

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Rapid MetroRail Gurgaon South Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Rapid MetroRail Gurgaon South Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2017 issued by the Ministry of Corporate Affairs ("MCA"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



## Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 10, 2017.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss including the Statement of 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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 35 and Note 40 to the Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

  
Amit Gupta

Partner

Membership Number: 501396

Place: Gurugram

Date: May 12, 2018



**Annexure 1 referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirement” section of our report of even date**

Re: Rapid MetroRail Gurgaon South Limited (‘the Company’)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of Concession Contract entered into by the Company with Haryana Urban Development Authority (HUDA), we report that the Company has constructed civil structure on land leased from HUDA for which the Company has entered into a ‘Concession Agreement’ which gives the Company the ‘Right to Use’ this immoveable asset for a specified period. Such right to use has been recognised and disclosed as an ‘Intangible Asset’ in the Ind AS financial statements, since ownership of the asset does not vest with the Company and hence there are no title deeds for this immoveable asset.
- ii. The Company’s business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- iii. (a) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. As per the information and explanation given to us, the Company has not given any loans, investment, guarantees or security to the parties covered under section 185 of the Companies Act 2013. Further, based on an expert legal opinion, management has informed us that the Company is engaged in the business of infrastructural facilities (as defined in section 186) and accordingly provision of section 186 are not applicable to the Company and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- vii.
  - (a) Undisputed statutory dues including provident fund, employees’ state insurance, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities except for income tax which has not been regularly deposited with appropriate authorities though the delays in deposit have not been serious.



- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs in lacs)*	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
The Income Tax Act, 1961	Tax Deducted at Source	71.10	April, 2017 to March 31, 2018	May 7, 2017 of succeeding month	Not paid	Not paid
The Income Tax Act, 1961	Income Tax	2,464.09	April, 2016 to March 31, 2017	Various date	Not paid**	Not paid

\*excluding interest and penalty

\*\*refer note 40 (g)

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service and cess which have not been deposited on account of any dispute.

- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any outstanding loans or borrowing dues in respect of government during the year nor has issued any debentures.
- ix. In our opinion and according to the information and explanations given by the management, the Company has utilized term loans for the purposes for which they were raised. Company has not raised any money by way of initial public offer, further public offer, and debt instruments.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares, fully or partly compulsorily convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per Amit Gupta  
Partner

Membership Number: 501396

Place: Gurugram

Date: May 12, 2018



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RAPID METRORAIL GURGAON SOUTH LIMITED**

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

We have audited the internal financial controls over financial reporting of Rapid MetroRail Gurgaon South Limited ('the Company') ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 with reference to these financial statements 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

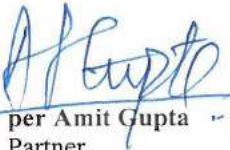
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal 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.

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For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per Amit Gupta  
Partner



Membership Number: 501396

Place: Gurugram

Date: May 12, 2018

**RAPID METRO RAIL, GURGAON SOUTH LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2018**

Particulars	Notes	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3	37.89	35.26
(b) Intangible assets	4	281,144.60	284,167.58
(c) Financial assets			
(i) Other financial assets	5	346.52	283.73
(d) Non-current tax assets	6	325.33	237.24
(e) Other non-current assets	7	11.39	114.08
<b>Total non-current assets</b>		<b>281,865.73</b>	<b>284,837.89</b>
<b>2. Current assets</b>			
(a) Financial assets			
(i) Trade receivables	8	56.36	157.23
(ii) Cash and cash equivalents	9	979.36	1,379.70
(iii) Other financial assets	5	188.33	778.32
(b) Other current assets	7	416.65	215.04
<b>Total current assets</b>		<b>1,640.70</b>	<b>2,530.29</b>
<b>Total assets</b>		<b>283,506.43</b>	<b>287,368.18</b>
<b>Equity and liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	10	65,800.00	65,800.00
(b) Other equity	11	(7,764.97)	15,945.88
<b>Total equity</b>		<b>58,035.03</b>	<b>81,745.88</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12	119,066.10	101,482.39
(ii) Other financial liabilities	13	29,998.90	27,063.48
(b) Provisions	14	1,360.98	24.91
(c) Deferred tax liabilities (Net)	15	6,033.73	7,949.94
<b>Total non-current liabilities</b>		<b>156,459.71</b>	<b>136,520.72</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	50,777.15	39,000.05
(ii) Trade payables	17		
-Total outstanding dues of micro enterprises and small enterprises			
-Total outstanding dues of creditors other than micro enterprises and small enterprises		569.40	451.61
(iii) Other financial liabilities	13	14,988.91	27,068.38
(b) Provisions	14	17.71	6.28
(c) Current income tax liabilities	18	2,464.09	1,697.04
(d) Other current liabilities	19	194.43	878.22
<b>Total current liabilities</b>		<b>69,011.69</b>	<b>69,101.58</b>
<b>Total liabilities</b>		<b>225,471.40</b>	<b>205,622.30</b>
<b>Total Equity and liabilities</b>		<b>283,506.43</b>	<b>287,368.18</b>
See accompanying notes to the financial statements	1-43		

The accompanying notes are an integral part of the financial statements.

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number : 301003E.E300005

*Amit Gupta*  
Amit Gupta

Partner

Membership No- 501396



For and on behalf of the Board of Directors

*Rajiv Banga*  
Rajiv Banga  
Managing Director  
(DIN-02093324)

*Rajnish Khurana*  
Rajnish Khurana  
Chief Financial Officer

*Deepak Das Gupta*

Deepak Das Gupta  
Director  
(DIN-00457925)

*Anjali Singhal*  
Anjali Singhal  
Company Secretary

Place: Gurugram  
Date: May 12, 2018

Place: Gurugram  
Date: May 12, 2018



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Notes	Year ended March 31, 2018 (Rs./Lacs)	Year ended March 31, 2017 (Rs./Lacs)
1. Revenue from operations	20	2,037.49	74,635.00
2. Other income	21	50.44	6,034.29
3. Total income (1+2)		<b>2,087.93</b>	<b>80,669.29</b>
4. Expenses			
Operating expenses of service concession arrangement	22	1,349.44	65,775.93
Employee benefit expense	23	1,129.69	41.45
Finance costs	24	19,095.49	5,855.92
Depreciation and amortisation expense	25	3,036.62	20.89
Other expenses	26	2,410.29	162.73
Total expenses		<b>27,021.53</b>	<b>71,856.92</b>
5. Profit / (Loss) before tax (3-4)		<b>(24,933.60)</b>	<b>8,812.37</b>
6. Tax expense			
-Current tax ( included related to Earlier Year)- Refer note 35(g)	27.1	767.05	1,697.04
-Deferred tax expense/(credit)	15	(1,908.97)	3,698.90
Total tax expense		<b>(1,141.92)</b>	<b>5,395.94</b>
7. Profit / (Loss) for the year (5-6)		<b>(23,791.68)</b>	<b>3,416.43</b>
8. Other comprehensive income/(expenses)			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	32	(25.10)	(4.63)
(ii) Income tax relating to items that will not be reclassified to statement of profit or loss	15	7.24	1.60
B Items that may be reclassified to profit or loss			
- Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	11.2	98.69	(837.29)
Total other comprehensive income / (expenses)		<b>80.83</b>	<b>(840.32)</b>
9. Total comprehensive income/(expenses) for the year (7+8)		<b>(23,710.85)</b>	<b>2,576.11</b>
Earnings / (Loss) per equity share (Face value Rs. 10 per share)			
- Basic and diluted (in Rs.)	30	(3.62)	0.60
See accompanying notes to the financial statements	1-43		

The accompanying notes are an integral part of the financial statements.

As per report of even date  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm registration number : 301003E/E300005

  
Amit Gupta  
Partner  
Membership No- 501396



For and on behalf of the Board of Directors

  
Rajiv Banga  
Managing Director  
(DIN-02093324)



Deepak Das Gupta  
Director  
(DIN-00457925)

  
Rajesh Khurana  
Chief Financial Officer

  
Anjali Singhal  
Company Secretary

Place: Gurugram  
Date: May 12, 2018


Place: Gurugram  
Date: May 12, 2018

**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

	Notes	Year ended March 31, 2018 (Rs./Lacs)	Year ended March 31, 2017 (Rs./Lacs)
		(Rupees in lacs)	(Rupees in lacs)
<b>A. Cash flow from operating activities</b>			
Profit for the year		(23,791.68)	3,416.43
<u>Adjustments for:</u>			
Income tax expense		(1,141.92)	5,395.94
Finance costs		19,095.49	5,855.92
Interest income		(23.74)	(6,033.87)
Depreciation and amortisation expense		3,036.62	20.89
Loss on sale of assets		1.22	
		<b>(2,824.01)</b>	<b>8,655.31</b>
<u>Movements in working capital:</u>			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		100.87	(140.14)
Other financial assets		529.96	165.35
Other assets		(141.82)	(158.09)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		117.79	378.05
Other liabilities		(683.79)	260.23
Other financial liabilities		4,002.24	443.61
Provisions		1,322.41	19.38
<b>Cash generated from operations</b>		<b>2,423.64</b>	<b>9,623.70</b>
Income tax paid		(88.09)	(206.50)
<b>Net cash generated by operating activities (A)</b>		<b>2,335.56</b>	<b>9,417.20</b>
<b>B. Cash flow from investing activities</b>			
Payments for purchase of property, plant and equipment		(21.41)	(14.59)
Payments for purchase of intangible assets		(11,330.06)	(81,124.08)
Proceeds from disposal of property, plant and equipment		4.11	-
Amounts advanced to related parties		-	(28,100.00)
Repayments by related parties		-	64,975.00
Interest received		20.99	5,284.77
Fixed deposit not considered as Cash and cash equivalents			
- Placed		-	(21,400.00)
- Matured		-	21,400.00
<b>Net cash used in investing activities (B)</b>		<b>(11,326.37)</b>	<b>(38,978.90)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from issue of equity instruments of the Company		-	21,235.00
Proceeds from borrowings		51,010.81	29,299.43
Repayment of borrowings		(21,650.00)	(17,469.61)
Interest paid		(20,770.33)	(4,012.44)
<b>Net cash generated by financing activities (C)</b>		<b>8,590.48</b>	<b>29,052.38</b>
<b>Net decrease in Cash and cash equivalents (A+B+C)</b>		<b>(400.34)</b>	<b>(509.32)</b>
Cash and cash equivalents at the beginning of the year	9	1,379.70	1,889.02
Cash and cash equivalents at the end of year end	9	979.36	1,379.70
See accompanying notes to the financial statements	1-43		

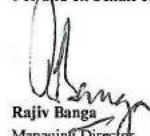
The accompanying notes are an integral part of the financial statements.

As per report of even date  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm registration number : 301003E/E300005

  
Amit Gupta  
Partner  
Membership No- 501396



For and on behalf of the Board of Directors

  
Rajiv Banga  
Managing Director  
(DIN-02093324)

  
Rajnesh Khurana  
Chief Financial Officer

  
Deepak Das Gupta  
Director  
(DIN-00457925)

  
Anjali Singhal  
Company Secretary

Place: Gurugram  
Date: May 12, 2018

Place: Gurugram  
Date: May 12, 2018

**RAPID METRORAIL GURGAON SOUTH LIMITED**  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

**a. Equity share capital**

Particulars	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
	(Rs./Lacs)	Number of shares	(Rs./Lacs)	Number of shares
Balance at the beginning of the year	65,800.00	658,000,000	44,565.00	445,650,000
Changes in equity share capital during the year	-	-	21,235.00	212,350,000
<b>Balance at the end of the year</b>	<b>65,800.00</b>	<b>658,000,000</b>	<b>65,800.00</b>	<b>658,000,000</b>

**b. Other equity**

Particulars	Reserves and surplus		Item of other comprehensive income	Total equity
	Retained earnings (Refer note.11)	Effective portion of cash Flow hedge (Refer note.11)		
	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)	(Rs./Lacs)
Balance at March 31, 2017	16,783.17	(837.29)		15,945.88
Loss for the year	(23,791.68)	-		(23,791.68)
Other comprehensive income/(expenses) for the year, net of income tax	(17.86)	98.69		80.83
<b>Total comprehensive income/(expenses) for the year</b>	<b>(23,809.54)</b>	<b>98.69</b>		<b>(23,710.85)</b>
<b>Balance at March 31, 2018</b>	<b>(7,026.37)</b>	<b>(738.60)</b>		<b>(7,764.97)</b>

The accompanying notes are an integral part of the financial statements.

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As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

  
Amit Gupta  
Partner  
Membership No- 501396



For and on behalf of the Board of Directors

  
Rajiv Banga  
Managing Director  
(DIN-02093324)

  
Rajnesh Khurana  
Chief Financial Officer



Deepak Das Gupta  
Director  
(DIN-00457925)

  
Anjali Singhal  
Company Secretary

Place: Gurugram  
Date: May 12, 2018

Place: Gurugram  
Date: May 12, 2018

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**1. Background**

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

The Company has been floated by IL&FS Rail Limited (formerly ITNL Enso Rail Systems Limited) to execute Metro Rail Gurgaon Project. The Company has entered into a Concession Service Agreement with Haryana Urban development Authority (HUDA) for execution of the project.

**2. Significant accounting policies**

**2.1 Basis of Preparation and presentation**

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. The financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

**2.2 Summary of Significant accounting policies**

**a. Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**b. Foreign currencies**

The financial statements are presented in INR, which is the company's functional currency.

**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**d. Accounting for rights under service concession arrangements and 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. Revenue is reduced for estimated rebates and other similar allowances.

**1 Service Concession Arrangements ('SCA')**

**I. Recognition and measurement**

The Company has build Metro Rail under public-to-private Service Concession Arrangement (SCA) which it will operate and maintain for periods specified in the SCA.

Under the Service Concession Arrangements, the Company has received the right to charge users of the public services, such rights are recognized and classified as "Intangible Assets". Such a right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets.

Such an intangible asset is recognised by the Company at the fair value of consideration received or receivable for the construction services delivered.

Accordingly, the fair value of consideration for construction services in respect of intangible assets covered under Service Concession Arrangements (SCA) are determined after considering the appropriate margin on construction services and are amortised over the useful life of such intangible asset in terms of SCA.



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**II. Contractual obligation to restore the infrastructure to a specified level of serviceability**

The Company has contractual obligations to maintain the infrastructure to a specified level of serviceability or to restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. In case of SCA under financial asset model, such costs are recognised in the period in which such costs are actually incurred.

**III. Revenue recognition**

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

Revenue from intangible assets is recognised in the period of collection which generally coincides with the usage of the public service.

**IV. Borrowing cost related to SCAs**

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

**2 Revenue Recognition**

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

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

**3 Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

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.

**e. Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



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**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**f. 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



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conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives as mentioned below:

i) <b>Asset type</b>	<b>Useful life (in years)</b>
Specialised office equipment	3
Vehicles – purchased for employees	5
Data Processing Equipment – Server and Networking equipment	4
Assets provided to employees (included in furniture and fixtures)	3

ii) All categories of assets costing less than ` 5,000 each, mobile phones and Ipad / Tablets are fully depreciated in the year of purchase.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

**g. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.





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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**h. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**i. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**The Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing cost. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

**The Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at 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 net investment outstanding in respect of the lease.

**j. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the



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Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**k. 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**l. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after



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deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### **m. Financial instruments**

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A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when entity becomes a party to the contractual provisions of the instruments.

##### **Financial assets**

##### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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

##### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:



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-The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

-Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. .

#### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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#### **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit & loss..

#### **Derecognition**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated



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liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

-Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

-Financial assets that are debt instruments and are measured as at FVTOCI

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables that do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

#### **Financial liabilities**

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##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in



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the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**n. Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks, and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.



#### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### **o. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **p. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



**RAPID METRO RAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 3: Property, plant and equipment**

	(Rs./Lacs)	
	As at March 31, 2018	As at March 31, 2017
<b>Carrying amounts of:</b>		
Office equipment	0.94	1.94
Plant and machinery	15.21	5.64
Leasehold improvements	8.28	12.11
Data processing equipment	1.80	2.19
Furniture and fixtures	0.46	0.25
Motor vehicles	11.20	13.13
	<b>37.89</b>	<b>35.26</b>
<b>Particulars</b>	<b>Total</b>	
	<b>Office equipment</b>	
	<b>Plant and machinery</b>	
	<b>Leasehold improvements</b>	
	<b>Data processing equipment</b>	
	<b>Furniture and fixtures</b>	
	<b>Motor vehicles</b>	
	<b>Total</b>	
<b>Deemed cost</b>		
Balance at April 1, 2016		42.15
Additions	4.44	6.54
Disposals	5.28	0.08
<b>Balance at March 31, 2017</b>	<b>9.72</b>	<b>6.62</b>
Additions	4.23	15.73
Disposals	(0.30)	(6.54)
<b>Balance at March 31, 2018</b>	<b>13.65</b>	<b>15.81</b>
<b>Accumulated depreciation</b>		
Balance at April 1, 2016	1.46	0.49
Depreciation expense	6.32	0.49
Eliminated on disposals of assets	-	-
<b>Balance at March 31, 2017</b>	<b>7.78</b>	<b>0.98</b>
Depreciation expense	5.24	0.86
Elimination on disposals of assets	(0.30)	(1.24)
<b>Balance at March 31, 2018</b>	<b>12.72</b>	<b>0.60</b>
<b>Carrying amount</b>		
Balance at April 1, 2016	2.98	6.05
Additions	5.28	0.08
Disposals	-	-
Depreciation expense	6.32	0.49
<b>Balance at March 31, 2017</b>	<b>14.58</b>	<b>16.71</b>
Depreciation expense	1.94	5.64
<b>Balance at March 31, 2018</b>	<b>16.52</b>	<b>22.35</b>
Balance at April 1, 2017	1.94	5.64
Additions	4.23	15.73
Disposals	(0.00)	(5.30)
Depreciation expense	5.24	3.83
<b>Balance at March 31, 2018</b>	<b>11.41</b>	<b>9.90</b>
Assets pledged as security-None	0.94	15.21
	1.80	8.28
	0.46	2.26
	11.20	13.45
	37.89	37.89





**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**4 Intangible Assets**

Carrying amounts of :  
Software / Licences acquired  
Rights under service concession arrangement

	As at March 31, 2018	As at March 31, 2017
	0.18	-
	281,144.42	284,167.58
	<u>281,144.60</u>	<u>284,167.58</u>

Intangible assets under development

Particulars	Software / Licences acquired	Rights under service concession arrangement	Total
<b>Deemed Cost</b>			
Balance at April 1, 2016	-	-	-
Additions*	284,175.22	-	284,175.22
Disposals	-	-	-
<b>Balance at March 31, 2017</b>	<b>284,175.22</b>	<b>-</b>	<b>284,175.22</b>
Balance at April 1, 2017	-	-	-
Additions	0.19	284,175.22	284,175.22
Disposals	-	0.19	0.19
<b>Balance at March 31, 2018</b>	<b>0.19</b>	<b>284,175.22</b>	<b>284,175.41</b>
<b>Accumulated depreciation</b>			
Balance at April 1, 2016	-	-	-
Depreciation expense	7.64	-	7.64
Eliminated on disposals of assets	-	-	-
<b>Balance at March 31, 2017</b>	<b>7.64</b>	<b>-</b>	<b>7.64</b>
Balance at April 1, 2017	-	7.64	7.64
Depreciation expense	0.01	3,023.16	3,023.17
Elimination on disposals of assets	-	-	-
<b>Balance at March 31, 2018</b>	<b>0.01</b>	<b>3,030.80</b>	<b>3,030.81</b>
<b>Carrying Amount</b>			
Balance at April 1, 2016	-	-	-
Additions	284,175.22	-	284,175.22
Disposals	-	-	-
Depreciation expense	7.64	-	7.64
<b>Balance at March 31, 2017</b>	<b>284,167.58</b>	<b>-</b>	<b>284,167.58</b>
Balance at April 1, 2017	-	284,167.58	284,167.58
Additions	0.19	-	0.19
Disposals	-	-	-
Depreciation expense	0.01	3,023.16	3,023.17
<b>Balance at March 31, 2018</b>	<b>0.18</b>	<b>281,144.42</b>	<b>281,144.60</b>

1 During the year, in accordance with the Ind AS 109 on Financial Instruments, the Company has recognised gross financial liabilities (related to Connectivity Charges and Land License Fee) and corresponding Intangible Assets as per Service Concession Arrangement as per Appendix C of Ind AS 11, which were netted off in earlier years, accordingly previous year numbers has also been reclassified to make it comparable to current year's presentation.

2 As the project was capitalized on March 31, 2017, the said reclassification has no material impact on the Statement of Profit and Loss for the year ended March 31, 2017.



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 10: Equity Share Capital**  
**Particulars**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Authorised share capital</b> 800,000,000 fully paid equity shares of Rs. 10 each (as at 31 March, 2017: 800,000,000)	80,000.00	80,000.00
<b>Issued, subscribed and fully paid-up</b> 658,000,000 fully paid equity shares of Rs. 10 each (as at 31 March, 2017: 658,000,000)	65,800.00	65,800.00

See notes (i) to (v) below

(i) Fully paid equity shares:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	(Rs./Lacs)	Number of shares	(Rs./Lacs)
<b>Equity share capital</b>				
Shares outstanding at the beginning of the year	658,000,000	65,800.00	445,650,000	44,565.00
Issued during the year	-	-	212,350,000	21,235.00
Shares outstanding at the end of the year	658,000,000	65,800.00	658,000,000	65,800.00

(ii) The Company has issued one class of equity shares having face value of Rs. 10 each. Each shareholder is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% Holding	Number of shares	% Holding
IL&FS Transportation Networks Limited	230,300,000	35.00%	230,300,000	35.00%
IL&FS Rail Limited	427,699,940	65.00%	427,699,940	65.00%
	657,999,940		657,999,940	

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% Holding	Number of shares	% Holding
IL&FS Transportation Networks Limited	230,300,000	35.00%	230,300,000	35.00%
IL&FS Rail Limited	427,699,940	65.00%	427,699,940	65.00%
	657,999,940		657,999,940	

(v) As per records of the company, including its register of shareholder/member and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of share.



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 11: Other equity**

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	(Rs./Lacs)	(Rs./Lacs)
Retained earnings	(7,026.37)	16,783.17
Cash flow hedging reserve	(738.60)	(837.29)
<b>Balance at the end of the year</b>	<b>(7,764.97)</b>	<b>15,945.88</b>

**Note 11.1 Retained Earnings**

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	(Rs./Lacs)	(Rs./Lacs)
i. Balance at the beginning of the year	16,783.17	13,369.77
ii. Add: Profit / (Loss) for the year	(23,791.68)	3,416.43
	(7,008.51)	16,786.20
iii. Less: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(17.86)	(3.03)
<b>Balance at the end of the year</b>	<b>(7,026.37)</b>	<b>16,783.17</b>

**Note 11.2 Cash flow hedging reserve**

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	(Rs./Lacs)	(Rs./Lacs)
i. Balance at the beginning of the year	(837.29)	-
ii. Gain/(loss) arising on changes in fair value of designated portion of hedging instrument entered into the cash flow hedge		
- Currency swap and cross currency interest rate swaps	(1,970.74)	(287.17)
iii. Cumulative (gain)/loss arising on changes in fair value of designated portion of hedging instrument reclassified to profit and loss		
- Cross currency swaps related to interest	2,193.39	5.33
- Cross currency swaps related to principal	(123.96)	(555.45)
<b>Balance at the end of the year</b>	<b>(738.60)</b>	<b>(837.29)</b>

**Note 11.3 Defined Benefit plan Adjustment**

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	(Rs./Lacs)	(Rs./Lacs)
i. Balance at the beginning of the year	(3.03)	-
ii. Add: Profit / (Loss) for the year		
iii. Less: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	17.86	(3.03)
<b>Balance at the end of the year</b>	<b>14.83</b>	<b>(3.03)</b>



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 5: Other financial assets**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Non- Current</b>		
a. Security deposits	174.90	169.55
b. Derivative contracts designated in hedge accounting relationships	171.62	114.18
<b>Total</b>	<b>346.52</b>	<b>283.73</b>
<b>Current</b>		
Accrued interest on bank deposits	2.76	-
Loans and advances		
-Other	179.12	778.32
-Related parties	6.45	-
<b>Total</b>	<b>188.33</b>	<b>778.32</b>

**Note 6: Non- Current tax assets**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Non current tax assets</b>		
Advance tax	325.33	237.24
<b>Total</b>	<b>325.33</b>	<b>237.24</b>

**Note 7: Other assets**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Non- Current</b>		
a. Capital advances to related party	-	42.90
b. Prepaid expenses	11.39	71.18
<b>Total</b>	<b>11.39</b>	<b>114.08</b>
<b>Current</b>		
a. Balances with government authorities		
- GST credit receivable	63.43	10.78
b. Prepaid expenses	336.96	188.84
c. Balance at gratuity fund	16.26	15.42
<b>Total</b>	<b>416.65</b>	<b>215.04</b>

**Note 8: Trade receivables**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Current</b>		
Unsecured, considered good		
- Other than related party	56.36	157.23
<b>Total</b>	<b>56.36</b>	<b>157.23</b>

**Note 9: Cash and cash equivalents**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Cash and cash equivalents</b>		
a. Balances with banks		
- in current accounts *	666.41	1,369.17
- in deposit accounts	300.00	-
b. Cash on hand	12.95	10.53
<b>Cash and cash equivalents as per balance sheet</b>	<b>979.36</b>	<b>1,379.70</b>
<b>Cash and cash equivalents as per statements of cash flows</b>	<b>979.36</b>	<b>1,379.70</b>

Includes amounts lying in an Escrow account, where balances pertaining to a fellow subsidiary, Rapid MetroRail Gurgaon Limited, are also combined and reported by the Bank accordingly. The balance pertaining to the Company has been identified by the management based on underlying records and reconciliations prepared by the management as under:

Balance as per Bank	Collection and sharing Account (i)	Distribution Account (ii)	Total (i+ii)
As per bank (A)	35.18	23.13	58.31
Balance pertaining to Rapid MetroRail Gurgaon Limited (B)	20.17	12.93	33.10
Balance pertaining to Rapid MetroRail Gurgaon South Limited (A-B)	15.01	10.20	25.21



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 12: Non-current borrowings**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Secured - at amortised cost (See note 12.1 and 12.2 below)</b>		
<b>Term loans from banks</b>		
a. Canara Bank	40,661.38	32,213.01
b. Andhra Bank	10,265.88	9,748.02
c. Central Bank of India	14,050.28	11,848.15
d. Corporation Bank	11,650.95	8,264.20
e. Punjab & Sind Bank	7,272.83	7,263.37
	<b>83,901.32</b>	<b>69,336.75</b>
<b>Term loans from financial institution</b>		
India Infrastructure Finance Company UK Limited	35,164.78	32,145.64
<b>Total</b>	<b>119,066.10</b>	<b>101,482.39</b>

**Note 12.1**

Term loan from banks and financial institution are secured against first charge on all revenue receipts from the project and balance in escrow account.

**Note 12.2**

Term loan from banks carry interest rate at bench mark prime lending rate (BMPLR) plus 1% and are repayable in 52 unequal quarterly instalments commencing in the quarter ending 01 July, 2019 and terminating on March 31, 2033.

Term loan from financial institution carry interest rate at Margin+6 month USD LIBOR and are repayable in 64 unequal quarterly instalments commencing in the quarter ending July 01, 2019 and terminating on March 31, 2036

Details of repayment is as under:

Financial year	Term loan from banks		Term loan from financial institution	
	Repayment (% of loan)	Amount of loan repayment (Rs./Lacs)	Repayment (% of loan)	Amount of loan repayment (Rs./Lacs)
2019-2020	0.03%	26	0.03%	11
2020-2021	1.00%	863	1.00%	361
2021-2022	2.00%	1,725	2.00%	721
2022-2023	2.00%	1,725	2.00%	721
2023-2024	4.00%	3,450	4.00%	1,443
2024-2025	5.00%	4,313	5.00%	1,803
2025-2026	6.00%	5,175	6.00%	2,164
2026-2027	8.00%	6,900	8.00%	2,885
2027-2028	9.00%	7,763	9.00%	3,246
2028-2029	7.00%	6,038	7.00%	2,525
2029-2030	7.60%	6,555	7.60%	2,741
2030-2031	8.00%	6,900	8.00%	2,885
2031-2032	8.00%	6,900	8.00%	2,885
2032-2033	13.00%	11,213	13.00%	4,689
2033-2034	14.00%	12,076	14.00%	5,049
2034-2035	5.37%	4,632	5.37%	1,937
<b>Total</b>	<b>100%</b>	<b>86,254.42</b>	<b>100%</b>	<b>36,066.28</b>
Less- Impact of recognition of borrowing at amortised cost using		(2,353.10)		(901.50)
<b>Balance outstanding as at March 31, 2018</b>		<b>83,901.32</b>		<b>35,164.78</b>



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 13: Other financial liabilities**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Non-Current</b>		
a. Security deposits received	582.24	90.75
b. Derivative contracts designated in hedge accounting relationships	1,313.04	1,478.25
c. Connectivity charges payable	20,699.94	18,313.36
d. Provision for land licence fees	7,403.68	7,181.12
<b>Total</b>	<b>29,998.90</b>	<b>27,063.48</b>
<b>Current</b>		
a. Interest accrued & due on :		
- From related parties (refer note no.34)	163.31	704.94
- Other parties	328.61	1,461.81
b. Payable on purchase of capital assets	13,528.09	24,900.85
c. Retention money Payable	15.57	0.78
d. Income received in advance / Unearned revenue	305.25	-
e. Land licence fees payable	648.08	-
<b>Total</b>	<b>14,988.91</b>	<b>27,068.38</b>

**Note 14: Provisions**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Non-current</b>		
a. Provision for employee benefits		
-Compensated absences	7.45	3.62
-Gratuity	-	17.59
b. Provision for replacement costs	1,353.53	3.70
<b>Total</b>	<b>1,360.98</b>	<b>24.91</b>
<b>Current</b>		
a. Provision for employee benefits		
-Compensated absences	17.71	5.82
-Gratuity	-	0.46
<b>Total</b>	<b>17.71</b>	<b>6.28</b>

**Note 15: Deferred tax liabilities (net)**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
a. Deferred tax liabilities	49,576.44	22,418.96
b. Deferred tax assets	43,542.71	14,469.02
<b>Total (Net)</b>	<b>6,033.73</b>	<b>7,949.94</b>

2017-18	Opening Balance (Rs./Lacs)	Recognised in profit or loss (Rs./Lacs)	Recognised in other comprehensive income (Rs./Lacs)	Closing Balance
<b>Deferred tax liabilities/ (assets) in relation to:</b>				
Difference between book base and tax base of financial liabilities	(8,823.03)	58,399.46	-	49,576.44
<b>Total (A)</b>	<b>(8,823.03)</b>	<b>58,399.46</b>	<b>-</b>	<b>49,576.44</b>
<b>Deferred tax assets / (liabilities) in relation to:</b>				
a. Provision for employee benefits	9.51	(9.49)	7.24	7.26
b. Unabsorbed depreciation	5,636.48	15,643.96	-	21,280.44
c. Property, plant and equipment and intangible assets	(22,418.96)	44,673.97	-	22,255.02
<b>Total (B)</b>	<b>(16,772.97)</b>	<b>60,308.44</b>	<b>7.24</b>	<b>43,542.71</b>

2016-17	Opening Balance (Rs./Lacs)	Recognised in profit or loss (Rs./Lacs)	Recognised in other comprehensive income (Rs./Lacs)	Closing Balance (Rs./Lacs)
<b>Deferred tax liabilities in relation to:</b>				
Property, plant and equipment and intangible assets	4,256	18,162.96	-	22,418.96
<b>Total</b>	<b>4,256.00</b>	<b>18,162.96</b>	<b>-</b>	<b>22,418.96</b>
<b>Deferred tax assets in relation to:</b>				
a. Provision for employee benefits	0.38	7.53	1.60	9.51
b. Unabsorbed depreciation	2.98	5,633.38	-	5,636.48
c. Difference between book base and tax base of financial liabilities	-	8,823.03	-	8,823.03
<b>Total</b>	<b>3.36</b>	<b>14,463.94</b>	<b>1.60</b>	<b>14,469.02</b>

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

During the current year, the Company has reassessed its tax position in respect of its block of Fixed Assets and has decided to capitalize the Connectivity Charges of Rs. 200,000.00 lacs payable to HUDA as per Concession Agreement in the tax books with effect from April 1, 2017. The said Connectivity Charges will be allocated to other Tangible Assets in their respective ratio in tax books from April 1, 2017 and tax depreciation will be claimed accordingly. Accordingly, the deferred tax on 'Difference between book base and tax base of financial liabilities' and 'Property, plant and equipment and intangible assets' have been revised in the current year to give effect of the proposed change in the tax position taken during the current year.



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 16: Short-term borrowings**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Secured - at amortised cost</b>		
a. Loans repayable on demand from banks (See note a below)		
Canara Bank	7,350.00	15,061.00
Central Bank of India	5,300.00	7,300.00
Andhra Bank	5,432.00	5,932.00
Corporation Bank	374.59	2,941.05
Punjab & Sind Bank	4,766.00	4,766.00
	<b>23,222.59</b>	<b>36,000.05</b>
<b>Unsecured - at amortised cost</b>		
a. IndusInd Bank	6,250.00	
b. Loans from related parties	21,304.56	3,000.00
<b>Total</b>	<b>50,777.15</b>	<b>39,000.05</b>

**Notes:**

- a. Rate of interest on loans repayable on demand from banks is varied from 7.89% to 9.40% per annum (as at March 31 2017, 8.50 % to 9.35%)
- b. Rate of interest on loans from related parties is varies from 0% to 16% per annum (for March 31, 2017: 13.25 % per annum). The interest free loan taken from group Companies at the year end amounted to Rs. 11,304.56 lacs.
- c. Loan from related parties is repayable on demand on or before one year of the disbursement

**Note 17: Trade payables**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
a. Total outstanding dues of micro enterprises and small enterprises (Refer note no 29)	-	-
b. Total outstanding dues of creditors other than micro enterprises and small enterprises	569.40	451.61
<b>Total</b>	<b>569.40</b>	<b>451.61</b>

**Note 18: Current tax liabilities**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
Income tax payable	2,464.09	1,697.04
<b>Total</b>	<b>2,464.09</b>	<b>1,697.04</b>

**Note 19: Other current liabilities**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
Statutory dues (contribution to PF, Service Tax, GST, TDS, etc.)	194.43	878.22



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 20: Revenue from operations**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
a. Construction income	-	74,322.61
b. Sale of Services		
- Fare revenue	1,011.46	0.39
c. Other operating revenues		
- Non fare revenue (Advertisement income)	1,026.03	312.00
<b>Total</b>	<b>2,037.49</b>	<b>74,635.00</b>

**Note 21: Other income**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
a. Interest income on financial assets that are not designated as at Fair Value through Profit or Loss (FVTPL):		
- Bank deposits at amortised cost	23.74	47.96
- Others financial assets carried at amortised cost	-	5,985.91
- Income-tax Refund	1.04	-
- Profit on sale of Current Investments - others	24.72	-
b. Miscellaneous income	0.94	0.42
<b>Total</b>	<b>50.44</b>	<b>6,034.29</b>

**Note 22: Operating expenses of service concession arrangement**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
a. Construction contract costs	-	65,772.23
b. Operating expenses		
- Provision for replacement costs	1,349.44	3.70
<b>Total</b>	<b>1,349.44</b>	<b>65,775.93</b>

**Note 23: Employee benefits expenses**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
a. Salaries and wages	1,030.44	36.96
b. Contribution to provident and other funds	76.24	3.32
c. Staff welfare expenses	23.01	1.17
<b>Total</b>	<b>1,129.69</b>	<b>41.45</b>

**Note 24: Finance costs**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
<b>Interest Costs:</b>		
- Interest on borrowings	12,370.64	12,742.05
- Interest on loans from related parties	567.31	5,817.04
	12,937.95	18,559.09
Less: amount included in cost of qualifying assets		(12,708.50)
	12,937.95	5,850.59
<b>Other borrowing costs:</b>		
Finance charges	436.40	
Unwinding cost of overlay cost	0.39	
Amortisation of borrowing Cost	213.08	
Unwinding cost of connectivity charges & land license fees	3,314.28	
<b>Total Finance cost</b>	<b>16,902.10</b>	<b>5,850.59</b>
(Gain)/loss arising on designated portion of hedging instruments in cash flow hedges of floating rate debt reclassified from equity to profit or loss		
- Interest rate swaps	2,193.39	5.33
<b>Total</b>	<b>19,095.49</b>	<b>5,855.92</b>





**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 25: Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
a. Depreciation of property, plant and equipment	13.45	13.25
b. Amortisation of Intangible Assets	3,023.17	7.64
<b>Depreciation and amortisation expense</b>		
<b>Total</b>	<b>3,036.62</b>	<b>20.89</b>

**Note 26: Other expenses**

Particulars	For the year ended March 31, 2018 (Rs./Lacs)	For the year ended March 31, 2017 (Rs./Lacs)
a. Communication expenses	17.19	0.81
b. Business promotion expenses	44.42	4.84
d. Rent	21.85	20.36
e. Office maintenance expenses	16.30	6.47
f. Electricity expenses	7.08	1.37
g. Travelling and conveyance expenses	12.56	0.92
h. Rates and taxes	5.63	21.60
i. Registration fee	1.69	0.46
j. Repair and maintenance	120.48	-
k. Commission on sales	35.61	-
l. Directors sitting fees	23.86	8.78
m. Legal and professional charges	176.96	50.06
n. Payments to auditors (See Note below)	12.38	14.03
o. Printing and stationary	6.13	0.09
p. Insurance charges	165.45	0.91
q. Exchange rate fluctuation cost (Net)	8.83	-
r. Loss on sale of fixed assets (net)	1.22	-
s. Depot operation and maintenance expenses	82.94	-
t. Outsourced manpower expenses	44.88	-
u. Miscellaneous expenses	35.19	32.03
v. Donation Exp.	57.44	-
w. Bad debts written-off	41.32	-
x. Power	659.48	-
y. Outsourced manpower expenses	811.40	-
<b>Total</b>	<b>2,419.29</b>	<b>162.73</b>

**Note:**

Payments to the auditors comprise:

To statutory auditors		
a. For audit	12.00	12.00
b. For certification of another work	0.25	-
c. Goods and service tax / Service tax	0.06	1.80
d. Reimbursement of out of pocket expenses	0.07	0.23
<b>Total</b>	<b>12.38</b>	<b>14.03</b>



**RAPID METRORAIL, GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**27 Income taxes**

**27.1 Income taxes recognised in profit and loss**

Particulars	Year ended March 31, 2018 (Rs. / Lacs)	Year ended March 31, 2017 (Rs. / Lacs)
<b>Current tax</b>		
In respect of the earlier year	767.05	1,697.04
	<b>767.05</b>	<b>1,697.04</b>
<b>Deferred tax</b>		
In respect of the current year	(1,908.97)	3,698.90
	<b>(1,908.97)</b>	<b>3,698.90</b>
<b>Total income tax expense recognised in the current year</b>	<b>(1,141.92)</b>	<b>5,395.94</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2018 (Rs. / Lacs)	Year ended March 31, 2017 (Rs. / Lacs)
<b>Profit before tax</b>	<b>(24,933.60)</b>	<b>8,812.37</b>
Statutory Income tax rate	28.840%	34.608%
Tax at Indian statutory income tax rate	-	3,049.79
Effect of MAT credit not recognised due to reversal of benefits under tax holiday period	767.05	(1,697.04)
Add: Effect on recognition of deferred tax on unused tax losses, tax credits and deductible temporary differences	(1,908.97)	3,698.90
Add: Effect on tax balance due to change in income tax rate	-	344.29
<b>Income tax expense recognised in profit or loss</b>	<b>(1,141.92)</b>	<b>5,395.94</b>

The tax rate used for the years ended March 31, 2018 and March 31, 2017 reconciliations above is the corporate tax rate of 34.608% and 28.840% payable by corporate entities for the Financial year 2016-2017 and Financial year 2017-2018 in India on taxable profit under the Income tax law.

**27.2 Income tax recognised in other comprehensive income**

Particulars	Year ended March 31, 2018 (Rs. / Lacs)	Year ended March 31, 2017 (Rs. / Lacs)
<b>Current tax</b>		
Remeasurements of defined benefit obligation	7.24	1.60
<b>Total income tax recognised in other comprehensive income</b>	<b>7.24</b>	<b>1.60</b>



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 28: Segment Reporting**

The Group is engaged in a single segment i.e., the business of "development and operation of Metro Rail Gurgaon Project" from where it is earning its revenue and incurring expense. The operating results are regularly reviewed and performance is assessed by its Chief Operating Decision Maker (CODM). All the Group's resources are dedicated to this single segment and all the discrete financial information is available for this segment.

The group operates within India and does not have operations in economic environments with different risks and returns.

**Note 29: Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2018. The disclosure pursuant to the said Act is as under

S. No.	Particulars	March 31, 2018	March 31, 2017
1	Principal amount remaining unpaid as at year end	-	-
2	Interest due thereon as at year end	-	-
3	Interest paid by the Company in term of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year.	-	-
4	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
5	Interest accrued and remaining unpaid as at year end	-	-
6	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company.

**Note 30: 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	Year ended March 31, 2018 (Rs. / Lacs)	Year ended March 31, 2017 (Rs. / Lacs)
Profit after tax (in Rs.)	(23,791.68)	3,416.43
Number of equity shares	658,000,000	658,000,000
Weighted average number of equity shares used in computing the basic and diluted earnings per share	658,000,000	570,622,055
Basic/diluted earnings per share of Rs. 10 each	(3.62)	0.60
Face value per share (in Rs.)	10	10

**Note 31: Operating lease**

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

Particulars	Year ended March 31, 2018 (Rs. / Laes)	Year ended March 31, 2017 (Rs. / Laes)
Future Non-Cancellable minimum lease commitments		
not later than one year	-	-
later than one year and not later than 5 years	-	-
later than five years	-	-
Expenses recognised in the Minimum Lease Payments	21.85	33.91



**Note 32: 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 has calculated the various benefits provided to employees as per Indian Accounting Standard (Ind AS) 19 'Employees Benefits' as under :

- (i) Provident Fund
- (ii) Superannuation Fund
- (iii) Employers Contribution to Employee State Insurance

During the year, the Company has recognized the following amounts in the statement of profit and loss :-

Particulars	March 31, 2018 (Rs / Lacs)	March 31, 2017 (Rs / Lacs)
Employers Contribution to Provident Fund*	41.73	1.48
Employers Contribution to Superannuation Fund*	40.90	1.63
Employers Contribution to Employee State Insurance*	0.95	0.19

\*Included in Contribution to Provident, and other funds under Employee Benefit expenses (Refer note 23).

**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. Principal actuarial assumptions:**

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

S. No.	Particulars	Refer note below	Year ended March 31, 2018	Year ended March 31, 2017
i.	Discount rate (p.a.)	1	7.72%	7.59%
ii.	Salary escalation rate (p.a.)	2	6.50%	6.50%
iii.	Estimate of amount of contribution in the immediate next year	Rs./Lacs	22.30	10.08

**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.

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Demographic assumptions:</b>		
1 Retirement age	58 Years	58 years
2 Mortality rate (% of IALM 06-08)	100%	100%
3 Average Outstanding service of Employee upto retirement	30 years	33 years
4 No of Employees	194	156

**d. The following tables set out the amounts recognised in the Company financial statements as at 31 March, 2018:**

S. No.	Particulars	Year ended March 31, 2018 (Rs./Lacs)	Year ended March 31, 2017 (Rs./Lacs)
<b>i</b>	<b>Change in benefit obligations:</b>		
A.	Present value of obligations at the beginning of year	18.05	3.89
B	Current service cost	26.64	9.61
C	Interest cost	1.01	0.29
D	Actuarial (gain)/ loss on obligation	24.26	4.63
E	Benefits paid	(9.39)	(0.37)
	<b>Present value of obligations at the end of the year (F=A+B+C+D+E)</b>	<b>60.57</b>	<b>18.05</b>
<b>ii</b>	<b>Change in plan assets:</b>		
A	Fair value of plan assets at the beginning of year	-	-
B	Actual return on plan assets	2.06	-
C	Employer's contributions	84.16	-
D	Benefits paid	9.39	-
E	Actuarial (gain)/ loss	-	-
	<b>Plan assets at the end of the year</b>	<b>76.83</b>	<b>-</b>
<b>iii</b>	<b>Net Liability/(surplus) (i-ii)</b>		
	Present value of defined benefit obligation	60.57	18.05
	Fair value of plan assets	76.83	-
		<b>(16.26)</b>	<b>18.05</b>



RAPID METRORAIL GURGAON SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

S. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs./Lacs)	(Rs./Lacs)
iv	Expenses recognised in the Statement of Profit and Loss:		
A	Current service cost	26.64	9.61
B	Interest cost	1.01	0.29
C	Interest Income	(2.90)	-
	Net charge/(credit) (E=A+B)	<u>24.75</u>	<u>9.90</u>

S. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs./Lacs)	(Rs./Lacs)
Expenses recognised in the other comprehensive income:			
A	Actuarial (gains)/losses due to change in demographic assumptions	-	-
B	Actuarial (gains)/losses due to change in financial assumptions	(0.98)	0.24
C	Actuarial (gains)/losses due to change in experience variance	25.23	4.39
D	Return on plan assets	0.85	-
	Total	<u>25.10</u>	<u>4.63</u>

c. Actuarial assumptions for long-term compensated absences  
Principal actuarial assumptions:

S. No.	Particulars	Refer note below	Year ended March 31, 2018	Year ended March 31, 2017
i	Discount rate (p.a.)	1	7.72%	7.59%
ii	Salary escalation rate (p.a.)	2	6.50%	6.50%

Notes

- 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.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- Gratuity plan is funded (Previous year F.Y.16-17, it was unfunded)

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.

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

	Amount in Rs. In lacs		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a) Defined benefit obligation	60.57	18.05	3.89
b) Defined benefit obligation at 1% Increase in Discount rate	51.29	14.71	3.25
c) Defined benefit obligation at 1% Decrease in Discount rate	72.35	22.39	4.72
d) Decrease in Defined benefit obligation due to 1% increase in discount rate. (a-b)	9.28	3.34	0.65
e) Increase in Defined benefit obligation due to 1% decrease in discount rate. (c-a)	11.78	4.34	0.83



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

	Amount in Rs. In lacs		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a) Defined benefit obligation	60.57	18.05	3.89
b) Defined benefit obligation at 1% Increase in Expected Salary Escalation rate	72.04	22.29	4.70
c) Defined benefit obligation at 1% Decrease in Expected Salary Escalation rate	51.36	14.73	3.25
d) Increase in Defined benefit obligation due to 1% increase in Expected Salary Escalation rate. (b-a)	11.47	4.24	0.81
e) Decrease in Defined benefit obligation due to 1% decrease in Expected Salary Escalation rate. (a-c)	9.21	3.32	0.64

III. Changes in Defined benefit obligation due to 1% Increase / Decrease 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 refer to Table 1 above, where assumptions for prior period, if applicable, are given.

3. **Risks associated with Plan Provisions**

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

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.



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Note 33 : Financial Instruments**

**33.1 Capital Management**

The Company manages its capital to ensure that the entities in the Company will be able to continue as going concern while maximizing the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in note 12 & 16 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in note 10 & 11).

The Company is not subject to any externally imposed capital requirements.

**33.1.1 Gearing ratio**

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

Particulars	(Rs./Lacs)	(Rs./Lacs)
	As at March 31, 2018	As at March 31, 2017
Debt	169,843.25	140,482.44
Less: Cash and bank balances	979.36	1,379.70
Net debt	168,863.89	139,102.74
Equity	58,035.03	81,743.88
Net debt to equity ratio	2.91	1.70

**Notes:**

Debt is defined as long- and short-term borrowings (excluding derivative, financial guarantee contracts), as described in notes 12 and 16

Equity includes all capital and reserves of the Company that are managed as capital.

**33.2 Categories of financial instruments**

Particulars	As at March 31, 2018	As at March 31, 2017
	(Rs./Lacs)	(Rs./Lacs)
<b>Financial Assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Derivative instruments in designated hedge accounting relationships	171.62	114.18
107.8 (f)		
<b>Measured at Amortised cost</b>		
Loans (non-current)	-	-
Other financial assets (non-current)	174.90	169.55
Trade receivables (Current)	56.36	157.23
Cash and cash equivalents	979.36	1,379.70
Loans (Current)	-	-
Other financial assets (Current)	188.33	778.32
<b>Financial Liabilities</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Derivative instruments in designated hedge accounting relationships	1,313.04	1,478.25
<b>Measured at Amortised cost</b>		
Borrowings (non-current)	119,066.10	101,482.39
Other financial liabilities (non-current)	582.24	90.75
Borrowings (current)	50,777.15	39,000.05
Trade payables (current)	569.40	451.61
Other financial liabilities (current)	14,988.91	27,068.38

**33.3 Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives.

The Corporate Treasury function reports quarterly to the company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

**33.4 Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Cross currency swaps to hedge the exchange rate risk arising on the foreign currency borrowings
- Cross currency swaps to mitigate the risk of rising interest rates

There has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.



**RAPID METRORAIL GURGAON SOUTH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**33.5.1 Foreign currency risk management**

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and/or cross currency swaps.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	(Rs./Lacs)			
	Liabilities		Assets	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	35,164.78	32,145.65	-	-

**33.5.2 Foreign currency sensitivity analysis**

The company is mainly exposed to the currency of United states.

Foreign exchange gain or loss during the year on fair valuation of borrowing as on 31 March 2018 has been routed to the other equity through Other Comprehensive Income except loss on the unhedged portion which has been directly charged to statement of profit & loss account. The impact on other equity through OCI of foreign the exchange loss on the fair valuation of the borrowing is Rs. 123.96 lacs & Rs. 4.32 lacs directly charged to statement of profit and loss account. Foreign exchange gain or loss during the previous year on fair valuation of borrowing as on 31 March 2017 has been capitalised during the previous year, there fore there was no impact on profit or equity for the previous year financial statement.

The following table details the company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currency borrowing taken during the current financial year. 10% sensitivity indicates management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where Rupee appreciates 10% against the relevant currency. A negative number below indicates a decrease in profit or equity where the Rupee depreciates 10% against the relevant currency.

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%
	Profit or loss (see note (i) below)	3,516.48	(3,516.48)	3,214.56
Equity (see note (ii) below)	222.65	(222.65)	139.74	(139.74)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**Notes:**

(i) This is mainly attributable to the exposure outstanding on USD payables in the Company as at the end of the reporting period.

(ii) This is as result of change in fair value of derivative instruments designated as hedge instruments in cash flow hedges.

**33.6 Cross currency swap contracts**

Under these swap contracts, the company agrees to exchange the difference between fixed interest amounts based on functional currency notional principal amounts and floating rate interest amounts calculated on agreed foreign currency notional principal amounts. Also the Company agrees to exchange difference between the functional currency notional principal amount and the amount calculated based on the spot exchange rates on the foreign currency notional principal amount on specified dates. Such contracts enable the company to mitigate the risk of changing interest rates and foreign exchange rates on the cash flows of issued foreign currency variable rate debt. The fair value of these swaps at the end of the reporting period is determined by discounting the future cash flows using the foreign currency and interest rate curves at the end of the reporting period and the credit risk inherent in these contracts.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

**Cash Flow hedge**

Particulars	(Rs./Lacs)				
	Upto 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
<b>Foreign currency (USD)</b>					
As at March 31, 2018	10.00	181.93	358.70	-	550.62
As at March 31, 2017	-	103.37	373.03	-	476.40
<b>Average exchange rate</b>					
As at March 31, 2018	66.56	62.54	66.65		
As at March 31, 2017	-	61.03	66.55	-	
<b>Average contracted fixed interest rate</b>					
As at March 31, 2018	10.78%	11.20%	10.60%		
As at March 31, 2017	-	11.20%	10.74%	-	
<b>Notional principal value</b>					
As at March 31, 2018	665.60	11,377.77	23,907.12	-	35,950.48
As at March 31, 2017	-	6,308.88	24,826.12	-	31,134.99
<b>Fair value assets (liabilities)</b>					
As at March 31, 2018	(12.99)	(110.31)	(1,018.12)		(1,141.42)
As at March 31, 2017	-	(27.37)	(1,336.70)	-	(1,364.07)
<b>Weighted Average contracted exchange rate</b>					
As at March 31, 2018	66.56	62.54	66.65		
As at March 31, 2017	-	61.03	66.55	-	

**33.7 Interest rate risk**

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the 6 months LIBOR plus spread rate. The company will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the company's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

**33.7.1 Interest rate risk management**

The company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.





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**33.7.2 Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's profit for the year ended March 31, 2018 would decrease/increase by Rs. 826.99/- lacs (2017: decrease/increase by Rs. 0.98 lacs). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings; and

The company's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments and the increase in interest rate swaps to swap floating rate debt to fixed rate debt.

**33.8 Other price risks**

The Company is exposed to equity price risks arising from equity investments which is not material.

**33.9 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Management of the Company believes that the credit risk is negligible since it has adopted a policy of only dealing with creditworthy counterparties.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**33.10 Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**33.10.1 Liquidity and interest risk tables**

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars	Weighted average effective interest rate						(Rs./Lacs)	
		0-1 year	1-3 years	3-5 years	5+ years	Total	Carrying Amount	
<b>Non-interest bearing</b>								
Trade payables	-	569.40	-	-	-	569.40	569.40	
Other financial liabilities	-	14,988.91	-	-	28,685.87	43,674.78	43,674.78	
<b>Variable interest rate instruments</b>								
Borrowings	8.34%	34,405.91	20,415.16	23,266	195,478	273,565.13	119,066.10	
<b>Fixed interest rate instruments</b>								
Borrowings	13.29%	8,124.32	10,977.53	-	-	19,101.86	50,777.15	
<b>March 31, 2017</b>								
<b>Non-interest bearing</b>								
Trade payables	-	451.61	-	-	-	451.61	451.61	
Other financial liabilities	-	27,068.38	-	-	90.75	27,159.13	27,159.13	
<b>Variable interest rate instruments</b>								
Borrowings	8.36%	8,815.00	17,650.43	20,108.25	168,729.49	215,303.26	101,482.39	
<b>Fixed interest rate instruments</b>								
Borrowings	9.01%	41,015.69	-	-	-	41,015.78	39,000.05	

As on 31 March 2018 term loans from banks in Indian Rupees and financial institutions foreign currency and Loan is to be repaid in 60 unequal quarterly instalments after the end of the principal moratorium period (i.e. 2 years & 6 months from actual commercial operation date).

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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.

Particulars	Weighted average effective interest rate						(Rs./Lacs)	
		0-1 year	1-3 years	3-5 years	5+ years	Total	Carrying Amount	
<b>March 31, 2018</b>								
<b>Non-interest bearing</b>								
Trade receivables		56.36	-	-	-	56.36	56.36	
Other financial assets		188.33	-	-	174.90	363.23	363.23	
<b>Fixed interest rate instruments</b>								
Loans		-	-	-	-	-	-	
<b>March 31, 2017</b>								
<b>Non-interest bearing</b>								
Trade receivables		157.23	-	-	-	157.23	157.23	
Other financial assets		778.32	-	-	169.55	947.87	947.87	
<b>Fixed interest rate instruments</b>								
Loans		-	-	-	-	-	-	

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.



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The following table details the company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	March 31, 2018	March 31, 2017
	Interest rate cross currency swaps	Interest rate cross currency swaps
	(Rs./Lacs)	(Rs./Lacs)
Upto 1 year	(12.99)	-
1-3 years	(110.31)	(27.37)
3-5 years	(1,018.12)	(1,336.70)
More than 5 years	-	-

**33.11 Fair value measurements**

This note provides information about how the company determines fair values of various financial assets and financial liabilities.

**33.11.1 Fair value of the Company's material financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value			Valuation technique(s) and key input(s)
	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)	Fair value hierarchy	
Cross currency swaps and interest rate swaps designated in hedge accounting relationships (refer note 5 & 13)	Assets - Rs. 171.62; Liabilities Rs. 1313.04	Assets - Rs. 114.18; Liabilities Rs. 1,478.25	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates and observable yield curves at the end of the reporting period) and contract forward rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

**33.11.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

Except derivative instruments (cross currency swap) (refer note 13), the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.



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**34. 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):**

Holding Company:	IL&FS Rail Limited (IRL) IL&FS Transportation Networks Limited (ITNL)
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited (IL&FS)
Fellow Subsidiary Companies:	IL&FS Financial Services Limited (IFIN) Rapid Metrorail Gurgaon Limited (RMGL) IL&FS Global Financial Services (UK) Limited Moradabad Bareilly Expressway Limited ITNL Road Infrastructure Development Company Limited
Jointly Controlled entity:	Thiruvananthapuram Road Development Company Limited

Particulars	Holding / Ultimate Holding Company	Fellow subsidiary	Jointly Controlled entity
<b>B. Transactions during the year:</b>			
<b>Shares capital issued</b>			
IL&FS Transportation Networks Limited	(7,432.25)	(-)	(-)
IL&FS Rail Limited	(13,802.75)	(-)	(-)
<b>Operating Expenses</b>			
IL&FS Rail Limited	2.26 (2.55)	-	-
IL&FS Ltd	0.10 (-)		
Rapid Metrorail Gurgaon Limited	(-)	35.37 (26.21)	-
IL&FS Financial Services Limited		3.78 (-)	
<b>Reimbursement of expenses</b>			
Rapid Metrorail Gurgaon Limited		139.97 (-)	
<b>Construction and development expenses (CWIP)</b>			
Infrastructure Leasing & Financial Services Limited	(31.25)	(-)	(-)
IL&FS Rail Limited	31.99	(-)	(-)
IL&FS Transportation Networks Limited (ITNL)	(51,892.56)	(-)	(-)
IL&FS Trust Company Limited (ITCL)	(-)	-	(-)
Rapid Metrorail Gurgaon Limited (RMGL)	(-)	(67.41)	(-)
<b>Short term loan taken</b>			
IL&FS Rail Limited	7,700.00 (-)		
IL&FS Financial Services Limited	-	-	-
	(-)	(600.00)	(-)
IL&FS Transportation Networks Limited	22,254.56 (3,000.00)	-	-



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Infrastructure Leasing & Financial Services Limited	10,000.00		
	(-)		
<b>Short term loan repaid</b>			
IL&FS Financial Services Limited	-	-	-
	(-)	(37,475.00)	(-)
IL&FS Transportation Networks Limited	-	(-)	(-)
	21,650.00		
	(-)		
<b>Interest expense</b>			
IL&FS Transportation Networks Limited (ITNL)	164.03	-	-
Infrastructure Leasing & Financial Services Limited	(17.42)	(-)	(-)
	403.29		
IL&FS Financial Services Limited	-	-	-
<b>Financial Expenses</b>	(-)	(5,799.62)	(-)
IL&FS Transportation Networks Limited (ITNL)	132.04		
	(-)		
<b>Interest income</b>			
IL&FS Transportation Networks Limited	(1,003.71)	(-)	(-)
Moradabad Bareilly Expressway Limited	-	-	-
	(-)	(1,600.29)	(-)
ITNL Road Infrastructure Development Company Limited	-	-	(-)
	(-)	(2,461.37)	(-)
Thiruvananthapuram Road Development Company Limited	-	-	-
	(-)	(-)	920.55
<b>Short term loans and advances given</b>			
IL&FS Transportation Networks Limited	(600.00)	(-)	(-)
Moradabad Bareilly Expressway Ltd.	-	-	(-)
ITNL Road Infrastructure Development Company Limited	-	-	-
	(-)	(20,000.00)	(-)
Thiruvananthapuram Road Development Company Limited	-	-	-
	(-)	(-)	(7,500.00)
<b>Short term loans and advances received back</b>			
IL&FS Transportation Networks Limited	(27,600.00)	(-)	(-)
ITNL Road Infrastructure Development Company Limited	-	-	-
	(-)	(20,000.00)	(-)
Thiruvananthapuram Road Development Company Limited	-	-	-
	(-)	(-)	(7,500.00)
Moradabad Bareilly Expressway Limited	-	-	-
<b>Capital advance given/(adjusted)</b>	(-)	(9,875.00)	(-)
IL&FS Transportation Networks Limited	(255.45)	(-)	(-)
<b>Notes:</b>			
The figures in brackets represent transactions for the previous year.			



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**c. Balances at year end**

**Other Current liabilities**

IL&FS Transportation Networks Limited (net off)	As at 31.03.2018	7,927.01	-	-
	As at 31.03.2017	(9,043.63)	(-)	(-)
Infrastructure Leasing & Financial Services Limited	As at 31.03.2018	-	-	-
	As at 31.03.2017	(4.17)	(-)	(-)
Rapid Metrorail Gurgaon Limited (RMGL)	As at 31.03.2018	-	0.19	-
	As at 31.03.2017	-	(34.59)	(-)
IL&FS Financial Services Limited	As at 31.03.2018	-	4.08	-
	As at 31.03.2017	-	(-)	-
IL&FS Rail Limited	As at 31.03.2018	-	-	-
	As at 31.03.2017	(33.37)	(-)	(-)
IL&FS Transportation Networks Limited ( Loan upfront fees)	As at 31.03.2018	283.16	-	-
	As at 31.03.2017	(-)	-	-
<b>Interest accrued but not due (Assets)</b>				
IL&FS Transportation Networks Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	-	(-)	(-)
Moradabad Bareilly Expressway Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	(-)	-	(-)
ITNL Road Infrastructure Development Company Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	(-)	(778.32)	(-)
<b>Interest accrued and due (liability)</b>				
IL&FS Financial Services Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	(-)	(704.94)	(-)
IL&FS Transportation Networks Limited	As at 31.03.2018	163.31	-	-
	(As at 31.03.2017)	(15.68)	(-)	(-)
<b>Short term loans and advances</b>				
IL&FS Transportation Networks Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	-	(-)	(-)
Moradabad Bareilly Expressway Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	-	(9,875.00)	(-)
Infrastructure Leasing & Financial Services Limited	As at 31.03.2018	6.45	-	-
	As at 31.03.2017	(-)	(-)	(-)
<b>Capital Advances</b>				
IL&FS Transportation Networks Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	(42.90)	(-)	(-)



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<b>Short term borrowings</b>				
Infrastructure Leasing & Financial Services Limited		10,000.00		
		(-)		
IL&FS Rail Ltd		7,700.00		
		(-)		
IL&FS Financial Services Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	(-)	(-)	(-)
IL&FS Transportation Networks Limited	As at 31.03.2018	3,604.56	-	-
	(As at 31.03.2017)	(3,000.00)	(-)	(-)
<b>Share Capital</b>				
IL&FS Transportation Networks Limited	As at 31.03.2018	23,030.00	-	-
	(As at 31.03.2017)	(23,030.00)	(-)	(-)
IL&FS Rail Limited	As at 31.03.2018	42,769.99	-	-
	(As at 31.03.2017)	(42,769.99)	(-)	(-)
<b>Guarantees received</b>				
IL&FS Rail Limited	As at 31.03.2018	-	-	-
	(As at 31.03.2017)	(5,000.00)	(-)	(-)
Notes:				
The figures in brackets represent transactions for the previous year.				



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**Note 35**      **Contingent liabilities**

Particulars	As at March 31, 2018 (Rs./Lacs)	As at March 31, 2017 (Rs./Lacs)
<b>Contingent Liabilities</b>		
Bank Guarantees	200	200

**Note 36**      **Commitments**

Particulars	0 (Rs./Lacs)	0 (Rs./Lacs)
<b>Commitments</b>		
Connectivity charges	200,000.00	200,000.00
Land License Fee	330,688.61	330,688.61

**Note**

In terms of the Concession Agreement, the Company is required to pay Connectivity Charges of Rs. 10,000.00 lacs per year from the beginning of the 16th year of the signing of the Concession Agreement till 35th year i.e. for 20 years totalling to Rs. 200,000.00 lacs.

Further, the Company is required to pay Land License Fee as per Land License Agreements separately executed by the Company and having an escalation clause of 15% increase in license fee charge after every 5 years, totalling to Rs. 330,688.61 lacs (also refer note 35(c)).

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**37 Concession Agreement**

The Company has entered into a Concession Agreement with Haryana Urban Development Authority (HUDA) on 3 January, 2013 for development of Metro Rail Project from Sikanderpur Station to Sector 56 in Gurgaon ('the Project'). As per the terms of the Contract, the Company has accepted the concession for a period of 98 years commencing from the effective date, to develop and operate the Project, which at the end of the concession period, must be returned in the stipulated condition to grantor of the concession. In consideration of having designed, constructed, operated and maintained the Metro Rail Project, the Company is entitled to charge fare to the users of Metro rail besides other revenue from ancillary commercial activities.

The Commercial operations of the metro rail project has commenced from 31 March, 2017. Under the Concession Agreement, the Company has received the right to collect revenue from passenger fares, advertisement income and property development within the project. Such rights are recognised and classified as Intangible assets and recorded at actual cost plus construction margin thereon, as per the principles of Service Concession Arrangement Accounting followed by the Company.

**38 Issued But Not Effective**

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

39 As per the provisions of section 135 of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. During the previous year the Company has constituted the CSR Committee and formulated the CSR policy in accordance with the requirements of Section 135 and Schedule VIII of the Companies Act, 2013.

The detail of amounts needs to be spent and actually incurred by the Company are as follow:

Particulars	31-Mar-18		31-Mar-17	
	Rs. in lacs		Rs. in lacs	
a) Gross amount required to be spent by the group during the year	57.44		-	
(b) Amount spent during the year ending on 31st March, 2018:	In cash	Yet to be paid in cash	Total	
i) Construction/acquisition of any asset	-	-	-	
ii) On purposes other than (i) above	57.44	-	57.44	
(c) Amount spent during the year ending on 31st March, 2017:	In cash	Yet to be paid in cash	Total	
i) Construction/acquisition of any asset	-	-	-	
ii) On purposes other than (i) above	-	-	-	

The Company has paid Rs. 57.44 lacs to IRI Foundation, a not-for-profit organisation approved by the Board of Directors and the payment of such organization qualifies as CSR expenses under Section 135 of the Companies Act, 2013.

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40 (a) The Company has incurred loss of Rs 23,791.68 lacs and earned revenue of Rs. 2,087.93 lacs during the year. The interest expenses for the year is Rs. 19,095.49 lacs. The future projection for next five years also does not cover annual interest expenses of the Company. The Holding Company has assured that they are fully aware of the situation and will provide financial support as and when required. Accordingly, these financial statements have been prepared on going concern assumption and do not include any adjustments relating to the recoverability and classification of carrying amounts of assets and the amount of liabilities that might result should the Company be unable to continue as a going concern. Further, based on an impairment assessment carried out by an independent expert and management financial projections, the management believes that the net block of tangible and intangible assets of Rs. 281,182.49 lacs as at March 31, 2018 will generate future economic benefits and no impairment is required there against.

(b) The Assistant Director (Industrial Health and Safety, Haryana) pursued an inspection of the premises of the Company and filed complaints against the Company before Chief Judicial Magistrate, Gurgaon alleging violation of various Sections of Buildings And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996 (BOCW Act) and subsequently a summon was issued by the Chief Judicial Magistrate, Gurgaon on May 17, 2014, wherein the Chief Judicial Magistrate, Gurgaon asked the Company to appear for hearing.

In order to get the complaint quashed, the Company has filed a Writ petition on July 18, 2014 before the Punjab and Haryana High Court, Chandigarh arguing that the Company falls under the Centre and thus, the State BOCW has no authority to inspect the establishment.

The pleadings in the aforesaid matter before the Hon'ble High Court are complete and the same is listed for a final hearing before the Chandigarh High Court on September 19, 2018. As regards the matter before the Gurgaon Court, the same are awaiting the Orders of Hon'ble High Court at Chandigarh. The management, based on a legal view and internal assessment, believes that the aforesaid matters is not tenable in law and the no financial liability is likely to arise on the Company and thus, no provision is required to be made in the financial statements in this regard.

(c) A complaint was filed by an Individual vide letter dated September 20, 2016 at the window of Chief Minister of Haryana regarding the alleged evasion of Stamp Duty of Rs. 180,000.00 lacs on the Concession Agreement entered into by the Company with HUDA on January 3, 2013. The District Revenue Officer (DRO) had initiated an enquiry wherein the Company representative along with the legal representative have submitted the written reply mentioning that in this case, the Stamp Duty is not applicable to the Company. During the year, the matter has been shifted from DRO office to the District Commissioner Court. The Company is of the view that the Stamp Duty was applicable on Land Lease Agreement through which Land was made available for the project and the said stamp duty has been fully paid by the Company as per the provision of Indian Stamps Act, 1899. Accordingly, the management, based on a legal view from a law firm and internal assessment, believes that the allegation levelled against the Company for the evasion of stamp duty and revenue loss to the State Government is based on incorrect and false facts and the said matter would not have financial impact in these financial statements and accordingly no adjustments are considered necessary in these financial statements at this stage.

(d) Income Tax department has carried out search operation under section 132 of the Income Tax Act, 1961 in the Office premises of the Company and other entities of the Group from August 21, 2017 to August 24, 2017 and seized certain documents and electronic data on phones and laptop of senior management of the Company. These documents, electronic discs etc. are still lying in the custody of the Income Tax Department and the Company has not received any communication and show cause notice in this regard till date and nor the Company is aware of the reasoning of such search and seizure. Impact of the search and seizure, if any, can be ascertained only after the assessment is completed. Pending completion of such assessment, the management believes that the Company is in compliance of all the applicable laws and regulations and no adjustment is required to be made to the financial statements in this regard.

(e) As per Article 8 of the Concession Agreement signed between Company and Haryana Urban Development Authority (HUDA), annual license fee for the land belonging to HUDA is required to be paid by the Company at the pre-agreed rates in advance within 30 days of the beginning of the financial year. The Company has filed a request letter to HUDA for deferment of land license fee due to low ridership and non-availability of certain permissions for outdoor advertisement and thus, have not paid an amount of Rs. 710.99 lacs pertaining to annual charge for the financial year 2017-18. As per Concession Agreement, delay in payment of land license fee upto 90 days attract interest @ 2% above State Bank of India's PLR, while delay of more than 90 days is considered as "Concessionaire Event of Default".

Basic discussion with the concerned officials and minutes of meeting with HUDA, the management believes that the Company is in compliance of the Concession Agreement and is confident that HUDA will accept the request of deferment of lease charges in near future.

(f) The Company was required to complete the project of Metro extension upto Sector 56, Gurugram by Dec 31, 2015 along with two cure period of 6 months each as defined in Clause 18.4 of Article 18 of the Concession Agreement. The Company requested HUDA for two cure period of 6 months each during the construction period in Dec, 2015, which were approved by HUDA in June, 2016. The Company achieved commercial operation ('COD') on March 31, 2017 and has submitted representation in Dec, 2016 to HUDA stating the reason for delay which were beyond the control of the Company and requested to invoke force majeure under Article 29.2 (f) of the Concession Agreement and to waive Liquidated Damages equivalent of 0.1% of performance security of Rs. 5,000.00 lacs for delay of each day till COD as per Clause 18.4 of Article 18 of the Concession Agreement. The matter is currently pending with Haryana Mass Rapid Transport Corporation Limited for final decision. The management, based on decision with authorities and internal assessment, believes that it will get the approval of the competent authority and no provision is required there against.

(g) Based on legal opinion from tax experts that section 115JB(2C) shall apply only to those adjustments in 'Other Equity' on the convergence date which will otherwise form part of book profits either in statement of profit and loss or other comprehensive income, the management is of the opinion that margin recognized on Service Concession Arrangement in accordance with Appendix C to Ind AS 11 shall not be considered for the purpose of computation of book profits under section 115JB of Income Tax Act, and accordingly, while the same has been accrued on account of prudence, but has not been paid by the Company for the previous year and the current year. Based on expert opinion, no material fines or penalties are expected in respect thereof by the management.

(h) During the year the Company has borrowed interest free loan from group companies. The management has been legally advised that the Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 186 of the Companies Act, 2013 is not applicable to the Company.

41 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under 92 - 92F of Income Tax Act, 1961. The Company on the basis of evaluation done for transactions with associated enterprises determined that transactions with associated enterprises were undertaken at "arm's length price". The Company believes that all domestic transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and is confident of there being no adjustments or impact on financial statements, particularly on the amount of tax expense and that of the provision for taxation.

**42 Provision for Overlay Expenses**

The provision for Overlay expenses created/reversed during the year is as follows:

Particulars	March 31, 2018 Rs. In Lacs	March 31, 2017 Rs. In Lacs
Opening provision as on Balance sheet date	3.70	-
Add: Provision created during the year	1,349.83	3.70
Less: Provision utilized during the year	-	-
Less: Reversal during the year	-	-
Closing provision as on balance sheet date	<b>1,353.53</b>	<b>3.70</b>

Based on the management approved projections of expected timelines for future repairs and expected costs, the above provision has been considered adequate by the management.



43 Approval of financial statements

- (a) The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 12, 2018.  
(b) Previous year figures are audited by a firm of chartered accountants other than S. R. Batliboi & Co. LLP.

The accompanying notes are integral of the financial statement

For and on behalf of Board of Directors

As per report of even date  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm registration number : 301003E/E300005

  
Rajiv Banga  
Managing Director  
(DIN-02093324)



Deepak Das Gupta  
Director  
(DIN-00457925)

  
Amit Gupta  
Partner  
Membership No- 501396

  
Rajnesh Khurana  
Chief Financial Officer

  
Anjali Singhal  
Company Secretary

Place: Gurgaon  
Date: May 12, 2018

Place: Gurugram  
Date: May 12, 2018

