

# SURESH CHANDRA & ASSOCIATES

## CHARTERED ACCOUNTANTS

504, Prakash Deep Building, 7, Tolstoy Marg, Connaught Place, New Delhi – 110001  
Phone: 011-66142200-06 Fax: 011-43537679 E-Mail: sca\_ca\_co@yahoo.com

### Independent auditor's report

To the Members of RailTel Corporation of India Ltd.

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of RailTel Corporation of India Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Item no. 19 and 23 of Note no. 42 to the Standalone financial statements regarding NE project with a total estimated expenditure of Rs.45125 lakhs and anticipated subsidy of Rs.38800 lakhs. The company has however, incurred total capital expenditure of Rs. 31107 Lakhs and has received a subsidy of Rs.3146 lakhs only. Further, the company has transferred material amounting to Rs. 1172 lakhs to other projects/regions. As the project is on hold, the company has recognized an impairment loss of Rs.4930 Lakhs based on an impairment study carried out by an independent consultant which has been disclosed under the head Exceptional Items in Statement of Profit & Loss.

However, our opinion is not modified in respect of matter stated above as Emphasis of Matter.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report –

S. No.	Key Audit Matter	How our audit addressed the key audit matters
1.	<p><b>Expected Credit Loss for Trade Receivables</b></p> <p>The company has applied simplified approach to measure ECL for trade receivables, which allows for lifetime expected credit losses to be recognised from initial recognition of the receivables. The company determines the expected credit losses on trade receivables by using a provision matrix that is based on historical credit loss experience, adjusted for forward looking factors to the debtors and the economic environment.</p> <p>Due to significance of trade receivables and the complexity involved in the ECL calculation, this was considered as a key audit matter.</p> <p>(Refer Item no. 27 of note no. 42 to the standalone financial statements)</p>	<p>We have obtained an understanding of the company's credit policy along with the applications controls associated with the accuracy of the information included in the debtors ageing report.</p> <p>We evaluated the company's process of ECL calculation including the techniques suggested by the experts involved therein.</p> <p>We assessed the reasonableness of the assumptions used in ECL calculation by comparing them with the historic data adjusted for current market condition and forward-looking information.</p> <p>We have also considered the disclosures made by the company under the head credit risk.</p> <p>Based on the above procedure performed, the management estimations and judgement in ECL were found to be reasonable.</p>
2	<p><b>Contingent Liabilities</b></p> <p>There are a number of litigations pending before various forums against the Company and the management's judgement is required for estimating the amount to be disclosed as contingent liability.</p> <p>We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.</p>	<p>We have adopted the following audit procedures-</p> <p>Understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases</p> <p>Discussed with the management any material developments and latest status of legal matters</p> <p>Read various correspondences and related documents pertaining to litigation cases and performed substantive procedures on calculations supporting the disclosure of contingent liabilities</p>



	(Refer item no. 24.1(a) of note no. 42 to the standalone financial statements)	Assessed the adequacy and completeness of disclosures  Based on the above procedure performed, the estimations and disclosure of contingent liabilities are considered to be adequate and reasonable.
3	<p><b>Accuracy of recognition, measurement, presentation and disclosures of leases and other related adjustments in view of adoption of Ind AS 116 – Leases (New Ind AS)</b></p> <p>The Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.</p> <p>Refer item no. 29 to Note 42 to the standalone financial statements read with the Accounting Policy no. 9)</p>	<p><b>Our audit procedures on adoption of Ind AS 116 include:</b></p> <p>Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116)</p> <p>We have assessed the company's evaluation on identification of leases based on the contractual agreements and method adopted and related adjustments made on transition dated i.e. 1<sup>st</sup> April 2019.</p> <p>We have considered the report of independent agency involved for assessment of key terms and conditions of each lease with the underlying lease contract, computation of lease liability and reconciling the company's operating lease commitments to data used in computing ROU assets as on transition date.</p> <p>We have evaluated the reasonableness of the discount rate applied in determining the lease liability.</p> <p>On a sample basis, we assessed the terms and conditions of lease with the underlying lease contracts and evaluated computation of lease liabilities. We assessed the presentation and disclosure relating to Ind AS 116.</p> <p>Based on the above procedure performed, the presentations and disclosure relating to Ind AS 116 was found to be adequate</p>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the company's Annual Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

### **Responsibilities of Management's and those charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

We did not audit the separate financial statements of Eastern Region, Western region and Southern Region included in these standalone financial statements; whose financial statements reflect total assets of Rs. 107543 Lakhs, total liabilities of Rs. 35173 Lakhs as at 31st March 2020 and total revenues of Rs. 77409 Lakhs for the year ended on that date, as considered in these standalone financial statements. The company had prepared separate set of statutory financial statements of these regional offices for the year ended 31st March 2020 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 reports of other auditors. Our opinion is not qualified in respect of this matter. Further, Audit of the financial statements of Northern Region and Corporate Office 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, and on the basis of such checks of the books and records of the company as we considered appropriate and according to information and explanation given to us, 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. On the basis of written representation received from the management, we give our report on the matters specified in the **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 financial statements i.e. Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) Pursuant to the notification no. G.S.R. No. 463(E) dated 05<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, the provisions of section 164(2) of the Companies Act 2013 regarding disqualification of directors, are not applicable to the company, being a government company.
  - f) We are enclosing herewith a report in "**Annexure-C**" for our opinion on adequacy of internal financial controls system in place in the Company and the operating effectiveness of such controls
  - g) Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    1. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Item No. 24.1(a) to Note no. 42 to the Standalone Financial Statements;



- II. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- III. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the Company.

For **Suresh Chandra & Associates**  
**Chartered Accountants**  
**FRN 001359N**  
**UDIN – 20500369AAAABP3790**

  
**(Ved Prakash Bansal)**  
*Partner*  
**M. No: 500369**



**Place: New Delhi**  
**Date: 28.08.2020**

**Annexure-A" to the Independent Auditor's Report on the Standalone Financial Statements of RailTel Corporation of India Ltd.**

The Annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone financial statement of the Company for the year ended 31 March 2020, 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 the following –

Particulars	Building
Total Number of cases	1
Whether Leasehold / Freehold	Leasehold
Gross Block as at 31.03.2020	Rs.9809 Lakhs
Net Block as at 31.03.2020	Rs.9271 Lakhs
Remarks	Regd. Office Building at Kidwai Nagar, Delhi where possession was handed over in 2018-19 but lease deed is yet to be executed between the company and NBCC

- (ii) (a) In our opinion, 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 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) 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) In our opinion and according to the information and explanations given to us 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.

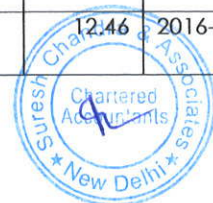


(vi) We have reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost records under section 148(1) of the Companies Act 2013, and are of the opinion that the prescribed accounts and records have been made and maintained. 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, Goods and Service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, there are no outstanding statutory dues as at the last day of the financial year i.e. 31 March 2020 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 provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, Goods and Service tax, cess which have not been deposited with the appropriate authorities on account of any dispute except as under-

S. No	Name of the Statute	Nature of Dues	Forums where dispute is pending	Amount Due	Period to which the amount relates
1	Service Tax	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.	Tribunal Hyderabad	505.09	2011-14
2	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.	Appellate Deputy Commissioner, Hyderabad	34.63	2008-2013
3	Service Tax	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.	Tribunal, Hyderabad	320.07	2008-2011
4	Income Tax Act 1961	TDS demand due to short deduction of TDS.	TDS (Commissioner)	0.27	2010-11 to 2012-13
5	RVAT Act	Levy of entry Tax and demand raised under the act.	RVAT Department	5.41	2015-16
6	RVAT Act	Levy of entry Tax and demand raised under the act.	RVAT Department	12.46	2016-17



7	Income Tax Act 1961	Appeal filed against re-assessment order of AO for addition of Rs. 8.13 Crore in book profits on a/c of Railway Revenue Share from 5% to 7% (As per AO' order Dt.29-11-2018) (Tax Rate Applicable - 18.5% + 7.5% + 3%)	ITAT, New Delhi	9.48	AY 2011-12
8	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.	ITAT, New Delhi	11.19	AY 2014-15
9	Income Tax Act 1961	TDS demand due to short deduction of TDS.		0.09	2010-11,11-2,19-20
10	UP VAT Act	Demand raised on assessment.	UPVAT Department	56.23	FY 2014-15
11	HVAT Act	Demand raised on assessment.	HVAT Department	7.74	FY 2015-16
		<b>Total</b>		<b>962.66</b>	

- (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 information and explanations given to us by the management, 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€ dated 5<sup>th</sup> 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.
- (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 **Suresh Chandra & Associates**  
**Chartered Accountants**  
**FRN 001359N**  
**UDIN – 20500369AAAABP3790**

  
**(Ved Prakash Bansal)**  
**Partner**  
**M. No.: 500369**



**Place: New Delhi**  
**Date: 28.08.2020**

**'ANNEXURE-B' to the Independent Auditors' Report on the Standalone Financial Statements of RailTel Corporation of India Ltd.**

**Report on matters referred to in Section 143 (5) of Companies Act 2013.**

<b>S. No.</b>	<b>Directions</b>	<b>Reply</b>
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transactions outside its system on the integrity of the accounts along with the financial implication, if any may be stated.	Yes, the company has implemented Oracle- ERP system which is processing all the accounting transactions. Currently, the company is not prone to any such risk and hence, there is no financial implication of it.
2	Whether there are any restructuring of an existing loans or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	The company has not availed any loan from any bank or financial institution.
3	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilised as per its term and conditions? List the cases of deviation.	The company is in receipt of subsidy in respect of the following project –  a) NE-1 & NE-2 project – the company has received subsidy of Rs. 3146 lakhs till 31.03.2020 against the execution of the project.  b) Rural Wi-Fi Project – the company is in receipt of subsidy to the tune of Rs. 1031 lakhs till 31.03.2020. The said subsidy has been utilised for the project for which it has been received and balance unutilised amount of subsidy has been shown under the head Other Non-Current Liabilities.

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

For **Suresh Chandra & Associates**

**Chartered Accountants**

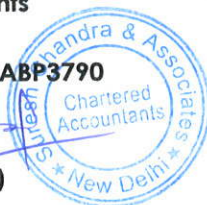
**FRN 001359N**

**UDIN – 20500369AAAABP3790**

  
**(Ved Prakash Bansal)**

**Partner**

**M. No: 500369**



**Place: New Delhi**

**Date: 28.08.2020**

**Annexure- C to the Independent Auditor's Report on the Standalone Financial Statements of RailTel Corporation of India Ltd.**

**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, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Opinion**

In our opinion, 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, 2020, 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.

**Management's Responsibility for Internal Financial Controls**

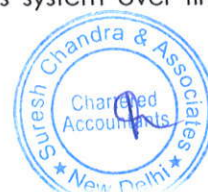
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 authorizations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

For **Suresh Chandra & Associates**

**Chartered Accountants**

**FRN 001359N**

**UDIN – 20500369AAAABP3790**

  
**(Ved Prakash Bansal)**

**Partner**

**M. No.: 500369**



**Place: New Delhi**

**Date: 28.08.2020**

**Railtel Corporation of India Limited**  
Standalone Balance Sheet as at 31st March 2020

(Amount in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipments	2	60,838	78,590
Capital Work-in-Progress	3	25,254	29,990
Right of Use Assets	4	17,296	-
Intangible Assets	2	785	396
<b>Financial Assets</b>			
Investment	5	1,000	1,000
Loans and Security Deposits	6	332	347
Other Non Current Financial Assets	7	21,930	65
Other Non Current Assets	8	1,806	3,099
<b>TOTAL NON CURRENT ASSETS</b>		<b>1,29,241</b>	<b>1,13,487</b>
<b>CURRENT ASSETS</b>			
Inventories	9	49	87
<b>Financial Assets</b>			
Investment	10	-	704
Trade Receivables	11	47,498	45,699
Cash and Cash Equivalents	12	11,366	7,082
Other Bank Balances	13	5,654	26,375
Loans and Security Deposits	14	469	430
Other Current Financial Assets	15	20,673	11,372
Current Tax Assets (Net)	16	2,377	3,066
Other Current Assets	17	8,285	7,252
<b>TOTAL CURRENT ASSETS</b>		<b>96,371</b>	<b>1,02,067</b>
<b>TOTAL ASSETS</b>		<b>2,25,612</b>	<b>2,15,554</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	18	32,094	32,094
Other Equity		1,04,034	96,279
<b>TOTAL EQUITY</b>		<b>1,36,128</b>	<b>1,28,373</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
Borrowings		-	-
Leasing Liabilities	19	3,480	412
Other Non Current Financial Liabilities	20	740	919
Provisions	21	990	468
Deferred Tax Liabilities (Net)	22	353	1,694
Other Non Current Liabilities	23	10,783	11,210
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>16,346</b>	<b>14,703</b>
<b>CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
Borrowings		-	-
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		5,770	3,561
Total outstanding dues of creditors other than micro enterprises and small enterprises	24	29,627	22,809
Leasing Liabilities	25	774	136
Other Current Financial Liabilities	26	16,541	15,252
Provisions	27	2,008	3,671
Other Current Liabilities	28	18,418	27,049
<b>TOTAL CURRENT LIABILITIES</b>		<b>73,138</b>	<b>72,478</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,25,612</b>	<b>2,15,554</b>

Significant Accounting Policies

The accompanying notes referred to above form an integral part of financial statement (from Note No 2 to 42)

Note No 1

As per our report of even date attached  
For M/s Suresh Chandra & Associates  
Chartered Accountants  
FRN 001359N

Ved Prakash Bansal  
M.No. 500369  
Place New Delhi  
Date: 28.8.2020



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

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

A K Singh  
Director Finance  
(DIN : 07018776)

Puneet Chawla  
Chairman and Managing  
Director  
(DIN: 08303340)

UDIN - 20500369AAAA BP3790



**RailTel Corporation of India Limited**  
Standalone Statement of Profit and Loss for the year ended 31.03.2020

(Amount in Lakhs)

Particulars	Notes No.	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Income</b>			
Revenue from operations	29	1,08,063	98,605
Other Income	30	3,170	3,125
Finance Income	31	(4)	(20)
<b>Total Income</b>		<b>1,11,229</b>	<b>1,01,710</b>
<b>Expenses</b>			
Access and other Charges	32	24,903	26,352
License fee and spectrum charges	33	4,793	4,599
Expenses on Project	34	29,837	23,569
Employee Benefits Expenses	35	11,650	11,052
Administrative & Other Expenses	36	3,032	2,639
Corporate Social Responsibility (Refer Item No. 12 of Note No 42)		519	303
Depreciation and amortisation	37	13,085	11,156
Finance Expenses	38	366	520
<b>Total Expenses</b>		<b>88,185</b>	<b>80,190</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>23,044</b>	<b>21,520</b>
Exceptional Items	39	(4,930)	(3,655)
<b>Profit/(Loss) Before Tax</b>		<b>18,114</b>	<b>17,865</b>
<b>Tax expenses</b>			
Current tax		5,508	5,738
Deferred tax	40	(1,341)	816
Tax impact of earlier years		112	331
<b>Profit/(Loss) for the year (A)</b>		<b>13,835</b>	<b>10,980</b>
<b>Other comprehensive income(OCI):</b>			
i Items that will not be reclassified to Profit & Loss			
Remeasurement losses on defined benefit plans		(669)	(21)
Income tax relating to item that will not be reclassified to Profit & Loss	41	168	7
ii Items that will be reclassified to Profit & Loss			
<b>Other comprehensive income/(Loss) B</b>		<b>(501)</b>	<b>(14)</b>
<b>Total comprehensive income for the period (A+B)</b>		<b>13,334</b>	<b>10,966</b>
<b>Earning per Equity Share of Rs 10/- each</b>			
(a) Basic (Amount in Rs.)		4.31	3.42
(b) Diluted (Amount in Rs.)		4.31	3.42

**Significant Accounting Policies**

**Note No 1**

The accompanying notes referred to above form an integral part of financial statement (from Note No 2 to 42)

As per our report of even date attached  
For M/s Suresh Chandra & Associates  
Chartered Accountants  
FRN 001359N

Ved Prakash Bansal  
M.No. 500369  
Place New Delhi  
Date: 28.8.2020

UDIN 20500369AAABP3790



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

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

  
A K Singh  
Director Finance  
(DIN : 07018776)

  
Puneet Chawla  
Chairman and Managing Director  
(DIN: 08303340)



**Railtel Corporation of India Limited**  
**Standalone Statement of Cash Flow for the year ended March 31, 2020**

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Profit after tax</b>	<b>13,835</b>	<b>10,980</b>
Adjustments for:		
Other comprehensive income(Net of taxes)	(501)	(14)
Depreciation and Amortisation Expense	13,085	11,156
Amortisation of Deferred Govt Grant	(213)	(132)
Impairment of CWIP	4,930	
Non Cash Income (Discounting)	4	20
Non Cash Expense(Discounting)	25	(11)
Interest Expenses for Lease Liabilities	341	531
Non Cash Expense(Loss on sale of fixed asset)	2	1
Non Cash Expense(Forex Loss)	12	-
Non Cash Income (Provision written back and forex)	(26)	(263)
Provision for expected credit loss	1,251	132
Interest income	(2,139)	(2,448)
<b>Operating profit/(loss) before working capital change</b>	<b>30,606</b>	<b>19,952</b>
(Increase)/decrease in Financial Current Assets	7,830	402
(Increase)/decrease in Non Financial Current Assets	3,301	2,831
Increase/(decrease) in Financial Current Liabilities	10,134	7,582
Increase/(decrease) in Non Financial Current Liabilities	(9,713)	92
(Increase)/decrease in Financial Non Current Assets	(21,854)	35
(Increase)/decrease in Non Financial Non Current Assets	(62)	236
(Increase)/decrease in Financial Non Current Liabilities	(30)	(8,044)
(Increase)/decrease in Non Financial Non Current Liabilities	(1,125)	(13,784)
<b>Net cash generated from Operation before Tax</b>	<b>19,087</b>	<b>9,302</b>
Income Tax Paid	(3,736)	(6,068)
<b>Net cash generated from Operating Activities</b>	<b>15,351</b>	<b>3,234</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Tangible & Intangible Assets	(6,162)	(8,576)
Capital Advances	(1,541)	210
(Increase)/decrease in Short term investment	701	(701)
Interest income received	2,162	2,469
Deposit with Bank for Ex gratia	(0)	(50)
Subsidy/Advances received	92	201
(Increase)/Decrease in Term Deposit	(73)	10,821
<b>Net cash used in Investing Activities</b>	<b>(4,821)</b>	<b>4,374</b>
<b>Cash Flow from Financing Activities</b>		
Payment for Lease Liability of Right to Use Assets	(667)	(193)
Dividend paid	(4,620)	(6,247)
Dividend Distribution Tax Paid	(959)	(1,284)
<b>Net cash generated from / (used in) financing activities</b>	<b>(6,246)</b>	<b>(7,724)</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>4,284</b>	<b>(116)</b>
Cash and cash equivalents at the beginning of the year	7,082	7,198
<b>Cash and cash equivalents at the end of the year</b>	<b>11,366</b>	<b>7,082</b>

Significant Accounting Policies

Note No 1

The accompanying notes referred to above form an integral part of financial statement (from Note No 2 to 42)

**1. Cash and Cash Equivalents include the following Balance Sheet amounts**

(i) Cash and Cash Equivalent (Maturity<= 3 Months)		
Flexi Deposits	2,856	315
(ii) Balances with Scheduled Bank		
a. In Current A/c	1,951	906
b. In Collection A/c	6,540	5,846
c. In Imprest A/c	19	15
<b>Total</b>	<b>11,366</b>	<b>7,082</b>



Details of amount spent for year ended 31-Mar-2020 in relation to CSR activities out of the Budget for FY 2019-20 is mentioned below

Particulars	Approved Budget	Amount incurred	Amount yet to be incurred
Construction/Acquisition of any asset	0	-	-
On any other purpose	377	298	79
<b>Total (A)</b>	<b>377</b>	<b>298</b>	<b>79</b>

Details of amount spent on CSR activities during the current period in relation to earlier years is given hereunder –

(Rs. in Lakhs)

Particulars	Unspent amount as on 01.04.2019	Amount Paid	Amount yet to be spent
Construction/Acquisition of any asset	0	-	-
On any other purpose	428	221	207
<b>Total (B)</b>	<b>428</b>	<b>221</b>	<b>207</b>

<b>Grand Total (A+B)</b>	<b>805</b>	<b>519</b>	<b>286</b>
--------------------------	------------	------------	------------

Disclosure as per Ind AS-116

Particulars	for the year ended 31st Mar 2020
Total cash outflow for leases	667

As per our report of even date attached  
For M/s Suresh Chandra & Associates  
Chartered Accountants  
FRN 001359N

Ved Prakash Bansal  
M.No. 500369  
Place New Delhi  
Date: 28.8.2020



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

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

A K Singh  
Director Finance  
(DIN : 07018776)

Puneet Chawla  
Chairman and Managing  
Director  
(DIN: 08303340)



UDIN-20500369AAAABP3790

**Railtel Corporation of India Limited**  
**Standalone Statement of Changes in Equity for the year ended 31.03.2020**

(Amount in Lakhs)

**A. EQUITY SHARE CAPITAL**

As on 01.04.2018	32,094
Change in Equity Share Capital during the Year	-
As on 31.03.2019	32,094
As on 01.04.2019	32,094
Change in Equity Share Capital during the Year	-
As on 31.03.2020	32,094

**B. OTHER EQUITY**

Particulars	Retained Earnings	General Reserve	Corporate Social Development Reserve, Sustainable Development Reserve	Self Insurance Reserve	Total Equity
Balance as at 1st April 2018	48,722	44,000	122	-	92,844
Add: Total Comprehensive Income for the year ended 31st Mar 2019	10,966				10,966
Less: Interim dividend for the F.Y. 2018-19	(1,800)				(1,800)
Less: Tax on Interim Dividend for the F.Y. 2018-19	(370)				(370)
Less: Final Dividend for the F.Y. 2017-18	(4,447)				(4,447)
Less: Tax on Final Dividend for the F.Y. 2017-18	(914)				(914)
Add: Transfer from Corporate Social Development Reserve, Sustainable Development	122		(122)		-
Add: Transfer to Self Insurance Reserve (Refer item no. 6 of Note No. 42 )	(109)			109	-
Less: Transfer to General Reserve	(4,000)	4,000			-
Balance as at 31st March 2019	48,170	48,000	-	109	96,279
Opening balance as on 1st April 2019	48,170	48,000	-	109	96,279
Add: Total Comprehensive Income for the year ended 31st Mar 2020	13,334				13,334
Less: Final Dividend Paid F.Y. 2018-19	(4,620)				(4,620)
Less: Dividend Distribution Tax on Final Dividend Paid F.Y. 2018-19	(959)				(959)
Add: Transfer to Self Insurance Reserve (Refer item no. 6 of Note No. 42 )	(99)			99	-
Less: Transfer to General Reserve	(4,000)	4,000			-
Balance as at 31st March 2020	51,826	52,000	-	208	1,04,034

**Significant Accounting Policies**

The accompanying notes referred to above form an integral part of financial statement (from Note No 2 to 42)

**Note No 1**

As per our report of even date attached  
 For M/s Suresh Chandra & Associates  
 Chartered Accountants  
 FRN 001359N

Ved Prakash Bansal  
 M.No. 500369  
 Place New Delhi  
 Date: 28.8.2020



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

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

  
 A K Singh  
 Director Finance  
 (DIN : 07018776)

  
 Puneet Chawla  
 Chairman and Managing Director  
 (DIN: 08303340)

UDIN-20500369AAAA BP3790



## A. Corporate Information

RailTel Corporation of India Limited ('the Company') incorporated in India on 26th September 2000 is a public sector undertaking. The company is promoted by and is under administrative control of Ministry of Railways. The Registered office and Corporate Office of the Company is situated at Plate-A,6th Floor, Office Block Tower-2, East Kidwai Nagar, New Delhi-110023.

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 fibre 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 is-

- 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 especially rural, remote and backward areas.
- iii. To generate revenue through commercial exploitation of its telecom network.

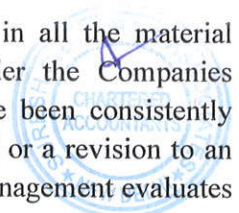
### RailTel Corporation of India Limited is having following operations: -

- a. 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.
- b. Data Centre Services - RailTel has its own Data Centres at Secunderabad and Gurugram.
- c. Retail Broadband - Rail Wire is a retail Broadband initiative of the RailTel.
- d. Leased Line Service
- e. Virtual Private Network Service
- f. Internet Leased Line Service
- g. Rack and Space Collocation Service
- h. Tower Co-location Service

## B. Summary of Significant Accounting Policies as per Ind-AS

### 1. Basis for Preparation of Standalone 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) Rule 2015 (as amended). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised Ind AS on an ongoing basis.



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

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

## 2. Use of Estimates

The preparation of financial statements in conformity with Ind AS 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 recognized 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 years.

### 2A. Critical Accounting Estimates and Management Judgements

In application of the accounting policies, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is stated here under:

#### Property, Plant and Equipment (PPE)

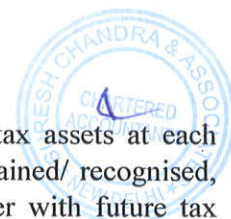
The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

#### Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

#### Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



## **Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## **Impairment of Trade Receivables**

The impairment assessment for trade receivables are done based on assumptions about risk of default and expected loss . The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

## **Impairment of Non-financial assets (PPE)**

The impairment assessment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

## **Defined Benefit Plans and Other long term employee benefits**

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## **Fair value measurement of financial instruments**

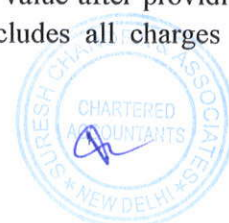
When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

## **Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## **3. 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.

#### 4. 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.

#### 5. Property Plant and Equipment's (PPE)

- a) 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.
- b) 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.
- c) 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.
- d) All the non-retrievable expenses (Used only once and cannot be returned back from the customer premises) may be charged as expenses to Statement of profit & loss in the year of commissioning of services.
- e) 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.
- f) 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.
- g) Fixed assets under construction and cost of assets not put to use before the year end, are disclosed as capital work in progress.

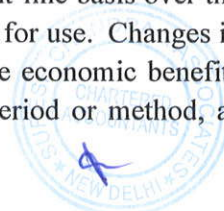


- h) Freehold land is not depreciated. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date or whenever there are indicators for review.
- i) Assets are depreciated to the residual value on a straight-line basis over the estimated useful lives. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review and adjusted prospectively.

Sr No	Name of Assets	Main asset/Component	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 Building	Main Assets	Period of Lease
4	Freehold Building	Main Assets	60 Years, 1.67%
5	Leasehold Improvements	Main Assets	Period of lease
6	Prefabricated Building	Main Assets	15 Year 6.67%
7	Computer	Main Assets	3 Year 31.67%
8	Office Equipment's	Main Assets	5 Year 19%
9	Software-ERP	Main Assets	5 Year with 20%
10	Furniture	Main Assets	10 Year 9.5%
11	Licenses	Main Assets	Period of license
12	ERP Hardware	Main Assets	6 Year 15.83%
13	Vehicle	Main Assets	8 Year 11.875%
14	Temporary Fixtures	Main Assets	Fully Depreciated
15	Telecom Equipment's	Main Assets	8 Year. 12.5%
16	Last Mile/Access Equipment's	Main Assets	8 Year. 12.5%
	Radio/Access Switches	Component	3 Year 33.33%
17	Power Plant Equipment's	Main Assets	8 Year. 12.5%
	Battery	Component	5 Year. 20%
18	Data Centre	Main Assets	8 Year. 12.5%
	Data Centre infrastructure	Component	13 Year. 7.31%
19	Other Infrastructure	Main Assets	8 Year. 12.5%
	Data Network	Main Assets	8 Year. 12.5%

## 6. Intangible Assets

- a) Identifiable intangible assets are recognized 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.
- b) 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.
- c) Amortization is recognized 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 amortization 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 amortized over the period of license, generally not exceeding three years. Software costing up to rupees five lakh which has independent use is amortized over a period of twelve months from the date of place in service.
- ii. Licenses-Acquired licenses are initially recognized at cost. Subsequently, licenses are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognized 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 Statement of Profit & Loss on straight line basis over the period of use.

#### 7. Non-current Assets (or disposal groups) held for Sale

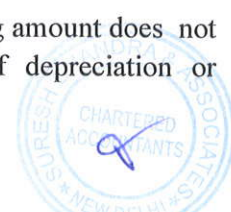
Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate 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 amortized 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 recognized 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.

#### 8. 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 recognized in profit or loss as a component of depreciation and amortization 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.



## 9. Leases

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17

### As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful life of right-of-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use asset that do not meet the definition of investment property as a separate line item and lease liabilities in "other financial liabilities" in the Balance Sheet.

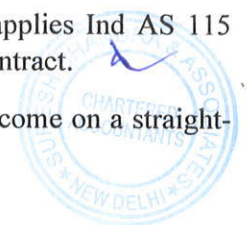
The Company has elected not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less, leases of low value assets and leases with no written agreement. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### i. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risk and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of the assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 "Revenue from contract with customers" to allocate the consideration in the contract.

The Company recognizes lease payments received under operating lease as income on a straight-line basis over the lease term as part of "Revenue from operations".



**3. Infeasible Right to Use ('IRU')-**The Company enters into agreement for leasing assets (capacity) under "Infeasible 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.

The contracted price is received in advance and is recognized 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.

#### **Under Ind AS 17**

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as a finance lease.

#### **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.

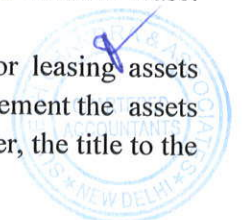
Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are 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 profit and loss.

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 recognized 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 recognized 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. Infeasible Right to Use ('IRU')-**The Company enters into agreement for leasing assets (capacity) under "Infeasible 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 recognized as operating lease.

The contracted price is received in advance and is recognized 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.

## 10. 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 capitalized as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalized 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.

## 11. 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.

## 12. 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.

## 13. Revenue Recognition and Receivables

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.



## Income from Telecom Services

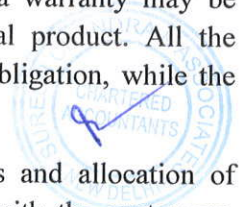
Income from Telecom Services include incomes from National Long-Distance services, Internet Service, infrastructure provider services such as co-location, dark fiber, Tower Space etc. Service revenue also includes revenues associated with access and Inter connection for usage of the network of other operators. Corporation's performance Obligation in such kind of contracts is providing infrastructure bandwidth/connectivity as per the agreed norms. Since the customer simultaneously receives and consumed benefit provided by the Corporation's performance as the Corporation's performs, Corporation's transfer control of service overtime and, therefore, satisfies a performance obligation and recognizes revenue overtime. The Corporation uses output methods to recognize revenue as the output selected faithfully depict the Corporation's performance towards complete satisfaction of the performance obligation. Since the performance obligation is being satisfied directly in relation to time, the passage of time is the best output which would depict the satisfaction of the performance obligation. Generally, payment against provision of such services becomes due as per payment terms, and fixed transaction price as per contracts with customers, which is generally is on periodical basis. Warranties are commonly included in arrangements to sell services. They can be explicitly stated, required by law or implied based on the 'RCIL' customary business practices. The price of a warranty may be included in the overall purchase price or listed separately as an optional product. All the assurance type warranties are considered as part of primary performance obligation, while the service type warranties are considered as distinct performance obligation.

The determination of transaction price, its allocation to promised services and allocation of discount or variable consideration (if any) is done based on the contract with the customers. Penalties, if inherent in determination of transaction price, are considered as variable consideration. The transaction price is also allocated separately for the service type warranties.

## Income from Projects

Income from Projects include laying of Optical Fiber Cable, installation of Network Operations Center, installation of Indoor/Outdoor Wireless Access Points, Load Balancer, Wi-Fi Access Controller, installation of software, chats, Anti-Virus, Fire walls etc. Corporation's performance obligation in such kind of contracts is installation, testing and commissioning of various equipment as per the agreed norms. Under this type of contract, generally assets are installed at customer's site. However, customer does not have ability to direct the use of, and obtain substantially all of the remaining benefits from, these assets unless they are connected to main server/data center or commissioned properly. Since the customer receives control of the goods and/or service after Successful commissioning of indented facilities, Corporation's transfer control of goods and/or service at a point in time and, therefore, satisfies a performance obligation and Recognizes revenue at a point in time. The Corporation uses output methods to recognize Revenue as the output selected faithfully depict the Corporation's performance towards Complete satisfaction of the performance obligation. Customer's acceptance of Commissioning report is the best output which would depict the satisfaction of the Performance obligation. Generally payment against provision of such contracts becomes due as per payment terms, and fixed transaction price as per contracts with customers, Which is generally is on milestone basis. Warranties are commonly included in such arrangements. They can be explicitly stated, required by law or implied based on the 'RICL' customary business practices. The price of a warranty may be included in the Overall purchase price or listed separately as an optional product. All the assurance type Warranties are considered as part of primary performance obligation, while the service Type warranties are considered as distinct performance obligation.

The determination of transaction price, its allocation to promised services and allocation of discount or variable consideration (if any) is done based on the contract with the customers.



Penalties, if inherent in determination of transaction price, are considered as variable consideration. The transaction price is also allocated separately for the service type warranties.

The incremental costs that the Corporation incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained are recognized as an asset if its recovery is expected and its amortization period is more than one year, all other such costs are recognized as an expense in statement of profit and loss. The incremental cost recognized as an asset is amortized over the period till when such cost is expected to be recovered. Amount so recovered is recognized as revenue in statement of profit and loss.

### **Subsidy**

Revenue from subsidy are accounted for on commissioning of specified projects, if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

### **14. 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 ageing 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.

### **15. Unbilled Revenue**

Unbilled revenue represent revenue recognized 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.

### **16. License Fees – Revenue Share**

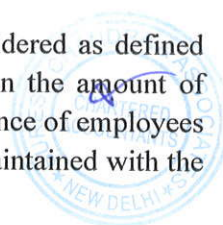
The revenue-share is computed as per the licensing agreement at the prescribed rate and is expensed as incurred. As per the NLD and ISP license condition, company is required to share 8% of its adjusted gross revenue with Department of Telecommunication, the same is provided on the basis of adjusted 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.

### **17. Employee Benefits**

Employee benefits include provident fund, gratuity and compensated absences.

#### **1. Defined contribution plans**

a. Provident Fund: The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made. 12% of the Basic pay plus dearness allowance of employees and equal contribution of the corporation is contributed to provident fund maintained with the



Regional Provident Fund Commissioner. Corporation's contribution to provident fund is charged to revenue.

b. Pension: Company has pension Scheme for its employees, under defined contribution plan Company will pay an amount equal to 10% of Basic pay+ DA of the eligible employees

## 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 recognized in the Statement of Other Comprehensive Income in the year in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized 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 Rs 20 lakhs has been considered for actuarial valuation.

ii) Leave Encashment is payable on separation to eligible employee who have accumulated earned leave. Leave salary is provided for based on valuation, as balance sheet date, made by independent actuary.

iii) The Company has Post- Retirement Medical Scheme (PRMS) to provide assistance for meeting a part of medical expenses incurred by retired members only after their retirement for dependent family members and self and dependent family members of the ex-employee in case of death of the employee.

iv) 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 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 recognized 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.

## 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 recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

## 18. 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 recognized in the year of sale itself with a corresponding provision for expenses likely to be incurred during the period of warranty.

## 19. Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains and losses on foreign exchange transactions during the year are recognized 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.

## 20. Taxes

### a) 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.

### b) 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 recognized 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.

### c) 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 realizability.

## 21. Research and development

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

## 22. 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.

## 23. 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.

## 24. Prior Period Expenses

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

## 25. 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.

## 26. 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 recognized in the financial statements.

## 27. 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.

## 28. 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.

## 29. Asset Retirement Obligation

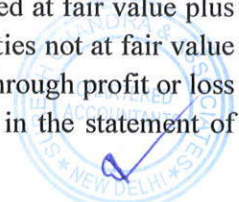
Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are settled obligation using discounted cash flows and are recognized 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 recognized 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.

## 30. 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 are carried at amortized cost**

A financial asset is subsequently measured at amortized 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**

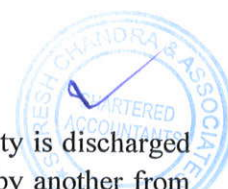
### **1. Subsequent measurement**

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.

### **2. Derecognition**

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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in Statement of Profit and Loss.

**D. Investment in Subsidiaries**

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



Note 2. Property Plant & Equipment

(Amount in Lakhs)

Particulars	TANGIBLE ASSETS										INTANGIBLE ASSETS			Total		
	Freehold Land	Leasehold Land	Free Hold Building	Lease Hold Building	Prefabricated Building	Plant & Machinery	Leasehold Improvements	ERP Hardware	Computers	Furniture & Fixtures	Vehicles	Office Equipments	Total		Licenses	Software
<b>As at 31.03.2019</b>																
Gross Carrying amount	223	1,638	2,389	1,879	1,435	1,52,254	1,237	222	865	335	39	791	1,63,307	530	476	1,006
Cost as at 1st April 2018	-	-	-	9,898	-	11,604	-	-	43	3	-	43	21,592	-	40	40
Additions	-	-	-	-	-	(48)	-	-	(11)	-	-	(3)	(62)	-	-	-
Disposal	-	-	-	(1)	(0)	(27)	1	-	(0)	-	-	(0)	(265)	-	(0)	(0)
Transfer/Adjustments	-	(238)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying amount (31.03.2019)	223	1,400	2,389	11,776	1,436	1,63,783	1,238	222	897	338	39	831	1,84,572	530	516	1,846
<b>As at 31.03.2020</b>																
Gross Carrying amount	-	62	199	1,389	1,353	89,416	567	150	732	209	27	569	94,873	254	388	642
Accumulated Depreciation/ amortisation	-	-	-	(332)	-	11,112	-	30	71	17	4	76	11,148	(63)	71	8
Change during the year	-	13	40	-	-	(27)	-	-	(10)	-	-	(2)	(39)	-	-	-
Disposal	-	-	-	20	0	0	(20)	0	(0)	(0)	(0)	(0)	(0)	0	0	0
Transfer/Adjustments	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation/ amortisation (31.03.2019)	-	75	239	1,277	1,360	1,00,501	657	180	793	226	31	643	1,05,982	191	459	650
<b>NET CARRYING AMOUNT- 31.03.2019</b>	223	1,325	2,150	10,499	76	63,282	581	42	104	112	8	188	78,590	339	57	396
<b>As at 31.03.2020</b>																
Gross Carrying amount	223	1,400	2,389	11,776	1,436	1,63,783	1,238	222	897	338	39	831	1,84,572	530	516	1,846
Cost as at 1 Apr 2019	-	(1,400)	-	(10,519)	-	-	-	-	-	-	-	-	(11,919)	-	-	-
Recognition of right-of-use asset on initial application of IND As 116 disclosed separately*	223	-	2,389	1,257	1,436	1,63,783	1,238	222	897	338	39	831	1,72,653	530	516	1,846
Adjusted balance at April 1,2019	-	-	-	0	23	4,900	386	-	76	63	-	35	5,483	-	438	438
Additions	-	-	-	-	(98)	(4,042)	-	-	(24)	(0)	-	(3)	(4,167)	-	-	-
Disposal	-	-	-	-	-	(185)	1,045	-	-	-	-	-	(397)	-	-	-
Transfer/adjustments	-	-	-	(1,257)	-	-	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying amount (31.03.2020)	223	-	2,389	(0)	1,361	1,64,456	2,669	222	949	401	39	863	1,73,572	530	954	1,841
<b>As at 31.03.2020</b>																
Gross Carrying amount	-	75	239	1,277	1,360	1,00,501	657	180	793	226	31	643	1,05,982	191	459	650
Accumulated Depreciation/ amortisation	-	-	-	(509)	-	-	-	-	-	-	-	-	(584)	-	-	-
Recognition of right-of-use asset on initial application of IND As 116 disclosed separately*	-	(75)	-	768	1,360	1,00,501	657	180	793	226	31	643	1,05,298	191	459	650
Adjusted balance at April 1,2019	-	0	40	-	17	11,353	221	23	65	19	4	76	11,798	26	23	49
Change during the year	-	-	-	-	(98)	(4,042)	-	-	(20)	(0)	-	(2)	(4,162)	-	-	-
Disposal	-	-	-	(768)	-	(279)	747	-	-	-	-	-	(300)	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation/ amortisation (31.03.2020)	-	0	279	0	1,279	1,07,513	1,625	203	838	245	35	717	1,12,734	217	482	699
<b>NET CARRYING AMOUNT- 31.03.2020</b>	223	(0)	2,110	0	82	56,943	1,044	19	111	156	4	146	60,838	313	472	785

\*The Company recognises "Leasehold Building" as "right-of-use asset" on initial application of IND As 116, transition date being April 1, 2019. Refer Item No. 29 of Note No. 42



Note 3. Capital Work in Progress

(Amount in Lakhs)

Particulars		As at 31st March 2020	As at 31st March 2019
NE Project-Gross	23105		
Less : Impairment loss recognized (Refer to item no 23 of Note No. 42)	4930	18,175	23,981
OFC Laying Works		1,449	2,137
MPLS, STM, Other Telecom Radio Equipment, Data Centre & OSS/BSS		4,213	2,578
Capital Stores lying at project site		1,242	1,012
Building		150	166
Rural Wi-Fi		-	80
Others		25	36
<b>Total</b>		<b>25,254</b>	<b>29,990</b>



**Note-4 Right of Use Assets \***

Particulars	Building	Land	Telecom Assets	Total
Recognized as at 1st April 2019	12,450	3,498	3,123	19,071
Less : Accumulated Depreciation as on 1st April 2019	509	75		584
Net Assets Recognized as on 1st April 2019	11,941	3,423	3,123	18,487
Additions: During the period	47	-	-	47
Depreciation charge for the Period ended 31st March 2020	833	148	257	1,238
Balance at 31st March 2020	<b>11,155</b>	<b>3,275</b>	<b>2,866</b>	<b>17,296</b>

\*The Company recognises "leasehold Land" and "Leasehold Building" as "right-of-use asset" on initial application of IND As 116, transition date being April 1 , 2019. Refer Item No. 29 of Note No. 42



**NON CURRENT ASSETS****Note 5. Investment (At amortised cost)**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Long Term Investments-at Cost</b>		
Trade (Unquoted)		
Investment in Shares of subsidiaries		
<b>Railtel Enterprises Limited (Fully Owned Subsidiary)</b>		
100,00,000 equity shares of Rs.10 each fully paid	1,000	1,000
<b>Total Carrying Value</b>	<b>1,000</b>	<b>1,000</b>

Investment in subsidiary has been valued at cost

**Note 6. Loans and Security Deposits**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured Considered Good unless stated otherwise</b>		
<b>Security Deposits</b>		
Considered Good	332	347
<b>Total</b>	<b>332</b>	<b>347</b>

**Note 7. Other Non Current Financial Assets**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deposits with Banks for Ex-Gratia	50	50
Bank Term Deposit (Having residual maturity of more than 12 months)	20,794	-
Accrued interest on term deposit	1,086	15
<b>Total</b>	<b>21,930</b>	<b>65</b>

**Note 8. Other Non Current Assets**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured Considered Good unless stated otherwise</b>		
<b>Capital Advances</b>		
Considered Good	1,751	210
<b>Other</b>		
Lease prepayment/Prepaid Expenses *	55	2,889
<b>Total</b>	<b>1,806</b>	<b>3,099</b>

\* Prepaid Asset consisting of prepaid leases of "Telecom Assets" have been recognised as "right-of-use asset" on initial application of IND As 116, transition date being April 1, 2019. Refer Item No. 29 of Note No. 42



**CURRENT ASSETS****Note 9. Inventories** (Valued at lower of cost or net realisable value)

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Inventory (Consumables for O&M Work)	49	87
<b>Total</b>	<b>49</b>	<b>87</b>

**Note 10. Investment** (At fair value through Profit & Loss Account)

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Investment	-	704
<b>Total</b>	<b>-</b>	<b>704</b>

Agreegate Value of quoted investments

-

Market value of quoted investments

-

Agreegate Value of unquoted investments

-

701

Market value of unquoted investments

-

704

Agreegate value of impairment of investments

-

-

**Note 11. Trade Receivables**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, Considered Good Unless Stated Otherwise</b>		
Telecommunication Business	36,597	23,053
Project works	15,120	25,641
<b>Trade Receivables (Total)</b>	<b>51,717</b>	<b>48,694</b>
Loss Allowance*	(4,219)	(2,995)
<b>Total</b>	<b>47,498</b>	<b>45,699</b>

**Movement of Provision for expected credit loss/impairment**

Balance at the beginning of the year	2,995	3,024
Add: Additional provision during the year	1,251	132
Less: Provision written back/adjusted during the year	27	161
<b>Balance at the end of year</b>	<b>4,219</b>	<b>2,995</b>

\* Refer to item no 27 of Note No. 42



Note 12. Cash and Cash Equivalents

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Cash and Cash Equivalent (Maturity <= 3 Months)		
Flexi Deposits	2,856	315
(ii) Balances with Scheduled Bank		
a. In Current A/c	1,951	906
b. In Collection A/c	6,540	5,846
c. In Imprest A/c	19	15
<b>Total</b>	<b>11,366</b>	<b>7,082</b>

Note 13. Other Bank Balances

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
BG Margin Money A/c *	296	276
In Term Deposit (Having original maturity of more than 3 months but less than 12 months or residual maturity less than 12 months)	5,358	26,099
<b>Total</b>	<b>5,654</b>	<b>26,375</b>

\*BG Margin Money A/c represents deposit under lien for issuing Bank guarantee by bank.

Note 14. Loans and Security Deposits

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, Considered Good Unless Stated Otherwise</b>		
Advances to Employee	41	60
Security Deposit	428	370
<b>Total</b>	<b>469</b>	<b>430</b>

Note 15. Other Current Financial Assets

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, Considered good unless stated otherwise</b>		
Accrued interest on term deposit	285	1,379
Recoverable from Railways	880	1,748
Unbilled Revenue	18,986	8,157
EMD Deposited	522	88
<b>Total</b>	<b>20,673</b>	<b>11,372</b>



Note 16. Current Tax Assets (Net)

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Income Tax/TDS	2,377	3,066
<b>Total</b>	<b>2,377</b>	<b>3,066</b>

Note 17. Other Current Assets

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances recoverable in cash or in kind for value to be received	881	786
Indirect Tax Credit Available	6,711	5,436
Others	103	117
Advance Indirect Tax	404	562
Prepaid expenses **	186	351
<b>Total</b>	<b>8,285</b>	<b>7,252</b>

\*\* Prepaid Asset consisting of prepaid leases of "Telecom Assets" have been recognised as "right-of-use asset" on initial application of IND As 116, transition date being April 1, 2019. Refer Item No. 29 of Note No. 42



Note No. -18 Equity Share capital

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Authorized Share Capital</b>		
Equity Shares		
1,00,00,00,000 equity shares of Rs 10 each	1,00,000	1,00,000
<b>Issued, Subscribed and fully paid-up shares</b>		
1,50,00,007 equity shares of Rs 10 each in Cash	1,500	1,500
30,59,38,400 equity shares of Rs 10 each in consideration other than cash	30,594	30,594
<b>Total</b>	<b>32,094</b>	<b>32,094</b>

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

Particulars	Opening Balance	Allotted During The Year	Closing Balance
<b>Year ended 31st Mar 2020</b>			
No of Equity Shares - In Cash	1,50,00,007	-	1,50,00,007
No of Shares - In consideration other than cash	30,59,38,400	-	30,59,38,400
Amount in Lakhs	32,094	-	32,094
<b>Year ended 31st Mar 2019</b>			
No of Equity Shares - In Cash	1,50,00,007	-	1,50,00,007
No of Shares - In consideration other than cash	30,59,38,400	-	30,59,38,400
Amount in Lakhs	32,094	-	32,094

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

b. Right, Preference and restriction attached to shares

The equity share are the only class of Share capital having par value of Rs 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.

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

Particulars		As at 31st March 2020	As at 31st March 2019
	Number	32,09,38,407	32,09,38,407
Ministry of Railways (in the name of President of India)	%	100	100

d. Aggregate number of shares issued for consideration other than cash

Particulars		As at 31st March 2020	As at 31st March 2019
	Number	30,59,38,400	30,59,38,400
Ministry of Railways (in the name of President of India)	%	100	100



NON CURRENT LIABILITIES

Note 19. Leasing Liabilities

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Leasing Liabilities*	3,480	412
<b>Total</b>	<b>3,480</b>	<b>412</b>

\*The Company has applied IND AS 116 with a date of initial application of April 1, 2019, using the modified retrospective approach and identified leases covered under the Ind AS-116 and accordingly lease liability has been recognized. The comparative information has not been restated and continues to be reported under IND AS 17.

Note 20. Other Non Current Financial Liabilities

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured</b>		
Security Deposit	315	480
Retention Money	425	439
<b>Total</b>	<b>740</b>	<b>919</b>

Note 21. Provisions

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Post Retirement Medical Benefit	944	422
Provision for Arbitration Claim	46	46
<b>Total</b>	<b>990</b>	<b>468</b>

Note 22. Deferred Tax Liabilities (Net)

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Deferred Tax Liabilities</b>		
Depreciation claimed as deduction under Income Tax Act but chargeable in the statement of profit and loss in future years	2,414	3,255
<b>Less:</b>		
<b>Deferred Tax Assets</b>		
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	1,062	1,047
Expenditure to be allowed on payment basis under Income Tax Law/Provisions	999	514
<b>Deferred Tax Liability (Net)</b>	<b>353</b>	<b>1,694</b>



Note 23. Other Non Current Liabilities

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Revenue and Advance from Customers*	2,163	4,207
<b>Deferred Revenue from Government Grant</b>		
NE 1 & NE 2***	1,290	1,409
Rural WiFi***	653	277
Advances from Railways**	314	3,271
Advances for VSS Project#	4,763	-
<b>Government Grant</b>		
Subsidy of NE-1 & NE-2***	1,468	1,468
Rural WiFi Subsidy***	132	578
<b>Total</b>	<b>10,783</b>	<b>11,210</b>

\*Deferred Revenue include advance income against IRU lease for providing telecom services under licenses taken from DoT.

\*\*Advances from Railways represent advance received towards execution of works from Railways .

\*\*\* Refer item no. 19 of Note no. 42

#Refer item no. 30 of Note no. 42

**CURRENT LIABILITIES**

Note 24. Trade Payables

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Trade Payables</b>		
Micro and Small Enterprises	5,770	3,561
<b>Other than Micro and Small Enterprises</b>		
Revenue Share Payable to Indian Railway	6,068	5,055
Towards purchase of Goods and Services	23,559	17,732
Amount Payables to DoT	-	22
<b>Total</b>	<b>35,397</b>	<b>26,370</b>



**Note 25. Leasing Liabilities**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Leasing Liabilities*	774	136
<b>Total</b>	<b>774</b>	<b>136</b>

\*The Company has applied IND AS 116 with a date of initial application of April 1, 2019, using the modified retrospective approach and identified leases covered under the Ind AS-116 and accordingly lease liability has been recognized. The comparative information has not been restated and continues to be reported under IND AS 17.

**Note 26. Other Current Financial liabilities**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposits	3,441	3,299
Retention Money	9,512	10,755
EMD Payable	3,053	653
Payable to Subsidiary	35	0
Bank Guarantee Deductions	489	530
Interest Accrued but not due on Noida Instalment	11	15
<b>Total</b>	<b>16,541</b>	<b>15,252</b>

**Note 27. Provisions**

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Provisions for Employee Benefits</b>		
Provision for Post Retirement Medical Benefit	2	0
Provision for Pension	133	1,312
Provision for Gratuity & Leave Encashment	882	653
Provision for PRP	991	1,706
<b>Total</b>	<b>2,008</b>	<b>3,671</b>



Note 28. Other Current Liabilities

(Amount in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Revenue and Advance from Customers*	6,869	12,572
Advance for Railway Deposits#	3,561	3,295
Advance-Others**	3,473	7,380
<b>Deferred Revenue from Government Grant</b>		
NE 1 & NE 2***	119	119
Rural WiFi***	112	45
Payable to Others	4,284	3,638
<b>Total</b>	<b>18,418</b>	<b>27,049</b>

\*Deferred Revenue include advance income against IRU lease for providing telecom services under licenses taken

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

\*\*\* Refer item no. 19 of Note no. 42

# Advances from Railways represent advance received towards execution of works from Railways .



Note 29. Revenue from operations

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Income from Telecom Services</b>		
NLD Services	41,507	37,197
ISP Services	16,622	16,227
IP-1 Services	16,346	13,722
<b>Income from Projects</b>		
Railways Project Works	16,203	2,915
Other Projects	16,771	25,049
<b>Other Operating Revenue</b>	614	3,495
<b>Total</b>	<b>1,08,063</b>	<b>98,605</b>

Note 30. Other income

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Interest Income</b>		
Interest Income on deposits with Bank	2,058	2,366
Interest on Income Tax Refunds	75	20
<b>Other Non Operating Income</b>		
Miscellaneous Income	930	393
Income on Mutual Funds	81	82
Gain on Fair Valuation of Mutual Funds	-	3
Liabilities/Provision written back	26	246
Gain on foreign Exchange transaction	-	15
<b>Total</b>	<b>3,170</b>	<b>3,125</b>

Note 31. Finance Income

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Reversal of Discounting impact of Assets for FY 2017-18		141
Reversal of Discounting impact of Assets for FY 2018-19	161	
Discounting Impact of Assets for FY 2018-19		(161)
Discounting Impact of Assets for FY 2019-20	(165)	
<b>Total</b>	<b>(4)</b>	<b>(20)</b>



**Note 32. Access & Other Charges**

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Operation & Maintenance of Fiber & Equipment	6,246	6,138
Share of Revenue with Konkan Railway	15	17
Hire Charges Radio Modem/Optic Fibers and Internet Access	4,644	5,558
Interconnect & Port charges	28	583
Railwire Expenses	7,216	6,844
Rent	11	265
Power & Fuel Expenses on network	3,538	4,104
Rural Wi Fi	24	-
Revenue Share to Railways	3,181	2,843
<b>Total</b>	<b>24,903</b>	<b>26,352</b>

**Note 33. License fee and Spectrum charges**

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Licence Fee to DoT (Revenue Share)	4,793	4,521
Spectrum Charges to DoT	-	78
<b>Total</b>	<b>4,793</b>	<b>4,599</b>

**Note 34. Expenses on Project**

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Expenses on Railway Projects	14,086	2,707
Expenses on Projects (Other Than Railway)	13,541	19,116
Allocation of Employee Benefit Expenses (Refer Note No. 35)	1,381	1,091
Allocation of Administrative & Other Expenses (Refer Note No. 36)	829	655
<b>Total</b>	<b>29,837</b>	<b>23,569</b>

**Note 35. Employee Benefits Expenses**

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Salaries & Wages	12,397	11,558
Contribution to Provident fund	604	564
Staff welfare expenses	30	21
Less: Allocation of Expenses to Projects (Refer to Note no. 34)	1,381	1,091
<b>Total</b>	<b>11,650</b>	<b>11,052</b>



Note 36. Administrative & Other Expenses

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<u>Auditor Remuneration</u>		
As Auditor	24	17
As Tax Auditors	6	6
For Certification	1	-
Books & Periodicals	2	2
Communication Expenses	87	106
Conveyance Expenses	32	27
Bank Charges & Commission	12	10
Legal & Professional Expenses	333	361
Insurance	23	42
Rates & Taxes	351	85
Rent	201	1,254
Repair & Maintenance – Others	341	241
Tender Expenses.	35	60
Training & Recruitment Expenses	38	32
Travelling Expenses	370	295
Printing & Stationary Expenses	56	57
Vehicle Hire charges	302	272
Business promotion Expenses	116	55
Other Miscellaneous Expenses	266	239
Loss on sale of Fixed Assets	2	1
Provision for Expected Credit Loss	1,251	132
Loss on foreign Exchange transactions	12	-
<b>Less:- Allocation of Expenses to Project (Refer to Note no. 34)</b>	<b>829</b>	<b>655</b>
<b>Total</b>	<b>3,032</b>	<b>2,639</b>

Note 37. Depreciation and Amortisation

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Depreciation on tangible Assets	11,798	11,148
Charge over Right of Use (Refer Note No.4)	1,238	-
Amortization on Intangible Assets	49	8
<b>Sub Total</b>	<b>13,085</b>	<b>11,156</b>



Note 38. Finance Expenses

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Reversal of Discounting impact of Liability of 2017-18		84
Discounting impact of Liability 2018-19		(95)
Reversal of Discounting impact of Liability of 2018-19	95	
Discounting impact of Liability 2019-20	(70)	
Finance charge - Interest Cost Unwinding of Lease Liabilities	288	
Finance charge on Instalment of Noida land	53	531
<b>Total</b>	<b>366</b>	<b>520</b>

Note 39. Exceptional Items

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Exceptional Item (NOFN)		(3,655)
Exceptional Item (Impairment of NE Project- Refer point No. 23 of Note No. 42)	(4,930)	
<b>Total</b>	<b>(4,930)</b>	<b>(3,655)</b>

Note 40. Tax Expenses

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Current Tax (Income Tax)	5,508	5,738
Tax impact of earlier Years	112	331
Deferred Tax Asset	(1,341)	816
<b>Total</b>	<b>4,279</b>	<b>6,885</b>

Note 41. Other comprehensive income(OCI)

(Amount in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Items that will not be reclassified to Profit &amp; Loss</b>		
Remeasurement Gain/losses on defined benefit plans	(669)	(21)
Income tax relating to item that will not be reclassified to Profit & Loss	168	7
<b>Items that will be reclassified to Profit &amp; Loss</b>		
	-	-
<b>Other comprehensive income/(Loss)</b>	<b>(501)</b>	<b>(14)</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31<sup>st</sup> MARCH'2020**

- These Financial Statements are presented in Indian Rupees (INR) which is the Company's functional currency.
- Figures have been rounded off to nearest Rupees in lakhs. Previous year's figures have, wherever necessary, been rearranged/regrouped to conform the presentation of the Current year.
- License fee to DoT and Railways Revenue Share computed at prescribed rate of 8% and 7% respectively.
- Employees benefit expenses and administrative expenses are apportioned to project works based on 5% and 3% respectively of expenses incurred on projects.
- 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.
- Self-Insurance Reserve has been provided @ 0.12% p.a. on the Gross Block of Property, Plant & Equipment's installed at PoP's and customer premises to meet future losses which may arise from un-insured risks.
- In terms of contractual Clause of agreement, if the customer terminates the services of the link during minimum subscription period, RailTel shall refund or adjust (against the future orders) the already paid IRU charges after deducting the termination penalty. Accordingly, RailTel has deducted the termination penalty of Rs. 347 lakhs during the year and has been recognized as other operating revenue.
- Purchase of leasehold Building at East Kidwai Nagar for 30 years term for creation of Corporate Office. Possession has been given by the lessor, but lease deed is yet to be executed. The total cost capitalized for purchase of the building is Rs. 9809 lakhs as at 31.03.2020.
- Disclosure relating to dues to Micro, Small and Medium Enterprise:

(Rs. in Lakhs)

S. No.	Particulars	March'20	March'19
1	Amount remaining unpaid to any supplier: a) Principal Amount b) Interest due thereon	5770 NIL	3561 NIL
2	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day;	NIL	NIL
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	NIL	NIL
4	Amount of interest accrued and remaining unpaid	NIL	NIL
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL



10. Value of imports calculated on CIF basis

(Rs.in Lakhs)

Particulars	March'20	March'19
Raw materials	Nil	Nil
Consumables and Spare parts	Nil	Nil
Capital goods	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

11. Expenditure in foreign currency (accrual basis)

(Rs. in Lakhs)

Particulars	March'20	March'19
Travelling & conveyance	15	3
Repair & Maintenance	Nil	Nil
Service charges	Nil	Nil

12. Corporate Social Responsibility Expenditure

Details of amount spent for period ended 31-March-2020 in relation to CSR activities out of the Budget for FY 2019-20 is mentioned below

(Rs. in Lakhs)

Particulars	Approved Budget	Amount incurred	Amount yet to be incurred
Construction/Acquisition of any asset	Nil	Nil	Nil
On any other purpose	377	298	79
<b>Total - A</b>	<b>377</b>	<b>298</b>	<b>79</b>

Details of amount spent on CSR activities during the current period in relation to earlier years is given hereunder –

(Rs. in Lakhs)

Particulars	Unspent amount as on 01.04.2019	Amount Paid	Amount yet to be spent
Construction/Acquisition of any asset	Nil	Nil	Nil
On any other purpose	428	221	207
<b>Total - B</b>	<b>428</b>	<b>221</b>	<b>207</b>
<b>Grand Total – (A+B)</b>	<b>805</b>	<b>519</b>	<b>286</b>



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

**13. Financial Instruments**

**FINANCIAL ASSETS**

**Trade receivables**

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

**Security Deposits**

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

**Investments**

Company makes investment in liquid mutual funds which are fair valued based on the unit price prevailing as at year end and consequent gain/loss is taken to the profit and loss A/c.

**FINANCIAL LIABILITIES**

**Security deposits, Retention Money & Earnest Money Deposit**

Security Deposits, Retention Money and Earnest Money Deposit are classified as Financial Liabilities.

**14. IND AS 2: Inventories**

1. The total carrying amounts of inventories as at 31.03.2020 is Rs. 49 Lakhs (Corresponding period – Rs. 87 Lakhs) as shown in Note no 9 of Balance Sheet.
2. There is no reversal or 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.
3. Nothing out of carrying amounts of inventories has been pledged as security for liabilities.

**15. Disclosures in respect of IND AS 8: “ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS**

Any item of prior period error which exceeds 1% of revenue from operations is considered for materiality test which is in accordance with Schedule III of the Companies Act 2013. Accordingly, in compliance with Ind AS-8, there is no need to re-state financial statements of prior period, since prior period errors are not material in nature.



16. Disclosures as required by IND AS 12 – Income Taxes

(Rs. in Lakhs)

Particulars	Provided during the FY 2019-20 in Profit & Loss	As at 31 <sup>st</sup> March 2020	Provided during the FY 2018-19 in Profit & Loss	As at 31 <sup>st</sup> March 2019
Deferred Tax Liability				
Related to Depreciation on Fixed Assets	-841	2414	93	3255
Total Deferred Tax Liabilities	-841	2414	93	3255
Deferred Tax Assets				
Provision on debtors	15	1062	-10	1047
43B Disallowances etc.	334	608	-790	274
Others	151	391	76	240
Total Deferred Tax Assets	500	2061	-724	1561
Deferred Tax Liability (Net)	-1341	353	816	1694

**Reconciliation between the average effective tax rate and the applicable tax rate –**

Effective tax rate is generally influenced by various factors, including differential tax rates, non-deductible expenses, provisions, and other tax deductions. The decrease in effective tax rate from fiscal 2019 to fiscal 2020 is mainly due to change in tax rates as tabulated here under:

Particulars	March'20	March'20	March'19	March'19
	(In %)	(In Rs. Lakhs)	(In %)	(In Rs. Lakhs)
PBT		18,114		17,865
Applicable Tax Rate	25.17%	4560	34.94%	6243
1. Tax effect of income that are not taxable in determining taxable profit	0	0	0	0
2. Tax effect of expenses that are not deductible in determining taxable profit	8.72%	1579	2.96%	528
3. Tax effect on previous years disallowances	-2.71%	-491	-5.72%	-1021
4. Tax effect of additional deductions	-1.70%	-307	-0.11%	-19
5. Tax expenses/income related to prior year	0	0	0	0
6. difference in tax due to reclassification of income and expenses	0	0	0	0
Average Effective Tax	29.48%	5,340	32.08%	5,731

17. Disclosures as required by IND AS 16 – Property, Plant & Equipment & IND AS 38 – Intangible Assets

- The depreciation / amortization has been charged at the straight-line method.
- Company assessed the impairment of Assets and is of the opinion that since the Company is going concern and there is no indication exist for the impairment of the PPE except in case of NE project for which disclosure is given under Ind AS-36.
- The useful life of all the PPE / Intangible Assets have been defined in the accounting policies
- A reconciliation of the carrying amount at the beginning and end of the period is as per note no 2 of Balance Sheet.

No assets have been classified as held for sale in accordance with IND AS 105.

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 Capital expenses was incurred on Assets not owned by the Company during the period ended 31.03.2020.
8. There is no obsolete asset which has been so far held under CWIP/Fixed Asset.
9. Depreciation / amortization on all the PPE / Intangible assets have been disclosed separately.
10. There is no restriction on title of PPE / Intangible Assets, and nothing has been pledged as security and liability.
11. The amount of contractual commitment for acquisition of PPE is Rs. 6269 lakhs (Corresponding period: Rs. 22320 lakhs).
12. There is no amount to be received on account of compensation from third party for items of PPE / Intangible assets that were impaired, lost or given to Company that is to be recognized in the statement of profit & Loss account.
13. Entire depreciation / amortization 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. There are no temporarily idle PPE / intangible assets.
15. Rs. 36979 Lakhs Gross Carrying value of assets have been fully depreciated, but still are in use.
16. During the reporting Period Assets having Net Book Value of Rs. 4 Lakh (Gross Book Value 4167 Lakhs) has been retired with sale proceeds of Rs. 1.27 Lakh and loss of Rs 2 lakh has been booked.
17. In the following asset category, depreciation is charged at different rates as compare to the rates prescribed in part C of Schedule II of the Companies Act'2013 on the basis of useful life determined by technical committee:

S. No	Assets Category	Useful life as specified in Part C of schedule II	Useful life as per company's policy
1	Prefabricated Building	RCC 60 years and others 30 years	15 Years
2	Temporary Structure	3 Years	Fully Depreciated
3	Telecom Equipment's	13 Years	8 Years
4	Last Mile/Access Equipment's	13 Years	8 Years
5	Data Centre	13 Years	8 Years
6	Leasehold Improvements	Over the lease Period	Over the lease Period or 10 years when there is no lease agreement

#### 18. Disclosure Requirement as per IND AS 19 – Employee Benefits

##### Employee Benefits – Defined Contribution

##### **Pension:**

RailTel will pay an amount equal to 10% of Basic pay + DA of the eligible employees.



## Provident Fund:

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

## Employee Benefits – Defined Benefit

### Gratuity

The Company has scheme of gratuity plan for its employees from LIC. Every employee who has completed at least five years of service are entitled for gratuity at the time of relinquishment of employment for 15 days of last drawn salary for each completed year of service. The scheme is funded through LIC in the form of qualifying insurance policy.

### Leave Encashment

The Company has scheme of Leave Encashment payable to eligible employees who have accumulated earned leave subject to maximum ceiling of 300 earned leave including half pay leave. Leave salary is provided for based on actuarial valuations, as at the Balance Sheet date. The scheme is funded through LIC.

### Post-Retirement Medical:

The Company has Post-Retirement Medical Scheme (PRMS) to provide assistance for meeting a part of medical expenses incurred by retired members only after their retirement for dependent family members and self and dependent family members of the ex-employee in case of death of the employee.

Post-Retirement Medical is provided for based on actuarial valuations, as at the Balance Sheet date.

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

**Table I: Assumptions**

(Rs. in Lakhs)

Assumptions	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount Rate	6.71% per annum	7.77% per annum	6.71% per annum	7.77% per annum
Rate of increase in Compensation levels	6.00% per annum	6.00% per annum	6.00% per annum	6.00% per annum
Rate of Return on Plan Assets	7.77% per annum	7.60% per annum	7.77% per annum	7.60% per annum
Average future service (in Years)	21.42 Years	22.01 Years		



Table II: Service Cost

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Current Service Cost	165	139	233	197
Past Service Cost (including curtailment Gains/Losses)	0	0	0	0
Gains or losses on Non Routine settlements	0	0	0	0
<b>Total</b>	<b>165</b>	<b>139</b>	<b>233</b>	<b>197</b>

Table III: Net Interest Cost

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest Cost on Defined Benefit Obligation	104	104	142	123
Interest Income on Plan Assets	79	61	116	89
<b>Net Interest Cost (Income)</b>	<b>25</b>	<b>43</b>	<b>26</b>	<b>34</b>

Table IV: Change in Present Value of Obligations

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening of defined benefit obligations	1,340	1,362	1,824	1,621
Service cost	165	139	233	197
Interest Cost	104	104	142	123
Benefit Paid	-55	-36	-82	-52
<b>Actuarial (Gain)/Loss on total liabilities:</b>	<b>238</b>	<b>-229</b>	<b>220</b>	<b>-66</b>
- due to change in financial assumptions	187	-23	188	-24
- due to change in demographic assumptions	0	0	0	0
- due to experience variance	51	-206	32	-42
<b>Closing of defined benefit obligation</b>	<b>1,792</b>	<b>1,340</b>	<b>2,336</b>	<b>1,823</b>

Table V: Change in Fair Value of Plan Assets

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening fair value of plan assets	1,015	805	1,496	1,176
Actual Return on Plan Assets	95	61	103	86
Employer Contribution	646	185	28	286
Benefit Paid	-55	-36	-82	-52
<b>Closing fair value of plan assets</b>	<b>1,700</b>	<b>1,015</b>	<b>1,545</b>	<b>1,496</b>



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

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Expected Interest Income	79	61	116	89
Actual Income on Plan Asset	95	61	103	86
Actuarial gain /(loss) on Assets	16	0	-13	-3

**Table VII: Other Comprehensive Income/(Loss)**

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening amount recognized in OCI outside P&L account	0	0	N/A	N/A
Actuarial gain / (loss) on liabilities	-238	229	N/A	N/A
Actuarial gain / (loss) on assets	16	0	N/A	N/A
Closing amount recognized in OCI outside P&L account	-222	229	N/A	N/A

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

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Present Value of Obligations	1,792	1,340	2,336	1,823
Fair value of plan assets	1,700	1,015	1,545	1,495
Net Obligations	92	325	791	328
Amount not recognized due to asset limit	0	0	0	0
Net defined benefit liability / (assets) recognized in balance sheet	92	325	791	328

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

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Service cost	165	139	233	197
Net Interest Cost	25	42	25	34
Net actuarial (gain)/ loss	0	0	233	-63
Expenses Recognized in the statement of Profit & Loss	190	181	491	168



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

Item	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Fund Managed by Insurer	100%	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening of Net defined benefit liability	325	557	328	446
Service cost	165	139	233	197
Net Interest Cost	25	42	25	34
Re-measurements	223	-229	233	-63
Contribution paid to fund	-646	-185	-28	-286
<b>Closing of Net defined benefit liability</b>	<b>92</b>	<b>325</b>	<b>791</b>	<b>328</b>

**Table XII: Reconciliation of Expense in Profit and Loss Statement**

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Present Value of Obligation as at the end of the year	1,792	1,340	2,336	1,823
Present Value of Obligation as at the beginning of the year	-1,340	-1,362	-1,824	-1,621
Benefit Paid	55	36	82	52
Actual Return on Assets	-95	-61	-103	-86
OCI	-223	229	0	0
<b>Expenses Recognized in the Statement of Profit and Loss</b>	<b>190</b>	<b>182</b>	<b>491</b>	<b>168</b>

**Table XIII: Reconciliation of Liability in Balance Sheet**

(Rs. in Lakhs)

All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening net defined benefit liability / (asset)	325	557	328	446
Expense charged to profit and loss account	190	182	491	168
Amount recognized outside profit & loss account	0	0	0	0
Employer Contributions	-646	-185	-28	-286
OCI	223	-229	0	0
<b>Closing net defined benefit liability / (asset)</b>	<b>92</b>	<b>325</b>	<b>791</b>	<b>328</b>



**Table XIV: Sensitivity Analysis**

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

(Rs. in Lakhs)

Item	Gratuity			Leave Encashment		
	March 31, 2020	Impact (Absolute)	Impact %	March 31, 2020	Impact (Absolute)	Impact %
Base Liability	1,792	0		2,336	0	
Increase Discount Rate by 0.50%	1,700	-93	-5.17%	2,243	-92	-3.95%
Decrease Discount Rate by 0.50%	1,893	101	5.64%	2,435	99	4.26%
Increase Salary Inflation by 1.00%	1,933	141	7.88%	2,537	202	8.63%
Decrease Salary Inflation by 1.00%	1,648	-144	-8.02%	2,159	-177	-7.58%
Increase Withdrawal Rate by 1.00%	1,817	26	1.43%	2,247	-88	-3.78%
Decrease Withdrawal Rate by 1.00%	1,762	-30	-1.68%	2,438	103	4.39%

**Table XV: Maturity Profile of Defined Benefit Obligation (Valued on discounted basis)**

(Rs. in Lakhs)

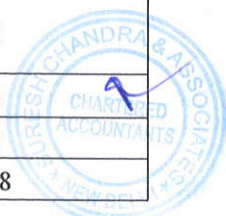
All Figures in INR	Gratuity		Leave Encashment	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Year 1	131	94	240	192
Year 2	59	48	186	169
Year 3	98	94	179	141
Year 4	87	75	162	125
Year 5	100	65	160	130
After 5th Year	1,316	963	1,408	1,066
<b>Total</b>	<b>1,792</b>	<b>1,339</b>	<b>2,336</b>	<b>1,823</b>

### Post-Retirement Medical Scheme

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

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
<b>Defined Benefit Obligation at beginning of year</b>	423	142
Current Service Cost	45	20
Past Service Cost	0	0
(Gain) / Loss on settlements	0	0
Interest Expense	33	11
Benefit Payments from Plan Assets	0	0
Benefit Payments from Employer	0	0
Settlement Payments from Plan Assets	0	0
Settlement Payments from Employer	0	0
Other (Employee Contribution, Taxes, Expenses)	0	0
Increase / (Decrease) due to effect of any business combination / divesture / transfer)	0	0
Increase / (Decrease) due to Plan combination	0	0
Remeasurements - Due to Demographic Assumptions	0	0
Remeasurements - Due to Financial Assumptions	234	-18



Remeasurements - Due to Experience Adjustments	212	268
<b>Defined Benefit Obligation at end of year</b>	<b>946</b>	<b>423</b>
<b>Discount Rate (%)</b>	<b>6.71%</b>	<b>7.77%</b>
<b>Medical Inflation Rate (%)</b>	<b>5.00%</b>	<b>5.00%</b>

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

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
<b>Fair Value of Plan Assets at beginning of year</b>	<b>0</b>	<b>0</b>
Interest Income	0	0
Employer Contributions	0	0
Employer Direct Benefit Payments	0	0
Employer Direct Settlement Payments	0	0
Benefit Payments from Plan Assets	0	0
Benefit Payments from Employer	0	0
Settlement Payments from Plan Assets	0	0
Settlement Payments from Employer	0	0
Other (Employee Contribution, Taxes, Expenses)	0	0
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	0	0
Increase / (Decrease) due to Plan combination	0	0
Remeasurements - Return on Assets (Excluding Interest Income)	0	0
<b>Fair Value of Plan Assets at end of year</b>	<b>0</b>	<b>0</b>

**Table III: Changes in Reimbursement Rights**

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
<b>Reimbursement Rights at beginning of year</b>	<b>0</b>	<b>0</b>
Reimbursement Service Cost	0	0
Gain/ (loss) on Settlements	0	0
Interest Income	0	0
Employer Contributions to Reimbursement Rights	0	0
Reimbursements to Employer	0	0
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	0	0
Increase / (Decrease) due to Plan combination	0	0
Benefits paid by the Company in Prior Year and settled by Fund Manager in current year	0	0
Net Transfer In / (Out) (Including the effect of any business combination / divestiture)	0	0
Remeasurements - Return on Reimbursement Rights (Excluding Interest Income)	0	0
<b>Reimbursement Rights at end of year</b>	<b>0</b>	<b>0</b>



**Table IV: Changes in Asset Ceiling / Onerous Liability**

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
Asset Ceiling / Onerous Liability at beginning of year	0	0
Interest Income	0	0
Gain / (Loss) on Settlements	0	0
Remeasurement - Due to Asset Ceiling / Onerous Liability (Excluding Interest Income)	0	0
Asset Ceiling / Onerous Liability at end of year	0	0

**Table V: Components of Defined Benefit Cost**

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
Current Service Cost	45	20
Past Service Cost	0	0
(Gain) / Loss on Settlements	0	0
Reimbursement Service Cost	0	0
Total Service Cost	45	20
Interest Expense on DBO	33	11
Interest (Income) on Plan Assets	0	0
Interest (Income) on Reimbursement Rights	0	0
Interest Expense on (Asset Ceiling) / Onerous Liability	0	0
Total Net Interest Cost	33	11
Reimbursement of Other Long-Term Benefits	0	0
<b>Defined Benefit Cost included in P &amp; L</b>	<b>78</b>	<b>31</b>
Remeasurements - Due to Demographic Assumptions	0	0
Remeasurements - Due to Financial Assumptions	234	-18
Remeasurements - Due to Experience Adjustments	212	268
(Return) on Plan Assets (Excluding Interest Income)	0	0
(Return) on Reimbursement Rights	0	0
Changes in Asset Ceiling / Onerous Liability	0	0
<b>Total Remeasurements in OCI</b>	<b>446</b>	<b>250</b>
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	<b>524</b>	<b>281</b>
Discount Rate (%)	6.71%	7.77%
Medical Inflation Rate (%)	5%	5%

**Table VI: Amounts recognized in the Statement of Financial Position**

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
Defined Benefit Obligation	946	423
Fair Value of Plan Assets	0	0
<b>Funded Status</b>	<b>946</b>	<b>423</b>
Effect of Asset Ceiling / Onerous Liability	0	0
<b>Net Defined Benefit Liability / (Asset)</b>	<b>946</b>	<b>423</b>



**Table VII: Net Defined Benefit Liability / (Asset) reconciliation**

(Rs. in Lakhs)

All Figures in INR	31-Mar-2020	31-Mar-2019
Net Defined Benefit Liability / (Asset) at beginning of year	423	142
Defined Benefit Cost included in P & L	78	31
Total Remeasurements included in OCI	446	250
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	0	0
Amount recognized due to Plan Combinations	0	0
Employer Contributions	0	0
Employer Direct Benefit Payments	0	0
Employer Direct Settlement Payments	0	0
Credit to Reimbursements	0	0
Net Defined Benefit Liability / (Asset) at end of year	946	423

**Table VIII: Sensitivity Analysis**

Discount Rate and Medical Inflation Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

Particulars		Base	+ 100 Basis Points	-100 Basis Points
Discount Rate	Assumptions (%)	6.71%	7.71%	5.71%
	PV of DBO (In lakhs)	946	693	1201
	Variation (%)	0.00%	-26.77%	26.91%
Medical Inflation Rate	Assumptions (%)	5.00%	6.00%	4.00%
	PV of DBO (In lakhs)	946	1273	725
	Variation (%)	0.00%	34.51%	-23.34%

**Table IX: Maturity Profile of Defined Benefit Obligation**

(Rs. in Lakhs)

All Figures in INR	March 31, 2020	March 31, 2019
Year 1	32	21
Year 2	0	17
Year 3	0	17
Year 4	3	11
Year 5	5	8
After 5th Year	906	348

Movement of provisions for employee benefits during the year is as under:

(Rs in Lakhs)

Particulars	Provision for pension	Provision for Post-Retirement Medical	Provision for Gratuity & Leave Encashment	Total
Carrying Amount at the beginning of the year as on 01.04.2019	1312	422	653	2,387
Additional provision made in the year	0	524	904	1,428
Amount utilized/adjusted during the year	-1179	0	0	-1,179



Unused amount reversed during the year	0	0	-675	-675
Carrying amount at the end of the year as on 31.03.2020	133	946	882	1,961

(Rs in Lakhs)

Particulars	Provision for pension	Provision for Post-Retirement Medical	Provision for Gratuity & Leave Encashment	Total
Carrying Amount at the beginning of the year as on 01.04.2018	906	142	1,002	2,050
Additional provision made in the year	406	281	653	1,340
Amount utilized/adjusted during the year	0	0	-471	-471
Unused amount reversed during the year	0	0	-531	-531
Carrying amount at the end of the year as on 31.03.2019	1,312	423	653	2,388

**19. Disclosure in respect of Indian Accounting Standard (Ind AS) 20 “Accounting for Government Grants and disclosure of Government Assistance”:**

The break-up of total grant in aid/subsidy received up to 31.03.2020 for various purposes is as under: -

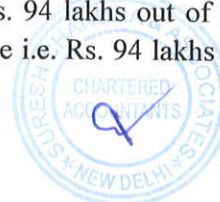
Grant/Subsidy Received For	(Amount in Lakhs)	
	Up to 31.03.2020	Up to 31.03.2019
North East Project	3,146	3,146
Rural Wi-Fi	1,030	939
<b>Total</b>	<b>4,176</b>	<b>4,085</b>

**Grant/Subsidy on NE Project:**

- The Company had undertaken projects of NE-1 and NE-2 with a total capital outlay of Rs. 45125 Lakhs for which anticipated subsidy of Universal Service Obligation Fund of Department of Telecommunication, Government of India was pegged at Rs. 38800 Lakhs and net cash outflow of Rs. 6325 Lakhs. Against this, the Company has incurred total capital expenditure of Rs. 31107 Lakhs out of which material of an amount of Rs. 1172 lakhs have been transferred to other projects/regions. Company has received subsidy of Rs. 3146 Lakhs with a net cash outflow of Rs. 26789 Lakhs up to 31.03.2020. In the opinion of the management, the Company has complied with all the conditions set out for the subsidy and accordingly, there is no liability to refund the subsidy already received.
- During the FY 2019-20, depreciation of Rs. 472 Lakhs (Corresponding period – Rs. 414 lakhs) have been charged to Statement of Profit and Loss due to capitalization and accordingly impact of amortization of subsidy is recognized in Statement of Profit and Loss for Rs.119 Lakhs (PY – Rs.92 Lakhs) in proportion to depreciation which is shown under the head other operating revenue.

**Grant/Subsidy on Rural Wi-Fi:**

The Company had received Rural Wi-Fi Subsidy amounting to Rs. 1030 lakhs up to 31.03.2020 from Department of Telecommunication (DoT-USOF) for installation of Wi-Fi in rural areas. An amount of Rs. 1,415 lakhs have been capitalized during the period on account of partial commissioning of wi-fi services at the stations. Accordingly, the Company has amortized an amount of Rs. 94 lakhs out of the subsidy received in proportion to the depreciation on assets capitalized and the same i.e. Rs. 94 lakhs (PY-Rs. 39 lakhs) have been recognized under the head other operating revenue.



20. Disclosures as required by IND AS- 21: Effects of change in foreign exchange rates

Exchange Difference

S. No	Particulars	(Rs. in Lakhs)	
		March'20	March'19
1	The amount of exchange differences recognised in profit or (loss).	(12)	15
2	Net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity.	Nil	Nil
3	Reconciliation of the amount of such exchange differences at the beginning and end of the period.	NA	NA

21. IND-AS – 24: Related party disclosures

Names of related parties and their relationship:

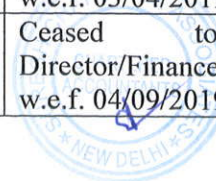
(i) Enterprises under common control: Enterprises under common control are as follows: -

S. No.	Enterprise
1	Centre For Railway Information Systems
2	Container Corporation of India Ltd
3	Dedicated freight corridor Corporation of India Limited
4	Indian Railway Catering and Tourism Corporation Limited
5	IRCON International Limited
6	Konkan Railway Corporation of India Limited
7	Rail Land Development Authority
8	Rail Vikas Nigam Limited
9	CAO Rail Wheel Plant Bela
10	RITES Limited
11	India Railways
12	National High Speed Rail Corporation
13	Mumbai Railway Vikas Corporation
14	Maharashtra Rail Infrastructure Development Corporation Ltd

(ii) Subsidiaries: RailTel Enterprises Limited

(iii) Key Management Persons:

S. No.	Name	Designation	Date of appointment	Date of Cessation (If any)
1	Sh. Puneet Chawla	CMD	14/12/2018	Appointed as CMD w.e.f. 10/05/2019 (earlier holding additional charge from 14/12/2018 to 09/05/2019)
2	Sh. Ashutosh Vasant	Director/POM	30/03/2017	NA
3	Sh. Sanjai Kumar	Director/NPM	23/05/2018	NA
4	Sh. Sanjeeb Kumar	Director/Finance (Addl. Charge) and CFO	D/F – 03/04/2018 CFO – 14/05/2018	Ceased to be Director/Finance & CFO w.e.f. 03/04/2019
	Sh. Sanjeev Jain	Director/Finance (Addl. Charge) and CFO	D/F - 11/04/2019 CFO - 24/05/2019	Ceased to be Director/Finance & CFO w.e.f. 04/09/2019



6	Sh. Anand Kumar Singh	Director/Finance and CFO	D/F - 04/09/2019 CFO - 26/09/2019	NA
7	Sh. J S Marwah	Company Secretary	05/02/2015	NA

(iv) Disclosures of transactions of the Company with Key Management Persons:

(Rs. In Lakhs)

Particulars	Name	Sh. Puneet Chawla	Sh. Ashutosh Vasant	Sh. Sanjai Kumar	Sh. Anand Kumar Singh	Sh. J S Marwah
	Designation	CMD	Director/POM	Director/NPM	Director/Finance and CFO	Company Secretary
Salaries and Allowances Paid	March'20	26	51	56	33	22
	March'19	0	40	41	0	21
Provident Fund Contribution	March'20	0	3	3	2	2
	March'19	0	3	3	0	1
Pension Contribution	March'20	7	3	3	1	1
	March'19	0	3	2	0	1

(v) The actuarial liability for the key managerial personnel is as follows:

(Rs. In Lakhs)

Employee Name	Designation	Gratuity		Leave Encashment	
		As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Sh. Sanjai Kumar	Director/NPM	13	11	22	18
Sh. J S Marwah	Company Secretary	3	2	8	6
Sh. Ashutosh Vasant	Director/POM	12	10	16	12
Sh. Anand Kumar Singh	Director/Finance	-	-	13	-

(vi) Transactions with subsidiary (RailTel Enterprises Limited):

(Rs. In Lakhs)

Nature of Transactions	Amount
On account of operating Income	Rs. 475 Lakhs (Rs.77 Lakhs)
On account of Non-Operating Income	Rs. 5 Lakhs* (Rs. 73 Lakhs)
Receivables as at 31.03.2020	Rs. 666 Lakhs (Rs. 176 Lakhs)
On account of operating Expense	Rs. 126 Lakhs (Rs. Nil)
Other Payable as at 31.03.2020	Rs. 45 Lakhs (Rs. 44 Lakhs)
Other Payable (IuT)	Rs. 35 Lakhs (Rs. Nil)

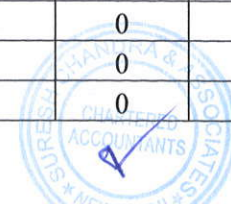
\* Net off excess income booked of Rs. 39 lakhs of FY 2018-19 reversed during the year.  
(Figure in bracket represents previous year figures)

(vi) Transactions with Railway PSUs & Railway Units

Transactions with Railway PSUs and Railway Units are in relation to Telecommunication Services & Other Projects.

(Rs. in Lakhs)

Particulars	Period	Revenue	Expense	Receivable	Payable	Advance Received
Centre For Railway Information Systems	Mar'20	341	0	304	0	0
	Mar'19	241	0	213	0	0
Container Corporation of India Ltd	Mar'20	14	0	12	0	0
	Mar'19	24	0	24	0	0
	Mar'20	587	0	338	0	553



Dedicated freight corridor Corporation of India Limited	Mar'19	215	30	121	0	921
Indian Railway Catering and Tourism Corporation Limited	Mar'20	1265	6	37	0	0
	Mar'19	51	0	42	0	1
IRCON International Limited	Mar'20	54	5	21	0	0
	Mar'19	39	0	7	0	0
Konkan Railway Corporation of India Limited	Mar'20	207	124	106	0	22
	Mar'19	103	52	36	30	113
Rail Land Development Authority	Mar'20	1	0	0	0	0
	Mar'19	4	0	5	0	0
Rail Vikas Nigam Limited	Mar'20	514	0	218	0	614
	Mar'19	330	187	90	0	777
CAO Rail Wheel Plant Bela	Mar'20	7	0	0	0	0
	Mar'19	10	0	11	0	0
RITES Limited	Mar'20	80	0	72	0	0
	Mar'19	37	0	16	1	0
India Railways*	Mar'20	25629	3572	7904	6284	8638*
	Mar'19	11257	2707	12099	5055	6566
National High Speed Rail Corporation	Mar'20	246	0	0	0	605
	Mar'19	0	0	0	0	0
Mumbai Railway Vikas Corporation	Mar'20	51	0	0	0	5
	Mar'19	0	0	0	0	0
Maharashtra Rail Infrastructure Development Corporation Ltd	Mar'20	1	0	0	0	15
	Mar'19	0	0	0	0	0
<b>Total</b>	<b>Mar'20</b>	<b>28997</b>	<b>3707</b>	<b>9012</b>	<b>6284</b>	<b>10452</b>
	<b>Mar'19</b>	<b>12311</b>	<b>2976</b>	<b>12664</b>	<b>5086</b>	<b>8378</b>

\* Advance includes an amount of Rs. 47.63 crore from REL towards VSS project (Refer item no 30 of Note No. 42).

## 22. Disclosures as required by IND AS 33: Earning Per Share

Numerator	For the year ended 31st March 2020	For the year ended 31st March 2019
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Used as Numerator (Rs. in Lakhs))	13835	10980
<b>Denominator</b>		
-Number of Equity Shares (Face value of Rs.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 (Rs. / per share) (Face value of Rs.10/- each)	4.31	3.42
-Diluted Earnings Per Share (Rs. / per share) (Face value of Rs.10/- each)	4.31	3.42



### 23. Disclosure as per Ind AS 36 and 113 : Impairment of Assets, Fair Value Measurement

Based on an independent impairment study conducted by an independent firm of chartered accountants, using replacement cost approach with applicable depreciation till date of impairment study (The replacement cost has been determined based on market-based data provided by the management and as verified/confirmed by the independent consultants), the Company has recognized the impairment loss amounting Rs. 4930 lakhs (PY- Nil) during the current year and shown under the head "Exceptional Items" in statement of profit and loss for NE Project. This project was halted for the long time due to difficult working conditions in north eastern region and various other reasons. This project is currently accounted under the capital work in progress and contains mainly the plant and machinery. Assets constructed under the project become idle for the long time. Hence, company has assessed and recognized the impairment loss on these projects. Out of the total impairment loss of Rs. 4930 lakhs, Impairment loss of Rs. 3962 Lakhs pertains to the assets totally damaged and no future economic benefits are expected from these assets. Impairment loss have been calculated by taking the whole project as "Cash Generating Unit".

Recoverable amount has been calculated as per Ind AS 36 and 113. The "fair value less cost of sales" is taken as recoverable amount as computation of "value in use" is not practicable. To compute the fair value, company have used the valuation technique of "cost approach". Under the cost approach, "the amount that would be required currently to replace the service capacity of an asset" is taken to calculate the fair value. Obsolescence on account of technological, economic and physical deterioration is also adjusted. Unobservable inputs have been taken under the third level of fair value hierarchy to compute the fair value as per Ind AS 36 and 113. Such inputs are latest cost of purchase of similar assets, obsolescence rates etc. Further, company have accounted these assets under the "Telecom Services" segment.

Based on the assessment of the management and the alternative business plans as envisaged, the management is of the opinion that no further provision towards impairment is required as at the reporting date. However, this being an initial study under lock down conditions, the Company will continue review and monitor the impairment assessment at every subsequent reporting period based on comprehensive review of further information that may be available during such reporting periods.

### 24. Disclosures as required by IND AS 37: Provisions, Contingent Liabilities and Contingent Assets

- a. Provisions are recognized in respect of obligations, based on the evidence available, and wherever their existence on the Balance Sheet date is considered probable.

(Rs in Lakhs)

Particulars	Provision for Arbitration Claim	Provision for Performance Related Pay	Total
Carrying Amount at the beginning of the year as on 01.04.2019	46	1706	1752
Additional provision made in the year	0	324	324
Amount utilized/adjusted during the year	0	-813	-813
Unused amount reversed during the year	0	-226	-226
Carrying amount at the end of the year as on 31.03.2020	46	991	1037



(Rs in Lakhs)

Particulars	Provision for Arbitration Claim	Provision for Performance Related Pay	Total
Carrying Amount at the beginning of the year as on 01.04.2018	46	1925	1971
Additional provision made in the year	0	361	361
Amount utilized/adjusted during the year	0	-420	-420
Unused amount reversed during the year	0	-160	-160
Carrying amount at the end of the year as on 31.03.2019	46	1706	1752

## b. Contingent liabilities:

Contingent liabilities are determined based on available information. These liabilities are not provided for and are disclosed by way of notes on accounts.

## 24.1 (a): Claim against the Company not acknowledged as debts

Particulars	(Rs in Lakhs)					
	Service Tax	Income Tax	VAT	DOT*	Other	Total
Carrying Amount at the beginning of the year 01.04.2019	1491	2968	131	11166	572	16328
Additions during the year	0	778	3	17990	710	19481
Amount adjusted during the year	666	1464	18	29156	344	31648
Carrying amount at the end of the year 31.03.2020	825	2282	116	0	938	4161

\* Hon'ble Supreme Court passed an order dated 11.06.2020 wherein it was held that definition of AGR as per the licenses given to the Public Sector Undertaking (PSUs) is different than the definition of AGR as per Universal Access Service License (UASL) given to other network service providers. It was also upheld that the Hon'ble Supreme Court Judgement dated 24.10.2019 never dealt with the issue of PSUs as their agreements are quite different and therefore, the judgement held on AGR issue could not have been made the basis for raising the demand against Public Sector Undertaking as they are not in the actual business of providing mobile services to the general Public and hence the DoT was asked to reconsider the demand. Accordingly, DoT has made its submission before Hon'ble Supreme Court that it has decided to withdraw the demands already raised on PSUs which/ was considered by Hon'ble Supreme Court. Accordingly, the company has not considered any contingent liability in this regard as on 31.03.2020.

24.1(b) Bank Guarantees given by the Company to Customers/Government as on 31.03.2020 is Rs. 17028 lakhs (Corresponding period: Rs. 15577 lakhs).

## 24.1(c) Capital Commitments

Rs. In Lakhs)

Particulars	March'20	March'19
Estimated amounts of contracts remaining to be executed on capital account	6269	22320



**25. Disclosure Requirements as per IND AS 108 – Operating Segments**

The Company publishes this financial statement along with the consolidated financial statements, In accordance with Ind AS 108, *Operating Segments*, the Company has disclosed the segment information in the consolidated financial statements.

**26. Disclosure Requirement as per IND AS 112 – Disclosure of Interest in Other entities**

**Particulars of Subsidiaries of the Company**

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

**27. Disclosure as required by IND AS 107, IND AS 109 & IND AS 113**

Valuation techniques and process used to determine fair values

- The carrying value of financial assets and liabilities with maturity less than 12 months are considered to be representative of their fair value.
- Fair value of other financial assets and liabilities carried at amortized cost is determined by discounting of cash flows using discount rate.
- A discount rate of 6.25% (SBI Rate) has been used for balances as on 31/03/2020.

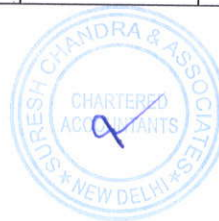
**Financial Instrument**

**Financial Instruments by Category**

The carrying value of financial instruments by each category were as follows: -

(Rs in Lakhs)

Particulars	Financial Assets/Liabilities at amortised costs		Financial Assets/Liabilities at FVTPL		Financial Assets/Liabilities at FVTOCI	
	March'20	March'19	March'20	March'19	March'20	March'19
<b>Assets</b>						
Investments (Refer to Note No. 10)	Nil	Nil	Nil	704	Nil	Nil
Trade Receivables (Refer to Note No. 11)	47,498	45,699	Nil	Nil	Nil	Nil
Cash & Cash Equivalents (Refer to Note No. 12 & 13)	17,020	33,457	Nil	Nil	Nil	Nil
Other Financial Assets (Refer to Note No. 6,7,14 & 15)	43,404	12,214	Nil	Nil	Nil	Nil
<b>Liabilities</b>						
Trade Payables (Refer to Note No. 24)	35,397	26,370	Nil	Nil	Nil	Nil
Other Financial Liabilities (Refer to Note No. 19,20, 25 & 26)	21,535	16,719	Nil	Nil	Nil	Nil



Interest Income/(Expenses) recognized on financial assets and liabilities:

(Rs in Lakhs)

Particulars	As at March'20	As at March'19
<b>Financial assets at amortised cost</b>		
Interest expenses on other financial assets	165	161
Interest income on other financial liabilities	70	95
<b>Financial assets at Fair Value through Profit or Loss (FVTPL)</b>	<b>Nil</b>	<b>3</b>
<b>Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)</b>	<b>Nil</b>	<b>Nil</b>

## 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 Company 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 counterparty 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.

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience. Company have used the methodology of provisional matrix as per Ind AS 109 to compute the historical loss rate and adjust the impact of macroeconomic factors into the historical loss rate to compute the forward-looking rates.

### Exposure to Credit Risk

In the current year, Company used expected credit loss model to assess the impairment loss or gain. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix considers historical credit loss experienced and adjusted for forward-looking information. The expected credit loss allowance is based on ageing of the days the receivables are due. The trade receivables which share the similar credit risk characteristics have been taken into the one bucket. Hence, company has divided the trade receivable into two categories as follows:

- Government and PSU Customers
- Telecom and others



Loss rates are computed by taking last 5 years roll rates and adjust the impact of macroeconomic factors.

Till last year, trade receivables were provided on the basis of probable losses inherent in the accounts receivable as per the management's best estimate considering the ageing of trade receivable, historical write-off experience (net of recoveries) etc. Trade receivables are provided in specific cases where management considers the trade receivable as non-recoverable.

The gross carrying amount of trade receivables, net of any impairment losses recognized represents the maximum credit exposure.

(Amount in Lakhs)

Ageing	March 31, 2020			
	Gross Amount	Expected credit Loss	Gross Amount	Expected credit Loss
	Government and PSU		Telecom and others	
Within 1 year	34349	216	4137	189
1 -2 years	4721	237	179	81
2 -3 years	3489	398	577	475
More than 3 years	1990	346	2276	2277
<b>Total</b>	<b>44548</b>	<b>1197</b>	<b>7169</b>	<b>3022</b>

The company does not hold any collateral or other enhancements to cover its credit risks associated with its trade receivables.

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' 2020 & March' 2019 was as follows: -

(Rs in Lakhs)

Particulars	As at March'20		As at March'19	
	Gross Carrying Value	Net Value after Impairment	Gross Carrying Value	Net Value after Impairment
Trade Receivables (Refer to Note No. 11)	51,717	47,498	48,694	45,699
Other Financial Assets (Refer to Note No. 6,7,14 & 15)	43,404	43,404	12,214	12,214

Employee Loans, and other assets are either not past due or past due but not 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.

The Company makes investment in mutual fund which are subject to market risk. Hence, the investment is classified in the Balance Sheet at fair value through profit and loss (FVTPL) and resultant gain/loss on investment is classified as FVTPL. However, to manage the price risk, the Company invests in liquid funds and the level of the investments is insignificant in view of the level of the operation of the Company.

### 4. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern, while maximizing the return to stakeholders through efficient allocation of capital towards expansion of business, optimization of working capital requirements and deployment of surplus funds. The Company uses the operational cash flows to meet its working capital requirements. The funding requirements are met through internal accruals. The Company is not subject to any externally imposed capital requirements.

## 28. IND AS 115 – Revenue from Contracts with Customers

### Disaggregation of Revenue

The company disaggregates revenue from contract with customer into categories that depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. In project business segment the company provides warranty to customer which is implicit in the contract revenue. The said warranty is provided by OEMs with back to back performance obligation and hence the company does not have additional obligation for warranty in addition to the same provided by OEMs. Since warranty is implicit in transaction price on back to back agreement with OEMs and hence not been accounted for separately.

The following table illustrates the disaggregation of disclosure by primary geographical region, major product line, market or type of customer, type of contract, contract duration, sales channel and timing of revenue recognition in accordance with Ind AS 115.

The Company's principal 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 Pan India-single geographical segment.

(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b><u>Geographical Segment</u></b>		
Pan India	36,604	30,728
Abroad	Nil	Nil
<b>Total</b>	<b>36,604</b>	<b>30,728</b>



(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Major Product Line</b>		
Railway Project Works	16,203	2,919
Other Projects	16,771	24,768
Others	3,630	3,041
<b>Total</b>	<b>36,604</b>	<b>30,728</b>

(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Type of Customer</b>		
Government Customers	34,770	26,744
Non - Government Customers	1,834	3,984
<b>Total</b>	<b>36,604</b>	<b>30,728</b>

(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Type of Contract</b>		
Fixed Price Contracts	17,362	27,809
Time- and- Materials Contracts	19,242	2,919
<b>Total</b>	<b>36,604</b>	<b>30,728</b>

(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Sales Channel</b>		
Direct to Customer	36,604	30,728
Through Intermediaries	-	-
<b>Total</b>	<b>36,604</b>	<b>30,728</b>

(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Duration of Contract</b>		
Short Term	36,530	30,728
Long Term	74	-
<b>Total</b>	<b>36,604</b>	<b>30,728</b>

#### Contract Assets

(Amount in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivable	15,120*	25,641
Unbilled Revenue	13,094**	3,573
Work in Progress	0	0
<b>Total</b>	<b>28,214</b>	<b>29,214</b>



(Amount in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Contract Liability	12,111	13,946
<b>Total</b>	<b>12,111</b>	<b>13,946</b>

**Revenue recognized during the year from the contract liability balance at the beginning**

(Amount in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue recognized during the year from the contract liability balance at the beginning	4,165	2,470
<b>Total</b>	<b>4,165</b>	<b>2,470</b>

**Revenue Recognized from performance obligations satisfied partially in Previous Period**

(Amount in lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Revenue recognized due to change in Transaction Price	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\* Includes trade receivable of Rs. 4519 lakhs recoverable from a customer out of which Rs. 2638 lakhs is disputed by the customer and management is of the opinion that it is fully recoverable and in view of this no provision has been made against the said amount except for Expected Credit Loss as per Ind AS requirement. Further, the Company has also claimed an amount of Rs. 2666 lakhs towards SLA deduction and interest for delayed payment. However, the same has not been recognized in the books of accounts on conservative basis as per Ind AS-115. Company has filed an application to Ministry of Railways for settlement of the dispute through administrative Mechanism for resolution of CPSE dispute (AMRCD).

\*\* Includes amount of Rs. 2390 lakhs pertaining to a project executed for a customer for which payment shall be made by the customer after their User Acceptance Test (UAT). However, work has been executed as per agreement.

**29. Ind AS 116 –Leases****Transitional Provision:**

The Company has applied IND AS 116 with a date of initial application of April 1, 2019, using the modified retrospective approach and the effect is Nil on retained earnings as at April 1, 2019. The comparative information has not been restated and continues to be reported under IND AS 17.



A As a Lessee

Right of Use Assets Comprises of leased assets that do not meet the definition of Investment property.

**Right of use - Asset**

Particulars	Rs. In Lakhs			
	As at 31 <sup>st</sup> March 2020			
	Building	Land	Telecom Assets	Total
Right-of-use assets, except for investment property (Note No. 4)	11,155	3,275	2,866	17,296

The Company takes many assets on lease including Land and Buildings, Plant & Machinery (Telecom Assets) such as Dark Fibers, OFC/Duct spaces etc.

**Lease Liabilities**

Maturity analysis - Contractual undiscounted cash flows	Rs. In Lakhs
	As at 31 <sup>st</sup> March 2020
Less than one year	1164
One to five years	2723
More than five years	2315
Total undiscounted lease liabilities at 31 <sup>st</sup> March, 2020	6202

**Lease Liabilities included in the statement of Financial Position as at 31<sup>st</sup> March 2020**

Particulars	Amount in Lakhs
Current	774
Non - Current	3480
Total	4254

**Amount Recognized in profit & Loss Account**

Particulars	Amount in Lakhs
Interest on lease liabilities	341
Variable lease payments not included in the measurement of lease liabilities	Nil
Expenses relating to Short term leases and leases of low-value assets, excluding short-term leases of low-value assets	Nil

**Amounts recognized in the statement of Cash flows -**

Particulars	Rs. In lakhs
	for the year ended 31 <sup>st</sup> March 2020
Total cash outflow for leases	667

Other Disclosure-

- There are no significant restrictions or covenants imposed by the leases
- There are no lease pending commencement to which the Company has committed as at period ended March 31, 2020.



- c) The incremental borrowing rate considered is the SBI MCLR rate at the lease commencement date for new leases and April 1st, 2019 for pre-existing leases except NOIDA Land lease where there is inbuilt coupon rate in the future financial obligation.

B. As a Lessor

Rs. In Lakhs	
Particulars	Year ended 31 <sup>st</sup> March 2020
Lease Income	70662

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date in respect of non-cancellable operating leases:

Lease Payments to be received after the reporting date

Rs. In lakhs	
Particulars	As at 31 <sup>st</sup> March 2020
Less than one year	4500
One to two years	2136
Two to three years	1869
Three to four years	1761
Four to five years	1167
More than five years	1243
Total undiscounted lease payments	<b>12675</b>

Other Disclosures –

- a) The Company has been offering NLD Services, infrastructure services (Dark Fibers, Tower space and co-location etc.) under IP-I registration, ILD and Internet services under unified license to its customers under respective operating lease.
- b) The Company has entered into a non-cancellable long-term lease arrangement to provide optical fiber on indefeasible right of use (IRU) basis. 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, 2020 and accordingly respective disclosures required by IND AS 116 are not provided.
30. Ministry of Railway (MoR) had entered into an MoU with RailTel Enterprises Ltd. (REL)- Subsidiary of the company on 24.03.2017, for installation of Video Surveillance System (VSS) at various stations across Pan India under Nirbhaya Fund. Subsequently, MoR entrusted the work of installation of Video Surveillance System (VSS) at 6049 stations across Pan India, to the RCIL (Holding company) with a markup of 8.5% on cost incurred vide its MoU dated 25.06.2020 which supersedes the earlier MoU executed between MoR and REL. Total advance received by REL from Railways towards execution of this project was Rs. 6500 lakhs, out of which REL has remitted an amount of Rs. 4763 lakhs to company for execution of this project up to 31<sup>st</sup> March 2020 and balance amount of Rs. 1737 lakh has been remitted after 31<sup>st</sup> March 2020.

31. **COVID -19 Impact & Assessment**

The Covid-19 pandemic has already resulted in economic slowdown throughout the world including India. The operations of the Company have also been significantly impacted following a nationwide lockdown by the Government of India.



The Company has evaluated the impact of this pandemic on its business operations and financial position while preparing these financial statements and has considered internal and external information for making this evaluation. The Company's assessment is based on its current estimates while assessing the provision towards employee benefits and assessing the realizability of trade receivables and other financial assets. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting and controls etc.

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

For M/s Suresh Chandra & Associates  
Chartered Accountants  
FRN 001359N




Ved Prakash Bansal  
M. No. 500369

Place New Delhi  
Date:

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

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



Anand Kumar Singh  
Director Finance  
(DIN: 07018776)



Puneet Chawla  
Chairman and Managing  
Director  
(DIN: 08303340)

VDIN-20500369AAAABP3790

