

**INDEPENDENT AUDITOR'S 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, 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)
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 SOUTH 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)
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 under development' 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 31 March, 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 financial institutions and banks. The Company 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.



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- (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

(Jitendra Agarwal)
Partner
(Membership No. 87104)



Place: Gurgaon
Date: 3 May, 2016

RAPID METRORAIL GURGAON SOUTH LIMITED

BALANCE SHEET AS AT 31 MARCH, 2016


Particulars	Note No.	As at	As at
		31 March, 2016	31 March, 2015
		Rupees	Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	4,456,500,000	2,510,500,000
(b) Reserves and surplus	4	(38,135,626)	(31,574,476)
		<u>4,418,364,374</u>	<u>2,478,925,524</u>
2 Non - current liabilities			
(a) Long term borrowings	5	7,906,520,197	5,613,008,663
(b) Deferred tax liabilities (net)	6	-	-
(c) Other long-term liabilities	7	3,575,000	-
(d) Long - term provisions	8	215,246	280,093
		<u>7,910,310,443</u>	<u>5,613,288,756</u>
3 Current liabilities			
(a) Short term borrowings	9	5,286,966,189	-
(b) Trade payables	10	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,356,357	4,673,255
(c) Other current liabilities	11	2,018,761,989	853,682,221
(d) Short-term provisions	12	503,018	108,808
		<u>7,313,587,553</u>	<u>858,464,284</u>
TOTAL		<u>19,642,262,370</u>	<u>8,950,678,564</u>
B ASSETS			
1 Non - current assets			
(a) Fixed assets			
(i) Tangible assets	13	3,392,299	4,183,036
(ii) Intangible assets under development	14	15,695,775,537	8,474,746,911
(b) Long - term loans and advances	15	2,754,014,328	258,593,027
		<u>18,453,182,164</u>	<u>8,737,522,974</u>
2 Current assets			
(a) Trade receivable	16	1,709,081	-
(b) Cash and cash equivalents	17	188,901,642	203,136,796
(c) Short - term loans and advances	18	995,547,719	9,394,650
(d) Other current assets	19	2,921,764	624,144
		<u>1,189,080,206</u>	<u>213,155,590</u>
TOTAL		<u>19,642,262,370</u>	<u>8,950,678,564</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
 Managing Director


Tarun Kumar Banerjee
 Chief Financial Officer


Deepak Dasgupta
 Director


Shikha Sachdeva
 Company Secretary

Place: Gurgaon
 Date: 03 May, 2016

Place: Gurgaon
 Date: 03 May, 2016

RAPID METRORAIL GURGAON SOUTH LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

Particulars	Note No.	Year ended 31 March, 2016	Year ended 31 March, 2015
		Rupees	Rupees
1. Other Income	20	23,941,318	2,221,716
2. Total revenue		23,941,318	2,221,716
3. Expenses:			
(a) Employee benefits expense	21	2,951,623	2,648,003
(b) Finance costs	22	17,071,183	-
(c) Depreciation and amortisation expense	13	866,596	790,199
(d) Other expenses	23	9,613,066	11,820,785
Total expenses		30,502,468	15,258,987
4. Loss before tax (2 -3)		(6,561,150)	(13,037,271)
5. Tax expense:			
Current Tax		-	673,000
		-	673,000
6. Loss for the year (4-5)		(6,561,150)	(13,710,271)
7. Earnings per equity share of Rs. 10 each	26		
(a) Basic		(0.02)	(0.07)
(b) Diluted		(0.02)	(0.07)

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
 Managing Director


Tarun Kumar Banerjee
 Chief Financial Officer


Deepak Dasgupta
 Director


Shikha Sachdeva
 Company Secretary

Place: Gurgaon
 Date: 03 May, 2016

Place: Gurgaon
 Date: 03 May, 2016

RAPID METRORAIL GURGAON SOUTH LIMITED

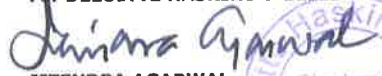
CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH, 2016


	Year ended 31 March, 2016	Year ended 31 March, 2015
	Rupees	Rupees
A. Cash flow from operating activities		
Net loss before tax	(6,561,150)	(13,037,271)
Adjustments for :-		
Finance costs	17,071,183	-
Interest Income	(21,497,834)	(2,177,698)
Depreciation and amortisation expense	866,596	790,199
Provision for employee benefits	329,363	235,029
Operating loss before working capital changes	(9,791,842)	(14,189,741)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(1,709,081)	-
Short-term loans and advances	1,346,931	3,658,750
Long-term loans and advances	(4,536,552)	(11,057,611)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	2,683,102	1,849,597
Other current liabilities	36,309,633	10,628,434
Other long-term liabilities	3,575,000	-
Cash generated from/(used in) operations	27,877,191	(9,110,571)
Net Income tax (paid)/refunds	(2,622,192)	(357,255)
B. Net cash flow from/(used in) operating activities (A)	25,254,999	(9,467,826)
Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(5,880,596,907)	(3,101,518,752)
Short term loan given	(987,500,000)	-
Long term loan given	(6,450,000,000)	-
Long term loan received back	3,750,000,000	-
Interest received	19,200,214	1,942,553
Net cash flow from/(used in) investing activities (B)	(9,548,896,693)	(3,099,576,199)
Cash flow from financing activities		
Proceeds from issue of equity shares	1,946,000,000	890,000,000
Proceeds from long-term borrowings	2,293,511,534	2,273,008,663
Proceeds from short-term borrowings	8,049,466,189	-
Repayments of short-term borrowings	(2,762,500,000)	-
Finance costs paid	(17,071,183)	-
C. Net cash flow from/(used in) financing activities (C)	9,509,406,540	3,163,008,663
Net increase/(decrease) in Cash and cash equivalents during the year (A+B+C)	(14,235,154)	53,964,638
Cash and cash equivalent at the beginning of the year	203,136,796	149,172,158
Cash and cash equivalent at the end of the year	188,901,642	203,136,796

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS


JITENDRA AGARWAL
 Partner



For and on behalf of the Board of Directors


Rajiv Banga
 Managing Director


Deepak Dasgupta
 Director


Tarun Kumar Banerjee
 Chief Financial Officer


Shikha Sachdeva
 Company Secretary

Place: Gurgaon
 Date: 03 May, 2016

Place: Gurgaon
 Date: 03 May, 2016

RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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.

Capital work-in-progress/Intangible assets under development:

Projects under which tangible fixed assets/intangible assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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.

Tangible assets

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.:



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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.

The residual value of all the assets is retained at Rs. 1 each.

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 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.



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

a. 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.

b. 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.

c. 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.

d. 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 less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

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 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 of 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.

X 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.



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF 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.

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 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.

Derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

XVIII Preliminary expenses

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

XIX 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.

XX 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 SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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	650,000,000	6,500,000,000	460,000,000	4,600,000,000
	650,000,000	6,500,000,000	460,000,000	4,600,000,000
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each with voting rights	445,650,000	4,456,500,000	251,050,000	2,510,500,000
Total	445,650,000	4,456,500,000	251,050,000	2,510,500,000

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, 2016		As at 31 March, 2015	
	Number	Rupees	Number	Rupees
EQUITY SHARES WITH VOTING RIGHTS				
Shares outstanding at the beginning of the year	251,050,000	2,510,500,000	162,050,000	1,620,500,000
Shares Issued during the year	194,600,000	1,946,000,000	89,000,000	890,000,000
Shares outstanding at the end of the year	445,650,000	4,456,500,000	251,050,000	2,510,500,000

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

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number	Rupees	Number	Rupees
EQUITY SHARES HELD BY:				
IL&FS Transportation Networks Limited, the parent Company of the holding Company	155,977,500	1,559,775,000	87,867,500	878,675,000
IL&FS Rail Limited, holding Company	289,672,440	2,896,724,400	163,182,440	1,631,824,400

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

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	No. of Shares held	% Holding	No. of Shares held	% Holding
Equity Shares				
IL&FS RAIL Limited	289,672,440	65.00%	163,182,440	65.00%
IL&FS Transportation Networks Limited	155,977,500	35.00%	87,867,500	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, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Surplus/(deficit) in Statement of Profit and Loss		
Opening balance	(31,574,476)	(17,864,205)
Add: Loss for the year	(6,561,150)	(13,710,271)
Closing balance	<u>(38,135,626)</u>	<u>(31,574,476)</u>

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	6,406,500,000	4,960,100,000
From Financial Institution		
-Foreign Currency	-	255,690,303
-Indian Rupee	1,500,020,197	397,218,360
Total	<u>7,906,520,197</u>	<u>5,613,008,663</u>

Notes:

- (i) Total loan sanctioned is Rs. 15,000,000,000
Loan disbursed till 31 March, 2016 is Rs. 7,906,520,197
- (ii) Term loan from banks and financial institutions are Secured against first charge on all revenue receipts from the project and balance in escrow account
- (iii) 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 instalments after the end of the principal moratorium period (i.e. 2 years & 6 months from actual commercial operation date), In the following manner :-

Quarter (after end of moratorium period)	Repayment (% of debt)	Amount of Debt Repayment (Rupees)
1-3	0.03%	1,921,950
4-7	1.00%	64,065,000
8-15	4.00%	256,260,000
16-19	4.00%	256,260,000
20-23	5.00%	320,325,000
24-27	6.00%	384,390,000
28-31	8.00%	512,520,000
32-35	9.00%	576,585,000
36-39	7.00%	448,455,000
40-43	7.60%	486,894,000
44-51	16.00%	1,025,040,000
52	2.50%	160,162,500
53-59	24.50%	1,569,592,500
60	5.37%	344,029,050
Total	<u>100.00%</u>	<u>6,406,500,000</u>



RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Term loans from financial institutions in Indian Rupee carry interest rates from 9.70% to 12.12% p.a and loan is to be repaid in 60 unequal quarterly instalments after the end of the principal moratorium period (i.e. 2 years & 6 months from actual commercial operation date), in the following manner :-

Quarter (after end of moratorium period)	Repayment (% of debt)	Amount of Debt Repayment (Rupees)
1-3	0.03%	450,006
4-7	1.00%	15,000,202
8-11	2.00%	30,000,404
12-15	2.00%	30,000,404
16-19	4.00%	60,000,808
20-23	5.00%	75,001,010
24-27	6.00%	90,001,212
28-31	8.00%	120,001,616
32-35	9.00%	135,001,818
36-39	7.00%	105,001,414
40-43	7.60%	114,001,535
44-51	16.00%	240,003,232
52	2.50%	37,500,505
53-55	10.50%	157,502,121
56-59	14.00%	210,002,828
60	5.37%	80,551,085
Total	100.00%	1,500,020,197

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 realise such assets in near future, the Company has not recognised additional deferred tax assets in respect of employee benefits, 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
Deferred tax (liabilities)/assets		
<u>Tax effect of items constituting deferred tax liabilities</u>		
On difference between book balance and tax balance of fixed assets	-	19,507
Tax effect of items constituting deferred tax liabilities	-	19,507
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits	-	19,507
Tax effect of items constituting deferred tax assets	-	19,507
Deferred tax (liabilities)/assets (net)	-	-

Note No. 7 - Other long term liabilities

	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
Security deposits received	3,575,000	-
	3,575,000	-



RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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	210,718	58,243
For gratuity	4,528	221,850
Total	215,246	280,093

Note No 9 : Short term borrowings

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
Secured*		
From banks	1,599,466,189	-
Unsecured		
From related party	3,687,500,000	-
	<u>5,286,966,189</u>	<u>-</u>

*Short term borrowings from banks are Secured against first charge on all revenue receipts from the project and balance in escrow account

Note No. 10 - 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	7,356,357	4,673,255
Total	7,356,357	4,673,255

Note:

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.

Note No. 11 - Other current Liabilities

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Interest accrued but not due on borrowings	32,327,364	-
(b) Other payables		
(i) Payables on purchase of capital assets	1,924,588,920	828,146,149
(ii) Statutory dues (contribution to Provident Fund, withholding tax, VAT etc.)	61,799,021	25,514,863
(iii) Others liabilities	46,684	21,209
Total	2,018,761,989	853,682,221

Note No. 12 - Short term provisions

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Provision for employee benefits		
(i) For compensated absences	118,177	104,280
(ii) For gratuity	384,841	4,528
Total	503,018	108,808



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 13 - Fixed assets

Particulars	Gross block			Accumulated depreciation		Net block	
	Balance as at 1 April, 2015	Additions	Disposals/adjustment	Balance as at 31 March, 2016	For the year	Balance as at 31 March, 2016	Balance as at 31 March, 2015
A. Tangible assets (owned)							
(a) Plant and equipment (Previous year)	736,876 (736,876)	-	-	736,876 (736,876)	49,149 (12,900)	131,692 (82,543)	654,333 (657,233)
(b) Furniture and fixture (Previous year)	109,957 (98,984)	13,359 (10,973)	-	123,316 (109,957)	1,846 (271)	101,076 (99,230)	10,727
(c) Vehicles (Previous year)	1,093,619 (1,093,619)	-	-	1,093,619 (1,093,619)	136,702 (101,397)	306,362 (169,660)	923,959 (1,025,356)
(d) Office equipment (Previous year)	767,735 (723,770)	62,500 (53,960)	33,395 (9,995)	796,840 (767,735)	178,710 (156,356)	488,299 (354,589)	413,146 (1)
(e) Data processing equipment (Previous year)	413,965 (409,115)	-	11,605	402,360 (413,965)	116,618 (136,752)	327,304 (210,686)	203,279 (335,181)
(f) Leasehold improvements (Previous year)	2,430,332 (2,430,332)	-	-	2,430,332 (2,430,332)	383,571 (382,523)	836,311 (452,740)	1,977,592 (2,360,115)
Total	5,552,484 (5,492,696)	75,859 (69,783)	45,000 (9,995)	5,583,343 (5,552,484)	866,595 (790,199)	2,191,044 (1,369,448)	4,183,036 (4,903,452)



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31-Mar-15 Rupees	Additions during the year Rupees	As at 31-Mar-16 Rupees
Note No. 14 - Intangible assets under development			
a. Intangible assets under development			
Civil work, Rolling stock etc.	5,478,535,970	6,313,283,668	11,791,819,638
Other direct costs	58,377,467	1,099,645	59,477,112
	<u>5,536,913,437</u>	<u>6,314,383,313</u>	<u>11,851,296,750</u>
b. Expenditure during development (Pending allocation)			
Salary, wages and bonus	19,518,164	15,218,584	34,736,748
Contribution to provident and other funds	1,174,681	1,029,553	2,204,234
Staff welfare expenses	1,428,074	1,578,619	3,006,693
Travelling and conveyance expenses	1,905,732	641,735	2,547,467
Rent	7,151,575	7,473,742	14,625,317
Office maintenance	1,691,501	1,740,141	3,431,642
Power and fuel	2,397,006	1,168,187	3,565,193
Communication expenses	694,290	252,166	946,456
Insurance	5,471,925	4,513,916	9,985,841
Legal, professional, consultancy and advisory fees	1,841,297,513	14,493,544	1,855,791,057
Loan processing/syndication fee	402,787,643	12,045,589	414,833,232
Interest on term loans	637,338,026	795,067,248	1,432,405,274
Foreign exchange fluctuation	17,134,432	14,107,736	31,242,168
Miscellaneous expenses	2,995,630	38,517,210	41,512,840
	<u>2,942,986,192</u>	<u>907,847,970</u>	<u>3,850,834,162</u>
Total (a+b)	8,479,899,629	7,222,231,283	15,702,130,912
c. Less: Interest Income on temporary deployment of borrowed funds	5,152,718	1,202,657	6,355,375
Net (a+b-c)	<u>8,474,746,911</u>	<u>7,221,028,626</u>	<u>15,695,775,537</u>



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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>		
(a) Capital advances to related Parties	29,835,487	241,572,930
(b) Loans and advances to related party	2,700,000,000	-
(c) Prepaid expenses	4,764,852	328,300
(d) Advance income tax (Net of provision for tax Rs. 1,473,000; previous year Rs. 1473,000)	3,073,989	451,797
(e) Security deposits	16,340,000	16,240,000
Total	<u>2,754,014,328</u>	<u>258,593,027</u>

Note No. 16 - Trade receivables

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
Due for less than 6 months	1,709,081	-
Total	<u>1,709,081</u>	<u>-</u>

Note No. 17 - Cash and cash equivalents

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Cash on hand	25,969	19,185
(b) Balances with banks		
- In current accounts	188,875,673	53,117,611
- In deposit accounts	-	150,000,000
Total	<u>188,901,642</u>	<u>203,136,796</u>
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statement is	<u>188,901,642</u>	<u>149,172,158</u>

Note No. 18 - Short - term loans and advances

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
(a) Loans and advances to related parties	987,500,000	26,995
(b) Prepaid expenses	8,047,719	8,929,597
(c) Balances with government authorities		
- Service Tax credit receivable	-	438,058
Total	<u>995,547,719</u>	<u>9,394,650</u>

Note No. 19 - Other current assets

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
<u>Unsecured, considered good</u>		
(a) Interest accrued but not due on:		
- Bank deposits	-	624,144
- Loans and advances	2,921,764	-
Total	<u>2,921,764</u>	<u>624,144</u>



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 20 - Other income

Particulars	Year ended 31 March, 2016 Rupees	Year ended 31 March, 2015 Rupees
(a) Interest income		
Interest on bank deposits	3,883,535	2,177,698
Interest on loans and advances	17,614,299	-
Interest on income tax refund	-	35,672
(b) Other non operating income		
Net gain on foreign currency transactions and translation	-	5,246
Advertisement income	2,415,484	-
Miscellaneous income	28,000	3,100
Total	23,941,318	2,221,716

Note No. 21 - Employee benefits expense

Particulars	Year ended 31 March, 2016 Rupees	Year ended 31 March, 2015 Rupees
(a) Salaries and wages	2,399,338	2,189,150
(b) Contribution to provident and other funds	193,774	182,954
(c) Gratuity expense	294,356	152,027
(d) Staff Welfare	64,155	123,872
Total	2,951,623	2,648,003

Note No 22 - Finance costs

Particulars	Year ended 31 March, 2016 Rupees	Year ended 31 March, 2015 Rupees
(a) Interest expense on:		
- Short term borrowings	17,071,183	-
Total	17,071,183	-

Note No. 23 - Other expenses

Particulars	Year ended 31 March, 2016 Rupees	Year ended 31 March, 2015 Rupees
Communication expenses	57,414	50,963
Business promotion expenses	320,635	630,199
Rent	1,149,971	1,100,241
Office maintenance	267,712	274,200
Electricity	57,077	43,919
Travelling and conveyance	56,337	25,733
Rates and taxes	2,173,694	41,262
Registration fee	-	6,122,691
Director sitting fees	980,512	840,452
Legal and Professional charges	3,040,316	1,479,713
Payment to auditors (see note (i) below)	1,374,000	1,123,600
Printing and stationery	290	2,080
Insurance	17,907	42,631
Other expenses	117,201	43,101
Total	9,613,066	11,820,785

Note:

- (i) Payment to auditors comprises:
- Statutory audit fee
 - Service tax on above

1,200,000	1,000,000
174,000	123,600
1,374,000	1,123,600



RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 24 - Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
(a) Commitments		
Estimated amount of contracts remaining on capital account and not provided for. [Net of advances paid of Rs. 29,835,487; (As at March 31, 2015 Rs. 241,572,930)]	6,484,681,525	9,699,344,578
(b) Connectivity charges	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. 25 -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. 26 - Earnings per equity share

Particulars	Unit	Year ended 31 March, 2016	Year ended 31 March, 2015
Loss for the year	Rupees	(6,561,150)	(13,710,271)
Weighted average number of equity shares outstanding during the year	Numbers	335,921,781	205,654,110
Nominal Value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per Share	Rupees	(0.02)	(0.07)
Weighted average number of equity shares for calculation of diluted earnings per share	Numbers	335,921,781	205,654,110
Diluted Earnings per Share	Rupees	(0.02)	(0.07)

Note No. 27 - 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.

Note No. 28 - Leasing arrangements

The Company has entered into sharing arrangement of office premises with its fellow subsidiary Company. Lease Charges recognised during the year are Rs. 8,623,713 (previous year 8,251,816).

Note No. 29 - Detail of borrowing cost capitalised

	Year ended 31 March, 2016 Rupees	Year ended 31 March, 2015 Rupees
Intangible assets under development	807,112,837	502,365,328



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 30 - Expenditure in foreign currency

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
(a) Interest on borrowings (capitalised)	105,023,384	24,014,706
	105,023,384	24,014,706

Note No. 31 - 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)	-	4,085,110
Indian Rupees	-	255,690,303

Note No. 32 - Currency and interest rate swap

Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate and Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts - 13 (previous year 3).



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 33 - Employee benefits

a. 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. 92,664 (previous year Rs. 87,481) for Provident Fund contributions, Rs. 100,390 (previous year Rs. 94,773) for superannuation fund contributions and Rs. 720 (previous year Rs. 700) for labour welfare fund contribution in the Statement of Profit and Loss.

b. 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.

I. Change in benefit obligation	<u>31 March, 2016</u>	<u>31 March, 2015</u>
	Rupees	Rupees
Present value of obligation at the beginning of the year	226,378	74,351
Current service cost	221,061	169,301
Interest expense	12,374	5,948
Benefits paid	(131,365)	-
Actuarial (gain)/loss	60,921	(23,222)
Present value of obligations at the end of the year	<u>389,369</u>	<u>226,378</u>

II. Amount recognised in the Balance Sheet	<u>31 March, 2016</u>	<u>31 March, 2015</u>
	Rupees	Rupees
Present value of defined benefit obligations	389,369	226,378
Net liability/(asset) recognised in the balance sheet	<u>389,369</u>	<u>226,378</u>

III. Expenses recognised in statement of profit and loss/capitalised	<u>31 March, 2016</u>	<u>31 March, 2015</u>
	Rupees	Rupees
Current service costs	221,061	169,301
Interest expense	12,374	5,948
Net actuarial gain/(loss) recognized during the year	60,921	(23,222)
Expenditure recognised in Statement of Profit and Loss/capitalised	<u>294,356</u>	<u>152,027</u>

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

IV. Experience adjustment	<u>31 March, 2016</u>	<u>31 March, 2015</u>	<u>31 March, 2014</u>	<u>31 March, 2013</u>
	Rupees	Rupees	Rupees	Rupees
Present value of DBO	389,369	226,378	74,351	374,325
On obligations - (gain)/loss	60,921	(23,222)	(456,975)	-

v. Principal actuarial assumptions	<u>31 March, 2016</u>	<u>31 March, 2015</u>
Rate for discounting liabilities	7.70% p.a.	8.50% 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

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.

vi Actuarial assumptions for compensated absences

	<u>31 March, 2016</u>	<u>31 March, 2015</u>
Rate for discounting liabilities	7.70% p.a.	8.50% 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



RAPID METRORAIL GURGAON SOUTH LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 34 - 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) 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 Trust Company Limited (ITCL) Rapid Metrorail Gurgaon Limited (RMGL) IL&FS Global Financial Services (UK) Limited Moradabad Bareilly Expressway Limited

Particulars	Holding / Ultimate Holding Company	Fellow subsidiary
B. Transactions during the year:		
Shares capital issued		
IL&FS Transportation Networks Limited	681,100,000 (311,500,000)	- (-)
IL&FS Rail Limited	1,264,900,000 (578,500,000)	- (-)
Operating Expenses		
IL&FS Rail Limited	73,638 (60,130)	- (-)
Rapid Metrorail Gurgaon Limited	- (-)	1,251,925 (1,345,676)
Construction and development expenses (CWIP)		
Infrastructure Leasing & Financial Services Limited	849,716 (137,411)	- (-)
IL&FS Rail Limited	5,594,734 (390,842)	- (-)
IL&FS Transportation Networks Limited (ITNL)	6,126,305,854 (2,641,874,424)	- (-)
IL&FS Trust Company Limited (ITCL)	- (-)	227,292 (348,316)
IL&FS Global financial Services (UK) Limited	- (-)	- (123,746)
Rapid Metrorail Gurgaon Limited (RMGL)	- (-)	19,076,603 (8,226,033)
Short term loan taken		
IL&FS Financial Services Limited	- (-)	6,450,000,000 (-)
Short term loan repaid		
IL&FS Financial Services Limited	- (-)	2,762,500,000 (-)
Interest expense		
IL&FS Financial Services Limited	- (-)	17,071,183 (-)



Particulars	Holding / Ultimate Holding Company	Fellow subsidiary
Interest income		
IL&FS Transportation Networks Limited	16,735,017 (-)	- (-)
Moradabad Bareilly Expressway Ltd.	- (-)	879,281 (-)
Loans and advances given		
IL&FS Transportation Networks Limited	6,450,000,000 (-)	- (-)
Moradabad Bareilly Expressway Limited	- (-)	987,500,000 (-)
Loans and advances received back		
IL&FS Transportation Networks Limited	3,750,000,000 (-)	- (-)
Capital advance given/(adjusted)		
IL&FS Transportation Networks Limited	-211,737,443 (62,657,842)	- (-)

Note:

The figures in brackets represent transactions for the previous year.

c. Balances at year end

Other current liabilities

IL&FS Transportation Networks Limited	1,603,510,272 (658,989,874)	- (-)
Infrastructure Leasing & Financial Services Limited	246,172 (26,995)	- (-)
Rapid Metro Rail Gurgaon Limited (RMGL)	- (-)	20,342,031 (-)
IL&FS Rail Limited	7,161,019 (-)	- (-)

Interest accrued but not due

IL&FS Transportation Networks Limited	2,130,411 (-)	- (-)
Moradabad Bareilly Expressway Limited	- (-)	791,353 (-)

Long term loans and advances

IL&FS Transportation Networks Limited	2,700,000,000 (-)	- (-)
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Short term loans and advances

Moradabad Bareilly Expressway Limited	- (-)	987,500,000 (-)
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Particulars	Holding / Ultimate Holding Company	Fellow subsidiary
Capital advance		
IL&FS Transportation Networks Limited	29,835,487 (241,572,930)	- (-)
Short term borrowings		
IL&FS Financial Services Limited	- (-)	3,687,500,000 (-)
Share Capital		
IL&FS Transportation Networks Limited	1,559,775,000 (878,675,000)	- (-)
IL&FS Rail Limited	2,896,724,400 (1,631,824,400)	- (-)
Guarantees received		
IL&FS Rail Limited	500,000,000 (500,000,000)	- (-)

Notes:

1. The figures in brackets represent balances as on 31 March, 2015



RAPID METRORAIL GURGAON SOUTH LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 35

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
Managing Director



Deepak Dasgupta
Director



Tarun Kumar Banerjee
Chief Financial Officer



Shikha Sachdeva
Company Secretary

Place: Gurgaon
Date: 03 May, 2016

