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**REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF RAILTEL
CORPORATION OF INDIA LIMITED (RCIL) FOR THE YEAR 2015-16.**

RailTel was formed as a Schedule A Company under the Ministry of Railways in September, 2000 with the object *inter-alia* of modernization the train operation and Railway network by providing state of art communication infrastructure.

2. Apart from meeting Railway requirements, RailTel provides services to the Indian telecom market. The services includes internet bandwidth IP-VPN, MPLS, NGN based voice carriage services, co-location space, Data Centre services, Railwire services and TPaaS.

3. RailTel was provided with seed capital of Rs. 15 crores by the Ministry of Railways and its OFC assets were transferred to RailTel against equity capital. The present paid up capital of RailTel is Rs. 320 crores and the networth of the Company as at 31.3.2016 is Rs. 1,057 crore.

4. Financial Performance

During the year, RCIL has observed an increase of 19% in its revenue from operations which comes out to be Rs. 572 Crore. The total turnover of the Company during the year is Rs. 641 Crore comprising of other income of Rs. 69 Crore.

(Rs. in crore)		
Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Income from Operations	578	482
Other Income	70	73
Total Income	648	555
Profit Before Tax	195	166
Profit for the Year	105	121

5. Capital Expenditure

During the year, Capital expenditure of Rs. 315 crore approx. was incurred mainly on OFC related assets, Telecom & Radio equipments, Network Expansion of NE-1/ NE-2 Projects etc.

6. Corporate Governance

The Company has always worked towards enhancing the corporate governance and the principles underlying the same within the organization. The company is in full compliance with DPE Guidelines on Corporate Governance. A report on the corporate governance is made part of this Annual Report. Pursuant to the requirements of DPE guidelines, 2010 a certificate obtained from Practicing Company Secretary has been obtained.

7. Corporate Social Responsibility

As per the provision of Companies Act, 2013, the 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 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 2015-16, RailTel has spent Rs. 3.21 crore on CSR activities which is more than 2% of average net profit before tax (PBT) of the company earned during the three immediately preceding Financial Years.

8. MOU with Administrative Ministry

RailTel is signing a MoU with the government of India, Ministry of Railways thereby laying inter alia the physical and financial targets. During the year 2014-15 RailTel has got "Excellent" rating from DPE.

9. RailTel- An Overview

During the year, RailTel has launched a project to provide Wi-Fi service at 400 stations in country by 2019 and has planned to provide an integrated railway display network at 2000 stations providing necessary passenger information at stations. The portfolio of services provided by RailTel includes, Data center & DR services, Tele-presence as a service, NLD services, IP-1 services, Internet and Broadband services on a pan-India basis.

RailTel has so far laid 47270 RKMs of OFC and OFC lit is 44318 RKMs till March 31, 2016. Works on another 6700 KMs are in various stage of execution.

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.

RailTel's focused efforts in bandwidth leasing segment has ensured continuing growth especially with Government departments, Enterprises, Banks etc. and last year also saw positive traction in leasing of circuits by Telecom operators and Multiple Service Operator. 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. The aggregated network capacity leased to various telecom & enterprise customers has grown by approx. 20% as compared to last year.

10. National Optical Fiber Network

The Government of India has approved the project for the creation of a National Optical Fiber Network (NOFN) for providing Broadband connectivity to all 2.5 Lakh Gram Panchayats (GPs) which has now been rechristened as 'Bharat Net'.

11. USOF Project in North-East

RailTel has been allocated work consisting of 36000 GPs in 11 States comprising of Northern Eastern region states (Tripura, Meghalaya, Manipur, Mizoram, Nagaland & Arunachal Pradesh), Tamil Nadu (including Pondicherry) & Gujrat (incl. Daman & Diu and Dadra & Nagar Haveli).

Under the Phase-1 of this project, RailTel is mandated to cover 8678 GPs covering 44 Districts, 225 Blocks across these states (excluding Tamil Nadu). As of Mar'16, 90% of the work has already been awarded to RailTel and remaining is under process of award to RailTel. As of Mar'16, 10949 KM of duct has been laid covering nearly 53% of GPs and 6747 KM of optic fiber laid which is expected to cover nearly 35% of the GPs.
