

**RAPID METRORAIL GURGAON
SOUTH LIMITED**

ANNUAL REPORT

2013-14

RAPID METRORAIL GURGAON SOUTH LIMITED

DIRECTORS' REPORT

The Shareholders

Rapid MetroRail Gurgaon South Limited

Your Directors have pleasure in presenting the Second Annual Report along with the Audited Accounts for the period ended 31st March 2014

FINANCIAL RESULTS

The Company is currently implementing the Gurgaon South Extension project and is under construction phase. The cost incurred till March 31, 2014 is Rs 546.39 Cr.

During the year the company has earned revenue mainly on account of interest income and has incurred certain expenses which are not permitted to be capitalized as per accounting standards and are reflected in the profit & loss account as under:-

Particulars	As on March 2014 (Rs.)	As on March 2013 (Rs.)
Total Income	2,507,382	-
Total Expenses	19,222,995	348,592
Profit/(Loss) for the period	(16,715,613)	(348,592)
<u>Less: Provision for Tax</u>	800,000	-
<u>Add: MAT Credit</u>	-	-
<u>Add: Deferred Tax</u>	-	-
Profit/(Loss) after Tax carried forward to Balance sheet	(17,515,613)	(348,592)

DIVIDEND

Your Directors regret their inability to recommend any dividend in view of the company being in the construction phase.

BACKGROUND

Your Company was incorporated on August 24, 2012 and received its Certificate of Commencement of Business on October 16, 2012.

The Haryana Urban Development Authority (HUDA) has granted a concession for a period of 98 years for financing, design, construction, procurement, installation, commissioning, operation and maintenance of all systems required for successful project.

*Regd. Off.: 2nd Floor, Ambience Corporate Towers, Ambience Island, National Highway#8,
Gurgaon, Haryana-122001*

RAPID METRORAIL GURGAON SOUTH LIMITED

Your Company is working on the Gurgaon Metro South Extension (RMGSL) project which involves construction of metro rail link from Sikanderpur metro station on the Delhi Metro line to Sector – 56 in the south-east of Gurgaon traversing along the Golf Course Road serving various employment and residential areas in its immediate vicinity. Length of the corridor is approximately 7 km.

The project involves construction of Five stations on the alignment which are follows:-

- DLF Phase I
- Sushant Lok I
- Sector 42 Crossing
- AIT Chowk
- Sector 55 – 56

The project cost is estimated at Rs. 2143 Crores with Debt of Rs. 1500 Crores and Equity of Rs. 643 Crores. The Company has successfully achieved the Financial Closure in the month of July 2013 for raising debt of Rs 1500Cr from the Consortium of Lenders including External Commercial Borrowings (ECB) from IIFCL (UK).

IMPLEMENTATION

During the year, the following important works related to the project were undertaken:-

- Most of the design work has been either conceptualized or are on the verge of conceptualization
- Design work for structural work has been initiated
- The Company has awarded contracts for construction of viaduct, five stations and Depot.
- The contract for supply, installation, testing and commissioning of rolling stock, signalling, Depot Plant & Machinery, Power system and integration have been awarded to a consortium of Siemens Germany, China & India

The Contract for finishing & Electrical & Mechanical Works, import of track, lifts & escalators, roofing systems, AFC, Communication system etc are under process of awarding.

Financial Progress till 31st Mar' 2014:

- Rs. 334.00 Cr in aggregate disbursed by the Lenders till 31st Mar' 2014.
- Rs. 162.05 Cr of equity contributed by Sponsors till 31st Mar' 2014

Regd. Off.: 2nd Floor, Ambience Corporate Towers, Ambience Island, National Highway#8, Gurgaon, Haryana-122001

RAPID METRORAIL GURGAON SOUTH LIMITED

INITIATIVE FOR THE IMPLEMENTATION OF THE NEW COMPANIES ACT, 2013

The Ministry of Corporate Affairs (the Ministry) introduced the New Companies Act, 2013 (the Act) with the notification of 98 Sections of the Act in September 12, 2013 and subsequently, with the notification of the 183 Sections of the Act in March 26, 2014. The Ministry is yet to notify 189 Sections of the Act. The Act has come into force from April 01, 2014 and has introduced significant changes in the provisions related to governance, e-management, compliance and enforcement, disclosure norms and auditors. In view of the Act, the Company has been undertaking various initiatives and efforts for the implementation of the Act within the transition period.

SHARE CAPITAL

The Issued and Subscribed Equity Share Capital of the Company as on March 31, 2014, were Rs. **162.05 Cr.**

DIRECTORS

In terms of the provisions of Section 256 of the Companies Act, 1956, (the Act) Mr. R.L Kabra and Mr. George Cherian, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment

Mr. Mukund Sapre and Mr. Pradeep Puri were appointed as Additional Directors of the Company by Circular Resolution dated March 24, 2014. In accordance with the provisions of Section 260 of the Companies Act, 1956, the above directors who hold office up to the date of this Annual General Meeting are proposed for reappointment at the ensuing Annual General Meeting of the Company.

Mr. Pritam Kumar and Mr. Jagdish Aggarwal Directors resigned from the Board of the Company on July 22, 2013

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

MANAGING DIRECTOR

Mr. Sanjiv Rai, Director of the Company was appointed as Managing Director of the Company w.e.f. July 22, 2013 at the meeting of the Board of Directors held on July 22, 2013.

RAPID METRORAIL GURGAON SOUTH LIMITED

AUDITORS

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

DEPOSITS

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

CORPORATE GOVERNANCE

Five Board Meetings were held on April 1, 2013, April 16, 2013, July 22, 2013, October 22, 2013 and January 17, 2014 during the year under review. The number of meetings attended by the Directors is as under:

Director	No of Board Meetings attended
Mr. Sanjiv Rai	5
Mr. Pritam Kumar	2
Mr. Jagdish Aggarwal	2
Mr. George Cherian	3
Mr. R.L Kabra	4
Mr. Deepak Dasgupta	3
Mr. Suresh Chand Mittal	3
Mr. Pradeep Puri(Appointed on March 24, 2014)	0
Mr. Mukund Sapre(Appointed on March 24, 2014)	0

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Sanjiv Rai, Managing Director and three Non-Executive Directors, namely, Mr. Deepak Dasgupta, Mr. R L Kabra and Mr. George Cherian as members. The Audit Committee met four times during the year under review

EMPLOYEES

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

RAPID METRORAIL GURGAON SOUTH LIMITED

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings. The expenditure in foreign currency of USD 1,592,200 and GBP 18,450 was incurred during the year.

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

PARTICULARS OF EMPLOYEES

Information to be provided under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not required since there is no employee covered by these provisions.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (1) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures
- (2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the losses of the Company for that period
- (3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (4) The Directors have prepared the Annual Accounts on a going concern basis

RAPID METRORAIL GURGAON SOUTH LIMITED

ACKNOWLEDGMENTS

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

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

**Sd/-
Chairman**

Place : Gurgaon
Date : July 17, 2014

RAPID METRORAIL GURGAON SOUTH LIMITED

*Rapid MetroRail Gurgaon South Limited
Annual Report 2013-14*

2nd Annual Report

Financial year ended on 31st March 2014

BOARD OF DIRECTORS

Mr. Deepak Dasgupta
Mr. Sanjiv Rai
Mr. R.L Kabra
Mr. George Cherian
Mr. Pradeep Puri
Mr. S.C Mittal
Mr. Mukund Sapre

COMPANY SECRETARY

Ms. Kanika Bhattacharya

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants,
7th Floor, Building No 10, Tower B
DLF City Cyber Complex
DLF City Phase-II
Gurgaon - 122002
Haryana, India

BANKER

Canara Bank
New Delhi

REGISTERD OFFICE

2nd Floor, Ambience Corporate Towers
Ambience Island, National Highway # 8
Gurgaon – 122 001, Haryana, India

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RAPID METRORAIL GURGAON SOUTH LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **RAPID METRORAIL GURGAON SOUTH LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

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 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 control 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.



Deloitte Haskins & Sells

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

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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss 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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).



**Deloitte
Haskins & Sells**

- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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, 21 April, 2014

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 during the year, clauses (viii), (x) and (xiii) of paragraph 4 of the Order are 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 company has not disposed off any of the fixed assets the year.
- (iii) The Company's operations, during the year, did not give rise to any inventory. Therefore, the provisions of clause 4(ii) of the Order are not applicable to the Company.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, 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 fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system. The Company's operations during the period do not give rise to any purchase of inventory or sale of goods and services.
- (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 period 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.



Deloitte Haskins & Sells

- (ix) According to the information and explanations given to us, in respect of statutory dues:
- a. Other than for delays in deposit of tax deducted at source, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income 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 Investor Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty 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, 2014 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, 2014 on account of any dispute.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. According to the information and explanations given to us, the Company has not taken any loan from financial institution and has not issued any debentures.
- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that the Company has incurred capital expenditure during the period against which current liabilities are outstanding at year-end which has resulted in short-term funds in the nature of current liabilities used to the extent of Rs. 509,151,447 for long-term investment.
- (xvi) 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.

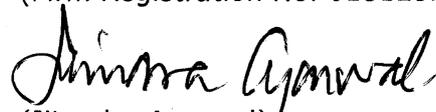
**Deloitte
Haskins & Sells**

- (xvii) According to the information and explanations given to us, during the year covered by our report, the Company has not issued any debentures.
- (xviii) According to the information and explanations given to us, the Company has not raised any money by public issues.
- (xix) 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 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, 21 April, 2014

RAPID METRORAIL GURGAON SOUTH LIMITED
Balance Sheet as at March 31, 2014
CIN - U35990HR2012PLC046882
BALANCE SHEET AS AT 31 MARCH, 2014

Particulars	Note No.	As at 31 MARCH, 2014 Rupees	As at 31 MARCH, 2013 Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,620,500,000	500,000
(b) Reserves and surplus	4	(17,864,205)	(348,592)
2 Non - current liabilities			
(a) Long-term borrowings	5	3,340,000,000	-
(b) Deferred tax liabilities (Net)	6	-	-
(c) Long - term provisions	7	102,928	519,190
3 Current liabilities			
(a) Trade payables	8	2,823,658	24,343,143
(b) Other current liabilities	9	668,891,402	1,496,926,447
(c) Short-term provisions	10	50,944	-
TOTAL		<u>5,614,504,727</u>	<u>1,521,940,188</u>
B ASSETS			
1 Non - current assets			
(a) Fixed assets (net)			
(i) Tangible assets	11	4,903,452	84,302
(ii) Intangible assets under development	20	5,136,477,715	1,484,820,340
(b) Long - term loans and advances	12	310,509,003	8,427,155
2 Current assets			
(a) Cash and cash equivalents	13	149,172,158	21,852,219
(b) Short - term loans and advances	14	13,053,400	6,756,172
(c) Other current assets	15	388,999	-
TOTAL		<u>5,614,504,727</u>	<u>1,521,940,188</u>

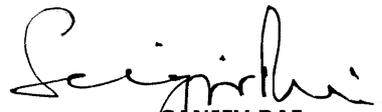
See accompanying notes forming part of the financial statements

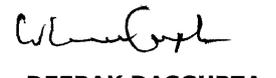
In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants


JITENDRA AGARWAL
Partner

For and on behalf of the Board of Directors


SANJIV RAI
Managing Director
(DIN - 02076385)


DEEPAK DASGUPTA
Director
(DIN - 00457925)


KANIKA BHATTACHARYA
Company Secretary



Place: Gurgaon
Date: 21st April 2014

Place: Gurgaon
Date: 21st April 2014

RAPID METRORAIL GURGAON SOUTH LIMITED
CIN - U35990HR2012PLC046882
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	Note No.	For the year	For the year
		ended 31 March, 2014	ended 31 March, 2013
		Rupees	Rupees
1. Other income	16	2,507,382	-
2. Total revenue		2,507,382	-
3. Expenses:			
(a) Employee benefits expense	17	1,346,470	46,859
(b) Finance costs	18	1,078,616	-
(c) Depreciation and amortisation expense	11	571,121	18,123
(d) Other expenses	19	16,226,788	254,630
(e) Preliminary expenses written-off		-	28,980
Total expenses		19,222,995	348,592
4. Profit / (loss) before tax (3 -4)		(16,715,613)	(348,592)
5. Tax expense:			
(a) Current tax		800,000	-
6. Profit/(loss) for the year (4-5)		(17,515,613)	(348,592)
7. Earnings per equity share of Rs. 10 each	23		
(a) Basic		(0.13)	(6.97)
(b) Diluted		(0.13)	(6.97)

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



SANJIV RAI
Managing Director
(DIN - 02076385)



DEEPAK DASGUPTA
Director
(DIN - 00457925)



KANIKA BHATTACHARYA
Company Secretary



Place: Gurgaon
Date: 21st April 2014

Place: Gurgaon
Date: 21st April 2014

RAPID METRORAIL GURGAON SOUTH LIMITED
CIN - U35990HR2012PLC046882

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Rupees	Rupees
Cash flow from operating activities		
Net profit/(loss) before tax	(16,715,613)	(348,592)
Adjustments for :-		
Interest Income	(2,497,611)	-
Depreciation and amortisation expense	571,121	18,123
Provision for employee benefits	(365,318)	519,190
Operating profit/(loss) before working capital changes	(19,007,421)	188,721
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Long-term loans and advances	2,916,466	(8,427,155)
Short-term loans and advances	(6,297,228)	(6,756,172)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(21,519,485)	24,343,144
Other current liabilities	(338,713,626)	353,537,014
Cash generated from operations	(382,621,294)	362,885,551
Income tax paid (net)	(1,567,542)	-
Net cash flow from/(used in) operating activities (A)	(384,188,836)	362,885,551
Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(4,450,599,837)	(341,533,332)
Interest received	2,108,612	-
Net cash flow from/(used in) investing activities (B)	(4,448,491,225)	(341,533,332)
Cash flow from financing activities		
Proceeds from issue of equity shares	1,620,000,000	500,000
Proceeds from long-term borrowings	3,340,000,000	-
Net cash flow from/(used in) financing activities (C)	4,960,000,000	500,000
Net increase / (decrease) in Cash and cash equivalents during the year (A+B+C)	127,319,939	21,852,219
Cash and cash equivalent at the beginning of the year	21,852,219	-
Cash and cash equivalent at the end of the year (Refer note 13)	149,172,158	21,852,219
Net Increase / (Decrease) in Cash & Cash Equivalents	127,319,939	21,852,219

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

 
SANJAY RAI **DEEPAK DASGUPTA**
Managing Director Director
(DIN - 02076385) (DIN - 00457925)

 
KANIKA BHATTACHARYA
Company Secretary

Place: Gurgaon
Date: 21st April 2014

Place: Gurgaon
Date: 21st April 2014

RAPID METRORAIL GURGAON SOUTH LIMITED

Notes forming part of the financial statement

Note No. 1 - Background

The Company was incorporated under the Companies Act, 1956 on 24 August, 2012 for the purpose of development of urban and inter urban mass and freight transport infrastructure projects in Gurgaon.

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 project.

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 Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

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 assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reporting income and expenses during the reporting period. 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 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.

RAPID METRORAIL GURGAON SOUTH LIMITED

Notes forming part of the financial statement

IV Depreciation and amortisation

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
Softwares	4 years

Depreciation on fixed assets, other than on assets specified 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.

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.

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 recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these 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 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, except in case of revalued assets.

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.

RAPID METRORAIL GURGAON SOUTH LIMITED

Notes forming part of the financial statement

VII Other income

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

VIII Employee benefits

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

a Short term

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.

b Long term

The Company has both defined-contribution and defined-benefit plans. Defined benefit plan has some assets in special funds or securities and plan is financed by the Company.

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.

Other 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.



RAPID METRORAIL GURGAON SOUTH LIMITED

Notes forming part of the financial statement

IX Taxes on income

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

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 of losses, deferred tax assets are recognised only if there is virtual certainty 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.

X Provisions and contingent liabilities

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.

XI 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.

XII 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.



RAPID METRORAIL GURGAON SOUTH LIMITED

Notes forming part of the financial statement

XIII 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.

XIV 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.

XV 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.

XVI 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.

XVII Preliminary expenses

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

XVIII Operating cycle

Based on the nature of services / activities of the Company, 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 SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 3 - Share capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number	Rupees	Number	Rupees
(a) Authorised				
Equity Shares of Rs. 10 each with voting rights	260,000,000	2,600,000,000	50,000	500,000
	260,000,000	2,600,000,000	50,000	500,000
(b) Issued, Subscribed and fully paid up				
Equity Shares of Rs. 10 each with voting rights	162,050,000	1,620,500,000	50,000	500,000
Total	162,050,000	1,620,500,000	50,000	500,000

Refer 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 and amount outstanding at the beginning and at the end of the year:

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number	Rupees	Number	Rupees
Equity shares with voting rights				
Shares outstanding at the beginning of the year/period	50,000	500,000	-	-
Shares Issued during the year/period	162,000,000	1,620,000,000	50,000	500,000
Shares outstanding at the end of the year/period	162,050,000	1,620,500,000	50,000	500,000

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number	Rupees	Number	Rupees
Equity shares held by:				
IL&FS Transportation Networks Limited, Ultimate Holding Company	56,717,500	567,175,000	17,500	175,000
IL&FS Rail Limited, Holding Company	105,332,440	1,053,324,400	32,440	324,400

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	No. of Shares held	% Holding	No. of Shares held	% Holding
Equity shares				
IL&FS RAIL Limited	105,332,440	65.00%	32,440	64.88%
IL&FS Transportation Networks Limited	56,717,500	35.00%	17,500	35.00%

RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 - Reserves and surplus

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Surplus/(deficit) in Statement of Profit and Loss		
Opening Balance	(348,592)	-
Add: Loss for the year	(17,515,613)	(348,592)
Closing Balance	<u>(17,864,205)</u>	<u>(348,592)</u>

Note No. 5 - Long-term borrowings

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
Secured		
(a) Term loans		
From Banks	3,340,000,000	-
Total	<u>3,340,000,000</u>	<u>-</u>

Notes:

- (i) Term loan from banks are Secured against first charge on all revenue receipts from the metro rail project and balance in escrow account
- (ii) Details of terms of repayment:
Term loans from banks in Indian Rupees carry interest rate at bench mark prime lending rate (BMPLR) plus 1.50% and Loan is to be repaid in 60 unequal quarterly installments after the end of the principal moratorium period (i.e. 2 years & 6 months from actual commercial operation date), in the following manner :-

Total Loans sanctioned is Rs. 15,000,000,000/-
Loans Disbursed till March 31, 2014 is Rs. 3,340,000,000/-

Quarter (after end of mortorium period)	Repayment (% of debt)	Amount of Debt Repayment (Rupees)
1-3	0.03%	1,002,000
4-7	1.00%	33,400,000
8-15	4.00%	133,600,000
16-19	4.00%	133,600,000
20-23	5.00%	167,000,000
24-27	6.00%	200,400,000
28-31	8.00%	267,200,000
32-35	9.00%	300,600,000
36-39	7.00%	233,800,000
40-43	7.60%	253,840,000
44-51	16.00%	534,400,000
52	2.50%	83,500,000
53-59	24.50%	818,300,000
60	5.37%	179,358,000
Total	<u>100%</u>	<u>3,340,000,000</u>

Note No. 6 - Deferred tax liability

The Company has carried out its deferred tax computation in accordance with the Accounting Standard (AS) – 22 on 'Taxes on Income' prescribed by the Companies (Accounting Standards) Rules, 2006. 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 employee benefits, unabsorbed depreciation and business losses. The Components of deferred tax are as follows:

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
Deferred tax liability:		
On difference between book balance and tax balance of fixed assets	3,109	2,995
	<u>3,109</u>	<u>2,995</u>
Deferred tax asset:		
Provision for employee benefits	3,109	2,995
Unabsorbed depreciation and business loss	-	-
Net deferred tax liability	<u>-</u>	<u>-</u>

Note No. 7 - Long term provisions

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Provision for employee benefits		
(i) Provision for compensated absences	30,064	144,865
(ii) Provision for gratuity	72,864	374,325
Total	<u>102,928</u>	<u>519,190</u>

Note No. 8 - Trade payables

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Trade payables (other than acceptances)	2,823,658	24,343,143
Total	<u>2,823,658</u>	<u>24,343,143</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 year end together with the interest paid / payable as required under the said Act have not been given.

Note No. 9 - Other current liabilities

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Other payables		
(i) Payables on purchase of capital assets	654,068,014	1,143,389,433
(ii) Statutory dues	14,823,388	127,537,014
(iii) Advance from related party	-	226,000,000
Total	<u>668,891,402</u>	<u>1,496,926,447</u>

Note:

(i) The Company is setting up a Metro Rail Project, which is in construction stage. Therefore payables in respect of construction of the project have been considered as 'Payables on purchase of capital assets'

Note No. 10 - Short term provisions

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Provision for employee benefits		
(i) Provision for compensated absences	49,457	-
(ii) Provision for gratuity (net)	1,487	-
Total	<u>50,944</u>	<u>-</u>



RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 11 - Fixed assets

(Amount in Rupees)

Particulars	Gross block			Accumulated Depreciation			Net block		
	Balance as at 1 April, 2013	Additions	Disposals	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2013
A. Tangible assets (owned)									
(a) Plant and equipment	-	736,876	-	736,876	-	69,643	-	69,643	667,233
(b) Furniture and fixtures	-	98,984	-	98,984	-	98,959	-	98,959	25
(c) Vehicles	-	1,093,619	-	1,093,619	-	68,263	-	68,263	1,025,356
(d) Office equipment	15,000	708,770	-	723,770	14,999	193,229	-	208,228	515,542
(e) Leasehold improvements	-	2,430,332	-	2,430,332	-	70,217	-	70,217	2,360,115
(f) Data processing equipment	87,425	321,690	-	409,115	3,124	70,810	-	73,934	335,181
Total	102,425	5,390,271	-	5,492,696	18,123	571,121	-	589,244	4,903,452
Previous year	-	102,425	-	102,425	-	18,123	-	18,123	84,302

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RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 12 - Long-term loans and advances

Particulars	<u>As at 31 March, 2014</u> Rupees	<u>As at 31 March, 2013</u> Rupees
<u>Unsecured, considered good</u>		
(a) Capital advance to Related Party	304,230,772	-
(b) Security deposits	40,000	-
(c) Prepaid expenses	5,470,689	8,427,155
(d) Advance income tax	767,542	-
Total	<u>310,509,003</u>	<u>8,427,155</u>

Note No. 13 - Cash and cash equivalents

Particulars	<u>As at 31 March, 2014</u> Rupees	<u>As at 31 March, 2013</u> Rupees
(a) Cash on hand	6,322	5,157
(b) Balances with banks		
- In current accounts	44,165,836	21,847,062
- In deposit accounts	105,000,000	-
Total	<u>149,172,158</u>	<u>21,852,219</u>

Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statement is

149,172,158	21,852,219
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Note No. 14 - Short - term loans and advances

Particulars	<u>As at 31 March, 2014</u> Rupees	<u>As at 31 March, 2013</u> Rupees
<u>Unsecured, considered good</u>		
(a) Prepaid expenses	12,789,705	6,756,172
(b) Balances with government authorities Others	263,695	-
Total	<u>13,053,400</u>	<u>6,756,172</u>

Note No. 15 - Other current assets

Particulars	<u>As at 31 March, 2014</u> Rupees	<u>As at 31 March, 2013</u> Rupees
<u>Unsecured, considered good</u>		
(a) Interest accrued on deposits	388,999	-
Total	<u>388,999</u>	<u>-</u>

RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 16 - Other income

Particulars	For the year ended 31 March, 2014 Rupees	For the year ended 31 March, 2013 Rupees
(a) Interest income		
- Interest from banks on deposits	2,497,611	-
(b) Miscellaneous income	9,771	-
Total	2,507,382	-

Note No. 17 - Employee benefits expense

Particulars	For the year ended 31 March, 2014 Rupees	For the year ended 31 March, 2013 Rupees
(a) Salaries and wages	1,210,378	43,227
(b) Contribution to provident and other funds	80,636	3,632
(d) Staff welfare expenses	55,456	-
Total	1,346,470	46,859

Note No. 18 - Finance costs

Particulars	For the year ended 31 March, 2014 Rupees	For the year ended 31 March, 2013 Rupees
(a) Interest expense on:		
- Interest on delayed payment of income tax	1,078,616	-
Total	1,078,616	-

Note No. 19 - Other expenses

Particulars	For the year ended 31 March, 2014 Rupees	For the year ended 31 March, 2013 Rupees
Insurance	1,662	-
Rates and taxes	13,693	763
Communication expenses	3,830	2,000
Travelling and conveyance	15,472	-
Business promotion	830,365	132,432
Legal and Professional charges	259,140	-
Payments to auditors (Refer Note (i) below)	1,413,701	112,360
Registration expenses	13,090,000	-
Director sitting fees	471,912	-
Net loss on foreign currency transactions and translation	13,524	-
Miscellaneous expenses	113,489	7,075
Total	16,226,788	254,630

Note:

(i) Payment to auditors comprises:

a. Statutory audit fee	1,000,000	100,000
b. Other services	250,000	-
c. Out of pocket expenses	8,189	-
d. Service tax on above	155,512	12,360
	1,413,701	112,360

RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31-Mar-13 Rupees	Additions during the year Rupees	As at 31-Mar-14 Rupees
Note No. 20 - Intangible assets under development			
a. Intangible assets under development			
Civil work, Rolling stock etc.	-	2,603,867,251	2,603,867,251
Other direct cost	-	57,605,502	57,605,502
	<u>-</u>	<u>2,661,472,753</u>	<u>2,661,472,753</u>
b. Expenditure during development (Pending allocation)			
Salary, wages and bonus	3,503,119	3,759,484	7,262,603
Contribution to provident & other funds	466,531	281,342	747,873
Staff welfare expenses	60,946	479,084	540,030
Travelling and conveyance expenses	134,484	707,589	842,073
Office maintenance	-	2,760	2,760
Power and fuel	-	1,103,552	1,103,552
Communication expenses	37,639	264,606	302,245
Insurance	-	1,557,393	1,557,393
Legal, professional, consultancy and advisory fees	1,109,201,776	716,437,788	1,825,639,564
Loan processing/syndication fee	270,251,892	125,892,002	396,143,894
Interest on term loans	-	141,616,447	141,616,447
Connectivity charges	100,000,000	-	100,000,000
Other expenses	1,163,953	665,709	1,829,662
	<u>1,484,820,340</u>	<u>992,767,756</u>	<u>2,477,588,096</u>
Total (a+b)	1,484,820,340	3,654,240,509	5,139,060,849
c. Interest income on temporary deployment of borrowed funds	-	2,583,134	2,583,134
Net (a+b-c)	<u><u>1,484,820,340</u></u>	<u><u>3,651,657,375</u></u>	<u><u>5,136,477,715</u></u>

RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 21 - Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to Rs. 304,230,772 (previous year Rs. nil)	14,148,115,143	-
(b) Connectivity chargees	20,000,000,000	20,000,000,000

In terms of the Concession Contract, the Company is required to pay connectivity charges of Rs. 100 crores per year from the beginning of the 16th year of the signing of the concession agreement till 35th year i.e for 20 years totalling to Rs. 2000 crores.

Note No. 22 -Concession Contract

The Company has entered into a Concession Contract with Haryana Urban Development Authority (HUDA) on 3 January, 2013 for development of Metro Rail Project from Sikanderpur Station to Sector 56 in Gurgaon ('the Project'). As per the terms of the Contract, the Company accepts the concession for a period of 98 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.

Note No. 23 - Earnings per equity share

Particulars	Unit	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(a) Earnings per equity share:			
Loss for the year	Rupees	(17,515,613)	(348,592)
Weighted average number of equity shares outstanding during the year	Numbers	130,351,370	50,000
Nominal Value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per Share	Rupees	(0.13)	(6.97)
Weighted average number of equity shares for calculation of diluted earnings per share	Numbers	130,351,370	50,000
Diluted Earnings per Share	Rupees	(0.13)	(6.97)

Note No. 24 - 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.

RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 25 - 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 contributions are normally based on a certain proportion of the employee's salary. The Company recognised Rs. 35,000 (previous year 1,734) for Provident Fund contributions, Rs. 45,636 (previous year Rs. 1,878) 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 typically based on years of service and the employee's compensation. The gratuity scheme covers all regular employees. 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, 2014	31 March, 2013
	Rupees	Rupees
Present value of obligation at the beginning of the year	374,325	-
Current Service Cost	127,055	374,325
Interest Expenses	29,946	-
Benefits Paid	-	-
Actuarial (Gain) / Loss	(456,975)	-
Present value of obligations at the end of the year	74,351	374,325

ii. Amount recognised in the Balance Sheet	31 March, 2014	31 March, 2013
	Rupees	Rupees
Present value of defined benefit obligations	74,351	374,325
Net liability/(asset) recognised in the balance sheet	74,351	374,325

iii. Expenses recognised in statement of profit and loss/capitalised	31 March, 2014	31 March, 2013
	Rupees	Rupees
Current service costs	127,055	374,325
Interest expense	29,946	-
Net actuarial gain/(loss) recognized during the year	(456,975)	-
Expenditure recognised in Statement of Profit and Loss/capitalised	(299,974)	374,325

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.

iv. Experience adjustment	31 March, 2014	31 March, 2013
	Rupees	Rupees
Present value of DBO	74,351	374,325
On obligations - (Gain) / Loss	(456,975)	-

v. Principal actuarial assumptions	31 March, 2014	31 March, 2013
Rate for discounting liabilities	8.00% p.a.	8.00% p.a.
Expected salary increase rate	6.50% p.a.	6.50% 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

Note: Same actuarial assumptions have been used for calculation of liability for long term compensated absences.

RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 26 - Related party disclosures

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):

Holding Company:	IL&FS Rail Limited (IRL)
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited (IL&FS) IL&FS Transportation Networks Limited (ITNL)
Fellow Subsidiary Companies	IL&FS Financial Services Limited (IFIN) IL&FS Trust Company Limited (ITCL) IL&FS Global Financial Services (UK) Limited
Key Managerial Personnel	Saniv Rai (Managing Director) (w.e.f 22 July, 2013) Kanika Bhattacharya (Company Secretary) (w.e.f 17 January, 2014)

Particulars	Holding / Ultimate Holding Company	Fellow subsidiary	Key Managerial Personnel
B. Transactions during the year:			
Shares capital issued			
IL&FS Transportation Networks Limited	567,000,000 (175,000)	- (-)	- (-)
IL&FS Rail Limited	1,053,000,000 (324,400)	- (-)	- (-)
Operating Expenses			
IL&FS Rail Limited	- (28,980)	- (-)	- (-)
Construction and development expenses (CWIP)			
Infrastructure Leasing & Financial Services Limited	227,977 (203,611)	- (-)	- (-)
IL&FS Rail Limited	3,535,010 (8,649,772)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	2,217,808 (168,540,000)	- (-)
IL&FS Transportation Networks Limited	3,268,230,660 (1,100,000,000)	- (-)	- (-)
IL&FS Trust Company Limited (ITCL)	- (-)	224,720 (1,797,760)	- (-)
IL&FS Global financial Services (UK) Limited	- (-)	38,827,383 (-)	- (-)
Capital advance given			
IL&FS Transportation Networks Limited	304,230,772 (-)	- (-)	- (-)
Prepaid expenses			
IL&FS Rail Limited	8,427,167 (15,168,879)	- (-)	- (-)
Infrastructure Leasing & Financial Services Limited	64,337 (14,448)	- (-)	- (-)
Salary and allowances			
Kanika Bhattacharya	- (-)	- (-)	155,889 (-)

Notes:

1. The figures in brackets represent transactions for the previous period.

Particulars	Holding / Ultimate Holding Company	Fellow subsidiary	Key Managerial Personnel
c. Balances at year end			
Other current liabilities			
IL&FS Rail Limited	-	-	-
	(249,847,631)	(-)	(-)
IL&FS Transportation Networks Limited	548,956,783	-	-
	(990,000,000)	(-)	(-)
Infrastructure Leasing & Financial Services Limited	-	-	-
	(44,057)	(-)	(-)
IL&FS Trust Company Limited (ITCL)	-	-	-
	(-)	(1,617,984)	(-)
IL&FS Financial Services Limited	-	-	-
	(-)	(151,686,000)	(-)
Capital advance			
IL&FS Transportation Networks Limited	304,230,772	-	-
	(-)	(-)	(-)
Share Capital			
IL&FS Transportation Networks Limited	567,175,000	-	-
	(175,000)	(-)	(-)
IL&FS Rail Limited	1,053,324,400	-	-
	(324,400)	(-)	(-)
Guarantees received			
IL&FS Rail Limited	500,000,000	-	-
	(500,000,000)	(-)	(-)

Notes:

1. The figures in brackets represent balances as on 31 March, 2013

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RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 27

These financial statements are for the year ended 31 March, 2014. Previous period comparatives are for the period 24 August, 2012 to 31 March, 2013 and are strictly not comparable with the current year figures.

Note No. 28

Previous period'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


SANJIV RAI
Managing Director
(DIN - 02076385)


DEEPAK DASGUPTA
Director
(DIN -00457925)


KANIKA BHATTACHARYA
Company Secretary



Place: Gurgaon
Date: 21st April 2014

