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## Vision and Mission



### Vision

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



### Mission

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

# Quality Policy

\*Continually strive towards corporate policy of creating a national wide broadband telecom and multimedia network to supplement National Telecom Infrastructure to spur growth of telecom, internet and IT enabled value added services in all parts of the country specially rural, remote and backward areas.

\*To meet Railways communication requirements and to generate much needed revenues for the Railways by commercial utilization of communication network.

\*Continuous improvement in service.

\*Upgradation of Human Resources through knowledge and skills

## MANAGEMENT TEAM

### Board of Directors

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

### Audit Committee

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

### Remuneration Committee

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

### Regd. & Corporate Office:

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

### Website:

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

### Regional Offices:

#### Northern Region:

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

#### Southern Region:

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

### Eastern Region:

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

### Western Region:

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

### Bankers:

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

### Statutory Auditors:

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

### Branch Auditor

#### Western Region :

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

#### Eastern Region:

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

#### Southern Region:

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

#### Northern Region:

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

## DIRECTORS' REPORT

Gentlemen,

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

### 2. FINANCIAL RESULTS

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

Rs. in crores

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

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

### 3. FINANCIAL HIGHLIGHTS

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

#### 4. MINI RATNA STATUS:

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

#### 5. CAPITAL STRUCTURE

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

#### 6. DIVIDEND AND RAILWAYS' REVENUE SHARE

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



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

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

#### 7. FIXED DEPOSITS

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

#### 8. RESERVES

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

## 9. PROJECTS

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



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

## 11. MANAGEMENT DISCUSSIONS AND ANALYSIS

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

## 12. INDUSTRIAL RELATIONS AND HR MATTERS

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

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

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

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

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

- 13.1 During the year 12 female employees joined the rolls of the company taking the total number of female employees to 32 which is 10 % of the total employee strength in the regular cadre.
- 13.2 Company has sincerely followed all the guidelines of the Govt. of India under Official Language Act. The annual report is published bi-lingual in English and Hindi. The Company is progressively increasing the use in Hindi in keeping the spirit of the official language policy of the Government. The officers and staff are encouraged to use Hindi in doing their day to day work. The officers and staff possessing working knowledge of Hindi extensively carry out their work in Hindi.

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

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