IL&FS RAIL LIMITED

FINANCIAL STATEMENTS

2016-2017

Deloitte
Haskins & Sells

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
To The Members of IL&FS RAIL LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **IL&FS RAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS 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 standalone Ind AS financial statements based on our audit.

In conducting 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.

We conducted our audit of the standalone Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

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We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note no. 40 of standalone Ind AS financial statements relating to the application filed by the Company with the Central government for the waiver for recovery of excess remuneration paid to the Ex-Managing Director in excess of limit laid down in Companies Act, 1956/2013 for the years ended 31 March, 2014 and 31 March, 2015. Based on the legal advice by the legal counsel, management is of the view that the waiver to recover the balance amount of Rs. 331.38 lacs will be received.

Our opinion is not modified in respect of this matter.

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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 32 to the Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 33(b) to the standalone Ind AS financial statements;

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note 33(c) to the standalone Ind AS financial statements;

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 - Refer Note 11.1 to the standalone Ind AS financial statements;

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)

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner
(Membership No. 98564)

Place : Mumbai
Date : 10 May, 2017

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section 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 **IL&FS RAIL LIMITED** ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

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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 standalone Ind AS 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, 2017, 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)

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner
(Membership No. 98564)

Place : Mumbai
Date : 10 May, 2017

"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 (Property, Plant and Equipment):

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, the Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the CARO 2016 is not applicable.

(ii) As explained to us, the inventories comprise construction materials were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. However, the Company is not carrying any inventory at year-end.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(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. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(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 generally been regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Service Tax, Value Added Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year did not give rise to any liability for Sales Tax and Excise Duty.

b. There are no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Value Added Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year did not give rise to any liability for Sales Tax and Excise Duty.

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c. Details of dues of Income-tax and Service Tax, which have not been deposited as on 31 March, 2017 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates ("Financial year"	Amount involved (Rs./Lacs)
Income Tax Act, 1961	Income Tax demand	Commissioner (Appeals)	2014-15	32.11
Income Tax Act, 1961	Income Tax demand	Commissioner (Appeals)	2013-14	452.46
Income Tax Act, 1961	Income Tax demand	Commissioner (Appeals)	2010-11	208.99
Finance Act, 1994	Service Tax demand	Custom Excise and Service Tax Appellate Tribunal (CESTAT)	2009-10 to 2013-14	6,577.17

There are no dues of Value Added Tax and Customs Duty which have not been deposited as on 31 March, 2017 on account of disputes and that the operations of the Company during the year did not give rise to any liability for Sales Tax and Excise Duty.

(viii) The Company has not taken any loan from banks, financial institutions and government and has not issued any debentures and hence reporting under clause (viii) of the CARO 2016 is not applicable.

(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 managerial remuneration in excess of the limits and approvals prescribed under section 197 read with Schedule V to the Companies Act, 2013 to the following managerial personnel:

Managerial position	Excess amount of remuneration paid	Financial years ending	Treatment of the excess remuneration in the respective year financial statements	Steps taken by the Company for securing refund
Managing Director	Rs. 331.38 lacs	31 March, 2014 and 2015	Excess amount paid has been charged to the Statement of Profit and Loss in the respective years	Letters sent to managing director for recovery of the amount

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(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 standalone Ind AS financial statements as required by the applicable accounting standards.

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

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

a) The requirements of Section 42 of the Companies Act, 2013, as applicable, have been complied with.

b) The amounts raised have been applied by the Company during the year for the purposes for which funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company, as applicable, or persons connected with them 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's Registration No: 015125N)

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner
(Membership No. 98564)

Place : Mumbai
Date : 10 May, 2017

IL&FS RAIL LIMITED
BALANCE SHEET AS AT 31 MARCH, 2017

	Notes	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
ASSETS				
1. NON-CURRENT ASSETS				
a. Property, plant and equipment	3	39.76	61.75	112.89
b. Intangible assets	4	17.49	25.78	9.83
c. Financial assets				
i. Investments	5	74,022.67	60,219.92	52,222.74
ii. Loans	6	-	300.00	-
iii. Other financial assets	7	0.06	878.75	788.09
d. Income tax assets (net)	8	1,160.68	527.94	448.70
e. Deferred tax assets (net)	16	27.58	22.31	56.28
f. Other non-current assets	9	567.25	487.75	377.88
Total non-current assets		**75,835.49**	**62,524.20**	**54,016.41**
2. CURRENT ASSETS				
a. Financial assets				
i. Trade receivables	10	6,918.57	16,196.00	6,495.71
ii. Cash and cash equivalents	11	309.29	154.37	66.27
iii. Bank balances other than cash and cash equivalents	12	891.69	-	-
iv. Loans	6	16,083.30	15,071.61	17,670.00
v. Other financial assets	7	11.22	3.60	-
b. Other current assets	9	96.96	1,216.74	336.00
Total current assets		**24,311.03**	**32,642.32**	**24,567.98**
TOTAL ASSETS		**100,146.52**	**95,166.52**	**78,584.39**
EQUITY AND LIABILITIES				
1. EQUITY				
a. Equity share capital	13	82,668.88	68,865.37	52,379.96
b. Other equity	14	7,822.77	7,582.84	2,677.34
Total Equity		**90,491.65**	**76,448.21**	**55,057.30**
2. LIABILITIES				
NON-CURRENT LIABILITIES				
a. Provisions	15	13.94	9.18	19.97
Total non-current liabilities		**13.94**	**9.18**	**19.97**
CURRENT LIABILITIES				
a. Financial liabilities				
i. Borrowings	18	-	-	15,500.00
ii. Trade payables	19			
-Total outstanding dues of micro enterprises and small enterprises		-	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		9,223.84	17,474.01	4,492.33
b. Provisions	15	25.17	21.71	112.55
c. Other current liabilities	17	391.93	1,213.41	3,402.24
Total current liabilities		**9,640.94**	**18,709.13**	**23,507.12**
Total liabilities		**9,654.88**	**18,718.31**	**23,527.09**
Total equity and liabilities		**100,146.52**	**95,166.52**	**78,584.39**
See accompanying notes to the financial statements	**1-42**			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner

Place: Mumbai
Date: 10 May, 2017

For and on behalf of the Board of Directors

Rajiv Banga
Managing Director
(DIN-02093324)

Rameshwar Lal Kabra
Director
(DIN-00165612)

Rajnesh Khurana
Chief Financial Officer

Chinky Lavania
Company Secretary

Place: Mumbai
Date: 10 May, 2017

IL&FS RAIL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

	Notes	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
1. Revenue from operations	20	31,459.81	36,915.65
2. Other income	21	1,833.26	721.71
3. **Total income (1+2)**		**33,293.07**	**37,637.36**
4. **Expenses**			
a. Cost of materials consumed	22	1,239.15	2,589.81
b. Construction cost	23	29,524.49	31,807.57
c. Employee benefit expense	24	1,107.62	1,140.68
d. Finance costs	25	-	225.84
e. Depreciation and amortisation expense	26	36.49	37.06
f. Other expenses	27	994.78	1,114.86
Total expenses		**32,902.53**	**36,915.82**
5. **Profit before exceptional item and tax (3-4)**		**390.54**	**721.54**
6. **Exceptional item (See note 41)**		-	6,832.58
7. **Profit before tax (5-6)**		**390.54**	**7,554.12**
8. **Tax expense:**			
a. Current tax	28.1	147.81	2,578.15
b. Deferred tax	16	(2.60)	46.65
Total tax expense		**145.21**	**2,624.80**
9. **Profit for the year (7-8)**		**245.33**	**4,929.32**
10. **Other comprehensive income**			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	37	(8.07)	(36.50)
(ii) Income tax relating to items that will not be reclassified to profit or loss	28.2	2.67	12.68
Total other comprehensive income		**(5.40)**	**(23.82)**
11. **Total comprehensive income for the year (9+10)**		**239.93**	**4,905.50**
Earnings per equity share:			
(Face value Rs. 10 per share)			
- Basic and diluted (Rupees)	31	**0.03**	**0.82**

See accompanying notes to financial statements **1-42**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner

Place: Mumbai
Date: 10 May, 2017

For and on behalf of the Board of Directors

Rajiv Banga
Managing Director
(DIN-02093324)

Rameshwar Lal Kabra
Director
(DIN-00165612)

Rajnesh Khurana
Chief Financial Officer

Chinky Lavania
Company Secretary

Place: Mumbai
Date: 10 May, 2017

IL&FS RAIL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	Notes	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
A. Cash flow from operating activities			
Profit for the year		245.33	4,929.32
Adjustments for:			
Income tax expense		145.21	2,624.80
Finance costs		-	225.84
Interest income		(1,817.44)	(706.77)
Net gain on disposal of property, plant and equipment		(0.33)	(0.21)
Gain on disposal of long-term investments		-	(6,832.58)
Depreciation and amortisation expense		36.49	37.05
		(1,390.74)	**277.45**
Movements in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		9,277.43	(9,700.29)
Other financial assets		878.69	(109.88)
Other assets		1,040.28	(980.74)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(8,250.17)	12,981.67
Other liabilities		(821.48)	(2,188.85)
Provisions		0.15	(138.10)
Cash generated from operations		734.16	141.26
Income tax paid		(780.57)	(2,657.39)
Net cash used in operating activities (A)		**(46.41)**	**(2,516.13)**
B. Cash flow from investing activities			
Payments for purchase of property, plant and equipment		(6.21)	(27.12)
Proceeds from disposal of property, plant and equipment		0.33	25.48
Amounts advanced to related parties		(32,952.64)	(53,471.05)
Repayments by related parties		32,240.95	55,769.44
Interest received		1,809.82	712.51
Fixed deposit not considered as Cash and cash equivalents			
- Placed		(891.69)	-
Proceeds from disposal of long-term investments		-	16,593.40
Long-term investments - subsidiaries		(13,802.75)	(17,758.00)
Net cash generated by/(used in) investing activities (B)		**(13,602.19)**	**1,844.66**
C. Cash flow from financing activities			
Proceeds from issue of equity instruments of the Company		13,803.52	16,485.41
Repayment of borrowings		-	(15,500.00)
Interest paid		-	(225.84)
Net cash generated by financing activities (C)		**13,803.52**	**759.57**
Net increase in Cash and cash equivalents (A+B+C)		**154.92**	**88.10**
Cash and cash equivalents at the beginning of the year	11	154.37	66.27
Cash and cash equivalents at the end of year end	11	**309.29**	**154.37**
See accompanying notes to the financial statements	**1-42**		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner

Place: Mumbai
Date: 10 May, 2017

For and on behalf of the Board of Directors

Rajiv Banga
Managing Director
(DIN-02093324)

Rameshwar Lal Kabra
Director
(DIN-00165612)

Rajnesh Khurana
Chief Financial Officer

Chinky Lavania
Company Secretary

Place: Mumbai
Date: 10 May, 2017

IL&FS RAIL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

a. Equity share capital

Particulars	Amount (Rs./Lacs)
Balance as at 01.04.2015	**52,379.96**
Changes in equity share capital during the year	16,485.41
Balance as at 31.03.2016	**68,865.37**
Changes in equity share capital during the year	13,803.52
Balance as at 31.03.2017	**82,668.89**

b. Other equity

Particulars	Reserves and surplus - Retained earnings (Rs./Lacs)
Balance as at 01.04.2015	**2,677.34**
Profit for the year	4,929.32
Other comprehensive income for the year	(23.82)
Total comprehensive income for the year	**4,905.50**
Balance as at 31.03.2016	**7,582.84**
Profit for the year	245.33
Other comprehensive income	(5.40)
Total comprehensive income for the year	**239.93**
Balance as at 31.03.2017	**7,822.77**

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Deloitte Haskins & Sells
Chartered Accountants

Satpal Singh Arora
Partner

Place: Mumbai
Date: 10 May, 2017

For and on behalf of the Board of Directors

Rajiv Banga
Managing Director
(DIN-02093324)

Rameshwar Lal Kabra
Director
(DIN-00165612)

Rajnesh Khurana
Chief Financial Officer

Chinky Lavania
Company Secretary

Place: Mumbai
Date: 10 May, 2017

1. Background

ITNL Enso Rail Systems Limited ("the Company") was incorporated under Companies Act, 1956 on 19 February, 2008 as a Joint Venture between IL&FS Transportation Networks Limited (ITNL), ENSO Limited and Mr. Sanjiv Rai. During the year ended 31 March, 2010 the Company became a subsidiary of IL&FS Transportation Networks Limited.

The Registrar of Companies had issued a "Certificate of Commencement of Business" dated April 10, 2008. During the year ended 31 March, 2012 the name of the Company was changed to IL&FS Rail Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, NCT of Delhi and Haryana on 06 February, 2012. The Company has been set up for the development of urban and inter urban mass and freight transport infrastructure projects.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

Upto the year ended 31 March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer Note 2.22 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis except for, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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2.3 Use of estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of valuation of deferred tax assets and provision for employee benefits.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2.9.2. Also see note 18 and 29.

Provision for employee benefits

The policy for the employee benefits have been explained under note 2.8. Also see note 19 and 33.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

2.4.1 Revenue from construction contracts

Revenue from a construction contract is recognised when outcome can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The outcome of a contruction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches a reasonable level of development.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

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2.4.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.5.1 The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.5.2 The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 2.7 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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2.6 Foreign currencies

The functional currency of the Company is Indian rupee.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Employee benefits

2.8.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each semi-annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

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The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.8.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Asset type	Useful life (in years)
Specialised office equipment	3
Vehicles	5
Assets provided to employees (included in furniture and fixtures)	3

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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2.11 Intangible assets

2.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.11.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.11.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets comprising of Computer software licenses are amortised on a straight-line method over the license period or 4 years whichever is less.

2.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.16.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

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2.16.2 Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

2.16.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments other than in subsidiaries (see note 2.15.4) are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.16.4 Investment in subsidiaries

Investments in equity instruments of Subsidiaries are accounted for as per Ind AS 27 i.e "Separate Financial Statement" which allows provides to account for these investments at cost or in accordance with Ind AS 109 for each category of investments.

Accordingly, the Company has accounted investment in Subsidiaries at cost.

2.16.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit -adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all

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contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.16.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the

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relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.17 Financial liabilities and equity instruments

2.17.1 Classification as debt or equity

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.17.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

2.17.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction

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costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

2.17.3.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.17.3.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.18 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

2.19 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.20 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e.the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

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2.21 Operating cycle

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

2.22 First-time adoption - mandatory exceptions, optional exemptions

2.22.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.22.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2015 (the transition date).

2.22.3 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.22.4 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.22.5 Cost or deemed Cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.22.6 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

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2.23. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its impact on its cash flows, which are not expected to be material.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not have any scheme of share based payments and hence the requirements of the amendment will not have any impact of the financial statements.

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Note 3: Property, plant and equipment

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
			(Rs./Lacs)
Carrying amounts of :			
Office equipment	0.59	0.69	2.26
Computers	4.02	3.92	5.50
Furniture and fixtures	4.61	5.47	7.60
Plant and equipment	0.46	0.51	0.56
Vehicles	30.08	51.16	96.97
	39.76	**61.75**	**112.89**

Particulars	Office equipment	Data processing equipments	Furniture and fixtures	Plant and machinery	Vehicles	Total
	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)
Cost or deemed cost						
Balance at 1 April, 2015	**2.26**	**5.50**	**7.60**	**0.56**	**96.97**	**112.89**
Additions	0.81	2.90	1.04	-	-	**4.75**
Disposals	(0.45)	-	(1.42)	-	(23.39)	**(25.26)**
Balance at 31 March, 2016	**2.62**	**8.40**	**7.22**	**0.56**	**73.58**	**92.38**
Additions	2.53	3.68	-	-	-	**6.21**
Disposals	(2.58)	(3.85)	-	-	-	**(6.43)**
Balance at 31 March, 2017	**2.57**	**8.23**	**7.22**	**0.56**	**73.58**	**92.16**
Accumulated depreciation						
Balance at 1 April, 2015	-	-	-	-	-	-
Depreciation expenses	1.93	4.48	1.75	0.05	22.42	**30.63**
Elimination on disposals of assets	-	-	-	-	-	-
Balance at 31 March, 2016	**1.93**	**4.48**	**1.75**	**0.05**	**22.42**	**30.63**
Depreciation expenses	2.63	3.58	0.86	0.05	21.08	**28.20**
Eliminated on disposals of assets	(2.58)	(3.85)	-	-	-	**(6.43)**
Balance at 31 March, 2017	**1.98**	**4.21**	**2.61**	**0.10**	**43.50**	**52.40**
Carrying amount						
Balance at 1 April, 2015	2.26	5.50	7.60	0.56	96.97	**112.89**
Additions	0.81	2.90	1.04	-	-	**4.75**
Disposals	(0.45)	-	(1.42)	-	(23.39)	**(25.26)**
Depreciation expenses	1.93	4.48	1.75	0.05	22.42	**30.63**
Balance at 31 March, 2016	**0.69**	**3.92**	**5.47**	**0.51**	**51.16**	**61.75**
Additions	2.53	3.68	-	-	-	**6.21**
Disposals	-	-	-	-	-	-
Depreciation expense	2.63	3.58	0.86	0.05	21.08	**28.20**
Balance at 31 March, 2017	**0.59**	**4.02**	**4.61**	**0.46**	**30.08**	**39.76**

Assets pledged as security
NIL

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Note 4: Intangible assets

(Rs./Lacs)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Carrying amounts of :			
Computer software	17.49	25.78	9.83
	17.49	**25.78**	**9.83**

Particulars	Computer software
	(Rs./Lacs)
Deemed cost	
Balance at 1 April, 2015	9.83
Additions	22.38
Disposals	-
Balance at 31 March, 2016	**32.21**
Additions	-
Disposals	-
Balance at 31 March, 2017	**32.21**
Accumulated depreciation	
Balance at 1 April, 2015	-
Depreciation expenses	6.43
Elimination on disposals of assets	-
Balance at 31 March, 2016	**6.43**
Depreciation expenses	8.29
Eliminated on disposals of assets	-
Balance at 31 March, 2017	**14.72**
Carrying amount	
Balance at 1 April, 2015	9.83
Additions	22.38
Disposals	-
Depreciation expenses	6.43
Balance at 31 March, 2016	**25.78**
Additions	-
Disposals	-
Depreciation expense	8.29
Balance at 31 March, 2017	**17.49**

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	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
	Number of shares	**Amount (Rs./Lacs)**	**Number of shares**	**Amount (Rs./Lacs)**	**Number of shares**	**Amount (Rs./Lacs)**
5. Investments						
Trade						
Investments in Equity Instruments (Unquoted, fully paid up)						
(A) Subsidiaries						
a. Rapid Metrorail Gurgaon South Limited	427,699,940	42,769.99	289,672,440	28,967.24	163,182,440	16,318.24
b. Rapid Metrorail Gurgaon Limited	-	-	-	-	359,045,000	35,904.50
(B) Fellow subsidiary						
Rapid Metrorail Gurgaon Limited	312,526,758	31,252.68	312,526,758	31,252.68	-	-
	740,226,698	**74,022.67**	**602,199,198**	**60,219.92**	**522,227,440**	**52,222.74**

Note:
Rapid Metrorail Gurgaon Limited ceased to be a subsidiary Company with effect from 29 December, 2015.

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	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
6. Loans			
(Unsecured, considered good)			
i. Non-current			
Loan to related party	-	**300.00**	-
ii. Current			
a. Loans to related parties	15,333.30	15,071.61	15,500.00
b. Inter corporate deposit to related party	750.00	-	2,170.00
	16,083.30	**15,071.61**	**17,670.00**
Total	**16,083.30**	**15,371.61**	**17,670.00**

Note :
Further information about these loans is set out in note 33. These financial assets are carried at amortised cost.

	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
7. Other financial assets			
i. Non-current			
a. Security deposits	0.06	7.06	7.06
b. Earmarked balances with banks	-	852.62	752.63
c. Accrued interest on bank deposits	-	19.07	28.40
	0.06	**878.75**	**788.09**
ii. Current			
a. Accrued interest on deposits	0.76	-	-
b. Accrued interest on loans and advances	10.46	3.60	-
	11.22	**3.60**	-
Total	**11.28**	**882.35**	**788.09**
8. Income tax assets (net)			
i. Non-current tax assets			
Advance tax	5,418.22	4,637.67	1,980.28
	5,418.22	**4,637.67**	**1,980.28**
ii. Current tax liabilities			
Provision for tax	4,257.54	4,109.73	1,531.58
	4,257.54	**4,109.73**	**1,531.58**
Total	**1,160.68**	**527.94**	**448.70**
9. Other assets			
i. Non-current assets			
a. Prepaid expenses	563.91	474.63	346.98
b. Advances to employees	3.34	13.12	30.90
	567.25	**487.75**	**377.88**
ii. Current assets			
a. Advances to employees	8.71	11.13	16.24
b. Prepaid expenses	7.92	6.77	10.38
c. Advance to vendors	66.52	1,186.68	289.63
d. Surplus in defined benefit plans	13.81	12.16	17.51
e. Balances with government authorities	-	-	2.24
	96.96	**1,216.74**	**336.00**
Total	**664.21**	**1,704.49**	**713.88**

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	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
10. Trade receivables			
Trade receivables (current)			
a. Unsecured, considered good	**6,918.57**	**16,196.00**	**6,495.71**

Notes:
Trade receivable are immediately due except in specific cases where period is contractually allowed. Interest is charged on trade receivables as per contractual terms, if any.

Age of receivables

	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 31.03.2015 (Rs./Lacs)
1-30 days past due	6,884.65	15,738.85	5,700.91
31-60 days past due	-	-	-
61-90 days past due	-	-	-
More than 90 days past due	33.92	457.15	794.80
Total	**6,918.57**	**16,196.00**	**6,495.71**

With respect to trade receivables, there are no indicators as on 31 March, 2017 for default in payments. Accordingly, the Company does not anticipate any expected credit loss.

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	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
11. Cash and cash equivalents			
a. Balance with banks			
- in current accounts	309.27	154.09	66.25
b. Cash in hand	0.02	0.28	0.02
Cash and cash equivalents as per balance sheet	**309.29**	**154.37**	**66.27**
Cash and cash equivalents as per statement of cash flows	**309.29**	**154.37**	**66.27**

11.1 Disclosure on Specified Bank Notes (SBNs)

The Company did not have any Specified Bank Notes (SBNs), as defined in the MCA notification G.S.R. 308(E) dated 30 March, 2017, held and transacted during the period from 8 November, 2016 to 30 December, 2016.

Details of other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30 March, 2017, held and transacted during the period from 8 November, 2016 to 30 December, 2016 is stated below:

Particulars	**SBNs** (Rupees)	**Other denomination notes** (Rupees)	**Total** (Rupees)
Closing cash in hand on 8 November, 2016	-	5,254	5,254
Add: Permitted receipts	-	74,000	74,000
Less: Permitted payments	-	70,282	70,282
Less: Amount deposited in banks	-	-	-
Closing cash held as on 30 December 2016	-	8,972	8,972

Notes:

(i) Permitted receipts represents amount withdrawn from bank accounts.

(ii) For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016.

12. Bank balances other than cash and cash equivalents

	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
a. Balance with banks - in deposit accounts under lien*	891.69	-	-
	891.69	**-**	**-**
*Deposits under lien:			
- Against bank guarantee	750.00	-	-
- In favour of custom authorities	141.69	-	-
	891.69	**-**	**-**

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	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
	Number of shares	Amount (Rs./Lacs)	Number of shares	Amount (Rs./Lacs)	Number of shares	Amount (Rs./Lacs)
13. Equity share capital						
(a) Authorised share capital						
Equity shares of Rs. 10 (Previous year Rs. 10) each with voting rights	860,000,000	86,000.00	860,000,000	86,000.00	660,000,000	66,000.00
(b) Issued, subscribed and fully paid up						
Equity shares of Rs. 10 (Previous year Rs. 10) each with voting rights	826,688,844	82,668.88	688,653,650	68,865.37	523,799,600	52,379.96

See notes (i) to (iv) below

(i) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.

(ii) Fully paid equity shares

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016		Year ended 31 March, 2015	
	Number of shares	Amount (Rs./Lacs)	Number of shares	Amount (Rs./Lacs)	Number of shares	Amount (Rs./Lacs)
Shares outstanding at the beginning of the year	688,653,650	68,865.36	523,799,580	52,379.96	392,300,000	39,230.00
Shares issued during the year	138,035,194	13,803.52	164,854,070	16,485.41	131,499,580	13,149.96
Shares outstanding at the end of the year	**826,688,844**	**82,668.88**	**688,653,650**	**68,865.37**	**523,799,580**	**52,379.96**

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

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
	Number of shares held	Amount (Rs./Lacs)	Number of shares held	Amount (Rs./Lacs)	Number of shares held	Amount (Rs./Lacs)
IL&FS Transportation Networks Limited, the holding company	688,174,336	68,817.43	550,139,142	55,013.91	411,485,072	41,148.51

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

Class of shares / Name of shareholder	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
	Number of shares held	% holding	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights						
IL&FS Transportation Networks Limited, the holding company	688,174,336	83.24	550,139,142	79.89	411,485,072	78.56
Enso Infrastructures Private Limited	125,929,368	15.23	125,929,368	18.29	99,729,368	19.04

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		As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 1.04.2015 (Rs./Lacs)
14.	**Other equity**			
	Retained earnings	**7,822.77**	**7,582.84**	**2,677.34**
14.1	**Retained earnings**			
	i. Balance at the beginning of the year	7,582.84	2,677.34	-
	ii. Add: Profit for the year	245.33	4,929.32	-
		7,828.17	**7,606.66**	**-**
	iii. Less: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(5.40)	(23.82)	-
		(5.40)	**(23.82)**	**-**
	Balance at the end of the year	**7,822.77**	**7,582.84**	**2,677.34**

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	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 31.03.2015 (Rs./Lacs)
15. Provisions			
i. Non-current			
a. Provision for employee benefits			
- Compensated absences	13.94	9.18	19.97
	13.94	**9.18**	**19.97**
ii. Current			
a. Provision for employee benefits			
- Compensated absences	25.17	21.71	112.55
	25.17	**21.71**	**112.55**
Total	**39.11**	**30.89**	**132.52**

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16. Deferred tax assets (net)

The following is the analysis of deferred tax assets/(liabilities) in the Balance Sheet.

	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 31.03.2015 (Rs./Lacs)
a. Deferred tax assets	27.58	22.31	56.28
b. Deferred tax liabilities	-	-	-
Total	**27.58**	**22.31**	**56.28**

Financial year 2016-17	**Opening Balance**	**Recognised in Profit or loss**	**Recognised in other comprehensive Income**	**Closing balance**
	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)
Deferred tax assets in relation to				
Property, plant and equipment	12.10	(2.55)	-	**14.65**
Employee benefits	10.21	(0.05)	2.67	**12.93**
	22.31	**(2.60)**	**2.67**	**27.58**

Financial year 2015-16	**Opening Balance**	**Recognised in Profit or loss**	**Recognised in other comprehensive Income**	**Closing balance**
Deferred tax assets in relation to				
Property, plant and equipment	13.28	1.18	-	**12.10**
Employee benefits	43.00	45.47	12.68	**10.21**
	56.28	**46.65**	**12.68**	**22.31**

Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

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	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 31.03.2015 (Rs./Lacs)
17 Other liabilities			
i. Current			
a. Revenue received in advance (unearned revenue)	214.96	1,055.76	3,298.94
b. Other payables			
- Statutory dues (Contributions to PF, ESIC, withholding taxes and service tax etc.)	176.97	157.65	103.30
	391.93	**1,213.41**	**3,402.24**

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	As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)	As at 31.03.2015 (Rs./Lacs)
18. Current borrowings			
Unsecured - at amortised cost			
a. Loans repayable on demand -from related party	-	-	15,500.00
	-	**-**	**15,500.00**
19. Trade payables			
a. Total outstanding dues of micro enterprises and small enterprises (See note below)	-	-	-
b. Total outstanding dues of creditors other than micro enterprises and small enterprises	9,223.84	17,474.01	4,492.33
	9,223.84	**17,474.01**	**4,492.33**

Notes:

i. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.
In terms of notification dated September 4, 2015 issued by the Central Government of India, the disclosure related to trade payables are as follows:

(a)	(i) the principal amount remaining unpaid to any supplier	-	-	-
	(ii) interest due thereon	-	-	-
(b)	interest paid in terms of section 16 of the Micro,Small and	-	-	-
(c)	interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
(d)	interest accrued and remaining unpaid	-	-	-
(e)	further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

ii. The average credit period is upto 30 days for the Company.

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	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
20. Revenue from operations		
Construction contract revenue	**31,459.81**	**36,915.65**
21. Other income		
a. Interest income		
Interest income earned on:		
(i) Intercorporate deposits	93.76	155.61
(ii) Bank deposits	72.50	102.05
(iii) Short term loan	1,650.51	447.90
(iv) Others	0.67	1.21
	1,817.44	**706.77**
b. Other non-operating income		
Miscellaneous income	15.49	14.73
c. Other gains and losses		
Net gain on disposal of property, plant and equipment	0.33	0.21
	1,833.26	**721.71**

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	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
22. Cost of materials consumed		
Material and components	1,239.15	2,589.81
	1,239.15	**2,589.81**
23. Construction cost		
Sub-contractors charges for civil construction and other related works	29,524.49	31,807.57
	29,524.49	**31,807.57**
24. Employee benefit expense		
a. Salaries and wages	1,006.73	1,023.25
b. Contribution to provident and other funds	67.36	82.36
c. Staff welfare expenses	33.53	35.07
	1,107.62	**1,140.68**
25. Finance costs		
Interest on borrowings	-	225.84
	-	**225.84**
26. Depreciation and amortisation expense		
a. Depreciation of plant, property and equipment	28.20	30.63
b. Amortisation of intangible assets	8.29	6.43
	36.49	**37.06**
27. Other expenses		
a. Legal and professional charges	333.65	179.87
b. Travelling and conveyance	98.31	118.27
c. Rent	177.20	182.58
d. Registration expenses	13.84	19.80
e. Rates and taxes	0.61	0.65
f. Repair and maintenance- others	20.45	19.14
g. Office maintenance	69.56	74.20
h. Communication expenses	15.90	9.74
i. Insurance charges	21.04	23.94
j. Power and fuel	12.18	13.63
k. Vehicle running and maintenance expenses	12.37	12.29
l. Auditor's remuneration (See note below)	20.65	18.28
m. Directors' fees	12.64	15.72
n. Business promotion expenses	22.45	9.98
o. Expenditure on corporate social responsibility (See note 34)	60.33	25.26
p. Donations	-	0.40
q. Net loss on foreign currency transactions/translation	35.60	269.58
r. Royalty expenses	41.10	64.86
t. Bank charges	9.74	4.50
u. Miscellaneous expenses	17.16	52.17
	994.78	**1,114.86**

Note:
Payment to auditors comprises:

- To statutory auditors		
(a) for Statutory audit	16.00	16.00
(b) for Tax audit	2.25	-
(c) Service tax on above	2.40	2.28
	20.65	18.28

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	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
28 Tax expense		
28.1 Income tax recognised in profit and loss		
Current tax		
In respect of the current year	**147.81**	**2,578.15**
Deferred tax		
In respect of the current year	**(2.60)**	**46.65**
Total income tax expense recognised in the current year	**145.21**	**2,624.80**
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**390.54**	**7,554.12**
Stautory income tax	33.06%	34.61%
Tax at Indian statutory income tax rate	129.12	2,614.33
Effect of expenses that are not deductible in determining taxable profit	16.09	10.47
Income tax expense recognised in profit or loss	**145.21**	**2,624.80**

The tax rate used for the years 2016-2017 and 2015-2016 reconciliations above is the coporate tax rate of 30% plus applicable surcharge payable by corporate entities in India on taxable profits under the Indian tax law.

28.2 Income tax recognised in other comprehensive income

	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
Current tax		
Arising on income and expenses recognised in other comprehensive income		
Remeasurements of defined benefit obligation	2.67	12.68
Total income tax recognised in other comprehensive income	**2.67**	**12.68**

29 Construction contracts

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)
Contracts in progress as at the end of the reporting period			
Construction costs incurred plus recognised profit less recognised losses to date	94,521.86	63,073.77	26,158.12
Less: Progress billing	94,295.19	62,018.02	22,859.18
	226.67	**1,055.75**	**3,298.94**

30 Segment Reporting

The Company is engaged in infrastructure development and carring out related operations, primarily in India. Based on the information reported to the management (Decision makers) for the purpose of resource allocation and assessment of performance, there are no reportable segments in accordance with the requirements of Ind AS 108 -'Operating Segment Reporting', notified under the Companies (Indian Accounting Standards) Rules, 2015.

30.1 Geographical information

a. The Company is domiciled in India. The amount of its revenue from external customers broken down by location of customers in stated below:

Geography	Year ended 31 March 2017 (Rs./Lacs)	Year ended 31 March 2016 (Rs./Lacs)
India	31,459.81	36,915.65
Outside India	-	-
	31,459.81	**36,915.65**

b. Information regarding geographical non-current assets is as follows:

Geography	As at 31 March, 2017 (Rs./Lacs)	As at 31 March, 2016 (Rs./Lacs)	As at 01 April, 2015 (Rs./Lacs)
India	1,812.76	1,125.53	1,005.58
Outside India	-	-	-
	1,812.76	**1,125.53**	**1,005.58**

c. Information about major customers

Customer A has contributed revenue of Rs. 31,459.81 and Rs. 36,915.65 to the Company's revenue during the years ended 31 March, 2017 and 31 March, 2016.

31 Earnings per share

Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

	Particulars	Units	Year ended 31.03.2017	Year ended 31.03.2016
a.	Profit for the year	Rs./Lacs	245.33	4,929.32
b.	Weighted average number of equity shares used in computing the basic and diluted earnings per share	No. of shares	733,446,248	603,700,113
c.	Earnings per share basic and diluted	Rupees	0.03	0.82

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32 Contingent liabilities

	Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
		(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)
a.	Claims against the Company not acknowledged as debts			
	- Demand raised by Income tax authorities (see note 'i' below)	693.56	118.12	118.12
	- Service tax (see note 'ii' below)	6,577.17	6,577.17	-
	- Guarantees/counter guarantees (non-financial) issued in respect of a subsidiary Company (see note 'iii' below)	5,000.00	5,000.00	5,000.00

Notes:

i. No provision is considered necessary since the Company expects favorable decision.

ii. The Service Tax authorities had conducted audits for the years 2009-10 to 2013-14 pursuant to which the Company had received demand cum show cause notices from the office of Commissioner of Service Tax asking the Company as to why it should not pay service tax plus interest and penalty. The Company had filed an appeal to the CESTAT against the said order including the application for stay of demand. No provision has been made in the books of account as the Company is of the view that based on the facts of the case it is unlikely that any liability would arise on the Company.

iii. Company has provided corporate guarantee on behalf of its subsidiary company to meet its contractual obligations. The Company does not expect any liability on account of same.

33 Commitments

	Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
		(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)
a.	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-	-

b. The Company did not have any long term commitments/contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.

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34 Corporate social responsibility (CSR)

	Particulars	Year ended 31 March, 2017 (Rs./Lacs)	Year ended 31 March, 2016 (Rs./Lacs)
a.	Gross amount required to be spent during the year	60.33	25.26
b.	Amount spent during the year	60.33	25.26
c.	Detail of related party payments	-	-

35 Operating lease

The Company has entered into operating lease arrangements for office premise. Rent expenses of Rs. 177.20 lacs (Previous year Rs. 182.58 lacs) has been charged to the Statement of Profit and Loss in respect of cancellable operating leases.

The details of future minimum lease payments under non-cancellable leases are as given below:

Particulars	As at 31 March, 2017 (Rs./Lacs)	As at 31 March, 2016 (Rs./Lacs)
Not later than one year	-	0.15
Later than one year but not later than five years	-	-
More than five years	-	-
Total	**-**	**0.15**

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36. Related party transactions

The Company's material related party transactions and outstanding balances are with whom the Company routinely enters into transactions in the ordinary course of business.

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

Ultimate Holding Company	Infrastructure Leasing & Financial Services Limited
Holding Company	IL&FS Transportation Networks Limited
Fellow Subsidiaries	IL&FS Financial Services Limited IL&FS Security Services Limited Rapid Metrorail Gurgaon Limited (from 30 December, 2015) Jharkhand Road Project Implementation Company Limited IL&FS Trust Limited (upto 30 March, 2016) IL&FS Education & Technology Services Limited Chenani Nashri Tunnelway Limited ITNL Road Infrastructure Development Company Limited IL&FS Technologies Limited Livia India Limited (w.e.f. 30 January, 2015)
Subsidiaries	Rapid Metrorail Gurgaon South Limited Rapid Metrorail Gurgaon Limited (upto 29 December, 2015)
Associates	IL&FS Engineering and Construction Company Limited
Jointly controlled entity	Thiruvananthapuram Road Development Company Limited
Key Management Personnel	Mr. Sanjiv Rai (Managing Director and CEO till 31 March, 2015) Mr. Rajiv Banga (From 1 April, 2016)
Company with ability to exercise significant influence	ENSO Infrstructure Private Limted

(Rs./Lacs)

Particulars	Holiding Company/ Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Jointly controlled entity	Key Managerial Personnel
B. Transactions during the year					
Shares capital issued (See note 'ii' below)					
IL&FS Transportation Networks Limited	13,803.52 (16,485.41)	- (-)	- (-)	- (-)	- (-)
Investments made					
Rapid Metrorail Gurgaon Limited	- (-)	- (5,109.00)	- (-)	- (-)	- (-)
Rapid Metrorail Gurgaon South Limited	- (-)	13,802.75 (12,649.00)	- (-)	- (-)	- (-)
Sale of long term investments					
Infrastructure Leasing & Financial Services Limited	- (16,593.40)	- (-)	- (-)	- (-)	- (-)
Construction income (including advance billing)					
IL&FS Transportation Networks Limited	30,619.02 (34,672.46)	- (-)	- (-)	- (-)	- (-)
Construction and development expenses					
IL&FS Transportation Networks Limited	668.27 (-)	- (-)	- (-)	- (-)	- (-)
Operating expenses					
Infrastructure Leasing & Financial Services Limited	355.11 (309.75)	- (-)	- (-)	- (-)	- (-)
IL&FS Technologies Limited	- (-)	1,278.24 (340.97)	- (-)	- (-)	- (-)
Livia India Limited	- (-)	16.37 (14.89)	- (-)	- (-)	- (-)
Rapid Metrorail Gurgaon Limited	- (-)	177.95 (239.05)	- (-)	- (-)	- (-)
IL&FS Education & Technology Services Limited	- (-)	- (0.17)	- (-)	- (-)	- (-)
IL&FS Security Services Limited	- (-)	0.07 (5.10)	- (-)	- (-)	- (-)
IL&FS Trust Limited	- (-)	- (1.57)	- (-)	- (-)	- (-)

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Particulars	Holiding Company/ Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Jointly controlled entity	Key Managerial Personnel
Reimbursement of expenses					
Rapid Metrorail Gurgaon South Limited	- (-)	34.54 (56.68)	- (-)	- (-)	- (-)
Managerial remuneration					
Mr. Rajiv Banga	- (-)	- (-)	- (-)	- (-)	209.29 (195.54)
Inter corporate deposits placed					
IL&FS Financial Services Limited	- (-)	12,952.64 (16,799.44)	- (-)	- (-)	- (-)
Inter corporate deposits received back					
IL&FS Financial Services Limited	- (-)	12,202.64 (18,969.44)	- (-)	- (-)	- (-)
Interest income					
IL&FS Transportation Networks Limited	159.01 (440.21)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	93.76 (155.61)	- (-)	- (-)	- (-)
Jharkhand Road Project Implementation Company Limited	- (-)	1,485.62 (7.69)	- (-)	- (-)	- (-)
Chenani Nashri Tunnelway Limited	- (-)	1.47 (-)	- (-)	- (-)	- (-)
ITNL Road Infrastructure Development Company Limited	- (-)	2.95 (-)	- (-)	- (-)	- (-)
Thiruvananthapuram Road Development Company Limited	- (-)	- (-)	- (-)	1.47 (-)	- (-)
Interest expense					
IL&FS Financial Services Limited	- (-)	- (223.79)	- (-)	- (-)	- (-)
Long term loan given					
IL&FS Transportation Networks Limited	- (16,600.00)	- (-)	- (-)	- (-)	- (-)
Long term loan received back					
IL&FS Transportation Networks Limited	- (16,300.00)	- (-)	- (-)	- (-)	- (-)
Short term loan given					
Jharkhand Road Project Implementation Company Limited	- (-)	- (15,000.00)	- (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	10,000.00 (5,000.00)	- (-)	- (-)	- (-)	- (-)
Chenani Nashri Tunnelway Limited	- (-)	2,500.00 (-)	- (-)	- (-)	- (-)
ITNL Road Infrastructure Development Company Limited	- (-)	5,000.00 (-)	- (-)	- (-)	- (-)
Thiruvananthapuram Road Development Company Limited	- (-)	- (-)	- (-)	2,500.00 (-)	- (-)
Short term borrowings taken					
IL&FS Financial Services Limited	- (-)	- (5,000.00)	- (-)	- (-)	- (-)
Short term loan received back					
IL&FS Transportation Networks Limited	10,000.00 (20,500.00)	- (-)	- (-)	- (-)	- (-)
Jharkhand Road Project Implementation Company Limited	- (-)	10,000.00 (-)	- (-)	- (-)	- (-)
Short term loan re-paid					
IL&FS Financial Services Limited	- (-)	- (20,500.00)	- (-)	- (-)	- (-)

Notes:

i. Amount in brackets represent figures for the year ended 31 March, 2016.

ii. During the previous year ILFS transporatation networks limited had transferred 2,620 lacs equity shares to Enso Infrastructure Private Limited.

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Particulars		Holiding Company/ Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Jointly controlled entity	Key Managerial Personnel
C. Balances at year end						
Trade payables						
Infrastructure Leasing & Financial Services Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(94.27)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(0.93)	(-)	(-)	(-)	(-)
IL&FS Engineering and Construction Company Limited	As at 31.03.2017	-	-	14.77	-	-
	(As at 31.03.2016)	(-)	(-)	(14.77)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(14.77)	(-)	(-)
IL&FS Technologies Limited	As at 31.03.2017	-	119.86	-	-	-
	(As at 31.03.2016)	(-)	(340.97)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(178.80)	(-)	(-)	(-)
IL&FS Financial Services Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(0.01)	(-)	(-)	(-)
IL&FS Security Services Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(-)	(5.10)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Livia India Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(-)	(1.30)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(10.81)	(-)	(-)	(-)
Short-term loans and advances (asset)						
IL&FS Transportation Networks Limited	As at 31.03.2017	300.00	-	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(15,500.00)	(-)	(-)	(-)	(-)
Rapid Metrorail Gurgaon South Limited	As at 31.03.2017	-	33.30	-	-	-
	(As at 31.03.2016)	(-)	(71.61)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Jharkhand Road Project Implementation Company Limited	As at 31.03.2017	-	5,000.00	-	-	-
	(As at 31.03.2016)	(-)	(15,000.00)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
ITNL Road Infrastructure Company Limited	As at 31.03.2017	-	5,000.00	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Chennai Nashri Tunnelway Limited	As at 31.03.2017	-	2,500.00	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Thiruvananthapuram Road Development Company Limited	As at 31.03.2017	-	-	-	2,500.00	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Long-term loans and advances (asset)						
IL&FS Transportation Networks Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(300.00)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Interest accrued but not due (Asset)						
IL&FS Transportation Networks Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(3.60)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
IL&FS Financial Services Limited	As at 31.03.2017	-	5.16	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
ITNL Road Infrastructure Company Limited	As at 31.03.2017	-	2.65	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Chennai Nashri Tunnelway Limited	As at 31.03.2017	-	1.33	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)
Thiruvananthapuram Road Development Company Limited	As at 31.03.2017	-	-	-	1.33	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(-)	(-)	(-)	(-)

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Particulars		Holiding Company/ Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Jointly controlled entity	Key Managerial Personnel
Short term borrowings						
IL&FS Financial Services Limited	As at 31.03.2017	-	-	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(15,500.00)	(-)	(-)	(-)
Trade receivables						
Rapid Metrorail Gurgaon Limited	As at 31.03.2017	-	33.92	-	-	-
	(As at 31.03.2016)	(-)	(457.15)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(794.80)	(-)	(-)	(-)
IL&FS Transportation Networks Limited	As at 31.03.2017	6,884.65	-	-	-	-
	(As at 31.03.2016)	(15,738.85)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(5,700.91)	(-)	(-)	(-)	(-)
Inter corporate deposits (asset)						
IL&FS Financial Services Limited	As at 31.03.2017	-	750.00	-	-	-
	(As at 31.03.2016)	(-)	(-)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(2,170.00)	(-)	(-)	(-)
Long term investments						
Rapid Metrorail Gurgaon Limited	As at 31.03.2017	-	31,252.68	-	-	-
	(As at 31.03.2016)	(-)	(31,252.68)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(35,904.50)	(-)	(-)	(-)
Rapid Metrorail Gurgaon South Limited	As at 31.03.2017	-	42,769.99	-	-	-
	(As at 31.03.2016)	(-)	(28,967.24)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(16,318.24)	(-)	(-)	(-)
Guarantees issued						
Rapid Metrorail Gurgaon South Limited	As at 31.03.2017	-	5,000.00	-	-	-
	(As at 31.03.2016)	(-)	(5,000.00)	(-)	(-)	(-)
	(As at 1.04.2015)	(-)	(5,000.00)	(-)	(-)	(-)

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Note 37 : Employee benefits

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds.

For defined contribution schemes the amount charged to the statement of profit or loss is the total of contributions payable in the year.

a. Defined contribution plan

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited with the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The Company recognised Rs. 55.90 lacs (previous year Rs. 68.71 lacs) for superannuation and provident fund contributions in the Statement of Profit and Loss. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme. As at 31 March, 2017, contribution of Rs. 4.21 lacs (as at 31 March, 2016 Rs. 5.43 lacs) representing amount payable to the Employee Provident Fund in respect of FY 2016-17 (FY 2015-16) reporting period had not been paid to the plans. The amounts were paid subseqently to the end of respective reporting periods.

b. Defined benefit plan – Gratuity plan

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of thirty days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of five years service.

c. Risks associated with plan provisions

Risks associated with the plan provisions are actuarial risks. These risks are:- (i) investment risk, (ii) interest risk (discount rate risk), (iii) mortality risk and (iv) salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2006-08) ultimate table. A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

In respect of gratuity, the actuarial valuation was carried out as at March 31, 2017 by member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

d. Principal actuarial assumptions:

Principle actuarial assumption used to determine the present value of the benefit obligation are as follows:

S. No.	Particulars	See note below	Year ended 31.03.2017	Year ended 31.03.2016
i.	Discount rate (p.a.)	1	7.38%	7.70%
ii.	Salary escalation rate (p.a.)	3	6.50%	6.50%
iii.	Estimate of amount of contribution in the immediate next year	Rs./Lacs	13.07	12.29

Notes:

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
3. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
4. The planned assets of the Company are managed by the Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information on categories of plan assets is not available with the Company.

S. No.	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Demographic assumptions:			
1.	Retirement age	58 years	58 years
2.	Mortality rate (% of IALM 06-08)	100%	100%
3.	Average outstanding service of employee upto retirement	27 years	24 years
4.	No of employees	45	39

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e. The following tables set out the funded status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2017:

S. No.	Particulars	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
i.	**Change in benefit obligations:**		
A.	Present value of obligations at the beginning of year	69.10	213.63
B.	Current service cost	18.41	17.18
C.	Interest cost	5.08	8.67
D.	Actuarial gain/(loss) on obligation	7.48	31.60
E.	Benefits paid	(6.29)	(201.98)
F.	Transfer out	(4.94)	-
	Present value of obligations at the end of the year (G=A+B+C+D+E+F)	**88.84**	**69.10**
ii.	**Change in plan assets:**		
A.	Fair value of plan assets at the beginning of year	81.26	231.14
B.	Return on plan assets	7.08	12.50
C.	Employer's contributions	21.18	44.83
D.	Benefits paid	(6.29)	(201.98)
E.	Remeasurement gain/(loss)	(0.59)	(5.23)
	Plan assets at the end of the year (F=A+B+C+D+E)	**102.64**	**81.26**

		As at 31.03.2017 (Rs./Lacs)	As at 31.03.2016 (Rs./Lacs)
iii.	**Net Liability/(surplus) (i-ii)**		
	Present value of defined benefit obligation	88.84	69.10
	Fair Value of Plan assets	102.64	81.26
		(13.80)	(12.16)

S. No.	Particulars	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
iv.	**Expenses recognised in the Statement of Profit and Loss:**		
A.	Current service cost	18.41	17.18
B.	Interest cost	(2.00)	(3.83)
	Net charge/(credit) (C=A+B)	**16.41**	**13.35**

S. No.	Particulars	Year ended 31.03.2017 (Rs./Lacs)	Year ended 31.03.2016 (Rs./Lacs)
	Expenses recognised in the other comprehensive income:		
A.	Acturial (gains)/losses due to change in demographic assumptions	-	-
B.	Acturial (gains)/losses due to change in financial assumptions	2.74	2.05
C.	Acturial (gains)/losses due to change in experience variance	4.74	29.22
D.	Return on plan assets	0.59	5.23
	Total	**8.07**	**36.50**

f. **Actuarial assumptions for long -term compensated absences**
i Principal actuarial assumptions:

S. No.	Particulars	See note below	Year ended 31.03.2017	Year ended 31.03.2016
i.	Discount rate (p.a.)	1	7.38%	7.70%
ii.	Salary escalation rate (p.a.)	2	6.50%	6.50%

Notes:

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

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Table 12: Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

I . Changes in Defined benefit obligation due to 1% Increase/Decease in Discount Rate, if all other assumptions remain constant.

(Rs. / Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
a) Defined benefit obligation	88.84	69.10	231.14
b) Defined benefit obligation at 1% Increase in Discount rate	79.54	61.40	205.78
c) Defined benefit obligation at 1% Decrease in Discount rate	99.87	78.28	222.96
d) Decrease in Defined benefit obligation due to 1% increase in discount rate. (a-b)	9.30	7.70	25.36
e) Increase in Defined benefit obligation due to 1% decrease in discount rate. (c-a)	11.03	9.18	(8.18)

II . Changes in Defined benefit obligation due to 1% Increase/Decease in Expected rate of Salary Escalation, if all other assumptions remain constant.

(Rs. / Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
a) Defined benefit obligation	88.84	69.10	231.14
b) Defined benefit obligation at 1% Increase in Expected Salary Escalation rate	99.39	78.18	222.88
c) Defined benefit obligation at 1% Decrease in Expected Salary Escalation rate	79.77	61.36	205.72
d) Increase in Defined benefit obligation due to 1% increase in Expected Salary Escalation rate. (b-a)	10.55	9.08	(8.26)
e) Decrease in Defined benefit obligation due to 1% decrease in Expected Salary Escalation rate. (a-c)	9.07	7.74	25.42

III. Changes in Defined benefit obligation due to 1% Increase/Decease in Mortality Rate, if all other assumptions remain constant is negligible.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There is no change in the method of the valuation for the prior period. For change in assumptions please see Table 1 above, where assumptions for prior period, if applicable, are given.

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38. Financial instruments

38.1 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholder through optimisation of debt and equity balances. The management reviews the capital structure of the Company on a quaterly basis. As part of this review, management consider cost of capital and risk associated with each class of capital.

38.1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

(Rs./Lacs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Debt (See note 'i' below)	-	-	15,500.00
Cash and Bank balances (See note 'ii' below)	(1,200.98)	(154.37)	(66.27)
Net debt (See note 'iii' below)	-	-	15,433.73
Total equity	90,491.65	76,448.21	55,057.30
Net debt to equity ratio (%) (See note 'iv' below)	-	-	28.03

Notes:

(i) Debt is defined as borrowings as described in note 18.

(ii) Cash and bank balance is defined as cash and cash equivalents and bank balance other than cash and cash equivalents as defined in note 11 and 12.

(iii) The Company did not have any debt as at 31 March, 2017 and 31 March, 2016.

(iv) As the Company did not have any debt as at 31 March, 2017 and 31 March, 2016 hence net debt to equity ratio is not computed.

38.2 Categories of financial instruments

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Financial Assets			
Measured at fair value through profit or loss (FVTPL)	-	-	-
Measured at Amortised cost			
(a) Loans (non-current)	-	300.00	-
(c) Other financial assets (non-current)	0.06	878.75	788.09
(d) Trade receivables	6,918.57	16,196.00	6,495.71
(e) Cash and cash equivalents	309.29	154.37	66.27
(f) Bank balances other than cash and cash equivalents	891.69	-	-
(g) Loans (current)	16,083.30	15,071.61	17,670.00
(h) Other financial assets (current)	11.22	3.60	-
	98,236.80	**92,824.25**	**77,242.81**
Financial Liabilities			
Measured at Amortised cost			
(a) Borrowings	-	-	15,500.00
(b) Trade payables	9,223.84	17,474.01	4,492.33
	9,223.84	**17,474.01**	**19,992.33**

Note: Equity investment in subsidiaries is a financial asset, however the same has not been included in above table since it is measured at cost

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38.3 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis Credit rating	Diversification of bank deposits, credit limits and letter of credit
Liquidity risk	Business commitment and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

38.3.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Companies exposure and the credit worthiness of its counterparties are continuously monitored.

Apart from certain trade receivables the Company does not have significant credit risk exposure to any single counterparty. The concentration of these trade receivables is about 99.51% of the total trade receivables.

38.3.2 Liquidity risk

The responsibility for liquidity risk management rests with the Corporate Finance department which functions under the guidance of board of directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

	Weighted average effective interest rate	0-1 year	1-5 years	5+ years	Total	Carrying Amount
March 31, 2017						
Non-interest bearing						
Trade payables		9,223.84	-	-	9,223.84	9,223.84
Fixed interest rate instruments						
Borrowings		-	-	-	-	-
March 31, 2016						
Non-interest bearing						
Trade payables		17,474.01	-	-	17,474.01	17,474.01
Fixed interest rate instruments						
Borrowings		-	-	-	-	-
April 1, 2015						
Non-interest bearing						
Trade payables		4,492.33	-	-	4,492.33	4,492.33
Fixed interest rate instruments						
Borrowings	14.00%	15,500.00	-		15,500.00	15,500.00

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	0-1 year	1-5 years	5+ years	Total	Carrying Amount
March 31, 2017						
Non-interest bearing						
Other financial assets (non-current)		0.06	-	-	0.06	0.06
Trade receivables		6,918.57	-	-	6,918.57	6,918.57
Cash and cash equivalents		309.29	-	-	309.29	309.29
Bank balances other than cash and cash equivalents		891.69	-	-	891.69	891.69
Loans (current)		16,083.30	-	-	16,083.30	16,083.30
Other financial assets (current)		11.22			11.22	11.22
March 31, 2016						
Non-interest bearing						
Loans (non-current)		300.00	-	-	300.00	300.00
Other financial assets (non-current)		878.75	-	-	878.75	878.75
Trade receivables		16,196.00	-	-	16,196.00	16,196.00
Cash and cash equivalents		154.37	-	-	154.37	154.37
Loans (current)		15,071.61	-	-	15,071.61	15,071.61
Other financial assets (current)		3.60	-	-	3.60	3.60
April 1, 2015						
Non-interest bearing						
Other financial assets (non-current)		788.09	-	-	788.09	788.09
Trade receivables		6,495.71	-	-	6,495.71	6,495.71
Cash and cash equivalents		66.27	-	-	66.27	66.27
Loans (current)		17,670.00	-	-	17,670.00	17,670.00

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39 First time IND AS adoption reconciliation

39.1 Reconciliation of total equity as at 31 March, 2016 and 1 April, 2015

(Rs./Lacs)

	As at 31 March, 2016	As at 1 April, 2015
Total equity (shareholders funds) under previous GAAP		
Share capital	68,865.37	52,379.96
Reserves and surplus	7,582.84	2,677.34
	76,448.21	**55,057.30**
Adjustments:		
	-	-
Total adjustment to equity	-	-
Total equity under Ind AS		
Equity share capital	68,865.37	52,379.96
Other equity	7,582.84	2,677.34
	76,448.21	**55,057.30**

39.2 Effect of Ind AS Adoption on the Statement of Profit and Loss for the year ended 31 March, 2016

(Rs./Lacs)

	Notes	Year ended 31 March, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from operations		36,915.65	-	36,915.65
Other income		721.71	-	721.71
Total income		**37,637.36**	**-**	**37,637.36**
Cost of materials consumed		2,589.81	-	2,589.81
Construction cost		31,807.57	-	31,807.57
Employee benefits expense	i.	1,177.18	(36.50)	1,140.68
Finance costs		225.84	-	225.84
Depreciation and amortisation expense		37.06	-	37.06
Other expenses		1,114.86	-	1,114.86
Total expenses		**36,952.32**	**(36.50)**	**36,915.82**
Profit before exceptional item and tax		**685.04**	**36.50**	**721.54**
Exceptional item		**6,832.58**	-	**6,832.58**
Profit before tax		**7,517.62**	**36.50**	**7,554.12**
Tax expense				
Current tax		2,578.15	-	2,578.15
Deferred tax		33.97	12.68	46.65
Total tax expense		**2,612.12**	**12.68**	**2,624.80**
Profit for the period	i.	**4,905.50**	**23.82**	**4,929.32**
Other comprehensive income				
i. Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans		-	(36.50)	(36.50)
ii. Income tax relating to items that will not be reclassified to profit or loss		-	12.68	12.68
Total other comprehensive income	i.	-	**(23.82)**	**(23.82)**
Total comprehensive income for the year		**4,905.50**	**-**	**4,905.50**

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39.3 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2016

(Rs./Lacs)

	Year ended 31 March, 2016		
	Previous GAAP	**Effect of Transition to Ind AS**	**As per Ind AS balance sheet**
Net Cash flows from operating activities	(2,514.92)	-	(2,516.13)
Net Cash flows from investing activities	1,843.45	-	1,844.66
Net Cash flows from financing activities	759.57	-	759.57
Net decrease in cash and cash equivalents	88.10	-	88.10
Cash and Cash equivalents at the beginning of the period	66.27	-	66.27
Cash and Cash equivalents at the end of the period	154.37	-	154.37

39.4 Analysis of cash and cash equivalents as at 31 March, 2016 and as at 1 April, 2015 for the purposes of statement of cash flow under Ind AS

(Rs./Lacs)

	As at 31 March, 2016	As at 1 April, 2015
Cash and Cash equivalents for the purposes of statement of cash flows as per previous GAAP	154.37	66.27
Cash and Cash equivalents for the purpose of statement of cash flows under Ind AS	**154.37**	**66.27**

Notes

i. Under Previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability which is recognised in other comprehensive income in the respective years'. This difference has resulted in increase in net profit of Rs. 23.82 lacs for the year ended 31, March, 2016. However, the same does not result in difference in equity or total comprehensive income.

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40 Managerial remuneration

Managerial remuneration of Rs. 557.09 lacs and Rs. 349.43 lacs paid by the Company during the years ended 31 March, 2014 and 31 March, 2015 respectively was in excess of the limits specified in the Companies Act, 1956/2013 subject to approval of the same by the Central Government. During the year ended 31 March, 2016, the Company had filed an application for approval in respect thereof with the Ministry of Corporate Affairs, Government of India.

The Ministry of Corporate Affairs vide its letter dated 16 May, 2016 approved amounts of Rs. 267.51 lacs and Rs. 307.63 lacs for the years ended 31 March, 2014 and 31 March, 2015 respectively and directed the Company to recover balance remuneration of Rs. 289.58 lacs and Rs. 41.80 lacs for the financial years 2013-14 and 2014-15 respectively.

On 30 March, 2017 the Company has submitted an application under section 197 to the Central Government to grant approval to waive the recovery of the balance amount of Rs. 331.38 lacs as the same could not be recovered. The approval from MCA is still awaited.

Based on the legal advice by the legal counsel, management is of the view that the waiver to recover the balance amount of Rs. 331.38 lacs will be received.

41 Exceptional item

During the previous year the Company had sold its long-term investments of 97,608,242 equity shares held in Rapid Metrorail Gurgaon Limited at a profit of Rs. 7 per share. The Profit on sale of investment amounting to Rs. 6,832.57 lacs has been shown as an 'Exceptional Item'.

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42 Approval of financial statements

The financial statements for the year ended 31 March, 2017 were approved by the Board of Directors on 10 May, 2017 .

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For and on behalf of the Board of Directors

Rajiv Banga
Managing Director
(DIN-02093324)

Rameshwar Lal Kabra
Director
(DIN-00165612)

Rajnesh Khurana
Chief Financial Officer

Chinky Lavania
Company Secretary

Place: Mumbai
Date: 10 May, 2017