



रेलटेल
RAILTEL

A Government of India
Undertaking

**SECOND
ANNUAL REPORT
2001-2002**

द्वितीय
वार्षिक रिपोर्ट
2001-2002

RAILTEL CORPORATION OF INDIA LIMITED

(A Government of India Undertaking)

रेलटेल कार्पोरेशन ऑफ इण्डिया लिमिटेड

(भारत सरकार का एक उपक्रम)



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MANAGEMENT TEAM

Board of Directors

- | | |
|--------------------------|--------------------------------------|
| 1. Shri Arvind Sharma | Chairman (w.e.f.15.03.02) |
| 2. Shri N.K. Chidambaram | Chairman (upto 28.02.02) |
| 3. Shri A.K.Chopra | Managing Director |
| 4. Shri S.Balachandran | Director |
| 5. Smt. Saroj Rajwade | Director (Finance) |
| 6. Shri Mahesh Mangal | Director (Projects) (w.e.f.24.07.02) |
| 7. Shri Akhil Agrawal | Director |
| 8. Shri R.C. Sharma | Director (upto 20.12.01) |
| 9. Shri K.D. Sharma | Director (upto 24.07.02) |

Registered Office:

Room No.150-A,
Rail Bhavan, Raisina Road,
New Delhi - 110 001
Ph. 338 7221

Corporate Office

10th Floor, Bank of Baroda Building,
16, Parliament Street
New Delhi - 110 001
Ph. 331 9914

Bankers

State Bank of India

Auditors

M/s B. Aggarwal & Co.,
Chartered Accountants,
16A/17, Ajmal Khan Road,
Karol Bagh,
New Delhi - 110 005



CHAIRMAN'S SPEECH

I welcome you all at this 2nd annual general meeting of your Company.

2. While the annual accounts for the year ended 31st March, 2002 and the report of the Directors have already been circulated to you, I would like to mention few of the achievements made by your Company during the year.

3. Your Company had obtained licences from the DoT for enabling itself to provide bandwidth, tower space, dark fibre etc. to third parties. Under the authorization received by it from the Ministry of Railways, the Company started its business activities and earned revenues. During the current financial year, its revenue earnings have so far touched around Rs. 3.74 crores. The Company's main customers include Bharti Cellular, Global Tele, STPI, Dishnet DSL, Tata Tele etc. The Company had already established its marketing offices at Mumbai and Secunderabad and is also in the process of setting its regional offices at New Delhi and Kolkata.

4. The Company signed MOU with the Ministry in December, 2001 for transfer of OFC assets against equity. An agreement in this regard is under advance stage of finalization. With a view to speed up OFC connectivity within the Railways, the Company had paid towards deposits to different Railways to undertake and complete the

links within the stipulated targeted time. Details of such building up of OFC network have been reflected in the Directors' Report.

5. It is also added that the Company's plan to provide extensive Internet/STD/ISD kiosks at stations on the selected sections would soon be implemented.

6. The management has also taken initiative to invite joint venture partner(s) in the equity but for the present decided to hold involvement of such partner(s) till the Company establishes the connectivity to 3 to 4 metros, which has been targeted in April, 2003.

7. It is admitted that over the last around two years, there has been a very substantial investment in telecom infrastructure. In addition to the normal projects from BSNL and MTNL, there had been a high level of building activity by private operators. Ours (being a part of Indian Railway's network) contribution as potential infrastructure provider has been well recognized and received in the industry. Considering the fact that the overall market continues to expand, it is expected that next two years would show growth, as well, driven by plans of the new basic and long distance operators. As such, it could be well said that our Company shall have to keep geared up to face challenges in this competitive era over the next few years.



8. I, on behalf of the Board, express my gratitude to Railways in enabling our Company to start its business activities commercially and also in extending cooperation and assistance from time to time.

9. With these words, I propose that the annual accounts for the year ended 31st March, 2002 together with the reports thereon may be considered and adopted.

Arvind Sharma
Chairman

Place : New Delhi

Dated : 23-09-2002

Note: This does not purport to form part of the proceedings of the AGM.



DIRECTORS' REPORT

The Directors have pleasure in presenting their second annual report together with the annual accounts of the Company for the year ended 31st March, 2002.

OPERATIONAL AND FINANCIAL RESULTS

2.1 During the year under report, the Company obtained IP-II and ISP licenses from the Department of Telecommunications (DoT). Besides, it had also obtained registration as IP-I from the DoT. The Company had also recently got itself registered with TRAI. The Company had earlier got permission from its administrative Ministry to use Railways' right of way for limited purpose of establishing OFC network, to market surplus capacity available in OFC links and microwave network and to lease microwave tower space. Further, a MOU was also signed by the Company with the Ministry of Railways in December, 2001 for transfer of OFC assets against equity and also for permitting use of right of way etc.

2.2 The Company had started earning on sale of bandwidth and on lease of tower space etc. During the year under report, it had earned gross income of Rs. 285.19 lakhs which included interest income of Rs. 268.56 lakhs from Banks on placing by the Company its surplus funds. The Company had incurred an expenditure of Rs. 392.97 lakhs which includes the incidental expenditure of Rs. 352.58 lakhs incurred during construction period and has been transferred to capital work in progress.

2.3 After providing for the depreciation and writing off of the preliminary expenses, the net loss of the Company amounted to Rs. 36.88

lakhs and the same has been carried over to the Balance Sheet after adjustment of available surplus in the Reserve & Surplus Account.

2.4 The Company has availed of loan from Indian Railways Finance Corporation Ltd. (IRFC) to the extent of Rs. 100 crores out of the total sanctioned amount of Rs. 200 crores for meeting in part of the cost of its project.

2.5 The Company established regional offices at Mumbai and Secunderabad for the present. The Company had sold bandwidth/dark fibre to its various customers including Bharti Cellular Ltd., Global Tele Systems, STPI, Idea Cellular, Bharati Telesonic, Dishnet DSL, Tata Tele, and Hughes Telecom etc. and also given tower space to ENIL (TOI Group), BPL mobile etc. During the current financial year, the Company has so far received a sum of Rs. 3.50 crores approx. from various parties towards bandwidth, dark fibre and tower space etc.

2.6 The Company had initiated dialogues with the prospective joint venture partner(s) and now intends to pursue them further as the connectivity to the four metros is likely to be ready soon.

PROJECT

3.1 The Company had already signed an MOU with its administrative Ministry for transfer of OFC related assets to the Company against equity and also for permitting use of right of way. Formal agreement is at an advanced stage of finalization.

3.2 During the year under report, the Company had undertaken its activities in



building up of its optical fibre cable network. The Company has awarded contracts for laying optical fibre cable for 1600 KMs and given funds for 5480 KMs to Railways for building up optical fibre network as Deposit Work. In addition, Railways are laying optical fibre cable on various sections on their Plan Head. The laying of optical fibre cable has picked up during the current year and almost 4000 KMs of cable has been laid during the first five months at the average of 800 KMs per month.

3.3 The tender for optical fibre equipment to create STM-16 (2.5 Gbps) backbone network for routes connecting metros and mini metros has already been awarded and the network is likely to be ready in the current financial year. In addition, tenders have been awarded for access network to provide bandwidth of 155 Mbps/622 Mbps for each station covering sections of 3200 kms.

3.4 The Company has also identified three sections as pilot project for providing multi-featured Kiosks for E-Mail, Internet, STD/ISD facilities at the stations.

EMPLOYMENT OF WOMEN, USE OF OFFICIAL LANGUAGE AND OTHERS:

4.1 There is adequate representation of women employment in the Company's Management. The guidelines of the Official Languages Act are being followed by the Company. The Annual Report is also concurrently published in Hindi.

PARTICULARS OF EMPLOYEES U/S 217 (2A):

5.1 During the year under report, no employee of the Company was in receipt of remuneration of Rs.2.0 lacs per month or Rs. 24.0 lacs per annum and hence the particular of such employee to be disclosed under section

217 (2A) of the Companies Act, 1956 and Companies (particulars of employee) Rules 1975 as amended from time to time are not attached.

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

5.2 The Company has not earned any foreign exchange nor incurred any expenditure in foreign currency during the year under report. The Company is presently engaged in the providing of telecom services and as such the provisions of Section 217(1) (e) of the Companies Act, 1956 are not applicable.

DIRECTORS RESPONSIBILITY STATEMENT:

5.3 In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm as under:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- b) that 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 or loss of the Company for that period;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for prevention and



detecting fraud and other irregularities; and

- d) That the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

6.1 The Company is conscious of the concept and the principles underlying the Corporate Governance. As a part of good governance, the Company has been taking steps to implement such concepts. The Board has recently constituted an Audit Committee and has also defined its scope and functioning.

AUDITORS:

7.1 The Comptroller and Auditors General of India have re-appointed M/s. B. Aggarwal & Co., Chartered Accountants as Auditors for the year ended 31st March, 2002. In terms of the authorization given by the members in their last annual general meeting, the Board had already considered and approved payment of audit fee of Rs.25,000/- to them. Similarly, the approval of the shareholders is solicited for authorizing the Board for fixation of remuneration payable to the statutory auditors for the year 2002 - 2003..

DIRECTORATE :

8.1 Shri N. K. Chidambaram had superannuated from the services of the Ministry of Railways on 28th February, 2002 and in his place, Shri Arvind Sharma, Member (Electrical) Railway Board and ex-officio Secretary to the Govt. of India has been appointed as part time Chairman of the Company.

8.2 Shri K.D. Sharma was appointed as Director on the Board of the Company w.e.f. 20.12.2001 vice Shri R. C. Sharma.

8.3 Subsequently, Shri Mahesh Mangal has been appointed vice Shri K. D. Sharma w.e.f. 9.7.2002.

8.4 In addition Shri Mahesh Mangal has been appointed w.e.f. 24.7.2002 to look after the work of Director (Projects) vice Shri Akhil Aggrawal. Shri Akhil Agrawal, ED (Tele) in the Railway Board has been appointed as Government Nominee Director on the Board of the Company.

8.5 The Board placed on record its appreciation of the services rendered by the outgoing Directors of the Company.

ACKNOWLEDGEMENTS

9.1 The Board places on record its appreciation of the services rendered by all the employees of the Company including the part time officials from Railways. The Board also express its gratitude towards Indian Railways and the IRFC in extending all cooperation and financial support respectively to the Company. The Company is also thankful to the CAG, the statutory auditors and the bankers for their valued contribution. The Board also expresses its gratitude to the valued customers of the Company for their kind patronage.

For and on behalf of the Board

Arvind Sharma
Chairman

Place: New Delhi
Dated: 12.09.2002



B. Aggarwal & Co.
CHARTERED ACCOUNTANTS

16A/17, Ajmal Khan Road,
Karolbagh, New Delhi - 110 005
Telefax : 5726720, 5761585, 5744423
e-mail : baggarwalca@usa.net

Auditor's Report to the Members of
RAILTEL CORPORATION OF INDIA LIMITED

We have Audited the attached Balance Sheet of M/s RAILTEL CORPORATION OF INDIA LIMITED (hereinafter referred to as the 'Company') as at March 31, 2002 and also the Profit and Loss Account of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.

As required by the manufacturing & other Companies (Auditor's Report) order, 1988 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 we annex thereto a statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit:
- b) In our opinion, proper Books of Accounts as required by Law have been kept by the Company, so far as appears from our examination of the books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.)
- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
- d) In our opinion the Balance Sheet and Profit and Loss Account comply with the accounting standard referred to in sub-section (3c) of section 211 of the Companies Act, 1956 to the extent they are applicable to the company.
- e) According to the information and explanation given to us, no person appointed as a director in the company during the year under audit was disqualified from being appointed as a director at the date of his appointment under clause (g) of section 274 of the Act.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon, given a true and fair view:
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2002 and;
 - ii) In the case of the Profit & Loss Account of loss for the year ended on that date.

For B. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 20 July 2002

(KAPIL AGGARWAL)
PARTNER



ANNEXURE TO THE AUDITORS' REPORT
REFERRED TO IN PARAGRAPH '1' OF OUR REPORT OF EVEN DATE ON
THE ACCOUNT OF M/S. RAILTEL CORPORATION OF INDIA LIMITED,
FOR THE YEAR ENDED ON THAT DATE

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The Fixed Assets have been physically verified by the management during the year. No material discrepancies were noticed on verification.
- 2) None of the fixed assets have been revalued during the year.
- 3) To the best of our knowledge and according to the information and explanation given to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
- 4) To the best of our knowledge and according to the information and explanations given to us, the company has not taken/ given any loans, secured or unsecured from / to companies, firms or other parties listed in the register maintained under Section 310 of the Companies Act, 1956 and / or from / to the companies under the same management as defined under section 370 (1B) of the Companies Act, 1956, where the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the company.
- 5) As explained to us, there were no discrepancies noticed on physical verification of stocks as compared to book records and the same have been properly dealt with in the books of accounts.
- 6) In respect of advances in the nature of loans given by the Company to employees and others, the parties are repaying the principal amounts as stipulated and are also regular in the payment of interest, where charged.
- 7) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw material including components, plant & machinery, equipment and other assets.
- 8) The Company has not accepted any deposits within the meaning of section 58 A of the Companies Act, 1956.
- 9) To the best of our knowledge, there is no scrap.
- 10) To the best of our knowledge and according to the information and explanations given to us, the company has a reasonable internal audit system commensurate with its size and nature of its business.
- 11) The Company is not required to maintain cost records as prescribed under section 209(1)(d) of the Companies Act, 1956.



- 12) To the best of our knowledge and according to the information and explanation given to us, there are no undisputed amounts payable in respect of Income - Tax, Wealth - Tax, Customs Duty, and Excise Duty outstanding as at March 31, 2002 for a period of more than six months from the date of becoming payable.
- 13) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenues account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 14) The Company is not a Sick Industrial Company within the meaning of clause (o) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For B.AGGARWAL & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 20 July 2002

(KAPIL AGGARWAL)
PARTNER

Erratum

In the Profit & Loss A/c. of Railtel Corporation of India, for the financial year ended 31-3-2002 the following

Interest Income on Deposits— Rs. 2686115

(TDS Receivable : Rs. 4844234/-

Previous Year : Rs. 600269/-)

is to be read as follows

Interest Income on Deposits— Rs. 2686115

(TDS Receivable : Rs. 4888234/-

Previous Year : Rs.600269/-)



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF RAILTEL CORPORATION OF INDIA LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH 2002

**NOTES ON ACCOUNTS -
SCHEDULE XIV**

MANAGEMENT REPLY

- | | | | |
|----|--|---|---|
| 1 | The estimated amount of contracts remaining to be executed on capital account is Rs. 79.79 crores and not Rs. 107.45 crores as mentioned in item No. 2 of the Notes on accounts. | : | Due to inadvertence, the figure was wrongly calculated. It could now be read as Rs.79.79 crores instead of Rs.107.47 crores in para 2 of Notes on accounts at Schedule XIV. |
| 2. | The Board of Directors has decided (March 2002) to take over Optional Fibre Cables assets and related equipment from IRCON International Limited at a cost of Rs.10.46 crore. This material fact has not been disclosed in the accounts. | : | The Board decided to take over the OFC related assets from IRCON at a cost at a cost of Rs.10.46 crores on the condition that no further liability would be devolved upon RailTel on this account. The issue was under finalization with IRCON and as such, no disclosure was considered necessary. |

Sd/-

(Revathi Bedi)

Principal Director of Commercial
Audit and Ex-Officio Member,
Audit Board-III, New Delhi.

For and on behalf of the Board

(Smt. Saroj Rajware)
Director Finance

(A.K.Chopra)
Managing Director

Place : New Delhi
Dated : 10th September 2002

Place : New Delhi
Dated: 23rd September 2002



Railtel Corporation of India Ltd.

**Annual Accounts
for the year ended
31st March, 2002**



BALANCE SHEET AS AT MARCH 31, 2002

PARTICULARS	Sch.	Amount (Rs.) As at 31.03.2002	Amount (Rs.) As at 31.03.2001
SOURCES OF FUNDS			
Shareholder's Funds		150,000,070	150,000,070
Capital	I	—	—
Reserves & Surplus	II	150,000,070	1,609,872
Loan Fund	III	1,000,000,000	—
TOTAL (Rs.)		1,150,000,070	151,609,942
APPLICATION OF FUNDS			
Fixed Assets	IV		
Gross Block		917,035	421,945
Less: Depreciation		136,434	—
Net Block		780,601	421,945
Capital Work-in-Progress	V	320,938,109	—
Advances for Capital Expenditure	VI	105,100,000	426,818,710
Current Assets, Loans & Advances	VII		
Cash & Bank Balances		892,544,098	129,503,770
Other Current Assets		1,640,248	2,128,232
Loans & Advances		5,765,673	600,268
		899,950,019	132,232,270
Less : Current Liabilities & Provisions	VIII		
Current Liabilities		194,837,357	504,791
Provisions		23,621	1,118,628
		194,860,978	1,623,419
Net Current Assets		705,089,041	130,608,851
Miscellaneous Expenditure	IX		
Miscellaneous Expenditure		16,013,721	20,017,151
(To the extent not written off or adjusted)		—	—
Preoperative Expenditure		16,013,721	561,995
Profit & Loss Account		2,078,598	20,579,146
TOTAL (Rs.)		1,150,000,070	151,609,942
Accounting Policies	XIII		
Notes on Accounts	XIV		

Schedules I - XIV attached form an integral part of accounts

As per our report of even date
For B. AGGARWAL & CO.
Chartered Accountants

A K Chopra
Managing Director

Saroj Rajwade
Director (Finance)

(KAPIL AGGARWAL)
Partner

S C Hans
Company Secretary

Date : 20 July, 2002
Place : New Delhi



Railtel Corporation of India Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2002

PARTICULARS		Amount (Rs.) For the year 31.03.2002	Amount (Rs.) For the period 31.03.2001
INCOME			
Sales Revenue (Tower Space)	126,912	-	-
Sales Revenue (Bandwidth)	199,423	-	-
Income from Renting of Space	4,000	-	-
Interest Income on Deposits (TDS Receivable : Rs. 48,44,234/- Previous Year Rs. 6,00,269/-)	26,856,115	2,728,500	-
Miscellaneous Income	1,332,947	-	-
	28,519,397	2,728,500	-
Less : Incidental income during construction period transferred to capital work-in-progress	XII-A		
	28,144,776	374,621	-
			2,728,500
EXPENDITURE			
Employee's Remuneration & Benefits	X	1,902,584	-
Administrative Expenses	XI	6,431,566	-
Interest on Loan		26,823,288	-
Depreciation		136,434	-
Preliminary Expenses written off		4,003,430	-
		39,297,302	-
Less : Incidental expenditure during construction period transferred to capital work-in-progress	XII-B		
	35,257,832	4,039,470	-
Net Profit/Loss before tax		(3,664,849)	2,728,500
Less: Provision for Retirement Benefits		23,621	-
Less: Provision for Income Tax		-	1,118,628
Net Profit/Loss after tax		(3,688,470)	1,609,872
Transferred to Reserves & Surplus (to the extent of previous years balance)		(1,609,872)	-
Balance transferred to Profit & Loss A/c		(2,078,598)	-

A K Chopra
Managing Director

Saroj Rajwade
Director (Finance)

As per our report of even date
For B. AGGARWAL & CO.
Chartered Accountants

S C Hans
Company Secretary

(KAPIL AGGARWAL)
(Partner)

Date : 20 July, 2002
Place : New Delhi

**SCHEDULE I****SHAREHOLDER'S FUNDS**

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
SHARE CAPITAL		
Authorized Capital		
1,00,00,00,000 Equity shares of Rs. 10/- each	10,000,000,000	10,000,000,000
Issued, Subscribed & Paid up Capital		
15,00,00,07 Equity shares of Rs. 10/- each	150,000,070	70
(Previous year 7 Equity Shares of Rs. 10/- each)		
Share Application Money (Pending for allotment)	—	150,000,000
TOTAL (Rs.)	150,000,070	150,000,070

SCHEDULE II**RESERVES & SURPLUS**

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Profit & Loss Account	1,609,872	—
Profit for the current year	(1,609,872)	1,609,872
TOTAL (Rs.)	—	1,609,872

SCHEDULE III**LOAN FUNDS**

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Secured Loans	—	—
Unsecured Loans	1,000,000,000	—
Loan From Indian Railway Finance Corporation Limited		
TOTAL (Rs.)	1,000,000,000	—
Loans due for repayment within one year	NIL	NIL



SCHEDULE IV

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT 01-04-2001	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL AS ON 31-03-2002	UP TO 31-03-2001	FOR THE YEAR	ADJUSTMENT DURING THE YEAR	TOTALS AS ON 31-03-2002	AS ON 31-03-2002	AS ON 31-03-2001
COMPUTER	410,950	197,518	-	608,468	-	86,870	-	86,870	521,598	410,950
FURNITURE & FIXTURE	-	79,691	-	79,691	-	17,962	-	17,962	61,729	-
OFFICE EQUIPMENT	10,995	217,881	-	228,876	-	31,602	-	31,602	197,274	10,995
TOTAL FOR THE CURRENT YEAR	421,945	495,090	-	917,035	-	136,434	-	136,434	780,601	421,945
PREVIOUS YEAR	-	421,945	-	421,945	-	-	-	-	421,945	-



SCHEDULE V

CAPITAL WORK IN PROGRESS

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
OFC Laying Works by Railways against Deposit Works	169,302,862	-
Other OFC Laying Works	144,522,191	313,825,053
Add		
Incidental Expenditure during construction Period (Schedule 11B)	35,257,832	-
	349,082,885	-
Less		
Incidental Income during Construction Period (Schedule 11A)	28,144,776	-
TOTAL	320,938,109	-

SCHEDULE VI

ADVANCE FOR CAPITAL EXPENDITURE

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Unsecured Considered Good		
-covered by Bank Guarantees	-	-
-others	105,100,000	105,100,000
TOTAL (Rs.)	105,100,000	-



SCHEDULE VII

CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
CURRENT ASSETS		
Cash and Bank Balances		
Cash & Cheques in hand	992,500	3,770
Imprest Balances	19,361	—
Balances with Scheduled Banks		
Current account	1,391,597	—
Term Deposit	890,140,640	129,503,770
<i>(includes Rs. 2 crores pledged with SBI against Bank Guarantee)</i>		
Accrued Interest	1,640,248	2,128,232
LOANS & ADVANCES		
Employer's Loans and Advances	1,019	—
<i>(unsecured considered good)</i>		
Other Loan & Advances	284,310	—
Income Tax Deducted at Source	5,480,344	600,268
TOTAL Rs.	899,950,019	132,232,270
<i>Due from Directors and Officers of the company</i>	<i>Max. Amt. 2001-2002</i>	<i>Max. Amt. 2000-2001</i>
Directors	NIL	NIL
Officers	NIL	NIL



SCHEDULE VIII

CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
CURRENT LIABILITIES		
Sundry Creditors		
- for capital expenditure	166,420,091	-
- for others	1,460,985	163,887
	167,881,076	163,887
Deposits & Other advances	6,401,720	-
Book Overdraft	13,090,679	339,267
Other Liabilities	7,463,882	1,637
	194,837,357	504,791
PROVISIONS		
Provision for Retirement Benefits	23,621	-
Provision for Income Tax	-	1,118,628
	23,621	1,118,628
TOTAL (Rs.)	194,860,978	1,623,419

SCHEDULE IX

MISCELLANEOUS EXPENDITURE

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Preliminary Expenses	20,017,151	20,017,151
(To the extent not written off or adjusted)		
Amount written off during the year	4,003,430	-
TOTAL (Rs.)	16,013,721	20,017,151



SCHEDULE X

EMPLOYEES REMUNERATION & BENEFITS

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Salary and Wages	1,455,435	—
Employer Contribution to Provident Fund and Administrative Charges	37,457	—
Lease Charges	167,332	—
Foreign Service Contribution	204,835	—
Transfer Allowance	37,525	—
TOTAL (Rs.)	1,902,584	—

SCHEDULE XI

ADMINISTRATIVE EXPENSES

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Tour & Travel Expenses	138,198	—
Office Expenses	206,906	—
Conveyance Expenses	5,084	—
Advertisement	2,191,788	—
Auditor's Remuneration		
- Audit Fee	26,250	—
- Other Services	—	—
Rates & Taxes	55,883	—
Vehicle Hiring Expenses	421,684	—
Bank Charges	2,962,220	—
Professional Consultancy Fees	182,119	—
Publicity Expenses	50,000	—
Communication Expenses	146,671	—
Books & Periodicals	9,563	—
Tender Expenses	10,000	—
Miscellaneous Expenses	25,200	—
TOTAL	6,431,566	—



SCHEDULE XII-A

INCIDENTAL INCOME DURING CONSTRUCTION PERIOD

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Interest Income	26,826,720	—
Miscellaneous Income	1,318,056	—
TOTAL	28,144,776	—

SCHEDULE XII-B

INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD

PARTICULARS	Amount (Rs.) As on 31.03.2002	Amount (Rs.) As on 31.03.2001
Advertisement Expenses	2,189,390	—
Auditor's Remuneration		
—Audit Fee	26,221	—
—Other Services	—	—
Bank Charges	2,958,977	—
Books & periodicals	9,552	—
Conveyance Expenses	5,078	—
Depreciation	136,285	—
Employers Contribution to PF and other Charges	37,416	—
Miscellaneous Expenses	25,172	—
Retirement Benefits	23,595	—
Foreign Service Contribution	204,611	—
Interest on IRFC Loan	26,823,288	—
Lease Charges	167,149	—
Professional Consultancy Fees	181,920	—
Office Expenses	206,637	—
Communication Expenses	146,473	—
Rates & Taxes	55,822	—
Salary & Wages	1,453,843	—
Tender Expenses	9,989	—
Tour & Travel Expenses	137,908	—
Transfer Allowance	37,484	—
Vehicle Hiring Expenses	421,022	—
TOTAL	35,257,832	—



SCHEDULE XIII

SIGNIFICANT ACCOUNTING POLICIES

1. General

The Financial Statements have generally been prepared as a going concern on the basis of accrual method of accounting principles, practices and applicable accounting standards.

2. Fixed Assets

Fixed Assets are stated at historical cost and all direct expenses connected therewith are allocated to the respective asset heads.

3. Capital Work-in-Progress

- a) expenses incidental to construction of various assets are being apportioned on pro-rata basis to particular assets.
- b) Corporate office expenses for the year are allocated to the regions for apportionment to capital work in progress of the respective regions on pro-rata basis.
- c) In respect of works contracts, the value of supplies received at site and accepted, is treated as capital works in progress.
- d) Deposit work contracts are accounted for on the basis of statement of account received from executing agencies/technical assessment of the works executed.

- e) Incomes directly identifiable with capital work in progress are adjusted against the cost of different works on pro-rata basis.

4. Borrowing Costs

Borrowing costs attributable to fixed assets during their construction are capitalized as part of the cost of such assets. Such borrowing costs are apportioned on the average balance work in progress during the year.

5. Income recognition

- a) Income from lease, renting or sale of end-to-end bandwidth, hire charges for tower space and accommodation, internet & other service charges are accounted for on proportionate basis over the lease/contract period.
- b) Other incomes including interest income on deposits with banks are accounted for on accrual basis.

6. Other Expenditure

- a) Depreciation shall be charged as per straight line method on fixed assets of the Company at the rates notified under Schedule XIV of the Companies Act, 1956.



b) Assets purchased for value of less than Rs. 5000/- or of written down values of Rs. 5000/- at the beginning of the year are depreciated at 100%.

c) Expenses common to operation and construction activities are allocated to the Profit & Loss Account and incidental expenditure during construction in proportion to the income earned and accretion to capital work-in-progress.

7. Miscellaneous Expenditure

a) Preliminary expenses incurred towards incorporation of the Company are to be written off to the

Profit & Loss account over a period of five years from the date of commencement of commercial operations.

b) Preoperative expenses are apportioned to fixed assets under construction on pro-rata basis as part of the incidental expenditure during construction.

8. Retirement benefits.

The liability for retirement benefits of the employees in respect of gratuity and leave encashment is accounted for annually on the basis of actuarial valuation.



SCHEDULE XIV

Notes on Accounts

1. Contingent Liabilities include:
 - a. Claims against the Company not acknowledged as debts of Rs. 5 Lakhs. (Previous Year Rs. NIL)
 - b. Counter Guarantees to Bank for Bank Guarantees of Rs. 100 crores.
2. Estimated amounts of contracts remaining to be executed on capital account as certified by the management and not provided for is Rs. 107.45 crores (previous Year Rs. NIL)
3. Date of commencement of commercial operation has been taken as February 1, 2002, the date when the license for Infrastructure Provider was provided to the Corporation.
4. In terms of the Memorandum of Understanding (MoU) between the Ministry of Railways and the Corporation dated 7th December, 2001, certain understandings were arrived at, to be formalized by way of an agreement within a period of six months unless the MoU were extended with mutual consent. The Corporation has been permitted to use the facilities and been given ROW (Right of Way) for laying the infrastructure and market the assets. As the transfer of assets is yet to take place for want of finalization of the modalities for transfer of assets and the agreement and continued use of those assets by the Railways. No effects of MoU have been taken into account.
5. The Corporation has given advances to Railways for deposit works for laying OFC assets in different segments. Capital work-in-progress in different segments of Rs. 16.90 crores against deposit has been recognized on the basis of technical assessment and actual progress of work.
6. Balances shown under advances and creditors are subject to confirmation/reconciliation and consequential adjustment, if any.
7. 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.
8. There is no outstanding balance of small scale industries of more than Rs. 1 lakh lying for more than thirty days as on 31.03.2002.
9. During the year, due to change in accounting policy, pre-operative expenses up to March 31, 2001 amounting to Rs. 5, 61, 995/- have been apportioned to Fixed Assets



under construction instead of capitalized to the cost of Fixed Assets as the Fixed Assets at present only constitute some bought out assets. Had such expense been capitalized with fixed assets, depreciation and consequently loss for the year would have been higher by Rs. 89, 653/-.

10. Due to the policy of providing depreciation @ 100% on assets costing up to Rs. 5,000/- and assets whose written down value is up to Rs. 5,000/-, the depreciation

charged to Profit & Loss account is greater by Rs. 46,006/-.

11. Employee's remuneration and benefits does not include the remuneration and benefits of the whole time Directors, including Chairman & Managing Director as the same are borne by the Railways. Similarly expenses on travelling by Directors, including Chairman & Managing Director are also borne by the Railways.

12. Auditor's Remuneration includes,

	Current Year	Previous Year
Audit Fee	Rs. 25,000/-	Rs. 5,000/-
Service Tax	Rs. 1,250/-	Rs. 250/-
	Rs. 26,250/-	Rs. 5,250/-

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

- a. Licensed and Installed Capacity: Not Applicable.
- b. Quantitative information in respect of Gross Income derived from services rendered or supplied:

	Amount (Rs.)	
	Current Year	Previous Year
i. Income from renting of space including tower	1,43,089	NIL
ii. Sales revenue from end-to-end bandwidth	1,99,423	NIL
c. Value of import calculated on CIF basis		
i. Capital Goods	NIL	NIL
ii. Spare Parts	NIL	NIL
d. Expenditure in foreign currency		
i. Professional and consultancy fee	NIL	NIL
ii. Interest and Others	NIL	NIL



Railtel Corporation of India Ltd.

e. Value of Components, stores and spare parts consumed (imported and indigenous)	NIL	NIL
f. Earning in Foreign Exchange	NIL	NIL

14. Comparative figures for the previous year have been rearranged and regrouped wherever necessary.	16. Schedules I to XIV form an integral part of the Balance Sheet and Profit & Loss Account.
15. Figures have been rounded off to the nearest rupee.	

As per our report of even date

for **B. Aggarwal & Co.**
Chartered Accountants

A.K. Chopra
Managing Director

Saroj Rajwade
Director (Finance)

Kapil Aggarwal
(Partner)

S C Hans
Company Secretary

Dated : 20 July, 2002
Place : New Delhi



PART IV OF SCHEDULE VI

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

State Code

5 5

Registration No.

Balance Sheet Date

3 1

0 3

2 0 0 2

1 0 7 9 0 5

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Bonus Issue

NIL

Right Issue

NIL

Private Placements

1 5 0 0 0 0

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1 3 4 4 8 6 1

Sources of Funds

Paid - Up Capital

1 5 0 0 0 0

Secured Loans

NIL

Total Assets

1 3 4 4 8 6 1

Share Application Money

NIL

Reserves & Surplus

NIL

Unsecured Loans

1 0 0 0 0 0 0

Application of Funds

Net Fixed Assets

4 2 6 8 1 8

Net Current Assets

8 9 9 9 5 0

Accumulated Losses

2 0 7 9

Investment

NIL

Misc. Expenditure

1 6 0 1 4

IV. Performance of Company (Amount in Rs. Thousand)

Turnover including other Incomes

3 7 5

Profit/Loss Before Tax

3 6 6 4

Earning Per Share in Rs.

NIL

Total Expenditure

4 0 6 3

Profit/Loss After Tax

3 6 6 4

Dividend Rate %

-

V. Generic Name of Three Principal Services of Company

Item Code No.

Product Description

Rent from Tower Space

Item Code No.

Product Description

Sale of Bandwidth

Item Code No.

Product Description

Director (Finance)