabling internet access to the students which will be useful for various value added services like e-education, e-gov. services and digital learning.</p> <p>(h) <b>Project for establishing 3 computer labs at Sanskrit Colleges run by Shri Badrinath-Kedarnath Temples Committee :</b> The CSR programme includes providing IT equipment i.e. 10 Desktop Computers, 10 UPS, 5 Laser Jet Printers, 1 Wi-Fi Router, 10 computer tables, 10 chairs, one Rack , one steel almirah and basic networking for each PG Sanskrit college at Joshimath, Mandal and Vidyapeeth enabling students with necessary modern tools and digital education.</p> <p>(i) <b>Tele-medicine system at two nos. of Railway hospitals of Kota Division :</b> CSR program intends to use Railway hospitals/ dispensaries located in rural &amp; remote areas under KOTA Division of Indian Railways to provide medical facilities to Railway personnel, their families and general public using tele-medicine facility.</p> <ul style="list-style-type: none"> <li>● Dr. Anupam Alok, Independent Director</li> <li>● Sh. A. Seshagiri Rao, Director/NPM</li> <li>● Sh. N.K. Gupta, Director/Finance</li> <li>● Sh. Shobhan Chaudhuri, Govt. Nominne Director</li> </ul>
3.	Average Net Profit of the company for last three financial years	₹ 173.38 Crore
4.	Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 346.77 Lakh
5.	<b>Details of CSR spent during the financial year:</b>	
a.	Total amount to be spent for the financial year	₹ 359.49 Lakh
b.	Amount unspent, if any	Nil
c.	Manner in which the amount spent during the financial year is detailed below:	



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (In Lakh)	Amount spent on as on date of report on the project / programs	Cumulative expenditure upto the reporting period (In Lakh)	Amount spent: Direct or through implementing agency*
i	Creation of Wi-Fi infrastructure at Heritage Sites of Tourism at National Rail Museum	National heritage	New Delhi	₹ 23.09	₹ 14.16	₹ 14.16	Direct
ii	Creation of Wi-Fi Hotspots at Rural villages for Internet access by local population	Rural Development	Northern, Southern, Eastern & Western Region	₹ 99	₹ 99	₹ 99	Direct
iii	Continuity of RailTel Akansha Super-30 at Dehradun	Education	Uttarakhand (Dehradun)	₹ 53	₹ 53	₹ 53	Through Agency#
iv	Proposal for Women Empowerment through Literacy and Skill Development/ Income Generation by Matrix Society for Social Service (MASS) for 300 beneficiaries.	Skill Development	Delhi (Jahangirpuri)	₹ 18	₹ 18	₹ 18	Direct & Through Agency##
v	Setting up of 'Digital Learning Centres at Varanasi, U.P. (Basani & Kavirampur villages of Baragoan Block):	Education	Uttar Pradesh (Varanasi)	₹ 40	₹ 40	₹ 40	Through Agency###

vi	Setting up of Digital Service Centers (DSCs) at major Railway Stations Rs. 60 lakhs for 10 stations in FY 2016-17.	Rural Development	Northern, Southern, Eastern & Western Region	₹ 60	₹ 60	₹ 60	Direct
vii	Proposal by Southern Region for provision of IT infrastructure with internet facility at primary Schools in rural areas of Andhra Pradesh (Srikulam District)	Education	Andhra Pradesh (Srikulam)	₹ 23.33	₹ 23.33	₹ 23.33	Direct
viii	Project for establishing 3 computer labs at Sanskrit Colleges run by Shri Badrinath-Kedarnath Temples Committee	Education	Joshimath, Mandal and Vidyapeeth (Uttarkhand)	₹ 12	₹ 12	₹ 12	Through Agency####
ix	Tele-medicine system at two nos. of Railway hospitals of Kota Division	Promoting healthcare	Shamgarh (MP) and Bayana (Raj)	₹ 40	₹ 40	₹ 40	Direct
	Total			₹ 368.42	₹ 359.49	₹ 359.49	

\*Details of implementing Agency

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

##Matrix Society for Social Services (MASS), B-08, Shri Ram Apartment Plot No.32, Sector-4, Dwarka, New Delhi-110075  
Phone-011 65656537 email- [mass.newdelhi@gmail.com](mailto:mass.newdelhi@gmail.com)

### Society for Advancement of Villages Economy (SAVE), A-153, 2nd floor, Jhilmil Colony, Delhi-110095  
Phone: 011 22155153 Email id [save\\_org@yahoo.co.in](mailto:save_org@yahoo.co.in)

####Shri Badrinath-Kedarnath Temples Committee (A statutory body of the Govt. of Uttarakhand), Maa Chandrabadni Mandir, Kargi Grant, PO-Banjarawala, Dehradun(UK)-248001

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.	As per the provisions of Companies Act, 2013, RailTel was mandated to spend ₹ 346.77 lakh against which a Budget outlay of ₹ 368.42 lakh was approved by the RailTel's Board and an amount of ₹ 359.49 lakh was incurred and booked as CSR expenditure in FY 2016-17. Out of ₹ 359.49 lakh, an amount of Rs.87.57 has been released to various parties during FY 2016-17.
7.	Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.	RailTel's CSR Committee confirms that implementation and monitoring of the CSR policy is in compliance with the CSR objectives and CSR policy of the Company.
<p style="text-align: center;"><b>Sd/-</b> <b>R. K. Bahuguna</b> Chairman and Managing Director (DIN 01748132)</p>		<p style="text-align: center;"><b>Sd/-</b> <b>Dr. Anupam Alok</b> Chairman CSR Committee (DIN 07486492)</p>

**AMIT AGRAWAL & ASSOCIATES**  
(Company Secretaries)

**Annexure-V**  
H-63, Vijay Chowk,  
Laxmi Nagar, Delhi-110092  
Phone: 011-22024525  
Email i.d.: amitagcs@gmail.com

# Form No. **MR-3**

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017

[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,**  
**RailTel Corporation of India Limited**  
6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park,  
Shastri Park, Delhi-110053

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. RailTel Corporation of India Limited** (hereinafter called the Company) having its registered office at 6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park, Shastri Park, Delhi-110053, India. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. RailTel Corporation of India Limited** books, papers, minute books, 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2017** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Railtel Corporation of India Limited** for the financial year ended on **31<sup>st</sup> March, 2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and Rules made there under to the extent applicable on the company for having the shares in De-mat form;

- (iii) The Depositories Act, 1996 to the extent applicable for unlisted company;
- (iv) The SEZ Act, 2005
- (v) The Secretarial Standards issued by The Institute of Company Secretaries of India
- (vi) Other laws applicable specifically to the Company namely:
  - a. Payment of Wages Act and Minimum wages Acts
  - b. Payment of Gratuity Act
  - c. Equal Remuneration Act 1976
  - d. National & Festival Holidays Act
  - e. Contract Labour (Regulation and Abolition) Act, 1970
  - f. Contract Labour (Regulation and Abolition) Act, 1970
  - g. Employees Provident Fund Act 1952
  - h. Maternity Benefit Act 1961
  - i. The Telecom Regulatory Authority of India (Form of Annual Statement of Accounts And Records) Rules, 1999
  - j. The Telecom Regulatory Authority of India Act, 1977
  - k. Telecommunication Interconnection (Charges and Revenue Sharing) Regulation, 2001
  - l. Telegraph Act, 1885
  - m. Income Tax Act and Rules and regulation made there under
  - n. Indian Stamp Act to the extent applicable to the issue of Securities under the Companies Act, 2013

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to our below observation:

- (i) *The Company has not complied with the provision of section 149 regarding the appointment of women director.*
- (ii) *No meeting of the Board has been convened during the 3rd Quarter of the Financial Year 2016-17 which is at variance with the clause 2.1 of Secretarial Standard-1;*
- (iii) *During the year under review, the Composition of the Audit Committee do not form majority of Independent Directors as required under the provision of Section 177 of the Companies Act, 2013.*

However, During the period under review, provisions of the following regulations were not applicable to the Company because of clause (I) no FDI and ECB has been taken by the Company since incorporation and for (II)&(III) clauses below the Company is unlisted Company. Hence, comments are not required to be made in respect of these clauses:

- I. Foreign Exchange Management Act, 1999 and rules and regulation made there under to the extent Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- II. The Rules, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
- III. The Listing Agreement with any Stock Exchange.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except Women director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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.

We further report that during the audit period there were no specific events /actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

**Place:** Delhi

**Date:** 18.08.2017

**For Amit Agrawal & Associates**  
(Company Secretaries)

Sd/-

**CS Amit Agrawal**  
(Proprietor)  
M. No. F5311  
C.P. No. : 3647



Annexure-VI

## RailTel Corporation Of India Ltd.

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

Sl. No.	Observations/comments of Secretarial Auditors in its report dated 18/08/2017	Management Replies
1.	The Company has not complied with the provision of section 149 regarding the appointment of women director;	<p>In terms of provisions contained in Article 66 of the Articles of Association of RailTel, the President of India shall have the power to appoint Directors on the Board of the Company. Being a CPSE, selection of all Board level appointment is processed by the administrative Ministry i.e. Ministry of Railways. The Company kept on following up the matter with the Govt. of India for early appointment of woman Director on the Board to ensure compliance of provisions of Section 149 of the Act during 2016-17.</p> <p>However, w.e.f. 03.04.2017, Smt. Anju Ranjan has been appointed by the Govt. of India as Director/Finance on the Board of the Company. As a result, the provisions of Section 149 of the Act now stand complied with.</p>
2.	No meeting of the Board has been convened during the 3 <sup>rd</sup> Quarter of the Financial Year 2016-17 which is at variance with the clause 2.1 of Secretarial Standard-1;	The gap between two consecutive Board Meetings held during FY 2016-17 are not more than 120 days as prescribed under the provisions of section 173 of the Companies Act, 2013. But the stipulation under clause 2.1 of SS-I could not be complied with due to pre-occupation of the Directors. The meeting planned in the 3 <sup>rd</sup> quarter could only be held in the Month of January, 2017.
3.	During the year under review, the Composition of the Audit Committee do not form majority of Independent Director as required under the provision of Section 177 of the Companies Act, 2013.	The RailTel's Board has reconstituted the Audit committee on 29/09/2016 with the composition of 2 Independent Directors and 2 Govt. Nominee Directors with a view to facilitate timely convening of meetings and to include nominee director's expertise in taking decisions. No functional director was the member of Audit Committee and all the members were non-executive directors during FY 2016-17. Further, the Audit Committee has been reconstituted on 28/06/2017 with the majority of Independent Directors as the member of the Audit committee and it consisted of two Independent Directors and one Govt Nominee Director in order to ensure compliance with the provision of section 177 of the Companies Act, 2013.

Annexure-VII

## RailTel Corporation Of India Ltd.

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

(A) Conservation of Energy		
(i)	Steps taken or impact on conservation of energy	<p>(a) Provision of capacitor bank panel at Corporate Office building of the Company.</p> <p>(b) Refurbishing of all old electrical panel at Corporate Office building of the Company.</p> <p>(c) Provision of motion sensors.</p> <p>(d) Company has taken steps for reducing the running of Air Conditioning System.</p> <p>(e) Company is again in process of conducting Energy Audit from an independent outside agency to achieve target of 40% energy saving.</p>
(ii)	Steps taken by the company for utilising alternate sources of energy	Nil
(iii)	Capital investment on energy conservation equipment's	Nil
(B) Technology Absorption		
(i)	Efforts made towards technology absorption	<ul style="list-style-type: none"> <li>● Use of Telepresence solution for effective working across all geographical locations</li> <li>● Use of high capacity telecom/networking equipment for reducing cost of bandwidth creation</li> <li>● Use of Data Centre Services for enterprises customers.</li> <li>● Aadhaar based authentication services</li> <li>● Implementation of ERP</li> </ul>
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> <li>● Quality services to Enterprise customers</li> <li>● Reduction in cost of services/improved efficiency of employees</li> </ul>

(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA
(a)	Details of technology imported	NA
(b)	Year of import	NA
(c)	Whether the technology been fully absorbed	NA
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
(iv)	Expenditure incurred on Research and Development	Nil

**(C) Foreign Exchange Earnings & Outgo**

Sl. No.	Particulars	FY 2016-17	FY 2015-16
i.	Foreign Exchange Earnings	Nil	Nil
ii.	Foreign Exchange Outgo	₹ 78.94 crore	₹ 55.97 crore

# Management Discussion and Analysis Report

## 1. Economy Overview

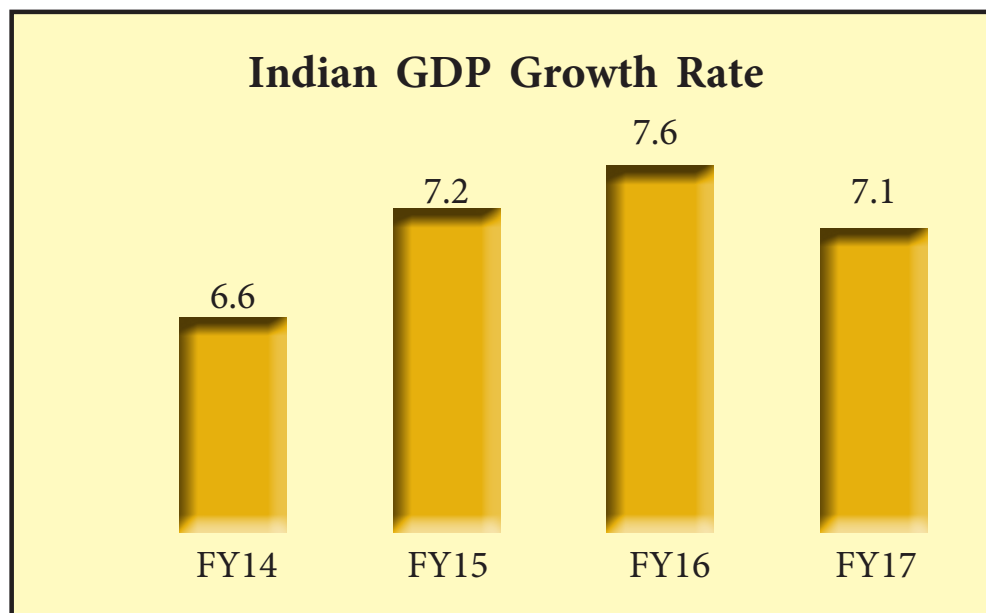
### 1.1 Macroeconomic Overview

The global economy has been facing significant challenges in terms of falling commodity prices, subdued growth, fluctuating financial markets and various geo-political issues. The IMF estimated global economic growth at 3.5% in 2017, a rise when compared to growth rate of 3.1% in 2016. Amidst the global slowdown, India has achieved an impressive economic expansion of over 7.1% to become one of the fastest growing major economy in the world.

Indian economy will grow at 7.2% (as per advanced estimates of IMF) in 2017-18 against 7.1% in 2016-17. The Industrial sector, particularly manufacturing, has grown due to a significant fall in inputs costs following the global decline of commodity prices. India

is moving towards a stable economic environment due to moderation in inflation and a strict fiscal monitoring. Inflation has reached a comfortable range of 4-5%, after being around 8-10% for several years. The government has achieved fiscal control with the deficit being 3.5% of GDP in 2016-17. Campaigns like Make in India, Start Up India etc. have resulted in an increase in Foreign Direct Investment (FDI) by 8.05% during 2016-17 period as compared to the 2015-16 period. And when compared against the FDI inflows during period 2013-14, this jump is of around 66.67% (FDI inflows jump to \$60 billion in 2016-17 from \$36 billion in 2013-14).

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



## 1.2 GDP

The GDP at constant prices has grown from ₹ 1,13,57,529 Crores in 2015-16 to ₹ 1,21,65,481 Crores in 2016-17 (as per Advanced Estimates). The Gross Value Add (GVA) at basic prices at constant (2011-12) prices has decreased to 6.7% (as per advance estimates) in 2016-17 as compared to 7.8% in 2015-16. GDP performance from the demand side consisting of consumption, investment and net exports has increased in 2016-17.

It is expected that the economy will grow at a rate between 7-7.5% in 2017-18 due to an improving macroeconomic environment and focus on government reforms.

## 1.3 Inflation, Monetary Policy and Interest Rate

The annual rate of inflation, based on monthly Wholesale Price Index (WPI), stood at 5.70% (provisional) for the month of March, 2017 (over March, 2016) as compared to 6.55% (provisional) for the previous month and -0.45% during the corresponding month of the previous year. Build up inflation rate in the financial year 2016-17 was 5.70% compared to a build up rate of -0.45% in the corresponding period of the previous year.

Consumer Price Index (CPI) based inflation also reduced to 3.81% during March 2017 against 4.83% in March 2016. This moderation in inflation was due to a drop in inflation of food articles as well as items in the non-fuel and non-food category.

The RBI continued to maintain an accommodative stance in reducing key rates based on easing inflation. It reduced the repo rate cumulatively by 50 basis points between March 2016 and March 2017. The repo rate currently stands at 6.25%, which is the lowest since March 2011. It has been able to achieve and maintain the intended inflation

target through the monetary policy. In addition to several reforms in the banking sector, an agreement was also signed between the Government and RBI on monetary policy framework with an objective to maintain price stability.

## 1.4 Telecom Infrastructure Growth

The flagship initiatives like Make in India, Ease of doing Business, Start-Up India, Digital India, and Smart Cities, etc. will continue to provide necessary impetus to already growing industrial and infrastructure sector. The telecommunications sector is an important driver of socio-economic development. As per the Economic Survey approximately 77 million new telephone connections were added during Sep-Dec 2016. Overall Tele density in the country increased from 81.83% in Dec 2015 to 89.90 % by Dec 2016. The Government of India has allocated ₹ 10,000 crore (US\$ 1.5 billion) for rolling out optical fibre-based broadband network across 150,000 cumulative gram panchayats (GP) and ₹ 3,000 crore (US\$ 450 million) for laying optical fibre cable (OFC) and procuring equipment for the Network For Spectrum (NFS) project in 2017-18.

## 2. Telecom Industry

### 2.1 Telecom Industry Characteristics

India is currently world's second-largest telecommunications market with a subscriber base of 1.05 billion and has been registering a strong growth over the past decade.

On the basis of the TRAI performance indicator reports, the Gross Revenue of Telecommunication industry at the quarter ending on 31<sup>st</sup> Dec 2016 is ₹ 66,532 crore, a change of 1.8% Y-o-Y but a decrease of 6.79% over previous quarter of September 2016. Total subscribers currently stand at (wireless + wireline) at 1,151.78 million.

The data consumption driven by introduction of affordable smart phones has given the total mobile services market revenue a CAGR of 5.2 percent 2014-2017, according to research firm International Data Corporation (IDC).

At the service level, NLD Gross Revenues for the same period have reduced up to ₹ 8775 Crores in 2016 from ₹ 8923 in 2013.

The mix for the quarter ending December 2016 stood at approximately 1127.37 million wireless subscribers (a 7.70 per cent increase) and 24.40 million wireline subscribers (a 0.37 per cent decrease) from the same period in 2015. The overall tele-density registered an increase from 81.83 in Dec 2015 to 89.90 in Dec 2016.

The total internet subscribers in Dec 2016 was estimated at 391.5 million, a 6.54% increase from previous quarter, comprising 370 million wireless internet subscribers and 21.51 million wired internet subscribers showing a ~19 per cent increase and ~8 per cent increase from the same period in 2015, respectively. India's total Internet subscribers per 100 population is 30.56. The divide between urban and rural internet subscribers per 100 population figures that are currently 68.86 and 13.08 respectively has significantly reduced over the last year but still has a long way to go. According to the Ericsson Mobility Report India, smartphone subscriptions in India is expected to increase four-fold to 810 million users by 2021, while the total smartphone traffic is expected to grow seventeen-fold to 4.2 Exabytes (EB) per month by 2021. Several factors like falling handset prices, increasing rural penetration, rising demand for OTT applications, increasing demand for e-commerce, launch of 4G services, Launch of Government initiatives like Digital India, National e-governance plan have fuelled the growth in the data adoption rate in India. Telecom operators are increasingly moving towards consolidation with Airtel buying all 43.5Mhz spectrum of Telenor in

all seven circles, Vodafone and Idea joining hands to overtake Airtel as the market leader, Aircel-MTS-RCom merger.

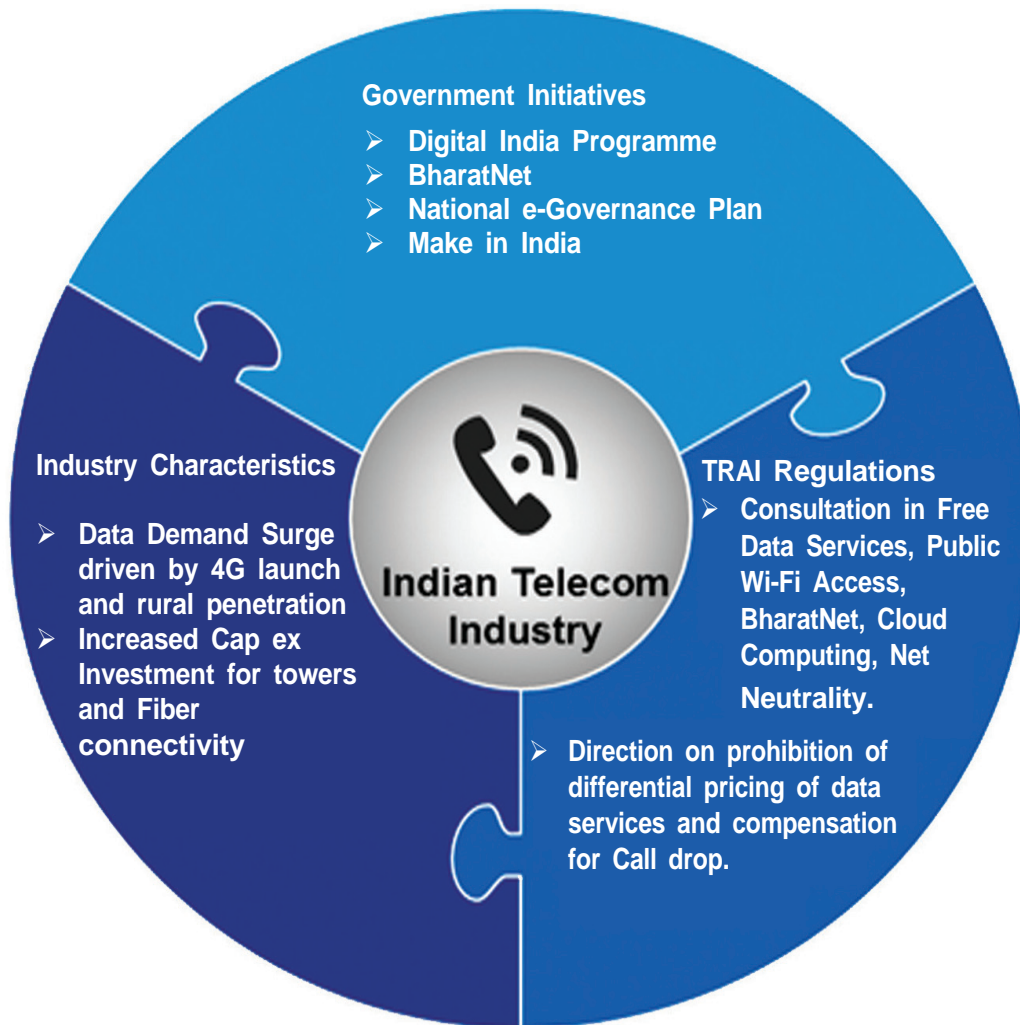
The new entrant Jio is disrupting the market with its extremely low prices which is hurting the topline of incumbent telecom operators—telecom industry is overall witnessing a huge shift from fragmentation to consolidation.

Moving forward, telecom operators would increasingly diversify their bouquet of services and offer Enterprise IT Services that may be broadly defined to include cloud computing services, enterprise mobility, analytics and security services. According to a report by Internet and Mobile Association of India (IAMAI), Indian Data Center (DC) infrastructure market is estimated at around ₹ 14,500 Crores and expected to touch ₹ 29,000 Crores by 2018. India is poised to be the second largest market in APAC region. Enterprise networking is growing at 5.5 percent with a revenue of ₹ 6,230 crore in 2015. The growth owes to the pooling demand from verticals like BFSI, Telecom, and IT & ITES. Organization's dependence on data and their inclination towards optimization of business processes drives this demand while state initiatives like Digital India support them.

## 2.2 Government Initiatives

Government thrust on initiatives such as the National e Governance Plan and Digital India are set to completely change the Indian Telecom landscape. The vision of Digital India is to make India a digitally empowered society and a knowledge economy. This is in line with the National Telecom Policy-2012 (NTP-2012) announced with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. NTP-2012 has called for unified licensing, full MNP and free roaming services.





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

The Ministry of Skill Development and Entrepreneurship (MSDE) signed a Memorandum of Understanding (MoU) with DoT to develop and implement National Action Plan for Skill Development in Telecom Sector, with an objective of fulfilling skilled manpower requirement and providing employment and entrepreneurship opportunities in the sector.

The Department of Telecommunications (DoT) has amended the Unified License for telecom operations which will allow sharing of active telecom infrastructure like antenna, feeder cable and transmission systems between operators, thereby lowering the costs of operations and leading to faster rollout of networks.



### 2.3 TRAI Regulations

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

The TRAI has recommended a Public-Private Partnership (PPP) model for BharatNet, the central government's ambitious project to set up a broadband network in rural India, and has also envisaged central and state governments to become the main clients in this project.

Another much awaited consultation paper has come out from TRAI which is on 'Unified Licenses VNO Access Service authorization for category B license with districts of a State as a service area'. It paves a new way of telecom service providers to enter Indian market as a virtual network operator. 71 companies – indigenous and foreign have expressed interest to buy the VNO licenses.

### 3. RailTel – An Overview

RailTel, which started its journey as a carrier's

carrier has grown much beyond and entered in all the fields of ICT, except for basic telephony. It has become a full-grown system integrator.

On the Data center front, having built tier-III certified DC & DR, is offering a gamut of services to Government, PSUs and other sectors from simple co-location to completely managed services. Being an organization under the Ministry of Railways, the requirement of Railways are always taken with a leap frog approach and has already developed solution for pilot rollout for Rail Cloud under One ICT initiative. This has a tremendous opportunity.

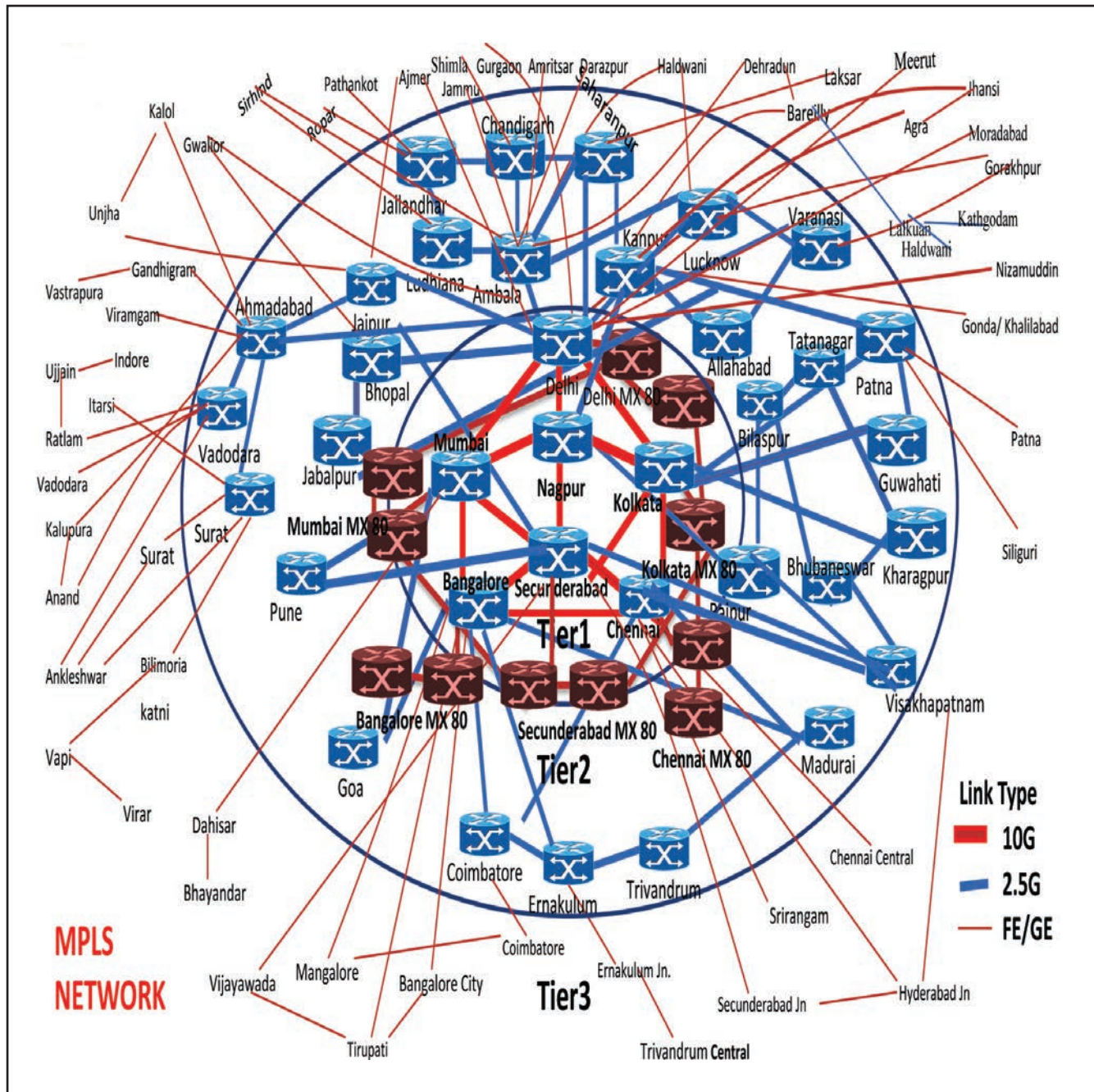
On the ISP front, RailTel has its own brand RailWire and is adding subscribers and revenue at a high rate on year on year basis. This is the first entry into retail business domain.

RailTel Corporation is one of the largest neutral telecom infrastructure providers in the country owning a pan-India optic fiber network on exclusive right of Way (ROW) along Railway track. The OFC network presently reaches to over 4500 towns & cities of the country including several rural areas. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts. During the year, RailTel has launched a project to provide Wi-Fi service at 400 stations in country by 2018 and has planned to provide an integrated railway display network at 2000 stations providing necessary passenger information at stations.

Equipped with an ISO 9001, 20000-1:2011 & 27000 certification, RailTel offers a wide gamut of managed telecom services to Indian Telecom market including Managed lease lines, MPLS based IP-VPN, Internet & Broadband services, Data Center services, Tower co-location, Dark fiber leasing to MSOs/LCOs & ICT system integration projects. The major customer segment for RailTel comprises of Enterprises, Banks, Government Institutions/departments, Educational

Institutions/Universities & Colleges, Telecom Service Providers, Internet Service Providers, MSOs, etc. RailTel being a “Mini Ratna (Category-I)” PSU is

steaming ahead in the enterprise segment with the launch of various services coupled with capacity augmentation in its Core network.



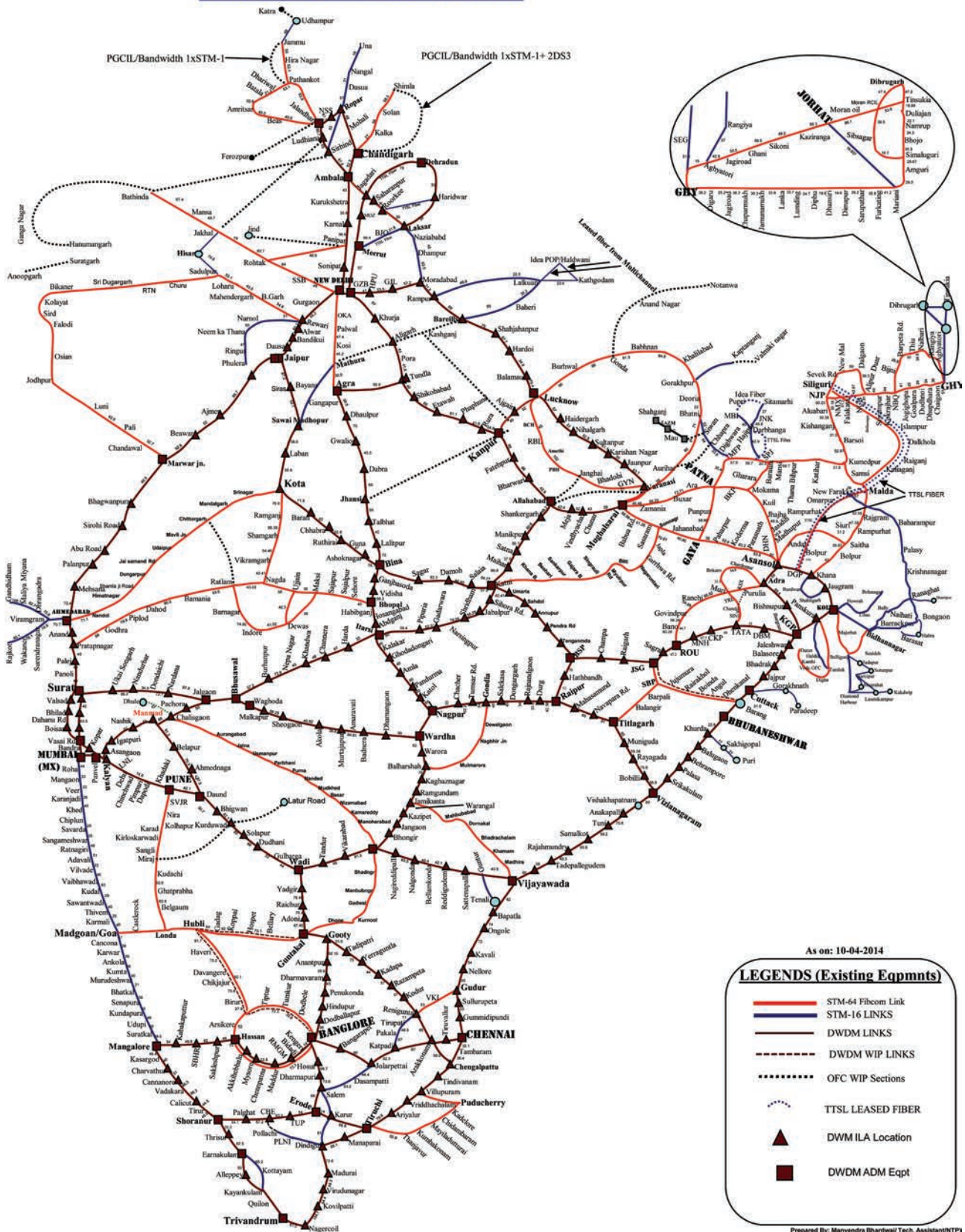
A look at the past 5 years performance reveals RailTel’s healthy growth, as it realizes returns from its existing services and marks its foray into the Enterprise IT space. RailTel’s growth rate is expected to accelerate further as it ventures into more ICT

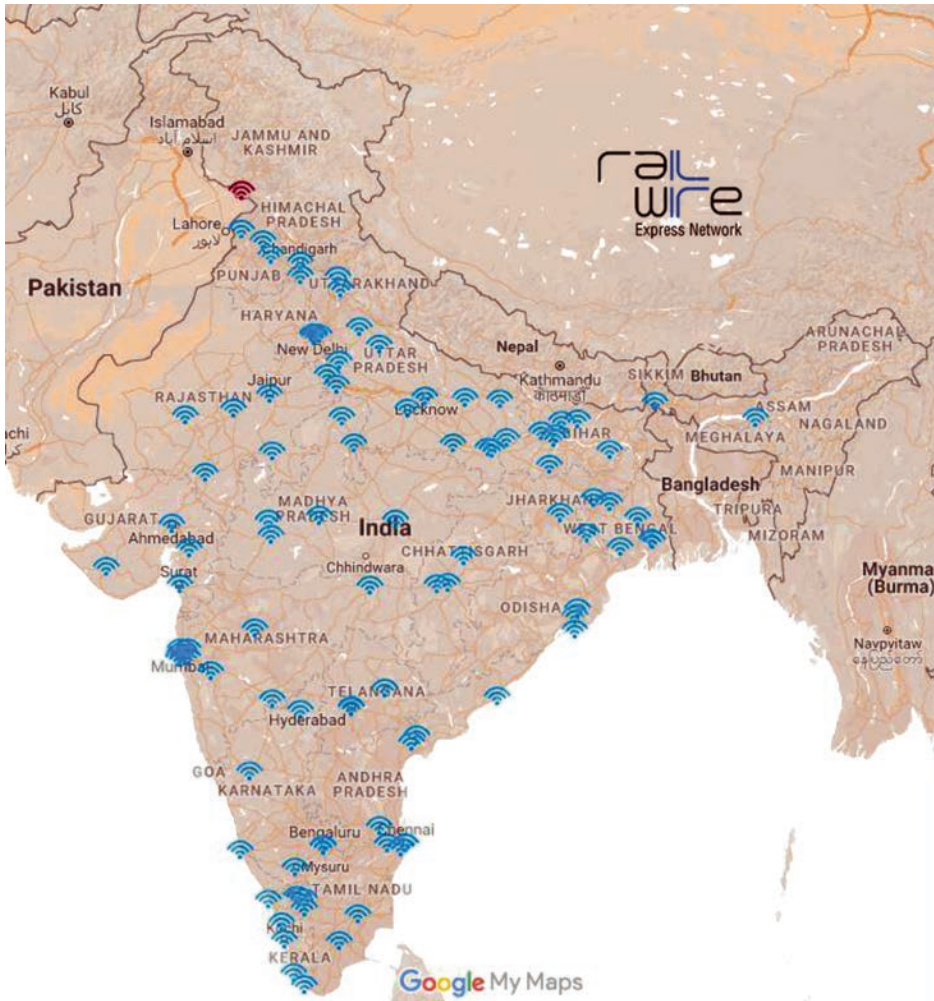
projects both for Railways and other Government organisations/PSUs.

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



## RailTel DWDM Network





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

## 115 Stations Completed in 2016-17



**3170 nos.**  
Access Points  
deployed



**2815 nos.**  
Fiber Switch  
deployed



**100 Gbps**  
backhaul Bandwidth  
provisioned



**5 Million users**  
Per month



**Average 15x**  
download per user  
than on Mobile in a  
day



**Average 2 stn.**  
Commissioned per  
week since BCT

## 4. Network Strength

RailTel has exclusive seamless Right of Way (ROW) along 63,000 KM of Railway Track passing through 7000 stations across the country. Using this ROW, RailTel has so far laid 47536 RKMs of OFC and OFC lit is 44496 RKMs till March 31, 2017. Works on another 6700 KMs are in various stage of execution. RailTel's high speed OFC Backbone Network shall ultimately cover the entire railway route across the country. In high bandwidth backbone segment, RailTel occupies a proud place with its unparalleled network. The network has the ability to provide the mission critical customized connectivity platform for enhanced corporate efficiency and growth.

RailTel is creating PoPs at every Railway station enroute which are spaced at 8-10 Kms. At all the stations enroute is deployed STM-1/4 (155/625 Mbps) primarily to meet Railways requirement. The distribution layer network of STM-64/16 (10G/2.5G) spaced at 40-60 KMs is deployed to connect important towns/cities of the country. Presently this network is available at over 600 cities in multiple rings of STM-64/16. Further, RailTel has also provided n x 10G capacities on its Core network using DWDM at over 25500 RKM across 85 cities to provide Giga capacities capable to provide up to 800G.

During this year RailTel has upgraded the Mumbai-



Chennai DWDM path on 100G capacity on single channel making it one of the few operators in the country to have such network. On same line other important metro routes are also under the process of bandwidth up gradation. On top of this network, RailTel has upgraded its MPLS network to provide n x 10G capacities on backbone with access routers having multiple of 2.5G/1G capacity. Access network with C/DWDM, STM-64/PTN is being provided in important cities to meet the connectivity requirements of serving Enterprise customers upto the premises.

## 5. New Initiatives during the year:

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

### 5.1 Railway Station Wi-Fi Services

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

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

the first station of the country to provide Wi-Fi services to its commuters under this scheme and against the target of 100 stations by Dec'16, RailTel commissioned 110 stations by Dec'16. By March 2017 RailTel has launched Wi-Fi services at 115 stations.

The project aims at covering 400 stations to be completed by 2018. Once completed this project would be one of the largest public Wi-Fi Service provided in the world catering to over 10 million Indians daily.

### 5.2 Railway Display Network

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

During the year, RailTel completed a pilot of this project across five major stations each on Mumbai – Ahmedabad and Allahabad – Manikpur sections and 16 way-side stations. RailTel has begun RFP process for all India project roll out during this year.

### 5.3 Content on Demand (CoD) Services

RailTel is committed to provide various value-added services to Railway passengers. The Content on Demand services, a non-fare revenue monetization service would be provided to the passengers with the aim of improving overall passenger experience and at the same time increasing the non-fare revenue through multiple monetization models. Under

this project, entertainment in the form of video content will be provided as a service on trains. The successful entity selected through an RFP process shall be bringing out the COD services and would be responsible for the installation of equipment inside coaches, with additional work supplemented by electrical and cabling requirements.

A total of approximately 2600 trains (Up/Down considered separate trains) have been kept in the scope of the service rollout. The rollout of the COD services has been designed to be conducted in phases, with the successful bidder requiring to install the services in 10 trains in an individual cluster within the first month of the rollout of the services, with the remaining trains spread across 2 years from the date of the signing of the contract.

#### 5.4 Video Surveillance System (VSS)

Indian Railways have mandated RailTel through its subsidiary REL to provide IP based Video Surveillance Systems with video analytics across approx. 1000 A1, A, B and C category stations of Indian Railways. The work is being implemented under the “Nirbhaya Fund” at a cost of ₹ 497 Cr. for which an MoU has been signed between REL & Ministry of Railways. Under the project, all cameras to be provided in station premises will be networked on optical fiber cable and brought to a centralized place (CCTV control room) from where they are viewed on multiple LCD monitors by Railways security personnel. The system shall provide high capacity storage devices at stations to store recording of CCTV footage for a defined period. The work shall be executed through selection of vendors for which the work has been divided across four operational regions of RailTel.

### 6. Existing Services

While the new areas of business open additional avenues for RailTel, RailTel continues its focus

on the present services being offered. During the FY 2016-17, RailTel acquired Unified License with authorisation for International Long Distance (ILD) Services.

#### 6.1 NLD Services

Continuing the efforts in NLD segment, RailTel has pursued its high capacity services from Lease Line growth especially with Government departments, Enterprises, Banks, etc. Last year also saw positive traction in leasing of circuits by MNCs, Govt. customers, Telecom operators and MSOs. Selection of RailTel as one of the major partners in National Knowledge Network (NKN) has contributed significantly in revenues from NLD services as demand for higher capacities is expected in this network.

During the year, RailTel has been able to get many high volume orders for MPLS VPN services especially from many prestigious PSUs, MNCs and Banks. One of the major achievement in this service was proactively engaging with Coal India & its subsidiaries wherein RailTel has extended its MPLS network to their coal mine areas & all important offices enabling real time MIS for the CIL management. Total revenue from the NLD segment (bandwidth leasing & VPN) reached at around ₹ 360.65 Cr. ending Mar'17 as against ₹ 315.62 Cr. in Mar'16.

#### 6.2 IP-1 Services

Tower collocation business translates to a good alternative for RailTel to monetize its towers infrastructure. Demand for the dark fiber has remained sluggish during the year, as the business of LCOs/MSOs has been impacted by the on slaught of the satellite services. Since LCOs/MSOs are the major customers of dark fiber for their digitalization needs, hence overall revenue of this segment has taken a beating during this year.



रेलटेल  
RAILTEL

A Mini Ratna Enterprise

Considering the lukewarm response from the market and availability of other better revenue generating options, RailTel has decided to have very limited focus on this business segment and is in the process of re-orienting its business giving due importance to managed services in partnership with a leading infrastructure provider who shall be responsible for management and marketing of RailTel towers to various customers. This shall help in further consolidating its market with existing customer arrangements with all mobile operators across India to lease these sites for collocation purposes. Till Mar'17, RailTel has managed to generate ₹ 133 Cr. revenue from this segment.

### 6.3 ISP Services

RailTel is also providing Nationwide Internet & Broadband services to all major customer segments like ISPs, Educational Institutions and various Government departments. During the year RailTel has bagged several orders from various Government departments, PSUs and educational institutes. RailWire broadband services has gained high growth momentum during the year, registering 2684 new subscribers each month, with 101,914 active subscriber base by Mar' 17. Around 2663 Local Cable Operators have partnered to provide last mile connectivity to end consumers. Some major orders for broadband services were also received from State Govt. particularly from Tamilnadu, Telangana, AP & Kerala. Total revenues of ₹ 130 crores (including RailWire accruals) was achieved during the year.

### 6.4 Service to Railways

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

Railways applications to remote and rural stations thus increasing customer satisfaction.

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



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

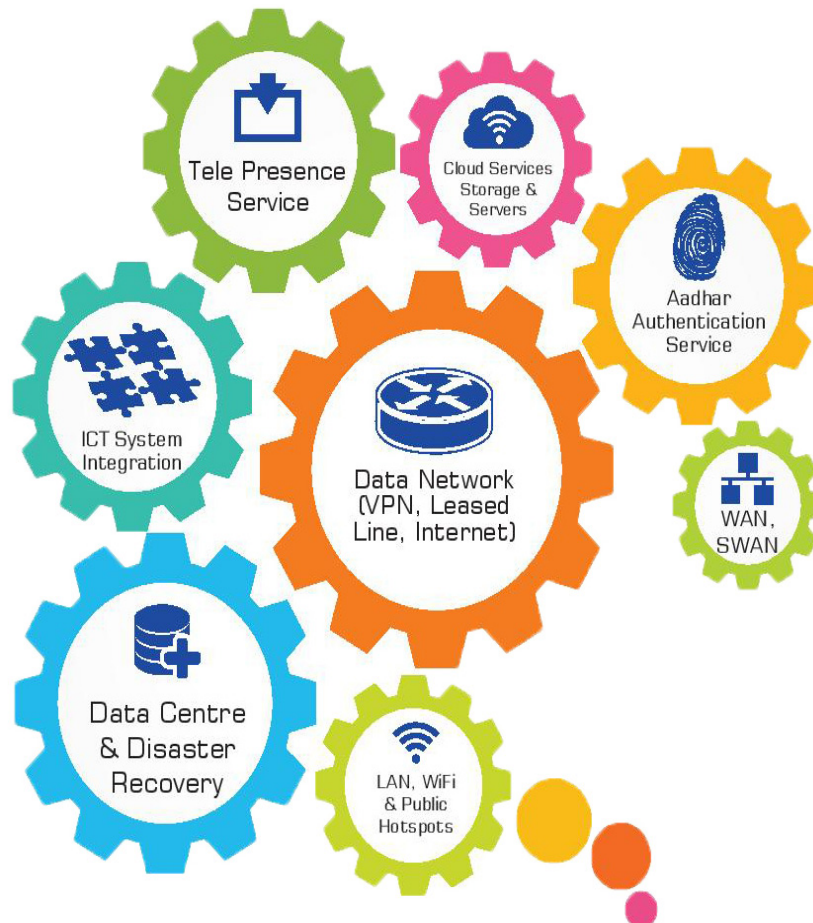
### 6.5 Data Center

With two Tier-III Data Centers in place at Secunderabad and Gurugram, RailTel has received several orders from Central Government Ministries, State Government departments and PSUs for Data Center related services during the year. RailTel

is also actively working with Ministry of Railways under their One ICT initiative which is likely to see higher traction in this space in coming years. The provisioned space at Secunderabad is already working at the optimum levels and the expansion plans for the same are in process. The income from the Data Center services is expected to grow exponentially in near future.

### 6.6 Telepresence as a Service (TPaaS)

RailTel's Telepresence service was launched in early 2015 and since then it has invoked tremendous interest amongst various customers. The customers are getting end to end support on infra, video hardware, network and unmatched 24x7 service from a single operator, i.e. RailTel hosting its services in DC with DR at its own Data Centers.





## Wi-Fi Launch at Various Locations



Ujjain Wi-Fi Launch



Bhubaneswar Wi-Fi Launch



Kacheguda, Vijayawada & Raipur Wi-Fi Launch



Lucknow NR & Lucknow NE Wi-Fi Launch



Gorakhpur Wi-Fi Launch



Chennai Wi-Fi Launch



Ayodhya Wi-Fi Launch



It is being used extensively by Indian Railways for in house purposes; recently various inauguration events by Hon'ble Minister of Railways and MoS were conducted by using the services of Telepresence solution provided by RailTel. Tele-presence enables the rich experience of audio-visual communication and is seen as a future of collaborative platforms. RailTel is expecting some major orders coming its way in near future from its key customer for the Telepresence Services.

During the year, it has been extensively used for inauguration of various Railways facilities on 90 occasions (with over 200 remote sites).

## 7. Facilitating Government of India Initiatives

### 7.1 National Optical Fiber Network

The Government of India has approved the project

for the creation of a National Optical Fiber Network (NOFN) for providing Broad band connectivity to all 2.5 Lac Gram Panchayats (GPs) which has now been rechristened as "Bharat Net".

Under the Phase-I of this project, RailTel is mandated to cover 8678 GPs covering 44 Districts, 225 Blocks across comprising of Northern Eastern region states (Tripura, Meghalaya, Manipur, Mizoram, Nagaland & Arunachal Pradesh), Pondicherry in South & Gujarat (incl. Daman & Diu and Dadra & Nagar Haveli) in West. As of Mar'17, 17256 KM of duct has been laid covering nearly 86% of GPs and 12135 KM of laid optic fiber to cover nearly 64% of the GPs. The state-wise detail of work completed under this project is as given in the Table-I.

#### Progress of NOFN/BharatNet Phase-I as on 02.04.17

Sl. No.	States	Dist	Block	GPs	RKM	Work Started (Blocks)	Work Started (in GPs)	Duct laying (RKM)	OFC blowing (RKM)	Duct laying (GP)	OFC blowing (GP)	%Duct laying (RKM)	%OFC laying (RKM)	%Duct laying (GP)	%OFC laying (GP)	E-to-E (GPs)	Depth AT (RKM)	Cable AT (RKM)
	<b>RailTel Total</b>	<b>44</b>	<b>225</b>	<b>8678</b>	<b>19515</b>	<b>303</b>	<b>10694</b>	<b>17256</b>	<b>12135</b>	<b>7482</b>	<b>5575</b>	<b>88</b>	<b>62</b>	<b>86</b>	<b>64</b>	<b>3084</b>	<b>10755</b>	<b>4656</b>
1.	Gujarat	12	93	5735	11061	105	6673	9530	8269	4603	4023	86	75	80	70	2083	6969	3702
	<b>NE-I Total</b>	<b>14</b>	<b>65</b>	<b>1822</b>	<b>4628</b>	<b>72</b>	<b>2068</b>	<b>3536</b>	<b>2182</b>	<b>1359</b>	<b>949</b>	<b>76</b>	<b>47</b>	<b>75</b>	<b>52</b>	<b>616</b>	<b>2022</b>	<b>789</b>
2.	Tripura	8	44	1021	1970	42	985	1650	1531	815	760	84	78	80	74	477	1136	722
3.	Meghalaya	3	15	638	1892	18	760	1200	368	419	139	63	19	66	22	139	538	67
4.	Mizoram	3	6	163	766	12	323	686	283	125	50	90	37	77	31	0	348	0
	<b>NE-II Total</b>	<b>16</b>	<b>64</b>	<b>1023</b>	<b>3743</b>	<b>123</b>	<b>1855</b>	<b>4108</b>	<b>1592</b>	<b>1422</b>	<b>505</b>	<b>110</b>	<b>43</b>	<b>139</b>	<b>49</b>	<b>284</b>	<b>1682</b>	<b>73</b>
5.	Arunachal Pradesh	4	26	256	1129	64	707	1367	339	534	95	121	30	209	37	13	564	0
6.	Manipur	1	2	24	70	9	159	218	86	94	52	311	123	392	217	51	71	73
7.	Nagaland	11	36	743	2544	50	989	2523	1167	794	358	99	46	107	48	220	1047	0
8.	Puducherry	2	3	98	83	3	98	82	92	98	98	99	111	100	100	101	82	92

Table-I: State-Wise NOFN Project Status

## 7.2 USOF Project in North-East

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

(Block/Tehsil). By the end of March 2017 work in NE-I has been awarded and 71.5% nodes were connected to the optic fiber while 59% of the nodes were commissioned under the phase-I. Under NE-II region 31% nodes got connected to the optic fiber and 26% nodes got commissioned. The State-wise details of work execution are provided in Table-II.

### Status of USOF as on 31.03.2017

Sl. No.	State	As per Agreement		Phase-I		Additional BSNL route planned (Kms)	OFC Execution Work Awarded					Tenders under finalization (Opened & under TC) (Kms)			Duct Laid (Cumm)	OFC Blowing (Cumm) (UG+OH)	Nodes Connected on OFC	Nodes Commissioned
		Distt.	Nodes	Nodes	Kms		Swap/lease	Distt.	Nodes	UG	OH	UG+OH	Distt.	Nodes				
<b>North East-I Telecom Sector</b>																		
1.	Tripura	8	55	50	709	717	8	50	635	30	665	Completed	Completed	Completed	555	616	50	50
2.	Meghalaya	7	71	70	790	1309	7	70	775	15	790				554	507	45	45
3.	Mizoram	8	62	52	1343	573	8	52	864	256	1119				726	389	28	28
	<b>Sub Total</b>	<b>23</b>	<b>188</b>	<b>172</b>	<b>2842</b>	<b>2599</b>	<b>23</b>	<b>172</b>	<b>2274</b>	<b>301</b>	<b>2574</b>				<b>1835</b>	<b>1512</b>	<b>123</b>	<b>123</b>
<b>North East-II Telecom Sector</b>																		
1.	Arunachal Pradesh	16	226	195	5035	227	16	195	4256	779	5035	Completed	Completed	Completed	2523	1417	29	24
2.	Nagaland	11	119	109	2105	474	11	109	1900	205	2105				1352	1007	44	26
3.	Manipur	9	62	62	1328	381	9	62	1204	124	1328				314	240	26	18
	<b>Sub Total</b>	<b>36</b>	<b>407</b>	<b>366</b>	<b>8468</b>	<b>1082</b>	<b>36</b>	<b>366</b>	<b>7360</b>	<b>1108</b>	<b>8488</b>				<b>4189</b>	<b>2664</b>	<b>99</b>	<b>68</b>
	<b>Total</b>	<b>59</b>	<b>595</b>	<b>538</b>	<b>11310</b>	<b>3681</b>	<b>59</b>	<b>538</b>	<b>9634</b>	<b>1408.51</b>	<b>11042</b>				<b>6024</b>	<b>4176</b>	<b>222</b>	<b>191</b>

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

RailTel has been awarded the work of creating fiber network in the six states of North East (Mizoram, Tripura, Meghalaya under NE-I & Arunachal Pradesh, Manipur & Nagaland under NE-II) connecting each of the District HQ to their respective SDHQs (Block/Tehsil). By the end of March 2017 work in NE-I has been awarded and 71.5% nodes were connected to the optic fiber while 59% of the nodes were commissioned under the phase-I. Under NE-II region 31% nodes got connected to the optic fiber and 26% nodes got commissioned. The State-wise details of work execution are provided in Table-II.

Shivir—a historic brainstorming and idea generation camp organized by Ministry of Railways which was facilitated by RailTel's Telepresence services across 117 locations of Indian Railways.

Hon'ble Prime Minister of India Sh. Narendra Modi addressed railwaymen at 117 locations across India from PMO, New Delhi on the first Day of Rail Vikas Shivir, held at Surajkund, Faridabad from 18th to 20 th Nov. 2016. RailTel's HD Video Conferencing service successfully made video connectivity to all these locations across India and brought the entire Railway fraternity on one virtual platform. This was followed by Hon'ble Minister of Railways address on 17th & again Hon'ble PM's address on the concluding day of Rail Vikas Shivir. This facilitated

## 7.3 Rail Vikas Shivir

RailTel was one of the major contributor to the overall organization & participation in the Rail Vikas

thousands of Railway officials at Zonal & Divisional offices, to be part of the Shivar remotely. RailTel was also instrumental in the creation of massive videowall & stage at the shivar along with all light and sound arrangement.

Hon'ble Prime Minister Sh. Narendra Modi visited two stalls put by RailTel-RDN and RailWire Saathi-

on the concluding day of Rail Vikas Shivar and praised both the unique concepts shown by RailTel.

RailTel team also participated in the generation of ideas for Rail Vikas Shivar under the theme "Adoption of Modern Technology". A total of 190 ideas were generated from RailTel, i.e. 1 idea from every 3rd employee. The ideas were then filtered through a high level committee and 30 ideas got



CMD/RCIL explaining the concept of RDN to Hon'ble PM during Rail Vikas Shivar

presented to RailTel management. Out of the 30 ideas, 10 were selected for patenting the idea from RailTel in which finally 5 ideas were patented in favour of RailTel. The 5 ideas got presented during

the shivar held at Surajkund and 1 idea on "Energy Floor tiles" by Sh. Pradeep Kumar, Executive Director, Eastern Region was adjudicated as the 3<sup>rd</sup> best idea under the theme.



Hon'ble Prime Minister visiting RailTel's stall during Rail Vikas Shivar

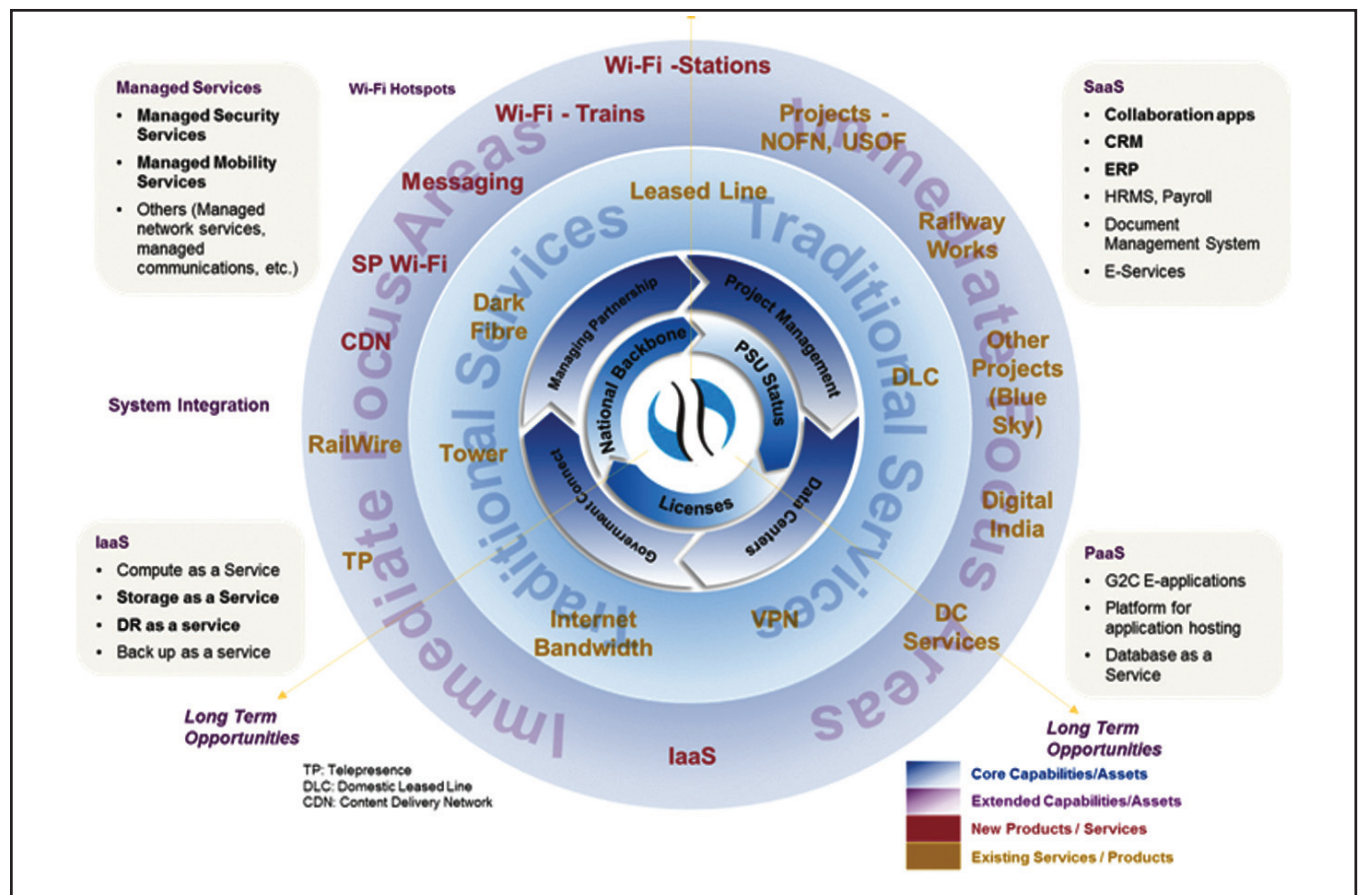
## 8. Blueprint for the Future

Considering the dynamic nature of Telecom & IT industry, it is always pertinent to closely look into the future directions & strategy for the company. With this aim, RailTel keeps revisiting its policies, new areas of business and new customers areas. 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.

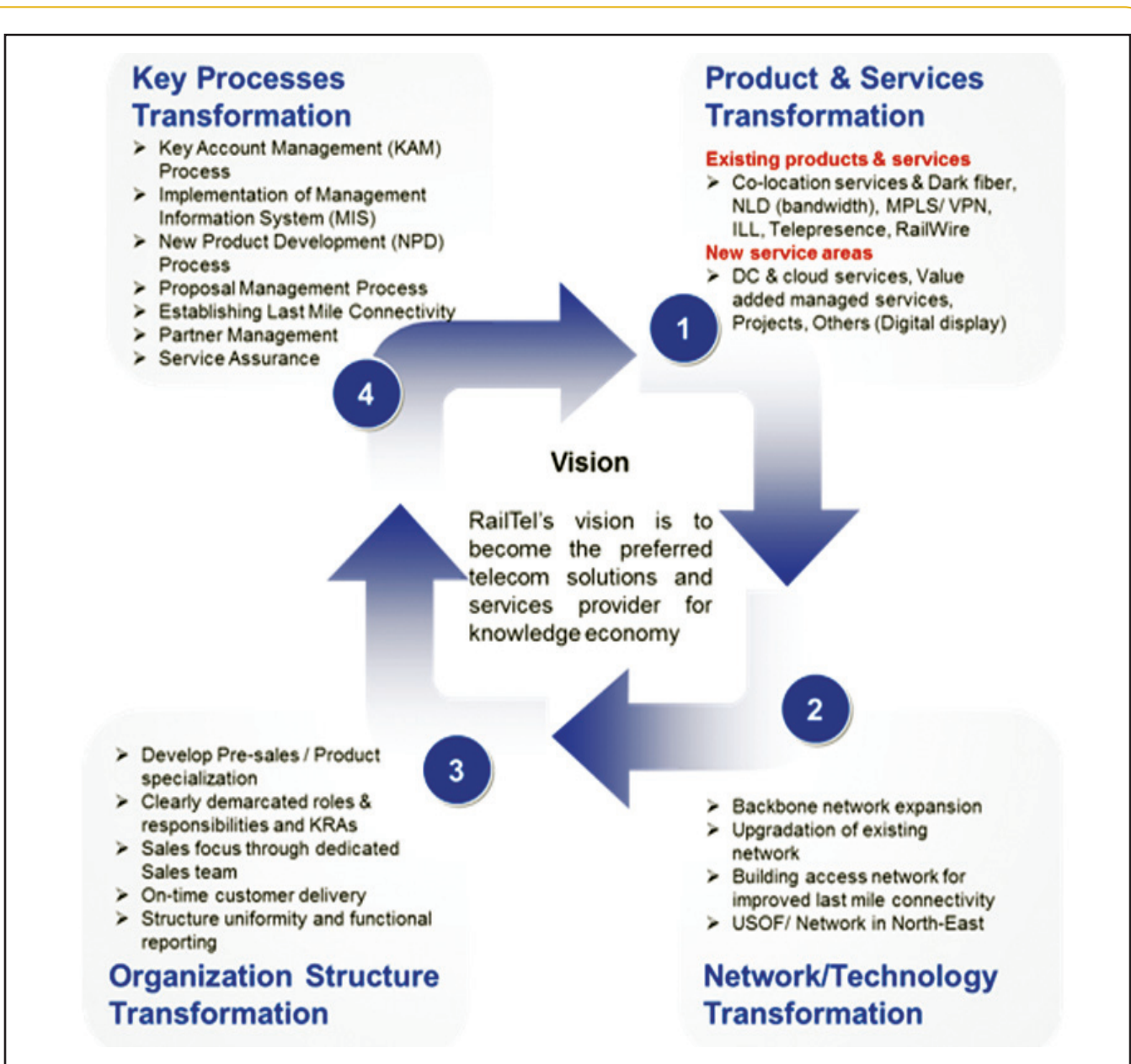
RailTel now needs to focus in developing extended capabilities in the area of Data Center centric services such as managed services & cloud, CDN, project execution, etc. In some areas these can be developed effectively using partnership models ensuring risk

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

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







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

**Organization Design:** RailTel plans to modify its organization design to suit changing business needs

such as the Company's entry into enterprise IT services and execution of ICT projects & initiatives launched by the Central Government and various State Governments.

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



to improve competitiveness. RailTel also wishes to institute a dedicated new product development process that would enable RailTel to roll out quality products and services in the fast paced technology industry.

## 9. Financial Performance

During the financial year 2016-17, total revenue earned by RailTel is ₹ 899 Crore. The operating profit earned during 2016-17 has been ₹ 192 crore while net profit earned has been ₹ 129 crore. RailTel has also paid an interim dividend of ₹ 18 Crore to the Ministry of Railways during the year under report.

From NLD (Bandwidth & VPN) services, RailTel earned ₹ 361 Crores during the year. While earning from IP-1 services has been ₹ 133 Crore which includes revenues from tower & rack colocation and Dark fiber leasing. While under ISP license (Internet & Broadband) RailTel has achieved revenues of ₹130 Crore.

## 10. Awards

During the year, RailTel received 18 awards for its excellent performance from various organizations covering almost all areas of operations. The prestigious awards received by RailTel for various categories are as mentioned below:

- ‘Legend PSU of the Year’ to RailTel under NewsInk Shining PSU Awards 2016
- ‘Legend Personality of the Year’ to GGM/CC & CVO, Sh. Arun K. Jain for maintaining organisational transparency.
- ‘Carrier of the Carriers Award’ to RailTel at VAR India Star Nite Awards 2016
- RailTel awarded for ‘innovative HR practices’ at Asia Pacific HRM Congress organised by Times Ascent.
- ‘Excellence Award’ for RailTel by Institute of Economic Studies
- ‘Udyog Rattan Award’ for CMD RailTel by Institute of Economic Studies
- Voice & Data Telecom Leadership Recognition Awards 2016 ‘for Railwire Fast Wi-Fi Project’ under Internet & Broadband Category.
- ‘For Adoption of Technology’-Governance Now PSU Awards 2016
- ‘Best Overall Performance’--Governance Now PSU Awards 2016
- Top Rankers Excellence ‘Award for Finance Leadership’ by FORE School under FORE Top Rankers Excellence Awards
- Aegis Graham Bell Award under ‘Bringing Fortune at the bottom of the Pyramid’ category for ‘Railwire Services’
- ‘The CEO with HR Orientation’ – Global HR Excellence Awards by World HRD Congress & Times Ascent
- ‘HR Leadership Award (PSU Focus)’ - Global HR Excellence Awards by World HRD Congress & Times Ascent
- ‘Most Influential CFO Award’ from Chartered Institute of Management Accountants (CIMA) to Shri N. K. Gupta, Director Finance, RailTel
- SCOPE Corporate Communication Award 2016 for ‘Innovative & Effective use of Digital Communication’.
- RailTel awarded a Certificate of Recognition by Governance Now for ‘implementing IT Initiatives furthering organisational transformation’.



CMD/RCIL conferred with "leadership in ICT Promotion for Digital India" by CMAI, TEMA & TEPC

- 'Outstanding Project on Connecting the Unconnected Award' for 'RailWire Station Wi-Fi' Project by Indian Express
- 'Leadership in ICT Promotion for Digital India' to Shri RK Bahuguna, CMD, RailTel Corporation of India Ltd. by CMAI
- CMD, RailTel selected as Vice-Chairman of SCOPE, an apex organisation representing PSEs.

## 11. R&D Efforts

RailTel took the initiative to give the country its 8<sup>th</sup> 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 is working 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. Initially three projects center have been taken up out of which one projects have been completed and ready for commercialization which includes Project on Agriculture Information System using Satellite Image. In addition to this, few more projects have been proposed by the faculties of IITR and are currently under consideration for sponsorship through the center.

## 12. SWOT Analysis

<p><b>S Strengths</b></p> <ul style="list-style-type: none"> <li>❑ Extensive Network with large number of POPs</li> <li>❑ Next Generation high capacity network</li> <li>❑ Strong Government Connect</li> <li>❑ Strong financials</li> <li>❑ Young and Dynamic Team with ICT expertise.</li> <li>❑ ERP based systems .</li> </ul>	<p><b>W Weaknesses</b></p> <ul style="list-style-type: none"> <li>❑ Constraints in access network</li> <li>❑ Innovative presence in IT/ITeS field</li> <li>❑ Building up capacity to under very large projects</li> </ul>
<p><b>O Opportunities</b></p> <ul style="list-style-type: none"> <li>❑ Increasing government ICT initiatives viz. Digital India</li> <li>❑ Increasing Cloud and Data Centre Services adopted by Govt. and PSU</li> <li>❑ Expanding network in North East</li> <li>❑ Upcoming ICT projects</li> <li>❑ Controlled Retail marketing.</li> </ul>	<p><b>T Threats</b></p> <ul style="list-style-type: none"> <li>❑ Expanding Networks of Integrated Telecom Players</li> <li>❑ High Competitive Intensity in new areas viz. Broadband, Data Services etc.</li> <li>❑ Disturbance in Railways Tracts due to Railways expansion work</li> </ul>

## 13. Human Resources

RailTel has made a conscious effort to keep evolving its practices in Human Resources and providing best experience and convenience to its employees. To improve on its convenience to employee score RailTel has implemented an online ERP solution, which enables employee to perform various work related activities online, facilitating them to avail in-house services within a stipulated time frame. This initiative has benefited most to the employees

deputed in fields who can now avail various reimbursements online without a visit to territorial/regional offices.

Keeping pace with the requirements of future requirements and new service diversifications, RailTel is continuously recruiting experienced and qualified manpower from different fields.

At the end of Mar'17 total manpower strength was 814 including regular, deputationiest, contractual and consultants.





RailTel Team with DG/S&T, Railway Board on occasion of 52<sup>nd</sup> RGM Conference

#### 14. Cautionary statement

Statements in the Directors' Report and Management Discussion & Analysis, describing the Company's objectives, projections and estimates, expectations, predictions etc may be "forward looking statements", within the meaning of the applicable laws and regulations. Forward looking statements contained herein are subject to certain risks and uncertainties

that could cause actual results to differ materially from those reflected in the forward looking statements. Actual results, performances or achievement may vary materially from those expressed or implied, economic conditions, Government policies and other incidental factors such as litigation and industrial relation. Readers are cautioned not to place undue conviction on the forward looking statements.

# Report on Corporate Governance

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

In accordance with DPE guidelines on Corporate Governance, this report 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 report) and the operations and accounts are audited at multiple levels. There is a process of Internal Audit, Statutory Audit, Cost Audit and Secretarial Audit. Further more, the company is committed to maintain a transparent flow of information.

## 2. Board of Directors

### 2.1 Composition of Board of Directors

RailTel is a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013 as the President of India presently holds the entire equity share capital of the Company and as per Articles of Association of the Company, the power to appoint Directors on the Board of RailTel vests with the President of India. The composition of Board as on 31/03/2017 is stated below:

Director	Designation
Sh. R. K. Bahuguna	Chairman and Managing Director
Sh. A. Seshagiri Rao	Director/Network Planning & Marketing
Sh. N. K. Gupta (ceased to be the Director w.e.f. 01/04/2017)	Director/Finance.

Director	Designation
<b>Sh. Shobhan Chaudhuri</b> (ceased to be the Director w.e.f. 20/06/2017)	Part-time Official Director (Govt. Nominee Director)
<b>Sh. Sanjay Upreti</b>	Part-time Official Director (Govt. Nominee Director)
<b>Dr. Anupam Alok</b>	Part Time Non-Official Director (Independent Director)
<b>Sh. Ashok Goel</b>	Part Time Non-Official Director (Independent Director)

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

Three Directors namely Smt. Anju Ranjan (DIN: 06681154; DOJ: 03/04/2017), Shri Ashutosh Vasant (DIN:07783222; DOJ: 03/04/2017) & Shri Anshul Gupta (DIN: 07858895; DOJ: 23/06/2017) have

been appointed by the Ministry of Railways to the Board of RailTel. Consequently upon appointment of Smt. Anju Ranjan as Director Finance, RailTel is complying with the provisions of appointment of Woman Directors on the Board of the company as prescribed under section 149(1) of the Companies Act, 2013 and rules made thereunder.

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

Board of Directors and their memberships of BoD/ Committees as on the date of this report are stated 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
<b>Sh. R. K. Bahuguna</b>	Chairman and Managing Director	1	NA	NA
<b>Sh. A. Seshagiri Rao</b>	Director-Network Planning and Marketing (whole-time Director)	NIL	NIL	1 (CSR Committee)
<b>Smt. Anju Ranjan</b>	Director Finance (whole-time Director)	2	NIL	1 (CSR Committee)
<b>Shri Ashutosh Vasant</b>	Director-Project, Operation and Maintenance (whole-time Director)	NIL	NIL	1 (CSR Committee)

<b>Sh. Sanjay Upreti</b>	Part-time Official Director (Govt. Nominee Director)	1	NIL	1 (Audit Committee)
<b>Sh. Anshul Gupta</b>	Part-time Official Director (Govt. Nominee Director)	NIL	NIL	1 (Nomination & Remuneration Committee)
<b>Dr. Anupam Alok</b>	Part Time Non-Official Director (Independent Director)	NIL	3 (Audit, CSR and Nomination & Remuneration Committee)	NIL
<b>Sh. Ashok Goel</b>	Part Time Non-Official Director (Independent Director)	NIL	NIL	2 (Audit and Nomination & Remuneration Committee)

Note:

- The term 'whole-time director' used in this report refers to functional/ executive directors.
- The term 'official' indicates part-time Government nominated directors.
- The term 'non-official'/ independent' indicates part-time Directors who are qualified to be appointed as Independent Director under section 149(6) of the Companies Act, 2013 and rules made thereunder.
- 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 prescribed under Section 165 of the Companies Act, 2013 and rules made thereunder.
- Committees here denote Audit Committee, Nomination & Remuneration Committee and CSR Committee.

- The number of committee memberships/chairmanships of directors is within the prescribed ceiling limit i.e. 10 (Ten) memberships and 5 (Five) chairmanships in accordance with the provisions of DPE Corporate Governance Guidelines, 2010.

## 2.4 Change in Directorships

During the FY 2016-17, there has been no change in the composition of Whole-Time Director, Part-time (Official) Directors and Independent Directors.

## 3. Disclosure about Directors

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

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

The appointment of Whole-Time Directors of the Company is done by the Ministry of Railways



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

#### 4. Board Procedure

The Board of Directors met 4 (Four) times during the financial year 2016-17 i.e. on 30/06/2016, 29/09/2016, 17/01/2017, 24/03/2017.

Leave of absence was granted in accordance with the provisions of Section 167(1) (b) of the Companies Act, 2013 and rules made thereunder.

Sh. J.S. Marwah, Company Secretary, has attended all Board Meetings of the Company held during the Financial Year 2016-17.

Details of attendance of the Directors at the Board Meeting during FY 2016-17 are given below:

Director	No. of Meetings during 2016-17		
	Held (during their respective tenures)	Attended	Attended last AGM
Shri R. K. Bahuguna	4	4	Yes
Shri N. K. Gupta	4	3	Yes
Shri A. Seshagiri Rao	4	4	Yes
Shri Sanjay Upreti	4	2	Yes
Shri Shobhan Chaudhuri	4	4	Yes
Dr. Anupam Alok	4	4	Yes
Shri Ashok Goel	4	4	Yes
Smt. Anju Ranjan	NIL	N.A.	N.A.
Shri Ashutosh Vasant	NIL	N.A.	N.A.
Shri Anshul Gupta	NIL	N.A.	N.A.

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

The Company has in place a Code of Conduct for Board members and for Senior Management

(including whole-time directors, Executive Directors and General Managers and above). These Codes came into effect from 30th November, 2007 and have also been posted on the website of the Company-[www.railtelindia.com](http://www.railtelindia.com).

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



The declaration signed by CMD affirming receipt of compliance with the Code of Conduct and Key Values from Board of Directors and members of Senior Management team during FY 2016-17 is given below:

“All the members of the Board and Senior Management Personnel have affirmed compliance of the ‘Code of Business Conduct & Ethics for Board Members and Senior Management’ for the financial year ended on March 31, 2017.”

Sd/-

**R. K. Bahuguna**

DIN: 01748132

Chairman and Managing Director

## 6. Remuneration of Directors

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

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

Independent Directors are entitled for sitting fee within the ceiling as prescribed under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 per meeting of Board or Committees thereof. Besides, they are also reimbursed traveling, boarding and lodging expenses etc. in case any of them is stationed outside Delhi. During the Financial Year the company has paid the sitting fees @ ₹ 20,000/- per meeting of the Board or committees thereof or for separate meeting of Independent Directors to the Independent Directors.

The remuneration paid to Directors during the FY 2016-17 was of ₹ 1.41 crore as against that of ₹ 1.43 crore in the previous year.

No stock option has been made available or offered by the Company during the FY 2016-17 as the equity shares of the company are held only by the Govt. of India.

## 7. Committees of BoD

### 7.1 Audit Committee

The Audit Committee 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 from time to time as and when required. The composition of Board as on 31/03/2017 is stated below:

Sl. No.	Name of Director	Chairman/member
1.	<b>Dr. Anupam Alok</b> , Independent Director	Chairman
2.	<b>Sh. Ashok Goel</b> , Independent Director	Member
3.	<b>Sh. Sanjay Upreti</b> , Part-Time official Director	Member
4.	<b>Sh. Shobhan Chaudhuri</b> , Part-Time Official Director	Member

The present composition of Audit Committee is as under:

Sl. No.	Name of Director	Chairman/member
1.	Dr. Anupam Alok, Independent Director	Chairman
2.	Sh. Ashok Goel, Independent Director	Member
3.	Sh. Sanjay Upreti, Part-Time Official Director	Member

### 7.1.2 Key Responsibilities of Audit Committee

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

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

### 7.1.3 Meetings and Attendance of Audit Committee

During the Financial Year 2016-17, the Audit Committee met 4 (four) times i.e. on 28/06/2016, 29/09/2016, 26/10/2016, 27/12/2016. The attendance of the members at the meetings held during FY 2016-17 are given below:

Member	Status	Meetings held (During their respective tenures)	Meetings attended
Dr. Anupam Alok	Chairman	4	4
Sh. Ashok Goel	Member	4	4
Sh. Sanjay Upreti	Member	4	4
Sh. Shobhan Chaudhuri	Member	2	2

\*Sh. Shobhan Chaudhuri was appointed as a member of the Audit Committee on 29/09/2016 and subsequent to his cessation as director he ceased to be the member of the committee.

**Note:**

- The Director/Finance has attended all the meetings of Audit Committee held during the FY 2016-17 as a Special Invitee except the meeting held on 29/09/2016.
- Sh. J. S. Marwah, Secretary to the Committee has attended all the meetings held during the Financial Year 2016-17.

## 7.2 Nomination and 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.

Since your Company is a Government Company,

therefore the remuneration of its Whole-time Directors is determined by the Government of India. The Part-time Director(s) (Government Nominee) do not receive any remuneration from the Company. Further, the Part-time non-official (Independent) Directors are being paid sitting fee of ₹ 20,000/- per meeting for attending meetings of Board or Committees thereof, besides cost of travel and lodging in case of outstation Directors.

The composition of Nomination & Remuneration Committee as on 31/03/2017 is stated below:

Sl. No.	Name of Director	Chairman/member
1.	<b>Dr. Anupam Alok</b> , Independent Director	Chairman
2.	<b>Sh. Ashok Goel</b> , Independent Director	Member
3.	<b>Sh. Sanjay Upreti</b> , Part-Time Official Director	Member
4.	<b>Sh. Shobhan Chaudhuri</b> , Part-Time Official Director	Member

The present composition of Nomination & Remuneration Committee is as under:

Sl. No.	Name of Director	Chairman/member
1.	<b>Dr. Anupam Alok</b> , Independent Director	Chairman
2.	<b>Sh. Ashok Goel</b> , Independent Director	Member
3.	<b>Sh. Anshul Gupta</b> , Part-Time Official Director	Member

### 7.2.1 Key Responsibilities of Nomination & Remuneration Committee

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the company has constituted Nomination & Remuneration Committee with following term of references mandated by the Board:

(a) To decide the annual bonus/variable pay pool and policy for its distribution across the

executives and non-unionized supervisors, within the prescribed limits.

(b) To identify persons who may be appointed in senior management in accordance with the certain criteria laid down and recommend to the Board their appointment and removal.

(c) To recommend to the Board a policy relating to the remuneration of other employees.

### 7.2.2 Meetings, Attendance and Composition of Nomination & Remuneration Committee

During the Financial Year 2016-17, the Nomination & Remuneration Committee met 1 (one) time i.e. on 28/06/2016 and all the then members of the Committee have attended the said meeting.

The composition of CSR Committee of the Board as on 31/03/2017 is stated below:

Sl. No.	Name of Director	Chairman/member
1.	Dr. Anupam Alok, Independent Director	Chairman
2.	Shri N. K. Gupta, Director/Finance	Member
3.	Shri A. Seshagiri Rao, Director/NPM	Member
4.	Sh. Shobhan Chaudhuri, Part-Time Official Director	Member

The present composition of CSR Committee is as under:

Sl. No.	Name of Director	Chairman/member
1.	Dr. Anupam Alok, Independent Director	Chairman
2.	Shri A. Seshagiri Rao, Director/NPM	Member
3.	Smt. Anju Ranjan, Director/Finance	Member
4.	Shri Ashutosh Vasant, Director/POM	Member

#### 7.3.1 Key Responsibilities of CSR Committee

In terms of the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the CSR committee plays vital role such as:

- To formulate & recommend to the Board, a CSR policy indicating the activities to be undertaken as per schedule VII of Companies Act, 2013;
- To recommend to the Board CSR activity to be undertaken by the Company;
- To recommend to the Board, the amount of expenditure to be incurred on the CSR activity;

### 7.3 CSR Committee

In terms of the provisions of Section 135 of the Companies Act, 2013, the Board has constituted a CSR Committee in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder.

- To monitor CSR policy from time to time;
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

#### 7.3.2 Meetings, Attendance and Composition of CSR Committee

During the Financial Year 2016-17, the CSR Committee met 4 (four) times i.e. on 10/08/2016, 16/12/2016, 27/12/2016 and 22/02/2017. The attendance of the members at the meetings held during FY 2016-17 are given below:



Member	Status	Meetings held (During their respective tenures)	Meetings attended
Dr. Anupam Alok	Chairman	4	4
Sh. A. Seshagiri Rao	Member	4	4
Sh. N. K. Gupta	Member	4	3
Sh. Shobhan Chaudhuri	Member	3	2

\*Sh. Shobhan Chaudhuri was appointed as a member of the CSR Committee on 29/09/2016 and subsequent to his cessation as director he ceased to be the member of the committee.

## 8. Stakeholder's Relationship Committee

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

## 9. Whistle-Blower Policy

In compliance with laid down norms and to provide employees of RailTel an avenue to raise complaints, in line with commitment of RailTel to

the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimization, RailTel has a Whistle-blower policy the details of which are available on the company's website.

## 10. General Body Meetings

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

Financial Year	Date of holding meeting	Time	Venue
2013-14	27 <sup>th</sup> August, 2014	4 PM	Committee Room, Rail Bhawan
2014-15	21 <sup>st</sup> September, 2015	4 PM	Committee Room, Rail Bhawan
2015-16	12 <sup>th</sup> September, 2016	4 PM	Committee Room, Rail Bhawan

## 11. Disclosures:

- (a) During the year, there was no transaction of material nature with the Directors or their relatives that had potential conflict with the interest of the Company.
- (b) The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements.

- (c) The Company has not made any public issue of shares or made any offer of shares in any manner to public. There has been no instance of non-compliance on any matter related to the capital market.
- (d) The Company has a wholly-owned subsidiary by the name of “RailTel Enterprises Limited”. The turnover/net worth of REL did not exceed 20% of the turnover or net worth of RailTel (Holding Company) during the Financial Year 2016-17. Therefore, it is not considered as a “material subsidiary” as per DPE guidelines.

## 12. Non Mandatory Requirements:

- (a) **Information to Shareholders:** Apart from the annual report etc. sent to the shareholders before the Annual General Meeting, periodical reports on the progress of the Company both in physical and financial are submitted in the form of PCDO and other correspondence to the Govt. of India, Ministry of Railways (100% holder of the equity share capital of the Company).
- (b) **Training of Board Members:** The normal practice is to furnish a set of documents/booklet to a director on his/her joining to the Board. This includes data about the Company including its Brochure, Annual Report, Latest Unaudited financial results and MoU targets & achievement, Memorandum and Articles of Association.

Directors are also being nominated from time to time to attend conferences on corporate governance, roles & responsibilities of Directors and other industry related matters conducted by DPE, SCOPE and other reputed Institutes.

During the year, RailTel has facilitated two Independent Directors to attend workshop on capacity building of non-official Directors held at Shillong conducted by DPE.

- (c) **Evaluation of Board Members:** The Directors of your Company are appointed by the Government of India, therefore the evaluation is also to be done by Government of India being the appointing authority. Further, as per notification dated 5 June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of section 134(3)(p) of the Companies Act, 2013 with respect to performance evaluation of Board and its Committees.
- (d) RailTel being a Govt. company under the Ministry of 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.
- (e) **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.

### 13. General Shareholders' Information

#### 17th Annual General Meeting

<b>Date:</b>	22 <sup>nd</sup> September, 2017
<b>Time:</b>	4.00 p.m.
<b>Venue:</b>	Committee Room, Rail Bhawan, New Delhi-110001

### 14. Factual Calendar for Approving Matters pertaining to FY 2016-17

**Approval of Annual Accounts by BoD: 31/07/2017**

**Adoption of Audited Annual Accounts by Shareholders: As per date of AGM**

### 17. Distribution of Shareholding

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

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

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

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

### 18. Communication Address:

<b>Regional Offices and Territorial Offices of the Company</b>	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.
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### 15. Book Closure as per date of AGM

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.

### 16. Dividend and Pay-Out Date

Dividend when declared is normally paid within 5 days. During the financial year 2016-17 the Company had paid on 17/02/2017, an interim dividend to its shareholders of ₹ 18 crore on the paid-up share capital of ₹ 320.94 crore. The final dividend of ₹ 33.53 Crore has been recommended for payment to the shareholders.

Address correspondence with the Registered Office  
(regarding the Corporate Governance matters covered  
under this report)

The Company Secretary & DGM (Law),  
RailTel Corporation of India Ltd.  
**Corporate office:** 143, Sector 44, Institutional Area  
Gurugram, (Haryana)-122003  
Tele: 0124-2714000 and Fax 0124-4236084  
**Regd. Off:** 6<sup>th</sup> Floor, IIIrd Block, Delhi Technology  
Park, Shastri Park, Delhi-110 053  
Tele: 011-22185933-34 and Fax: 011-22185978  
E-mail: [jsmarwah@railtelindia.com](mailto:jsmarwah@railtelindia.com)

## C&AG Comments

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 31<sup>st</sup> MARCH 2017.

The preparation of consolidated financial statements of Railtel Corporation of India Limited for the year ended 31<sup>st</sup> March 2017 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 11<sup>th</sup> August 2017.

I, on 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 for the year ended 31<sup>st</sup> March 2017. We conducted a supplementary audit of the financial statements of Railtel Enterprises Limited and the Company did not have any Associate Company/jointly controlled entity. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Sd/-

(B.R. Mondal)

Principal Director of Audit  
Railway Commercial, New Delhi

Place : New Delhi

Dated : 18<sup>th</sup> September, 2017

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 31<sup>st</sup> MARCH 2017.

The preparation of financial statements of Railtel Corporation of India Limited for the year ended 31<sup>st</sup> March 2017 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 statement under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11<sup>th</sup> August 2017.

I, on 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 31<sup>st</sup> March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-

(B.R. Mondal)

Principal Director of Audit  
Railway Commercial, New Delhi

Place : New Delhi

Dated : 18<sup>th</sup> September, 2017



**GSA & Associates**  
CHARTERED ACCOUNTANTS

# Independent Auditor's Report

To  
**The Members of  
RailTel Corporation of India Ltd.**

## Report on the Standalone Ind-AS Financial Statements

We have audited the accompanying standalone Ind-AS financial statements of **RailTel Corporation of India Limited ('the Company')**, which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2017, the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Cash Flow and standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind-AS 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 have 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 these standalone Ind-AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind-AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind-AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind-AS 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 standalone Ind-AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone Ind-AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, these standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Emphasis of Matter

- a) We draw the attention to the matter in the Notes to the financial statements
  - Note No 37(11) wherein it has been stated that the balances recoverable from Customer or other parties, Recoverable/Payable from/to Ministry of Railways, Sundry Creditors etc. are subject to Reconciliation/confirmation.
- b) The Management has created a provision of ₹ 1.46 Crore towards un-spent amount of CSR in earlier years (FY 2013-14) under the head "Corporate Social Development Reserve". Out of said amount, ₹ 24 Lakh have been utilized in 2015-16. Balance amount i.e. ₹ 1.22 Crore is still appearing in Corporate Social Development Reserve.

Our opinion is not modified in respect of the matters stated under Emphasis of Matter.

### Other Matters

1. We did not audit the separate financial statements of Eastern Region, Western Region and Southern regional offices included in these standalone Ind-AS financial statements, whose financial statements reflect total assets of ₹ 988.93 crore, total liabilities of ₹ 334.30 crore as at 31 March 2017 and total revenues of ₹ 486.67 crore for the year ended on that date, as considered in these standalone Ind-AS financial statements. The Company had prepared separate set of statutory financial statements of these

regional offices for the years ended 31 March 2017, 31 March 2016 and 31 March 2015 in accordance with accounting principles generally accepted in India and which have been audited by other auditors appointed by the CAG under generally accepted auditing standards applicable in India. Our opinion in so far as it relates to the amounts and disclosures in respect of these regional offices is solely based on report of the other auditors and the conversion adjustments prepared by the management of the Company, which have been audited by us. Our opinion is not qualified in respect of this matter. Further, Audit of the financial Statement of Northern Region and Corporate office (Gurugram) have been audited by us.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in "Annexure B".
3. As required by Section 143(3) of the Act, we report that
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the standalone Ind-AS financial statements i.e. the Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in equity dealt with by this are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone Ind-AS financial statements comply with Ind AS specified under Section 133 of the Act;
  - e. In terms of notification no G.S.R. No 463 (E) dated 5th June 2015 issued by Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Act regarding disqualification of directors, are not applicable to the Company
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure "C"; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in Note No 37 (32) to the standalone Ind-AS financial statements, has disclosed the impact of pending litigations on its financial position;

- ii. the company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.
- iv. the Company, as detailed in note no 37(13) to the Ind-AS financial statements, has made requisite disclosures in these standalone Ind-AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

**For GSA & Associates**  
Chartered Accountants  
FRN 000257N

**Sd/-**

**(Ashish Arya)**

Partner

Membership No.533967

Place: **New Delhi**

Date: **11<sup>th</sup> August 2017**

### ‘Annexure A’ to the Auditors’ Report

The Annexure referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the member of the Company on the standalone Ind AS financial statement for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets, and is in the process of updating the quantitative, identification marks and situation details with respect to certain fixed assets in the records maintained by the company.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, during the year, as part of the internal audit, the internal auditors have carried out the physical verification of fixed assets of the company. As per their report no material discrepancies have been identified during the course of physical verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in one case where the Company has acquired a govt land measuring 2 Bigha for 25 years in a village Namulijalah of Sila Sinduri Ghopa Mouza under North Guwahati from Govt of Assam for setting up Network Hub & Corporation Head Quarter. Eastern region is holding Handing over taking over certificate.
- (ii) (a) The management has conducted physical verification of Inventory at reasonable intervals during the year.
- (b) The procedures for physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper quantitative records of its inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in register maintained under section 189 of Companies Act, 2013. In view of this, sub clauses (a), (b), and (c) of clause 3(iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us the Company has not made any loans, investments, guarantee, and security in terms of Section 185 and 186 of Companies Act 2013. Accordingly, clause 3(iv) of the Order is not applicable
- (v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 2013 and rules framed there under are not applicable.
- (vi) We have reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost records under section 148(1) of the Companies Act 2013, and are of the opinion that the prescribed accounts and records have been made and maintained.



As explained by the management, Cost records are maintained by the management and cost audit is conducted every year by the cost auditor.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. However, no tax at source has been deducted on the provisions created under AP accrual. Amount of provision was ₹ 16,89,71,606. As explained to us, there are no outstanding statutory dues as at the last day of the financial year *i.e.* 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of duty of customs and excise which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes:

Sl. No.	Name of the Statute	Nature of Dues	Amount (In Lacs)	Period to which the amount relates	Forums where dispute is pending
1.	Finance Act, 1994	Short payment of service tax, without considering credit note vide Notice no. SCN C no. V (15) 126/ ST-Adjn/ADC/12 / 22532 DT 21-09-2012 issued by Additional Commissioner Service Tax, Kolkata	47	2012-13	Commissioner Appeal, Kolkata
2.	Finance Act, 1994	Service tax on Railway deposit works and utilization of cenvat credit vide Notice no. SCN C no. V (15) 133/ ST-Adjn.Commr./10 /17889 DT 08-10-2010 issued by Commissioner Service Tax, Kolkata	114	2006-07 to 2009-10	Tribunal, Kolkata
3.	Finance Act, 1994	Classification of Railway deposit works under works contract tax. Department contention is service tax payable on 13% service charge for the period 2011 to 2014 Order no. 42/2015, Appeal No. 62/2016	50.99	2011 to 2014	High Court, Hyderabad

4.	Finance Act, 1994	Levy of service tax on consideration received for maintaining electricity and power at major railway stations, Non-payment of service tax on service rendered to Associated enterprises, Non reversal of cenvat credit on common input services received for providing taxable as well as exempted services, Difference in reconciliation for the period 2011-14. Order no. 70 & 71/2015-16	505.09	2011-14	Tribunal Hyderabad
5.	Finance Act, 1994	Classification of Railway deposit works under works contract tax. Department contention is service tax payable on 13% service charge for the period 2014-15 Order no. 29/2016-17	8.00	2014-15	Commissioner Appeal, Hyderabad
6.	Telangana VAT	Form-VAT 203 dated 17-10-2016. Demand for penalty for not disclosing transaction (Rly. Deposit works) in time for which RailTel has already paid VAT with interest in 2013 and 2014 for works in 2008-2013	34.63	2008-2013	Appellate Deputy Commissioner, Hyderabad
7.	Finance Act, 1994	Service tax audit report for the year 2012-2013 & SCN for that no. 22/2016	125.08	2012-13	Commissioner (Appeals), Hyderabad
8.	Finance Act, 1994	Classification of Railway deposit works under works contract tax. Department contention is service tax payable on 13% service charge for the period 2008-2011. Stay order provided by CESTAT	32.07	2008-2011	Tribunal, Hyderabad
9.	Finance Act, 1994	Case for the period 2014-15. Service tax liability on electricity & input reversal on exempt services. Notice no. 37/2015	20.73	2014-15	Assistant Commissioner (Hyderabad)

10.	Income Tax Act, 1961	Appeal filed against AO' order for AY 2014-15 for making additions on account of disallowance for earlier year' depreciation and disallowance on account of revaluation of fixed assets	142	AY 2014-15	CIT(A), New Delhi
11.	Income Tax Act, 1961	Order Issued u/s 201(1)/201(1A) Dated 25.03.2015. (25% of total demand of ₹ 6.96 lacs has already been paid and stay has been granted for rest of demand)	27.85	2012-13	Commissioner of Income Tax (Appeal), Kolkata
12.	Income Tax Act, 1961	Order issued u/s 143(3) with addition of ₹ 6 Cr. on account of Prior Period Expense (full amount adjusted against Income tax refund)	122	A.Y 2013-14	Commissioner of Income Tax (Appeal), New Delhi
13.	Income Tax Act, 1961	TDS demand due to short deduction of TDS	0.27	2010-11 to 2012-13	TDS (Commissioner)
14.	RVAT Act	Levy of entry Tax.	44.64	2013-14 to 2014-15	RVAT Department
15.	Finance Act, 1994	Tax on passive infrastructure like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	78.88	1.05.06 to 10.05.07	Commissioner Service Tax, New Delhi
16.	Finance Act 1994	Tax on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Commissioner Service Tax	1.32	15.09.2004 to 31.03.07	Commissioner Service Tax, New Delhi
17.	Finance Act 1994	Tax on passive infrastructure Like IP-1, before commencement of concept of Telecommunication Service. The case is pending before Supreme Court	149	1.04.03 to 31.12.05	Supreme Court

- (viii) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has not availed any loan or borrowing from any financial institution, banks, government or from others. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the informations and explanations given to us by the management and as reported by the regional auditors, no fraud by the Company or on the Company by its officers or employees has been referred by the Company's Vigilance department during the year.
- (xi) In view of the exemption given in terms of Notification No. G.S.R. No. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V to the Companies Act, 2013 regarding managerial remuneration are not applicable to the company.
- (xii) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company is not a Nidhi Company Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations provided to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013, wherever applicable. The post facto approval from the board has been taken for the transactions entered by the company with the subsidiary.
- (xiv) According to the information and explanation provided to us and based on our examination of the records of the company, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the company.
- (xv) According to the information and explanation provided to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, provisions of 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the company.

**For GSA & Associates**  
Chartered Accountants,  
FRN: 000257N

**Sd/-**  
**(Ashish Arya)**  
Partner  
Membership No.533967

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

S. No.	Directions	Reply
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.	All freehold and leasehold lands have clear title/ lease deeds except in one case where the Company has acquired a govt land measuring 2 Bigha for 25 years in a village Namulijalah of Sila Sinduri Ghopa Mouza under North Guwahati from Govt of Assam for setting up Network Hub and Corporation Head Quarter. Eastern region is holding Handing over taking over certificate.
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, reasons thereof and amount involved.	There are no cases of waiver/ write off of debts/ loans/ interest etc.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grants from government or other authorities	As per our opinion, there are no inventories which are lying with the third parties. The company has not received any assets as gift/ grant(s) from Government or other authorities.

The above information has been verified based on the information and explanations furnished to us at Corporate Office.

**For GSA & Associates**  
Chartered Accountants,  
FRN: 000257N

S/d-

**(Ashish Arya)**

Partner

Membership No.533967

Place: New Delhi

Date: 11<sup>th</sup> August 2017

## ‘Annexure – C’ to the Auditors’ Report

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

We have audited the internal financial controls over financial reporting of **RailTel Corporation of India Ltd** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

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

### Auditors’ Responsibility

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

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

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



### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, subject to the strengthening of the internal audit system in revenue accounts, as reported by the regional auditors, the Company has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For GSA & Associates**  
Chartered Accountants,  
FRN: 000257N

Sd/-

**(Ashish Arya)**  
Partner  
Membership No.533967

Place: New Delhi  
Date: 11<sup>th</sup> August 2017

## RailTel Corporation of India Limited

### Balance Sheet as at 31.03.2017

(₹ in Lakh)

Particulars	Note No.	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 01 <sup>st</sup> April 2015
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipments	3	68,926	70,815	59,268
Capital Work-in-Progress	4	35,925	26,171	16,001
Intangible Assets	3	465	238	344
Financial Assets				
Investment	5	1,000	1,000	1,000
Loans & Security Deposits	6	371	287	237
Other Non Current Assets	7	6,962	17,696	21,149
<b>CURRENT ASSETS</b>				
Inventories	8	22	59	117
Financial Assets				
Trade Receivables	9	36,805	25,778	16,788
Cash and Cash Equivalents	10	9,068	2,783	1,510
Other Bank Balances	11	51,326	53,193	65,732
Loans & Security Deposits	12	423	257	231
Other Financial Assets	13	13,398	9,507	8,282
Current Tax Assets (Net)	14	2,241	7,322	8,606
Other Current Assets	15	4,219	5,947	5,386
<b>TOTAL ASSETS</b>		<b>231,151</b>	<b>221,053</b>	<b>204,651</b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity Share Capital	16	32,094	32,094	32,094
Other Equity		83,639	76,332	69,078

Particulars	Note No.	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 01 <sup>st</sup> April 2015
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-	-	-
Other Financial Liabilities	17	3,898	5,058	5,038
Provisions	18	46	46	46
Deferred Tax Liabilities (net)	19	1,964	3,506	(350)
Other Non Financial Liabilities	20	31,041	44,810	64,078
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-	-	-
Trade Payables	21	19,442	13,803	10,858
Other Financial Liabilities	22	9,752	5,868	3,613
Provisions	23	2,084	2,093	922
Other Non Financial Liabilities	24	47,191	37,443	19,274
<b>Total Equity and Liabilities</b>		231,151	221,053	204,651
Summary of Significant Accounting Policies		1		
The accompanying notes referred to above form an integral part of financial statement		1 to 37		

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No.: 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

## RailTel Corporation of India Limited

### Statement of Profit and Loss for the Year ended 31.03.2017

(₹ in Lakh)

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
<b>Income</b>			
Revenue from operations	25	84,786	57,221
Other Income	26	5,113	6,934
Finance Income	27	42	15
<b>Total Income</b>		<b>89,941</b>	<b>64,170</b>
<b>Expenses</b>			
Access Charges other Charges	28	20,499	16,344
License fee and spectrum charges (revenue share)	29	4,272	3,547
<b>Expenses on Project</b>	30	19,102	2,692
Employee Benefits Expenses	31	9,227	8,780
Administrative & Other Expenses	32	5,886	5,265
Depreciation and amortisation	33	11,641	8,068
Finance Expenses	34	80	75
<b>Total Expenses</b>		<b>70,707</b>	<b>44,771</b>
<b>Profit before exceptional items and tax</b>		19,234	19,399
Exceptional Items			
Profit before tax		19,234	19,399
<b>Tax expenses</b>			
Current tax	35	8,427	5,347
Deferred tax	35	(1,541)	3,856
Tax impact of earlier years		(534)	
<b>Profit for the period</b>		12,882	10,196
<b>Net profit attributable to</b>			
a) Owners of the company A		12,882	10,196
b) Non Controlling interest			

Particulars	Note No.	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
<b>Other comprehensive income (OCI):</b>			
i Items that will not be reclassified to Profit & Loss		-	-
Re-measurement losses on defined benefit plans		(331)	(31)
Income tax relating to item that will not be reclassified to Profit & Loss		115	11
<b>Other comprehensive income/(Loss) B</b>		<b>(216)</b>	<b>(20)</b>
<b>Total comprehensive income for the period (A+B)</b>		<b>12,666</b>	<b>10,176</b>
Earning per Equity Share of ₹ 10/- each			
(a) Basic		4.01	3.18
(b) Diluted		4.01	3.18
Summary of Significant Accounting Policies		1	
The accompanying notes referred to above form an integral part of financial statement		1 to 37	

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

Place New Delhi  
Date:11/08/2017

## RailTel Corporation of India Limited

### Statement of Changes in Equity for the period ended 31<sup>st</sup> March 2017

(₹ in Lakh)

#### A. EQUITY SHARE CAPITAL

AS on 1 <sup>st</sup> April 2015	32,094
Change in Equity Share Capital during the year	-
As at 31 <sup>st</sup> March 2016	32,094
Change in Equity Share Capital during the year	-
As at 31 <sup>st</sup> March 2017	32,094

#### B. OTHER EQUITY

	Retained Earnings	General Reserve	Research & Development Reserve	Corporate Social Development Reserve, Sustainable Development Reserve	Total Equity
Balance as at 1 <sup>st</sup> April 2015	36,169	32,000	-	146	68,315
<b>Adjustment for:</b>					-
Add: Proposed dividend reversed for F.Y. 2014-15	700				700
Add: Tax on proposed dividend reversed for F.Y. 2014-15	143				143
Add: Prior period Adjustments	(127)				(127)
Add: Financial Impact on Financial Asset and Liability	47				47
<b>Restated Balance as at 1<sup>st</sup> April 2015</b>	<b>36,932</b>	<b>32,000</b>	<b>-</b>	<b>146</b>	<b>69,078</b>
Add: Total Comprehensive Income for the Year 2015-16	10,176				10,176
Less: Final Dividend for the F.Y. 2014-15	(700)				(700)
Less: Tax on Final Dividend for the F.Y. 2014-15	(143)				(143)
Less: Interim dividend for the F.Y. 2015-16	(1,500)				(1,500)
Less: Tax on Interim Dividend for the F.Y. 2015-16	(305)				(305)



	Retained Earnings	General Reserve	Research & Development Reserve	Corporate Social Development Reserve, Sustainable Development Reserve	Total Equity
Less: Transfer to General Reserve	(4,000)	4,000			-
Less: Fund Utilised during the year				(24)	(24)
<b>Balance as at 31 March 2016</b>	<b>40,460</b>	<b>36,000</b>	-	<b>122</b>	<b>76,582</b>
Adjustment for:					
Prior Period Adjustment	(396)				(396)
Tax impact of Prior Period Adjustment	146				146
<b>Restated Balance as at 31 March 2016</b>	<b>40,210</b>	<b>36,000</b>	-	<b>122</b>	<b>76,332</b>
<b>Add: Total Comprehensive Income for the Year 2016-17</b>	<b>12,666</b>				12,666
Less: Final Dividend for the F.Y. 2015-16	(2,653)				(2,653)
Less: Tax on Final Dividend for the F.Y. 2015-16	(540)				(540)
Less: Interim dividend for the F.Y. 2016-17	(1,800)				(1,800)
Less: Tax on Interim Dividend for the F.Y. 2016-17	(366)				(366)
Less: Transfer to General Reserve	(4,000)	4,000			-
<b>Balance as at 31 March 2017</b>	<b>43,517</b>	<b>40,000</b>	-	<b>122</b>	<b>83,639</b>
Summary of Significant Accounting Policies		1			
The accompanying notes referred to above form an integral part of financial statement		1 to 37			

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

## RailTel Corporation of India Limited

### Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakh)

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
<b>Profit for the period</b>	<b>19,234</b>	<b>19,399</b>
Adjustments for:		
Depreciation and Amortisation Expense	11,641	8,068
Other Comprehensive Income	(216)	(20)
Provision for doubtful debts (net)	752	(25)
Corporate Social Responsibility		(24)
Prior Period Adjustments		(250)
Interest income (considered separately)	(4,075)	(5,650)
<b>Operating profit/(loss) before working capital changes</b>	<b>27,336</b>	<b>21,498</b>
(Increase)/decrease in Trade Receivables	(11,779)	(8,965)
(Increase)/decrease in Loans and security Deposit	(84)	(50)
(Increase)/decrease in Other Non Currents Assets	10,734	3,454
(Increase)/decrease in Inventories	37	58
(Increase)/decrease in Short terms Loans and Security Deposit	(166)	(26)
(Increase)/decrease in Other Financial Assets	(3,891)	(1,224)
(Increase)/decrease in Other Current Tax Assets	1,586	(282)
(Increase)/decrease in Other Current Assets	1,727	(560)
Increase/(decrease) in Other Non Financial Liabilities	(1,160)	20
Increase/(decrease) in Deferred Tax Liabilities	-	
Increase/(decrease) in Other Non Current Financial Liabilities	(13,769)	(19,268)
Increase/(decrease) in Trade Payables	5,639	2,945
Increase/(decrease) in Other Financial Liabilities (Current)	3,884	2,255
Increase/(decrease) in Short Term Provisions	(8)	(52)
Increase/(decrease) in Other Non Financial Liabilities (Current)	9,747	18,169
<b>Net cash generated from Operation before Tax</b>	<b>29,833</b>	<b>17,972</b>
Income Tax Paid	4398	2558
<b>Net cash generated from Operating Activities</b>	<b>25,435</b>	<b>15,414</b>
<b>Cash Flow from Investing Activities</b>		
Investment in Subsidiary	-	-
Purchase of Property, Plant and Equipment	(19,732)	(29,681)

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Interest income received	4,075	5,650
<b>Net cash used in Investing Activities</b>	<b>(15,657)</b>	<b>(24,031)</b>
<b>Cash Flow from Financing Activities</b>		
Increase/(decrease) in short-term borrowings		
Dividend paid	(4,453)	(2,200)
Dividend Distribution Tax Paid	(907)	(448)
<b>Net cash generated from / (used in) financing activities</b>	<b>(5,360)</b>	<b>(2,648)</b>
<b>Effect of exchange difference on translation of cash and cash equivalents</b>		
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	<b>4,418</b>	<b>(11,265)</b>
Cash and cash equivalents at the beginning of the year	55,976	67,241
<b>Cash and cash equivalents at the end of the year</b>	<b>60,394</b>	<b>55,976</b>
Summary of Significant Accounting Policies	1	
The accompanying notes referred to above form an integral part of financial statement	1 to 37	
<b>1. Cash and Cash Equivalents include the following Balance Sheet amounts</b>		
Cash on Hand (Imprest)	9	6
Remittance in Transit	38	31
Balances with Scheduled Bank		
-In Current A/c	2,026	591
-In Collection A/c	6,995	2155
Bank - UBI-CO-Payment	432	460
In Term Deposit	50,894	52733
	<b>60,394</b>	<b>55,976</b>
<b>2. The above statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows</b>		

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

Place New Delhi  
Date:11/08/2017

# Accounting Policy

## NOTE-1

### 1.1 Corporate Information

RailTel Corporation of India Limited ('the Company') incorporated in India on 26<sup>th</sup> September 2000 is a Public Sector Undertaking. The company is promoted by and is under administrative control of Ministry of Railways. The Registered office of the Company is situated at 6<sup>th</sup> Floor, 3<sup>rd</sup> Block, Delhi Technology Park, Shastri Park, Delhi-110053 and Corporate Office at Plot No 143 Sector 44, Institutional Area Gurugram Haryana-122003.

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.

### Main objective of the company are

- i. To facilitate Railways in expeditiously modernizing their operation and safety systems and network by providing 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 of India Limited is having following operations: -

- I. Telepresence Services - RailTel offers enterprise class Full High Definition (HD) & secure multi-point managed video conferencing service that enables users a virtual, face to face meeting experience.
- II. Data Centre Services - RailTel has its own Data Centres at Secunderabad and Gurugram.
- III. Retail Broadband - RailWire is a retail Broadband initiative of the RailTel.
- IV. Leased Line Service
- V. Virtual Private Network Service
- VI. Internet Leased Line Service
- VII. Rack and Space Co-location Service
- VIII. Tower Co-location Service

## 1.2 Summary of Significant Accounting Policies as per Ind-AS

### a) Basis for Preparation of financial statement

The financial statements of the Company have been prepared to comply in all the material respects with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Accounting Standards) Rules, 2015. The financial statements for all the periods upto and including year ended 31<sup>st</sup> March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006 notified under Section 133 of the Companies Act (“the Act”), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The financial statements for the year ended 31<sup>st</sup> March 2017 are the first financial statements prepared by the Company in accordance with Ind AS. Refer note 1.3 for information on how the Company adopted Ind AS.

The Accounting policies of the company have been redrafted since transition has been carried out from the Indian Generally Accepted Accounting principles (IGAAP) to the Indian Accounting Standards notified by the Ministry of Corporate Affairs on 16<sup>th</sup> February 2015 as the Companies (Indian Accounting Standards) Rules 2015 read with Companies (Indian Accounting Standards) Amendment Rules 2016.

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

### b) Use of Estimates

The preparation of financial statements in conformity with Indian Accounting Standards 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.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the estimate affects only that year or in the year of the revision and future years, if the revision affects both current year and future year.

### c) Inventory

Inventories are valued at the lower of cost and the estimated 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.

Net Realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

**d) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before 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) Property Plant and Equipments (PPE)**

Property plant and equipment is 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 cost for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.

**f) Assets are recognized as tangible assets or intangible assets if provisional acceptance certificate has been issued or company has started offering services from these tangible or intangible assets.**

Where assets are installed on the premises of the customers (commonly called customer premise equipment –‘CPE’) such assets continue to be treated as PPE as the associated risks and rewards remain with the company and the management is confident of exercising control over them, expenses on such assets are treated as retrievable expenses (returnable item of assets after the decommissioning of link) and a depreciation of 100% may be charged on all 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.

Gain and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit & loss on the date of retirement or disposal.

Advance paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as other non-current assets.

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

Freehold land is not depreciated. The asset’s residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date or whenever there are indicators for review.

Assets are depreciated to the residual value on a straight line basis over the estimated useful lives. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review and adjusted prospectively. Freehold land is not depreciated.



Sr. No.	Name of Assets	Main asset/Component	Revised Useful life of assets
1.	OFC & Related Assets	Main Assets	18 Year. 5.28%
2.	Leasehold Land/Flats	Main Assets	Period of Lease
3.	Leasehold Improvements	Main Assets	Period of lease
4.	Prefabricated Building	Main Assets	15 Year 6.67%
5.	Computer	Main Assets	3 Year 31.67%
6.	Office Equipment's	Main Assets	5 Year 19%
7.	Software-ERP	Main Assets	5 Year with 20%
8.	Furniture	Main Assets	10 Year 9.5%
9.	Licenses	Main Assets	Period of license
10.	Free Hold Land	Main Assets	Nil
11.	ERP Hardware	Main Assets	6 Year 15.83%
12.	Vehicle	Main Assets	8 Year 11.875%
13.	Temporary Fixtures	Main Assets	Fully-Depreciated
14.	Telecom Equipment's	Main Assets	8 Year. 12.5%
15.	Last Mile/Access Equipment's	Main Assets	8 Year. 12.5%
	Radio/Access Switches	Component	3 Year 33.33%
16.	Power Plant Equipment's	Main Assets	8 Year. 12.5%
	Battery	Component	5 Year. 20%
17.	Data centre	Main Assets	8 Year. 12.5%
	Data Centre infrastructure	Component	13 Year. 7.31%
18.	Other Infrastructure	Main Assets	8 Year. 12.5%
19.	Data Network	Main Assets	8 Year. 12.5%

### g) 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.

At initial recognition, the separately acquired intangible assets are recognized at cost. Following initial recognition, the intangible assets are accounted at cost less any accumulated amortization & accumulated impairment loss, if any.

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. 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 costing up to rupees five lakh which has independent use is amortised over a period of twelve months 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.

#### **h) Non-current Assets (or disposal groups) held for Sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

If the criteria stated by IND AS 5 “Non-current Assets Held for Sale and Discontinued Operations” are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

#### **i) Impairment of Assets**

The carrying amounts of assets are reviewed by management whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (except intangible assets, for which testing to be done irrespective of whether there is an indication of impairment). 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 recognized.

#### j) 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.

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of comprehensive income.

Amortization of leased assets is computed on straight line basis over the shorter of useful life of the assets or remaining lease period. Amortization charge for capital leases is included in depreciation expense for the period.

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.

Assets leased to others under finance leases are recognized as receivables at an amount equal to the net investment in the leased assets. The finance income is recognized based on periodic rate of return on the net investment of the Company outstanding in respect of the finance lease.

3. **Indefeasible Right to Use ('IRU')**- The Company enters into agreement for leasing assets (capacity) under "Indefeasible right to use" with third parties. Under the arrangement the assets are taken or given on lease over the substantial part of the asset life. However, the title to the assets and associated risks are retained by 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 beyond 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.

Exchange of Network capabilities with other telecommunication service providers are recorded as monetary transactions and measured at the carrying amount of capacities relinquished, as these exchanges are for similar productive assets used to provide telecommunication services to customers.

#### k) Borrowing Costs

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.

#### 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.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents include outstanding Bank Overdraft shown within the borrowings in current Liabilities in Statement of Financial Position and which are considered an integral part of Company's cash management.

#### m) Government Grant

Government Grant related to acquisition of Fixed Assets is treated as 'Deferred Government Grant' and an amount equal to proportionate depreciation of such assets is credited to Statement of Profit and Loss.

#### n) Revenue Recognition and Receivables

##### 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. Service revenue also include revenues associated with access and interconnection for usage of the network of other operators. 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.

**Revenue shall be measured at the fair value of the consideration received or receivables.**

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 from the date of satisfactory installation services at the customer site.

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period based

on 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.

### 3. Interest and Other Income

For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss or as available for sale, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

#### o) Uncollectible accounts receivable

Uncollectible accounts receivable reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Company provides for amounts outstanding net of security deposits, or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.

#### p) 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.

#### q) 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 the 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.

#### r) 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 plan 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 Other Comprehensive Income in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

- i. Gratuity is payable on separation @15 days pay for each completed year of service to eligible employee, who rendered continuous service of 5 year or more. The gratuity ceiling of ₹ 10 Lakh has been considered for actuarial valuation.
- ii. Leave Encashment is payable on separation to eligible employee who have accumulated earned leave. Leave salary is provided for based on valuation, as balance sheet date, made by independent actuary.
- iii. Foreign Service Contribution payable for leave salary and pension in respect of employees who have joined the corporation on deputation for a fixed period from Indian Railways for the year 2016-17 in terms of Government rules and regulations 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.

### s) 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.

### t) 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 & Loss.

#### u) 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 Asset/Liability is recognized on temporary differences calculated based on the Balance Sheet Approach** being the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose that accumulate over the 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 recognized for all temporary differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward of losses and unused tax credits are recognized to the extent it is probable that future taxable income will be available to realize such assets. 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.

#### v) 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.

#### w) Segment Reporting-

The operating segment are organized and managed separately through the respective business managers, according to the nature of product and service provided and geographies in which services are provided, with each segment representing a strategic business unit.

#### x) 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.

#### y) 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.

#### z) 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.

#### aa) 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.

When the Company expects some or all of provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognized as finance cost.

A disclosure for a contingent liability is made at Fair Value 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.

#### 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.

#### Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interim dividend is provided for in the year of payment.

#### Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar

to inception of lease. ARO are settled obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

## ab) Financial Instruments

### A. Financial Instruments –

#### Initial Recognition and Measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognized at fair value plus directly attributable transaction costs in case of financial assets and liabilities not at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit & loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

### B. Financial Assets

#### 1. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### b. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### c. Financial assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

## 2. Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

## C. Financial Liabilities

### 1. Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### 2. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Statement of Profit and Loss.

## D. Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

## 1.3 Disclosures as required by Indian Accounting Standard (Ind AS) 101 First time adoption of Indian accounting Standard.

The Company has adopted Ind AS with effect from 1st April 2016 with Comparatives being restated. In preparing these financial statements, the Company has prepared opening IND AS balance sheet as at 1 April, 2015 the Company's date of transition to Ind-AS in accordance with requirement of IND AS 101, First time adoption of Indian Accounting Standards. The principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016. However the basic approach adopted is again summarized hereunder:

- i) All assets and liabilities have been classified into financial assets/liabilities and non-financial assets/liabilities.
- ii) All non-current financial assets/liabilities at below market rate of interest and outstanding as on 01.04.2015 have been measured at fair value.

Retention money/security deposit of the non-current nature deducted from the bills of contractors being interest free financial liability have been fair valued using discounted cash flow method.

SBI deposit rate for one-year maturity prevailing at the beginning of each year as discount rate to arrive at fair value for IND AS account of that particular year will be used as discount rate for above purpose.

- iii) In accordance with IND AS 101, the resulting adjustments are considered as arising from events and transactions entered before date of transition and recognized directly in the retained earnings at the date of transition to IND AS.
- iv) The estimates as at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with IGAAP (after adjustments to reflect any differences in accounting policies).
- v) IND AS 101 also allows to first time adopter certain exemptions from the retrospective application of certain requirements under IND AS. Accordingly, the company has availed the following exemptions as per IND AS 101:
  - i) Optional exemptions:
    - a) Deemed Cost for Property, Plant & Equipment: The Company has availed exemption under para D7AA of appendix C to IND AS 101 which permits a first time adopter to continue with the carrying values for its PPE as at date of transition to IND ASs measured as per previous GAAP.
    - b) Investment in Subsidiaries: The Company has decided to avail the exemption with regard to measuring the investment in subsidiaries as at date of transition at deemed cost which is previous GAAP carrying amount at that date.
  - ii) Mandatory exemptions:

Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

## NOTE NO. 2

### Basis of Transition to IND AS (IND AS 101)

The adoption of Ind AS is carried out in accordance with Ind AS 101 on April 1, 2015 being the transition date. Ind AS 101 requires that all Ind AS standards that are issued and effective for the year ending March 31, 2017, be applied retrospectively and consistently for all the periods presented. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity at the transition date.

In these financial statements, the Company has presented three Balance Sheets - as of March 31, 2017, March 31, 2016 and April 1, 2015. The Company has also presented Statements of Profit and Loss, Statements of Changes in Equity and Statements of Cash Flows for the year ended March 31, 2017 and 2016 along with the necessary and related notes.

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

### Exemptions/Exceptions from full retrospective application

- (i) The Company has elected to apply the following optional exemption from full retrospective application of Ind AS

#### Deemed Cost

IND AS 101 permits a first time adopter to elect to continue with carrying value for all of its Property Plant and Equipments as recognized in financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustment for de-commissioning liabilities. The exemption can also be used for intangible assets covered by IND AS 38 Intangible Assets

Accordingly the Company has elected to measure all of its Property, Plant and Equipments and intangible assets at their previous GAAP carrying value

#### Leases

Appendix C to IND AS 17 requires an entity to assess whether a contract or arrangement contain a lease. In accordance with IND AS 17, this assessment should be carried out at the inception of the contract or arrangement. IND AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to IND AS, except where the effect is expected to be not material.

#### The Company has applied this exemption for such contract/arrangements.

- (ii) The following mandatory exceptions from retrospective application of Ind AS have been applied by the Company

#### Estimates

An entity's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

IND AS estimates as at 1st April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates in accordance with IND AS as at the date of transition.

#### Reconciliation of Previous GAAP and IND AS

The following reconciliations provide a quantification of the effect of differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 whereas the notes explain the significant differences thereto.

- i. Balance Sheet reconciliations as of April 1, 2015
- ii. Balance Sheet reconciliations as of March 31, 2016
- iii. Reconciliations of statement of profit and loss for the year ended March 31, 2016
- iv. Notes to the Balance Sheet and statement of profit and loss reconciliations
- v. Explanation of material adjustments to statement of cash flows



**i. Balance Sheet reconciliations as of April 1, 2015**

Particulars	Note No.	As at 01 <sup>st</sup> April 2015 (Ind AS)	Impact	As at 01 <sup>st</sup> April 2015 (Re-Grouped Indian GAAP)
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipments	3	59,268		59,268
Capital work-in-progress	4	16,001		16,001
Other Intangible assets	3	344		344
Financial Assets				
Investment in Subsidiary	5	1,000		1,000
Loans & Security Deposit	6	237	(352)	589
Other Non Current Assets	7	21,149		21,149
<b>CURRENT ASSETS</b>				
Inventories	8	117		117
Financial Assets				
Trade receivables	9	16,788		16,788
Cash and cash equivalents	10	1,510		1,510
Other Bank Balances	11	65,732		65,732
Loans & Security Deposit	12	231		231
Other Financial Assets	13	8,282		8,282
Current tax assets (Net)	14	8,606		8,606
Other Current Assets	15	5,386		5,386
<b>TOTAL ASSETS</b>		<b>204,651</b>	<b>(352)</b>	<b>205,003</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	16	32,094		32,094
Other Equity		69,078	763	68,315

Particulars	Note No.	As at 01 <sup>st</sup> April 2015 (Ind AS)	Impact	As at 01 <sup>st</sup> April 2015 (Re-Grouped Indian GAAP)
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-		-
Other financial liabilities	17	5,038	(399)	5,437
Provisions	18	46		46
Deferred tax liabilities (net)	19	(350)		(350)
Other Non Financial Liabilities	20	64,078	-	64,078
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-		
Trade Payables	21	10,858		10,858
Other financial liabilities	22	3,613		3,613
Provisions	23	922	(843)	1,765
Other Non Financial Liabilities	24	19,274	127	19,147
<b>Total Equity and liabilities</b>		<b>204,651</b>	<b>(352)</b>	<b>205,003</b>

ii. Balance Sheet reconciliations as of March 31, 2016

Particulars	Note No.	As at 31 <sup>st</sup> March 2016 (Ind AS)	Impact	As at 31 <sup>st</sup> March 2016 (Re-grouped Indian GAAP)
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipments	3	70,815		70,815
Capital work-in-progress	4	26,171		26,171
Other Intangible assets	3	238		238
Financial Assets				

Particulars	Note No.	As at 31 <sup>st</sup> March 2016 (Ind AS)	Impact	As at 31 <sup>st</sup> March 2016 (Re-grouped Indian GAAP)
Investment in Subsidiary	5	1,000		1,000
Loans & Security Deposit	6	287	(336)	623
<b>Other Non Current Assets</b>	7	17,696		17,696
<b>CURRENT ASSETS</b>				
Inventories	8	59		59
<b>Financial Assets</b>				
Trade receivables	9	25,778		25,778
Cash and cash equivalents	10	2,783		2,783
Other Bank Balances	11	53,193		53,193
Loans & Security Deposit	12	257		257
Other Financial Assets	13	9,507		9,507
<b>Current tax assets (Net)</b>	14	7,322		7,322
<b>Other Current Assets</b>	15	5,947		5,947
<b>TOTAL ASSETS</b>		<b>221,053</b>	<b>(336)</b>	<b>221,389</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	16	32,094		32,094
Other Equity		76,332	2,659	73,673
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
<b>Borrowings</b>				
		-		-
Other financial liabilities	17	5,058	(325)	5,383
Provisions	18	46		46
Deferred tax liabilities (net)	19	3,506		3,506
Other Non Financial Liabilities	20	44,810	-	44,810

Particulars	Note No.	As at 31 <sup>st</sup> March 2016 (Ind AS)	Impact	As at 31 <sup>st</sup> March 2016 (Re-grouped Indian GAAP)
<b>CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings		-		
Trade Payables	21	13,803		13,803
Other financial liabilities	22	5,868		5,868
Provisions	23	2,093	(3,193)	5,286
Other Non Financial Liabilities	24	37,443	523	36,920
<b>Total Equity and liabilities</b>		<b>221,053</b>	<b>(336)</b>	<b>221,389</b>

### iii. Reconciliation of Profit and Loss Statement for the year ended on 31<sup>st</sup> March 2016

(₹ in Lakh)

Particulars	Notes No.	Year ended 31 <sup>st</sup> March 2016 (Ind AS)	Impact	Year ended 31 <sup>st</sup> March 2016 (Indian GAAP)
<b>Income</b>				
Revenue from operations	25	57,221		57,221
Other income	26	6,934		6,934
Finance Income	27	15	15	-
<b>Total Income</b>		<b>64,170</b>	<b>15</b>	<b>64,155</b>
<b>Expenses</b>				
Access Charges other Charges	28	16,344		16,344
License fee and spectrum charges (revenue share)	29	3,547		3,547
Expenses on Project	30	2,692		2,692
Employee Benefits Expenses	31	8,780	(31)	8,811
Administrative & Other Expenses	32	5,265		5,265
Depreciation and amortisation	33	8,068		8,068
Finance Expenses	34	75	75	-
<b>Total Expenses</b>		<b>44,771</b>	<b>44</b>	<b>44,727</b>

Particulars	Notes No.	Year ended 31 <sup>st</sup> March 2016 (Ind AS)	Impact	Year ended 31 <sup>st</sup> March 2016 (Indian GAAP)
<b>Profit before tax</b>		19,399	(29)	19,428
<b>Tax expenses</b>				
Current tax	35	5,347	157	5,190
Deffered tax	35	3,856		3,856
<b>Profit for the period</b>		10,196	(186)	10,382
<b>Net profit attributable to</b>				
a) Owners of the company		10,196	(186)	10,382
b) Non Controlling interest				
<b>Other comprehensive income (OCI):</b>				
I Items that will not be reclassified to Profit & Loss		-		-
Remeasurement losses on defined benefit plans		(31)	(31)	
Income tax relating to item that will not be reclassified to Profit & Loss		11	11	
<b>Other comprehensive income/(Loss) B</b>		(20)	(20)	
<b>Total comprehensive income for the period (A+B)</b>		<b>10,176</b>	<b>(206)</b>	<b>10,382</b>

#### iv. Notes to the Balance Sheet and statement of profit and loss reconciliations.

As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS

**Foreign exchange gain/losses-** Under previous GAAP, certain foreign exchange gains or losses on foreign currency denominated liabilities were capitalized into the carrying value of fixed assets until March 31<sup>st</sup> 2008. Under Ind AS, such gains and losses are not allowed to be capitalized.

**Non-current Financial assets/liabilities-** Under previous GAAP, certain non-current financial assets/liabilities which were measured at cost/best estimate of the expenditure required to settle the obligation, at the Balance Sheet date without considering the effect of discounting whereas these are measured at the present value on the Balance Sheet date under Ind AS. Accordingly, the Company has recognised the adjustment to the respective carrying amount and the consequent impact on finance cost/finance income due to the unwinding of the discounting impact. The corresponding impact on the date of transition has been recognised in equity.

Proposed dividend Under previous GAAP, dividend on equity shares recommended by the board of directors ('proposed dividend') was recognised as a liability in the financial statements in the period to which it relates. Under Ind AS, such dividend is recognised as a liability when approved by the shareholders in the general meeting. The Company accordingly, has de-recognised the proposed dividend liability with the corresponding increase being recognised in equity.

#### v. Explanation of material adjustments to Statement of Cash Flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP except due to various re-classification adjustments recorded under Ind AS and difference in the definition of cash and cash equivalents under these two GAAPs.



**Property Plant & Equipment**

**Note-3**

(₹ in Lakh)

Particulars	Freehold Land	Land & Building	Plant & Machinery	Leasehold Improvements	ERP Hardware	Furniture & Fixtures	Office Equipments	Total	Licenses	Software	Total
<b>Year ended 31<sup>st</sup> March 2016</b>											
Gross Carrying amount											
Cost as at 1 <sup>st</sup> April 2015	223	3,107	118,288	377	204	255	500	122,954	250	405	655
Additions	30	2,044	16,763	480	-	40	134	19,491	-	-	-
Disposal								-			-
Transfer								-			-
<b>Closing Gross Carrying amount</b>	<b>253</b>	<b>5,151</b>	<b>135,051</b>	<b>857</b>	<b>204</b>	<b>295</b>	<b>634</b>	<b>142,445</b>	<b>250</b>	<b>405</b>	<b>655</b>
<b>Accumulated Depreciation</b>											
Opening accumulated Depreciation	-	628	58,903	522	41	159	362	60,615	209	102	311
Charge during the year	-	192	9,392	54	52	31	62	9,783	25	81	106
Depreciation Adjustment not impacting P&L			4					4			-
Disposals/adjustment			1,240			-	(4)	1,236			-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>820</b>	<b>69,531</b>	<b>576</b>	<b>93</b>	<b>190</b>	<b>420</b>	<b>71,630</b>	<b>234</b>	<b>183</b>	<b>417</b>
<b>Impairment</b>											
Opening accumulated Impairment			3,071					3,071			-
Impairment during the year								-			-

Reversal of Impairment during the year	-	-	-	(3,071)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Accumulated Impairment</b>																			
<b>NET CARRYING AMOUNT- 31/03/2016</b>	<b>253</b>	<b>4,331</b>	<b>-</b>	<b>(3,071)</b>	<b>281</b>	<b>111</b>	<b>105</b>	<b>214</b>	<b>70,815</b>	<b>16</b>	<b>222</b>	<b>238</b>							
<b>Year ended 31st March 2017</b>																			
Gross Carrying amount																			
Cost as at 1 <sup>st</sup> April 2016	253	5,151	-	135,051	857	204	295	634	142,445	250	405	655							
Additions	-	440	-	8,737	380	18	25	102	9,702	296	18	314							
Disposal	-	(2)	-	(14)	-	-	0	0	(16)	-	-	-							
Transfer	-	42	-	-	(42)	-	-	-	0	-	-	-							
<b>Closing Gross Carrying amount</b>	<b>253</b>	<b>5,631</b>	<b>-</b>	<b>143,774</b>	<b>1,195</b>	<b>222</b>	<b>320</b>	<b>736</b>	<b>152,131</b>	<b>546</b>	<b>423</b>	<b>969</b>							
<b>Accumulated Depreciation</b>																			
Opening accumulated Depreciation	-	820	-	69,531	576	93	190	420	71,630	234	183	417							
Charge during the year	-	423	-	10,952	105	27	13	71	11,591	5	82	87							
Disposals /adjustment	-	40	-	(14)	(42)	-	0	0	(16)	-	-	-							
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,283</b>	<b>-</b>	<b>80,469</b>	<b>639</b>	<b>120</b>	<b>203</b>	<b>491</b>	<b>83,205</b>	<b>239</b>	<b>265</b>	<b>504</b>							
<b>Impairment</b>																			
Opening accumulated Impairment	-	-	-	-	-	-	-	-	-	-	-	-							
Impairment during the year	-	-	-	-	-	-	-	-	-	-	-	-							
Reversal of Impairment during the year	-	-	-	-	-	-	-	-	-	-	-	-							
<b>Closing Accumulated Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
<b>NET CARRYING AMOUNT- 31/03/2017</b>	<b>253</b>	<b>4,348</b>	<b>-</b>	<b>63,305</b>	<b>556</b>	<b>102</b>	<b>117</b>	<b>245</b>	<b>68,926</b>	<b>307</b>	<b>158</b>	<b>465</b>							

## Capital Work in Progress

Note-4

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
NE-1	9,091	6,951	4,307
NE-2	17,133	9,695	3,584
OFC Laying Works	2,907	2,463	1,369
MPLS, STM & Other Telecom Radio Equipment and Data Centre	2,962	3,124	5,826
Site Works	3,805	3,927	910
Others	27	11	5
<b>Total</b>	<b>35,925</b>	<b>26,171</b>	<b>16,001</b>

## NON CURRENT ASSETS

### Investments

Note-5

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Long Term Investments-at Cost</b>			
Trade (Unquoted)			
Investment in Shares of subsidiaries			
<b>RailTel Enterprises Limited (Fully Owned)</b>			
100,00,000 equity shares of ₹ 10 each fully paid	1,000	1,000	1,000
<b>Total Carrying Value</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

## Loans and Security Deposit

Note-6

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Unsecured Good, Considered Good unless stated otherwise			
Security Deposits			
Considered Good	371	287	237
<b>Total</b>	<b>371</b>	<b>287</b>	<b>237</b>

## Other Non Current Assets

Note-7

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
(Unsecured, secured good unless stated otherwise)			
<b>Capital Advances</b>			
Considered Good	5,229	3,343	1,517
<b>Other</b>			
Lease prepayment	1,733	392	452
Trade Receivables-Long Term		13,961	19,180
<b>Total</b>	<b>6,962</b>	<b>17,696</b>	<b>21,149</b>

## CURRENT ASSETS

### Inventories (Valued at lower of cost or net realisable value)

Note-8

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Inventory (Consumables for O&M Work)	22	59	117
<b>Total</b>	<b>22</b>	<b>59</b>	<b>117</b>



## Trade Receivables

## Note-9

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Unsecured, Unless Stated Otherwise			
<b>Telecommunication Business</b>			
Receivable outstanding for a period exceeding six months from the date they were due for payment			
Considered Good	14,584	13,937	5,836
Considered Doubtful	3,375	2,585	2,610
Less: Provision for Doubtful Receivables	3,375	2,585	2,610
Receivables (less than six months)			
Considered Good	13,229	7,216	5,529
Considered Doubtful			
Less: Provision for Doubtful Receivables			
<b>Other Project works</b>			
Receivable outstanding for a period exceeding six months from the date they were due for payment			
Considered Good	2,058	3,171	3,293
Considered Doubtful	8	46	46
Less: Provision for Doubtful Receivables	8	46	46
Receivables (less than six months)			
Considered Good	6,934	1,454	2,130
Considered Doubtful			
Less: Provision for Doubtful Receivables			
<b>Total</b>	<b>36,805</b>	<b>25,778</b>	<b>16,788</b>

The activity in allowance for doubtful receivables is given below:

Balance at the beginning of the year	2,631	2,656	2647
Add: Additional provision during the year	752	9	9
Less: Bad debts written off	0	(34)	-
Balance at the end of the year	3,383	2,631	2,656

### Cash and Cash Equivalents

### Note-10

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
(i) Cash and Cash Equivalent (Maturity ≤ 3 Months)			
a. Cash on Hand (Imprest)	9	6	5
b. Remittance in Transit	38	31	348
c. Balances with Scheduled Bank			
In Current A/c	2,026	591	454
In Collection A/c	6,995	2,155	703
<b>Total</b>	<b>9,068</b>	<b>2,783</b>	<b>1,510</b>

### Other Bank Balances

### Note-11

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
BG Margin Money A/c	432	460	56
In Term Deposit	50,894	52,733	65,676
<b>Total</b>	<b>51,326</b>	<b>53,193</b>	<b>65,732</b>

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



## Loans and Security Deposits

Note-12

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Unsecured, Considered Good Unless Stated Otherwise</b>			
Loans and Advances to Employee	54	55	28
Security Deposit Short term	30	8	18
Security Deposit other	31	29	21
Others*	308	165	164
<b>Total</b>	<b>423</b>	<b>257</b>	<b>231</b>

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

\*Others in F.Y. 2016-17 include ₹ 180.70 Lakh paid to M/s United Telecom Ltd. For Tele-Presence Equipment.

## Other Financial Assets

Note-13

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Unsecured, Considered good unless stated otherwise</b>			
Advances to Subsidiary	120	96	59
Accrued interest on term deposit	2140	2426	2667
Advances to Railways	5373	6,114	5,211
Unbilled Revenue	5765	871	345
<b>Total</b>	<b>13398</b>	<b>9,507</b>	<b>8,282</b>

Advance to railways includes ₹ 5117 Lakh on account of Four Fibre Maintenance and recovery on account of VAT ( Previous Year 5285 Lakh)

## Current Tax Assets

Note-14

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
MAT Credit	164	3,664	5,231
TDS-Income Tax	1,928	3,630	3,347
Advance Income Tax	149	28	28
<b>Total</b>	<b>2241</b>	<b>7322</b>	<b>8606</b>

## Other Current Assets

Note-15

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Advances recoverable in cash or in kind for value to be received	606	473	1,231
Balance with tax Authorities			
Service Tax Credit Available	2,090	3,092	1,778
VAT Credit	119	95	24
Others	364	1,586	1,828
Advance Service tax	797	649	426
Prepaid expenses	243	52	99
<b>Total</b>	<b>4,219</b>	<b>5,947</b>	<b>5,386</b>



## Equity Share Capital

Note-16

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Authorized Share Capital			
Equity Shares			
1,00,00,00,000 (March 31, 2016 - 1,00,00,00,000) equity shares of ₹ 10 each	100,000	100,000	100,000
Issued, Subscribed and fully paid-up shares			
1,50,00,007 (March 31, 2016 - 1,50,00,007) equity shares of ₹ 10 each in Cash	1,500	1,500	1,500
30,59,38,400 (March 31, 2016 - 30,59,38,400) equity shares of ₹ 10 each in consideration other than cash	30,594	30,594	30,594
<b>Total</b>	<b>32,094</b>	<b>32,094</b>	<b>32,094</b>

The equity share are the only class of Share capital having par value of ₹ 10 per share. Every holder of equity share present at a meeting in person or by a proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Equity share carry voting right proportionate to the paid up value per share. In the event of liquidation of the company, holders of the equity share are entitled to be repaid the amounts credited as paid up on those equity share. All surplus assets after settlement of liabilities as at the commencement of winding up shall be paid to the holders of equity share in proportion of their shareholding.

### 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 2017			
No of Equity Shares-In Cash	15,000,007	-	15,000,007
No of Shares-In consideration other than cash	305,938,400	-	305,938,400
Amount in ₹	3,209,384,070	-	3,209,384,070

Particulars	Opening Balance	Allotted During The Year	Closing Balance
Year ended 31 March 2016			
No of Equity Shares - In Cash	15,000,007	-	15,000,007
No of Shares - In consideration other than cash	305,938,400	-	305,938,400
Amount in ₹	3,209,384,070	-	3,209,384,070
Year ended 31 March 2015			
No of Shares - In Cash	15,000,007	-	15,000,007
No of Shares - In consideration other than cash	305,938,400	-	305,938,400
Amount in ₹	3,209,384,070	-	3,209,384,070

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. During the year ended March 31, 2017, Company has paid an interim dividend of ₹ 0.561 per share (previous year 0.467 per share)

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

Particulars		As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
	Number	320,938,407	320,938,407	320,938,407
Ministry of Railways (in the name of President of India)	%	100	100	100

#### Aggregate number of shares issued for consideration other than cash

Particulars		As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
	Number	305,938,400	305,938,400	305,938,400
Ministry of Railways (in the name of President of India)	%	100	100	100

## NON CURRENT LIABILITIES

### Other Financial Liabilities

Note-17

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Unsecured			
Security Deposit	1,063	973	1,114
Retention Money	2,835	4,085	3,924
<b>Total</b>	<b>3,898</b>	<b>5,058</b>	<b>5,038</b>

### Provisions

Note-18

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Provision for Arbitration Claim	46	46	46
<b>Total</b>	<b>46</b>	<b>46</b>	<b>46</b>

### Deferred Tax Liabilities (Net)

Note-19

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Deferred Tax Liabilities</b>	<b>3,992</b>	<b>4,933</b>	
Depreciation claimed as deduction under Income Tax Act but chargeable in the statement of profit and loss in future years	3,992	4,933	
Less:			
<b>Deferred Tax Assets</b>			(350)
Depreciation chargeable in the statement of profit and loss but claimed as deduction under Income Tax Act in future year	-	-	-
Provision for doubtful debts charged in the statement of profit and loss but to be allowed as deduction under the Income Tax Act in future years	1,171	911	

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Expenditure to be allowed on payment basis under Income Tax Law/Provisions	857	516	
<b>Gross Deferred Tax Assets</b>	2,028	1,427	(350)
<b>Total</b>	<b>1,964</b>	<b>3,506</b>	<b>(350)</b>

## Other Non Financial Liabilities

## Note-20

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Others</b>			
Deferred Revenue (Advance from Customers)*	25,455	42,082	61,228
Advances from Railways**	2,440	2,333	2,850
Subsidy of NE-1 & NE-2	3,146	395	-
<b>Total</b>	<b>31,041</b>	<b>44,810</b>	<b>64,078</b>

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

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

## CURRENT LIABILITIES

### Trade Payables

## Note-21

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Trade Payables</b>			
Micro and Small Enterprises			
<b>Other then Micro and Small Enterprises</b>			
Revenue Share Payable to Indian Railway & Konkan Railway	4,900	1,927	3,285
Towards purchase of Goods and Services	14,500	11,876	7,381
Other Payables	42	-	192
<b>Total</b>	<b>19,442</b>	<b>13,803</b>	<b>10,858</b>

Note: In the absence of any information from Supplier/creditors in ERP, amount due to Micro, Small and Medium Enterprise could not be ascertained in terms of the Micro, Small and Medium Enterprises Development Act 2006



## Other financial liabilities

Note-22

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Security Deposits	1,756	1,244	838
Retention Money	5,157	3,450	2,017
EMD Payable	2,839	1,174	758
<b>Total</b>	<b>9,752</b>	<b>5,868</b>	<b>3,613</b>

## Provisions

Note-23

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Provisions-Others</b>			
Provision for Pension	508	209	
Provision for Tax	581	1,071	-
Provision for PRP	995	813	922
<b>Total</b>	<b>2,084</b>	<b>2,093</b>	<b>922</b>

## Other Non Financial Liabilities

Note-24

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Deferred Revenue (Advance from Customers)	20,759	19,991	9,706
Advance-Others*	20,944	10,840	6,129
<b>Other Payables</b>			
Payable to Others	5,488	6,089	3,312
IND AS Adjustment-Accrued Adjustments	-	523	127
<b>Total</b>	<b>47191</b>	<b>37443</b>	<b>19274</b>

\*It represents money received from BBNL for carrying out project work relating to laying of OFC

## Revenue from operations

Note-25

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
<b>Income from Telecom Services</b>		
NLD Services	36,054	31,562
ISP Services	13,012	7,882
IP-1 Services	13,309	12,164
<b>Income from Projects</b>		
Railways Deposit Works	3,743	2,165
Other projects	18,668	3,280
Other Operating Revenue	-	168
<b>Total</b>	<b>84,786</b>	<b>57,221</b>

## Other Income

Note-26

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
<b>Interest Income</b>		
Interest Income on deposits with Bank	4,075	5,650
Interest Income on Mutual Funds	7	
Interest on Income Tax Refunds	180	242
<b>Other Non Operating Income</b>		
Miscellaneous Income	792	204
Liabilities/Provision written back	-	801
Realised Gain/(Loss) on foreign Exchange	59	37
<b>Total</b>	<b>5,113</b>	<b>6,934</b>

## Finance Income

Note-27

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Discounting Impact of Financial Assets	42	15



### Access Charges & Other Charges

Note-28

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Operation & Maintenance of Fiber & Equipment	4,187	4,297
Share of Revenue with Konkan Railway	18	19
Hire Charges Radio Modem/Optic Fibers and Internet Access	3,376	3,370
Interconnect & Port charges	723	1,016
Franchise Expenses	6,056	2,753
Power & Fuel Expenses on network	3,451	2,674
Revenue Share to Railways	2,688	2,215
<b>Total</b>	<b>20,499</b>	<b>16,344</b>

### License fee and Spectrum charges (Revenue Share)

Note-29

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Licence Fee to DoT	4,117	3,469
Spectrum Charges	155	78
<b>Total</b>	<b>4,272</b>	<b>3,547</b>

### Expenses on Project

Note-30

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Expenses on Projects	17,687	2,492
Allocation of Employee Benefit Expenses (Refer Note No. 31)	884	125
Allocation of Administrative & Other Expenses (Refer Note No. 32)	531	75
<b>Total</b>	<b>19,102</b>	<b>2,692</b>

## Employee Benefit Expenses

## Note-31

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries & Wages (including Staff Welfare)*	9,649	8,505
Contribution to Provident and other funds	462	400
Less: Allocation of Expenses to Projects	884	125
<b>Total</b>	<b>9,227</b>	<b>8,780</b>

\*It includes ₹ 502 Lakh of Performance Related Pay subject to approval of Remuneration Committee

## Administrative & Other Expenses

## Note-32

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Auditor Remuneration		
As Auditor	17	15
As Tax Auditors	7	9
Books & Periodicals	2	2
Communication Expenses	128	127
Conveyance Expenses	38	42
Bank Charges & Commission	21	11
Legal & Professional Expenses	581	529
Insurance	6	24
Rates & Taxes	34	75
Rent	1,409	1,165
Repair & Maintenance – Others	1,306	1,079
Tender Expenses	144	140
Training & Recruitment Expenses	56	46
Traveling Expenses	513	477
Printing & Stationary Expenses	69	75
Vehicle Hire charges	294	278
Inspection Charges	33	99



Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Business promotion Expenses	160	141
Other Miscellaneous Expenses	277	215
Railwire Expenses	207	456
Corporate Social Responsibility	359	323
Loss on sale of Fixed Assets	0	1
Interest Expenses	4	2
Provision for Bad and Doubtful Debts	752	9
<b>Less:- Allocation of Expenses to Project</b>	531	75
<b>Total</b>	<b>5,886</b>	<b>5,265</b>

## Depreciation and Amortisation

### Note-33

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation on tangible Assets	11,554	9,783
Depreciation on Intangible Assets	87	106
Reversal of impairment		(1,821)
<b>Sub Total</b>	<b>11,641</b>	<b>8,068</b>
Prior Period Depreciation*	37	
<b>Sub Total</b>	<b>11,678</b>	<b>8,068</b>

\* ₹ 37 Lakh have been charged through Statement of changes in equity

## Finance Expenses

### Note-34

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Discounting Impact of Financial Liabilities	80	75

## Tax Expenses

Note-35

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax (Income Tax)	8,427	5,347
Tax impact of earlier Years	(534)	
Deferred Tax Asset	(1,541)	3,856
<b>Total</b>	<b>6,352</b>	<b>9,203</b>

## Prior Period Adjustments

Note-36

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Prior Period Expenses	486	-
Prior Period Income	(430)	
Prior Period Income Credit Note	430	
<b>Total</b>	<b>486</b>	<b>-</b>

## Note-37

- These Financial Statements are presented in Indian Rupees (INR) which is the Company's functional currency.
- No Capital expenditure was incurred on assets not owned by the Company during year ended 31<sup>st</sup> March 2017 except on leasehold improvements.
- Trade receivables and TDS receivables are subject to reconciliation, confirmation and consequential adjustments. In opinion of management, the financial impact, if any, will not be material.
- In the opinion of the management, the value of Current Assets, Loans and Advances, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- Figures have been rounded off to nearest Rupees in Lakh.
- In the current year Company has revised the useful life of assets and its residual value on the basis of report of technical committee. Due to such revision and consequent changes in useful life of asset there is a reduction in depreciation for an amount of ₹ 51.91 Lakh. Hence profit for the year is enhanced by the said amount.
- Licence fee to DoT and Railways Revenue Share computed at prescribed rate 8% and 7% respectively.
- A part of expenditure of Employees Benefit Expenses and Administrative Expenses, being 5% & 3% respectively is apportioned to project expenses.
- Cash and Cash Equivalents-** Cash and cash equivalents in the Balance Sheet include cash in hand and at banks, cheques in hand, short term investment and demand deposits.



10. The Current Assets/Liabilities has been determined if they are receivable/payable within 1 year from the date of Balance Sheet. Rest has been treated as Non-Current.
11. Balances recoverable from customer or other parties, Recoverable/Payable from/to Ministry of Railways, Sundry Creditors etc. are subject to Reconciliation/Confirmation.
12. Auditors Remuneration includes:

Particulars	16-17 (in Lakh)	15-16 (in Lakh)
Statutory Audit Fee	17.20	14.20
Out of pocket expenses	0.00	0.00
<b>Total</b>	<b>17.20</b>	<b>14.20</b>

**13. Details of specified notes (SBN) held and transacted during the period from 8<sup>th</sup> November to 31st December 2016.**

	SBNs	Other denominations notes	Total
Closing cash in hand as on 08/11/2016	Nil	Nil	Nil
Permitted Receipts	Nil	Nil	Nil
Permitted Payments	Nil	Nil	Nil
Amount deposited in Banks	Nil	Nil	Nil
Closing cash balance as on 31/12/2016	Nil	Nil	Nil

**14. Capital and other commitments:**

(₹ In Lakh)

Particulars	31 March 2017	31 March 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances)	27776	17431

**15. Value of imports calculated on CIF basis**

(₹ in Lakh)

Particulars	31 March 2017	31 March 2016
Raw materials	Nil	Nil
Consumables and Spare parts	Nil	Nil
Capital goods	7894	5597
<b>Total</b>	<b>7894</b>	<b>5597</b>

## 16. Expenditure in foreign currency (accrual basis)

(₹ in Lakh)

Particulars	31 March 2017	31 March 2016
Interest on foreign currency loan	Nil	Nil
Travelling & conveyance	5	14
Royalty	Nil	Nil
Repair & Maintenance	Nil	Nil
Technical know how	Nil	Nil
Service charges	Nil	Nil

## 17. Accounting for Corporate Social Responsibility

During the period, the gross amount required to be spent by the Company on activities related to Corporate Social Responsibility (CSR) amounted to ₹ 346.77 Lakh (Previous year ₹ 321 Lakh). However, during the year the CSR committee has approved ₹ 368.42 Lakh and out of the said amount ₹ 87.57 Lakh has been released to various parties.

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

(₹ In Lakh)

Particulars	Amount paid	Amount yet to be paid	Total amount booked under CSR expenditure
Construction/Acquisition of any asset	Nil	Nil	Nil
On any other purpose	87.57	271.92	359.49
<b>Total</b>	<b>87.57</b>	<b>271.92</b>	<b>359.49</b>

## 18. Applicability of Various IND AS issued by Ministry of Corporate Affairs

Sl. No.	IND AS No.	Name of Ind AS	Applicable on RCIL
1	101	First time Adoption of Indian Accounting Standards	Applicable
2	102	Share based Payment	Not Applicable
3	103	Business Combinations	Not Applicable
4	104	Insurance Contracts	Not Applicable

Sl. No.	IND AS No.	Name of Ind AS	Applicable on RCIL
5	105	Noncurrent Assets Held for Sale and Discontinued Operations	Applicable-NIL
6	106	Exploration for and Evaluation of Mineral Resources	Not Applicable
7	107	Financial Instruments: Disclosures	Applicable
8	108	Operating Segments	Applicable
9	109	Financial Instruments	Applicable
10	110	Consolidated Financial Statements	Applicable
11	111	Joint Arrangements	Not Applicable
12	112	Disclosure of Interests in Other Entities	Applicable
13	113	Fair Value Measurement	Applicable
14	114	Regulatory Deferral Accounts	Not Applicable
15	1	Presentation of Financial Statements	Applicable
16	2	Inventories	Applicable
17	7	Statement of Cash Flows	Applicable
18	8	Accounting Policies, Changes in Accounting Estimates and Errors	Applicable
19	10	Events after the Reporting Period	Applicable
20	11	Construction Contracts	Not Applicable
21	12	Income Taxes	Applicable
22	16	Property, Plant and Equipment	Applicable
23	17	Leases	Applicable
24	18	Revenue Recognition	Applicable
25	19	Employee Benefits	Applicable
26	20	Accounting for Government Grants and Disclosure of Government Assistance	Applicable
27	21	The Effects of Changes in Foreign Exchange Rates	Applicable
28	23	Borrowing Costs	Not Applicable
29	24	Related Party Disclosures	Applicable
30	27	Separate Financial Statements	Applicable

Sl. No.	IND AS No.	Name of Ind AS	Applicable on RCIL
31	28	Investments in Associates and Joint Ventures	Not Applicable
32	29	Financial Reporting in Hyper inflationary Economies	Not Applicable
33	32	Financial Instruments: Presentation	Applicable
34	33	Earnings per Share	Applicable
35	34	Interim Financial Reporting	Not Applicable
36	36	Impairment of Assets	Applicable
37	37	Provisions, Contingent Liabilities and Contingent Assets	Applicable
38	38	Intangible Assets	Applicable
39	40	Investment Property	Not Applicable
40	41	Agriculture	Not Applicable

Para-wise disclosure of Applicable Indian Accounting Standards are as below:

## 19. Financial Instruments

### Trade receivables

As per Ind AS 109, Company is following expected credit loss model for recognizing the allowance for doubtful debts.

### Security deposits & Retention Money (Liabilities)

Security Deposits & Retention Money are classified as Financial Liabilities.

### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

### Security Deposits (Asset)

There are some deposits which are being kept with government authorities e.g. VAT Authority, Railways, Electricity etc which are considered as financial asset. A period of 10 years has been assumed for discounting these items.

### Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

A discount rate of 8.25% (SBI Rate) has been used for balances as on 01/04/2015 and 31/03/2016. Discount rate of 7.25% (SBI Rate) has been used for balance as on 31/03/2017.

### 20. Disclosure Requirements as per IND AS 108

The Company's principle business is to provide neutral telecom infrastructure. The Company operates within India and does not have operations in economic environment with different risks and returns. Hence, it is considered operating in single geographical segment

The Company's operating segments are as follows:

1. **Telecom Services**-Department of telecommunication has provided three licences to RailTel, namely NLD, ISP and IP-1 licence for providing various type of telecommunication services in the country. RailTel with its expertise in Telecom & IT domain for over a decade offers an end-to-end managed data services to its customers within the framework of these licences.

It provides a wide range of Telecom services to its customer as under:

1. Managed Data Services
  2. Leased Line
  3. Virtual Private Network
  4. Internet Leased Line
  5. Data centre
  6. Tower co-location
  7. Rack and space
  8. NLD for voice carriage
  9. Consultancy Services
2. **Project Work services** - To facilitate Railways in expeditious modernizing of their operation and safety systems and network providing by state of art communication infrastructure and to generate revenue through commercial exploitation of its telecom network, RailTel has taken the following projects:
    1. National Optical Fiber Network
    2. Telecom and IT services related projects
    3. Enterprise specific IT & ITES Projects

The Company's Operating segment information for the year ended March 31, 2017 is presented below:

(₹ in Lakh)

Particulars	Telecom Services	Project Work Services	Total
	A	B	A+B
Revenue from operations	62375	22411	84786
Operating Expenses	39964	19102	59066
Segment Operating Income/(Loss)	22411	3309	25720
Unallocable Depreciation			711
Operating Income			25009
Other Income			834
Foreign Exchange Gain/(Loss), net			59
Profit before interest, depreciation, tax and exceptional items			25902
Interest Income/(expenses), net			4262
Depreciation, amortisation and impairment	10930		10930
Profit before taxation			19234
Tax Expense			6352
Profit after taxes			12882

The Company's Operating segment information for the year ended March 31, 2016 is presented below:

(₹ in Lakh)

Particulars	Telecom Services	Project Work Services	Total
	A	B	A+B
Revenue from operations	51608	5445	57053
Operating Expenses	34011	2692	36703
Segment Operating Income/(Loss)	17597	2753	20350
Unallocable Depreciation			477



Particulars	Telecom Services	Project Work Services	Total
	A	B	A+B
Operating Income			19873
Other Income			1188
Foreign Exchange Gain/(Loss), net			37
Profit before interest, depreciation, tax and exceptional items			21098
Interest Income/(expenses) , net			5892
Depreciation, amortisation (net of reversal of impairment)	7591		7591
Profit before taxation			19399
Tax Expense			9203
Profit after taxes			10196

#### Information about major customers:

NICSI, ESIC and Railways are the customers who contributed 10% or more to the Company's revenue for year ended on 31<sup>st</sup> March 2017.

NICSI-Revenue for the year is ₹ 13741 lakh (Previous year 11177 lakh).

ESIC-Revenue for the year is ₹ 10302 lakh (Previous Year NIL)

Railways-Revenue for the year is ₹ 9204 lakh (Previous Year 6134 lakh)

## 21. Disclosure Requirement as per IND AS 112

#### Particulars of Subsidiaries of the Company

Particulars	Name of the Entity	Country of Incorporation	% of Ownership Interest
Subsidiary	RailTel Enterprises Limited	India	100%

## 22. IND AS 2: Inventories

- a) **Policy-** Inventories are valued at the lower of cost or the estimated 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.

Net Realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

- b) The total carrying amount of inventories and the carrying amount in classifications is shown in Note no 8 of Balance Sheet.
- c) The carrying amount of inventories has been carried at lower of cost or net realizable value.
- d) No reversal is there reversal of any write-down that is recognized as a reduction in the amount of inventories recognized as expense in the period and presented in cost of sales.
- e) Nothing out of carrying amount of inventories has been pledged as security for liabilities

### 23. Disclosures as required by IND AS 8

#### Disclosure of Prior Period Adjustment

(₹ In Lakh)

Sl. No.	Particulars	Period in which expense accounted for	Period to which expense pertains	Amount (₹)
1.	Prior Period Income	2016-17	2015-16	430
2.	Depreciation	2016-17	2014-15	(26)
3.	Depreciation	2016-17	2015-16	(11)
4.	Prior Period Expenditure	2016-17	2015-16	(486)
5.	Prior Period Income Credit Note	2016-17	2014-15	(101)
6.	Prior Period Income Credit Note	2016-17	2015-16	(329)

Adjusted through retained earnings

### 24. Disclosures as required by IND AS 12

#### a) Reconciliation of Effective Tax Rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below;

	31 March 17	31 March 16
Profit Before Taxes	19234	19399
Enacted Tax Rates in India	34.608	34.608
Expected Tax Expense/(Benefit)	6352	9203
Effect of:		
Expenses/income not taxable	NIL	NIL
Recognition of previously unrecognized tax losses	NIL	NIL

**b) Income Tax Recognised in Other Comprehensive Income**

	31 March 17	31 March 16
Others (If Any)	115	11
Deferred Tax	NIL	NIL
Total income tax recognised in other comprehensive income	115	11

**25. Disclosures as required by IND AS 16**

1. The gross carrying amount of Property, Plant and Equipment (PPE) has been determined at deemed cost as on 01/04/2015
2. The depreciation has been charged at the straight line method
3. The useful life of all the PPE have been defined in the accounting policies
4. A reconciliation of the carrying amount at the beginning and end of the period is as per note no 3 of Balance Sheet.
5. No assets has been classified as held for sale in accordance with IND AS 105
6. There is no increase or decrease on account of revaluation and from impairment loss recognized or reversed in other comprehensive income in accordance with IND AS 36
7. No impairment loss has been recognized in profit & loss in accordance with IND AS 36
8. Depreciation on all the PPE has been disclosed separately
9. There is no restriction on title of PPE and nothing has been pledged as security and liability
10. As on reporting date no amount of establishment and administrative expenses has been recognized in the carrying amount of the assets in the course of its Acquisition/construction.
11. The amount of contractual commitment for acquisition of PPE is ₹ 27776 Lakh (₹ 17431 Lakh in previous year)
12. There is no amount to be received on account of compensation from third party for items of PPE that were impaired, lost or given to Company that is included in the statement of profit & Loss account
13. Entire depreciation has been recognized in the statement of Profit & Loss account, nothing has been charged to cost of other assets. Accumulated depreciation at the end of the period has been shown separately.
14. In the current year Company has revised the useful life of assets and its residual value on the basis of report of technical committee. Due to such revision and consequent changes in useful life of asset there is a reduction in depreciation for an amount of ₹ 51.91 Lakh. Hence profit for the year is enhanced by the said amount.
15. There is no temporarily idle PPE
16. Out of Gross Carrying Value of the fixed assets for ₹ 153098 Lakh, assets amounted to ₹ 26720 Lakh represent those assets(21125 in No.) which are fully depreciated but still are in use.

## 26. Disclosure Requirement as per IND AS 19

### Employee Benefits

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

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

**Table I: Assumptions**

Assumptions	31 March 2017	31 March 2016
Discount Rate	7.50% per annum	7.60% per annum
Rate of increase in Compensation levels	6% per annum	6% per annum
Rate of Return on Plan Assets	7.60% per annum	8% per annum

**Table II : Service Cost**

All Figures in INR	31 March 2017	31 March 2016
Current Service Cost	10,717,203	9,204,668
Past Service Cost (including curtailment Gains/Losses)	0	34,899,879
Gains or losses on Non Routine settlements	0	0
<b>Total</b>	<b>10,717,203</b>	<b>44,104,547</b>

**Table III : Net Interest Cost**

All Figures in INR	31 March 2017	31 March 2016
Interest Cost on Defined Benefit Obligation	5,545,064	2,134,453
Interest Income on Plan Assets	2,180,156	2,346,842
Net Interest Cost (Income)	3,364,908	(212,389)

**Table IV : Change in Present Value of Obligations**

All Figures in INR	31 March 2017	31 March 2016
Opening of defined benefit obligations	72,961,363	26,680,666
Service cost	10,717,203	44,104,547
Interest Cost	5,545,064	2,134,453
Benefit Paid	(4,075,713)	(3,052,272)
Actuarial (Gain)/Loss on total liabilities:	34,719,266	3,093,969
Actuarial (gain)/loss due to demographic assumptions	(7,334,785)	3,093,969
Actuarial (gain)/loss due to demographic assumptions	0	0

All Figures in INR	31 March 2017	31 March 2016
Actuarial (gain)/loss due to experience changes	42,054,051	0
Closing of defined benefit obligation	119,867,183	72,961,363

**Table V : Change in Fair Value of Plan Assets**

All Figures in INR	31 March 2017	31 March 2016
Opening fair value of plan assets	28,686,268	29,335,520
Actual Return on Plan Assets	3,820,938	2,301,662
Employer Contribution	35,762,877	101,378
Benefit Paid	(4,075,713)	(3,052,272)
Closing fair value of plan assets	64,194,370	28,686,288

**Table VI : Actuarial (Gain)/Loss on Plan Asset**

All Figures in INR	31 March 2017	31 March 2016
Expected Interest Income	2,180,156	2,346,842
Actual Income on Plan Asset	3,820,938	2,301,662
Actuarial gain / (loss) on Assets	1,640,782	(45,180)

**Table VII: Other Comprehensive Income**

All Figures in INR	31 March 2017	31 March 2016
Opening amount recognized in OCI outside profit and loss accounts	NA	NA
Actuarial gain/(loss) on liabilities	NA	NA
Actuarial gain/(loss) on assets	NA	NA
Closing of amount recognized in OCI outside profit and loss account	NA	NA

Note:- As per paragraph 154 and 156 of IND AS 19, Actuarial gains and losses on other long term employee benefit plans continue to be required to be recognized through P&L.

**Table VIII: The amount to be recognized in Balance Sheet Statement**

All Figures in INR	31 March 2017	31 March 2016
Present value of funded obligations	119,867,183	72,961,363
Fair value of plan assets	64,194,370	28,686,288
Net funded obligations	55,672,813	44,275,075
Present value of unfunded obligations	0	0
Amount not recognized due to asset limit	0	0
Net defined benefit liability/(assets) recognized in balance	55,672,813	44,275,075

**Table IX: Expense Recognized in Statement of Profit and Loss**

All Figures in INR	31 March 2017	31 March 2016
Service Cost	10,717,203	44,104,547
Net Interest Cost	3,364,908	(212,389)
Net Actuarial (gain)/Loss	33,078,484	3,139,149
Expenses Recognized in the statement of Profit & Loss	47,160,595	47,031,307

**Table X: Major categories of plan assets (as percentage of total plan assets)**

All Figures in INR	31 March 2017	31 March 2016
Government of India Securities	0%	0%
State Government securities	0%	0%
High Quality Corporate Bonds	0%	0%
Equity Shares of listed companies	0%	0%
Property	0%	0%
Funds Managed by Insurer	100%	100%
Bank Balance	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Table XI: Change in Net Defined obligations**

All figures in INR	31 March 2017	31 March 2016
Opening of Net defined benefit liability	44,275,095	(2,654,854)
Service Cost	10,717,203	44,104,547
Net Interest Cost	3,364,908	(212,389)
Net Actuarial (gain)/ Loss	33,078,484	3,139,149
Benefit Paid	(35,762,877)	(101,378)
Closing of Net defined benefit liability	55,672,813	44,275,075

### Reconciliation of expense in profit and loss statement

All figures in INR	31 March 2017	31 March 2016
Present value of obligation as at the end of the year	119,867,183	72,961,363
Present value of obligation as at the beginning of the year	(72,961,363)	(26,680,666)
Benefit Paid	4,075,713	3,052,272
Actual Return on Assets	(3,820,938)	(2,301,662)
OCI	N/A	N/A
Expenses Recognised in the statement of Profit and Loss	47,160,595	47,031,307

**Note:** The expense amount mentioned in Table IX of section 9 reconciled with zero difference.

### Reconciliation of Liability in Balance Sheet

All figures in INR	31 March 2017	31 March 2016
Opening net defined benefit liability / (asset)	44,275,095	(2,654,854)
Expense charged to profit and loss account	47,160,595	47,031,307
Amount recognized outside profit & loss account	0	0
Employer Contributions	(35,762,877)	(101,378)
OCI	0	0
Closing net defined benefit liability/(asset)	55,672,813	44,275,075

**Note:** The closing net liability amount mentioned in Table XI of section 9 reconciled with zero difference.

### Sensitivity Analysis

Following table shows the sensitivity results on liability due to change in the assumptions:

All figures in INR	31 March 2017	Impact (Absolute)	Impact (%)
Base liability	119,867,183		
Increase Discount Rate by 0.50%	113,920,727	5,946,456	4.96%
Decrease Discount Rate by 0.50%	126,374,298	(6,507,115)	-5.43%
Increase salary inflation by 1%	113,206,338	(13,339,155)	-11.13%
Decrease salary inflation by 1%	108,516,128	11,351,055	9.47%
Increase in Withdrawal Assumption by 2%	123,862,646	(3,995,463)	-3.33%
Decrease in Withdrawal Assumption by 2%	114,569,954	5,297,229	4.42%



- Note: ✓ The base liability is calculated at discount rate of 7.50% per annum and salary inflation rate of 6% per annum for all future years.
- ✓ Liabilities are very sensitive to discount rate and salary inflation.
- ✓ Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitivities due to change in mortality are ignored.

#### Maturity Profile of Defined Benefit Obligation

All figures in INR	31 March 2017	31 March 2016
Year 1	18,004,894	4,606,214
Year 2	7,272,774	8,535,014
Year 3	6,669,060	5,482,844
Year 4	6,426,679	4,836,717
Year 5	8,525,065	5,000,399
After 5 <sup>th</sup> Year	288,396,372	197,741,330
Total	335,294,844	226,202,518

#### Comparison with Last Years' figures

Following table shows the sensitivity results on liability due to change in the assumptions:

All figures in INR	31 March 2017	31 March 2016	Variation
Fair value of Plan Assets	64,194,370	28,686,288	124%
Present value of obligation	119,867,183	72,961,363	64%
Net asset/(liability) recognized in Balance Sheet	(55,672,813)	(44,275,075)	26%
OCI	N/A	N/A	N/A
Expense to be recognized in the Profit and loss statement	47,160,595	47,031,307	0.27%

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

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



**Table I: Assumptions**

Assumptions	31 March 2017	31 March 2016
Discount Rate	7.50% per annum	7.60% per annum
Rate of increase in Compensation levels	6% per annum	6% per annum
Rate of Return on Plan Assets	7.60% per annum	8% per annum

**Table II : Service Cost**

All Figures in INR	31 March 2017	31 March 2016
Current Service Cost	9,972,725	8,566,705
Past Service Cost (including curtailment Gains/ Losses)	0	23,937,493
Gains or losses on Non Routine settlements	0	0
<b>Total</b>	<b>9,972,725</b>	<b>32,504,198</b>

**Table III: Net Interest Cost**

All Figures in INR	31 March 2017	31 March 2016
Interest Cost on Defined Benefit Obligation	4,833,471	2,181,858
Interest Income on Plan Assets	2,186,519	2,208,785
Net Interest Cost (Income)	2,646,952	(26,927)

**Table IV : Change in Present Value of Obligations**

All Figures in INR	31 March 2017	31 March 2016
Opening of defined benefit obligations	63,598,302	27,273,227
Service cost	9,972,725	32,504,198
Interest Cost	4,833,471	2,181,858
Benefit Paid	(2,379,669)	(1,130,183)
Actuarial (Gain)/Loss on total liabilities:	2,865,958	2,769,202
– Actuarial (gain)/loss due to demographic assumptions	844,669	2,769,202
– Actuarial (gain)/loss due to demographic assumptions	0	0
– Actuarial (gain)/loss due to experience changes	2021289	0
– Closing of defined benefit obligation	78,890,787	63,598,302

**Table V : Change in Fair Value of Plan Assets**

All Figures in INR	31 March 2017	31 March 2016
Opening fair value of plan assets	28,769,982	27,609,814
Actual Return on Plan Assets	4,110,065	2,046,086
Employer Contribution	44,200,000	244,265
Benefit Paid	(2,379,669)	(1,130,183)
Closing fair value of plan assets	74,700,378	28,769,982

**Table VI : Actuarial (Gain)/Loss on Plan Asset**

All Figures in INR	31 March 2017	31 March 2016
Expected Interest Income	2,186,519	2,208,785
Actual Income on Plan Asset	4,110,065	2,046,086
Actuarial gain / (loss) on Assets	1,923,546	(162,699)

**Table VII: Other Comprehensive Income**

All Figures in INR	31 March 2017	31 March 2016
Opening amount recognized in OCI outside profit and loss accounts	0	0
Actuarial gain/(loss) on liabilities	(2,865,958)	(2,769,202)
Actuarial gain/(loss) on assets	1,923,546	(162,699)
Closing of amount recognized in OCI outside profit and loss account	(942,412)	(2,931,901)

**Table VIII: The amount to be recognized in Balance Sheet Statement**

All Figures in INR	31 March 2017	31 March 2016
Present value of funded obligations	78,890,787	63,598,302
Fair value of plan assets	74,700,378	28,769,982
Net funded obligations	4,190,409	34,828,320
Present value of unfunded obligations	0	0
Amount not recognized due to asset limit	0	0
Net defined benefit liability/(assets) recognized in balance	4,190,409	34,828,320

**Table IX: Expense Recognized in Statement of Profit and Loss**

All Figures in INR	31 March 2017	31 March 2016
Service Cost	9,972,725	32,504,198
Net Interest Cost	2,646,952	(26,927)
Expenses Recognized in the statement of Profit & Loss	12,619,677	32,477,271

**Table X: Major categories of plan assets (as percentage of total plan assets)**

All Figures in INR	31 March 2017	31 March 2016
Government of India Securities	0%	0%
State Government securities	0%	0%
High Quality Corporate Bonds	0%	0%
Equity Shares of listed companies	0%	0%
Property	0%	0%
Funds Managed by Insurer	100%	100%
Bank Balance	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Table XI: Change in Net Defined obligations**

All figures in INR	31 March 2017	31 March 2016
Opening of Net defined benefit liability	34,828,320	(336,587)
Service Cost	9,972,725	32,504,198
Net Interest Cost	2,646,952	(26,927)
Re-measurements	942,412	2,931,901
Contribution paid to fund	(44,200,000)	(244,265)
Closing of Net defined benefit liability	4,190,409	34,828,320

### 27. Foreign Service Contribution:

Foreign Service Contribution payable for leave salary and pension in respect of employees who have joined the corporation on deputation for a fixed period from Indian Railways for the year 2016-17 in terms of Government rules and regulations is charged to revenue on accrual basis.

## 28. Related party disclosures

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

- (i) Enterprises under common control : NA
- (ii) Related parties under IND AS-24 with whom transactions have taken place during the period

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

Salaries and wages include Directors remuneration:

Name	For 2016-17	For 2015-16
R.K. Bahuguna	54.57 Lakh	58.70 Lakh
Shri N.K. Gupta	40.62 Lakh	37.97 Lakh
A Seshagiri Rao	46.01 Lakh	46.47 Lakh

1(b) Related party transactions

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

Sitting fee paid to Independent Directors

Name	For 2016-17	For 2015-16
Sh Anupam Alok	3 Lakh	NIL
Sh Ashok Goel	2.2 Lakh	NIL

### Related Party Transactions

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

Nature of Transactions	Subsidiaries	Enterprises under Common control with the reporting Enterprises	Joint Venture of Reporting Enterprises	Key Managerial Personnel & their relatives	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	Total
Salaries/Remuneration Paid to KMP and any advances/investment/payable of Subsidiary	Nil	N.A	N.A	153.29 Lakh	N.A	153.29 Lakh
Sitting Fees	Nil	N.A	N.A	5.2 Lakh	N.A	5.2 Lakh

### 29. Disclosures as required by IND AS 17

#### AS A LESSOR

#### FINANCE LEASE

1. There is no finance lease transaction in the Company.

#### OPERATING LEASE

- a) The Company has been offering NLD Services, infrastructure services (Dark Fibers, Tower space and co-location etc.) under IP-I registration and Internet services under ISP licence to its customers under respective operating lease
- b) 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, 2017 and accordingly respective disclosures required by IND AS 17 are not provided.
- c) Future minimum lease rentals receivable under operating lease for each of the following period as on 31st march 2017 are as under to the extent of advanced received:-

Particulars	31-Mar-17	31-Mar-16
Not later than one year	20759	19991
Later than one year and upto five year	21999	36441
Later than five year	3456	5641

#### AS A LESSEE

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

Future minimum lease rentals payable under operating lease for each of the following period as on 31<sup>st</sup> March' 2017 are as under:-

Particulars	31-Mar-17	31-Mar-16
Not later than one year	133.5	39
Later than one year and upto five year	661.5	217
Later than five year	624	78

### 30. Disclosures as required by IND AS 21

#### Exchange Difference

Sr. No.	Particulars	Amount
1.	The amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with Ind AS 109	59 Lakh
2.	Net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period.	NIL

### 31. Disclosures as required by IND AS 33

#### Earnings Per Share calculated in accordance with the provisions of IND AS-33

Numerator	As at 31.03.2017 (FY 2016-17)	As at 31.03.2016 (FY 2015-16)
Profit after tax as per Profit and Loss Account (Used as Numerator (₹ in Lakh)	12882	10196
Denominator		
- Number of Equity Shares (Face value of ₹ 10/- each)	320938407	320938407



Numerator	As at 31.03.2017 (FY 2016-17)	As at 31.03.2016 (FY 2015-16)
-Number of Shares allotted during the year	NIL	NIL
-Weighted Average number of equity shares for calculating Basic Earnings Per Share	320938407	320938407
-Weighted Average number of equity shares for calculating Diluted Earnings Per Share	320938407	320938407
-Basic Earnings Per Share (₹/ per share) (Face value of ₹10/- each)	4.01	3.18
-Diluted Earnings Per Share (₹/ per share) (Face value of ₹10/each)	4.01	3.18

### 32. Disclosures as required by IND AS 37

#### Provisions

(₹ in Lakh)

Particulars	Provision for Arbitration Claim	Provision for performance related pay	Provision for pension
Carrying Amount at the beginning of the period	46	813	209
Additional provision made in the period	0	502	299
Amount utilised/adjusted during the period	0	(320)	0
Unused amount reversed during the period	0	0	0
Carrying amount at the end of the period	46	995	508

#### Contingent liabilities:

Claim against the Company not acknowledged as debts

(₹ in Lakh)

Particulars	Service Tax	VAT	Income Tax	DoT (Revenue Share)	Other (Arbitration Claim)
Carrying Amount at the beginning of the period	2040	148	57	7823	300
Additions during the period			235	2933	
Amount adjusted during the period	(908)	(69)			
Carrying amount at the end of the period	1132	379	292	10756	300

In addition to above, ₹ 11691 Lakh represents the Bank Guarantees given by the Company as on 31.03.2017. (Previous Year: 8910 Lakh)

### Contingent asset

- 1 There is a contingent Asset of ₹ 27.17 Crore at Company as on 31.03.2017 on account of MAT credit.  
(Previous year: NIL)

### 33. Disclosure as required by IND AS 107, IND AS 109 & IND AS 113

#### Financial Instrument

#### Financial Instruments by Category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows: -

(₹ in Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets</b>					
Trade Receivables	36805	Nil	Nil	36805	Nil
Cash & Cash Equivalents	60394	Nil	Nil	60394	Nil
Other Financial Assets	13769	Nil	Nil	13769	Nil
<b>Liabilities</b>					
Trade Payables	19442	Nil	Nil	19442	Nil
Other Financial Liabilities	13650	Nil	Nil	13650	Nil

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows: -

(₹ in Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets</b>					
Trade Receivables	39739	Nil	Nil	39739	Nil
Cash & Cash Equivalents	55976	Nil	Nil	55976	Nil
Other Financial Assets	9794	Nil	Nil	9794	Nil
<b>Liabilities</b>					
Trade Payables	13803	Nil	Nil	13803	Nil
Other Financial Liabilities	10926	Nil	Nil	10926	Nil

The carrying value and fair value of financial instruments by each category as at April 1, 2015 were as follows: -

(₹ in Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets</b>					
Trade Receivables	35968	Nil	Nil	35968	Nil
Cash & Cash Equivalents	67242	Nil	Nil	67242	Nil
Other Financial Assets	8519	Nil	Nil	8519	Nil
<b>Liabilities</b>					
Trade Payables	10858	Nil	Nil	10858	Nil
Other Financial Liabilities	8651	Nil	Nil	8651	Nil

Interest Income/(Expenses) recognized on financial assets and liabilities:

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial assets at amortised cost</b>			
Interest income on other financial assets	Nil	Nil	Nil
Interest expenses on other financial assets	(294)	(336)	(352)
Interest income on other financial liabilities	244	325	399
Interest expenses on other financial liabilities	Nil	Nil	Nil
<b>Financial assets at Fair Value through Profit or Loss (FVTPL)*</b>	(38)	(60)	47
Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)	Nil	Nil	Nil

\*As on the transition date discounting effect on total value has been taken and for the year ended 31st March 2016 and 31<sup>st</sup> March 2017 incremental figures have been considered.

## Financial Risk Management

The Company has exposure to the following risk from its use of financial instruments: -

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The board of director has overall responsibility for the establishment & oversight of the Company's risk management framework. The Board of director has established a risk management policy to identify and analyze the risks faced by the Company. The audit committee broadly oversees how management monitors compliances with the Company's risk management policies and procedures. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 1. Credit Risk:

Credit risk is the risk of financial losses to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade receivables, employee loans and other activities that are in the nature of leases.

## Exposure to Credit Risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 2017, March 31, 2016 & April 1, 2015 was as follows:-

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Gross Carrying Value	Net Value after Impairment	Gross Carrying Value	Net Value after Impairment	Gross Carrying Value	Net Value after Impairment
Trade Receivables	36805	36805	39739	39739	35968	35968
Other Financial Assets	13769	13769	9794	9794	8519	8519

Financial assets that are past due but not impaired, Trade Receivables, Employee Loans, Cash and cash equivalents and other assets are neither past due nor impaired

### 2. Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation, typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.

### 3. Market Risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments.

### 34. IND AS 18: Revenue Recognition

Accounting policies adopted for the recognition of revenue-

- (i) **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. Service revenue also includes revenues associated with access and interconnection for usage of the network of other operators. Revenues are recognised on prorata basis on provision of services while revenue from co-location, dark fibre, tower space etc is recognised over the period of arrangement.

**Revenue shall be measured at the fair value of the consideration received or receivables.**

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 from the date of satisfactory installation services at the customer site.

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.

- (ii) **Deposit Works-** When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period based on 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.
- (iii) **Interest and Other Income-** For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss or as available for sale, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

**GSA & Associates**  
CHARTERED ACCOUNTANTS

# Independent Auditor's Report

To  
**The Members of  
RailTel Corporation of India Ltd.**

## Report on the Consolidated Ind-AS Financial Statements

We have audited the accompanying consolidated financial statements of **RailTel Corporation of India Ltd** (hereinafter referred to as "the Holding Company"), Its subsidiary (the Holding Company and the Subsidiary together referred to as "the Group" ) which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2017, the Consolidated Statement of Profit and Loss including other Comprehensive Income, the Consolidated Statement of Cash Flow and Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements")

## Management's Responsibility for the Consolidated Ind-AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Consolidated Ind-AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 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 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 Consolidated Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of the consolidated Ind AS financial statements by the directors of the Company as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind-AS 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 have 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 Ind-AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind-AS 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 Ind-AS 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 Board of Directors, as well as evaluating the overall presentation of the 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 are sufficient and appropriate to provide a basis for our audit opinion on these Consolidated Ind-AS 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 on separate Financial Statements, the aforesaid Consolidated Ind AS 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, 2017, and their consolidated profit including the other comprehensive income, and their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

## Emphasis of Matter

- a) We draw the attention to the matter in the Notes to the Consolidated Ind AS financial statements
  - Note No 37(11) wherein it has been stated that the balances recoverable from Customer or other parties, Recoverable/Payable from/to Ministry of Railways, Sundry Creditors etc. are subject to Reconciliation/confirmation.
- b) The Management of RailTel Corporation of India has created a provision of ₹ 1.46 Crore towards un-spent amount of CSR in earlier years (FY 2013-14) under the head "Corporate Social Development Reserve". Out of said amount, ₹ 24 Lakh have been utilized in 2015-16. Balance amount i.e. ₹ 1.22 Crore



is still appearing in Corporate Social Development Reserve.

Our opinion is not modified in respect of the matters stated under Emphasis of Matter.

### Report on Other Legal and Regulatory Requirements

1. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Act, the compliance of which is set out in “Annexure A”.
2. As required by Sub-Section 3 of Section 143 of the Act, based on the audit and on the consideration of report of other auditors on separate financial statements and other financial information of subsidiary, as noted in the ‘other matter’ paragraph, we report, to the extent applicable that:
  - a. We/the other auditors 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements.
  - b. in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidation of the Ind AS Financial Statement have been kept by the Company so far as it appears from our examination of those books and report of other auditor.
  - c. the Consolidated Balance Sheet, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this report are in agreement with the books of accounts.
  - d. in our opinion, the aforesaid Consolidated Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read rules prescribed thereunder.
  - e. In terms of notification no G.S.R. No 463 (E) dated 5th June 2015 issued by Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Act regarding disqualification of directors, are not applicable.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in **Annexure “B”**; and
  - g. with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the group as at march 31, 2017. Refer Note 37(32) to the consolidated Ind AS financial statements.
    - ii. the group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and subsidiary company incorporated in India.

- iv. the Company, as detailed in note no 37(13) to the Ind-AS financial statements, has made requisite disclosures in these standalone Ind-AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

### 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 ₹ 2062.21 Lakh as at 31<sup>st</sup> March 2017, total revenue of ₹ 1762.86 Lakh and net cash flows amounting to ₹ (14.66) Lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/financial information have been audited by other auditor whose report has 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 the subsidiary, and our report in terms of sub-sections (3) and (11) of the Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other Auditor.

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

**For GSA & Associates**  
Chartered Accountants  
FRN 000257N

Sd/-

**(Ashish Arya)**

Partner

Membership No.533967

Place: **New Delhi**

Date: **11<sup>th</sup> August 2017**

**‘Annexure A’ referred to in Section 143 (5) of Companies Act 2013.**

S. No.	Directions	Reply
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.	All freehold and leasehold lands have clear title/lease deeds except in one case where the Company has acquired a govt land measuring 2 Bigha for 25 years in a village Namulijalah of Sila Sinduri Ghopa Mouza under North Guwahati from Govt of Assam for setting up Network Hub & Corporation Head Quarter. Eastern region is holding Handing over taking over certificate.
2.	Whether there are any cases of waiver/write off of debts/ loans/interest etc. If yes, reasons thereof and amount involved.	There are no cases of waiver/write off of debts/loans/interest etc.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grants from government or other authorities	As per our opinion, there are no inventories which are lying with the third parties. The company has not received any assets as gift/ grant(s) from Government or other authorities.

**For GSA & Associates**  
Chartered Accountants,  
FRN: 000257N

Sd/-

**(Ashish Arya)**  
Partner  
Membership No. 533967

Place: New Delhi  
Date: 11<sup>th</sup> August 2017

## Annexure – B to the Auditors' Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of **RailTel Corporation of India Ltd (“the Holding Company”)** and its subsidiary company which are incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Holding Company and its subsidiary company incorporated in India, **subject to the strengthening of the internal audit system in revenue accounts**, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

For GSA & Associates  
Chartered Accountants,  
FRN: 000257N

Sd/-

(Ashish Arya)

Partner

Membership No.533967

Place: New Delhi

Date: 11<sup>th</sup> August 2017



## RailTel Corporation of India Limited

### Consolidated Balance Sheet as at 31.03.2017

(₹ in Lakh)

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipments	3	68,926	70,815	59,268
Capital work-in-progress	4	35,925	26,171	16,001
Intangible assets	3	465	238	344
Financial Assets				
Loans & Security Deposit	5	371	287	237
Deferred tax assets (Net)	6	6	-	-
Other Non Current Assets	7	6,962	17,696	21,149
<b>CURRENT ASSETS</b>				
Inventories	8	22	142	117
Financial Assets				
Trade receivables	9	37,466	26,396	16,794
Cash and cash equivalents	10	9,068	2,789	1,626
Other Bank Balances	11	52,534	54,410	66,699
Loans & Security Deposit	12	423	257	231
Other Financial Assets	13	13,317	9,452	8,257
Current tax assets (Net)	14	2,377	7,322	8,606
Other Current Assets	15	4,231	5,985	5,387
<b>TOTAL ASSETS</b>		<b>232,093</b>	<b>221,960</b>	<b>204,716</b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity Share Capital	16	32,094	32,094	32,094
Other Equity		83,833	76,392	69,054

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-	-	-
Other financial liabilities	17	3,900	5,076	5,051
Provisions	18	46	46	46
Deferred tax liabilities (net)	19	1,964	3,506	(350)
Other Non Financial Liabilities	20	31,041	44,810	64,078
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-	-	-
Trade Payables	21	19,989	14,393	10,931
Other financial liabilities	22	9,767	5,868	3,613
Provisions	23	2,084	2,099	922
Other Non Financial Liabilities	24	47,375	37,676	19,277
<b>Total Equity and liabilities</b>		<b>232,093</b>	<b>221,960</b>	<b>204,716</b>
Summary of Significant Accounting Policies		1		
The accompanying notes referred to above form an integral part of financial statement		1 to 37		

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

Place New Delhi  
Date:11/08/2017



## RailTel Corporation of India Limited

### Consolidated Statement of Profit and Loss for the Year ended 31.03.2017

(₹ in Lakh)

Particulars	Note No.	Year ended 31 March 2017 (Ind AS)	Year ended 31 March 2016 (Ind AS)
<b>Income</b>			
Revenue from operations	25	85,043	57,790
Other Income	26	5,205	7,032
Finance Income	27	42	15
<b>Total Income</b>		<b>90,290</b>	<b>64,837</b>
<b>Expenses</b>			
Access Charges other Charges	28	20,499	16,344
License fee and spectrum charges (revenue share)	29	4,272	3,547
<b>Expenses on Project</b>	30	19,198	3,193
Employee Benefits Expenses	31	9,279	8,817
Administrative & Other Expenses	32	5,899	5,270
Depreciation and amortisation	33	11,641	8,068
Finance Expenses	34	80	75
<b>Total Expenses</b>		<b>70,868</b>	<b>45,314</b>
<b>Profit before exceptional items and tax</b>		<b>19,422</b>	<b>19,523</b>
Exceptional Items			
Profit before tax		19,422	19,523
<b>Tax expenses</b>			
Current tax	35	8,487	5,387
Deffered tax	35	(1,547)	3,856
Tax impact of earlier years		(534)	
<b>Profit for the period</b>		<b>13,016</b>	<b>10,280</b>
<b>Net profit attributable to</b>			
a) Owners of the company	A	13,016	10,280
b) Non Controlling interest			

Particulars	Note No.	Year ended 31 March 2017 (Ind AS)	Year ended 31 March 2016 (Ind AS)
<b>Other comprehensive income (OCI):</b>			
i Items that will not be reclassified to Profit & Loss		-	-
Re measurement losses on defined benefit plans		(331)	(31)
Income tax relating to item that will not be reclassified to Profit & Loss		115	11
<b>Other comprehensive income/(Loss) B</b>		<b>(216)</b>	<b>(20)</b>
<b>Total comprehensive income for the period (A+B)</b>		<b>12,800</b>	<b>10,260</b>
Earning per Equity Share of ₹ 10/- each			
(a) Basic		4.06	3.20
(b) Diluted		4.06	3.20
Summary of Significant Accounting Policies		1	
The accompanying notes referred to above form an integral part of financial statement		1 to 37	

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

Place New Delhi  
Date:11/08/2017

## RailTel Corporation of India Limited

### Consolidated Statement of Changes in Equity for the period ended 31<sup>st</sup> March 2017

(₹ in Lakh)

#### A. EQUITY SHARE CAPITAL

AS on 1 <sup>st</sup> April 2015	32,094
Change in Equity Share Capital during the year	-
As at 31 <sup>st</sup> March 2016	32,094
Change in Equity Share Capital during the year	-
As at 31 <sup>st</sup> March 2017	32,094

#### B. OTHER EQUITY

	Retained Earnings	General Reserve	Research & Development Reserve	Corporate Social Development Reserve, Sustainable Development Reserve	Total Equity
Balance as at 1st April 2015	36,182	32,000	-	146	68,328
<b>Adjustment for:</b>					-
Add: Proposed dividend reversed for F.Y. 2014-15	700				700
Add: Tax on proposed dividend reversed for F.Y. 2014-15	143				143
Add: Preliminary Exp	(37)				(37)
Add: Prior period Adjustments	(127)				(127)
Add: Financial Impact on Financial Asset and Liability	47				47
<b>Restated Balance as at 1st April 2015</b>	<b>36,908</b>	<b>32,000</b>	<b>-</b>	<b>146</b>	<b>69,054</b>
Add: Total Comprehensive Income for the Year 2015-16	10,260				10,260
Less: Final Dividend for the F.Y. 2014-15	(700)				(700)
Less: Tax on Final Dividend for the F.Y. 2014-15	(143)				(143)
Less: Interim dividend for the F.Y. 2015-16	(1,500)				(1,500)

	Retained Earnings	General Reserve	Research & Development Reserve	Corporate Social Development Reserve, Sustainable Development Reserve	Total Equity
Less: Tax on Interim Dividend for the F.Y. 2015-16	(305)				(305)
Less: Transfer to General Reserve	(4,000)	4,000			-
Less: Fund Utilised during the year				(24)	(24)
<b>Balance as at 31 March 2016</b>	<b>40,520</b>	<b>36,000</b>	<b>-</b>	<b>122</b>	<b>76,642</b>
Adjustment for:					
Prior Period Adjustment	(396)				(396)
<b>Tax impact of Prior Period Adjustment</b>	<b>146</b>				<b>146</b>
<b>Restated Balance as at 31 March 2016</b>	<b>40,270</b>	<b>36,000</b>	<b>-</b>	<b>122</b>	<b>76,392</b>
Add: Total Comprehensive Income for the Year 2016-17	12,800				12,800
Less: Final Dividend for the F.Y. 2015-16	(2,653)				(2,653)
Less: Tax on Final Dividend for the F.Y. 2015-16	(540)				(540)
Less: Interim dividend for the F.Y. 2016-17	(1,800)				(1,800)
Less: Tax on Interim Dividend for the F.Y. 2016-17	(366)				(366)
Less: Transfer to General Reserve	(4,000)	4,000			-
<b>Balance as at 31 March 2017</b>	<b>43,711</b>	<b>40,000</b>	<b>-</b>	<b>122</b>	<b>83,833</b>

For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

Place New Delhi  
Date:11/08/2017

## RailTel Corporation of India Limited

### Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakh)

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
<b>Profit before tax</b>	19,422	19,523
Adjustments for:		
Depreciation and Amortisation Expense	11,641	8,068
Other Comprehensive Income	(216)	(20)
Provision for doubtful debts (including bad debts written off and provision written back) (net)	752	(25)
Corporate Social Responsibility		(24)
Prior Period Adjustments		(250)
Interest income (considered separately)	(4,167)	(5,748)
Operating profit/(loss) before working capital changes	27,432	21,524
(Increase)/decrease in Trade receivables	(11,822)	(9,578)
(increase)/decrease in Loans and security Deposit	(84)	(50)
(increase)/decrease in Deferred Tax Assets (Net)	-	-
(increase)/decrease in Other Non Currents Assets	10,734	3,454
(increase)/decrease in Inventories	120	(24)
(increase)/decrease in Short Terms Loans and Security Deposit	(166)	(26)
(increase)/decrease in Other Financial Assets	(3,864)	(1,195)
(Increase)/decrease in Other Current Tax Assets	1,127	(282)
(Increase)/decrease in Other Current Assets	1,753	(597)
Increase/(decrease) in Other non financial liabilities	(1,176)	25
Increase/(decrease) in Long term provisions	-	-
Increase/(decrease) in Deferred Tax Liabilities	-	-
Increase/(decrease) in Other Non Current Financial Liabilities	(13,769)	(19,268)
Increase/(decrease) in Trade Payables	5,596	3,462
Increase/(decrease) in Other Financial Liabilities (Current)	3,899	2,255
Increase/(decrease) in Short Term Provisions	(15)	(46)
Increase/(decrease) in other Non Financial Liabilities (Current)	<b>9,699</b>	<b>18,399</b>
<b>Net cash generated from operations before Tax</b>	<b>29,464</b>	<b>18,053</b>
Income tax paid	4,135	2,598
<b>Net cash generated from operating activities</b>	<b>25,329</b>	<b>15,455</b>

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
<b>Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment	(19,733)	(29,681)
Interest Income Received	4,167	5,748
<b>Net cash used in investing activities</b>	<b>(15,566)</b>	<b>(23,933)</b>
<b>Cash flow from financing activities</b>		
Dividend Paid	(4,453)	(2,200)
Dividend Distribution Tax paid	(907)	(448)
<b>Net cash generated from / (used in) financing activities</b>	<b>(5,360)</b>	<b>(2,648)</b>
<b>Effect of exchange difference on translation of cash and cash equivalents</b>		
Net increase /(decrease) in cash and cash equivalents during the year	4,403	(11,126)
Cash and cash equivalents at the beginning of the year	57,199	68,325
Cash and cash equivalents taken over as part of Business combination		
<b>Cash and cash equivalents at the end of the year</b>	<b>61,602</b>	<b>57,199</b>
<b>cash and cash equivalents subject to lien</b>		
Summary of Significant Accounting Policies	Note No 1	
The accompanying notes referred to above form an integral part of financial statement	Note No 1 to 37	
<b>1. Cash and Cash Equivalents include the following Balance Sheet amounts</b>		
Cash on Hand (Imprest)	9	6
Remittance in Transit	38	31
Balances with Scheduled Bank		
-In Current A/c	2,026	597
-In Collection A/c	6,995	2155
BG Margin Money A/c	524	477
In Term Deposit	52,010	53933
	<b>61,602</b>	<b>57,199</b>

As per our report of even date attached  
For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
RailTel Corporation of India Limited

Sd/-  
CA Ashish Arya  
M. No. 533967

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

Sd/-  
Anju Ranjan  
Director Finance  
(DIN: 06681154)

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

Place New Delhi  
Date:11/08/2017

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

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

S.No.	Particulars	F.Y. 2016-17	F.Y. 2015-16
1	Name of subsidiary	RailTel Enterprises Limited	RailTel Enterprises Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2016 to 31.03.2017 (Same as Holding Company)	01.04.2015 to 31.03.2016 (Same as Holding Company)
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
4	Share Capital	Authorised - ₹ 50,00,00,000 Subscribed, Issued & Paid up - ₹ 10,00,00,000	Authorised - ₹ 50,00,00,000 Subscribed, Issued & Paid up - ₹ 10,00,00,000
5	Reserve & Surplus	₹ 195.23 Lakh	₹ 61.19 Lakh
6	Total Assets	₹ 2062.21 Lakh	₹ 2002.21 Lakh
7	Total Liabilities	₹ 866.98 Lakh	₹ 941.02 Lakh
8	Investments	Nil	Nil
9	Turnover	₹ 1762.86 Lakh	₹ 666.74 Lakh
10	Profit before taxation	₹ 188.41 Lakh	₹ 124.66 Lakh
11	Provision for taxation	₹ 54.36 Lakh	₹ 39.58 Lakh
12	Profit after taxation	₹ 134.04 Lakh	₹ 85.08 Lakh
13	Proposed Dividend	Nil	Nil
14	% of shareholding	100	100

For M/s GSA & Associates  
Chartered Accountants  
FRN No 000257N

For and on behalf of the Board of Directors of  
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Sd/-  
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Sd/-  
R.K. Bahuguna  
Chairman & Managing Director  
(DIN: 01748132)

Place New Delhi  
Date:11/08/2017



# Accounting Policy

## NOTE-1

### 1.1 Corporate Information

RailTel Corporation of India Limited ('the Company') incorporated in India on 26<sup>th</sup> September 2000 is a public sector undertaking. The company is promoted by and is under administrative control of Ministry of Railways. The Registered office of the Company is situated at 6<sup>th</sup> Floor, 3<sup>rd</sup> Block, Delhi Technology Park, Shastri Park, Delhi-110053 and Corporate Office at Plot No 143 Sector 44, Institutional Area Gurugram Haryana-122003.

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.

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

### Main objective of the group are

- i. To facilitate Railways in expeditiously modernizing their operation and safety systems and network by providing 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 of India Limited is having following operations: -

- I. Telepresence Services - RailTel offers enterprise class Full High Definition (HD) & secure multi-point managed video conferencing service that enables users a virtual, face to face meeting experience.
- II. Data Centre Services - RailTel has its own Data Centres at Secundrabad and Gurugram.
- III. Retail Broadband - RailWire is a retail Broadband initiative of the RailTel.
- IV. Leased Line Service
- V. Virtual Private Network Service
- VI. Internet Leased Line Service
- VII. Rack and Space Co-location Service
- VIII. Tower Co-location Service

## 1.2 Summary of Significant Accounting Policies as per Ind-AS

### a) Basis for Preparation of consolidated financial statement

The consolidated financial statements of the group have been prepared to comply in all the material respects with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Accounting Standards) Rules, 2015. The consolidated financial statements for all the periods upto and including year ended 31<sup>st</sup> March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006 notified under Section 133 of the Companies Act (“the Act”), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The consolidated financial statements for the year ended 31<sup>st</sup> March 2017 are the first consolidated financial statements prepared by the group in accordance with Ind AS. Refer note 1.3 for information on how the group adopted Ind AS.

The Accounting policies of the group have been redrafted since transition has been carried out from the Indian Generally Accepted Accounting principles (IGAAP) to the Indian Accounting Standards notified by the Ministry of Corporate Affairs on 16th February 2015 as the Companies (Indian Accounting Standards) Rules 2015 read with Companies (Indian Accounting Standards) Amendment Rules 2016.

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

#### 1. Principles of Consolidation

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

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

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

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

### b) Use of Estimates

The preparation of consolidated financial statements in conformity with Indian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements

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

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the estimate affects only that year or in the year of the revision and future years, if the revision affects both current year and future year.

### c) Inventory

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

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

Net Realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### d) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before 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 group are segregated based on the available information.

### e) Property Plant and Equipments (PPE)

Property plant and equipment is 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 cost for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.

### f) Assets are recognized as tangible assets or intangible assets if provisional acceptance certificate has been issued or group has started offering services from these tangible or intangible assets.

Where assets are installed on the premises of the customers (commonly called customer premise equipment –‘CPE’) such assets continue to be treated as PPE as the associated risks and rewards remain with the group and the management is confident of exercising control over them, expenses on such assets are treated as retrievable expenses (returnable item of assets after the decommissioning of link) and a depreciation of 100% may be charged on all 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.

Gain and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit & loss on the date of retirement or disposal.

Advance paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as other non-current assets.

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

Freehold land is not depreciated. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date or whenever there are indicators for review.

Assets are depreciated to the residual value on a straight line basis over the estimated useful lives. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review and adjusted prospectively. Freehold land is not depreciated.

S. No.	Name of Assets	Main asset/Component	Revised Useful life of assets
1	OFC & Related Assets	Main Assets	18 Year. 5.28%
2	Leasehold Land/Flats	Main Assets	Period of Lease
3	Leasehold Improvements	Main Assets	Period of lease
4	Prefabricated Building	Main Assets	15 Year 6.67%
5	Computer	Main Assets	3 Year 31.67%
6	Office Equipment's	Main Assets	5 Year 19%
7	Software-ERP	Main Assets	5 Year with 20%
8	Furniture	Main Assets	10 Year 9.5%
9	Licenses	Main Assets	Period of license
10	Free Hold Land	Main Assets	Nil
11	ERP Hardware	Main Assets	6 Year 15.83%
12	Vehicle	Main Assets	8 Year 11.875%
13	Temporary Fixtures	Main Assets	Fully-Depreciated
14	Telecom Equipment's	Main Assets	8 Year. 12.5%

S. No.	Name of Assets	Main asset/Component	Revised Useful life of assets
15	Last Mile/Access Equipment's	Main Assets	8 Year. 12.5%
	Radio/Access Switches	Component	3 Year 33.33%
16	Power Plant Equipment's	Main Assets	8 Year. 12.5%
	Battery	Component	5 Year. 20%
17	Data centre	Main Assets	8 Year. 12.5%
	Data Centre infrastructure	Component	13 Year. 7.31%
18	Other Infrastructure	Main Assets	8 Year. 12.5%
19	Data Network	Main Assets	8 Year. 12.5%

### g) Intangible Assets

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

At initial recognition, the separately acquired intangible assets are recognized at cost. Following initial recognition, the intangible assets are accounted at cost less any accumulated amortization & accumulated impairment loss, if any.

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. 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 costing up to rupees five lakh which has independent use is amortised over a period of twelve months 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.

### h) Non-current Assets (or disposal groups) held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present

condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

If the criteria stated by IND AS 5 “Non-current Assets Held for Sale and Discontinued Operations” are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

### i) Impairment of Assets

The carrying amounts of assets are reviewed by management whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (except intangible assets, for which testing to be done irrespective of whether there is an indication of impairment). 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 recognized.

### j) Leases

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

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of comprehensive income.

Amortization of leased assets is computed on straight line basis over the shorter of useful life of the assets or remaining lease period. Amortization charge for capital leases is included in depreciation expense for the period.

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

Assets leased to others under finance leases are recognized as receivables at an amount equal to the net investment in the leased assets. The finance income is recognized based on periodic rate of return on the net investment of the Group outstanding in respect of the finance lease.

3. **Indefeasible Right to Use ('IRU')**- The Group enters into agreement for leasing assets (capacity) under "Indefeasible right to use" with third parties. Under the arrangement the assets are taken or given on lease over the substantial part of the asset life. However, the title to the assets and associated risks are retained by 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 beyond 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.

Exchange of Network capabilities with other telecommunication service providers are recorded as monetary transactions and measured at the carrying amount of capacities relinquished, as these exchanges are for similar productive assets used to provide telecommunication services to customers.

#### k) **Borrowing Costs**

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

#### 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.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents include outstanding Bank Overdraft shown within the borrowings incurrent Liabilities in Statement of Financial Position and which are considered an integral part of Group's cash management.

#### m) **Government Grant**

Government Grant related to acquisition of Fixed Assets is treated as 'Deferred Government Grant' and an amount equal to proportionate depreciation of such assets is credited to Statement of Profit and Loss.



## n) Revenue Recognition and Receivables

### 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. Service revenue also include revenues associated with access and interconnection for usage of the network of other operators. 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.

#### **Revenue shall be measured at the fair value of the consideration received or receivables.**

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 from the date of satisfactory installation services at the customer site.

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period based on 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.

### 3. Interest and Other Income

For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss or as available for sale, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

## o) Uncollectible accounts receivable

Uncollectible accounts receivable reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Group provides for amounts outstanding net of security deposits, or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.

## p) 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.

## q) License Fees – Revenue Share

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

## r) Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

### 1. Defined contribution plans

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

12% of the Basic pay plus dearness allowance of employees and equal contribution of the corporation is contributed to provident fund maintained with the Regional Provident Fund Commissioner, 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 Other Comprehensive Income in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

- i. Gratuity is payable on separation @15 days pay for each completed year of service to eligible employee, who rendered continuous service of 5 year or more. The gratuity ceiling of ₹ 10 Lakh has been considered for actuarial valuation.
- ii. Leave Encashment is payable on separation to eligible employee who have accumulated earned leave. Leave salary is provided for based on valuation, as balance sheet date, made by independent actuary.
- iii. Foreign Service Contribution payable for leave salary and pension in respect of employees who have joined the corporation on deputation for a fixed period from Indian Railways for the year 2016-17 in terms of Government rules and regulations 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.

#### s) Post Sales client support and warranties

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

#### t) 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 & Loss.

#### u) Taxes

##### 1. Current Income Tax

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

##### 2. MAT Credit

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Group 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 Group will pay normal income tax during the specified period.

##### 3. Deferred Tax

Deferred tax Asset/Liability is recognized on temporary differences calculated based on the Balance Sheet Approach being the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose that accumulate over the 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 recognized for all temporary differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward of losses and unused tax credits are recognized to the extent it is probable that future taxable income will be available to realize such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**v) Research and development**

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

**w) Segment Reporting-**

The operating segment are organized and managed separately through the respective business managers, according to the nature of product and service provided and geographies in which services are provided, with each segment representing a strategic business unit.

**x) Earnings Per Share**

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

**y) 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.

**z) Exceptional Item**

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

**aa) Provisions and Contingencies**

The Group recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation.

When the Group expects some or all of provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognized as finance cost.

A disclosure for a contingent liability is made at Fair Value 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 consolidated financial statements.

### **Operating cycle**

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

### **Dividend**

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

Interim dividend is provided for in the year of payment.

### **Asset Retirement Obligation**

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Group has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are settled obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

## **ab) Financial Instruments**

### **A. Financial Instruments –**

#### **Initial Recognition and Measurement**

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognized at fair value plus directly attributable transaction costs in case of financial assets and liabilities not at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit & loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## B. Financial Assets

### 1. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### b. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### c. Financial assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

### 2. Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

## C. Financial Liabilities

### 1. Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### 2. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Statement of Profit and Loss.

### 1.3 Disclosures as required by Indian Accounting Standard (Ind AS) 101 First time adoption of Indian accounting Standard.

The Group has adopted Ind AS with effect from 1st April 2016 with Comparatives being restated. In preparing these consolidated financial statements, the Group has prepared opening IND AS balance sheet as at 1 April, 2015 the Group's date of transition to Ind-AS in accordance with requirement of IND AS 101, First time adoption of Indian Accounting Standards. The principal adjustments made by the Group in restating its IGAAP consolidated financial statements, including the balance sheet as at 1 April 2015 and the Consolidated financial statements as at and for the year ended 31 March 2016. However the basic approach adopted is again summarized hereunder:

- i) All assets and liabilities have been classified into financial assets/liabilities and non-financial assets/liabilities.
- ii) All non-current financial assets/liabilities at below market rate of interest and outstanding as on 01.04.2015 have been measured at fair value.

Retention money/security deposit of the non-current nature deducted from the bills of contractors being interest free financial liability have been fair valued using discounted cash flow method.

SBI deposit rate for one-year maturity prevailing at the beginning of each year as discount rate to arrive at fair value for IND AS account of that particular year will be used as discount rate for above purpose.

- iii) In accordance with IND AS 101, the resulting adjustments are considered as arising from events and transactions entered before date of transition and recognized directly in the retained earnings at the date of transition to IND AS.
- iv) The estimates as at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with IGAAP (after adjustments to reflect any differences in accounting policies).
- v) IND AS 101 also allows to first time adopter certain exemptions from the retrospective application of certain requirements under IND AS. Accordingly, the Group has availed the following exemptions as per IND AS 101:
  - i) Optional exemptions:
    - a) Deemed Cost for Property, Plant & Equipment: The Group has availed exemption under para D7AA of appendix C to IND AS 101 which permits a first time adopter to continue with the carrying values for its PPE as at date of transition to IND ASs measured as per previous GAAP.
    - b) Investment in Subsidiaries: The Group has decided to avail the exemption with regard to measuring the investment in subsidiaries as at date of transition at deemed cost which is previous GAAP carrying amount at that date.
  - ii) Mandatory exemptions:

Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



## NOTE NO. 2

### Basis of Transition to IND AS (IND AS 101)

The adoption of Ind AS is carried out in accordance with Ind AS 101 on April 1, 2015 being the transition date. Ind AS 101 requires that all Ind AS standards that are issued and effective for the year ending March 31, 2017, be applied retrospectively and consistently for all the periods presented. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity at the transition date.

In these financial statements, the Company has presented three Balance Sheets - as of March 31, 2017, March 31, 2016 and April 1, 2015. The Company has also presented Statements of Profit and Loss, Statements of Changes in Equity and Statements of Cash Flows for the year ended March 31, 2017 and 2016 along with the necessary and related notes.

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

#### Exemptions/Exceptions from full retrospective application

- (i) The Company has elected to apply the following optional exemption from full retrospective application of Ind AS

#### Deemed Cost

IND AS 101 permits a first time adopter to elect to continue with carrying value for all of its Property Plant and Equipments as recognized in financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustment for de-commissioning liabilities. The exemption can also be used for intangible assets covered by IND AS 38 Intangible Assets

Accordingly the Company has elected to measure all of its Property, Plant and Equipments and intangible assets at their previous GAAP carrying value

#### Leases

Appendix C to IND AS 17 requires an entity to assess whether a contract or arrangement contain a lease. In accordance with IND AS 17, this assessment should be carried out at the inception of the contract or arrangement. IND AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to IND AS, except where the effect is expected to be not material.

#### The Company has applied this exemption for such contract/arrangements.

- (ii) The following mandatory exceptions from retrospective application of Ind AS have been applied by the Company

## Estimates

An entity's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

IND AS estimates as at 1st April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates in accordance with IND AS as at the date of transition.

## Reconciliation of Previous GAAP and IND AS

The following reconciliations provide a quantification of the effect of differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 whereas the notes explain the significant differences thereto.

- i. Balance Sheet reconciliations as of April 1, 2015
- ii. Balance Sheet reconciliations as of March 31, 2016
- iii. Reconciliations of statement of profit and loss for the year ended March 31, 2016
- iv. Notes to the Balance Sheet and statement of profit and loss reconciliations
- v. Explanation of material adjustments to statement of cash flows

### i. Consolidated Balance Sheet reconciliations as of April 1, 2015

Particulars	Note No.	As at 01st April 2015 (Ind AS)	Impact	As at 01st April 2015 (Re-Grouped Indian GAAP)
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipments	3	59,268		59,268
Capital work-in-progress	4	16,001		16,001
Intangible assets	3	344		344
Financial Assets				
Loans & Security Deposit	5	237	(352)	589
Deferred tax assets (net)	6	-	-	-
Other Non Current Assets	7	21,149	(37)	21,186
<b>CURRENT ASSETS</b>				
Inventories	8	117		117

Particulars	Note No.	As at 01st April 2015 (Ind AS)	Impact	As at 01st April 2015 (Re-Grouped Indian GAAP)
<b>Financial Assets</b>				
Trade receivables	9	16,794		16,794
Cash and cash equivalents	10	1,626		1,626
Other Bank Balances	11	66,699		66,699
Loans & Security Deposit	12	231		231
Other Financial Assets	13	8,257		8,257
Current tax assets (Net)	14	8,606		8,606
Other Current Assets	15	5,387		5,387
<b>TOTAL ASSETS</b>		<b>204,716</b>	<b>(389)</b>	<b>205,105</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	16	32,094		32,094
Other Equity		69,054	726	68,328
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings		-		-
Other financial liabilities	17	5,051	(399)	5,450
Provisions	18	46		46
Deferred tax liabilities (Net)	19	(350)		(350)
Other Non Financial Liabilities	20	64,078	-	64,078
<b>CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings		-		-
Trade Payables	21	10,931		10,931
Other financial liabilities	22	3,613		3,613
Provisions	23	922	(843)	1,765
Other Non Financial Liabilities	24	19,277	127	19,150
<b>Total Equity and liabilities</b>		<b>204,716</b>	<b>(389)</b>	<b>205,105</b>



**ii. Consolidated Balance Sheet reconciliations as of March 31, 2016**

Particulars	Note No.	As at 31st March 2016 (Ind AS)	Impact	As at 31st March 2016 (Re-grouped Indian GAAP)
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipments	3	70,815		70,815
Capital work-in-progress	4	26,171		26,171
Intangible assets	3	238		238
Financial Assets				
Loans & Security Deposit	5	287	(336)	623
Deferred tax assets (net)	6	-	-	-
Other Non Current Assets	7	17,696	(28)	17,724
<b>CURRENT ASSETS</b>				
Inventories	8	142		142
Financial Assets				
Trade receivables	9	26,396		26,396
Cash and cash equivalents	10	2,789		2,789
Other Bank Balances	11	54,410		54,410
Loans & Security Deposit	12	257		257
Other Financial Assets	13	9,452		9,452
Current tax assets (Net)	14	7,322		7,322
Other Current Assets	15	5,985		5,985
<b>TOTAL ASSETS</b>		<b>221,960</b>	<b>(364)</b>	<b>222,324</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	16	32,094		32,094
Other Equity		76,392	2,630	73,762

Particulars	Note No.	As at 31st March 2016 (Ind AS)	Impact	As at 31st March 2016 (Re-grouped Indian GAAP)
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-		-
Other financial liabilities	17	5,076	(324)	5,400
Provisions	18	46		46
Deferred tax liabilities (Net)	19	3,506		3,506
Other Non Financial Liabilities	20	44,810	-	44,810
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings		-		
Trade Payables	21	14,393		14,393
Other financial liabilities	22	5,868		5,868
Provisions	23	2,099	(3,193)	5,292
Other Non Financial Liabilities	24	37,676	523	37,153
<b>Total Equity and liabilities</b>		221,960	(364)	222,324

**iii. Reconciliation of consolidated Profit and Loss Statement for the year ended on 31 March 2016**

(₹ in Lakh)

Particulars	Notes No.	Year ended 31st March 2016 (Ind AS)	Impact	Year ended 31st March 2016 (Indian GAAP)
<b>Income</b>				
Revenue from operations	25	57,790		57,790
Other income	26	7,032		7,032
Finance Income	27	15	15	-
<b>Total Income</b>		64,837	15	64,822



Particulars	Notes No.	Year ended 31st March 2016 (Ind AS)	Impact	Year ended 31st March 2016 (Indian GAAP)
<b>Expenses</b>				
Access Charges other Charges	28	16,344		16,344
License fee and spectrum charges (revenue share)	29	3,547		3,547
Expenses on Project	30	3,193		3,193
Employee Benefits Expenses	31	8,817	(31)	8,848
Administrative & Other Expenses	32	5,270		5,270
Depreciation and amortisation	33	8,068		8,068
Finance Expenses	34	75	75	-
<b>Total Expenses</b>		45,314	44	45,270
<b>Profit before exceptional items and tax</b>		<b>19,523</b>	<b>(29)</b>	<b>19,552</b>
Exceptional Items				
<b>Profit before tax</b>		<b>19,523</b>	<b>(29)</b>	<b>19,552</b>
<b>Tax expenses</b>				
Current tax	35	5,387	158	5,229
Deffered tax	35	3,856		3,856
Tax impact of earlier years				
<b>Profit for the period</b>		<b>10,280</b>	<b>(187)</b>	<b>10,467</b>
Net profit attributable to				
a) Owners of the company A		10,280	(187)	10,467
b) Non Controlling interest				
Other comprehensive income (OCI):				
I. Items that will not be reclassified to Profit & Loss		-		-
Re-measurement losses on defined benefit plans		(31)	(31)	

Particulars	Notes No.	Year ended 31st March 2016 (Ind AS)	Impact	Year ended 31st March 2016 (Indian GAAP)
Income tax relating to item that will not be reclassified to Profit & Loss		11	11	
Other comprehensive income/(Loss) B		(20)	(20)	
<b>Total comprehensive income for the period (A+B)</b>		<b>10,260</b>	<b>(207)</b>	<b>10,467</b>

#### iv. Notes to the Balance Sheet and statement of profit and loss reconciliations.

As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS

**Foreign exchange gain/losses-** Under previous GAAP, certain foreign exchange gains or losses on foreign currency denominated liabilities were capitalized into the carrying value of fixed assets until March 31st 2008. Under Ind AS, such gains and losses are not allowed to be capitalized.

**Non-current Financial assets/liabilities** -Under previous GAAP, certain non-current financial assets/liabilities which were measured at cost/best estimate of the expenditure required to settle the obligation, at the Balance Sheet date without considering the effect of discounting whereas these are measured at the present value on the Balance Sheet date under Ind AS. Accordingly, the Company has recognised the adjustment to the respective carrying amount and the consequent impact on finance cost/finance income due to the unwinding of the discounting impact. The corresponding impact on the date of transition has been recognised in equity.

**Proposed dividend** Under previous GAAP, dividend on equity shares recommended by the board of directors ('proposed dividend') was recognised as a liability in the financial statements in the period to which it relates. Under Ind AS, such dividend is recognised as a liability when approved by the shareholders in the general meeting. The Company accordingly, has de-recognised the proposed dividend liability with the corresponding increase being recognised in equity.

#### v. Explanation of material adjustments to Statement of Cash Flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP except due to various re-classification adjustments recorded under Ind AS and difference in the definition of cash and cash equivalents under these two GAAPs.



## Property Plant &amp; Equipment

## Note-3

(₹ in Lakh)

Particulars	Freehold Land	Land & Building	Plant & Machinery	Leasehold Improvements	ERP Hardware	Furniture & Fixtures	Office Equipments	Total	Licenses	Software	Total
Cost as at 1st April 2015	223	3,107	118,288	377	204	255	500	122,954	250	405	655
Additions	30	2,044	16,763	480	-	40	134	19,491	-	-	-
Disposal								-			-
Transfer								-			-
<b>Closing Gross Carrying amount</b>	<b>253</b>	<b>5,151</b>	<b>135,051</b>	<b>857</b>	<b>204</b>	<b>295</b>	<b>634</b>	<b>142,445</b>	<b>250</b>	<b>405</b>	<b>655</b>
Accumulated Depreciation											
Opening accumulated Depreciation	-	628	58,903	522	41	159	362	60,615	209	102	311
Charge during the year	-	192	9,392	54	52	31	62	9,783	25	81	106
Depreciation Adjustment not impacting P&L			4					4			-
Disposals/adjustment			1,240			-	(4)	1,236			-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>820</b>	<b>69,531</b>	<b>576</b>	<b>93</b>	<b>190</b>	<b>420</b>	<b>71,630</b>	<b>234</b>	<b>183</b>	<b>417</b>
Impairment											
Opening accumulated Impairment			3,071					3,071			-
Impairment during the year								-			-
Reversal of Impairment during the year			(3,071)					(3,071)			-
<b>Closing Accumulated Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CARRYING AMOUNT- 31/03/2016</b>	<b>253</b>	<b>4,331</b>	<b>65,520</b>	<b>281</b>	<b>111</b>	<b>105</b>	<b>214</b>	<b>70,815</b>	<b>16</b>	<b>222</b>	<b>238</b>

Year ended 31st March 2017																						
Gross Carrying amount																						
Cost as at 1st April 2016	253	5,151	135,051	857	204	295	634	142,445	250	405	655											
Additions	-	440	8,737	380	18	25	102	9,702	296	18	314											
Disposal	-	(2)	(14)	-	-	0	0	(16)	-	-	-											
Transfer		42		(42)				0														
<b>Closing Gross Carrying amount</b>	<b>253</b>	<b>5,631</b>	<b>143,774</b>	<b>1,195</b>	<b>222</b>	<b>320</b>	<b>736</b>	<b>152,131</b>	<b>546</b>	<b>423</b>	<b>969</b>											
Accumulated Depreciation																						
Opening accumulated Depreciation	-	820	69,531	576	93	190	420	71,630	234	183	417											
Charge during the year	-	423	10,952	105	27	13	71	11,591	5	82	87											
Disposals / adjustment	-	40	(14)	(42)	-	0	0	(16)	-	-	-											
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,283</b>	<b>80,469</b>	<b>639</b>	<b>120</b>	<b>203</b>	<b>491</b>	<b>83,205</b>	<b>239</b>	<b>265</b>	<b>504</b>											
Impairment																						
Opening accumulated Impairment			-					-														
Impairment during the year								-														
Reversal of Impairment during the year								-														
<b>Closing Accumulated Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>											
<b>NET CARRYING AMOUNT- 31/03/2017</b>	<b>253</b>	<b>4,348</b>	<b>63,305</b>	<b>556</b>	<b>102</b>	<b>117</b>	<b>245</b>	<b>68,926</b>	<b>307</b>	<b>158</b>	<b>465</b>											

## Capital Work in Progress

Note-4

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
NE-1	9,091	6,951	4,307
NE-2	17,133	9,695	3,584
OFC Laying Works	2,907	2,463	1,369
MPLS, STM & Other Telecom Radio Equipment and Data Centre	2,962	3,124	5,826
Site Works	3,805	3,927	910
Others	27	11	5
<b>Total</b>	<b>35,925</b>	<b>26,171</b>	<b>16,001</b>

## NON CURRENT ASSETS

Investment in subsidiary has been valued at cost

## Loans and Security Deposit

Note-5

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Unsecured Good, Considered Good unless stated otherwise			
Security Deposits			
Considered Good	371	287	237
<b>Total</b>	<b>371</b>	<b>287</b>	<b>237</b>

## Deferred Tax Assets

Note-6

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Deferred Tax Assets	6	0	0
<b>Total</b>	<b>6</b>	<b>-</b>	<b>-</b>

## Other Non Current Assets

Note-7

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
(Unsecured, secured good unless stated otherwise)			
<b>Capital Advances</b>			
Considered Good	5,229	3,343	1,517
<b>Other</b>			
Lease prepayment	1,733	392	452
Trade Receivables-Long Term		13,961	19,180
Preliminary expenses	-	-	-
<b>Total</b>	<b>6,962</b>	<b>17,696</b>	<b>21,149</b>

## CURRENT ASSETS

### Inventories (Valued at lower of cost or net realisable value)

Note-8

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Inventory (Consumables for O&M Work)	22	142	117
<b>Total</b>	<b>22</b>	<b>142</b>	<b>117</b>

### Trade Receivables

Note-9

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Unsecured, Unless Stated Otherwise			
<b>Telecommunication Business</b>			
Receivable outstanding for a period exceeding six months from the date they were due for payment			
Considered Good	15,244	14,555	5,842
Considered Doubtful	3,375	2,585	2,610

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Less: Provision for Doubtful Receivables	3,375	2,585	2,610
Receivables (less than six months)			
Considered Good	13,229	7,216	5,529
Considered Doubtful			
Less: Provision for Doubtful Receivables			
<b>Other Project works</b>			
Receivable outstanding for a period exceeding six months from the date they were due for payment			
Considered Good	2,059	3,171	3,293
Considered Doubtful	8	46	46
Less: Provision for Doubtful Receivables	8	46	46
Receivables (less than six months)			
Considered Good	6,934	1,454	2,130
Considered Doubtful			
Less: Provision for Doubtful Receivables			
<b>Total</b>	<b>37466</b>	<b>26396</b>	<b>16794</b>

The activity in allowance for doubtful receivables is given below:

Balance at the beginning of the year	2,631	2,656	2647
Add: Additional provision during the year	752	9	9
Less: Bad debts written off	0	(34)	-
Balance at the end of the year	3,383	2,631	2,656

## Cash and Cash Equivalents

Note-10

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
(i) Cash and Cash Equivalent (Maturity ≤ 3 Months)			
a. Cash on Hand (Imprest)	9	6	5
b. Remittance in Transit	38	31	348
c. Balances with Scheduled Bank			
In Current A/c	2,026	597	570
In Collection A/c	6,995	2,155	703
<b>Total</b>	<b>9,068</b>	<b>2,789</b>	<b>1,626</b>

## Other Bank Balances

Note-11

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
BG Margin Money A/c	524	477	73
In Term Deposit	52,010	53,933	66,626
<b>Total</b>	<b>52,534</b>	<b>54,410</b>	<b>66,699</b>

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

## Loans and Security Deposits

Note-12

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Unsecured, Considered Good Unless Stated Otherwise</b>			
Loans and Advances to Employee	54	55	28
Security Deposit Short term	30	8	18
Security Deposit other	31	29	21
Others*	308	165	164
<b>Total</b>	<b>423</b>	<b>257</b>	<b>231</b>

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

\*Others in F.Y. 2016-17 include ₹ 180.70 Lakh paid to M/s United Telecom Ltd. For Tele-Presence Equipment

## Other Financial Assets

Note-13

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Unsecured, Considered good unless stated otherwise</b>			
Advances to Subsidiary	0	0	0
Accrued interest on term deposit	2179	2467	2701
Advances to Railways	5373	6114	5211
Unbilled Revenue	5765	871	345
<b>Total</b>	<b>13,317</b>	<b>9,452</b>	<b>8,257</b>

Advance to railways includes ₹ 5117 Lakh on account of Four Fibre Maintenance and recovery on account of VAT ( Previous Year 5285 Lakh)

## Current Tax Assets

Note-14

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
MAT Credit	164	3,664	5,231
TDS-Income Tax	2,064	3,630	3,347
Advance Income Tax	149	28	28
<b>Total</b>	<b>2377</b>	<b>7322</b>	<b>8606</b>

## Other Current Assets

Note-15

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Advances recoverable in cash or in kind for value to be received	606	473	1,231
Balance with tax Authorities			
Service Tax Credit Available	2,090	3,106	1,779



Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
VAT Credit	119	95	24
Others	366	1,586	1,828
Advance Service tax	807	673	426
Prepaid expenses	243	52	99
<b>Total</b>	<b>4,231</b>	<b>5,985</b>	<b>5,387</b>

### Equity Share Capital

### Note-16

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Authorized Share Capital			
Equity Shares			
1,00,00,00,000 (March 31, 2016 - 1,00,00,00,000) equity shares of ₹ 10 each	1,00,000	1,00,000	1,00,000
Issued, Subscribed and fully paid-up shares			
1,50,00,007 (March 31, 2016 - 1,50,00,007) equity shares of ₹ 10 each in Cash	1,500	1,500	1,500
30,59,38,400 (March 31, 2016 - 30,59,38,400) equity shares of ₹ 10 each in consideration other than cash	30,594	30,594	30,594
<b>Total</b>	<b>32,094</b>	<b>32,094</b>	<b>32,094</b>

The equity share are the only class of Share capital having par value of ₹ 10 per share. Every holder of equity share present at a meeting in person or by a proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Equity share carry voting right proportionate to the paid up value per share. In the event of liquidation of the company, holders of the equity share are entitled to be repaid the amounts credited as paid up on those equity share. All surplus assets after settlement of liabilities as at the commencement of winding up shall be paid to the holders of equity share in proportion of their shareholding.

**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
<b>Year ended 31 March 2017</b>			
No of Equity Shares-In Cash	15,000,007	-	15,000,007
No of Shares-In consideration other than cash	305,938,400	-	305,938,400
Amount in ₹	3,209,384,070	-	3,209,384,070
<b>Year ended 31 March 2016</b>			
No of Equity Shares - In Cash	15,000,007	-	15,000,007
No of Shares - In consideration other than cash	305,938,400	-	305,938,400
Amount in ₹	3,209,384,070	-	3,209,384,070
<b>Year ended 31 March 2015</b>			
No of Shares - In Cash	15,000,007	-	15,000,007
No of Shares - In consideration other than cash	305,938,400	-	305,938,400
Amount in ₹	3,209,384,070	-	3,209,384,070

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. During the year ended March 31, 2017, Company has paid an interim dividend of ₹ 0.561 per share (previous year 0.467 per share)

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

Particulars		As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
	Number	320,938,407	320,938,407	320,938,407
Ministry of Railways (in the name of President of India)	%	100	100	100

**Aggregate number of shares issued for consideration other than cash**

Particulars		As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
	Number	305,938,400	305,938,400	305,938,400
Ministry of Railways (in the name of President of India)	%	100	100	100

**NON CURRENT LIABILITIES**

**Other Financial Liabilities**

**Note-17**

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Unsecured			
Security Deposit	1,063	976	1,114
Retention Money	2,837	4,100	3,937
<b>Total</b>	<b>3,900</b>	<b>5,076</b>	<b>5,051</b>

**Provisions**

**Note-18**

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Provision for Arbitration Claim	46	46	46
<b>Total</b>	<b>46</b>	<b>46</b>	<b>46</b>

## Deferred Tax Liabilities (Net)

Note-19

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Deferred Tax Liabilities</b>	<b>3,992</b>	<b>4,933</b>	
Depreciation claimed as deduction under Income Tax Act but chargeable in the statement of profit and loss in future years	3,992	4,933	
<b>Less:</b>			
<b>Deferred Tax Assets</b>			(350)
Depreciation chargeable in the statement of profit and loss but claimed as deduction under Income Tax Act in future year	-	-	-
Provision for doubtful debts charged in the statement of profit and loss but to be allowed as deduction under the Income Tax Act in future years	1,171	911	
Expenditure to be allowed on payment basis under Income Tax Law/Provisions	857	516	
Gross Deferred Tax Assets	2,028	1,427	(350)
<b>Total</b>	<b>1,964</b>	<b>3,506</b>	<b>(350)</b>

## Other Non Financial Liabilities

Note-20

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Others</b>			
Deferred Revenue (Advance from Customers)*	25,455	42,082	61,228
Advances from Railways**	2,440	2,333	2,850
Subsidy of NE-1 & NE-2	3,146	395	-
<b>Total</b>	<b>31,041</b>	<b>44,810</b>	<b>64,078</b>

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

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

## CURRENT LIABILITIES

### Trade Payables

Note-21

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Trade Payables</b>			
Micro and Small Enterprises			
<b>Other then Micro and Small Enterprises</b>			
Revenue Share Payable to Indian Railway & Konkan Railway	4,900	1,927	3,285
Towards purchase of Goods and Services	15,047	12,466	7,454
Other Payables	42	-	192
<b>Total</b>	<b>19,989</b>	<b>14,393</b>	<b>10,931</b>

Note: In the absence of any information from Supplier/creditors in ERP, amount due to Micro, Small and Medium Enterprise could not be ascertained in terms of the Micro, Small and Medium Enterprises Development Act 2006

### Other financial liabilities

Note-22

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Security Deposits	1,756	1,244	838
Retention Money	5,157	3,450	2,017
EMD Payable	2,854	1,174	758
<b>Total</b>	<b>9,767</b>	<b>5,868</b>	<b>3,613</b>

### Provisions

Note-23

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Provisions-Others			
Provision for Pension	508	209	
Provision for Tax	581	1,077	0
Provision for PRP	995	813	922
<b>Total</b>	<b>2,084</b>	<b>2,099</b>	<b>922</b>

## Other Non Financial Liabilities

**Note-24**

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Deferred Revenue (Advance from Customers)	20,859	20,208	9,706
Advance-Others*	20,944	10,840	6,129
<b>OTHER PAYABLES</b>			
Payable to Others	5,572	6,105	3,315
IND AS Adjustment-Accrued Adjustments	-	523	127
<b>Total</b>	<b>47375</b>	<b>37676</b>	<b>19277</b>

\*It represents money received from BBNL for carrying out project work relating to laying of OFC

## Revenue from operations

**Note-25**

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Income from Telecom Services		
NLD Services	36,054	31,562
ISP Services	13,012	7,882
IP-1 Services	13,309	12,164
<b>Income from Projects</b>		
Railways Deposit Works	3,743	2,165
Other projects	18,925	3,849
<b>Other Operating Revenue</b>	-	168
<b>Total</b>	<b>85,043</b>	<b>57,790</b>

## Other Income

Note-26

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
<b>Interest Income</b>		
Interest Income on deposits with Bank	4,167	5,748
Interest Income on Mutual Funds	7	
Interest on Income Tax Refunds	180	242
<b>Other Non Operating Income</b>		
Miscellaneous Income	792	204
Liabilities/Provision written back	-	801
Realised Gain/(Loss) on foreign Exchange	59	37
<b>Total</b>	<b>5,205</b>	<b>7,032</b>

## Finance Income

Note-27

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Discounting Impact of Financial Assets	42	15

## Access Charges & Other Charges

Note-28

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Operation & Maintenance of Fiber & Equipment	4,187	4,297
Share of Revenue with Konkan Railway	18	19
Hire Charges Radio Modem/Optic Fibers and Internet Access	3,376	3,370
Interconnect & Port charges	723	1,016
Franchise Expenses	6,056	2,753
Power & Fuel Expenses on network	3,451	2,674
Revenue Share to Railways	2,688	2,215
<b>Total</b>	<b>20,499</b>	<b>16,344</b>



### License fee and Spectrum charges (Revenue Share)

Note-29

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Licence Fee to DoT	4,117	3,469
Spectrum Charges	155	78
<b>Total</b>	<b>4,272</b>	<b>3,547</b>

### Expenses on Project

Note-30

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Expenses on Projects	17,783	2,993
Allocation of Employee Benefit Expenses (Refer Note No. 31)	884	125
Allocation of Administrative & Other Expenses (Refer Note No. 32)	531	75
<b>Total</b>	<b>19,198</b>	<b>3,193</b>

### Employee Benefit Expenses

Note-31

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries & Wages (including Staff Welfare)*	9,701	8,542
Contribution to Provident and other funds	462	400
Less: Allocation of Expenses to Projects	884	125
<b>Total</b>	<b>9,279</b>	<b>8,817</b>

\*It includes ₹ 502 Lakh of Performance Related Pay subject to approval of Remuneration Committee

## Administrative & Other Expenses

Note-32

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Auditor Remuneration		
As Auditor	18	16
As Tax Auditors	7	9
Books & Periodicals	2	2
Communication Expenses	128	127
Conveyance Expenses	40	43
Bank Charges & Commission	21	11
Legal & Professional Expenses	586	530
Insurance	6	24
Rates & Taxes	39	75
Rent	1,409	1,165
Repair & Maintenance – Others	1,306	1,079
Tender Expenses.	144	141
Training & Recruitment Expenses	56	46
Travelling Expenses	513	477
Printing & Stationary Expenses	69	75
Vehicle Hire charges	294	278
Inspection Charges	33	99
Business promotion Expenses	160	142
Other Miscellaneous Expenses	277	215
Railwire Expenses	207	456
Corporate Social Responsibility	359	323
Loss on sale of Fixed Assets	0	1
Interest Expenses	4	2
Provision for Bad and Doubtful Debts	752	9
Less:- Allocation of Expenses to Project	531	75
<b>Total</b>	<b>5,899</b>	<b>5,270</b>

## Depreciation and Amortisation

**Note-33**

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation on tangible Assets	11,554	9,783
Depreciation on Intangible Assets	87	106
Reversal of impairment		(1,821)
<b>Sub Total</b>	<b>11,641</b>	<b>8,068</b>
Prior Period Depreciation*	37	
<b>Sub Total</b>	<b>11,678</b>	<b>8,068</b>

\* ₹ 37 Lakh have been charged through Statement of changes in equity

## Finance Expenses

**Note-34**

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Discounting Impact of Financial Liabilities	80	75

## Tax Expenses

**Note-35**

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax (Income Tax)	8,487	5,387
Tax impact of earlier Years	(534)	
Deferred Tax Asset	(1,547)	3,856
<b>Total</b>	<b>6,406</b>	<b>9,243</b>

## Prior Period Adjustments

**Note-36**

(₹ in Lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Prior Period Expenses	486	-
Prior Period Income	(430)	
Prior Period Income Credit Note	430	
<b>Total</b>	<b>486</b>	<b>-</b>

### Note-37

1. These Financial Statements are presented in Indian Rupees (INR) which is the Company's functional currency.
2. No Capital expenditure was incurred on assets not owned by the Company during year ended 31st March 2017 except on leasehold improvements.
3. Trade receivables and TDS receivables are subject to reconciliation, confirmation and consequential adjustments. In opinion of management, the financial impact, if any, will not be material.
4. In the opinion of the management, the value of Current Assets, Loans and Advances, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
5. Figures have been rounded off to nearest Rupees in Lakh.
6. In the current year Company has revised the useful life of assets and its residual value on the basis of report of technical committee. Due to such revision and consequent changes in useful life of asset there is a reduction in depreciation for an amount of ₹ 51.91 Lakh. Hence profit for the year is enhanced by the said amount.
7. Licence fee to DoT and Railways Revenue Share computed at prescribed rate 8% and 7% respectively.
8. A part of expenditure of Employees Benefit Expenses and Administrative Expenses, being 5% & 3% respectively is apportioned to project expenses.
9. Cash and Cash Equivalents- Cash and cash equivalents in the Balance Sheet include cash in hand and at banks, cheques in hand, short term investment and demand deposits.
10. The Current Assets/ Liabilities has been determined if they are receivable/payable within 1 year from the date of Balance Sheet. Rest has been treated as Non-Current.
11. Balances recoverable from customer or other parties, Recoverable/Payable from/to Ministry of Railways, Sundry Creditors etc. are subject to Reconciliation/Confirmation.
12. Auditors Remuneration includes:

Particulars	16-17 (in Lakh)	15-16 (in Lakh)
Statutory Audit Fee	17.58	14.45
Out of pocket expenses	0.00	0.00
<b>Total</b>	<b>17.58</b>	<b>14.45</b>

### 13. Details of specified notes (SBN) held and transacted during the period from 8th November to 31st December 2016.

	SBNs	Other denominations notes	Total
Closing cash in hand as on 08/11/2016	Nil	Nil	Nil
Permitted Receipts	Nil	Nil	Nil
Permitted Payments	Nil	Nil	Nil
Amount deposited in Banks	Nil	Nil	Nil
Closing cash balance as on 31/12/2016	Nil	Nil	Nil

#### 14. Capital and other commitments:

(₹ In Lakh)

Particulars	March 31, 2017	March 31, 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances)	27776	17431

#### 15. Value of imports calculated on CIF basis

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016
Raw materials	Nil	Nil
Consumables and Spare parts	Nil	Nil
Capital goods	7894	5597
<b>Total</b>	<b>7894</b>	<b>5597</b>

#### 16. Expenditure in foreign currency (accrual basis)

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016
Interest on foreign currency loan	Nil	Nil
Travelling & conveyance	5	14
Royalty	Nil	Nil
Repair & Maintenance	Nil	Nil
Technical know how	Nil	Nil
Service charges	Nil	Nil

#### 17. Accounting for Corporate Social Responsibility

During the period, the gross amount required to be spent by the Company on activities related to Corporate Social Responsibility (CSR) amounted to ₹ 346.77 Lakh (Previous year ₹ 321 Lakh). However, during the year the CSR committee has approved ₹ 368.42 Lakh and out of the said amount ₹ 87.57 Lakh has been released to various parties.

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

(₹ In Lakh)

Particulars	Amount paid	Amount yet to be paid	Total amount booked under CSR expenditure
Construction/Acquisition of any asset	Nil	Nil	Nil
On any other purpose	87.57	271.92	359.49
<b>Total</b>	<b>87.57</b>	<b>271.92</b>	<b>359.49</b>

### 18. Applicability of Various IND AS issued by Ministry of Corporate Affairs

Sl. No.	IND AS No.	Name of Ind AS	Applicable on RCIL
1	101	First time Adoption of Indian Accounting Standards	Applicable
2	102	Share based Payment	Not Applicable
3	103	Business Combinations	Not Applicable
4	104	Insurance Contracts	Not Applicable
5	105	Noncurrent Assets Held for Sale and Discontinued Operations	Applicable-NIL
6	106	Exploration for and Evaluation of Mineral Resources	Not Applicable
7	107	Financial Instruments: Disclosures	Applicable
8	108	Operating Segments	Applicable
9	109	Financial Instruments	Applicable
10	110	Consolidated Financial Statements	Applicable
11	111	Joint Arrangements	Not Applicable
12	112	Disclosure of Interests in Other Entities	Applicable
13	113	Fair Value Measurement	Applicable
14	114	Regulatory Deferral Accounts	Not Applicable
15	1	Presentation of Financial Statements	Applicable
16	2	Inventories	Applicable
17	7	Statement of Cash Flows	Applicable
18	8	Accounting Policies, Changes in Accounting Estimates and Errors	Applicable

Sl. No.	IND AS No.	Name of Ind AS	Applicable on RCIL
19	10	Events after the Reporting Period	Applicable
20	11	Construction Contracts	Not Applicable
21	12	Income Taxes	Applicable
22	16	Property, Plant and Equipment	Applicable
23	17	Leases	Applicable
24	18	Revenue Recognition	Applicable
25	19	Employee Benefits	Applicable
26	20	Accounting for Government Grants and Disclosure of Government Assistance	Applicable
27	21	The Effects of Changes in Foreign Exchange Rates	Applicable
28	23	Borrowing Costs	Not Applicable
29	24	Related Party Disclosures	Applicable
30	27	Separate Financial Statements	Applicable
31	28	Investments in Associates and Joint Ventures	Not Applicable
32	29	Financial Reporting in Hyper inflationary Economies	Not Applicable
33	32	Financial Instruments: Presentation	Applicable
34	33	Earnings per Share	Applicable
35	34	Interim Financial Reporting	Not Applicable
36	36	Impairment of Assets	Applicable
37	37	Provisions, Contingent Liabilities and Contingent Assets	Applicable
38	38	Intangible Assets	Applicable
39	40	Investment Property	Not Applicable
40	41	Agriculture	Not Applicable

Para-wise disclosure of Applicable Indian Accounting Standards are as below:

## 19. Financial Instruments

### Trade receivables

As per Ind AS 109, Company is following expected credit loss model for recognizing the allowance for doubtful debts.



## Security deposits & Retention Money (Liabilities)

Security Deposits & Retention Money are classified as Financial Liabilities.

### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

### Security Deposits (Asset)

There are some deposits which are being kept with government authorities e.g. VAT Authority, Railways, Electricity etc which are considered as financial asset. A period of 10 years has been assumed for discounting these items.

### Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

A discount rate of 8.25% (SBI Rate) has been used for balances as on 01/04/2015 and 31/03/2016. Discount rate of 7.25% (SBI Rate) has been used for balance as on 31/03/2017.

## 20. Disclosure Requirements as per IND AS 108

The Company's principle business is to provide neutral telecom infrastructure. The Company operates within India and does not have operations in economic environment with different risks and returns. Hence, it is considered operating in single geographical segment

### The Company's operating segments are as follows:

1. **Telecom Services**—Department of telecommunication has provided three licences to RailTel, namely NLD, ISP and IP-1 licence for providing various type of telecommunication services in the country. RailTel with its expertise in Telecom & IT domain for over a decade offers an end-to-end managed data services to its customers within the framework of these licences.

It provides a wide range of Telecom services to its customer as under:

1. Managed Data Services
2. Leased Line
3. Virtual Private Network

4. Internet Leased Line
  5. Data centre
  6. Tower collocation
  7. Rack and space
  8. NLD for voice carriage
  9. Consultancy Services
2. **Project Work services** - To facilitate Railways in expeditious modernizing of their operation and safety systems and network providing by state of art communication infrastructure and to generate revenue through commercial exploitation of its telecom network, RailTel has taken the following projects:
1. National Optical Fiber Network
  2. Telecom and IT services related projects
  3. Enterprise specific IT & ITES Projects

**The Company's Operating segment information for the year ended March 31, 2017 is presented below:**

(₹ in Lakh)

Particulars	Telecom Services	Project Work Services	Total
	A	B	A+B
Revenue from operations	62374	22669	85043
Operating Expenses	40029	19198	59227
Segment Operating Income/(Loss)	22346	3470	25816
Unallocable Depreciation			711
Operating Income			25105
Other Income			834
Foreign Exchange Gain/(Loss), net			59
Profit before interest, depreciation, tax and exceptional items			25998
Interest Income/(expenses), net			4354
Depreciation, amortisation (net of reversal of impairment)	10930		10930
Profit before taxation			19422
Tax Expense			6406
Profit after taxes			13016

The Company's Operating segment information for the year ended March 31, 2016 is presented below:

(₹ in Lakh)

Particulars	Telecom Services	Project Work Services	Total
	A	B	A+B
Revenue from operations	51608	6014	57622
Operating Expenses	34053	3193	37246
Segment Operating Income/(Loss)	17556	2820	20376
Unallocable Depreciation			477
Operating Income			19899
Other Income			1188
Foreign Exchange Gain/(Loss), net			37
Profit before interest, depreciation, tax and exceptional items			21124
Interest Income/(expenses), net			5990
Depreciation, amortisation (net of reversal of impairment)	7591		7591
Profit before taxation			19523
Tax Expense			9243
Profit after taxes			10280

**Information about major customers:**

NICSI, ESIC and Railways are the customers who contributed 10% or more to the Company's revenue for year ended on 31st March 2017.

NICSI-Revenue for the year is ₹ 13741 lakh (Previous year 11177 lakh).

ESIC-Revenue for the year is ₹ 10302 lakh (Previous Year NIL)

Railways-Revenue for the year is ₹ 9204 lakh (Previous Year 6134 lakh)

## 21. Disclosure Requirement as per IND AS 112

### Particulars of Subsidiaries of the Company

Particulars	Name of the Entity	Country of Incorporation	% of Ownership Interest
Subsidiary	RailTel Enterprises Limited	India	100%

## 22. IND AS 2: Inventories

- a) **Policy-** Inventories are valued at the lower of cost or the estimated 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.

Net Realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

- b) The total carrying amount of inventories and the carrying amount in classifications is shown in Note no 8 of Balance Sheet.
- c) The carrying amount of inventories has been carried at lower of cost or net realizable value.
- d) No reversal is there reversal of any write-down that is recognized as a reduction in the amount of inventories recognized as expense in the period and presented in cost of sales,
- e) Nothing out of carrying amount of inventories has been pledged as security for liabilities

## 23. Disclosures as required by IND AS 8

### Disclosure of Prior Period Adjustment

(₹ In Lakh)

Sl. No.	Particulars	Period in which expense accounted for	Period to which expense pertains	Amount (₹)
1.	Prior Period Income	2016-17	2015-16	430
2.	Depreciation	2016-17	2014-15	(26)
3.	Depreciation	2016-17	2015-16	(11)
4.	Prior Period Expenditure	2016-17	2015-16	(486)
5.	Prior Period Income Credit Note	2016-17	2014-15	(101)
6.	Prior Period Income Credit Note	2016-17	2015-16	(329)

Adjusted through retained earnings

## 24. Disclosures as required by IND AS 12

### a) Reconciliation of Effective Tax Rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below;

	31 March 17	31 March 16
Profit Before Taxes	19422	19523
Enacted Tax Rates in India	34.608	34.608
Expected Tax Expense/(Benefit)	6406	9243
Effect of:		
Expenses/income not taxable	NIL	NIL
Recognition of previously unrecognized tax losses	NIL	NIL

### b) Income Tax Recognised in Other Comprehensive Income

	31 March 17	31 March 16
Others (If Any)	115	11
Deferred Tax	NIL	NIL
Total income tax recognised in other comprehensive income	115	11

## 25. Disclosures as required by IND AS 16

1. The gross carrying amount of Property, Plant and Equipment (PPE) has been determined at deemed cost as on 01/04/2015
2. The depreciation has been charged at the straight line method
3. The useful life of all the PPE have been defined in the accounting policies
4. A reconciliation of the carrying amount at the beginning and end of the period is as per note no 3 of Balance Sheet.
5. No assets has been classified as held for sale in accordance with IND AS 105
6. There is no increase or decrease on account of revaluation and from impairment loss recognized or reversed in other comprehensive income in accordance with IND AS 36
7. No impairment loss has been recognized in profit & loss in accordance with IND AS 36
8. Depreciation on all the PPE has been disclosed separately
9. There is no restriction on title of PPE and nothing has been pledged as security and liability
10. As on reporting date no amount of establishment and administrative expenses has been recognized in the carrying amount of the assets in the course of its Acquisition/construction.

11. The amount of contractual commitment for acquisition of PPE is ₹ 27776 Lakh (₹ 17431 Lakh in previous year)
12. There is no amount to be received on account of compensation from third party for items of PPE that were impaired, lost or given to Company that is included in the statement of profit & Loss account
13. Entire depreciation has been recognized in the statement of Profit & Loss account, nothing has been charged to cost of other assets. Accumulated depreciation at the end of the period has been shown separately.
14. In the current year Company has revised the useful life of assets and its residual value on the basis of report of technical committee. Due to such revision and consequent changes in useful life of asset there is a reduction in depreciation for an amount of ₹ 51.91 Lakh. Hence profit for the year is enhanced by the said amount.
15. There is no temporarily idle PPE
16. Out of Gross Carrying Value of the fixed assets for ₹ 153098 Lakh, assets amounted to ₹ 26720 Lakh represent those assets (21125 in No.) which are fully depreciated but still are in use.

## 26. Disclosure Requirement as per IND AS 19

### Employee Benefits

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

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

### Leave Benefit Plan

**Table I: Assumptions**

Assumptions	31 March 17	31 March 16
Discount Rate	7.50% per annum	7.60% per annum
Rate of increase in Compensation levels	6% per annum	6% per annum
Rate of Return on Plan Assets	7.60% per annum	8% per annum

**Table II : Service Cost**

All Figures in INR	31 March 17	31 March 16
Current Service Cost	10,717,203	9,204,668
Past Service Cost (including curtailment Gains/Losses)	0	34,899,879
Gains or losses on Non Routine settlements	0	0
<b>Total</b>	<b>10,717,203</b>	<b>44,104,547</b>

**Table III : Net Interest Cost**

All Figures in INR	31 March 17	31 March 16
Interest Cost on Defined Benefit Obligation	5,545,064	2,134,453
Interest Income on Plan Assets	2,180,156	2,346,842
Net Interest Cost (Income)	3,364,908	(212,389)

**Table IV : Change in Present Value of Obligations**

All Figures in INR	31 March 17	31 March 16
Opening of defined benefit obligations	72,961,363	26,680,666
Service cost	10,717,203	44,104,547
Interest Cost	5,545,064	2,134,453
Benefit Paid	(4,075,713)	(3,052,272)
Actuarial (Gain)/Loss on total liabilities:	34,719,266	3,093,969
Actuarial (gain)/loss due to demographic assumptions	(7,334,785)	3,093,969
Actuarial (gain)/loss due to demographic assumptions	0	0
Actuarial (gain)/loss due to experience changes	42,054,051	0
Closing of defined benefit obligation	119,867,183	72,961,363

**Table V : Change in Fair Value of Plan Assets**

All Figures in INR	31 March 17	31 March 16
Opening fair value of plan assets	28,686,268	29,335,520
Actual Return on Plan Assets	3,820,938	2,301,662
Employer Contribution	35,762,877	101,378
Benefit Paid	(4,075,713)	(3,052,272)
Closing fair value of plan assets	64,194,370	28,686,288



**Table VI : Actuarial (Gain)/Loss on Plan Asset**

All Figures in INR	31 March 17	31 March 16
Expected Interest Income	2,180,156	2,346,842
Actual Income on Plan Asset	3,820,938	2,301,662
Actuarial gain / (loss) on Assets	1,640,782	(45,180)

**Table VII: Other Comprehensive Income**

All Figures in INR	31 March 17	31 March 16
Opening amount recognized in OCI outside profit and loss accounts	NA	NA
Actuarial gain/(loss) on liabilities	NA	NA
Actuarial gain/(loss) on assets	NA	NA
Closing of amount recognized in OCI outside profit and loss account	NA	NA

Note:- As per paragraph 154 and 156 of IND AS 19, Actuarial gains and losses on other long term employee benefit plans continue to be required to be recognized through P&L.

**Table VIII: The amount to be recognized in Balance Sheet Statement**

All Figures in INR	31 March 17	31 March 16
Present value of funded obligations	119,867,183	72,961,363
Fair value of plan assets	64,194,370	28,686,288
Net funded obligations	55,672,813	44,275,075
Present value of unfunded obligations	0	0
Amount not recognized due to asset limit	0	0
Net defined benefit liability/(assets) recognized in balance	55,672,813	44,275,075

**Table IX: Expense Recognized in Statement of Profit and Loss**

All Figures in INR	31 March 17	31 March 16
Service Cost	10,717,203	44,104,547
Net Interest Cost	3,364,908	(212,389)
Net Actuarial (gain)/Loss	33,078,484	3,139,149
Expenses Recognized in the statement of Profit & Loss	47,160,595	47,031,307

**Table X: Major categories of plan assets (as percentage of total plan assets)**

All Figures in INR	31 March 17	31 March 16
Government of India Securities	0%	0%
State Government securities	0%	0%
High Quality Corporate Bonds	0%	0%
Equity Shares of listed companies	0%	0%
Property	0%	0%
Funds Managed by Insurer	100%	100%
Bank Balance	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Table XI: Change in Net Defined obligations**

All figures in INR	31 March 17	31 March 16
Opening of Net defined benefit liability	44,275,095	(2,654,854)
Service Cost	10,717,203	44,104,547
Net Interest Cost	3,364,908	(212,389)
Net Actuarial (gain)/ Loss	33,078,484	3,139,149
Benefit Paid	(35,762,877)	(101,378)
Closing of Net defined benefit liability	55,672,813	44,275,075

**Reconciliation of expense in profit and loss statement**

All figures in INR	31 March 17	31 March 16
Present value of obligation as at the end of the year	119,867,183	72,961,363
Present value of obligation as at the beginning of the year	(72,961,363)	(26,680,666)
Benefit Paid	4,075,713	3,052,272
Actual Return on Assets	(3,820,938)	(2,301,662)
OCI	N/A	N/A
Expenses Recognised in the statement of Profit and Loss	47,160,595	47,031,307

**Note:** The expense amount mentioned in Table IX of section 9 reconciled with zero difference.

### Reconciliation of Liability in Balance Sheet

All figures in INR	31 March 17	31 March 16
Opening net defined benefit liability/(asset)	44,275,095	(2,654,854)
Expense charged to profit and loss account	47,160,595	47,031,307
Amount recognized outside profit & loss account	0	0
Employer Contributions	(35,762,877)	(101,378)
OCI	0	0
Closing net defined benefit liability/(asset)	55,672,813	44,275,075

**Note:** The closing net liability amount mentioned in Table XI of section 9 reconciled with zero difference.

### Sensitivity Analysis

Following table shows the sensitivity results on liability due to change in the assumptions:

All figures in INR	31 March 2017	Impact (Absolute)	Impact (%)
Base liability	119,867,183		
Increase Discount Rate by 0.50%	113,920,727	5,946,456	4.96%
Decrease Discount Rate by 0.50%	126,374,298	(6,507,115)	-5.43%
Increase salary inflation by 1%	113,206,338	(13,339,155)	-11.13%
Decrease salary inflation by 1%	108,516,128	11,351,055	9.47%
Increase in Withdrawal Assumption by 2%	123,862,646	(3,995,463)	-3.33%
Decrease in Withdrawal Assumption by 2%	114,569,954	5,297,229	4.42%

**Note:**

- ✓ The base liability is calculated at discount rate of 7.50% per annum and salary inflation rate of 6% per annum for all future years.
- ✓ Liabilities are very sensitive to discount rate and salary inflation.
- ✓ Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitivities due to change in mortality are ignored.

### Maturity Profile of Defined Benefit Obligation

All figures in INR	31 March 2017	31 March 2016
Year 1	18,004,894	4,606,214
Year 2	7,272,774	8,535,014
Year 3	6,669,060	5,482,844
Year 4	6,426,679	4,836,717
Year 5	8,525,065	5,000,399
After 5th Year	288,396,372	197,741,330
<b>Total</b>	<b>335,294,844</b>	<b>226,202,518</b>

### Comparison with Last Years' figures

Following table shows the sensitivity results on liability due to change in the assumptions:

All figures in INR	31 March 2017	31 March 2016	Variation
Fair value of Plan Assets	64,194,370	28,686,288	124%
Present value of obligation	119,867,183	72,961,363	64%
Net asset/(liability) recognized in Balance Sheet	(55,672,813)	(44,275,075)	26%
OCI	N/A	N/A	N/A
Expense to be recognized in the Profit and loss statement	47,160,595	47,031,307	0.27%

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

### Gratuity Plan

Table I: Assumptions

Assumptions	31 March 2017	31 March 2016
Discount Rate	7.50% per annum	7.60% per annum
Rate of increase in Compensation levels	6% per annum	6% per annum
Rate of Return on Plan Assets	7.60% per annum	8% per annum

**Table II : Service Cost**

All Figures in INR	31 March 2017	31 March 2016
Current Service Cost	9,972,725	8,566,705
Past Service Cost (including curtailment Gains/ Losses)	0	23,937,493
Gains or losses on Non Routine settlements	0	0
<b>Total</b>	<b>9,972,725</b>	<b>32,504,198</b>

**Table III: Net Interest Cost**

All Figures in INR	31 March 2017	31 March 2016
Interest Cost on Defined Benefit Obligation	4,833,471	2,181,858
Interest Income on Plan Assets	2,186,519	2,208,785
Net Interest Cost (Income)	2,646,952	(26,927)

**Table IV : Change in Present Value of Obligations**

All Figures in INR	31 March 2017	31 March 2016
Opening of defined benefit obligations	63,598,302	27,273,227
Service cost	9,972,725	32,504,198
Interest Cost	4,833,471	2,181,858
Benefit Paid	(2,379,669)	(1,130,183)
Actuarial (Gain)/Loss on total liabilities:	2,865,958	2,769,202
– Actuarial (gain)/loss due to demographic assumptions	844,669	2,769,202
– Actuarial (gain)/loss due to demographic assumptions	0	0
– Actuarial (gain)/loss due to experience changes	2021289	0
– Closing of defined benefit obligation	78,890,787	63,598,302

**Table V : Change in Fair Value of Plan Assets**

All Figures in INR	31 March 2017	31 March 2016
Opening fair value of plan assets	28,769,982	27,609,814
Actual Return on Plan Assets	4,110,065	2,046,086
Employer Contribution	44,200,000	244,265
Benefit Paid	(2,379,669)	(1,130,183)
Closing fair value of plan assets	74,700,378	28,769,982

**Table VI : Actuarial (Gain)/Loss on Plan Asset**

All Figures in INR	31 March 2017	31 March 2016
Expected Interest Income	2,186,519	2,208,785
Actual Income on Plan Asset	4,110,065	2,046,086
Actuarial gain/(loss) on Assets	1,923,546	(162,699)

**Table VII: Other Comprehensive Income**

All Figures in INR	31 March 2017	31 March 2016
Opening amount recognized in OCI outside profit and loss accounts	0	0
Actuarial gain/(loss) on liabilities	(2,865,958)	(2,769,202)
Actuarial gain/(loss) on assets	1,923,546	(162,699)
Closing of amount recognized in OCI outside profit and loss account	(942,412)	(2,931,901)

**Table VIII: The amount to be recognized in Balance Sheet Statement**

All Figures in INR	31 March 2017	31 March 2016
Present value of funded obligations	78,890,787	63,598,302
Fair value of plan assets	74,700,378	28,769,982
Net funded obligations	4,190,409	34,828,320
Present value of unfunded obligations	0	0
Amount not recognized due to asset limit	0	0
Net defined benefit liability / (assets) recognized in balance	4,190,409	34,828,320

**Table IX: Expense Recognized in Statement of Profit and Loss**

All Figures in INR	31 March 2017	31 March 2016
Service Cost	9,972,725	32,504,198
Net Interest Cost	2,646,952	(26,927)
Expenses Recognized in the statement of Profit & Loss	12,619,677	32,477,271

**Table X: Major categories of plan assets (as percentage of total plan assets)**

All Figures in INR	31 March 2017	31 March 2016
Government of India Securities	0%	0%
State Government securities	0%	0%
High Quality Corporate Bonds	0%	0%
Equity Shares of listed companies	0%	0%
Property	0%	0%
Funds Managed by Insurer	100%	100%
Bank Balance	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Table XI: Change in Net Defined obligations**

All figures in INR	31 March 2017	31 March 2016
Opening of Net defined benefit liability	34,828,320	(336,587)
Service Cost	9,972,725	32,504,198
Net Interest Cost	2,646,952	(26,927)
Re-measurements	942,412	2,931,901
Contribution paid to fund	(44,200,000)	(244,265)
Closing of Net defined benefit liability	4,190,409	34,828,320

### 27. Foreign Service Contribution:

Foreign Service Contribution payable for leave salary and pension in respect of employees who have joined the corporation on deputation for a fixed period from Indian Railways for the year 2016-17 in terms of Government rules and regulations is charged to revenue on accrual basis.

### 28. Related party disclosures

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

- (i) Enterprises under common control : NA
- (ii) Related parties under IND AS-24 with whom transactions have taken place during the period



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

**Salaries and wages include Directors remuneration:**

Name	For 2016-17	For 2015-16
R.K. Bahuguna	54.57 Lakh	58.70 Lakh
Shri N.K. Gupta	40.62 Lakh	37.97 Lakh
A Seshagiri Rao	46.01 Lakh	46.47 Lakh

1(b) Related party transactions

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

**Sitting fee paid to Independent Directors**

Name	For 2016-17	For 2015-16
Sh Anupam Alok	3 Lakh	NIL
Sh Ashok Goel	2.2 Lakh	NIL

**Related Party Transactions**

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

Nature of Transactions	Subsidiaries	Enterprises under Common control with the reporting Enterprises	Joint Venture of Reporting Enterprises	Key Managerial Personnel & their relatives	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	Total
Salaries/Remuneration Paid to KMP and any advances/investment/payable of Subsidiary	Nil	N.A	N.A	153.29 Lakh	N.A	153.29 Lakh
Sitting Fees	Nil	N.A	N.A	5.2 Lakh	N.A	5.2 Lakh

## 29. Disclosures as required by IND AS 17

### AS A LESSOR

#### FINANCE LEASE

- There is no finance lease transaction in the Company.

#### OPERATING LEASE

- The Company has been offering NLD Services, infrastructure services (Dark Fibers, Tower space and co-location etc.) under IP-I registration and Internet services under ISP licence to its customers under respective operating lease
- The Company has entered into a non-cancellable lease arrangement to provide optical fiber on indefeasible right of use (IRU) basis for a period of 10-15 years. The lease rental receivable proportionate to actual kilometers accepted by the customer is credited to the statement of profit and loss on a straight – line basis over the lease term. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2017 and accordingly respective disclosures required by IND AS 17 are not provided.
- Future minimum lease rentals receivable under operating lease for each of the following period as on 31st March 2017 are as under to the extent of advanced received:-

Particulars	31 March 17	31 March 16
Not later than one year	20859	20208
Later than one year and upto five year	21999	36441
Later than five year	3456	5641

#### AS A LESSEE

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

Future minimum lease rentals payable under operating lease for each of the following period as on 31st March' 2017 are as under:-

Particulars	31 March 17	31 March 16
Not later than one year	133.5	39
Later than one year and upto five year	661.5	217
Later than five year	624	78

#### 30. Disclosures as required by IND AS 21

##### Exchange Difference

Sr. No.	Particulars	Amount
1.	The amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with Ind AS 109	59 Lakh
2.	Net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period.	NIL

#### 31. Disclosures as required by IND AS 33

##### Earnings Per Share calculated in accordance with the provisions of IND AS-33

Numerator	As at 31.03.2017 (FY 2016-17)	As at 31.03.2016 (FY 2015-16)
Profit after tax as per Profit and Loss Account (Used as Numerator (₹ in Lakh)	13016	10280
<b>Denominator</b>		
- Number of Equity Shares (Face value of ₹ 10/- each)	320938407	320938407
-Number of Shares allotted during the year	NIL	NIL
-Weighted Average number of equity shares for calculating Basic Earnings Per Share	320938407	320938407
-Weighted Average number of equity shares for calculating Diluted Earnings Per Share	320938407	320938407
-Basic Earnings Per Share (₹/ per share) (Face value of ₹10/- each)	4.06	3.20
-Diluted Earnings Per Share (₹/ per share) (Face value of ₹10/each)	4.06	3.20

### 32. Disclosures as required by IND AS 37

#### Provisions

(₹ in Lakh)

Particulars	Provision for Arbitration Claim	Provision for performance related pay	Provision for pension
Carrying Amount at the beginning of the period	46	813	209
Additional provision made in the period	0	502	299
Amount utilised/adjusted during the period	0	(320)	0
Unused amount reversed during the period	0	0	0
Carrying amount at the end of the period	46	995	508

#### Contingent liabilities:

Claim against the Company not acknowledged as debts

(₹ in Lakh)

Particulars	Service Tax	VAT	Income Tax	DoT	Other
Carrying Amount at the beginning of the period	2040	148	57	7823	300
Additions during the period			235	2933	
Amount adjusted during the period	(908)	(69)			
Carrying amount at the end of the period	1132	79	292	10756	300

In addition to above, ₹ 11783 Lakh represents the Bank Guarantees given by the Company as on 31.03.2017. (Previous Year: 8927 Lakh)

#### Contingent asset

- There is a contingent Asset of ₹ 27.17 Crore at Company as on 31.03.2017 on account of MAT credit. (Previous year: NIL)

### 33. Disclosure as required by IND AS 107, IND AS 109 & IND AS 113

#### Financial Instrument

#### Financial Instruments by Category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows: -

(₹ in Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets</b>					
Trade Receivables	37466	Nil	Nil	37466	Nil
Cash & Cash Equivalents	61602	Nil	Nil	61602	Nil
Other Financial Assets	13688	Nil	Nil	13688	Nil
<b>Liabilities</b>					
Trade Payables	19989	Nil	Nil	19989	Nil
Other Financial Liabilities	13667	Nil	Nil	13667	Nil

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows: -

(₹ in Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets</b>					
Trade Receivables	40357	Nil	Nil	40357	Nil
Cash & Cash Equivalents	57199	Nil	Nil	57199	Nil
Other Financial Assets	9739	Nil	Nil	9739	Nil
<b>Liabilities</b>					
Trade Payables	14393	Nil	Nil	14393	Nil
Other Financial Liabilities	10944	Nil	Nil	10944	Nil

The carrying value and fair value of financial instruments by each category as at April 1, 2015 were as follows: -

(₹ in Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets</b>					
Trade Receivables	35974	Nil	Nil	35974	Nil
Cash & Cash Equivalents	68325	Nil	Nil	68325	Nil
Other Financial Assets	8494	Nil	Nil	8494	Nil
<b>Liabilities</b>					
Trade Payables	10931	Nil	Nil	10931	Nil
Other Financial Liabilities	8664	Nil	Nil	8664	Nil

Interest Income/(Expenses) recognized on financial assets and liabilities:

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Financial assets at amortised cost</b>			
Interest income on other financial assets	Nil	Nil	Nil
Interest expenses on other financial assets	(294)	(336)	(352)
Interest income on other financial liabilities	244	324	399
Interest expenses on other financial liabilities	Nil	Nil	Nil
<b>Financial assets at Fair Value through Profit or Loss (FVTPL)*</b>	(38)	(60)	47
<b>Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)</b>	Nil	Nil	Nil

\*As on the transition date discounting effect on total value has been taken and for the year ended 31st March 2016 and 31st March 2017 incremental figures have been considered.

## Financial Risk Management

The Company has exposure to the following risk from its use of financial instruments: -

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The board of director has overall responsibility for the establishment & oversight of the Company's risk management framework. The Board of director has established a risk management policy to identify and analyze the risks faced by the Company. The audit committee broadly oversees how management monitors compliances with the Company's risk management policies and procedures. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 1. Credit Risk:

Credit risk is the risk of financial losses to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade receivables, employee loans and other activities that are in the nature of leases.

### Exposure to Credit Risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 2017, March 31, 2016 & April 1, 2015 was as follows: -

(₹ in Lakh)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Gross Carrying Value	Net Value after Impairment	Gross Carrying Value	Net Value after Impairment	Gross Carrying Value	Net Value after Impairment
Trade Receivables	37466	37466	40357	40357	35974	35974
Other Financial Assets	13688	13688	9739	9739	8494	8494

Financial assets that are past due but not impaired, Trade Receivables, Employee Loans, Cash and cash equivalents and other assets are neither past due nor impaired

### 2. Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation, typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.



### 3. Market Risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments.

### 34. IND AS 18: Revenue Recognition

Accounting policies adopted for the recognition of revenue-

- (i) **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. Service revenue also includes revenues associated with access and interconnection for usage of the network of other operators. Revenues are recognised on prorata basis on provision of services while revenue from co-location, dark fibre, tower space etc is recognised over the period of arrangement.

**Revenue shall be measured at the fair value of the consideration received or receivables.**

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 from the date of satisfactory installation services at the customer site.

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.

- (ii) **Deposit Works-** When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period based on 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.

- (iii) **Interest and Other Income-** For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss or as available for sale, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

Annexure

(₹ in Crore)

S.No.	Particulars	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
1	Total Income (incl. other income)	200	386	400	363	404	440	538	554	642	899
2	Expenditure (incl.increase/decrease in stock)	82	222	224	193	171	209	284	298	367	591
3	Operating Margin	118	164	175	170	233	231	254	256	275	309
4	Interest Expenses	23	20	15	11	6	1	-	-	0	0
5	Depreciation	39	42	47	51	110	88	85	90	81	116
6	Profit before tax	62	103	113	108	116	142	169	166	194	192
7	Profit after tax	56	102	112	95	86	113	138	121	104	129
8	Dividend pertaining to FY	5	8	15	13	14	15	17	17	42	51.53
9	Reserves & surplus	44	137	232	312	382	476	592	683	737	836
10	Fixed Assets (Gross block)	728	773	869	911	938	983	1,078	1236	1,431	1,531
11	Inventories	0.79	0.50	1.15	0.65	2.30	3.80	2.92	1	0.59	0.22
12	Share Capital	321	321	321	321	326	321	321	321	321	321
13	Capital employed	560	565	660	706	696	770	851	833	1,058	1,157
14	Net Worth	365	458	553	633	707	797	913	1004	1,058	1,157
15	Number of Employees ( no)	332	382	361	360	359	490	490	525	537	814
16	Income per employee	0.60	1.01	1.11	1.01	1.13	0.90	1.10	1.06	1.19	1.10
17	Current ratio	0.75:1	0.83:1	0.94:1	1.08:1	3.70:1	3.08:1	2.84:1	3.28:1	1.83:1	1.50:1
18	Debt/equity ratio	0.63:1	0.41:1	0.27:1	0.16:1	0.06:1	-	-	-	-	-
19	Operating margin/ capital employed	21.03%	29.04%	26.53%	24.09%	33.42%	30.07%	29.80%	30.73%	26.00%	26.68%
20	Expenditure / income	41.02%	57.56%	56.16%	53.16%	42.43%	47.43%	52.83%	53.79%	57.14%	65.67%
21	PBT/ Capital Employed	11.09%	18.18%	17.16%	15.26%	16.67%	18.51%	19.84%	19.93%	18.37%	16.62%
22	PAT/ Share capital	17.49%	31.79%	34.99%	29.71%	26.37%	35.07%	42.98%	37.69%	32.35%	40.13%
23	PBT/ Turnover	31.10%	26.57%	28.36%	29.67%	28.72%	32.37%	31.41%	29.96%	30.28%	21.39%
24	PAT/ Turnover	28.10%	26.41%	28.09%	26.28%	21.25%	25.57%	25.65%	21.84%	16.18%	14.32%
25	PAT/Net Worth	15.37%	22.29%	20.32%	15.07%	12.14%	14.13%	15.11%	12.05%	9.82%	11.13%
26	Dividend/PAT	8.91%	7.84%	13.36%	13.63%	16.31%	13.33%	12.33%	14.05%	40.00%	40.00%
27	Dividend/Net worth	1.37%	1.75%	2.71%	2.05%	1.98%	1.88%	1.86%	1.69%	3.93%	4.45%

Annual Report Data





रेलटेल  
RAILTEL  
A Mini Ratna Enterprise



Standing Conference of Public Enterprises (SCOPE) Executive Members with Hon'ble President and Hon'ble MOS of Ministry of Heavy Industry and Public Enterprises



## Various inauguration functions by Hon'ble MR using RailTel TPass



MoU 2017-18 Signing at Rail Bhawan



# RAILTEL CORPORATION OF INDIA LTD

## PROXY FORM (Form no. MGT-11)

[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: .....

(2) Name:..... Address: .....

E-mail Id: ..... Signature: .....

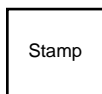
(3) Name:..... Address: .....

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 17<sup>th</sup> Annual General Meeting of the Company, to be on Friday, 22<sup>nd</sup> September, 2017 at 4:00 p.m. at the Committee Room, 2<sup>nd</sup> 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
<b>Ordinary Business</b>			
1.	To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) for the Financial Year ended 31 <sup>st</sup> March, 2017 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 <sup>st</sup> March, 2017.		
3.	To take note of the appointment of M/s Suresh Chandra & Associate, Chartered Accountant as Statutory Auditors of the Company for the financial year 2017-18 made by CAG and to fix the remuneration of such Auditors.		
<b>Special Business</b>			
4.	Ordinary Resolution for taking note of the appointment of Smt. Anju Ranjan as Director/ Finance on the Board of RailTel.		
5.	Ordinary Resolution for taking note of the appointment of Shri Ashutosh Vasant as Director/ POM on the Board of RailTel.		
6.	Ordinary Resolution for taking note of the appointment of Shri Anshul Gupta as Part time official/ Govt. Nominee Director on the Board of RailTel.		
7.	Ordinary resolution for ratification of the Remuneration of Cost Auditor for the Financial year 2016-17.		

Signed this..... day of..... 2017.



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 Corporate Office of the Company not less than 48 hours before the commencement of the Meeting.



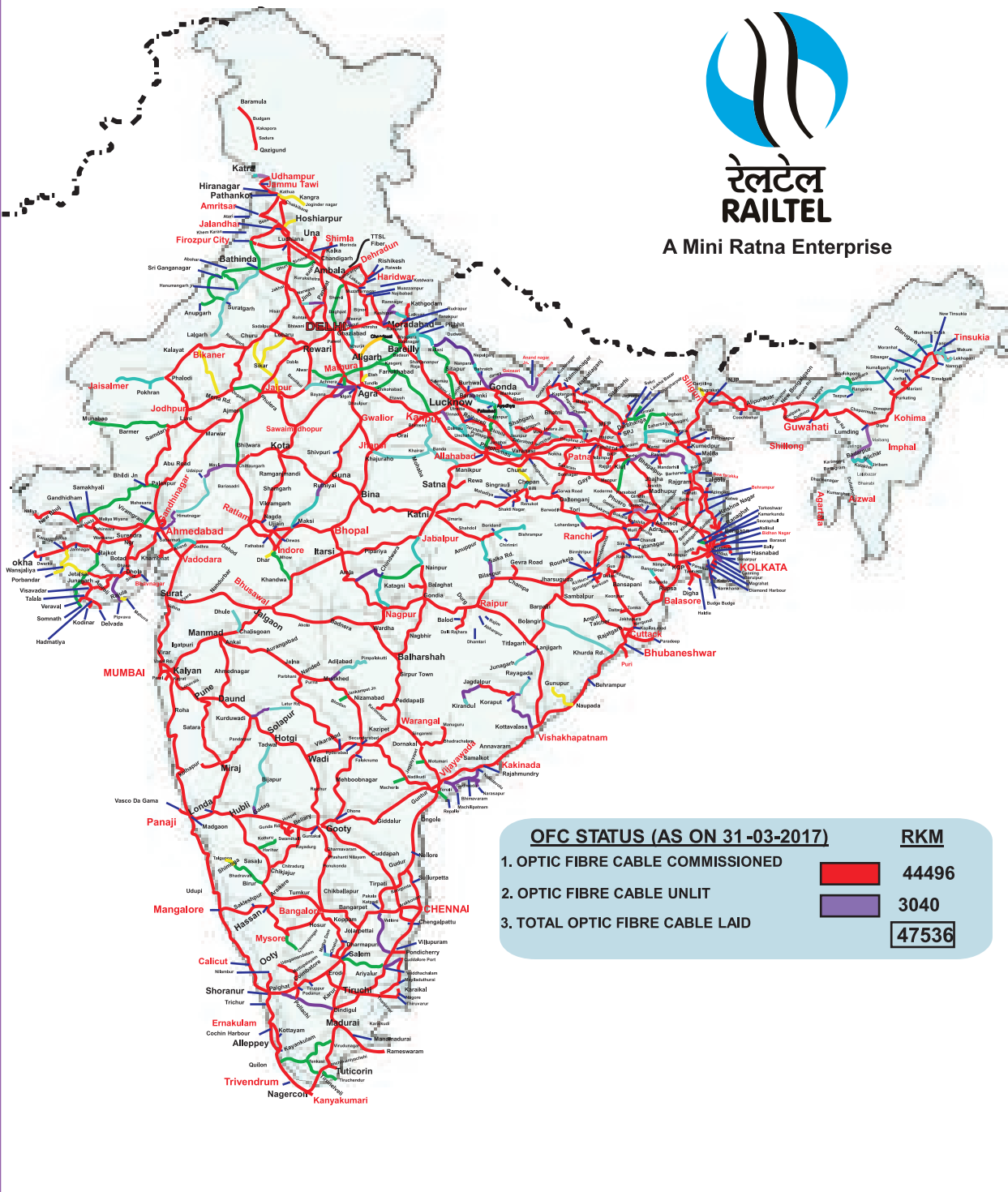


# RAILTEL'S OPTICAL FIBRE CABLE NETWORK



रेलटेल  
RAILTEL

A Mini Ratna Enterprise



OFC STATUS (AS ON 31-03-2017)		RKM
1. OPTIC FIBRE CABLE COMMISSIONED	<span style="color: red;">■</span>	44496
2. OPTIC FIBRE CABLE UNLIT	<span style="color: purple;">■</span>	3040
3. TOTAL OPTIC FIBRE CABLE LAID		47536

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



## रेलटेल कॉर्पोरेशन ऑफ इण्डिया लिमिटेड (भारत सरकार का उपक्रम)

### RailTel Corporation of India Limited

(A Government of India Undertaking)

CIN : U64202DL2000GOI107905

Registered Office : 6<sup>th</sup> Floor, III<sup>rd</sup> Block, Delhi Technology Park, Shastri Park, New Delhi-110053

Corporate Office : 143, Institutional Area, Sector-44, Gurugram - 122003, NCR (India)

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

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