

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAPID METRORAIL GURGAON LIMITED
Report on the Financial Statements**

We have audited the accompanying financial statements of **RAPID METRORAIL GURGAON LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Jitendra Agarwal

(Jitendra Agarwal)
Partner
(Membership No. 87104)



Place: Gurgaon
Date: 3 May, 2016

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **RAPID METRORAIL GURGAON LIMITED** ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Jitendra Agarwal

(Jitendra Agarwal)
Partner
(Membership No. 87104)



Place: Gurgaon
Date: 3 May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets :
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of 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. According to the information and explanations given to us and the records examined by us and based on the examination of Concession Contract entered into by the Company with Haryana Urban Development Authority (HUDA), we report that the Company has constructed civil structure on land leased from a government agency for which the Company has entered into a 'Concession Contract' which gives the Company the 'Right to Use' this immoveable asset for a specified period. Such right to use has been recognised and disclosed as an 'Intangible Asset' in the financial statements, since ownership of the asset does not vest with the Company and hence there are no title deeds for this immoveable asset.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- a. The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - b. The schedule of repayment of principal and payment of interest has been stipulated and receipts of principal amounts and interest have been regular as per stipulations.
 - c. There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence reporting under clause (v) of the CARO 2016 is not applicable.



- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) 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, Service Tax, 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 Sales Tax, Value Added Tax, Customs Duty and Excise Duty.
 - b. There are no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income-tax, Sales Tax, Service Tax, Value Added Tax, Customs Duty and Excise Duty which have not been deposited as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowings to banks. According to the information and explanations given to us, the Company has not taken any loan or borrowings from financial institution and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instrument) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.




- (xiv) According to the information and explanations given to us, the Company has made private placement of shares during the year under review.

In respect of the above issue, we further report that:

- a) The requirements of Section 42 of the Companies Act, 2013, as applicable, have been complied with.
- b) The amounts **raised** have been applied by the Company during the year for the purposes for which funds were raised, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

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


(Jitendra Agarwal)
Partner
(Membership No. 87104)



Place: Gurgaon
Date: 3 May, 2016

Rapid Metrorail Gurgaon Limited
Balance Sheet as at 31 March, 2016

Particulars	Note No.	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	6,310,041,660	5,524,041,660
(b) Reserves and surplus	4	<u>(3,345,463,041)</u>	<u>(2,066,399,475)</u>
		<u>2,964,578,619</u>	<u>3,457,642,185</u>
2 Non - current liabilities			
(a) Long-term borrowings	5	7,559,168,090	7,684,797,607
(b) Deferred tax liabilities (net)	6	-	-
(c) Other long term liabilities	7	221,142,925	140,778,242
(d) Long - term provisions	8	<u>704,740</u>	<u>922,192</u>
		<u>7,781,015,755</u>	<u>7,826,498,041</u>
3 Current liabilities			
(a) Current maturities of long-term debt	9	159,269,251	12,015,488
(b) Short-term borrowings	10	2,990,000,000	-
(c) Trade payables	11	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		76,090,577	62,611,047
(d) Other current liabilities	12	241,650,925	322,743,132
(e) Short-term provisions	13	<u>2,093,250</u>	<u>1,983,128</u>
		<u>3,469,104,003</u>	<u>399,352,795</u>
TOTAL		<u>14,214,698,377</u>	<u>11,683,493,021</u>
B ASSETS			
1 Non - current assets			
(a) Fixed assets			
(i) Tangible assets	14 A	6,824,907	7,355,133
(ii) Intangible assets	14 B	<u>11,051,317,030</u>	<u>11,414,702,017</u>
		<u>11,058,141,937</u>	<u>11,422,057,150</u>
(b) Long - term loans and advances	15	65,993,843	59,796,934
(c) Other non-current assets	16	<u>300,000</u>	<u>300,000</u>
		<u>11,124,435,780</u>	<u>11,482,154,084</u>
2 Current assets			
(a) Trade receivables	17	46,864,296	34,251,286
(b) Cash and cash equivalents	18	124,023,401	81,880,031
(c) Short-term loans and advances	19	2,914,571,127	82,835,936
(d) Other current assets	20	<u>4,803,773</u>	<u>2,371,684</u>
		<u>3,090,262,597</u>	<u>201,338,937</u>
TOTAL		<u>14,214,698,377</u>	<u>11,683,493,021</u>

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


Rajiv Banga
Director
(DIN - 02093324)


Deepak Dasgupta
Director
(DIN - 00457925)


Jagdish Aggarwal
Chief Financial Officer


Arita Bhattacharya
Company Secretary

Place: Gurgaon
Date: 03 May, 2016

Place: Gurgaon
Date: 03 May, 2016

Rapid Metrorail Gurgaon Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars	Note No.	For the year ended 31 March, 2016 <u>Rupees</u>	For the year ended 31 March, 2015 <u>Rupees</u>
1. Revenue from operations	21	449,129,386	417,462,695
2. Other income	22	18,264,814	25,774,304
3. Total revenue (1 + 2)		<u>467,394,200</u>	<u>443,236,999</u>
4. Expenses:			
(a) Employee benefits expense	23	122,051,526	105,837,530
(b) Finance costs	24	881,307,967	938,823,411
(c) Depreciation and amortisation expense	14 A & B	365,290,372	365,684,723
(d) Other expenses	25	377,807,901	386,226,289
Total expenses		<u>1,746,457,766</u>	<u>1,796,571,953</u>
5. Loss for the year (3-4)		(1,279,063,566)	(1,353,334,954)
6. Earnings per equity share of Rs. 10 each	28		
(a) Basic		(2.14)	(2.64)
(b) Diluted		(2.14)	(2.64)

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


Rajiv Banga
Director
(DIN -02093324)


Deepak Dasgupta
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(DIN - 00457925)


Jagdish Aggarwal
Chief Financial Officer


Arita Bhattacharya
Company Secretary

Place: Gurgaon
Date: 03 May, 2016

Place: Gurgaon
Date: 03 May, 2016

Rapid Metrorail Gurgaon Limited
Cash flow statement for the year ended 31 March, 2016

	For the year ended 31 March, 2016 Rupees	For the year ended 31 March, 2015 Rupees
A. Cash flow from operating activities		
Net loss before tax	(1,279,063,566)	(1,353,334,954)
<i>Adjustments for :-</i>		
Interest Income	(16,870,564)	(25,155,437)
Finance costs	881,307,967	938,823,411
Depreciation and amortisation expense	365,290,372	365,684,723
Provision for employee benefits	(107,330)	1,016,175
Operating loss before working capital changes	(49,443,121)	(72,966,082)
<i>Changes in working capital:</i>		
<i>Adjustments for (Increase) / decrease in operating assets:</i>		
Long term loans and advances	2,094,725	17,816,957
Short term loans and advances	6,948,186	(32,151,415)
Trade receivables	(12,613,010)	(24,633,964)
Other non-current assets	-	401,624,000
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	13,479,530	8,338,222
Other current liabilities	(28,713,405)	(35,199,962)
Other long term liabilities	80,364,683	52,427,878
Cash generated from operations	12,117,588	315,255,634
Net income tax (paid) / refunds	(8,291,634)	(15,054,056)
Net cash flow from/(used in) operating activities (A)	3,825,954	300,201,578
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(14,563,172)	(598,156,363)
Proceeds from sale of fixed assets	9	15,750
Short term loans given	(5,719,892,365)	-
Short term loans received back	2,881,208,988	-
Interest received	14,438,475	57,020,781
Net cash flow from/(used in) investing activities (B)	(2,838,808,065)	(541,119,832)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	786,000,000	942,000,000
Proceeds from long term borrowings	21,624,246	111,631,770
Proceeds from short term borrowings	2,990,000,000	-
Finance costs paid	(920,498,765)	(898,898,016)
Net cash flow from/(used in) financing activities (C)	2,877,125,481	154,733,754
Net increase/(decrease) in cash and cash equivalents (A+B+C)	42,143,370	(86,184,500)
Cash and cash equivalents at the beginning of the year	81,880,031	168,064,531
Cash and cash equivalents at the end of the year	124,023,401	81,880,031
(As per Note 18)		

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


Rajiv Banga
Director
(DIN -02093324)


Deepak Dasgupta
Director
(DIN - 00457925)


Jagdish Aggarwal
Chief Financial Officer


Arita Bhattacharya
Company Secretary

Place: Gurgaon
Date: 03 May, 2016

Place: Gurgaon
Date: 03 May, 2016

RAPID METRORAIL GURGAON LIMITED
Notes forming part of the financial statement

Note No. 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 IL&FS Rail Limited (Formerly ITNL Enso Rail Systems Limited) to execute Metro Rail Gurgaon Project. The Company has entered into a Concession Service Agreement with Haryana Urban development Authority (HUDA) for execution of the Metro Rail Project. The Company has started its commercial operations from 14 November, 2013.

Note No. 2 - Significant accounting policies

I Basis of accounting and 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 specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. 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 the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

III Fixed assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

IV Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

A. Tangible assets

- (i) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Asset type	Useful life (in years)
Data processing equipment – Server and Networking equipment	3
Specialised office equipment	3
Cars purchased by the company for employees	5
Assets provided to employees	3

- (ii) Leasehold Improvement costs are capitalised and amortised over the period of lease agreement. All categories of assets costing less than Rs. 5,000 each, Mobile Phones and Ipad / Tablets are fully depreciated in the year of purchase.

- (iii) The residual value of all the assets is retained at Rs. 1 each.



RAPID METRORAIL GURGAON LIMITED
Notes forming part of the financial statement

B. Intangible assets (Metro Rail Project)

The Company has built Metro Rail Project under public-to-private service concession arrangements to operate and maintain the same for 99 years (including construction/development period). The Company has received the right to charge users of public services, such rights are recognised and classified as 'Intangible Assets'. Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets.

These Intangibles assets are amortised on straight line basis over the estimated useful life as under:

Asset type	Useful life
Civil structures (Stations, viaduct, depots etc.)	95 years
Plant and equipment	
- Rolling stock	30 years
- Lifts and escalators	30 years
- Others (Signaling, tracks, automatic fare collection etc.)	10 years
Signage	5 years

Amortisation of Intangible assets is based on concession agreement terms and economic benefits that are expected to accrue to the Company over the concession period, considering, inter alia, the following factors:

- (i) The useful life of civil structure has been assessed on design basis report issued by the Independent consultant.
- (ii) The useful life of lifts, escalators and rolling stock is certified by the manufacturer and based on the design criteria and performance specification required by Company.

C. Intangible assets (others)

Asset type	Useful life
Software	4 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

V. Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss. 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 future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

VI. Foreign currency transactions

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.



VII Revenue recognition

Revenue from fare collection is recognised on the basis of use of tokens, money value of the actual usage in case of smart cards and other direct fare collection.

Revenue from non-fare services i.e. advertisement income is recognised on accrual basis in accordance with terms of contract with the customers.

VIII Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

IX Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

X Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

XI Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events 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 the best estimate 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 disclosed in the Notes. Contingent assets are not recognised in the financial statements.



XII Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns 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 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

XIV Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

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 statement of Profit and Loss 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 (for purposes of cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

XVII Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

XVIII Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps and forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss.

XIX Preliminary expenses

Preliminary expenses incurred on incorporation are written off fully in the period of commencement of the business.



RAPID METRORAIL GURGAON LIMITED
Notes forming part of the financial statement

XX Service tax Input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

XXI Operating cycle

Based on the nature of services/ 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.



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 3 - Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number	Rupees	Number	Rupees
(a) Authorised				
Equity Shares of Rs. 10 each with voting rights	760,000,000	7,600,000,000	660,000,000	6,600,000,000
	760,000,000	7,600,000,000	660,000,000	6,600,000,000
(b) Issued, Subscribed and fully paid up				
Equity Shares of Rs. 10 each with voting rights	631,004,166	6,310,041,660	552,404,166	5,524,041,660
Total	631,004,166	6,310,041,660	552,404,166	5,524,041,660

Refer Notes (i) to (iv) below

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Number	Rupees	Number	Rupees
EQUITY SHARES WITH VOTING RIGHTS				
Shares outstanding at the beginning of the year	552,404,166	5,524,041,660	448,404,166	4,484,041,660
Shares Issued during the year	78,600,000	786,000,000	104,000,000	1,040,000,000
Shares outstanding at the end of the year	631,004,166	6,310,041,660	552,404,166	5,524,041,660

(ii) 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.

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

Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Number	Rupees	Number	Rupees
EQUITY SHARES HELD BY:				
IL&FS Transportation Networks Limited, the holding Company	18,239,128	182,391,280	193,332,083	1,933,320,830
Infrastructure Leasing & Financial Services Limited, the ultimate holding Company	300,211,197	3,002,111,970	-	-
IL&FS Rail Limited, the fellow subsidiary Company (previous year the holding Company)	312,526,758	3,125,267,580	359,045,000	3,590,450,000

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

Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	No. of Shares held	% Holding	No. of Shares held	% Holding
Equity Shares				
IL&FS Rail Limited	312,526,758	49.53%	359,045,000	65.00%
IL&FS Transportation Networks Limited	18,239,128	2.89%	193,332,083	35.00%
Infrastructure Leasing & Financial Services Limited	300,211,197	47.58%	-	-



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 4 - Reserves and surplus

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Surplus/(deficit) in Statement of Profit and Loss		
Opening balance	(2,066,399,475)	(713,064,521)
Add: Loss for the year	(1,279,063,566)	(1,353,334,954)
Closing balance	(3,345,463,041)	(2,066,399,475)

Note No. 5 - Long term borrowings

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
Secured		
(a) Term loans		
From banks		
-Indian Rupee	6,954,080,000	7,096,000,000
-Foreign Currency	605,088,090	588,797,607
Total	7,559,168,090	7,684,797,607

Notes:

- (i) Term loan from banks are secured against first charge on all revenue receipts from the project and balance in escrow account
- (ii) Details of terms of repayment:
Term loans from banks in Indian rupee carry interest rate at bench mark prime lending rate (BMPLR) plus 1.25% and are repayable in 52 unequal quarterly Installments commencing in the quarter ending June 30, 2016 and terminating on March 31, 2029, as per the repayment schedule set out below:

Financial year	Repayment (% of debt)	Amount of Debt Repayment (Rupees)
2017-2018	3.06	212,880,000
2018-2019	4.08	283,840,000
2019-2020	5.10	354,800,000
2020-2021	6.12	425,760,000
2021-2022	7.14	496,720,000
2022-2023	8.16	567,680,000
2023-2024	9.18	638,640,000
2024-2025	10.20	709,600,000
2025-2026	10.20	709,600,000
2026-2027	12.24	851,520,000
2027-2028	12.24	851,520,000
2028-2029	12.24	851,520,000
Total	100.00	6,954,080,000

Term loans from banks in foreign currency carry interest rate at LIBOR plus 4.6% and are repayable in 18 unequal quarterly installments commencing in the quarter ending June 30, 2015 and terminating on September 30, 2019 as per the repayment schedule set out below:

Financial Year	Repayment (% of debt)	Amount of Debt Repayment (Rupees)
2017-2018	3.06	18,523,105
2018-2019	4.08	24,697,473
2019-2020	5.10	30,871,841
2020-2021	87.76	530,995,671
Total	100.00	605,088,090

- (iii) For the current maturities of long-term borrowings refer to Note 9



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 6 - Deferred tax liabilities (net)

The Company has carried out its deferred tax computation in accordance with the Accounting Standard (AS) - 22 on 'Taxes on Income' specified under Section 133 of the Companies Act, 2013. In view of carry forward losses and unabsorbed depreciation, the recognition of deferred tax assets is restricted to deferred tax liability arising on timing difference in respect of depreciation. In the absence of virtual certainty as on the date of the balance sheet, that there will be sufficient taxable income available to realize such assets in near future, the Company has not recognized additional deferred tax assets in respect of balance unabsorbed depreciation and business losses. The components of deferred tax are as follows:

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
Tax effect of items constituting deferred tax liabilities:		
Difference between book balance and tax balance of fixed assets	979,997,705	637,870,363
	<u>979,997,705</u>	<u>637,870,363</u>
Tax effect of items constituting deferred tax assets:		
Provision for employee benefits	951,037	987,518
Carried forward business loss and unabsorbed depreciation	979,046,668	636,882,845
	<u>979,997,705</u>	<u>637,870,363</u>
Net deferred tax liabilities	-	-

Note No. 7 - Other long term liabilities

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Others		
Connectivity charges payable	190,411,258	110,246,575
Security deposits from customers	30,731,667	30,531,667
Total	<u>221,142,925</u>	<u>140,778,242</u>

Note No. 8 - Long term provisions

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Provision for employee benefits		
For compensated absences	704,740	922,192
Total	<u>704,740</u>	<u>922,192</u>

Note No. 9 - Current maturities of long-term debt

Secured	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Term loans		
From banks		
-Indian Rupee	140,358,264	-
-Foreign Currency	18,910,987	12,015,488
	<u>159,269,251</u>	<u>12,015,488</u>

Note: Refer Note 5 for details of security

Note No 10 : Short term borrowings

Unsecured	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Short term borrowing from related parties	2,990,000,000	-
Total	<u>2,990,000,000</u>	-



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 11 - Trade payables

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
Other than acceptances		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
	<u>76,090,577</u>	<u>62,611,047</u>
Total	<u>76,090,577</u>	<u>62,611,047</u>

Note:

- (a) The amount due to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 has been disclosed to the extent of Information available with the Company from vendors regarding their status. As per the Information available with the Company, no Interest is paid/payable under the Act.



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 12 - Other current liabilities

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Interest accrued and due on borrowings	-	39,925,395
(b) Interest accrued but not due on short term borrowings	734,597	-
(c) Other payables		
(i) Payables on purchase of capital assets	205,179,017	218,367,021
(ii) Advances from customers	29,013,305	53,999,047
(iii) Retention money	882,455	1,421,839
(iv) Statutory dues (contribution to Provident Fund, Withholding taxes, VAT etc.)	5,841,551	4,271,443
(v) Book overdraft	-	4,758,387
Total	241,650,925	322,743,132

Note No. 13 - Short term provisions

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Provision for employee benefits For compensated absences	2,093,250	1,983,128
	2,093,250	1,983,128



Rapid Metro Rail Gurgaon Limited

Notes forming part of the financial statement

Note No. 14 - Fixed assets

Particulars	Gross block			Accumulated depreciation/amortisation		Net block	
	As at 1 April 2015	Additions	Deletions	As at 31 March 2016	For the year On deletions /adjustment	As at 31 March, 2016	As at 31 March, 2015
A. Tangible assets (owned)							
(a) Plant and equipment (Previous year)	2,039,170 (1,687,339)	(351,831)	-	2,039,170 (2,039,170)	136,013 (74,914)	1,728,908 (1,864,921)	1,864,921 (1,588,004)
(b) Furniture and fixture (Previous year)	4,358,388 (4,315,719)	568,255 (45,519)	20,469 (2,850)	4,906,174 (4,358,388)	675,787 (495,554)	3,232,864 (3,340,396)	3,340,396 (3,790,431)
(c) Vehicles (Previous year)	627,623 (627,623)	10,600	-	638,223 (627,623)	79,336 (13,525)	419,821 (488,557)	488,557 (502,082)
(d) Office equipment (Previous year)	2,300,561 (1,435,785)	658,163 (999,857)	317,486 (135,081)	2,641,238 (2,300,561)	365,910 (628,540)	1,117,404 (825,151)	825,151 (467,729)
(e) Data processing equipment (Previous year)	3,652,612 (3,522,960)	138,150 (147,200)	518,487 (17,548)	3,272,275 (3,652,612)	648,339 (1,087,207)	325,910 (836,108)	836,108 (1,777,970)
Total	12,978,354 (11,589,426)	1,375,168 (1,544,407)	856,442 (155,479)	13,497,080 (12,978,354)	1,905,385 (2,299,740)	6,824,907 (7,355,133)	7,355,133 (8,126,216)
B. Intangible assets							
(a) Software (Previous year)	1,050,728 (1,050,728)	-	-	1,050,728 (1,050,728)	120,844 (120,844)	211,562 (332,406)	332,406 (453,250)
(b) Metro rail project on BOT basis:							
(i) Civil structure (Previous year)	6,071,393,780 (6,071,393,780)	-	-	6,071,393,780 (6,071,393,780)	63,769,341 (63,769,341)	5,906,438,678 (5,970,208,019)	5,970,208,019 (6,033,977,360)
(ii) Plant and equipment (Previous year)	5,886,196,964 (5,886,196,964)	-	-	5,886,196,964 (5,886,196,964)	291,867,138 (291,867,134)	5,124,667,677 (5,416,534,815)	5,416,534,815 (5,708,401,949)
(iii) Signage (Previous year)	38,138,323 (38,138,323)	-	-	38,138,323 (38,138,323)	7,627,664 (7,627,664)	19,999,113 (27,626,777)	27,626,777 (35,254,441)
Total	11,996,779,795 (11,996,779,795)	-	-	11,996,779,795 (11,996,779,795)	363,384,987 (363,384,983)	11,051,317,030 (11,414,702,017)	11,414,702,017 (11,778,087,000)

31 March, 2016 31 March, 2015

(a) Tangible assets	1,905,385	2,299,740
(b) Intangible assets	363,384,987	363,384,983
	365,290,372	365,684,723

Total depreciation and amortisation expense

(a) Tangible assets	1,905,385	2,299,740
(b) Intangible assets	363,384,987	363,384,983
	365,290,372	365,684,723



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 15 - Long - term loans and advances

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
Other than related parties		
(a) Security deposits:	19,143,748	19,885,875
(b) Prepaid expenses	9,285,304	9,285,304
(c) Loan to employees	1,560,424	2,913,022
(d) Advance Income tax (Net of provision of Rs. 4,962,982) Previous year 4,962,982	36,004,367	27,712,733
Total	65,993,843	59,796,934

Note: Long-term loans and advances include amounts due from:

(i) Directors of the company	-	-
(ii) Officers of the company	405,287	562,488

Note No. 16 - Other non-current assets

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
(a) Fixed deposit with banks held as margin money or security against borrowings and other commitments	300,000	300,000
Total	300,000	300,000



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 17 - Trade receivables

Particulars	As at March 31, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
Due for less than 6 months	46,864,296	34,251,286
	46,864,296	34,251,286

Note No. 18 - Cash and cash equivalents

Particulars	As at March 31, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Cash on hand	1,700,390	2,109,358
(b) Balances with banks		
-in current accounts	73,060,489	27,910,673
-In ECB current accounts (in equivalent Indian rupees)	18,275	-
-in fixed deposits (with less than 3 months maturity)	49,244,247	51,860,000
Total	124,023,401	81,880,031

Note No. 19 - Short - term loans and advances

Particulars	As at March 31, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
(a) Inter corporate deposit to a fellow subsidiary	12,050,334	31,208,988
(b) Loans and advances to related parties	2,857,842,031	-
(c) Loans and advances to employees	931,199	1,135,467
(d) Prepaid expenses	7,273,673	10,337,438
(e) Balances with government authorities		
- Service Tax credit receivable	7,035,330	3,422,496
(f) Others		
Advance to vendors	342,155	3,610,011
Prepaid gratuity	1,390,329	1,355,639
Other receivables	27,706,076	31,765,897
Total	2,914,571,127	82,835,936

Note: Short-term loans and advances include amounts due from:

(i) Directors of the company	-	-
(ii) Officers of the company	157,161	151,174

Note No. 20 - Other current assets

Particulars	As at March 31, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Interest accrued but not due on:		
- bank deposits	2,555,006	2,371,684
- loans and advances to related parties	2,248,767	-
Total	4,803,773	2,371,684



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 21 - Revenue from operations

Particulars	For the Year ended 31 March, 2016 Rupees	For the Year ended 31 March, 2015 Rupees
(a) Sale of services		
Fare revenue	186,462,332	148,368,110
Non rare revenue (advertisement Income)	251,730,872	269,094,585
Consultancy Income	10,936,182	-
	449,129,386	417,462,695

Note No. 22 - Other Income

Particulars	For the Year ended 31 March, 2016 Rupees	For the Year ended 31 March, 2015 Rupees
(a) Interest Income		
- on bank deposits	5,637,770	22,880,218
- on short term deposit	1,396,081	2,275,219
- on short term loans and advances	9,836,713	-
- on Income tax refund	-	53,814
- Others	116,886	113,210
(b) Other non-operating Income		
Net gain on foreign currency transactions and translation	905,784	-
Miscellaneous Income	371,580	451,843
Total	18,264,814	25,774,304

Note No. 23 - Employee benefits expense

Particulars	For the Year ended 31 March, 2016 Rupees	For the Year ended 31 March, 2015 Rupees
(i) Salaries and wages	106,279,454	93,216,022
(ii) Contribution to provident and other funds	12,094,841	10,094,121
(iii) Staff welfare expenses	3,677,231	2,527,387
Total	122,051,526	105,837,530



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 24 - Finance costs

Particulars	For the Year ended 31 March, 2016 Rupees	For the Year ended 31 March, 2015 Rupees
(a) Interest expense on:		
(i) Borrowings	873,887,242	917,676,243
(ii) Others		
- Interest on delayed payment of income tax	-	198
(b) Other borrowing costs	7,420,725	21,146,970
Total	881,307,967	938,823,411

Note No. 25 - Other expenses

Particulars	For the Year ended 31 March, 2016 Rupees	For the Year ended 31 March, 2015 Rupees
(a) Legal and professional charges	44,327,658	45,463,679
(b) Travelling and conveyance	6,624,933	6,119,175
(c) Rent including lease rent	57,351,129	59,657,515
(d) Auditors' remuneration (see note (i) below)	1,529,719	1,367,185
(e) Connectivity charges	80,164,683	80,000,000
(f) Rates and taxes	951,907	924,500
(g) Repair and maintenance - Machinery	26,934,317	31,359,418
(h) Repair and maintenance - Others	619,266	163,694
(i) Communication expenses	2,721,614	2,647,323
(j) Insurance charges	13,336,432	13,409,358
(k) Power and fuel	58,508,077	56,346,714
(l) Directors' sitting fees	1,736,200	1,582,696
(m) Business promotion expenses	11,024,134	3,167,429
(n) Outsourced manpower expenses	60,040,808	71,512,643
(o) Printing and stationery	1,156,206	1,190,987
(p) Net loss on foreign currency transactions and translation	-	3,136,150
(q) Bank charges	725,777	779,713
(r) Miscellaneous expenses	10,055,041	7,398,110
Total	377,807,901	386,226,289

Notes:

(i) Payment to auditors comprises:

a. Statutory audit fee	1,300,000	1,200,000
b. Out of pocket expenses	37,773	16,790
c. Service tax on above	191,946	150,395
	1,529,719	1,367,185



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 26 - Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March, 2016 Rupees	As at 31 March , 2015 Rupees
(a) Contingent Liabilities		
Bank guarantees	300,000	300,000
(b) Commitments		
Connectivity charges (see note 27) (Net of accrued liability of Rs. 190,411,258; As at 31 March, 2015: Rs. 110,246,575)	7,409,588,742	7,489,753,425

Note No. 27 -Concession Contract

The Company had 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 has accepted the concession for a period of 99 years commencing from the effective date, to develop and operate the Project, which at the end of the concession period must be returned in the stipulated condition to grantor of the concession. In consideration of having designed, constructed, operated and maintained the Metro Rail Project, the Company is entitled to charge fare to the users of Metro rail besides other revenue from ancillary commercial activities.

The Commercial operations of the metro rail project had commenced from 14 November, 2013. Under the concession contract, the Company has received the right to collect revenue from passenger fares, advertisement income and property development within the project. Such rights are recognised and classified as intangible assets and recorded at actual cost.

The Company is required to pay connectivity charges of Rs. 7,600,000,000 to HUDA for providing connectivity at Sikanderpur metro station. The amount of connectivity charge is recognised in the Statement of Profit and Loss on a straight line basis over the balance concession period (i.e. concession period less period spent during construction/development of the project).



RAPID METRORAIL GURGAON LIMITED

Notes forming part of the financial statement

Note No. 28 - Earnings per equity share

Particulars	Unit	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Loss for the year	Rupees	(1,279,063,566)	(1,353,334,954)
Weighted average number of equity shares outstanding during the year	Numbers	596,943,903	512,387,728
Nominal Value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per Share	Rupees	(2.14)	(2.64)
Weighted average number of equity shares for calculation of diluted earnings per share	Numbers	596,943,903	512,387,728
Diluted Earnings per Share	Rupees	(2.14)	(2.64)

Note No. 29 - Segment reporting

The Company is engaged in operation of a metro rail project 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.

Note No. 30 - Leasing arrangements

The Company has entered into operating lease arrangements of business center for a period of 12 years. The lease agreement provides for an increase in lease charges by 12% in every 3 years. The last three years of the lease agreement are rent free. The minimum future lease payments during lease periods under the foregoing arrangements in the aggregate for each of the following periods is as follows:

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
(i) not later than one year	27,999,648	27,999,648
(ii) later than one year and not later than 5 years	4,666,608	32,666,256
(iii) later than five years	-	-

Lease payments recognised in the statement of profit and loss is Rs. 57,351,129 (Previous year Rs. 59,657,515).



RAPID METRORAIL GURGAON LIMITED

Notes forming part of the financial statement

Note No. 31 - Expenditure in foreign currency

	For the year ended 31 March, 2016 Rupees	For the year ended 31 March, 2015 Rupees
(a) Interest on borrowings	5,060,969	30,070,421
	5,060,969	30,070,421

Note No. 32 - Foreign currency exposures

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

	As at 31 March, 2016	As at 31 March, 2015
Long term borrowings		
Foreign currency (USD)	619	619
Indian Rupees	41,058	38,744

Note No. 33 - Forward Contract outstanding

	As at 31 March, 2016	As at 31 March, 2015
Number of Contracts	-	1
Foreign currency (Euro)	-	-
Foreign currency (USD)	-	2,000,000
Equivalent Indian Rupees	-	125,181,600
Buy/Sell	-	Buy

Note No. 34 - Interest rate Swap

Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts - 5 (As at 31 March, 2015 - 4)

Note No. 35 - Currency swaps

Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: 5 (As at 31 March, 2015: 4)



RAPID METRORAIL GURGAON LIMITED

Notes forming part of the financial statement

Note No. 36 - Employee benefits

Defined-Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund and superannuation fund. Provident 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, 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. 4,461,108 (previous year Rs. 4,073,020) for Provident Fund contributions, Rs. 4,385,359 (previous year Rs. 3,825,204) for superannuation fund contributions and Rs. 37,660 (previous year Rs. nil) for labour welfare 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. 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.

I. Change in benefit obligation	31 March, 2016	31 March, 2015
	Rupees	Rupees
Present value of obligation at the beginning of the year	5,122,459	3,350,513
Current service cost	2,546,727	2,348,829
Interest expenses	318,301	234,741
Actuarial (gains) / losses	842,311	20,875
Benefits paid	(1,975,555)	(832,499)
Benefits directly paid by the Company	(1,799)	-
Present value of obligations at the end of the year	6,852,444	5,122,459
	31 March, 2016	31 March, 2015
	Rupees	Rupees
II. Fair value of plan assets		
Fair value of plan assets at the beginning of the year	6,478,098	3,999,059
Expected return on plan assets	588,835	419,086
Contributions by the Company	3,243,605	2,902,990
Benefits paid	(1,975,555)	(832,499)
Actuarial (gains) / losses	(92,210)	(10,538)
Fair value of plan assets at the end of the year	8,242,773	6,478,098

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	31 March, 2016	31 March, 2015
	Rupees	Rupees
Expected return on plan assets	588,835	419,086
Actuarial (gains) / losses	(92,210)	(10,538)
Actual return on plan assets	496,625	408,548

IV. Amount recognised in the Balance Sheet	31 March, 2016	31 March, 2015
	Rupees	Rupees
Present value of defined benefit obligations	6,852,444	5,122,459
Fair value of Plan Assets	8,242,773	6,478,098
Net liability/(asset) recognised in the balance sheet	(1,390,329)	(1,355,639)

v. Expenses recognised in statement of Profit and Loss	31 March, 2016	31 March, 2015
	Rupees	Rupees
Current service costs	2,546,727	2,348,829
Interest expense	318,301	234,741
Expected return on plan assets	(588,835)	(419,086)
Net actuarial gains/(losses)	934,521	31,413
Expenses recognised in the statement of profit and Loss	3,210,714	2,195,897

VI. Balance Sheet reconciliation	31 March, 2016	31 March, 2015
	Rupees	Rupees
Net liability/(asset) at the beginning of the year	(1,355,639)	(648,546)
Expenses as above	3,210,714	2,195,897
Contribution paid	(3,243,605)	(2,902,990)
Benefits directly paid by the Company	(1,799)	-
Net liability/(asset) at the end of the year	(1,390,329)	(1,355,639)



RAPID METRORAIL GURGAON LIMITED

Notes forming part of the financial statement

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, 2016	31 March, 2015
Discount rate	7.70% p.a.	8.00% p.a.
Expected salary increase rate	6.50% p.a.	6.50% p.a.
Expected return on plan assets	8.00% p.a.	8.00% p.a.
Attrition Rate	2.00% p.a.	2.00% p.a.
Mortality table used	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

viii. Experience adjustment

	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of DBO	6,852,444	5,122,459	3,350,513	1,151,188	382,838
Fair value of plan assets	8,242,773	6,478,098	3,999,059	1,688,216	535,774
Funded status [Surplus / (Deficit)]	1,390,329	1,355,639	648,546	537,028	152,936
On Obligations - (Gain)/Loss	842,311	20,875	282,055	76,576	58,153
On Plan Assets - Gain/(Loss)	(92,210)	(10,538)	(162,960)	(35,668)	(35,668)

Other Details

- a) The Employer's best estimate of the contributions expected to be paid to the plan during the next 12 months is Rs. 3,157,632 (Previous year Rs. 1,478,742)

ix. Actuarial assumptions for compensated absences

	31 March, 2016	31 March, 2015
Discount rate	7.70% p.a.	8.00% p.a.
Expected salary increase rate	6.50% p.a.	6.50% p.a.
Expected return on plan assets	8.00% p.a.	8.00% p.a.
Attrition Rate	2.00% p.a.	2.00% p.a.
Mortality table used	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate



RAPID METRORAIL GURGAON LIMITED

Notes forming part of the financial statement

Note 37: Related party disclosure

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

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

Holdinq Company:	IL&FS Rail Limited (upto 29 December, 2015) IL&FS Transportation Networks Limited (ITNL)
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited (IL&FS)
Fellow Subsidiary Companies	IL&FS Financial Services Limited (IFIN) IL&FS Rail Limited (From 30 December, 2015) IL&FS Trust Company Limited (ITCL) IL&FS Investment Managers Limited (IIML) Rapid Metrorail Gurgaon South Limited Pune Sholapur Road Development Company Limited
Associates:	Jorabat Shillong Expressway Limited
Key Management Person (KMP):	Mr. Pritam Kumar (Manager) (w.e.f. 20 October, 2014 till 15 June 2015) Mr. Praveen Kumar (Manager) (w.e.f. 21 July, 2015)

Particulars	Holding / Ultimate Holding Company	Fellow subsidiary	Associates	Key Managerial Personnel
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**B. Transactions during the year:
Shares capital issued**

IL&FS Transportation Networks Limited	275,100,000 (364,000,000)	- (-)	- (-)	- (-)
IL&FS Rail Limited	510,900,000 (676,000,000)	- (-)	- (-)	- (-)

Operating expenses

Infrastructure Leasing & Financial Services Limited	32,869,152 (36,975,558)	- (-)	- (-)	- (-)
IL&FS Trust Company Limited (ITCL)	- (-)	250,000 (250,000)	- (-)	- (-)
IL&FS Rail Limited	- (-)	-23,904,816 (-24,786,584)	- (-)	- (-)
Rapid Metrorail Gurgaon South Limited	- (-)	-9,392,346 (-9,263,897)	- (-)	- (-)

Construction and development expenses (CWIP)

IL&FS Rail Limited	- (-)	- (104,097,420)	- (-)	- (-)
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Inter Corporate Deposits placed

IL&FS Financial Services Limited	- (-)	12,050,334 (182,078,474)	- (-)	- (-)
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Inter Corporate Deposits received back

IL&FS Financial Services Limited	- (-)	31,208,988 (150,869,486)	- (-)	- (-)
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Short term loan given

IL&FS Transportation Networks Limited	2,850,000,000 (-)	- (-)	- (-)	- (-)
Jorabat Shillong Expressway Limited	- (-)	- (-)	1,850,000,000 (-)	- (-)
Pune Sholapur Road Development Company Limited	- (-)	1,000,000,000 (-)	- (-)	- (-)



Particulars	Holding / Ultimate Holding Company	Fellow subsidiary	Associates	Key Managerial Personnel
Short term loan received back				
IL&FS Transportation Networks Limited	2,850,000,000 (-)	- (-)	- (-)	- (-)
Interest Income				
IL&FS Financial Services Limited	(-)	1,396,081 (2,275,219)	- (-)	(-)
IL&FS Transportation Networks Limited	7,338,082 (-)	- (-)	- (-)	- (-)
Jorabat Shillong Expressway Limited	- (-)	- (-)	1,621,919 (-)	- (-)
Pune Sholapur Road Development Company Limited	- (-)	876,712 (-)	- (-)	- (-)
Short term borrowings taken				
IL&FS Financial Services Limited	- (-)	2,850,000,000 (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	140,000,000 (-)	- (-)	- (-)	- (-)
Interest expense				
IL&FS Financial Services Limited	- (-)	9,529,315 (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	816,219 (-)	- (-)	- (-)	- (-)
Income from services				
Rapid Metrorail Gurgaon South Limited	- (-)	10,936,182 (-)	- (-)	- (-)
Managerial remuneration				
Mr. Prltam Kumar	- (-)	- (-)	- (-)	391,667 (266,667)
Mr. Praveen Kumar	- (-)	- (-)	- (-)	417,742 (-)

Notes:

1. Figures in brackets represent previous year number



Particulars	Holding / Ultimate Holding Company	Fellow subsidiary	Key Managerial Personnel	
Balances at year end				
Trade payables				
Infrastructure Leasing & Financial Services Limited	(320,744)	(-)	(-)	(-)
IL&FS Transportation Networks Limited	45,712 (-)	(-)	(-)	(-)
Other current liabilities				
IL&FS Rail Limited	(79,479,856)	45,715,151 (-)	(-)	(-)
Short term borrowings				
IL&FS Transportation Networks Limited	140,000,000 (-)	(-)	(-)	(-)
IL&FS Financial Services Limited	(-)	2,850,000,000 (-)	(-)	(-)
Interest accrued but not due				
IL&FS Transportation Networks Limited	734,597 (-)	(-)	(-)	(-)
Inter Corporate Deposits				
IL&FS Financial Services Limited	(-)	12,050,334 (31,208,988)	(-)	(-)
Interest accrued (Asset)				
IL&FS Financial Services Limited	(-)	174,000 (556,829)	(-)	(-)
Jorabat Shillong Expressway Limited	(-)	(-)	1,459,726	(-)
Pune Sholapur Road Development Company Limited	(-)	789,041	(-)	(-)
Short term loans and advances				
Jorabat Shillong Expressway Limited	(-)	(-)	1,850,000,000	(-)
Pune Sholapur Road Development Company Limited	(-)	1,000,000,000	(-)	(-)
Rapid Metrorail Gurgaon South Limited	(-)	7,842,031	(-)	(-)
Trade receivables				
Rapid Metrorail Gurgaon South Limited	(-)	12,500,000	(-)	(-)
Other receivables				
Infrastructure Leasing & Financial Services Limited	240,976 (-)	(-)	(-)	(-)
Equity share capital				
IL&FS Transportation Networks Limited	182,391,280 (1,933,320,830)	(-)	(-)	(-)
Infrastructure Leasing & Financial Services Limited	3,002,111,970 (-)	(-)	(-)	(-)
IL&FS Rail Limited	(3,590,450,000)	3,125,267,580 (-)	(-)	(-)

Note: The figures in brackets represent balances as on 31 March, 2015



Rapid Metrorail Gurgaon Limited

Notes forming part of the financial statement

Note No. 38

Management has carried out a review of the carrying value of fixed assets as at 31 March, 2016 in accordance with the provisions of Accounting Standard - 28, Impairment of Assets. Based on the review, the management is of the opinion that there is no impairment that necessitate any adjustments to the carrying value of fixed assets.

Note No. 39

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 of Directors


Rajiv Banga
Director
(DIN - 02093324)


Deepak Dasgupta
Director
(DIN - 00457925)


Jagdish Aggarwal
Chief Financial Officer


Anita Bhattacharya
Company Secretary

Place: Gurgaon

Date: 03 May, 2016

