रेल विकास निगम लिमिटेड
Rail Vikas Nigam Limited
गुणवत्ता, गति एवं पारदर्शिता
(A Government of India Enterprise)
CIN : L74999DL2003GOI118633

RVNL/SECY/STEX/2019

29th May, 2019

BSE Limited **(Through BSE Listing Centre)** 1st Floor, New Trade Wing, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street Fort, Mumbai-400001 Scrip Code: 542649 /RVNL	**National Stock Exchange of India Ltd.** **(Through NEAPS)** National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Scrip Code: RVNL

Sub: Consideration and Approval of Financial Statements for the quarter/year ended March 31, 2019 and Recommendation of Final Dividend on equity shares.

Dear Sir/Madam,

We wish to inform that at the Meeting of the Board of Directors held on May 29, 2019 the Board has considered and approved the Audited Financial Statements (Standalone and Consolidated) for the year ended March 31, 2019 as reviewed and recommended by the Audit Committee. Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the said Financial Results along with the Auditors Report thereon are attached herewith.

Further, in Compliance with the Regulation 30 read with Regulation 43 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we write to inform that at the said Board Meeting, the Board has also recommended Final Dividend of Rs. **0.09/-** per Equity share of face value of Rs. 10/- each, for the financial year 2018-2019 for the consideration and approval of the shareholders at the ensuring Annual General Meeting. The Dividend is proposed to be paid within 30 days from the date of approval by the shareholders in the ensuring Annual General Meeting. This final dividend is in addition to an interim dividend of Rs. 0.80 per share already paid for the financial year 2018-19.

The Meeting of the Board of Directors commenced at **1400 hours** and concluded at **1800** hours

This is for your Information and record.

Thanking You,

Yours faithfully,

For Rail Vikas Nigam Limited

Kalpana 29/5/2019

(Kalpana Dubey)
Company Secretary & Compliance Officer
Membership No. F7396

रेल विकास निगम लि, नई दिल्ली
रविनिलि
CIN
L74999DL2003GOI118633
R.V.N.L
Rail Vikas Nigam Ltd., New Delhi

Regd. Office : 1st Floor, August Kranti Bhawan, Bhikaji Cama Place, R.K. Puram, New Delhi-110066
Tel : +91-11-26738299, Fax : +91-11-26182957, Email : Info@rvnl.org, Web : www.rvnl.org

RAIL VIKAS NIGAM LIMITED

(A Govt. of India Enterprise)

Registered office: 1st Floor, August Kranti Bhawan, Bhikaji Cama Place, R. K. Puram,New Delhi, South Delhi -110066

CIN: L74999DL2003GOI118633 Email:investors@rvnl.org

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULS FOR THE QUARTER /YEAR ENDED 31ST MARCH,2019

(₹ in lakh)

SL. NO.	Particulars	Standalone Results				Consolidated Results	
		3 Months Ended 31.03.2019 (Unaudited)	Corresponding 3 Months Ended 31.03.2018 (Unaudited)	Current Year Ended 31.03.2019 (Audited)	Previous Year Ended 31.03.2018 (Audited)	For the Year ended 31.03.2019 (Audited)	For the Year ended 31.03.2018 (Audited)
1	**Income**						
a	Revenue from Operation	341,844.49	265,017.01	1,006,007.06	755,655.93	1,006,868.13	759,735.77
b	Other Income	6,219.09	5,578.55	27,263.21	22,480.27	27,274.19	22,493.20
	Total Income	348,063.57	270,595.56	1,033,270.27	778,136.20	1,034,142.32	782,228.97
2	Expenses						
a	Expenses on Operations	317,180.85	244,449.60	929,904.50	698,318.67	930,765.57	702,396.51
b	Employee benefits expenses	4,587.88	4,354.33	16,200.88	14,034.44	16,209.88	14,034.44
c	Finance Costs	2,208.03	1,175.59	5,197.98	4,472.48	5,197.98	4,465.89
d	Depreciation, amortization and impairment	176.78	117.25	573.68	483.48	573.72	483.52
e	Other Expenses	2,332.61	1,239.41	5,646.86	4,282.48	5,652.81	4,294.05
f	CSR Expenses	4.45	248.23	1,148.46	767.35	1,148.46	767.35
	Total Expenses	326,490.60	251,584.62	958,681.37	722,356.88	959,548.42	726,441.76
3	**Profit/(loss) before exceptional items and tax(1-2)**	21,572.97	19,010.95	74,588.90	55,779.32	74,593.90	55,787.21
4	Exceptional items	1,242.35	(0.13)	1,242.35	635.60	1,242.35	635.60
5	Share in Profit/Loss of Joint Ventures)					9,861.99	9,980.54
6	**Profit/(Loss) before tax (3+4+5)**	22,815.32	19,010.82	75,831.25	56,414.92	85,698.24	66,403.35
7	Tax expense:						
a	Current tax	4,850.26	3,927.74	15,997.39	11,903.69	15,998.69	11,906.20
b	Deferred tax (net)	(618.87)	(1,267.68)	(824.77)	(2,454.50)	(824.78)	(2,454.50)
	Total Tax Expenses	4,231.39	2,660.06	15,172.63	9,449.19	15,173.91	9,451.70
8	**Profit/(loss) for the period from continuing operation (6-7)**	18,583.93	16,350.76	60,658.62	46,965.73	70,524.33	56,951.65
9	Profit/(loss) from discontinued operations	-		-	-	-	-
10	Tax Expense of discontinued operations	-		-	-	-	-
11	Profit/(loss) from discontinued operations (after tax)	-		-	-	-	-
12	**Profit/(loss) for the period (8+9+10+11)**	18,583.93	16,350.76	60,658.52	46,965.73	70,524.33	56,951.65
13	**Other Comprehensive Income**						
14	**Items that will not be reclassified to profit or loss**						
a	Remeasurement gains (losses) on defined benefit plans	(188.76)	8.93	(166.80)	(61.55)	(166.45)	(61.87)
b	Income tax effect on Remeasurement gains (losses) on defined benefit plans	15.39	(0.83)	15.09	5.73	15.08	5.77
c	Investment in equity instruments net of income Tax effect	(0.00)	-	(2.55)	-	(2.55)	-
15	**Total Comprehensive Income for the period (Comprehensive profit and other comprehensive income for the period)(12+13+14)**	18,429.57	16,358.86	60,504.46	46,909.91	70,370.31	56,895.75
16	Paid up Equity Share Capital (Face value Rs. 10/- each)	208,502.01	208,502.01	208,502.01	208,502.01	208,502.01	208,502.01
17	Other Equity excluding Revaluation Reserve	8,329.42	3,781.48	165,373.40	126,646.14	231,054.84	183,900.17
18	Basic & Diluted Earnings Per Share	0.89	0.78	2.91	2.25	3.38	2.73
	(1) Basic	0.89	0.78	2.91	2.25	3.38	2.73
	(2) Diluted	0.89	0.78	2.91	2.25	3.38	2.73

NOTES

\# subject to audit u/s 143 (6) of the companies Act, 2013 by the C & AG of india

1 The figures have been regrouped, wherever necessary.

2 The audited accounts of the subsidiary company, High Speed Rail Corporation of India Limited and audited accounts of Joint Venture companies, Krishnapatanam Railway Company Limited (KRCL),Angul Sukinda Railway Limited (ASRL),Dighi Roha Rail Limited,Haridaspur Paradip Railway Company Limited (HPRCL),Kutch Railway Company Limited and unaudited accounts of Joint Venture company Bharuch Dahej Railway Company Limited (BDRCL) have beenconsolidated in accordance with the Indian Accounting Standard 110 ' Consolidated Financial Statement', Indian Accounting Standard 111 ' Joint Arrangements' and Indian Accounting Standard 28 ' Investments in Associates and Joint Ventures.

3 The above results have been reviewed by the audit committee and approved by the Board of Directors in their meeting held on 29.05.2019

4 The company has prepared these consolidated and standalone financial statements in accordance with the companies (Indian Accounting Standards) Rules, 2015, (Ind AS) prescribed under section 133 of the companies Act, 2013

5 Effective April 1, 2018 the company has adopted Ind AS 115 " Revenue from contracts with customers". The effect of adoption of IND AS 115 is insignificant on the financial results. Contract assets are included in other current assets.

6 In addition to interim dividend of ₹ 0.80 per share already paid , the Board of directors has recommended a final dividend of ₹ 0.09 Per share (face value ₹ 10 Per share)

7 Figures for the quarter ended 31st March 2019 and 31st March 2018 are derived by deducting the reviewed year to date figures for the period ended 31st December 2018 and 31st December 2017 from the audited figures for the year ended 31st March 2019 and 31st March 2018 respectively.

8 In compliance to Ministry of Railway (MoR), Govt. of India, decision (March 2019) to disinvest 12.16% of the equity of the company. The Company invited Initial Public Offer on 29.03.2019. IPO was closed on 04.04.2019 and the company was listed on 11.04.2019. The company opened an escrow account and received ₹ 47586.09 lakh during the period 01.04.2019 to 11.04.2019 towards application money."

9 The additional information as required under Regulation 52 (4) of SEBI (Listing obligations and Disclosure requirements) Regulations, 2015 is as below :

Particulars	As at 31st March 2019		
	Unit	Standalone	Consolidated
Net worth	₹ in Crores	3,738.75	4,395.57
Debt - Equity Ratio	Times	0.81	0.59

For Rail Vikas Nigam Limited

Pradeep Gaur

Chairman and Managing Director

DIN: 07243986

Place: New Delhi

Dated : 29.05.2019

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CIN

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R.V.N.L

Rail Vikas Nigam Ltd., New Delhi

RAIL VIKAS NIGAM LIMITED

(A Govt. of India Enterprise)

Registered office: 1st Floor, August Kranti Bhawan, Bhikaji Cama Place, R. K. Puram, New Delhi, South Delhi - 110066

CIN: L74999DL2003GOI118633 Email:investors@rvnl.org

STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakh)

	Particulars	Standalone		Consolidated	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
I.	**ASSETS**				
1	**Non-current assets**				
(a)	Property Plant and equipment	25,082.24	24,875.89	25,082.30	24,875.99
(b)	Capital work-in-progress	896.03	-	896.03	-
(c)	Other Intangible assets	2,840.52	11.08	2,840.52	11.08
(d)	Intangible assets under development	247.75	2,113.58	247.75	2,113.58
(e)	Investments in Joint Ventures (Equity Method)			157,560.53	122,116.89
(f)	Financial Assets				
	(i) Investments	92,864.35	65,867.35	997.00	1,000.00
	(ii) Lease Receivables	154,194.63	171,952.77	154,194.63	171,952.77
	(iii) Loans	944.33	647.56	944.33	647.56
	(iv) Others	44,421.71	46,263.24	44,421.71	46,263.24
(g)	Deferred tax assets (Net)	7,396.49	6,556.28	7,396.49	6,556.28
(h)	Other non-current assets	23.61	27.00	23.61	27.00
	Sub-Total Non-Current Assets	328,931.67	318,314.75	394,604.90	375,554.39
2	**Current assets**				
(a)	Project-Work-in-Progress	448.02	192.46	448.02	192.46
(b)	Financial Assets				
	(i) Trade Receivables	63,991.12	71,484.26	63,801.33	71,289.42
	(ii) Lease Receivables	26,264.56	24,132.50	26,264.56	24,132.50
	(iii) Cash and cash equivalents	28,322.35	33,960.48	28,523.37	34,162.20
	(iv) Bank Balances other than (iii) above	65,916.52	106,123.01	65,916.52	106,123.01
	(v) Loans	1,190.56	741.74	1,190.56	741.74
	(vi) Others	47,450.94	39,137.53	47,450.94	39,137.96
(c)	Current Tax Asset (Net)	453.39	987.56	454.58	988.76
(d)	Other current assets	577,348.36	176,108.69	577,348.36	176,108.79
	Sub-Total Current Assets	811,385.81	452,868.23	811,398.23	452,876.84
	Total Assets	1,140,317.48	771,182.99	1,206,003.13	828,441.23
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
(a)	Equity Share Capital	208,502.01	208,502.01	208,502.01	208,502.01
(b)	Other Equity	165,373.49	126,646.14	231,054.84	183,900.17
	Sub-Total Equity	373,875.50	335,148.15	439,556.85	392,402.18
2	**Liabilities**				
	Non-current liabilities				
(a)	Financial Liabilities				
	(i) Borrowing	302,419.71	225,914.87	302,419.71	225,914.87
	(ii) Other financial liabilities	22,952.13	37,482.80	22,952.13	37,482.80
(b)	Provisions	1,391.19	916.12	1,391.19	916.12
(c)	Other Non current liabilities	2,230.93	4,008.35	2,230.93	4,008.35
	Sub-Total Non-Current Liabilities	328,993.96	268,322.14	328,993.96	268,322.14
	Current liabilities				
(a)	Financial Liabilities				
	(i) Trade payables				
	i. total outstanding dues of micro enterprises and small enterprises	-	-	-	-
	ii. total outstanding dues of creditors other than micro enterprises and small enterprises	14,004.66	6,844.75	14,004.66	6,844.75
	(ii) Other financial liabilities	118,040.85	89,124.83	118,045.03	89,127.54
(b)	Other current liabilities	299,526.14	65,921.71	299,526.63	65,923.20
(c)	Provisions	4,861.74	4,511.31	4,861.74	4,511.31
(d)	Current Tax liability (Net)	1,014.63	1,310.11	1,014.26	1,310.11
	Sub-Total Current Liabilities	437,448.02	167,712.70	437,452.32	167,716.91
	Total Equity and Liabilities	1,140,317.48	771,182.99	1,206,003.13	828,441.23

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Rail Vikas Nigam Ltd., New Delhi

RAJ HAR GOPAL & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
Rail Vikas Nigam Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Rail Vikas Nigam Limited** hereinafter referred to as "the holding company")and its subsidiary (the holding Company and its one subsidiary collectively referred to as "the Group") and three jointly controlled entities, comprising of the consolidated balance sheet as at 31st March, 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2019, the consolidated profit and total consolidated comprehensive income, consolidated statement of change in equity and its consolidated cash flow statement for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

RAJ HAR GOPAL & CO. DELHI Chartered Accountants

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I. As reported by respective jointly controlled entities statutory Auditors:

i. ***KRISHNAPATNAM RAILWAY COMPANY LIMITED(KPRCL)***

a. Reference is drawn to Note No. 55.2.1 regarding the Company's revenue is carried in the Statement of Profit & Loss a/c under Note-19 Revenue from Operation of Rs.13417.56 lakhs. Monthly revenue bills/ apportionment sheet of revenue are received from the South Central Railway (SCR). All these bills are marked ***'Provisional'***. The outcomes of the provisional bills are not known at subsequent dates. Further, supporting documents of the monthly revenue bills are not available. As stated, in note-55.2.1.(1)(d), all supporting evidences related to revenue bookings are being controlled and managed by the SCR only and not made available for verification. The monthly revenue statements are not checked and certified by the company. Thus, the operating revenue statement could not be verified. In view of these, leakage in the operating revenue cannot be ruled out. Financial impact, if any, cannot be ascertained.

b. The company has not provided for Departmental charges of Rs.105.85 crore. Reference is drawn regarding Note no-55.2.2- Contingent liability in respect of Departmental charges on construction of project. A departmental charge @5% would be payable by the company to RVNL on the total cost of work as per detailed estimate/revised estimate/ completion estimate in the books of accounts of the company. The total charges have been estimated by the company at Rs.105.85 crore. In our opinion, a provision for liability should have been made on the best estimated basis for the departmental charges on year to year on accrual basis. Instead, a contingent liability has been disclosed. Thus, the cost of the project should have gone up by Rs.105.85 crore and so the provision for liability for the same amount.

c. The Company has not provided for liability to pay GST under the reverse charge mechanism in respect of operation & maintenance costs incurred by the company as billed by SCR. Thus, there is an understatement of O&M Expenses and overstatement of profit by Rs.3.63 crore.

d. The company has not provided for CSR liability in accordance with the provision of Section 135 of the Companies Act, 2013. The company is required to spend Rs.15.80 lakhs, but the said amount has not been spent so far for CSR activities. Thus, there is an understatement of liability by Rs.15.80 lakhs.

e. The company has provided an amount of Rs.32.16 lakhs towards depreciation of office building which is not correct, as per Para no.55 of the IND AS 16 on property plant equipment. Depreciation of assets begin when it is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, as the above office building were ready to be used by the company. Hence the office building cannot be capitalized under PPE and accordingly depreciation cannot be charged. This has resulted in overstatement of depreciation to the extent of Rs.32.16 lakhs and understatement of profit to that extent.

f. The company has shown an amount of Rs.306.38 lakhs towards office building which is not correct, as per para no.55 of the IND AS 16 on property plant equipment (PPE). Depreciation of assets begin when it is available for use when it is in the location and condition necessary for it to be capable of operating

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in the manner intended by the management, as the above office building were ready to be used by the company. Hence the office building cannot be capitalized under PPE. Non- compliance of IND AS has resulted in overstatement of PPE to the extent of Rs.306.38 lakhs and understatement of 'CWIP' to that extent.

ii. Kutch Railway Company Limited (KRCL)

a. Note No. 55.1.1 regarding fixed assets capitalized by the Company year after year (based on advices received from the western Railway) and subject to verification by the company. Similarly, material supplied by the company and balances outstanding as advances to Western Railway are subject to reconciliation with Western Railway. The impact of the same is unascertainable and consequent impact on depreciation is also unascertainable.

b. Note No. 55.1.2 regarding Capital expenditure incurred by Western Railway on behalf of the Company for the year ended 31st March, 2019 has not been adjusted in absence of advice from the Western Railway. The impact of the same is unascertainable.

c. Note No. 55.1.3 and 55.1.4 regarding division of addition and deletion in Bridges, Building, Formation, Plant & Machinery (Project) and Permanent Way (Classified in other intangible assets) , if any is being made year after year in proportion of their gross opening balances instead of asset wise breakup. The impact of the same and consequent impact on depreciation is unascertainable. However, no addition/deletion has been advised by Western Railway for the FY 2018-19.

d. Note No. 55.1.5 and 55.1.6 regarding non confirmation of receivable including advances and payables, the impact of the same is unascertainable.

e. Note No. 55.1.7, regarding one of the joint venture of the Company (RVNL) is incurring expenditure on behalf of the company under the contract and the same are being accounted for based on its advices without verification the correctness thereof. The impact of the same is unascertainable.
Assignment of verification was outsourced for the previous year (FY 2017-18) in which variations were pointed out in several advices / vouchers apart from missing of original supporting documents. Out of which certain have been settled and adjusted in the year under audit and others remained pending.

f. Note No. 55.1.8 regarding CSR expenses, the company is required to spend arrears of Rs 1536.79 Lakhs of the earlier years on CSR activities. The company executed MOU with RVNL (Joint Venture). The Company has made payments of Rs 4.56 Crore has been accounted for as CSR expenditure without any supporting evidences. The variation in amount, if any, is unascertainable.

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2. *Emphasis of Matter*

I. RAIL VIKAS NIGAM LIMITED

a. Without qualifying our report attention is invited to note no. 10.1 and 10.6 of Standalone Ind As financial statement Trade Receivable from Related Party. RVNL receives advance payment from SPVs for incurring expenditures on their projects. However, in case of Krishnapatnam Railway Company Limited, RVNL is incurring project expenditures on a regular basis but insignificant amount is being received from Krishnapatnam Railway Company Limited as advance payment. During the financial year 2018-19, RVNL has incurred project expenditures amounting to Rs. 38026.60 lacs on Krishnapatnam Railway Company Limited (KRCL). KRCL has not paid the amount dues due to some dispute and Trade Receivable from Krishnapatnam Railway Company Limited as on 31st March, 2019 is Rs. 63,146.28 lacs and Interest receivables amount of Rs. 21,833.97 lacs i.e. total Receivable from Krishnapatnam Railway Company Limited amounting to Rs. 84,980.25 Lakhs.

b. Without qualifying our report attention is invited to Note No. 12(a) regarding Advance to Zonal Railways, Advance to Sleepers, Utility Advance and Advance Released for Supply of Rail. No balance confirmation has been received relating to Advance to Zonal Railways, Advance to Sleepers, Utility Advance and Advance Released for Supply of Rail of Rs. 56,654.70 lacs, Rs. 15,506.96 lacs, Rs. 25,752.43 lacs and Rs. 4,712.49 lacs as on 31st March, 2019.

c. Without qualifying our report attention is invited to Note No. 6.1 regarding, The Consolidated financial statements include share in Bharuch Dahej Railway Company Limited (BDRCL), a jointly controlled entity based on its unaudited financial statements as approved by Board of the company.

II. As reported by respective jointly controlled entities statutory Auditors:

Kutch Railway Company Limited (KRCL)

Without qualifying our report we draw attention to

a. Note No-55.1.9 to the financial statements which may effect of reduction in the reserves and sundry debtors by Rs-2550 lakhs (approx) in the subsequent years as and when adviced by the Western Railway.

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b. Note No 55.1.10 to the Financial Statements regarding applicability of GST, the Company has sought exemption/ clarification from GST council through MOR in respect of transactions with Railway on freight sharing revenue (the only source of revenue) and operation and maintenance cost to Western Railway for the period from 1.07.2017, which is pending. The company's presumption is that GST is not applicable.

c. Note No. 55.1.10 regarding cost for elimination of 30 unmaned level crossing as well as expenditure incurred by Western Railway. Western Railway has given estimate for this work of Rs 2125 lakhs and expenditure of Rs 48.15 lakhs has been incurred against which Rs 1085 lakh recovered. The company has shown the same as contingent liability with the contention that the same shall be borne by Western Railway.

d. The Company has engaged consultants / advisors from time to time based on contracts/ agreements executed with them. There was neither any terms / condition for payment of incentive based on their performance nor otherwise payable to consultants based on performance. However, incentive of Rs 42000 (42000*3 = 126000) has been paid during the year under audit for the earlier year i.e. FY 2017-18 by passing resolution by the board of directors at par with MD and regular employees. Further in the resolution Rs 42000 has been sanctioned to consultants / advisors but the amount has been paid @ Rs 42000 to each of them.

e. RVNL has not charged contingencies provision @ 3% while calculating total cost in quarterly statement of expenditure on behalf of the company in terms of schedule to the agreement executed with them for which no provision has been made. It was informed that clarification has been sought from RVNL but the same has not yet responded.

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Key Audit Matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.

Key Audit Matter	Auditor's Response
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from contracts with Customers" (Revenue Accounting Standard) applicable from 1st April 2018. The application of the new revenue accounting standard from current financial year involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period, and disclosures including presentations of balances in the financial statements. Estimated efforts is a critical estimate to determine revenue, as it requires consideration of progress of the contract, efforts incurred till date, efforts required to complete the remaining performance obligation. **Refer Notes 50** to the consolidated financial statements.	***Principal Audit Procedures*** We assessed the Group's Company's internal process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of internal controls and procedures as follows: ▪ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. ▪ Selected a sample of existing continuing contracts and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. ▪ Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. ▪ Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. ▪ Performed analytical procedures and test of details for reasonableness and other related material items.
Assessment and recoverability of Trade Receivables and Contract Assets The Group have trade receivables outstanding of Rs. 63,801.33 lakhs and	***Principal Audit Procedures*** We have assessed the Group's internal process to recognize the revenue and review mechanism of trade receivables and contract assets. Our audit approach consisted testing of the

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contract assets of Rs.3,47,318.57 crore at the end of March 31, 2019 These balances are related to revenue recognized in line with Ind AS 115 "Revenue from contracts with customers" for ongoing contracts and completed contracts. The assessment of its recoverability is a key audit matters in the audit due to its size and high level of management judgment **Refer Notes 10.1, 12(c)** to the consolidated financial statements.	design and operating effectiveness of internal controls and procedures as follows: ▪ Evaluated the process of invoicing, verifications, and reconciliations with customers. ▪ Obtained the list of project wise outstanding details and its review mechanism by the management. ▪ Reviewed the guidelines and policies of the Company on impairment of trade receivables and contract assets. ▪ Tested the accuracy of aging of trade receivables and contract assets at the year end on sample basis. ▪ Performed analytical procedures and test of details for reasonableness, recoverability and other related material items.

Information Other than the Consolidated 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 Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total

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comprehensive income, consolidated statement of change in equity and consolidated cash flow statement of the Group 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of the companies included in the Group are responsible for assessing the Group'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 the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company included in the group are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the companies have 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.

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- 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 Group'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 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 consolidated 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.

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Other Matters

(a) We did not audit the financial statements of one subsidiary and 6 Jointly Controlled entity, whose financial statements reflect total share of assets Rs. 3,67,144.54 lakhs and share in net assets of Rs 1,71,071.25 lakhs as at 31st March, 2019, share in total revenues of Rs.1,21,994.60 lakhs for the year ended on that date as considered in the consolidated financial statements.

This includes the unaudited financial statements of one jointly controlled entity (Bharuch Dahej Railway Company Limited) whose Share of total assets Rs. 15,167.99 Lakhs, Share of Net Assets Rs. 7,059.51 Lakhs, Share of total Revenues of Rs. 3,237.90 Lakhs and Share of net Cash Flows of Rs. (303.78) Lakhs is based on management accounts. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities, is based solely on such unaudited financial statements.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act based on our audit and on the consideration of audit report of subsidiary, jointly controlled entities as referred in "Other Matters" paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India;

(e) In terms Notification no. G.S.R. 463(E) dtd. 05-06-2015 issued by the Ministry of Corporate Affairs, the provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of directors are not applicable to the Company;

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the holding company, its subsidiary company and jointly controlled entities incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 to the extent applicable ,in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial statements as also the other financial information of the subsidiary company and jointly controlled entities, as noted in "Other Matters" paragraph;

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities Refer Note 37 to the consolidated financial statements;

ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and its subsidiary companies and jointly controlled companies incorporated in India.

For Raj Har Gopal& Co.
Chartered Accountants
(FRN: 002074N)

DELHI

Gopal Krishan Gupta
(Partner)
M. No 081085

Place: New Delhi
Date: 29th May, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF RAIL VIKAS NIGAM LIMITED

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Rail Vikas Nigam Limited (hereinafter referred to as "the Holding Company") as of that date. We did not audit the financial statements of one Subsidiary and Six Jointly Control Entities all of them have been audited by the other Auditor and one (Bharuch Dahej Railway Company Limited) Jointly Control Entities is unaudited.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and jointly controlled companies, which are companies incorporated in India, are 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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.

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We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and six jointly controlled entities, which are companies incorporated in India, is based on the corresponding report of the auditor of five jointly controlled entity and one subsidiary company incorporated in India and management certificate of other one jointly controlled entity (Bharuch Dahej Railway Company Limited) incorporated in Indi

Opinion

In our opinion, the company has, 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, 2019, 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.

Our opinion is subject to following observations as given by the respective statutory auditors of these jointly controlled companies (one jointly controlled entity Bharuch Dahej Railway Company Limited is consolidated based on unaudited financial statements)

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In case of Krishnapatnam Railway Company Limited

Internal Control requires improvements in following areas:

i. The operations of the company's business are solely controlled by the South Central Railway (SCR). All supporting evidences related to revenue booking are being controlled and managed by SCR only and not made available for verification.

ii. There is no control over the revenue apportionment of South Central Railway (SCR) as the revenue sheets are sent by SCR to the company only on provisional basis and collateral records neither supplied by the SCR nor maintained by the company. As a result, there is no basis to verify the same.

iii. There is no control over the operation and maintenance (O&M) expense, overhead charges, indirect cost etc. billed by the South Central Railway and deducted from the revenue dues to the company.

iv. Absence of Internal Financial Control has been felt in the booking of expenditure for the construction of phase-II of the project of the company. It is observed that the bills for construction of the project by the contractor (RVNL) were sent from time to time to the company for payment, but such bills were only Xerox copies and not the original ones. These bills are not checked by the company and thus, payments are made to RVNL without any checking and certification.

v. As informed to us, there is no methodology on the part of the management to ensure the up to date progress of expenditure on construction projects, including bills which are already in the pipeline and also which are awaiting dispatch by the contractors for the construction.

For Raj Har Gopal& Co.
Chartered Accountants
(FRN: 002074N)

DELHI

Gopal Krishan Gupta
(Partner)
M. No 081085

Place: New Delhi
Date: 29th May, 2019

"Annexure C" to Independent Auditors' Report

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Bharat Heavy Electricals Limited for the year 2018-19 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

S. No.	Areas Examined	Suggested Replies
1	Whether the Company has system in place to process all the accounting transactions through IT system. If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to the information and explanations given to us and based on our examination of the records of the company, there has been no restructuring/ waiver/ write off of debts/loans/interest etc.
3	Whether fund received / receivable for specific schemes from Central / State agencies were properly accounted for /utilized as per its term and conditions? List the cases of deviation.	Fund received / receivable for specific schemes from Central / State agencies were properly accounted for /utilized as per its term and conditions.

For Raj Har Gopal& Co.
Chartered Accountants
(FRN: 002074N)

DELHI

Gopal Krishan Gupta
(Partner)
M. No 081085

Place: New Delhi
Date: 29th May, 2019