

IL&FS RAIL LIMITED

FINANCIAL STATEMENT

2014-15

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IL&FS RAIL LIMITED Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **IL&FS RAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's

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preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note no. 39 of the financial statements relating to application filed by the Company with the Central Government for approval of managerial remuneration paid in excess of the limit laid down in the Companies Act 1956/2013 for the financial year 2013-14 and 2014-15.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



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- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) 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 financial statements – Refer to Note no. 26 of the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



(Jitendra Agarwal)
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 24 April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventory:
 - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. However, the Company is not carrying any inventory at year-end.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
 - a. The receipts of principal amounts and interest have been as per stipulations.
 - b. There is no overdue amount in excess of Rs. 1 lakh remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system. The Company's operations during the year do not give rise to any sale of goods.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.

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- (vi) According to the information and explanations given to us, maintenance of cost records have not been specified pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended as prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for any of the product of the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Service Tax, Value Added Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year did not give rise to any liability for Sales Tax and Excise Duty.
 - There are no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, which have not been deposited as on 31 March, 2015 on account of a dispute is given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act, 1961	Income Tax demand	Commissioner (Appeals)	Financial year 2010-11	11,811,570

There are no statutory dues in respect Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2015 on account of disputes.

- There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) The Company has not taken any loan from banks or financial institutions and has not issued any debentures. Therefore, the provisions of clause 3(ix) of the Order are not applicable to the Company.

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- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xi) According to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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



(Jitendra Agarwal)
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 24 April, 2015

IL&FS RAIL LIMITED

BALANCE SHEET AS AT 31 MARCH, 2015

Particulars	Note No.	As at	As at
		31 MARCH, 2015	31 MARCH, 2014
		Rupees	Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	5,237,995,800	3,923,000,000
(b) Reserves and surplus	4	<u>267,733,770</u>	<u>205,929,483</u>
		5,505,729,570	4,128,929,483
2 Non-current liabilities			
(a) Long-term provisions	5	<u>1,996,727</u>	<u>957,664</u>
3 Current liabilities			
(a) Short-term borrowings	6	1,550,000,000	-
(b) Trade payables	7	449,233,174	747,260,817
(c) Other current liabilities	8	340,224,902	335,529,329
(d) Short - term Provisions	9	<u>11,255,104</u>	<u>11,311,089</u>
		2,350,713,180	1,094,101,235
Total		<u><u>7,858,439,477</u></u>	<u><u>5,223,988,382</u></u>
B ASSETS			
1 Non - current assets			
(a) Fixed assets	10		
(i) Tangible assets		11,289,719	13,147,750
(ii) Intangible assets		<u>983,283</u>	<u>211,515</u>
		12,273,002	13,359,265
(b) Non-current investments	11	5,222,274,400	3,967,774,400
(c) Deferred tax assets	12	5,627,974	4,882,012
(d) Long-term loans and advances	13	83,363,563	69,748,850
(e) Other non-current assets	14	<u>78,102,505</u>	<u>76,972,412</u>
		5,401,641,444	4,132,736,939
2 Current assets			
(a) Trade receivables	15	649,571,146	1,031,778,486
(b) Cash and cash equivalents	16	6,627,169	11,502,886
(c) Short - term loans and advances	17	1,800,599,718	47,928,246
(d) Other current assets	18	<u>-</u>	<u>41,825</u>
		2,456,798,033	1,091,251,443
Total		<u><u>7,858,439,477</u></u>	<u><u>5,223,988,382</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

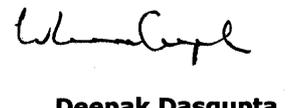


Jitendra Agarwal
Partner

For and on behalf of the Board of Directors



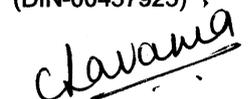
Rajiv Banga
Managing Director
(DIN-02093324)



Deepak Dasgupta
Director
(DIN-00457925)



Jagdish Aggarwal
Chief Financial Officer



Chinky Lavania
Company Secretary

Place: Gurgaon
Date: 24 April, 2015

Place: Gurgaon
Date: 24 April, 2015

IL&FS RAIL LIMITED

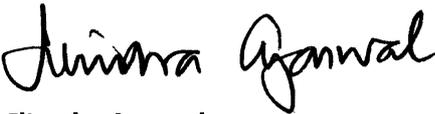
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Note No.	For the year ended	For the year
		31 March, 2015	ended 31 March, 2014
		Rupees	Rupees
1 Revenue from operations	19	1,179,376,934	2,745,839,743
2 Other income	20	82,828,170	27,166,692
3 Total revenue (1 + 2)		1,262,205,104	2,773,006,435
4 Expenses:			
(a) Cost of materials consumed	21	141,770,754	595,658,974
(b) Construction cost	22	776,804,439	1,824,328,518
(c) Employee benefits expense	23	137,232,360	199,738,288
(d) Finance costs	24	34,560,274	9,496,783
(e) Depreciation and amortisation expense	10	4,155,488	4,533,719
(f) Other expenses	25	76,334,764	77,407,513
Total expenses		1,170,858,079	2,711,163,795
5 Profit before tax (3 - 4)		91,347,025	61,842,640
6 Tax expense:			
(a) Current tax expense		30,288,700	24,000,000
(c) Deferred tax charge/(credit)		(745,962)	(1,009,967)
		<u>29,542,738</u>	<u>22,990,033</u>
7 Profit for the year (5-6)		61,804,287	38,852,607
8 Earnings per equity share (of Rs. 10 each)	31		
(a) Basic		0.13	0.13
(b) Diluted		0.13	0.13

See accompanying notes forming part of the financial statement:

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants



Jitendra Agarwal
Partner

For and on behalf of the Board of Directors



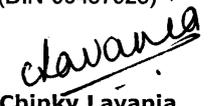
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IL&FS RAIL LIMITED

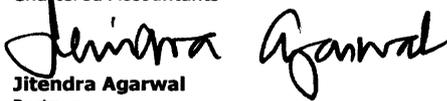
CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
A. Cash flow from operating activities		
Net profit before tax	91,347,025	61,842,640
Adjustments for :-		
Interest income	(59,962,414)	(24,258,985)
Finance costs	34,560,274	9,496,783
Depreciation and amortisation expense	4,155,488	4,533,719
(Profit)/loss on sale/write off of assets	(194,999)	2,768
Provision for employee benefits	(768,293)	2,833,094
Operating profit before working capital changes	69,137,081	54,450,019
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	382,207,340	(959,948,063)
Other current assets	-	219,746,336
Long term loans and advances	(11,912,506)	(7,766,231)
Short term loans and advances	(15,215,915)	60,707,570
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(298,027,643)	452,156,747
Other current liabilities	4,695,573	286,225,432
Cash generated from operations	130,883,930	105,571,810
Net income tax (paid)/refunds	(31,990,907)	(63,990,396)
Net Cash flow from/(used in) operating activities	(A) 98,893,023	41,581,415
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(3,069,226)	(6,424,742)
Bank balances not considered as Cash and cash equivalents	(62,107)	2,300,000
Intercompany deposits received back from associates	1,153,818,107	3,777,294,321
Intercompany deposits given to associates	(1,339,522,293)	(3,808,590,135)
Loans given to associates	(3,500,000,000)	-
Loans realised from associates	1,950,000,000	-
Advance given against share application money	-	225,500,000
Proceeds from sale of fixed assets	195,000	245,000
Purchase of long-term investments - subsidiaries	(1,254,500,000)	(2,117,180,000)
Interest received	58,936,253	24,050,718
Net cash flow from/(used in) investing activities	(B) (2,934,204,266)	(1,902,804,838)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	1,314,995,800	1,835,000,000
Finance costs paid	(34,560,274)	(9,496,783)
Proceeds from short-term borrowings	3,500,000,000	(2,850,000,000)
Repayment of short-term borrowings	(1,950,000,000)	2,850,000,000
Net Cash flow from/(used in) financing activities	(C) 2,830,435,526	1,825,503,217
Net Increase/(decrease) in cash and cash equivalents during the year (A+B+C)	(4,875,717)	(35,720,207)
Cash and Cash Equivalents at the beginning of the year	11,502,886	47,223,093
Cash and Cash Equivalents at the end of the year	6,627,169	11,502,886
Note:		
Cash and cash equivalents at the end of the year comprises		
(a) Cash on hand	2,140	5,827
(b) Balances with banks		
-in current accounts	6,625,029	11,497,059
	6,627,169	11,502,886

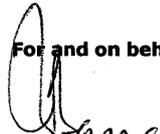
See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

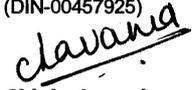

Jitendra Agarwal
Partner

For and on behalf of the Board of Directors


Rajiv Banga
Managing Director
(DIN-02093324)


Deepak Dasgupta
Director
(DIN-00457925)


Jagdish Aggarwal
Chief Financial Officer


Chinky Lavania
Company Secretary

Place: Gurgaon
Date: 24 April, 2015

Place: Gurgaon
Date: 24 April, 2015

IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 1 - Background

The Company was incorporated pursuant to an agreement dated February 4, 2008 between IL&FS Transportation Networks Limited (ITNL), ENSO Limited and Mr. Sanjiv Rai to undertake activities under the said agreement.

The Company was incorporated under the Companies Act, 1956 on February 19, 2008 and the Registrar of Companies has issued a "Certificate of Commencement of Business" dated April 10, 2008. During the year ended 31 March, 2012 the name of the Company was changed to IL&FS Rail Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, NCT of Delhi and Haryana on 06 February, 2012.

The Company has been set up for the development of urban and inter urban mass and freight transport infrastructure projects. The Company along with a consortium of IL&FS Transportation Networks Limited and DLF Limited had been awarded a Metrorail Project in Gurgaon by Haryana Urban Development Authority which has been executed through Rapid Metrorail Gurgaon Limited (RMGL), a special purpose entity. The Company along with a consortium of IL&FS Transportation Networks Limited had been awarded an extension of Metrorail Project in Gurgaon by Haryana Urban Development Authority which is being executed through Rapid Metrorail Gurgaon South Limited (RMGSL) a special purpose entity. The Company has been awarded a construction contract by ITNL for development of Metro rail Project.

Note No. 2 - Significant accounting policies

I Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note No. 37.

II Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

III Fixed assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

IV Depreciation and amortisation

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

A. Tangible assets

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

IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(ii) All categories of assets costing less than Rs. 5,000 each, Mobile Phones and Ipad / Tablets are fully depreciated in the year of purchase.

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

B. Intangible assets

Asset type	Useful life
Software	4 years

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

V. Impairment of assets

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

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

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

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

VI. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

VII. Foreign currency transactions

Initial recognition

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

Measurement at the balance sheet date

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

Treatment of exchange differences

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

Accounting for forward contracts

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

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

VIII Revenue recognition

Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

IX Other income

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

X Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

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

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

Long-term employee benefits

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

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

XI Taxes on income

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

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

XII Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

XIII Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

XIV Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets.

XV Earnings Per Share

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

XVI Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight line basis over the lease term. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

XVII Cash and cash equivalents (for purposes of cash Flow Statement)

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

XVIII Cash flow statement

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

IX Inventories

Inventories are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

XX Preliminary expenses

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

XXI Service tax input credit

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

XXII Operating cycle

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

IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 3 - Share capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number	Rupees	Number	Rupees
(a) Authorised				
Equity Shares of Rs. 10/- each with voting rights	660,000,000	6,600,000,000	460,000,000	4,600,000,000
	660,000,000	6,600,000,000	460,000,000	4,600,000,000
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs. 10/- each with voting rights	523,799,580	5,237,995,800	392,300,000	3,923,000,000
Total	523,799,580	5,237,995,800	392,300,000	3,923,000,000

See notes (i) to (iv) below

Notes:

(i) Rights, preferences and restrictions attached to shares

The Company has issued one class of equity shares having face value of Rs. 10 each. Each shareholder is entitled to one vote per share. Dividend if proposed by the board of directors is subject to approval of the shareholders in Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Number	Rupees	Number	Rupees
EQUITY SHARES WITH VOTING RIGHTS				
Shares outstanding at the beginning of the year	392,300,000	3,923,000,000	208,800,000	2,088,000,000
Shares Issued during the year	131,499,580	1,314,995,800	183,500,000	1,835,000,000
Shares outstanding at the end of the year	523,799,580	5,237,995,800	392,300,000	3,923,000,000

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

Particulars	As at 31 March, 2015		As At March 31, 2014	
	Number	Rupees	Number	Rupees
EQUITY SHARES HELD BY:				
IL & FS Transportation Networks Limited, the holding company	411,485,072	4,114,850,720	279,985,492	2,799,854,920

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

Particulars	As at 31 March, 2015		As At March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
IL & FS Transportation Networks Limited	411,485,072	78.56%	279,985,492	71.37%
Enso Infrastructures Private Limited	99,729,368	19.04%	99,729,368	25.42%

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 - Reserves and surplus

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
(a) Surplus in Statement of Profit and Loss		
Opening balance	205,929,483	167,076,876
Add: Profit for the year	<u>61,804,287</u>	<u>38,852,607</u>
Closing balance	<u>267,733,770</u>	<u>205,929,483</u>

Note No. 5 - Long term provisions

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
(a) Provision for employee benefits		
For Compensated absences	<u>1,996,727</u>	<u>957,664</u>
Total	<u>1,996,727</u>	<u>957,664</u>



IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 6 - Short term borrowing:

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
Unsecured		
Short term loan from fellow subsidiary*	1,550,000,000	-
	<u>1,550,000,000</u>	<u>-</u>

*Short term borrowings carry a interest rate of 14% p.a.

Note No. 7 - Trade payable:

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
Trade payables (other than acceptances)	449,233,174	747,260,817
Total	<u>449,233,174</u>	<u>747,260,817</u>

Note:

According to the records available with the Company, there were no dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said act are not required.

Note No. 8 - Other current liability:

(a) Income received in advance (unearned revenue)	329,894,268	307,869,026
(b) Other payables		
- Statutory dues (contribution to Provident Fund withholding taxes, VAT etc.	10,330,634	27,660,303
	<u>340,224,902</u>	<u>335,529,329</u>

Note No. 9- Short-term provision:

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
(a) Provision for employee benefits		
(i) For compensated absences	11,255,104	11,063,297
(ii) For gratuity	-	247,792
Total	<u>11,255,104</u>	<u>11,311,089</u>

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 10 - Fixed assets

Particulars	Gross block				Accumulated depreciation/amortisation				Net block	
	Balance as at 1 April, 2014	Additions	Disposals	Balance as at 31 March, 2015	Balance as at 1 April, 2014	For the year (See note no. 37)	Eliminated on disposal of assets	Balance as at 31 March, 2015	Balance as at 31 March, 2015	Balance as at 31 March, 2014
A. Tangible assets										
(a) Plant and equipment (Previous year)	71,738 (71,738)	-	-	71,738 (71,738)	21,173 (13,003)	(5,128) (8,170)	-	16,045 (21,173)	55,693 (50,565)	50,565 (58,735)
(b) Furniture and fixtures (Previous year)	1,147,399 (630,881)	74,831 (516,518)	76,530	1,145,700 (1,147,399)	338,537 (208,573)	123,680 (129,964)	76,530	385,687 (338,537)	760,013 (808,862)	808,862 (422,308)
(c) Vehicles (Previous year)	17,103,192 (14,007,597)	1,807,300 (4,347,527)	1,251,932 (1,251,932)	17,658,560 (17,103,192)	6,596,368 (4,462,059)	2,616,765 (3,138,473)	1,251,931 (1,004,164)	7,961,202 (6,596,368)	9,697,358 (10,506,824)	10,506,824 (9,545,538)
(d) Office equipment (Previous year)	1,758,181 (1,239,806)	224,900 (518,375)	407,179	1,575,902 (1,758,181)	1,253,322 (781,317)	503,448 (472,005)	407,179	1,349,591 (1,253,322)	226,311 (504,859)	504,859 (458,489)
(e) Data processing equipment (Previous year)	3,952,035 (3,259,680)	81,950 (857,275)	343,444 (164,920)	3,690,541 (3,952,035)	2,675,395 (2,128,411)	808,246 (711,904)	343,444 (164,920)	3,140,197 (2,675,395)	550,344 (1,276,640)	1,276,640 (1,131,269)
Total	24,032,545	2,188,981	2,079,085	24,142,441	10,884,795	4,047,011	2,079,084	12,852,722	11,289,719	13,147,750
(Previous year)	(19,209,702)	(6,239,695)	(1,416,852)	(24,032,545)	(7,593,363)	(4,460,516)	(1,169,084)	(10,884,795)	(13,147,750)	(11,616,339)
B. Intangible assets										
(a) Software	390,773	880,245	-	1,271,018	179,258	108,477	-	287,735	983,283	211,515
Total	390,773	880,245	-	1,271,018	179,258	108,477	-	287,735	983,283	211,515
(Previous year)	(205,726)	(185,047)	-	(390,773)	(106,055)	(73,203)	-	(179,258)	(211,515)	(99,671)

Total depreciation and amortisation

Tangible assets	4,047,011
Intangible assets	108,477
	<u>4,155,488</u>

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 11 - Non - current investments

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
Investments (at cost):		
Trade		
Investments in Equity Instruments (Unquoted, fully paid up) of subsidiaries		
a. Rapid Metrorail Gurgaon South Limited 163,182,440 (Previous year 105,332,440) equity shares of Rs. 10/- each, fully paid-up	1,631,824,400	1,053,324,400
b. Rapid Metrorail Gurgaon Limited 359,045,000 (Previous year 291,445,000) equity shares of Rs. 10/- each	3,590,450,000	2,914,450,000
Total	5,222,274,400	3,967,774,400

Note No. 12 - Deferred tax assets

In compliance with the Accounting Standard relating to "Accounting for Taxes on Income" (AS- 22), the Company has recognised deferred tax asset arising on account of timing differences. Major components of deferred tax assets arising on account of timing differences are:

	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
Tax effect of items constituting deferred tax assets		
On difference between book balance and tax balance of fixed assets	1,328,417	901,415
Provision for compensated absences, gratuity and other employee benefits	4,299,557	3,980,597
Deferred tax assets	5,627,974	4,882,012



IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 13 - Long - term loans and advances

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
Unsecured, considered good		
(a) Security deposits: Other than related parties	706,000	726,000
(b) Loans and advances to employees	3,089,551	3,510,108
(c) Prepaid expenses	34,697,435	22,344,372
(d) Advance income tax (net of provision for tax Rs.153,157,537; Previous year -Rs. 122,868,837)	44,870,577	43,168,370
Total	83,363,563	69,748,850

Note:

Long term loans and advances include amounts due from:

(i) Officers of the Company	1,073,752	1,651,697
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Note No. 14 - Other non - current assets

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
Unsecured, considered good		
(a) Fixed deposit with bank held as margin money or security against bank guarantees	75,262,107	75,200,000
(b) Interest accrued on deposits	2,840,398	1,772,412
Total	78,102,505	76,972,412

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 15 - Trade receivables

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
<u>Unsecured, considered good</u>		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment	25,623,386	551,871,573
(b) Other Trade receivables	623,947,760	479,906,913
	649,571,146	1,031,778,486

Note No. 16 - Cash and cash equivalents

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
(a) Cash on hand	2,140	5,827
(b) Balances with banks -in current accounts	6,625,029	11,497,059
	6,627,169	11,502,886
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement	6,627,169	11,502,886

Note No. 17 - Short - term loans and advances

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
<u>Unsecured, considered good</u>		
(a) Short-term loan given to related party	1,550,000,000	-
(b) Inter corporate deposit to related parties	217,000,000	31,295,814
(c) Loans and advances to employees	1,623,614	1,698,494
(d) Advances to vendors	28,962,823	13,502,193
(e) Prepaid expenses	1,037,501	1,002,655
(f) Balances with government authorities - Service tax credit receivable	224,409	429,090
(g) Advance gratuity	1,751,371	-
Total	1,800,599,718	47,928,246

Note:

Short term loans and advances include amounts due from:

(i) Officers of the Company	592,807	730,909
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Note No. 18 - Other current assets

Particulars	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
<u>Unsecured, considered good</u>		
(a) Interest accrued but not due on deposits	-	41,825
Total	-	41,825

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 19 - Revenue from operations

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Sale of services		
Construction contract income	1,179,376,934	2,745,839,743
Total	1,179,376,934	2,745,839,743

Note No. 20 - Other income

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Interest income		
Interest on intercorporate deposits	15,923,423	7,793,276
Interest on fixed deposit	8,293,876	7,019,218
Interest on short term loan	35,745,115	9,446,491
Interest on income tax refund	-	2,248,947
Interest - others	166,940	158,392
(b) Other non-operating income:		
Profit on sale of fixed assets	194,999	-
Recovery of managerial remuneration (See note 38)	22,432,024	-
Miscellaneous income	71,793	500,368
Total	82,828,170	27,166,692

Note No. 21 - Cost of materials consumed

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Material and components	141,770,754	595,658,974
Total	141,770,754	595,658,974

Note No. 22 - Construction cost

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Sub-contractors charges for civil construction and other related works	776,804,439	1,824,328,518
Total	776,804,439	1,824,328,518

Note No. 23 - Employee benefits expense

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Salaries and wages	116,982,942	178,682,452
(b) Contribution to provident and other funds	16,421,186	18,322,766
(c) Staff welfare expenses	3,828,232	2,733,070
Total	137,232,360	199,738,288

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 24 - Finance costs

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Interest expenses		
Interest on short term loan	34,560,274	8,280,822
Interest on share application money	-	1,215,961
Total	34,560,274	9,496,783

Note No. 25 - Other expenses

Particulars	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
(a) Legal and professional charges	12,502,896	7,411,392
(b) Travelling and conveyance	9,097,324	10,771,043
(c) Rent	19,257,205	17,569,113
(d) Registration expenses	1,132,757	6,921,732
(e) Rates and taxes	47,722	527,175
(f) Repair and maintenance- others	1,766,603	1,584,908
(g) Office maintenance	7,341,086	6,029,762
(h) Communication expenses	2,189,200	1,715,085
(i) Insurance charges	3,436,648	2,432,894
(j) Power and fuel	1,491,268	1,178,649
(k) Vehicle running and maintenance expenses	1,076,806	1,092,289
(l) Auditor's remuneration (Refer Note (i) below)	1,590,775	1,941,003
(m) Directors' fees	1,303,376	797,756
(n) Business promotion expenses	1,203,177	1,531,155
(o) Expenditure on corporate social responsibility	2,600,000	-
(p) Donations	230,000	700,000
(q) Wealth Tax	-	80,000
(r) Net loss on foreign currency transactions/translation	2,982,693	-
(s) Royalty expenses	3,474,320	12,677,740
(t) Loss on sale of fixed assets (net)	-	2,768
(u) Bank charges	2,029,345	4,876
(v) Miscellaneous expenses	1,581,563	2,438,173
Total	76,334,764	77,407,513

Notes:

(i) Auditors' remuneration comprises:

a. Statutory audit fee	1,400,000	1,400,000
b. Out of pocket expenses	15,784	57,486
c. Fees for other services	-	270,000
d. Service Tax	174,991	213,517
	1,590,775	1,941,003

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
(a) Contingent Liabilities		
(i) Income tax demand (see note below)	11,811,570	11,811,570
(ii) Guarantees/counter guarantees (non-financial) issued in respect of a subsidiary Company	500,000,000	500,000,000

Note:

The Company has received Income tax Assessment Order for the Financial Year 2010-11 on 31 March, 2014. The tax authorities have recomputed the revenue for that year based on certain assumptions and has raised the above demand. The Company has filed an appeal with the Income Tax Commissioner (Appeals). Based on consultation with the tax experts, the Company does not expect any tax liability to remain post appeal. Since only a timing difference, the Company does not expect any outflow of economic resources, accordingly no provision is considered necessary.

Note No. 27 - Value of imports calculated on CIF basis

	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees	Rupees
(a) Material and components	141,770,754	418,754,326

Note No. 28 - Expenditure in foreign currency

	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees	Rupees
(a) Travelling	1,242,662	848,245
(b) Construction costs	270,793,730	106,526,953
	272,036,392	107,375,198

**Note No 29
Consumption of imported and indigenous material**

	Rupees	Rupees
(a) Imported	141,770,754	418,754,326
(b) Indigenous	-	176,904,648
	141,770,754	595,658,974
	Percentage	Percentage
(a) Imported	100.00	70.30
(b) Indigenous	-	29.70
	100.00	100.00

Note No. 30 - Foreign currency exposure

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

	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Payables		
Foreign currency - Euro	573,983	2,992,464
Indian Rupee equivalent	38,749,822	247,895,520
Foreign currency - USD	2,538,481	4,615,419
Indian Rupee equivalent	158,885,557	277,385,759



IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 31 - Earnings per equity share

Particulars	Unit	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Earnings per equity shares:			
Net profit after tax	Rupees	61,804,287	38,852,607
Weighted average number of equity shares outstanding during the year	Numbers	466,897,387	305,844,281
Nominal Value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per Share	Rupees	0.13	0.13
Equity shares used to compute diluted earnings per share	Numbers	466,897,387	305,844,281
Diluted Earnings per Share	Rupees	0.13	0.13

Note No. 32 - Construction contracts

In accordance with the Accounting Standard 7 on 'Construction Contracts', the break-up of the contracts in progress at the reporting date is as under:

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Details of contract revenue and costs		
1 Contract revenue recognised during the year	1,179,376,934	2,745,839,743
2 Aggregate of contract costs incurred and recognised profits upto the reporting date	2,615,811,909	7,388,653,839
3 Advances received for contracts in progress	-	-
4 Gross amount due from customers for contract work (asset)	570,091,289	1,031,778,486

Note No. 33 - Segment reporting

The Company is engaged in infrastructure development and thus operates in a single business segment. The Company operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 on "Segment Reporting" have not been made.

Note No. 34 - Leasing arrangements

The Company has entered into Operating Lease arrangements of business center. The minimum future lease payments during non-cancellable periods under the foregoing arrangements in the aggregate for each of the following periods is as follows:

	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
(i) not later than one year	8,894,988	8,894,988
(ii) later than one year and not later than 5 years	1,482,498	19,272,475
(iii) later than five years	-	-

Lease payments recognised in the statement of Profit and Loss is Rs. 19,257,205 (Previous year Rs. Rs. 17,569,113).



IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 35 - Employee benefits

Defined-Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund and superannuation fund. Provident fund and superannuation fund cover all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund, the contributions to superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. The Company recognised Rs. 6,493,533 (previous year Rs. 6,458,971) for Provident Fund contributions and Rs. 6,723,646 (previous year Rs. 6,607,216) for superannuation fund contributions in the Statement of Profit and Loss.

Defined-Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are based on years of service and the employee's compensation (immediately before separation). The gratuity scheme covers all regular employees. In the case of the gratuity scheme, the Company contributes to a trust administered by HDFC Standard Life Insurance. Commitments are actuarially determined at year-end.

i. Change in benefit obligation

	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Present value of obligation at the beginning of the year	16,466,607	12,144,295
Current service cost	4,923,581	4,762,712
Interest expenses	1,304,382	891,232
Actuarial (gain)/loss	(1,007,861)	676,168
Benefits paid	(323,654)	(2,007,800)
Present value of obligations at the end of the year	21,363,055	16,466,607

ii. Fair value of Plan assets

	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Fair value of plan assets at the beginning of the year	16,218,815	12,254,018
Expected return on plan assets	1,573,330	1,138,913
Contributions by the Company	5,203,170	4,899,064
Benefits paid	(323,654)	(2,007,800)
Actuarial gain/(loss)	442,765	(65,380)
Fair value of plan assets at the end of the year	23,114,426	16,218,815

iii. Return on Plan assets

	Year Ended 31 March, 2015	Year Ended 31 March, 2014
	Rupees	Rupees
Expected return on plan assets	1,573,330	1,138,913
Actuarial gain/(loss)	442,765	(65,380)
Actual return on plan assets	2,016,095	1,073,533

iv. Amount recognised in the Balance Sheet

	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Present value of defined benefit obligations	21,363,055	16,466,607
Fair value of Plan Assets	23,114,426	16,218,815
Net liability/(asset) recognised in the balance sheet	(1,751,371)	247,792

v. Expenses recognised in Statement of Profit and Loss

	Year Ended 31 March, 2015	Year Ended 31 March, 2014
	Rupees	Rupees
Current service costs	4,923,581	4,762,712
Interest expense	1,304,382	891,232
Expected return on investment	(1,573,330)	(1,138,913)
Net actuarial (gain)/loss recognized during the year	(1,450,627)	741,548
Expenditure recognized in statement of Profit and Loss	3,204,007	5,256,579

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vi. Balance Sheet reconciliation

	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Net liability/(asset) at the beginning of the year	247,792	(109,723)
Expenses as above	3,204,007	5,256,579
Contribution paid	(5,203,170)	(4,899,064)
Net liability/(asset) at the end of the year	(1,751,371)	247,792

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

vii. Principal actuarial assumptions

	Year Ended 31 March, 2015	Year Ended 31 March, 2014
Rate for discounting liabilities	8.00% p.a.	8.00% p.a.
Expected salary increase rate	6.50% p.a.	6.50% p.a.
Expected return on scheme assets	8.00% p.a.	8.00% p.a.
Attrition rate	2.00% p.a.	2.00% p.a.
Mortality table used	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

viii. Experience adjustment

	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012	As at March 31, 2011
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of DBO	21,363,055	16,466,607	12,144,295	7,723,386	3,552,343
Fair value of plan assets	23,114,426	16,218,815	12,254,018	7,419,652	4,517,492
Funded status [Surplus / (Deficit)]	1,751,371	(247,792)	109,723	(303,734)	965,149
On obligations - (Gain) / Loss	(1,007,861)	676,168	342,117	577,280	1,398,136
On plan asset - Gain / (Loss)	442,765	(65,380)	25,996	(119,296)	760,119

The Employer's best estimate of the contributions expected to be paid to the plan during the next 12 months Rs. 4,880,818 (Previous year Rs. 4,899,064)

The entire amount is funded with the HDFC Standard Life insurance

The plan assets are managed by the HDFC Standard Life Insurance and the Company does not have details as to the investment pattern.

The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

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

Principal actuarial assumptions for Compensated absences

	Year ended March 31, 2015	Year ended March 31, 2014
Rate for discounting liabilities	8.00% p.a.	8.00% p.a.
Expected salary increase rate	6.50% p.a.	6.50% p.a.
Expected return on scheme assets	8.00% p.a.	8.00% p.a.
Attrition rate	2.00% p.a.	2.00% p.a.
Mortality table used	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate



IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 36 - Related party disclosures

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

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

Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited
Holding Company:	IL&FS Transportation Networks Limited
Fellow Subsidiaries:	IL&FS Financial Services Limited
Subsidiary	Rapid Metrorail Gurgaon South Limited Rapid Metrorail Gurgaon Limited
Associates	IL&FS Engineering and Construction Company Limited IL&FS Technologies Limited Livia India Limited (w.e.f 30 January, 2015)
Companies with ability to exercise significant influence	ENSO Infrastructure Private Limited
Key Management Person (KMP):	Mr. Sanjiv Rai (Managing Director and CEO till 31 March, 2015)

Particulars	Amount in Rupees				
	Holding / Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Companies Having Significant Influence	Key Managerial Personnel
B. Transactions during the year					
Shares capital issued					
IL&FS Transportation Networks Limited	1,314,995,800 (1,353,066,620)	- (-)	- (-)	- (-)	- (-)
ENSO Infrastructure Private Limited	- (-)	- (-)	- (-)	- (481,933,380)	- (-)
Long term investments made					
Rapid Metrorail Gurgaon Limited	- (-)	676,000,000 (1,064,180,000)	- (-)	- (-)	- (-)
Rapid Metrorail Gurgaon South Limited	- (-)	578,500,000 (1,053,000,000)	- (-)	- (-)	- (-)
Construction income					
Rapid Metrorail Gurgaon Limited	- (-)	104,097,420 (1,432,767,284)	- (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	1,053,254,273 (1,840,687,821)	- (-)	- (-)	- (-)	- (-)
Operating expenses					
Infrastructure Leasing & Financial Services Limited	12,385,424 (17,641,209)	- (-)	- (-)	- (-)	- (-)
IL&FS Technologies Limited	- (-)	- (-)	303,822 (1,215,290)	- (-)	- (-)
Livia India Limited	- (-)	- (-)	360,454 (-)	- (-)	- (-)
Rapid Metrorail Gurgaon Limited	- (-)	24,786,583 (27,351,489)	- (-)	- (-)	- (-)
IL&FS Engineering and Construction Company Limited	- (-)	- (-)	- (405,155,105)	- (-)	- (-)
Reimbursement of expenses					
Rapid Metrorail Gurgaon South Limited	- (-)	450,972 (3,535,010)	- (-)	- (-)	- (-)
Managerial remuneration					
Mr. Sanjiv Rai	- (-)	- (-)	- (-)	- (-)	37,689,202 (58,473,514)

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Rupees				
	Holding / Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Companies Having Significant Influence	Key Managerial Personnel
Inter corporate deposits placed					
Infrastructure Leasing & Financial Services Limited	31,678,088 (813,590,135)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	1,307,844,205 (145,000,000)	- (-)	- (-)	- (-)
Inter corporate deposits received back					
Infrastructure Leasing & Financial Services Limited	52,973,902 (792,294,321)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	1,100,844,205 (135,000,000)	- (-)	- (-)	- (-)
Interest earned					
Infrastructure Leasing & Financial Services Limited	257,880 (7,432,728)	- (-)	- (-)	- (-)	- (-)
IL&FS Transportation Networks Limited	34,369,178 (8,547,945)	- (-)	- (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	15,665,541 (360,548)	- (-)	- (-)	- (-)
Interest paid					
IL&FS Financial Services Limited	- (-)	33,560,274 (8,280,822)	- (-)	- (-)	- (-)
Short term loan given					
IL&FS Transportation Networks Limited	3,500,000,000 (2,850,000,000)	- (-)	- (-)	- (-)	- (-)
Short term loan taken					
IL&FS Financial Services Limited	- (-)	3,500,000,000 (2,850,000,000)	- (-)	- (-)	- (-)
Short term loan received back					
IL&FS Transportation Networks Limited	1,950,000,000 (2,850,000,000)	- (-)	- (-)	- (-)	- (-)
Short term loan re-paid					
IL&FS Financial Services Limited	- (-)	1,950,000,000 (2,850,000,000)	- (-)	- (-)	- (-)

Notes:

1. Amount in brackets represent previous year figures.

C. Balances at year end

Trade payables

Infrastructure Leasing & Financial Services Limited	92,732 (3,190,582)	- (-)	- (-)	- (-)	- (-)
IL&FS Engineering and Construction Company Limited	- (-)	- (-)	1,477,494 (70,896,385)	- (-)	- (-)
IL&FS Technologies Limited	- (-)	- (-)	17,879,915 (-)	- (-)	- (-)
IL&FS Financial Services Limited	- (-)	1,332 (-)	- (-)	- (-)	- (-)
Livia India Limited	- (-)	- (-)	1,081,363 (-)	- (-)	- (-)
Short-term loans and advances (asset)					
IL&FS Transportation Networks Limited	1,550,000,000 (-)	- (-)	- (-)	- (-)	- (-)
Short term borrowings					
IL&FS Financial Services Limited	- (-)	1,550,000,000 (-)	- (-)	- (-)	- (-)

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IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Rupees				
	Holding / Ultimate Holding Company	Subsidiary/ Fellow subsidiary	Associates	Companies Having Significant Influence	Key Managerial Personnel
Trade receivables					
Rapid Metrorail Gurgaon Limited	-	79,479,857	-	-	-
	(-)	(336,317,591)	(-)	(-)	(-)
IL&FS Transportation Networks Limited	570,091,289	-	-	-	-
	(695,460,895)	(-)	(-)	(-)	(-)
Inter corporate deposits (asset)					
Infrastructure Leasing & Financial Services Limited	-	-	-	-	-
	(21,295,814)	(-)	(-)	(-)	(-)
IL&FS Financial Services Limited	-	217,000,000	-	-	-
	(-)	(10,000,000)	(-)	(-)	(-)
Long term investments					
Rapid Metrorail Gurgaon Limited	-	3,590,450,000	-	-	-
	(-)	(2,914,450,000)	(-)	(-)	(-)
Rapid Metrorail Gurgaon South Limited	-	1,631,824,400	-	-	-
	(-)	(1,053,324,400)	(-)	(-)	(-)
Guarantees issued					
Rapid Metrorail Gurgaon South Limited	-	500,000,000	-	-	-
	(-)	(500,000,000)	(-)	(-)	(-)

Amount in brackets represent balances as on March 31, 2014

IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 37

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company changed its method of depreciation for certain categories of fixed assets from written down value (WDV) method to straight line method (SLM). Consequent to this change, all assets are now being depreciated under SLM. The Company also revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II other than those specified in note no. 2(iv). The details of previously applied depreciation method, rates / useful life are as follows:

Asset	Previous depreciation method	Previous depreciation rate / useful life	Revised useful life based on SLM
Tangible assets			
Vehicles (provided to employees)	WDV	25.89%/10 years	5 years
Vehicles (Others)	WDV	25.89%/10 years	8 years
Data processing equipment	SLM	25%/4 years	3 years
Office equipment	WDV	13.91%/20 years	5 years
Furniture and fixtures	WDV	18.10%/15 years	10 years
Plant and equipment	WDV	13.91%/20 years	15 years

The difference between accumulated depreciation as of March 31, 2014 recomputed as above and the corresponding accumulated depreciation in the books as per earlier method, amounting to Rs. 220,720 has been credited to the statement of Profit and Loss for the year ended 31 March, 2015. Had the Company followed the earlier method of depreciation of tangible assets the charge to the statement of Profit and Loss for the year ended 31 March, 2015 would have been higher by Rs. 142,240.

Note No. 38

Due to inadequacy of profits, the Company had applied to the Central Government for payment of remuneration to its Managing Director in excess of the limit laid down in Section 198 of the Companies Act, 1956 read with Schedule XIII. The Central Government has approved the remuneration of the Managing Director for the financial years 2010-11, 2011-12 and 2012-13. Remuneration paid to the Managing Director during the respective years in excess of the approved limit has been recovered during the year and credited to the Statement of Profit and Loss.

Note No. 39 - Managerial remuneration

The remuneration paid to the Managing Director for the financial years 2013-14 and 2014-15 is in excess of the limit laid down in the Companies Act, 1956/2013. the Company has applied to the Central Government for approval of managerial remuneration for the aforesaid financial years and the approval is awaited. Recovery of excess remuneration, if any will be made on receipt of approval from the Central Government and will be accounted for accordingly.

Note No. 40 - Disclosure as required by sub-section 4 of section 186 of the Companies Act, 2013

Detail of loans and advances in the nature of loans given by the Company are as below:

Name of Party	Amount of loan outstanding Rupees	Terms	Purpose
IL&FS Transportation Networks Limited	1,550,000,000	3 Months from date of disbursement at fixed rate of interest of 14.5% n.a	Funds provided would be utilised for any of the below specified purposes: (i) Working capital requirements (ii) Extending loans and advances to group companies (iii) Repayment/prepayment of existing loans (iv) General Corporate purposes
IL&FS Financial Services Limited	217,000,000	3 Months from date of disbursement at interest rate of 8.33% p.a	Short term deposit for investment purpose

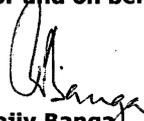


IL&FS RAIL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 41

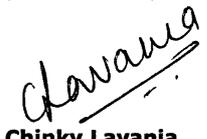
Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors


Rajiv Banga
Managing Director
(DIN-02093324)


Deepak Dasgupta
Director
(DIN-00457925)


Jagdish Aggarwal
Chief Financial Officer


Chinky Lavana
Company Secretary

Place: Gurgaon
Date: 24 April, 2015

