

**IL&FS RAIL LIMITED (FORMERLY KNOWN AS
ITNL ENSO RAIL SYSTEMS LIMITED)**

ANNUAL REPORT

2012-13

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IL&FS RAIL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IL&FS RAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Deloitte Haskins & Sells

Opinion

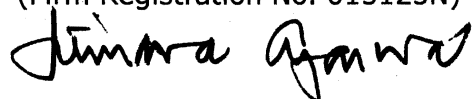
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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



(Jitendra Agarwal)
Partner
(Membership No. 87104)

GURGAON, 16 April, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (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 explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. The Company is not carrying any inventory at year-end.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - a. The Company has granted unsecured loans aggregating Rs. 1,982,631,973 to three Companies during the year. At the year-end, the outstanding balance of such loan is Rs. Nil and the maximum amount involved during the year was Rs. 673,303,278.
 - b. The rate of interest and other terms and conditions of such loan are, in our opinion, *prima facie* not prejudicial to the interests of the Company.



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- c. The receipts of principal amounts and interest have been as per stipulations.
- d. There are no overdue amounts as at the year-end.

The Company has not taken any secured/unsecured loan from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

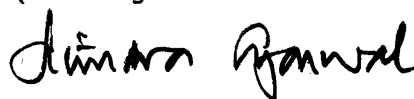
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system. The Company's operations during the year do not give rise to any sale of goods.
- (vi) According to the information and explanations given to us, there are no contracts or arrangements that needed 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. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (viii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. 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 and Excise Duty.
 - b. There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2013 for a period of more than six months from the date they became payable.
 - c. There are no statutory dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2013 on account of any dispute.



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- (xi) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) The Company has not taken any loan from banks or financial institutions and has not issued any debentures. Therefore, the provisions of clause 4(xi) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not availed any term loans. Therefore, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) 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 funds raised on short-term basis have *prima facie*, not been used during the year for long-term investment.
- (xviii) According to the information and explanations given to 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.
- (xix) According to the information and explanations given to us, during the year covered by our report, the Company has not issued any debentures.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues.
- (xxi) 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
(Firm Registration No. 015125N)



(Jitendra Agarwal)
Partner
(Membership No. 87104)

GURGAON, 16 April, 2013

IL&FS RAIL LIMITED

BALANCE SHEET AS AT 31 MARCH, 2013

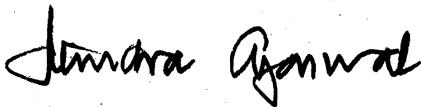
Particulars	Note No.	As at 31 March, 2013	As At 31 March, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	2,08,80,00,000	1,68,00,00,000
(b) Reserves and Surplus	4	16,70,76,876	1,84,00,791
2 Non - current liabilities			
(a) Long - term provisions	5	9,44,410	22,72,192
3 Current liabilities			
(a) Trade payables	6	29,51,03,555	23,31,21,283
(b) Other current liabilities	7	4,93,03,897	14,19,20,889
(c) Short - term Provisions	8	3,51,11,037	57,37,373
Total		<u>2,63,55,39,775</u>	<u>2,08,14,52,528</u>
B ASSETS			
1 Non - current assets			
(a) Fixed assets	9		
(i) Tangible assets		1,16,16,339	64,53,679
(ii) Intangible assets		99,671	62,486
(b) Non - current investments	10	1,85,05,94,400	94,30,00,000
(c) Deferred tax assets (Net)	11	38,72,045	28,58,847
(d) Long-term loans and advances	12	27,40,01,773	7,28,61,006
(e) Other non- current assets	13	7,65,23,294	-
2 Current assets			
(a) Trade Receivables	14	7,18,30,423	14,89,92,095
(b) Cash and bank balances	15	4,97,23,093	99,91,315
(c) Short - term loans and advances	16	7,74,49,725	78,90,14,664
(d) Other Current Assets	17	21,98,29,012	10,82,18,436
Total		<u>2,63,55,39,775</u>	<u>2,08,14,52,528</u>

See accompanying notes forming part of the financial statements

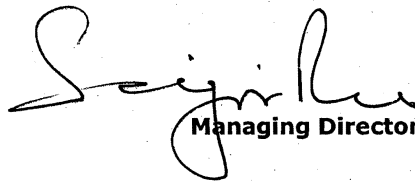
In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors



JITENDRA AGARWAL
Partner



Managing Director



Director



Chief Financial Officer & Company Secretary

Place: Gurgaon
Date: 16th April, 2013

Place: Gurgaon
Date: 16th April, 2013

IL&FS RAIL LIMITED

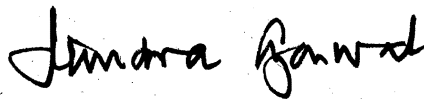
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
1 Revenue from operations	18	2,05,47,91,232	2,24,39,21,356
2 Other income	19	3,60,77,617	3,63,99,381
3 Total revenue (1 + 2)		<u>2,09,08,68,849</u>	<u>2,28,03,20,737</u>
4 Expenses:			
(a) Cost of materials consumed	20	17,69,84,593	21,49,27,915
(b) Construction cost	21	1,48,16,75,707	1,78,10,77,860
(c) Employee benefits expenses	22	12,36,31,043	11,35,55,122
(d) Depreciation and amortisation expense	9	40,03,006	19,32,921
(e) Other expenses	23	7,89,11,613	6,21,22,193
Total expenses		<u>1,86,52,05,962</u>	<u>2,17,36,16,011</u>
5 Profit before tax (3 - 4)		22,56,62,887	10,67,04,726
6 Tax expense:			
(a) Current tax expense		7,80,00,000	2,15,00,000
(b) Less: Minimum alternate tax (MAT) credit		-	(69,48,000)
(c) Deferred tax charge/(credit)		<u>(10,13,198)</u>	<u>(10,19,065)</u>
		7,69,86,802	1,35,32,935
7 Profit for the year (5-6)		14,86,76,085	9,31,71,791
8 Earnings per equity share (of Rs. 10 each)	28		
(a) Basic		0.85	0.74
(b) Diluted		0.85	0.74

See accompanying notes forming part of the financial statements

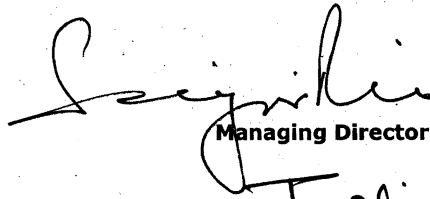
In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants



JITENDRA AGARWAL
Partner

For and on behalf of the Board of Directors



Managing Director



Director



Chief Financial Officer & Company Secretary

Place: Gurgaon
Date: 16th April, 2013

Place: Gurgaon
Date: 16th April, 2013

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013


	Year ended 31-Mar-13 Rupees	Year ended 31-Mar-12 Rupees
Cash Flow from Operating Activities		
Net profit before Tax	22,56,62,887	10,67,04,726
Adjustments for :-		
Interest income	(3,27,17,845)	(3,39,35,568)
Depreciation and amortisation expense	40,03,006	19,32,921
(Profit)/loss on sale of fixed assets	25,624	-
Provision for employee benefits	14,26,609	29,61,608
Operating profit before working capital changes	19,84,00,281	7,76,63,687
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Other non-current assets	(15,23,294)	-
Trade receivables	7,71,61,672	(14,89,92,095)
Other current assets	(11,85,61,808)	2,14,48,137
Long term loans and advances	(27,28,929)	(1,59,25,994)
Short term loans and advances	3,14,23,384	12,40,61,750
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Other long term liabilities	-	(5,16,29,784)
Trade payables	6,19,82,272	13,61,49,357
Other current liabilities	(9,26,16,992)	(9,53,68,970)
Net Cash from/(Used in) operating activities	15,35,36,587	4,74,06,088
Direct Taxes (paid)/refund	(1,74,54,288)	(4,19,81,767)
Net Cash from/(used in) operating activities	(A) 13,60,82,299	54,24,321
Cash flow from Investing Activities		
Purchase of fixed assets	(1,03,76,267)	(36,12,450)
Bank deposits not considered as Cash and cash equivalents	(23,00,000)	-
(Increase)/Decrease in non-current bank deposits	(7,50,00,000)	-
(Increase)/Decrease in intercorporate deposits/loan	67,33,03,277	(52,33,03,279)
Advance given against share application money	(22,55,00,000)	-
Proceeds from sale of fixed assets	11,47,792	-
Investments made	(90,75,94,400)	(40,95,00,000)
Interest received	3,96,69,077	3,19,27,332
Net Cash from/(used in) investing activities	(B) (50,66,50,521)	(90,44,88,397)
Cash flow from Financing Activities		
Proceeds from issue of equity share capital	40,80,00,000	90,00,00,000
Net Cash from/(used in) financing activities	(C) 40,80,00,000	90,00,00,000
Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)	3,74,31,778	9,35,924
Cash and Cash Equivalent at the beginning of the year	97,91,315	88,55,391
Cash and Cash Equivalent at the end of the year	4,72,23,093	97,91,315
Net Increase/(Decrease) in Cash and Cash Equivalents	3,74,31,778	9,35,924
Note:		
Reconciliation of Cash and cash equivalents		
Cash and cash equivalents as per balance sheet	4,97,23,093	99,91,315
Less: Fixed deposit under lien not considered as cash and cash equivalent	25,00,000	2,00,000
Cash and cash equivalents as per cash flow statement	4,72,23,093	97,91,315

Note:

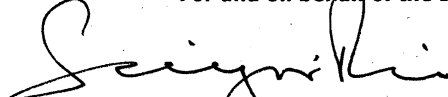
Cash Flow Statement has been prepared as per indirect method in accordance with Accounting Standard AS-3 on Cash Flow Statement

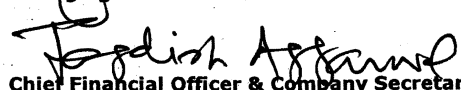
In terms of our report attached

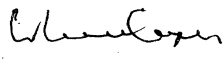
For DELOITTE HASKINS & SELLS
Chartered Accountants


JITENDRA AGARWAL
Partner

For and on behalf of the Board of Directors


Managing Director


Chief Financial Officer & Company Secretary


Director

Place: Gurgaon
Date: 16th April, 2013

Place: Gurgaon
Date: 16th April, 2013

IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 1 - Background

The Company was incorporated as a Joint Venture between IL&FS Transportation Networks Limited (ITNL), ENSO Limited and Mr. Sanjiv Rai vide a joint venture agreement dated February 4, 2008 to undertake activities under the said agreement. ITNL holding more than 50% capital is the Holding Company.

The Company was incorporated under the Companies Act, 1956 on February 19, 2008 and the Registrar of Companies has issued a "Certificate of Commencement of Business" dated April 10, 2008. During the year ended 31 March, 2012 the name of the Company was changed to IL&FS Rail Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, NCT of Delhi and Haryana on 06 February, 2012.

The Company has been set up for the development of urban and inter urban mass and freight transport infrastructure projects. The Company along with a consortium of IL&FS Transportation Networks Limited and DLF Limited had been awarded a Metrorail Project in Gurgaon by Haryana Urban Development Authority which is being executed through Rapid Metrorail Gurgaon Limited (RMGL), a special purpose entity. The Company has been awarded a construction contract for development of Metro Rail project by RMGL. The Company along with a consortium of IL&FS Transportation Networks Limited had been awarded an extension of Metrorail Project in Gurgaon by Haryana Urban Development Authority which is being executed through Rapid Metrorail Gurgaon South Limited (RMGSL) a special purpose entity.

Note No. 2 - Significant Accounting Policies

I Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

II Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions considered in the reported amounts of the assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and estimates are recognised in the periods in which the results are known/materialise.

III Revenue recognition

Revenue is recognised when it is realised or realisable and earned. Revenue is considered as realised or realisable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured.

Revenue in respect of arrangements made for rendering services over a specific contractual term is recognised on a straight-line basis over the contractual term of the arrangement. In respect of arrangements which provide for an upfront payment followed by additional payments as certain conditions are met (milestone payments), the amount of revenue recognised is based on the services delivered in the period as stated in the contract. In respect of arrangements where fees for services rendered are success based (contingent fees), revenue is recognised only when the factor(s) on which the contingent fees is based actually occur.

Revenue from construction contracts is recognised according to the stage of completion of the contract, which depends on the proportion of costs incurred for the work performed till date to the total estimated contract costs provided the outcome of the contract can be reliably estimated. When the outcome of the contract cannot be reliably estimated but the overall contract is estimated to be profitable, revenue is recognised to the extent of recoverable costs. Any expected loss on a contract is recognised as an expense immediately. Revenue is not recognised when the concerns about collection are significant.

IV Borrowing cost

In respect of fixed asset, borrowing costs attributable to construction of the project are capitalised up to the date of completion of construction. All borrowing costs subsequent to construction are charged to the Profit and Loss Account in the period in which such costs are incurred.

V Fixed Assets and Depreciation/Amortisation

a Tangible fixed assets and depreciation:

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

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation on tangible fixed assets is computed as under:

i. In respect of premises, depreciation is computed on the Straight Line Method at the rates provided under Schedule XIV of the Companies Act, 1956.

ii. 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
Data processing equipment	4 years
Specialised Office Equipment	3 years
Assets Provided to Employees	3 years
Licensed Software	Over the licence period
Intellectual Property Rights	5-7 years

iii. Depreciation on fixed assets, other than on assets specified in V(a) (i) and (ii) above, is provided for on the Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956. Depreciation is computed pro-rata from the date of acquisition of and up to the date of disposal.

iv. Leasehold improvement costs are capitalised and amortised on a straight-line basis over the period of lease agreement unless the corresponding rates under Schedule XIV are higher, in which case, such higher rates are used.

v. 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 purchase.

b Intangible assets and amortisation

Intangible assets comprise of software.

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

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

VI 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.

VII Investments

- a. Investments are recorded at actual cost including costs incidental to acquisition.
- b. Investments are classified as long term or current at the time of making such investments.
- c. Long term investments are individually valued at cost, less provision for diminution, that is other than temporary.
- d. Current investments are valued at the lower of cost and market value.

VIII Foreign currency transactions

- a. Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange difference arising on settlement thereof during the year is recognised as income or expenses in the Profit and Loss Account.
- b. Cash and bank balances, receivables, (other than those that are in substance the Company's net investment in a non-integral foreign operation), and liabilities (monetary items) denominated in foreign currency outstanding as at the year-end are valued at closing date rates, and unrealised translation differences are included in the Profit and Loss Account.

IX Employee benefits

a Short term

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

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or 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 in 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, using projected unit credit method 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.

iii. 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 and the liabilities are reported 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.



X Taxes on income

a. Taxes include taxes on income, 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 at rates that have been substantively enacted.

b. 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 are recognised in the financial statements.

c. 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 has carry 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.

d. 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 future taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

XI Provisions, contingent liabilities and contingent assets

a. 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.

b. 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.

c. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

d. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.

e. A contingent asset is neither recognised nor disclosed.

XII Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and return and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

XIII Financial income and borrowing costs

a. Financial income and borrowing costs includes interest income on bank deposits and interest expenses on loans.

b. Interest income is accrued evenly over the period of the instrument.

XIV Earnings per share

a. 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 year.

b. 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 average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

XV Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

XVI Cash and cash equivalents

Cash and bank balances, and current investments that have insignificant risk of change in value and original duration of up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

XVII Cash Flow Statement

The Cash Flow Statement is prepared in accordance with the "Indirect Method" as explained in the Accounting Standard (AS) 3 on "Cash Flow Statement".

XVIII Operating cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

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IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 3 - Share Capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Rupees	Number	Rupees
(a) Authorised				
Equity Shares of Rs. 10/- each with voting rights	26,00,00,000	2,60,00,00,000	19,00,00,000	1,90,00,00,000
	26,00,00,000	2,60,00,00,000	19,00,00,000	1,90,00,00,000
(b) Issued, Subscribed and fully paid up				
Equity Shares of Rs. 10/- each with voting rights	20,88,00,000	2,08,80,00,000	16,80,00,000	1,68,00,00,000
Total	20,88,00,000	2,08,80,00,000	16,80,00,000	1,68,00,00,000

See notes (i) to (iv) below

Notes:

(i) Rights, preferences and restrictions attached to shares

The Company has issued one class of equity shares having face value of Rs. 10 each. Each shareholder is entitled to one vote per share. Dividend if proposed by the board of directors is subject to approval of the shareholders in Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Number	Rupees	Number	Rupees
EQUITY SHARES WITH VOTING RIGHTS				
Shares outstanding at the beginning of the year	16,80,00,000	1,68,00,00,000	7,80,00,000	78,00,00,000
Shares Issued during the year	4,08,00,000	40,80,00,000	9,00,00,000	90,00,00,000
Shares outstanding at the end of the year	20,88,00,000	2,08,80,00,000	16,80,00,000	1,68,00,00,000

(iii) Details of Shares held by the holding company, ultimate holding Company, their subsidiaries and associates:

Particulars	As at March 31, 2013		As At March 31, 2012	
	Number	Rupees	Number	Rupees
EQUITY SHARES HELD BY:				
IL & FS Transportation Networks Limited, the holding company	14,46,78,830	1,44,67,88,300	11,64,08,510	1,16,40,85,100

(iv) Details of shares held by each Shareholder holding more than 5% shares:

Particulars	As at March 31, 2013		As At March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
IL & FS Transportation Networks Limited	14,46,78,830	69.29%	11,64,08,510	69.29%
Enso Infrastructures Private Limited	5,15,36,030	24.68%	4,14,66,590	24.68%
IL & FS Employees Welfare Trust	1,25,85,090	6.03%	1,01,24,850	6.03%

IL&FS RAIL LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note No. 4 - Reserves and surplus**

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
(a) Surplus/(deficit) in Statement of Profit and Loss		
Opening balance	1,84,00,791	(7,47,71,000)
Add: Profit for the year	14,86,76,085	9,31,71,791
Closing balance	<u>16,70,76,876</u>	<u>1,84,00,791</u>

Note No. 5 - Long term provisions

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
(a) Provision for employee benefits		
For Compensated absences	9,44,410	22,72,192
Total	<u>9,44,410</u>	<u>22,72,192</u>

Note No. 6 - Trade payables

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
Trade payables (other than acceptances)	29,51,03,555	23,31,21,283
Total	<u>29,51,03,555</u>	<u>23,31,21,283</u>

Note:

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 year. 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.



IL&FS RAIL LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note No. 7 - Other current liabilities**

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
(a) Mobilisation advance from customers	2,94,21,810	12,69,64,433
(b) Other liabilities		
(i) Statutory dues	1,98,82,087	1,49,56,456
Total	4,93,03,897	14,19,20,889

Note No. 8- Short-term provisions

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
(a) Provision for employee benefits		
For Compensated absences	86,01,487	54,33,639
For Gratuity	-	3,03,734
(b) Others	2,65,09,550	-
Provision for tax (Net of Advance tax Rs. 51,490,450; Previous year -Rs. Nil)		
Total	3,51,11,037	57,37,373



IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 9 - Fixed Assets

(Rupees)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2012	Additions	Disposals	As at 31 March, 2013	As at 1 April 2012	Depreciation/ amortisation	On Disposals	As at 31 March, 2013	As at 31 March, 2013	As at March 31, 2012
A. Tangible Assets										
(a) Plant and Equipment (Previous year)	71,738 -	- (71,738)	- -	71,738 (71,738)	3,514 -	9,489 (3,515)	- -	13,003 (3,514)	58,735 (68,224)	68,224 (-)
(b) Furniture and Fixtures (Previous year)	5,30,018 (2,93,093)	1,60,609 (2,36,925)	59,746 -	6,30,881 (5,30,018)	1,73,143 (44,392)	90,385 (1,28,750)	54,955 -	2,08,573 (1,73,143)	4,22,308 (3,56,875)	3,56,875 (2,48,701)
(c) Vehicles (Previous year)	73,95,881 (52,10,659)	93,18,511 (21,85,222)	27,06,795 -	1,40,07,597 (73,95,881)	31,88,866 (24,17,901)	28,29,364 (7,70,964)	15,56,171 -	44,62,059 (31,88,866)	95,45,538 (42,07,015)	42,07,015 (27,92,758)
(d) Office Equipment (Previous year)	16,26,017 (9,96,420)	1,03,799 (7,20,662)	4,90,010 (91,065)	12,39,806 (16,26,017)	10,78,223 (7,85,541)	1,91,859 (3,83,746)	4,88,765 (91,063)	7,81,317 (10,78,223)	4,58,489 (5,47,794)	5,47,794 (2,10,879)
(e) Data Processing Equipment (Previous year)	25,85,877 (22,30,174)	7,13,778 (3,55,703)	39,975 -	32,59,680 (25,85,877)	13,12,106 (6,89,191)	8,39,524 (6,22,915)	23,219 -	21,28,411 (13,12,106)	11,31,269 (12,73,771)	12,73,771 (15,40,983)
Total	1,22,09,531	1,02,96,697	32,96,526	1,92,09,702	57,55,852	39,60,621	21,23,110	75,93,363	1,16,16,339	64,53,679
(Previous Year)	(87,30,346)	(35,70,250)	(91,065)	(1,22,09,531)	(39,37,025)	(19,09,890)	(91,063)	(57,55,852)	(64,53,679)	(47,93,321)
B. Intangible Assets										
(a) Software	1,26,156	79,570	-	2,05,726	63,670	42,385	-	1,06,055	99,671	62,486
Total	1,26,156	79,570	-	2,05,726	63,670	42,385	-	1,06,055	99,671	62,486
(Previous Year)	(83,956)	(42,200)	-	(1,26,156)	(40,639)	(23,031)	-	(63,670)	(62,486)	(43,317)

Total depreciation and amortisation

Tangible assets	39,60,621
Intangible assets	42,385
	<u>40,03,006</u>

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IL&FS RAIL LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note No. 10 - Non - current investments**

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
Investments (at cost):		
Trade		
(a) Investments in Equity Instruments (Unquoted, fully paid up)		
(i) of subsidiaries		
Rapid Metrorail Gurgaon South Limited 32,440 (Previous year Nil) equity shares of Rs. 10/- each, fully paid-up	3,24,400	-
(ii) of associates		
Rapid Metrorail Gurgaon Limited 50,000 (Previous year 50,000) Equity shares of Rs. 10/- each	5,00,000	5,00,000
(b) Investments in Preference Shares (Unquoted, fully paid up)		
(i) of associates		
Rapid Metrorail Gurgaon Limited 184,977,000 (previous year 94,250,000) 0% Compulsory Convertible Preference Shares (CCPS) of Rs.10/- each	1,84,97,70,000	94,25,00,000
Total	<u>1,85,05,94,400</u>	<u>94,30,00,000</u>

Note No. 11 - Deferred tax assets

In compliance with the Accounting Standard relating to "Accounting for Taxes on Income" (AS- 22), the Company has recognised deferred tax Asset (Net) arising on account of timing differences. Major components of deferred tax assets arising on account of timing differences are:

Tax impact of items constituting deferred tax assets	As At March 31, 2013	As At March 31, 2012
In respect of difference in book and tax depreciation	6,64,689	2,60,144
In respect of provision for employee benefits	32,07,356	25,98,703
Deferred tax assets	<u>38,72,045</u>	<u>28,58,847</u>

IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 12 - Long - term loans and advances

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
<u>Unsecured, considered good</u>		
(a) Security Deposits: Other than related parties	7,26,000	7,26,000
(b) Loans and advances to related party Advance against share capital	22,55,00,000	-
(c) Loans and advances to employees	19,78,438	31,93,922
(d) Prepaid expenses	1,61,09,811	1,21,65,398
(e) Advance income tax (Net of Provision for tax Rs.20,987,321; Previous year -Rs. 21,500,000)	2,96,87,524	5,67,75,686
Total	<u>27,40,01,773</u>	<u>7,28,61,006</u>

Note:

Long term loans and advances include amounts due from:

(i) Officers of the Company	<u>3,53,876</u>	<u>5,72,578</u>
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Note No. 13 - Other non - current assets

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
<u>Unsecured, considered good</u>		
(a) Accruals Interest accrued on deposits	15,23,294	-
(b) Others Fixed deposit with bank under lien	7,50,00,000	-
Total	<u>7,65,23,294</u>	<u>-</u>

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IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 14 - Trade Receivables

Particulars	As At March 31, 2013 Rupees	As at 31 March, 2012 Rupees
<u>Unsecured, considered good</u>		
Due for less than 6 months	7,18,30,423	14,89,92,095
	<u>7,18,30,423</u>	<u>14,89,92,095</u>

Note No. 15 - Cash and bank balances

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
A. Cash and cash equivalents		
(a) Cash on hand	2,606	37,115
(b) Balances with banks -in current accounts	4,72,20,487	97,54,200
Total - Cash and cash equivalents (A)	<u>4,72,23,093</u>	<u>97,91,315</u>
B. Other Bank balances		
(a) In earmarked accounts - In fixed deposits (under lien)	25,00,000	2,00,000
Total - Other bank balances (B)	<u>25,00,000</u>	<u>2,00,000</u>
Total - Cash and bank balances (A+B)	<u>4,97,23,093</u>	<u>99,91,315</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement	<u>4,72,23,093</u>	<u>97,91,315</u>

Notes:

- (i) Fixed deposits are under bank lien as security against bank guarantees issued.
- (ii) Fixed deposits amounting to Rs. 200,000 (previous year Rs. 200,000) have an original maturity of more than 12 months
- (iii) Fixed deposits amounting to Rs. Nil (previous year Rs. 200,000) have an remaining maturity of more than 12 months from the balance sheet date.

Note No. 16 - Short - term loans and advances

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
<u>Unsecured, considered good</u>		
(a) Loans and advances to related parties	2,43,47,631	3,19,48,305
(b) Inter corporate deposit to ultimate holding company	-	67,33,03,278
(c) Loans and advances to employees	12,59,415	19,28,462
(d) Advance to vendors	5,00,98,761	7,38,52,376
(e) Prepaid expenses	15,79,567	10,34,243
(f) Service Tax Receivable	54,628	-
(g) Minimum Alternate Tax Credit Entitlement	-	69,48,000
(h) Advance gratuity	1,09,723	-
Total	<u>7,74,49,725</u>	<u>78,90,14,664</u>

Note No. 17 - Other Current Assets

Particulars	As At March 31, 2013 Rupees	As At March 31, 2012 Rupees
<u>Unsecured, considered good</u>		
(a) Unbilled revenue	21,97,46,336	10,11,84,528
(b) Interest accrued but not due on deposits	82,676	70,33,908
Total	<u>21,98,29,012</u>	<u>10,82,18,436</u>

IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 18 - Revenue From Operations

Particulars	For the year ended 31 March, 2013 Rupees	For the year ended 31 March, 2012 Rupees
(a) Sale of services		
Construction contract income	2,05,47,91,232	2,24,39,21,356
Total	<u>2,05,47,91,232</u>	<u>2,24,39,21,356</u>

Note No. 19 - Other Income

Particulars	For the year ended 31 March, 2013 Rupees	For the year ended 31 March, 2012 Rupees
(a) Interest income		
Interest on Intercompany deposits	1,47,23,578	3,39,35,568
Interest on fixed deposit	99,23,114	-
Interest on short term loan	80,71,153	-
Interest on income tax refund	23,46,069	5,80,565
Interest - others	1,33,637	13,19,278
(b) Net gain on foreign currency transactions/transalation	8,78,066	-
(c) Other non-operating income	2,000	5,63,970
Total	<u>3,60,77,617</u>	<u>3,63,99,381</u>

Note No. 20 - Cost of material consumed

Particulars	For the year ended 31 March, 2013 Rupees	For the year ended 31 March, 2012 Rupees
(a) Material and Components	17,69,84,593	21,49,27,915
Total	<u>17,69,84,593</u>	<u>21,49,27,915</u>

Note No. 21 - Construction cost

Particulars	For the year ended 31 March, 2013 Rupees	For the year ended 31 March, 2012 Rupees
(a) Sub-contractors charges for civil construction and other related works	1,48,16,75,707	1,78,10,77,860
Total	<u>1,48,16,75,707</u>	<u>1,78,10,77,860</u>

Note No. 22 - Employee Benefits Expenses

Particulars	For the year ended 31 March, 2013 Rupees	For the year ended 31 March, 2012 Rupees
(a) Salaries and wages	10,63,55,018	9,63,68,704
(b) Contribution to provident and other funds	1,45,14,264	1,38,62,039
(c) Staff welfare expenses	27,61,761	33,24,379
Total	<u>12,36,31,043</u>	<u>11,35,55,122</u>

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IL&FS RAIL LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note No. 23 - Other Expenses**

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rupees	Rupees
Legal and professional fees	1,44,50,158	1,67,45,599
Travelling and conveyance	91,80,175	86,38,531
Rent	1,38,64,810	59,61,679
Registration Expenses	35,07,668	55,00,000
Rates and taxes	24,361	39,385
Repair and Maintenance- others	13,28,703	3,88,488
Office maintenance	43,76,207	41,80,146
Communication expenses	13,80,507	13,88,554
Insurance charges	15,18,133	15,41,648
Power and fuel	7,09,253	5,60,628
Vehicle running and maintenance expenses	8,52,630	11,83,194
Auditor's remuneration (Refer Note (i) below)	11,62,968	11,53,120
Works contract tax	1,38,60,000	81,90,000
Directors' fees	2,89,776	2,80,000
Business promotion expenses	8,29,024	10,15,133
Donations	5,00,000	-
Net loss on foreign currency transactions/transalation	-	6,72,788
Wealth Tax	81,000	21,000
Royalty Expenses	59,94,672	6,34,831
Loss on sale of fixed assets (net)	25,624	-
Bank charges	6,11,383	10,58,150
Miscellaneous expenses	43,64,561	29,69,319
Total	7,89,11,613	6,21,22,193

Notes:**(i) Auditors' remuneration comprises:**

a. Statutory audit fee	10,00,000	10,00,000
b. Out of pocket expenses	35,037	40,799
c. Service Tax	1,27,931	1,12,321
	11,62,968	11,53,120

IL&FS RAIL LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note No. 24 - Contingent Liabilities and Commitments (to the extent not provided for)**

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rupees	Rupees
(a) Contingent Liabilities		
Guarantees/counter guarantees (non-financial) issued in respect of a subsidiary Company	50,00,00,000	-

Note No. 25 - Value of imports calculated on CIF basis

	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rupees	Rupees
(a) Material and Components	11,80,63,183	11,82,60,970
	<u>11,80,63,183</u>	<u>11,82,60,970</u>

Note No. 26 - Expenditure in foreign currency

	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rupees	Rupees
(a) Travelling	9,27,027	31,46,353
	<u>9,27,027</u>	<u>31,46,353</u>

Note No. 27 - Foreign currency exposure

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise is as under:

	As at 31 March, 2013	As at 31 March, 2012
	Rupees	Rupees
Payables		
Foreign currency - Euro	-	14,07,112
Indian Rupee equivalent	-	<u>9,54,97,540</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 28 - Earnings Per Equity Share

Particulars	Unit	For the year ended March 31, 2013	For the year ended March 31, 2012
(a) Earnings Per Equity Shares:			
Net profit after tax	Rupees	14,86,76,085	9,31,71,791
Weighted average number of equity shares outstanding during the year	Numbers	17,50,42,192	12,61,22,951
Nominal Value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per Share	Rupees	0.85	0.74
Equity shares used to compute diluted earnings per share	Numbers	17,50,42,192	12,61,22,951
Diluted Earnings per Share	Rupees	0.85	0.74

Note No. 29 - Construction Contracts

In accordance with the Accounting Standard 7 on 'Construction Contracts', the break-up of the contracts in progress at the reporting date is as under:

Particulars	For the year ended March 31, 2013	For the year ended 31 March, 2012
Details of contract revenue and costs		
1 Revenue recognised during the year	2,05,47,91,232	2,24,39,21,356
2 Aggregate of contract costs incurred and recognised profits upto the reporting date	4,64,28,14,096	2,58,80,22,864
3 Advances received	2,94,21,810	12,69,64,433
4 Gross amount due from customers for contract work	7,18,30,423	14,89,92,095

Note No. 30 - Segment Reporting

The Company is engaged in infrastructure development and thus operates in a single business segment. The Company 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.

IL&FS RAIL LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note No. 31 - Employee benefits****Employee Benefit Obligations:****Defined-Contribution Plans**

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. The Company recognised Rs. 5,327,260 (previous year Rs. 4,958,432) for Provident Fund contributions and Rs. 5,321,123 (previous year Rs. 4,940,913) for superannuation fund contributions in the Statement of Profit and Loss.

Defined-Benefits Plans

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 based on years of service and the employee's compensation (immediately before separation). The gratuity scheme covers 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. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

i. Change in benefit obligation	31 March, 2013	31 March, 2012
	Rupees	Rupees
Present value of obligation at the beginning of the year	77,23,386	35,52,343
Current Service Cost	36,88,135	34,43,394
Interest Expenses	6,09,132	2,95,770
Actuarial (Gain) / Loss	3,42,117	5,77,280
Benefits paid	(2,18,475)	(1,45,401)
Present value of obligations at the end of the year	1,21,44,295	77,23,386
ii. Fair value of Plan Assets	31 March, 2013	31 March, 2012
	Rupees	Rupees
Fair value of plan assets at the beginning of the year	74,19,652	45,17,492
Expected return on plan assets	7,86,947	4,77,486
Contributions by the Company	42,39,898	26,89,371
Benefits Paid	(2,18,475)	(1,45,401)
Actuarial (Gain) / Loss	25,996	(1,19,296)
Fair value of plan assets at the end of the year	1,22,54,018	74,19,652
iii. Return on Plan Assets	31 March, 2013	31 March, 2012
	Rupees	Rupees
Expected return on plan assets	7,86,947	4,77,486
Actuarial Gain/(loss)	25,996	(1,19,296)
Actual return on plan assets	8,12,943	3,58,190

iv. Amount recognised in the Balance Sheet	31 March, 2013	31 March, 2012
	Rupees	Rupees
Present value of defined benefit obligations	1,21,44,295	77,23,386
Fair value of Plan Assets	<u>1,22,54,018</u>	<u>74,19,652</u>
Net liability/(asset) recognised in the balance sheet	(1,09,723)	3,03,734
v. Expenses recognised in profit & Loss Account	31 March, 2013	31 March, 2012
	Rupees	Rupees
Current service costs	36,88,135	34,43,394
Interest expense	6,09,132	2,95,770
Expected return on investment	(7,86,947)	(4,77,486)
Net actuarial gain/(loss) recognized during the year	3,16,121	6,96,576
Expenditure recognized in Profit and Loss account	<u>38,26,441</u>	<u>39,58,254</u>
vi. Balance Sheet reconciliation	31 March, 2013	31 March, 2012
	Rupees	Rupees
Net liability/(asset) at the beginning of the year	3,03,734	(9,65,149)
Expenses as above	38,26,441	39,58,254
Contribution paid	(42,39,898)	(26,89,371)
Net liability/(asset) at the end of the year	<u>(1,09,723)</u>	<u>3,03,734</u>

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	31 March, 2013	31 March, 2012
Rate for discounting liabilities	8.00% p.a.	8.50% p.a.
Expected salary increase rate	6.50% p.a.	6.50% p.a.
Expected return on scheme assets	8.00% p.a.	8.00% p.a.
Attrition Rate	2.00% p.a.	2.00% p.a.
Mortality table used	LIC (1994-96) Mortality Table (ultimate)	LIC (1994-96) Mortality Table (ultimate)

viii. Experience Adjustment	31 March, 2013	31 March, 2012
	Rupees	Rupees
Present value of DBO	(1,21,44,295)	(77,23,386)
Fair value of plan assets	1,22,54,018	74,19,652
Funded status [Surplus / (Deficit)]	1,09,723	(3,03,734)
On obligations - (Gain) / Loss	3,42,117	5,77,280
On plan asset - Gain /(Loss)	25,996	(1,19,296)

The Employer's best estimate of the contributions expected to be paid to the plan during the next 12 months Rs. 4,717,235 (Previous year Rs. 2,689,371)

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

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IL&FS RAIL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 32 - Related Party Disclosures

Disclosures as required by the Accounting Standard (AS) 18 – "Related Party"

A. Name of the related parties and nature of relationship (With whom the Company has transactions during the period):

Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited
Holding Company:	IL&FS Transportation Networks Limited
Fellow Subsidiaries:	Rapid Metrorail Gurgaon Limited IL&FS Financial Services Limited
Subsidiary	Rapid Metrorail Gurgaon South Limited
Associates	IL&FS Engineering and Construction Company Limited IL&FS Technologies Limited
Companies with ability to exercise significant influence	ENSO Infrastructure Private Limited
Key Management Person (KMP):	Mr. Sanjiv Rai (Managing Director and CEO)

Particulars	Holding / Ultimate Holding Company	Subsidiary/Fell ow subsidiary	Associates	Companies Having Significant Influence	Key Managerial Personnel
B. Transactions during the year					
Shares capital issued					
IL&FS Transportation Networks Limited	28,27,03,200 (71,55,85,500)	- (-)	- (-)	- (-)	- (-)
ENSO Infrastructure Private Limited	- (-)	- (-)	- (-)	10,06,94,400 (12,21,66,000)	- (-)
Long term investments made					
Rapid Metrorail Gurgaon Limited	- (-)	90,72,70,000 (40,95,00,000)	- (-)	- (-)	- (-)
Rapid Metrorail Gurgaon South Limited	- (-)	3,24,400 (-)	- (-)	- (-)	- (-)
Construction Income					
Rapid Metrorail Gurgaon Limited	- (-)	1,93,62,29,424 (2,33,58,17,183)	- (-)	- (-)	- (-)

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Particulars	Holding / Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Companies Having Significant Influence	Key Managerial Personnel
Operating Expenses					
Infrastructure Leasing & Financial Services Limited	53,35,236 (5,75,549)	- (-)	- (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	- (4,000)	- (-)	- (-)	- (-)	- (-)
IL&FS Technologies Limited	- (-)	- (-)	9,76,437 (6,94,376)	- (-)	- (-)
Rapid Metrorail Gurgaon Limited	- (-)	2,65,81,185 (1,77,88,635)	- (-)	- (-)	- (-)
IL&FS Engineering and Construction Company Limited	- (-)	- (-)	54,98,50,767 (1,20,72,43,174)	- (-)	- (-)
Reimbursement of expenses					
Rapid Metrorail Gurgaon South Limited	- (-)	2,38,47,631 (-)	- (-)	- (-)	- (-)
Managerial remuneration					
Mr. Sanjiv Rai	- (-)	- (-)	- (-)	- (-)	3,29,42,632 (-)(3,20,30,327)
Inter Corporate Deposits placed					
Infrastructure Leasing & Financial Services Limited	1,18,24,30,027 (1,70,64,91,531)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	16,02,01,946 (-)	- (-)	- (-)	- (-)
Inter Corporate Deposits received back					
Infrastructure Leasing & Financial Services Limited	1,85,57,33,305 (1,18,31,88,253)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	16,02,01,946 (-)	- (-)	- (-)	- (-)
Interest earned					
Infrastructure Leasing & Financial Services Limited	1,40,03,753 (3,39,35,568)	- (-)	- (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	77,76,987 (-)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	7,19,825 (-)	- (-)	- (-)	- (-)
Short term loan given					
IL&FS Transportation Networks Limited	64,00,00,000 (-)	- (-)	- (-)	- (-)	- (-)
Short term loan received back					
IL&FS Transportation Networks Limited	64,00,00,000 (-)	- (-)	- (-)	- (-)	- (-)
Gurantees issued					
Rapid Metrorail Gurgaon South Limited	- (-)	50,00,00,000 (-)	- (-)	- (-)	- (-)

Notes:

1. Amount in brackets represent previous year figures.

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Particulars	Holding / Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Companies Having Significant Influence	Key Managerial Personnel
C. Balances at year end					
Trade Payables					
Infrastructure Leasing & Financial Services Limited	13,21,198 (80,311)	- (-)	- (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	- (1,42,343)	- (-)	- (-)	- (-)	- (-)
IL&FS Engineering and Construction Company Limited	- (-)	- (-)	3,38,99,917 (-)	- (-)	- (-)
Mobilisation advance received					
Rapid Metrorail Gurgaon Limited	- (-)	2,94,21,810 (12,69,64,433)	- (-)	- (-)	- (-)
Short-term loans and advances (Asset)					
Infrastructure Leasing & Financial Services Limited	- (5,000)	- (-)	- (-)	- (-)	- (-)
IL&FS Technologies Limited	- (-)	- (-)	- (30,261)	- (-)	- (-)
IL&FS Engineering and Construction Company Limited	- (-)	- (-)	- (3,18,37,503)	- (-)	- (-)
Rapid Metrorail Gurgaon South Limited	- (-)	2,43,47,631 (-)	- (-)	- (-)	- (-)
Long-term loans and advances (Asset)					
Rapid Metrorail Gurgaon South Limited	- (-)	22,55,00,000 (-)	- (-)	- (-)	- (-)
Trade receivables					
Rapid Metrorail Gurgaon Limited	- (-)	7,18,30,423 (14,89,92,095)	- (-)	- (-)	- (-)
Inter Corporate Deposits (Asset)					
Infrastructure Leasing & Financial Services Limited	- (67,33,03,278)	- (-)	- (-)	- (-)	- (-)
Interest Accrued (Asset)					
Infrastructure Leasing & Financial Services Limited	- (70,10,893)	- (-)	- (-)	- (-)	- (-)
Long term investments					
Rapid Metrorail Gurgaon Limited	- (-)	1,85,02,70,000 (94,30,00,000)	- (-)	- (-)	- (-)
Rapid Metrorail Gurgaon South Limited	- (-)	3,24,400 (-)	- (-)	- (-)	- (-)
Gurantees issued					
Rapid Metrorail Gurgaon South Limited	- (-)	50,00,00,000 (-)	- (-)	- (-)	- (-)

Amount in brackets represent balances as on March 31, 2012

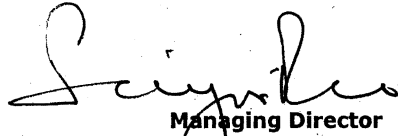
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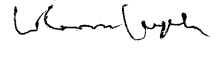
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

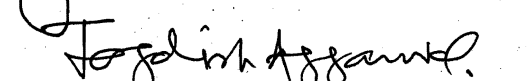
Note No. 33

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board


Managing Director


Director


Chief Financial Officer & Company Secretary

Place: Gurgaon
Date: 16th April, 2013

