RAPID METRORAIL GURGAON LIMITED

ANNUAL REPORT

2009-10

DIRECTORS' REPORT

The Shareholders
Rapid MetroRail Gurgaon Limited

Your Directors have pleasure in presenting the First Annual Report along with the Audited Accounts for the period May 21, 2009 (date of Incorporation of the Company) to year ended March 31, 2010

FINANCIAL RESULTS
The financial results of the Company are as under:

Particulars	***May 21, 2009 to March 31,2010*** ***(Rs)***
Total Income	8,417
Total Expenses	46,24,452
Profit/(Loss) for the year	(46,16,035)
Less: Provision for Tax	-
Profit/(Loss) After Tax carried forward	(46,16,035)

DIVIDEND
Your Directors regret their inability to recommend any dividend in view of losses incurred during the year.

OPERATIONS

The primary objective to form this company was to develop Metro Link from Delhi Metro Sikanderpur Station on MG Road to NH-8 over 60 Meter wide sector road (Vishwakarma Marg) and on the green belt along NH-8 with provision for future extensions to Sector 55-56 in South and Udyog Vihar and Sector-21 Dwarka in North. The route length of the metro link is approx. 5 km and this is the first fully privately financed Metro Rail project in private sector in India.

As a first step in this direction, the Company had received a LOI from HUDA (Haryana Urban Development Authority) on 16th July 2009 and subsequently the Company had signed a 99 years Concession Contract (CC) with HUDA on 9th December 2009. Company is now contemplating to get an approval Letter from Ministry of Urban Development by the end of May 2010.

The above project is expected to be completed in 30 months time after achieving financial closure. As per the current estimates, financial closure is expected to be completed by June 2010 and construction of the project will commence immediately thereafter. However as of March 31, 2010, company has incurred capital expenditure of Rs 30.39Cr on various activities pertaining to project development.

SHARE CAPITAL

The Issued and Subscribed Equity Share Capital of the Company as on March 31, 2010, was Rs. 5,00,000/**-.**

DIRECTORS

In terms of the provisions of Section 256 of the Companies Act, 1956, (the Act) Mr Jagdish Aggarwal and Mr Pritam Kumar, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment

Mr. Sanjiv Rai was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on May 30, 2009. In accordance with the provisions of the Section 260 of the Companies Act, 1956, Mr. Sanjiv Rai who holds the office upto the date of this Annual General Meeting be and is hereby appointed as the director of the Company.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 274 of the Companies Act, 1956.

Mr S.C. Mittal, First Director of the Company had submitted his resignation on 30th November 2010.

AUDITORS

Messrs Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and have expressed their willingness to continue as Statutory Auditors, if re-appointed

DEPOSITS

Your Company has not accepted any Fixed Deposits during the year under review

CORPORATE GOVERNANCE

Four Board Meetings were held on May 28, 2009, July 30, 2009, November 3, 2009 and February 15, 2010 during the year under review. The number of meetings attended by the Directors is as under:

Director	No of Board Meetings attended
Mr Sanjiv Rai	4
Mr Jagdish Aggarwal	4
Mr S.C.Mittal	3
Mr Pritam Kumar	4

EMPLOYEES

The Board of Directors wish to place on record their appreciation to all the employees of the Company for their sustained efforts, dedication and hard work during the year

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of employees are set out in the Annexure to the Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

Section 217(2AA) of the Companies Act, 1956 (the Act) requires the Board of Directors to provide a statement to the members of the Company in connection with the maintenance of books, records & preparation of Annual Accounts in conformity with the accepted Accounting Standards and past practices followed by the Company. Pursuant to the foregoing and on the basis of representations received from the Management, and after due enquiry, it is confirmed that:

(1) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures

(2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period

(3) The Directors have taken proper and sufficient care for the 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 fraud and other irregularities

(4) The Directors have prepared the Annual Accounts on a going concern basis

FOREIGN EXCHANGE EARNINGS AND OUTGO

There have not been any foreign exchange earnings during the year. The foreign exchange outgo during the year was Nil.

Since the Company does not have any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

ACKNOWLEDGMENTS

Relationships with Shareholders, Central and State Governments, Banks and other Stakeholders remained excellent during the year under review. Your Directors particularly place on record their gratitude for the co-operation and support extended by officials of the Company

By the Order of the Board
For **Rapid MetroRail Gurgaon Limited**

(Director) **(Director)**

Place : Gurgaon
Date : 5th May 2010

ANNEXURE A

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

(A) Employed throughout the year and in receipt of remuneration aggregating to Rs. 24,00,000 or more

Sr. No	Name	Age (Yrs)	Designation	Gross Remune-ration (In Rs.)	Qualification	Total Experience	Date of commencement of employment	Last Employment, Designation, Period of Last Employment

(B) Particulars of the employees who were getting Rs. 200,000/- per month, or more if employed for a part of the year -

Sr. No	***Name***	***Age (Yrs)***	***Designation***	***Gross Remuneration (in Rs.)***	***Qualification***	***Total Experience***	***Date of commencement of employment***	***Last Employment, Designation, Period of Last Employment***
1	Mr C.B.K Rao	65	Sr Advisor	29,49,300	B.Sc (Engg.)	43 Years	01-10-2009	DLF Metro Limited, Executive Director, One Year Seven Months
2.	Mr Hukum Singh Chaudhary	48	Senior Vice President	9,00,590	MBA, LL.B & MIE	25 years	01-12-2009	ITNL Enso Rail Systems Limited, Sr VP, Five Months
3.	Mr Praveen Kumar	40	Senior Vice President	8,34,145	BE, PGDIM	19 years	01-12-2009	ITNL Enso Rail Systems Limited, Sr VP, Five Months
4	Mr S C Mittal	51	Senior Vice President	17,08,532	B.Tech (Civil), M.Tech (Structural Engineering), M.Phil (Social Science)	27 Years	01-12-2009	ITNL Enso Rail Systems Limited, Sr VP, One year Three Months

Notes:

(1) Gross remuneration comprises Salary, Allowances.
(2) None of the employees mentioned above is a relative of any Director of the Company

Deloitte Haskins & Sells

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase-II
Gurgaon - 122 002, Haryana
India

Tel : + 91 (124) 679 2000
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AUDITORS' REPORT

TO THE MEMBERS OF
RAPID METRORAIL GURGAON LIMITED

1. We have audited the attached Balance Sheet of **Rapid Metrorail Gurgaon Limited** ("the Company") as at 31 March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the period 21 May, 2009 (date of incorporation of the Company) to 31 March, 2010, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2010;

   ii. in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date; and

   iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

5. On the basis of written representations received from the Directors, as on 31 March, 2010 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

Jitendra Agarwal

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Gurgaon
05 May, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business, clauses (viii), (xiii), (xiv) and (xix) and (xx) of paragraph 4 of CARO are not applicable.

(ii) In respect of its fixed assets :

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. The Company has not disposed off any of its fixed assets during the year.

(iii) The Company does not have any inventory. Accordingly provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets The Company's operations, during the year, do not give rise to any purchase of inventory or sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.

(vi) Based on the examination of the books of account and related records and according to the information and explanations provided to us, there were no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

(vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year as defined under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

(viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

Deloitte
Haskins & Sells

(ix) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing its statutory dues relating to Provident Fund, Income Tax and Cess with the appropriate authorities during the year. There are no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31 March, 2010 for a period of more than six months from the date they became payable. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year did not give rise to any liability for Investor Education and Protection Fund, Sales Tax, Service Tax, Wealth Tax, Custom Duty and Excise Duty.

b. According to the information and explanation given to us, there are no statutory dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.

(x) The Company is registered for less than five years. Accordingly provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 regarding accumulated losses being not less than fifty percent of its net worth and cash losses are not applicable to the Company.

(xi) According to the information and explanations provided to us and records of the Company examined by us, the Company has not taken any loans from banks or financial institutions and has not issued any debentures.

(xii) According to the information and explanations given to us and the records of Company examined by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xiv) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were obtained.

(xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, *we report that short term loans and current liabilities amounting to Rs. 307,266,354 have been used during the year to finance purchase of fixed assets (Including expenditure during construction).*

(xvi) According to information and explanation given to us and the records of the Company examined by us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

(xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Gurgaon
05 May, 2010

RAPID METRORAIL GURGAON LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

	Sch.	As at March 31, 2010 Rupees
SOURCES OF FUNDS		
SHAREHOLDERS FUND		
Share Capital	A	500,000
LOAN FUNDS		
Unsecured Loans	B	27,000,000
		27,500,000
APPLICATION OF FUNDS		
FIXED ASSETS	C	
Gross Block		3,321,826
Less: Accumulated Depreciation		326,294
Net Block		2,995,532
Expenditure during construction (Pending allocation)	D	303,944,528
		306,940,060
CURRENT ASSETS, LOANS & ADVANCES	E	
Cash and Bank Balances		674,939
Loans & Advances		37,686,609
		38,361,548
LESS: CURRENT LIABILITIES & PROVISION	F	
Current liabilities		321,439,064
Provisions		978,579
		322,417,643
NET CURRENT ASSETS		(284,056,095)
PROFIT AND LOSS ACCOUNT (Accumulated losses)		4,616,035
		27,500,000
Significant accounting policies	J	**(0)**
Notes forming part of the Accounts	K	

Schedules A to K annexed hereto form part of the financial statements

In terms of our report attached

For and on behalf of the Board

For DELOITTE HASKINS & SELLS
Chartered Accountants

Director
Director

JITENDRA AGARWAL
Partner

Place: Gurgaon
Date: 05-05-2010

RAPID METRORAIL GURGAON LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2010 Rupees
SCHEDULE A : SHARE CAPITAL	
Authorised	
50,000 equity shares of Rs. 10/- each	**500,000**
Issued, Subscribed and Paid up	
50,000 equity shares of Rs. 10/- each fully paid up	**500,000**
(Of the above 50,000 equity shares are held by ITNL Enso Rail Systems Limited, the holding company. Infrastructure Leasing & Financial Services Limited is the ultimate holding company)	
SCHEDULE B : UNSECURED LOANS	
Short Term	
From Holding Company	**27,000,000**
SCHEDULE D : EXPENDITURE DURING CONSTRUCTION (PENDING ALLOCATION)	
Salary, wages and bonus	15,575,811
Contribution to Provident and other funds	1,334,990
Staff welfare expenses	249,698
Travelling and conveyance expenses	772,091
Rent	4,411,452
Office maintainence	1,047,218
Electricity	139,557
Communication expenses	208,058
Insurance	126,038
Legal and professional fees	277,753,718
Other expenses	2,325,897
	303,944,528

SCHEDULE E : CURRENT ASSETS, LOANS & ADVANCES

CASH & BANK BALANCES

Cash on Hand	10,093
Balances with Scheduled Banks:	
-in Current Accounts	664,846
	674,939

LOANS & ADVANCES

(Unsecured,Considered Good)

Advances recoverable in cash or kind or for value to be received	37,678,151
Advance Income Tax	8,458
	37,686,609

SCHEDULE F : CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry creditors (other than Micro and Small Enterprises)	289,849,235
(Refer schedule "K" note no. 5)	
Other liabilities	31,589,829
	321,439,064

PROVISIONS

Provision for Gratuity	252,219
Provision for leave encashment	726,360
Total	**978,579**

RAPID METRORAIL GURGAON LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD MAY 21, 2009 TO MARCH 31, 2010

	Sch.	Period ended March 31, 2010 Rupees
INCOME		
Income from operations		-
Other Income	G	8,417
		8,417
EXPENSES		
Employee Cost	H	1,407,330
Administrative & General Expenses	I	2,862,974
Depreciation	C	326,294
Preliminary Expenses written off		27,854
		4,624,452
LOSS FOR THE PERIOD BEFORE TAX		(4,616,035)
Provision for Tax		-
LOSS FOR THE PERIOD AFTER TAX		(4,616,035)
Balance brought forward		-
Balance of loss carried forward to the Balance Sheet		**(4,616,035)**
Basic / Diluted Earnings per share (Refer schedule "K" note no. 10)		(92.32)
Accounting policies	J	
Notes forming part of the Financial Statements	K	

Schedules A to K annexed hereto form part of the financial statements

In terms of our report attached **For and on behalf of the Board**

For DELOITTE HASKINS & SELLS
Chartered Accountants

	Director	**Director**
JITENDRA AGARWAL **Partner**		
Place: Gurgaon Date: 05-05-2010	Place: Gurgaon Date:	

RAPID METRORAIL GURGAON LIMITED
SCHEDULE FORMING PART OF THE ACCOUNTS

	Period ended March 31, 2010 Rupees

SCHEDULE G : OTHER INCOME

Interest on car loan to employees	8,417
	8,417

SCHEDULE H : EMPLOYEE COST

Salary, wages and bonus	1,288,359
Contribution to Provident and other funds	73,433
Staff welfare expenses	45,538
	1,407,330

SCHEDULE I : ADMINISTRATIVE & GENERAL EXPENSES

Travelling and conveyance expenses	87,314
Rent	1,506,348
Office maintainence	780,909
Electricity	107,976
Communication expenses	50,907
Directors' fees	4,000
Insurance	5,796
Legal and professional fees (Refer schedule "K" note no. 4)	176,355
Rates, taxes and fees	7,580
Business promotion expenses	103,969
Other expenses	31,820
	2,862,974

RAPID METRORAIL GURGAON LIMITED

CASH FLOW STATEMENT FOR THE PERIOD May 21, 2009 TO MARCH 31, 2010

		Period ended March 31, 2010 Rupees
Cash Flow from Operating Activities		
Net Loss Before Tax		(4,616,035)
Adjustments for :-		
Depreciation		326,294
Preliminary expenses written off		27,854
Operating Loss before Working Capital Changes		**(4,261,887)**
Adjustments for changes in working capital:		
(Increase)/Decrease in loans and advances		(37,686,609)
Increase/(Decrease) in current liabilities & provisions		322,417,643
Cash from / (Used in) operating activities		**280,469,147**
Direct Taxes (paid) / receivable (Net)		-
Net Cash from / (Used in) Operating activities	**(A)**	**280,469,147**
Cash flow from Investing Activities		
Purchase of fixed assets		(307,266,354)
Net Cash from/(used in) investing activities	**(B)**	**(307,266,354)**
Cash flow from Financing Activities		
Proceeds from issue of equity capital		500,000
Unsecured Loan		27,000,000
Preliminary expenses		(27,854)
Net Cash from/(used in) Financing Activities	**(C)**	**27,472,146**
Net Increase/(decrease) in Cash & Cash equivalents during the period (A+B+C)		**674,939**
Cash and Cash Equivalent at the beginning of the period		-
Cash and Cash Equivalent at the end of the period		674,939
Net Increase / (Decrease) in Cash & Cash Equivalents		**674,939**

Note:
Cash Flow Statement has been prepared as per indirect method in accordance with Accounting Standard 3 on Cash Flow Statement

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner

Place: Gurgaon
Date: 05-05-2010

For and on behalf of the Board

Director **Director**

RAPID METRORAIL GURGAON LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE C : FIXED ASSETS

(Amount in Rupees)

PARTICULARS	**GROSS BLOCK**				**DEPRECIATION**			**NET BLOCK**	
	As at 01.04.2009	**Additions during the Period**		**As at 31.03.2010**	**Up to 01.04.2009**	**For the Period**	**Up to 31.03.10**	**As at 31.03.10**	**As at 31.03.2009**
Tangible Assets									
Data Processing Equipment	-	943,753		943,753	-	82,815	82,815	860,938	-
Office Equipment	-	99,722		99,722	-	40,021	40,021	59,701	-
Furniture & Fixture	-	16,000		16,000	-	857	857	15,143	-
Vehicles (Owned)	-	1,695,000		1,695,000	-	145,477	145,477	1,549,523	-
Sub-total	**-**	**2,754,475**		**2,754,475**	**-**	**269,170**	**269,170**	**2,485,305**	**-**
Intangible Assets									
Software	-	567,351		567,351	-	57,124	57,124	510,227	-
Total	**-**	**3,321,826**		**3,321,826**	**-**	**326,294**	**326,294**	**2,995,532**	**-**
Previous Period	-	-		-	-	-	-	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE J : SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, the provisions of the Companies Act, 1956, as adopted consistently by the Company and in accordance with the Accounting Standards prescribed under Section 211 (3C) of the Companies Act 1956. All income, expenditure, assets and liabilities having a material bearing on the financial statements are recognised on accrual basis.

2. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

3. Fixed Assets and Depreciation

a. Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in working condition for its intended use such as delivery and handling costs, installation, legal services and consultancy services. The cost of fixed assets includes net preoperative expenditure up to the date the asset is ready for use.

Depreciation on tangible fixed assets is computed as under:

(i) The Company has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets:

Asset Type	Useful Life
Computers	4 years
Specialised office equipment	3 years
Assets provided to employees	3 years

(ii) Depreciation on fixed assets, other than on assets specified in notes 3(a)(i), is provided for on the Written down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956

(iii) All categories of assets costing less than Rs 5,000 each, mobile phones and items of soft furnishing are fully depreciated in the year of capitalization

b. <u>Intangible assets and amortization</u>

Intangible assets are reported at acquisition value with deductions for accumulated amortization and impairment losses, if any.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the profit and loss account.

Intangible assets are amortised on a "Straight line" basis over their estimated useful lives. The estimated useful life of software is four years.

c. Capital Work in Progress, Expenditure During Construction and Capital Advances:

Direct expenditure on projects / assets under construction or development is shown under Capital Work in Progress.

Expenditure incidental to the construction or projects that take substantial period of time to get ready for its intended use is accumulated as Expenditure During Construction ('EDC') pending allocation to fixed assets on completion of project.

Advance on Capital account include payments made under the contracts for projects / assets under construction and other capital advances.

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective fixed assets.

4. Investments

a. Investments are capitalised at actual cost including cost incidental to acquisition.

b. All Investments are long term investments and are valued at cost less provision for diminution, other than temporary, determined on scrip to scrip basis.

5. Impairment of Assets:

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

6. Employee Benefits:

a. Short Term Benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

b. Long Term Benefits

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or similar securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

(i) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(ii) Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

c. Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

7. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

8. Taxes on Income:

Taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Taxes are determined in accordance with enacted tax regulations and tax rates in force and in the case of deferred taxes, for rates that have been substantively enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

9. Earnings per Share:

Basic Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the period.

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

10. Preliminary Expenses:

Preliminary expenses incurred on incorporation of the Company are written off to the profit and loss account in the period in which it is incurred.

SCHEDULE K : NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **Background:**

The Company was incorporated under the Companies Act, 1956 on May 21, 2009 for the purpose of development of urban and inter urban mass and freight transport infrastructure projects in Gurgaon. The Registrar of Companies has issued a "Certificate of Commencement of Business" dated June 20, 2009.

The Company has been floated by ITNL Enso Rail Systems Limited to execute Metro Rail Gurgaon Project. The Company has entered into a Concession Contract with Haryana Urban development Authority (HUDA) for execution of the project.

2. There is no contingent liability or Contracts executed on capital accounts as at the period-end.

3. The Company has entered into a Concession Contract with Haryana Urban Development Authority (HUDA) on 9 December, 2009 for development of Metro Rail Project from Delhi Metro Sikanderpur Station on MG Road, Gurgaon to NH-8 ('the Project'). As per the terms of the Contract, the Company accepts the concession for a period of 99 years commencing from the effective date, to develop and operate the Project. The various conditions precedents required to be satisfied before the effective date have not been fulfilled. Therefore, these financial statements do not include any accounting for 'Rights under Service Concession Arrangements'.

4. **Auditor's Remuneration*:**

Particulars	**Period ended March 31,2010 Rupees**
Audit fee	1,00,000
Other Services	50,000
Reimbursement of expenses	2,485
Total	**1,52,485**

* Exclusive of Service Tax

5. **Dues to Micro and Small Enterprises:**

According to the records available with the Company, there were no dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the period. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the said Act have not been given.

6. **Segment Reporting:**

The Company is engaged in infrastructure development and thus operates in a single business segment. Also, it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 on "Segment Reporting" have not been made.

7. **Related Party transactions:**
Disclosures as required by the Accounting Standard (AS) 18 on "Related Party Disclosures" are as below:

A. Name of the related parties and nature of relationship:

Holding Company:	ITNL Enso Rail Systems Limited (ITNL ENSO)
Ultimate Holding Company:	IL&FS Transportation Networks Limited (ITNL) is the holding Company of the Holding Company Ultimate Holding Company is Infrastructure Leasing & Financial Services Limited. (IL&FS)
Fellow Subsidiary Companies	IL&FS Financial Services Limited (IFIN) IL&FS Property Management & Services Limited (IPMSL)

B. Transactions during the period:

				Amount in Rupees	
Nature of Transaction	**IL&FS**	**ITNL**	**IERS**	**IFIN**	**IPMSL**
Shares allotted	-	-	500,000	-	
Consultancy Fee	-	200,000,000	75,000,000	-	
Loan taken	-	-	27,000,000	-	

Nature of Transaction	IL&FS	ITNL	IERS	IFIN	IPMSL
Operating expenses	6,763,200	-	-	-	304,344

NOTE: REIMBURSEMENT OF COST IS NOT INCLUDED IN ABOVE.

(C) Balances outstanding at period end:

			Amount in Rupees		
Particulars	**IL&FS**	**ITNL**	**IERS**	**IFIN**	**IPMSL**
Payable	554,370	207,389,220	76,371,377	19,970	-
Borrowings	-	-	27,000,000	-	304,344

8. Deferred tax:

The Company has net deferred tax assets due to carry forward losses and unabsorbed depreciation. In the absence of virtual certainty of future taxable income and on prudence, deferred tax assets have not been created on carry forward losses and retirement benefits.

9. Employee benefits obligations:

<u>Defined-Contribution Plans</u>

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation fund cover all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund and pension fund, the contributions to superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs. 33,586 (Previous year Rs. Nil) and Rs. 31,003 (Previous year Rs. Nil) for superannuation and provident fund respectively has been charged to the Profit and Loss account in this respect.

<u>Defined–Benefits Plans</u>

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. In the case of the gratuity scheme, the Company contributes to a trust administered by HDFC Standard Life Insurance. Commitments are actuarially determined at year-end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits" notified, actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss account.

	31.03.2010
	Rupees
i. Change in benefit obligation	
Opening balance	-
Current Service Cost	372,015
Interest expenses	-
Transfer in	557481
Actuarial (gain) / loss	(208,233)
Closing balance	721,263
ii. Fair value of Plan Assets	
Opening balance	-
Expected return on plan assets	18,762
Contributions by the Company	469,044
Actuarial gain / (loss)	(18,762)
Closing balance	469,044

The plan assets are managed by the HDFC Standard Life Insurance, and the Company does not have details as to the investment pattern.

iii. Return on Plan Assets	
Expected return on plan assets	18,762
Actuarial gain / (loss)	(18,762)
Actual return on plan assets	-

iv. Amount recognised in the Balance Sheet

Present value of defined benefit obligations	721,263
Fair value of Plan Assets	(469,044)
Amount recognised in the balance sheet (Asset)	252,219

v. Expenses recognized in profit & Loss Account

Current service costs	372,015
Interest expense	-
Expected return on investment	(18,762)
Net actuarial gain / (loss)	(189,471)
Expenditure charged to Profit and Loss account	163,782

vi. Balance Sheet reconciliation

Net liability at the beginning of the year	-
Expenses as above	163,782
Contribution paid	(469,044)
Transfer in	557,481
Amount recognised in the balance sheet	252,219

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.

vii. Principal Actuarial assumptions

Rate for discounting liabilities	7.750% p.a.
Expected salary increase rate	4.50% p.a.
Expected return on scheme assets	8.00% p.a.
Attrition Rate	2.00% p.a.
Mortality table used	LIC (1994-96) Ultimate Table

The entire amount is funded with the HDFC Standard Life insurance

The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The contributions expected to be made by the Company during the financial year 2010-2011 is Rs.9.29 lacs.

10. Earnings per Share:

Particulars	Unit	Period ended 31. 03.2010
Net loss after tax	Rs.	(4,616,035)
Weighted average number of equity shares outstanding during the period	No.	50,000
Nominal value of equity shares	Rs.	10.00
Basic / Diluted earnings per share	Rs.	(92.32)

11. As at the Balance sheet date, the net worth of the Company has substantially eroded, however the financial statements have been prepared on the assumption that the Company is a going concern considering the Company's expectation relating to execution of a metro rail project for which Concession Contract Agreement has been signed with HUDA and which is expected to generate positive cash flows at the end of the construction period.

12. These financial statements have been prepared from the date of incorporation May 21, 2009 to March 31, 2010, as this is the first financial period of the Company, figures for the previous period have not been furnished.

For and on behalf of the Board

Director **Director**

PLACE: GURGAON

DATE: 5TH MAY 2010

RAPID METRORAIL GURGAON LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	3 9 1 1 6	State Code	0 5
Balance Sheet Date	3 1 (Date) 0 3 (Month) 2 0 1 0 (Year)		

II. Capital raised during the year *(Amount in Rs. Thousand)*

Public Issue: NA	Rights Issue: NA
Bonus Issue: NA	Private Placement: NA

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

Total Liabilities: 322417.64	Total Assets: 34530.6

Sources of Funds

Paid-Up Capital: 500	Reserve and Surplus: NIL
Secured Loans: NIL	Unsecured Loans: 27000
Deferred Tax Liability: NIL	

Application of Funds

Net Fixed Assets: 306940.06	Investments: NIL
Net Current Assets: (284056.09)	Misc. Expenditure: NIL
Accumulated Losses: 4616.03	

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

Turnover: 8.41	Total Expenditure: 4624.45
+ - Profit / Loss before Tax: – 4616.03	+ - Profit / Loss after Tax: – 4616.03
(Please tick Appropriate box + for Profit - for Loss)	
Earning Per Share in Rs.: (92.32)	Dividend Rate %: NIL

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Items Code No. (ITC Code)	Product Description
N.A.	N.A.

Director *Director*

Place : Gurgaon
Date : May 5,2 010