



## 7th Annual Report 2016-17

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**METRO-LINK EXPRESS FOR GANDHINAGAR AND AHMEDABAD (MEGA) COMPANY  
LIMITED**

**(A SPV of Government of India & Government of Gujarat )**

**CORPORATE INFORMATION**

**Present Board of Directors:**

- |     |   |  |
|-----|---|--|
| 1.  | Shri Durga Shanker Mishra, IAS  | <i>Ex-officio</i> Chairman & Secretary, Ministry of Housing & Urban Affairs (MoHUA) , Govt. of India |
| 2.  | Smt. Jhanja Tripathy, IRAS  | Nominee Director (Govt. of India)  |
| 3.  | Shri Mukund Kumar Sinha   | Nominee Director (Govt. of India)  |
| 4.  | Shri Rajeev Narayan Dwivedi   | Nominee Director (Govt. of India)  |
| 5.  | Shri Sanjay Kumar Garg  | Nominee Director (Govt. of India)  |
| 6.  | Shri Anil Mukim, IAS  | Nominee Director (Govt. of Gujarat)  |
| 7.  | Shri Mukesh Puri, IAS   | Nominee Director(Govt. of Gujarat)   |
| 8.  | Shri Ashwini Kumar, IAS   | Nominee Director(Govt. of Gujarat)   |
| 9.  | Shri S. S. Rathore, Retd. Addi. Chief Secretary (R&B), Govt. of Gujarat | Nominee Director(Govt. of Gujarat)   |
| 10. | Shri I.P. Gautam, IAS (Retd)  | Managing Director  |
| 11. | Shri Biren Parmar, IAAS   | Whole Time & Functional Director(Finance)  |
| 12. | Shri Sahadeva Singh   | Whole Time & Functional Director (Proj. & Planning)  |

**Statutory Auditors:**

M/s. Ramanlal G. Shah & Company (FRN: 108517W)  
Chartered Accountants  
Shreeji House, B/h. M.J. Library  
Ellisbridge, Ahmedabad

**Internal Auditors:**

M/s. R. S. Patel & Company (FRN: 107758W)  
Chartered Accountants  
801, Popular House,  
Nr. Income Tax Circle  
Ashram Road  
Ahmedabad: 380009

**Secretarial Auditors:**

M/s. Arvind Gaudana & Company  
Practicing Company Secretaries  
307, Ashirwad Paras, Near Prahladnagar Garden  
Corporate Road, Prahlad Nagar,  
Satellite, Ahmedabad – 380015.

**Bankers:**

State Bank of India  
Axis Bank  
ICICI Bank Ltd  
Bank of India

**Chief Financial Officer**

Shri Shabbir Sabuwala

**Company Secretary**

Shri Navin Varma

**Registered Office:**

Block No.1, First Floor, Karmayogi Bhavan, Sector 10/A, Gandhinagar, Gujarat-382010  
Tele: +91-79-23248572 Fax No: +91-79-26859766 ,Website: [www.gujaratmetrorail.com](http://www.gujaratmetrorail.com),  
CIN: U60200GJ2010SGC059407

**CHAIRMAN'S MESSAGE**

Dear Shareholders,

*It gives me great pleasure to present the 7<sup>th</sup> Annual Report of your Company (2nd of SPV) for the financial year 2016-17. Your Company is making all efforts to provide world class Metro-rail services in and around the Ahmedabad City. During the financial year 2016-17, your Company has taken significant steps for timely implementation of the project.*

*The Company was converted into a 50:50 SPV of Government of India and Government of Gujarat for implementation of Ahmedabad Metro Rail Project Phase 1. As per approved financing plan, Government of India and Government of Gujarat have been contributing funds for the project. JICA has also sanctioned the ODA loan. Loan agreement for 82434 million Yen for Ahmedabad Metro Rail project Phase 1 was signed between Government of India and Japanese International Cooperative Agency (JICA) on 4<sup>th</sup> March, 2016. During the year, JICA has commenced disbursement of loan for JICA funded contracts. Further, your company has successfully transitioned to IND AS regime and prepared IND AS compliant accounts for the year.*

*On project implementation, I would like to share with you that a consortium of 4 renowned engineering consulting firms have started working as General Engineering Consultants (GEC) for the project. All civil work tenders have been awarded and work has been commenced by all the civil work contractors. Works for construction of Viaduct and Station building is progressing on both the corridors including on Priority reach. For Underground sections, two contracts have been awarded during the year. Initial preparatory work for underground sections have been commenced by both the contractors. System related tenders are at different stages of bidding process. Contracts*

*for Signalling, Track Supply and Track Execution work have been awarded. Bids for Traction, Rolling Stock, Telecom etc. are at advanced stage of evaluation and finalization. Most of the Design & Drawing Consultancy (DDC) work tenders have been finalized and awarded.*

*Utilities shifting and Rehabilitation & Resettlement (R&R) activities are parallely pursued in consultation with Ahmedabad Municipal Corporation (AMC), Torrent Power and other agencies for timely availability of Right of way (ROW) for construction activities .*

*It is heartening to inform you that efforts made in implementation of the project are yielding the results and project is progressing for a timely implementation.*

*I take this opportunity to express my sincere gratitude to all stakeholders, Shareholders, Directors, employees, contractors, and consultants for their valuable guidance and continuous support extended to this Company over a period of time.*

*The trust that you have placed in the Management of your company is an invaluable source of support. Let me assure you, we will continue to stay focused in building a world class rail based mass rapid transport system in Ahmeddabad.*

Yours sincerely,

Sd/-  
**(Durga Shanker Mishra)**  
Chairman  
DIN 02944212

**Date: 23<sup>rd</sup> September, 2017**  
**Place: New Delhi**

## **NOTICE**

**NOTICE** IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF **METRO LINK EXPRESS FOR GANDHINAGAR AND AHMEDABAD (MEGA) COMPANY LIMITED** WILL BE HELD ON SATURDAY, THE 23<sup>rd</sup> DAY OF SEPTEMBER, 2017 AT 1.45 P.M AT OFFICE OF THE MMRDA, 9<sup>TH</sup> FLOOR, NEW MMRDA BUILDING, BANDRA KURLA COMPLEX (BKC), BANDRA (EAST), MUMBAI:400051

### **TO TRANSACT THE FOLLOWING BUSINESS:**

#### **ORDINARY BUSINESS:**

01. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2017, Statement of Profit & Loss for the year ended on 31<sup>st</sup> March, 2017 together with Cash Flow Statement and Reports of the Board and the Independent Statutory Auditors thereon and Comments of the Comptroller and Auditor General of India.

02. To consider the appointment & fixing of remuneration of Independent Auditor for F.Y. 2017-18.

**“RESOLVED THAT** pursuant to the provisions of Section 139,141,142, 144 and other applicable provisions, if any, of the Companies Act, 2013, read with the underlying rules viz. Companies (Audit and Auditors) Rules, 2014, M/s Manubhai & Shah LLP., Chartered Accountants, Ahmedabad, is hereby appointed as Independent Auditors of the Company, by the office of Comptroller and Auditor General of India for the F.Y. 2017-18 vide letter no CA.V/COY/GUJARAT, GUJMET (1)/32 dated 12/07/2017 and a written certificate in respect to the same, having been received from the said Auditor. M/s Manubhai & Shah LLP., Chartered Accountants (FRN No.W106041) be and is hereby appointed as the Independent Auditors of the Company under Section 139 of the Companies Act, 2013 for the F.Y. 2017-18 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors or any committee thereof and agreed upon by M/s. Manubhai & Shah LLP.”

**SPECIAL BUSINESS****ITEM No. 03****APPOINTMENT OF SHRI SAHADEVA SINGH (DIN 07712386) AS WHOLE TIME DIRECTOR (PROJECT & PLANNING)**

To consider and if thought fit to pass the following resolution with or without modification(s), as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 196, 197 and 203 of the Companies Act, 2013 (‘the Act’) read with the Schedule V of ‘the Act’, consent of the shareholders be and is hereby accorded for the appointment of Shri. Sahadeva Singh (DIN 07712386) as Whole Time Director (Project & Planning) of the Company for a period of 3 years from the date of his joining i.e from 01/02/2017 upto 31/01/2020 as per the standard terms and conditions of his appointment as set out in the appointment letter dated 1<sup>st</sup> February, 2017.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the resolution hereof.”

**By order of the Board of Directors**

**Metro-Link Express for Gandhinagar and  
Ahmedabad (MEGA) Company Limited.**

**Sd/-**

**Navin Varma  
Asst. Gen. Manager (F&A) &  
Company Secretary**

**Date: 31/08/2017**

**Place: Gandhinagar**

**Notes:**

1. A member entitled to vote at the meeting is also entitled to appoint a proxy in his/her place who need not be a member of the Company.
2. Proxy Form duly filled in must be lodged with the Company at its registered office at least 48 hours before the date of the meeting.
3. A Statement setting out the material facts pursuant to Section 102(1) of the Companies Act, 2013 forms part of this notice and is annexed with the notice.

## Statement Setting out Material facts

Statement setting out the material facts pursuant to Section 102(1) of the Companies Act, 2013

### General Information

This Statement of material facts has been prepared for the shareholders of the Company in connection with the Seventh Annual General Meeting of the Company. The purpose of this Statement of material facts is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the above resolutions detailed in the Notice and other information to enable shareholders to understand the implications of decision taken.

### ITEM No.03

As per the sanction letter of Ministry of Urban Development (MoUD), Government of India dated 17<sup>th</sup> November, 2014. Three (3) Whole Time Directors positions including Director (Project & Planning) is required to be appointed in 50:50 SPV MEGA Company Limited.

MEGA Company Limited had advertised and invited applications from qualified and experienced candidate for the position of Director (Project & Planning) on contract basis upto 5 years through advertisement no. MEGA/HR/RECT/ADVT/09-2016 dated 29.09.2016 published in the Times of India (all India edition) on 29<sup>th</sup> September, 2016.

Further, the Board of Directors of the Company their resolution dated 26<sup>th</sup> September, 2016 had constituted a Board Level Selection Committee for interview and selection for appointment of Whole Time Director (Project & Planning).

The selection committee conducted the interviews on 6/01/2017 to assess the suitability of candidates. Out of the twelve (12) shortlisted candidates 7(seven) candidates attended the interview before selection committee.

After judging the performance and overall suitability of seven (7) candidates, the Selection Committee shortlisted Shri Sahadeva Singh for the post of Director (Project & Planning).

Based on the recommendations of the selection committee, the Board of Directors of the Company vide their circular resolution dated 06<sup>th</sup> January, 2017 have appointed Shri Sahadeva Singh (DIN 07712386) as a Whole Time Director (Project & Planning) of the Company for a period of 3 (three) years (extendable up to 5 years) from the date of his joining as per the standard terms and conditions of his appointment as set in the appointment letter dated 01<sup>st</sup> February, 2017, subject to the approval of Shareholders at the ensuing Annual General Meeting.

Accordingly, the Board recommends the resolution in relation to appointment of Shri. Sahadeva Singh as Whole Time Director (Project & Planning) of the Company, for the approval by shareholders of the Company for a period of 3(three) years i.e from 01/02/2017 upto 31/01/2020.

Except Shri Sahadeva Singh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

**By order of the Board of Directors  
MEGA Co. Ltd.**

**Date: 31/08/2017  
Place: Gandhinagar**

**Sd/-  
Navin Varma  
Asst. Gen. Manager (F&A) &  
Company Secretary**

**Form No. MGT – 11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and administration) Rules, 2014]

Name of the Member (s):	
Registered Address :	
Email ID :	
Folio No / Client ID	
DP ID: (N.A. for held in physical Mode)	

I / We, being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

Name	Address	E-mail ID	Signature

Or failing him

Name	Address	E-mail ID	Signature

As my / our proxy to attend and vote (on poll) for me / us and on my/our behalf at the 7<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, 23<sup>rd</sup> September, 2017 at 01.45 PM at office of the MMRDA, 9<sup>th</sup> floor, New MMRDA Building, Bandra Kurla Complex (BKC), Bandra (East), Mumbai:400051 and at any adjournment thereof in respect of such resolutions as given in the notice of Annual General Meeting of the Company.

\_\_\_ day of September, 2017

\_\_\_\_\_  
Signature of Shareholder

Affix Revenue Stamp
---------------------------

\_\_\_\_\_  
Signature of Proxy Holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**ATTENDANCE SLIP**

This attendance slip duly filled in is to be handed over at the entrance of the meeting venue.

Regd. Folio No. \_\_\_\_\_

No. of shares held : \_\_\_\_\_

Full Name of the member attending: \_\_\_\_\_

Full name of the first joint-holder: \_\_\_\_\_  
(To be filled in if first named joint-holder does not attend the meeting.)

Name of Proxy: \_\_\_\_\_  
(To be filled in if Proxy Form has been duly deposited with the Company.)

I hereby record my presence at 7<sup>th</sup> Annual General Meeting being held at "OFFICE OF THE MMRDA , 9<sup>TH</sup> FLOOR, NEW MMRDA BUILDING, BANDRA KURLA COMPLEX (BKC), BANDRA (EAST),MUMBAI:400051" on Saturday, 23<sup>rd</sup> September, 2017 at 01.45 PM.

\_\_\_\_\_  
Member's/Proxy's Signature  
(To be signed at the time of handing over of this slip)

NOTE: Persons attending the 7<sup>th</sup> Annual General Meeting are requested to bring their copies of Annual Report.

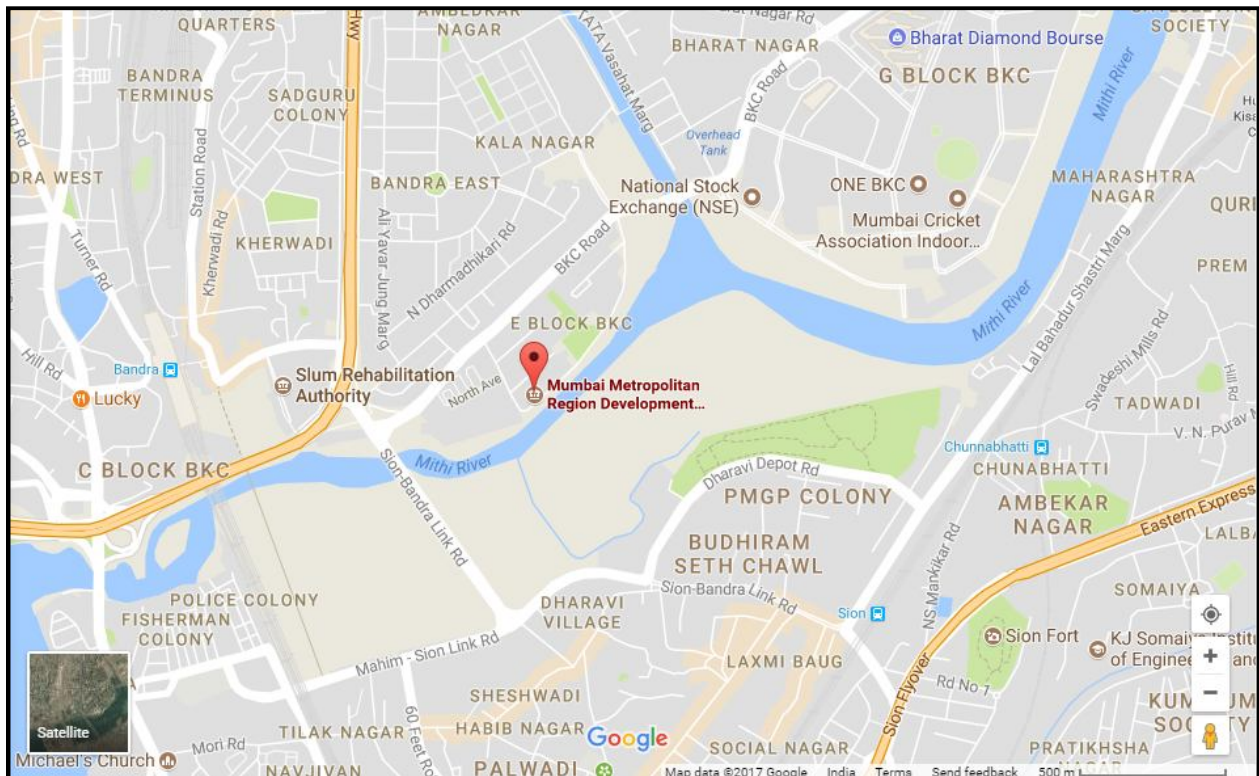
# ROUTE MAP FOR REACHING THE VENUE OF 7<sup>TH</sup> ANNUAL GENERAL MEETING

Date: 23/09/2015

Time of Annual General Meeting: 1.45. PM

## VENUE

“COMMITTEE ROOM” OFFICE OF THE MMRDA, 9<sup>TH</sup> FLOOR, NEW MMRDA BUILDING, BANDRA KURLA COMPLEX (BKC), BANDRA (EAST), MUMBAI:400051



## BOARD'S REPORT FOR THE FINANCIAL YEAR 2016-17

Dear Shareholders,

Your Directors have immense pleasure in presenting the 7<sup>th</sup> Annual Report on performance of Metro-Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited (50:50 SPV of Government of India & Government of Gujarat) together with the Audited Financial Statements and Auditors' Report for the year ended on 31<sup>st</sup> March, 2017.

### I. SUMMARISED FINANCIAL HIGHLIGHTS

The project is in the pre-operative / construction stage. Your Company has made substantial progress towards the effective implementation of the Project. The following are the key financial highlights for the year under review:

(Rs. In Lakhs)

Particulars	As per Ind. AS		2015-16 (GAAP)
	2016-17	2015-16	
Gross Income / Turnover	3532.18	3866.40	3680.08
Profit / (Loss) Before Interest and Depreciation	3532.18	3864.02	3678.71
Less: Tax Expense	963.77	1273.59	1273.59
Profit / (Loss) after Tax	2369.63	2590.45	2404.12
Add: Balance brought forward from the previous year	1816.76	(773.69)	(772.86)
Balance Profit / (Loss) C/F to the next year	4186.39	1816.76	1631.26

### Additional Financial Information

(Rs. In Lakhs)

Particulars	As per Ind. AS		2015-16 (GAAP)
	2016-17	2015-16	
Capital Work in Progress	124761.33	72013.67	71861.27
Other Fixed Asset	27346.54	21137.46	21673.89

### Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the official gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For MEGA Company Limited, Ind AS is applicable effective from April 1, 2016 with a transition date of April 1, 2015 and IGAAP as the previous GAAP. The Company has

successfully transitioned to IND AS regime and have prepared first IND AS compliant Financial Statements for the year.

## II. DIVIDEND

The Ahmedabad Metro Rail Project Phase - I is in a pre-operative / construction stage and no operational profits were earned during the year. Hence, your Board of Directors is not recommending any dividend for the year ended 31<sup>st</sup> March, 2017.

## III. AHMEDABAD METRO RAIL PROJECT PHASE-1

### A. PROJECT OVERVIEW

MEGA Company Limited is committed for providing a world class Metro-rail services in and around the Ahmedabad City, and in consonance to its commitment; MEGA has initiated the work for implementation of 'Ahmedabad Metro Rail Project Phase-1' (hereinafter referred as 'the Project') under the aegis of State Government and Central Government.

The Government of India has approved implementation of the Ahmedabad Metro Rail Project Phase-1 through MEGA Company Limited as a 50:50 basis jointly owned Special Purpose Vehicle (SPV) of Government of India (GoI) and Government of Gujarat (GoG).

Ahmedabad Metro Rail Project Phase -1 will have Metro Rail network for the following routes:

Corridor	Elevated (Route Length kms)	Underground (Route Length kms)	Total Route length Kms.	Completion Cost (Rs. Crore)
East West Corridor (Thaltej Gam – Vastrapal Gam)	14.402	6.335	20.737	<b>4030.00</b>
North South Corridor (APMC – Motera Stadium)	18.522	0.00	18.522	<b>6743.00</b>
<b>Total</b>	<b>32.92</b>	<b>6.335</b>	<b>39.259</b>	<b>10773.00</b>

- The Ahmedabad Metro Rail Project Phase-1 will cover a total distance of 39.259 kms<sup>1</sup> along both the corridors at a completion cost of Rs. 10,773 crores<sup>2</sup>.

## B. PROJECT PROGRESS MILESTONES

- MEGA Company Limited has been converted in to a Joint Venture Company (50:50 basis) of Government of India and Government of Gujarat with effect from 18<sup>th</sup> March, 2015.
- A Memorandum of Understanding / Tripartite Agreement was signed between Government of India, Government of Gujarat and MEGA Company Limited on 21<sup>st</sup> July, 2015.
- The Foundation Stone laying ceremony of the Ahmedabad Metro Rail Project Phase-1 for North-South Corridor was done by the then Honorable Chief Minister, Government of Gujarat on 17<sup>th</sup> January, 2016 at Jivraj Park, Ahmedabad.
- Western Railway approved use of Railway Land for construction work of Ahmedabad Metro on North South Corridor.
- All civil construction contracts have been awarded and construction work has been started.

## C. PROGRESS ON GROUND

### General Engineering Consultant

On the project front, General Engineering Consultancy work was awarded and the contract was signed on 5<sup>th</sup> October, 2015. GEC has commenced its work from 14<sup>th</sup> October, 2015.

### Civil Work

All civil construction contracts have been awarded. The civil construction works have commenced and work is progressing at a brisk pace on both the corridors.

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<sup>1</sup> The total distance mentioned above has increased by 2.2 kms from the sanctioned DPR, due to shifting of existing N-S corridor to the eastern side of Sabarmati – Botad Railway Line as per GoG GR dated 30/12/2014.

<sup>2</sup> The estimated completion cost may increase by approx Rs. 1000 Crores due to modification in alignment on N-S corridor.

## **i. East-West Corridor (From Vastral Gam to Thaltej Gam)**

### **Viaduct Work**

#### **1. Viaduct Progress from Vastral Gam to Apparel Park**

The East West Corridor route from Vastral Gam to Apparel Park is identified as Priority Reach. As on date, construction of construction of 100 % Pile, 100 % Pile Cap, 98 % Piers , 91 % Pier Cap, 25 % portal pier, 92 % portal beam, 90 % segments and 72 % spans erecting completed on Reach 1 of East –West Corridor.

#### **2. Viaduct Progress from Thaltej to Stadium Reach 2,**

The company has awarded a contract for the Construction of Elevated Viaduct from Thaltej Gam to End of Western Ramp (ch -710 to + 7503) in E-W Corridor R2 including Bridge over Sabarmati river and 7 Stations Thaltej Gam, Thaltej, Doordarshan Kendra, Gurukul, Gujarat University, Commerce Six Road and Stadium Circle and excluding Interchange Old High Court Station on 25th January 2017 and construction work has been started. As on date, 8 % piles for viaduct work and 9 % piles for station work has been completed.

#### **3. Under Ground From Apparel Park to Shahpur**

The company has awarded two contracts for the Underground Construction work.

- The company has awarded first contract for Design and Construction of Underground Stations and Tunnel including Finishes and excluding PHE, Electrical and HVAC from Kalupur to Shahpur on 25th January 2017.
- The company has awarded contract for Design and Construction of Underground Stations and Tunnel including Finishes and excluding PHE, Electrical and HVAC from Shahpur to Apparel Park on 2nd March 2017.

### **Station construction work**

The company has awarded a contract for construction of Six elevated Metro Stations including the viaduct portion and transition spans on either sides of the stations (Vastral Gam, Nirant Cross Roads, Vastral, Rabari Colony, Amraiwadi and Apparel Park) on Reach-1 of East-West Corridor.

- As on date, the construction progresses of the stations are:

<b>STATION NAME</b>	<b>PILE</b>	<b>PILE CAP</b>	<b>PIER</b>	<b>PORTAL BEAM</b>	<b>PIER ABOVE CONCOURSE LEVEL</b>	<b>PORTAL BEAM ABOVE CONCOURSE LEVEL</b>
VASTRAL GAAM	127/127	27/27	27/27	09/09	27/27	09/09
NIRANT CROSS ROAD	120/120	25/25	22/25	-	-	-
VASTRAL	70/70	10/10	06/10	-	-	-
APPAREL PARK	126/126	27/27	27/27	09/09	27/27	09/09
RABARI COLONY	70/70	10/10	10/10	-	-	-
AMRAIWADI*	70/70	10/10	08/10	-	-	-

### **Casting Yard**

Work for viaduct casting yard for Priority Reach (Vastral Gam to Apparel Park) has also commenced. Casting yard has been established in July 2015 and segment casting work has been started in September 2015. As on date, 1523 Out of 1776 segments have been cast. Work being done at the rate of 3 segments/day.

### **Depot work**

17 Hectares of land for Apparel Park depot is allotted by GIDC to the Company and the possession was taken by MEGA on 21<sup>st</sup> October, 2015. The work started on 09<sup>th</sup> February 2016. The various activities i.e. construction of Embankment, excavation of Foundation, PCC, reinforcement work and construction work of Stabling Shed, Repair bay, RSS building, Admin Building is in full swing.

## **ii . North – South Corridor (From APMC to Motera)**

### **Viaduct Work**

#### **- Ranip to Motera, Package 4A**

The company has awarded a contract for Construction of Elevated viaduct from Ranip to Motera (package 4A) on 12<sup>th</sup> January 2016. As on date, construction of 43.24 % Pile, 36.41 % Pile cap, 28.9 % Pier, 14.96 % pier cap, 16.79 % segment and 4.89 % span erection work has been completed on package 4A of NS Corridor.

#### **- APMC to Shreyas, Package 1**

The company has awarded a contract for the Construction of Elevated viaduct and Station from APMC to Shreyas (Package 1). As on date, construction of 65.02 % Pile, 55.03 % pile cap, 40.43 % Pier, 21.99 % pier Cap, 31.70 % segment casting work and 2.21 % segment launching work has been completed on package 1 of NS Corridor.

### **Viaduct Progress from Shreyas to Ranip , Package 2**

The company has awarded a contract for the Construction of Elevated viaduct and Station from Shreyas to Ranip (package 2) on 31<sup>th</sup> December 2016. As on date, construction of 19 Piles completed on package 2 of NS Corridor.

### **Station Progress**

#### **APMC to Shreyas, Package 1**

The company has awarded a contract for construction of 4(four) elevated Metro Stations including the viaduct portion and transition spans on either sides of the stations (APMC, Jivraj, Rajivnagar and Shreyas) on Reach-1 of NS Corridor. As on 15-09-17, construction of 58.42 % Pile, 43.18 % Pile cap and 38.63 % pier work has been completed on package 1 of NS Corridor.

### **Ranip to Motera (Station only), Package 4B**

The company has awarded a contract for construction of Five (5) Numbers Including Viaduct Portion Within the Stations and Transition Spans On Either Side of the Stations (Motera, Sabarmati, AEC, Sabarmati Railway Station and Ranip) for Pkg- 4B of East-West Corridor on 6th FEB, 2017. Construction work has been started.

### **Casting Yard Progress**

Work of segment casting for North-South Package 1 has commenced. As on date, 446 out of 1407 segments have been cast.

Work of segment casting for North-South Package 4-A has commenced. As on date, 257 out of 1530 segments have been cast.

### **Depot Progress**

The possession of 20 hectares of land for Gyaspur Depot has been taken by MEGA. The work for construction of boundary wall, earth work and land/area grading works has been awarded on 4<sup>th</sup> June, 2015. Earth work completed and about 2132 running meters length of boundary wall is completed. The work for construction of Gyaspur depot has been awarded. The various activities i.e. construction of Embankment ,excavation of Foundation , PCC, reinforcement work and construction work of Stabling Shed, Repair bay, RSS building, Admin Building is in full swing.

### **Other System works Contracts:**

The company has awarded contract for Signaling & Train control system on 8-03-2017, 10600 MT HH rail on 15-05-2017, supply of turn outs on 12-05-2017, 3500 MT HH rail on 24-01-2017 and Track Execution tender on 28-06-2017. Power Supply & Traction, Telecommunication system, PSD and AFC tenders have been opened and the tender bids are at different stages of evaluation.

## D. FINANCIAL PROGRESS

### JICA Loan:

As per approved financing plan, the Japan International Cooperation Agency (JICA) has sanctioned ODA loan of Rs. 5968 crore (1,12,816 million JPY) to be disbursed in two tranches. In first tranche the loan amounting to 82434 million JPY i.e. Rs. 4361 crore approx.(as per the exchange rate dated 27/7/2015) would be disbursed. Out of 82434 million JPY 2644.62 million (155.25 cr) have been disbursed till now.

### Sub-ordinate Debt:

As per Project Sanction letter, the Government of India and Government of Gujarat shall provide sub-ordinate debt to the Company towards the central and state taxes.State will also give subordinate for land.

During the year under review, sub-ordinate debt released by Government of India and Government of Gujarat is as under:

Government of India Sub-ordinate Debt for Central Taxes	Rs. 60 Crores
Government of Gujarat Sub-ordinate Debt for State Taxes & Land	Rs. 108 Crores
<b>TOTAL</b>	<b>Rs. 168 Crores</b>

As on date of the report, Financial Progress of Ahmedabad Metro Rail Project is 20.67 %. (2227.03 cr)

## E. ENTERPRISE RESOURCE PLANNING

Company has implemented SAP Enterprise Resource Planning (ERP) system to integrate various applications to manage the business and automate many back office functions. It subsumes core business processes of the Company into one single application, eliminating avoidable costs and redundancies.

In SAP various areas of business operations of your company are seamlessly integrated into the single ERP system. It is capable to handle the procurement to payment process, from services received from contractors through final invoice receipt and verification. The Financial Accounting & Controlling Module has the capability of meeting all the accounting and financial needs of an organization.

SAP has been implemented in your company for finance, material management, human resource management, payroll, performance management and project systems., The legacy systems and SAP were run in parallel during the financial year 2015-16. From 1<sup>st</sup> April 2016, the SAP system is fully operational.

#### **IV. CHANGES IN SHARE CAPITAL**

During the Financial Year 2016-17, the Authorised Share Capital of the Company was Rs.4000 Crores.

During the year, the paid up share capital of the Company has been increased from Rs.1325.21 Crore to Rs.1551.21 Crore on account of contribution of additional equity by the Government of India.

#### **V. INTERNAL CONTROL SYSTEM**

The Company's internal control system comprises of audit and compliance by in-house team from Finance & Accounts department supplemented by independent internal audit checks from M/s. R.S. Patel & Company, Chartered Accountants. The internal auditors independently evaluate the adequacy of internal controls through 100% pre-audit process. Independence of the audit and compliance is ensured by the direct reporting to the Audit Committee of the Board.

#### **VI. RISK MANAGEMENT / FRAUD PREVENTION**

As the MEGA Project is in preoperative stage various risks are dealt proactively and proper mitigating measures are adopted by the management from time to time. An effective risk management mechanism is in place to gauge the overall risk climate of the organization and management regularly evaluates the risk profile of the company and suggests measures for risk mitigation and management.

As far as risk to assets and certain liabilities are concerned, these are mitigated by obtaining insurance cover for adequate value for the assets from Insurance Company. As regards financial risks, adequate internal control measures are adopted by the Company by engaging the external firm of Chartered Accountants as internal auditors on concurrent basis apart from regular audit by Statutory Auditors as well as C&AG of India from time to time. In order to implement internal financial control, all the invoices are pre-audited by the team of internal auditor and cleared after their authorization.

## VII. GENERAL INFORMATION

### ORGANIZATIONAL SET-UP

As you are aware your Company is a 50:50 basis jointly owned Special Purpose Vehicle (SPV) of Government of India and Government of Gujarat.

Government of India and Government of Gujarat appoint Five (5) Directors each with Secretary, Ministry of Housing & Urban Affairs (MoHUA), Government of India appointed as Chairman of the Company. The Managing Director is the nominee of Government of Gujarat with prior concurrence of Government of India and appointed by the Board of Directors. Managing Director is the Chief Executive Officer of the Company and assisted by Functional Directors, Chief Financial Officer, General Managers, Company Secretary and other officers on deputation / contract basis.

The tasks are periodically monitored by the Managing Director and the Functional Director(s) assisted by a team of competent and dedicated officers drawn from the Central and State Government. Progress made in implementation of the project is reported to the Board of Directors from time to time and corrective steps are taken wherever necessary.

## VIII. DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP)

The Board of Directors of MEGA is comprised of twelve (12) Directors out of maximum fifteen (15) as provided in the Articles of Association of the Company.

The following changes among the Directors took place during the year under review:

### Government of India Nominee Directors

- Shri Madusudan Prasad, IAS *Ex-officio* Chairman, MEGA Company Limited & Secretary – Ministry of Urban Development, Government of India ceased to be the Director of the Company with effect from 05/04/2016, pursuant to his superannuation from the services of Government of India.
- Shri Rajiv Gauba, IAS *Ex-officio* Chairman, MEGA Company Limited & Secretary – Ministry of Urban Development, Government of India has joined the Board with effect from 05/04/2016 vice Shri Madhusudan Prasad, IAS(Retd).
- Shri Rajeev Narayan Dwivedi, Director (Projects), Chennai Metro Rail Limited was appointed as a Nominee Director on the Board with effect from 09/12/2016 vice Shri R. Ramanathan.

### **Government of Gujarat Nominee Directors**

- Shri S. S. Rathod- Managing Director, Sardar Sarovar Narmada Nigam Limited (SSNNL) has joined the Board with effect from 05/07/2016 as a Nominee Director of Government of Gujarat vice Dr. Manjula Subramaniam, IAS (Retd).
- Shri Punamchand Parmar, IAS – Additional Chief Secretary, Urban Development and Urban Housing Department has joined the Board of Directors of the Company with effect from 05/07/2016 as a Nominee Director of Government of Gujarat vice Dr. Rajiv Kumar Gupta, IAS.
- Dr. J.N. Singh, IAS – Additional Chief Secretary, Finance Department has resigned from the directorship of the Company with effect from 31/07/2016, pursuant to his elevation as a Chief Secretary to the Government of Gujarat.
- Shri Anil Mukim, IAS – Additional Chief Secretary, Finance Department has joined the Board of Directors of the Company with effect from 08/09/2016 as a Nominee Director of Government of Gujarat vice Dr. J. N. Singh, IAS.
- Shri Ajay Bhadoo, IAS - Secretary to Hon'ble Chief Minister, Government of Gujarat has resigned from the directorship of the Company with effect from 01/10/2016, pursuant to his transfer as a Vice Chairman & Managing Director to Gujarat Maritime Board.
- Shri Ashwini Kumar, IAS- Secretary to Hon'ble Chief Minister, Government of Gujarat has joined the Board of Directors of the Company with effect from 09/12/2016 as a Nominee Director of Government of Gujarat vice Shri Ajay Bhadoo, IAS.

### **Functional Directors**

- Shri Sahadeva Singh has been appointed as a Whole Time Director (Project & Planning) on the Board of Directors of the Company with effect from 01/02/2017 vice Shri Ajay Kumar Gupta (Ceased to be Director w.e.f- 27/12/2016).

The Board welcomes the new Directors and places on record its deep sense of appreciation for the valuable contribution made by all the outgoing Directors during their tenure on the Board of the Company.

**Pursuant to the provisions of section 203 of the Act, the Key Managerial Personnel of the Company are –**

**MANAGING DIRECTOR**

- Shri I. P. Gautam, IAS (Retd)

**CHIEF FINANCIAL OFFICER (CFO)**

- Shri Shabbir Saifuddin Sabuwala

**COMPANY SECRETARY**

- Shri Navin Varma

***The following changes among the Directors took place during the current financial year i.e 2017-18 ( updated up to the date of Annual General Meeting)***

- Shri Rajiv Gauba, IAS *Ex-officio* Chairman, MEGA Company Limited & Secretary – Ministry of Urban Development, Government of India ceased to be the Director of the Company with effect from 30/06/2017, pursuant to his transfer in the Ministry of Home Affairs, Government of India.
- Shri Durga Shanker Mishra, IAS *Ex-officio* Chairman, MEGA Company Limited & Secretary – Ministry of Urban Development, Government of India has joined the Board with effect from 30/06/2017 vice Shri Rajiv Gauba, IAS.
- Shri Punamchand Parmar, IAS – Additional Chief Secretary, Urban Development & Urban Housing Department, and Government of Gujarat has resigned from of the directorship of Company with effect from 16/06/2017 pursuant to his transfer in the Health & Family Welfare Department (Medical Services & Medical Education), Government of Gujarat.
- Shri Mukesh Puri, IAS, Principal Secretary, Urban Development & Urban Housing Department, Government of Gujarat has joined the Board of Directors with effect from 18/07/2017 as a Nominee Director of Government of Gujarat.
- Shri Sanjay Kumar Garg, Chief Project Manager, Ahmedabad, Western Railway, has joined the Board of Directors of the Company with effect from 23/09/2017 as a Nominee Director of Government of India, vice Shri Shailendra Singh.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The Company has at present a Woman Director on the Board in compliance of the requirements of Section 149(1) of the Companies Act, 2013.

Ministry of Corporate Affairs vide the notification no. G.S.R. 839(E) dated 5<sup>th</sup> July, 2017 have notified the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017, wherein Unlisted Public Companies in the nature of 'Joint Vecture' are exempted from the requirements of compliances as provided in section 149(4) of the Companies Act, 2013. In view of the aforementioned notification your company is exempted from the requirement of appointment of Independent Directors on the Board of Directors.

#### **IX. NUMBER OF BOARD MEETINGS HELD DURING THE YEAR**

The Board of Directors met four (4) times during the financial year from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017. The dates on which the meetings were held are – 05<sup>th</sup> July 2016, 26<sup>th</sup> September 2016, 19<sup>th</sup> January 2017 and 30<sup>th</sup> March, 2017 during the period under review.

#### **X. COMMITTEES OF THE BOARD**

The following Committees were constituted by the Board of Directors':

<b>Committee</b>	<b>Members as on 31/03/2017</b>	<b>Members as on date of Report</b>	
<b>Audit Committee</b>	Shri. Anil Mukim, IAS	Shri. Anil Mukim, IAS	Chairman
	Shri Mukund Kumar Sinha	Shri Mukund Kumar Sinha	Member
	Shri Shailendra Singh	Shri S. K. Garg	Member
	Shri Ashwini Kumar, IAS	Shri Ashwini Kumar, IAS	Member
<b>Project Committee</b>	Shri. I.P. Gautam, IAS (Retd.)	Shri. I.P. Gautam, IAS (Retd.)	Chairperson
	Shri. Anil Mukim, IAS	Shri. Anil Mukim, IAS	Member
	Shri Ashwini Kumar, IAS	Shri Ashwini Kumar, IAS	Member
	Shri Rajeev N Dwivedi	Shri Rajeev N Dwivedi	Member
<b>Nomination and Remuneration Committee</b>	Shri S. S. Rathod	Shri S. S. Rathod	Chairperson
	Shri. I.P. Gautam, IAS (Retd.)	Shri. I.P. Gautam, IAS (Retd.)	Member
	Shri Rajeev N Dwivedi	Shri Rajeev N Dwivedi	Member
	Shri Ashwini Kumar, IAS	Shri Ashwini Kumar, IAS	Member

<b>Corporate Social Responsibility (CSR) Committee</b>	This committee is under reconstitution	Chairman
		Member
		Member
		Member

#### **XI. MEETINGS OF THE AUDIT COMMITTEE**

Pursuant to the requirements of the Companies Act, 2013, your Board of Directors have constituted an Audit Committee. The Audit Committee presently comprises of four nominee Directors of Government of India and Government of Gujarat namely. Shri Anil Mukim, IAS, Shri Mukund Kumar Sinha, Shri Shailendra Singh and Shri Ashwini Kumar, IAS as members

During the period under review, two (2) meeting of the Audit Committee were duly held on 24 June, 2016 and 17 March, 2017. There were no instances of any recommendations of the Audit Committee which have not been accepted by the Board.

#### **XII. MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to the requirements of the Companies Act, 2013, your Board of Directors have constituted a Nomination and Remuneration Committee. The Nomination and Remuneration Committee presently comprises of four nominee Directors of Government of India and Government of Gujarat namely. Shri S. S.Rathod, Shri I P Gautam, IAS(Retd), Shri Rajeev N Dwivedi and Shri Ashwini Kumar, IAS as members.

During the period under review, two (2) meeting of the Nomination and Remuneration Committee were duly held on 16 January, 2017 and 17 March, 2017.

#### **XIII. COMMITTEES FORMED BY STATE GOVERNMENT**

The following Committees have been constituted by the State Government for Ahmedabad- Gandhinagar Metro Rail Project:

- (a) High Power Committee under the Chairmanship of the Hon'ble Deputy Chief Minister, Government of Gujarat. (Reconstituted vide order no. Project/102011/S.F.22 /DHA dated 25-04-2017).
- (b) High Power Committee under the Chairmanship of Chief Secretary, Government of Gujarat. (constituted pursuant to clause 6(ii) of the Project Sanction Letter dated 17.11.2014).

#### **XIV. MEETING OF THE HIGH POWER COMMITTEES**

The High Power Committee (HPC) under the Chairmanship of the Hon'ble Dy. Chief Minister, Government of Gujarat has met during the year under review on 11<sup>th</sup> July,

2016 and 13<sup>th</sup> January, 2017 and has given various decisions / directions for smooth and speedy implementation of Ahmedabad Metro Rail Project Phase-1.

The High Power Committee under the chairmanship of Chief Secretary, Government of Gujarat has met during the year under review during the year on 5th April, 2016, 29th November, 2016 & 28th March, 2017 respectively.

#### **XV. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Act (to the extent notified). The Ind AS are prescribed under section 133 of the Companies Act 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly issued accounting standard required a change in accounting policy hitherto in use.

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (a) That in the preparation of the annual accounts for the period ended 31<sup>st</sup> March, 2017, the applicable accounting standards, read with the requirements set out under schedule III to 'the Act' have been followed along with proper explanation relating to material departures;
- (b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year;
- (c) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the directors have prepared the accounts for the financial year ending 31<sup>st</sup> March, 2017, on a going concern basis;

- (e) That the directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## XVI. AUDITORS

### A. Statutory Auditors

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller and Auditor General of India as per the provisions of Section 139(5) of the Companies Act, 2013. Accordingly, M/s Ramanlal G. Shah & Company (FRN: 108517W), Chartered Accountants, having their office at Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2016-17.

The Independent Auditors' Report on the accounts of the company for the financial year ended March 31, 2017 and the comments of the Comptroller and Auditor General of India received vide their Letter No. ES-I/A/cs/GIIC(Stand.)/2015-16/OW 1398 dated 20.09.2017 under Section 143(6)(b) of the Companies Act, 2013 and the management reply thereon is provided as Annex-1 & Annex-2 respectively

### B. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Arvind Gaudana & Company, Practicing Company Secretaries, Ahmedabad (CP No.2183) to undertake the secretarial audit of the Company. The Secretarial Audit Report issued by the Secretarial Auditor for the financial year 2016-17 is placed at Annex-3 of this report.

*The observations of Secretarial Auditors in their report are as follows:*

- (a) Appointment of Independent Directors is pending as provided under Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014;**
- (b) In the absence of Independent Directors on the Board, the Audit Committee have not fulfilled criteria of forming a majority of Independent Director as per Section 177 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.**
- (c) In the absence of Independent Directors on the Board, the Nomination and Remuneration Committee have not fulfilled criteria of forming a not less than**

***one-half Independent Director as per Section 178(1) read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014;***

*Your Directors wish to state that the Company, being a Government Company (50:50 SPV of Govt. of Gujarat & Govt. of India) the power to appoint Independent Director rests with State Government & Central Government as per notification no: GSR 463 (E) dated 05/06/2015 of the Ministry of Corporate Affairs (MCA). Further, the Company has submitted a proposal to State Government as well as Central Government through their respective departments for appointment of Independent Directors.*

**C. Internal Auditor**

M/s. R. S. Patel & Company, Chartered Accountants, Ahmedabad have been appointed as Internal Auditors of the Company for the Financial Year 2016-17 to conduct the internal audit. The scope of the internal audit and the reports of the auditors is reviewed by the Audit Committee from time to time.

**XVII. EXTRACT OF ANNUAL RETURN**

Pursuant to section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return is attached herewith as **Annexure - 4**.

**XVIII. CORPORATE SOCIAL RESPONSIBILITY**

As per the requirements of section 135 of the Companies Act, 2013, your Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee.

Your Company has not earned operational profit in the preceding three years. Considering the company being in a preoperative stage your management has not spent any amount on account of Corporate Social Responsibility for the period under review.

**XIX. PUBLIC DEPOSITS:**

During the year under review, your Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013.

**XX. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

The particulars as required under section 134(3) (m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are as below:-

**1. Conservation of energy-**

The Company has not undertaken any activity wherein any specific measures of conservation of energy, technology absorption are involved. Hence the particulars are not applicable for the period under review. However, the planning of Ahmedabad Metro Rail Project is being done taking into account various aspects of energy conservation.

**2. Technology Absorption**

The Ahmedabad Metro-Rail Project Phase-1 is in a pre-operative / construction stage and there was no technology absorption during the period under review.

**3. Foreign Exchange earnings or outgo in Foreign Exchange during the period:**

The particulars relating to Foreign Exchange Earnings or out go in foreign exchange incurred during the period are as under:

- i) There were no foreign exchange earnings (inflows) during the period.
- ii) Expenditure in Foreign Currency (On Accrual basis)

Particulars	2016-17 (Rs. in Lacs)	2015-16 (Rs. in Lacs)
(a) Technical Advisory Services	1887.24	493.15
(b) Travelling Expenses	5.94	-
<b>TOTAL</b>	<b>1893.18</b>	<b>493.15</b>

**XXI. DISCLOSURES UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013:**

Except as disclosed elsewhere in this report, there have been no material changes and commitments which can affect the financial position of the Company between the end of the financial year of the Company and date of this report.

**XXII. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Directors further states that, during the year under review, there were no cases reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**XXIII. ACKNOWLEDGEMENTS:**

Your Directors place on records its gratitude for the valuable co-operation, advice and support received from the various Ministries of Government of India especially the Ministry of Urban Development, Ministry of Railways and the various Ministries / Departments of Government of Gujarat including the Urban Development and Urban Housing Department, Finance Department etc, the Multi-lateral lending agencies viz. JICA & other Financial Institutions & Commercial Banks and Ahmedabad Municipal Corporation.

Your Directors wish to acknowledge their deep sense of appreciation and sincere thanks to all Government Agencies, Departments, Bankers, Comptroller & Auditor General of India, Statutory Auditors, Internal Auditors, Secretarial Auditors and each and every stakeholder for their wholehearted and continued support, guidance, advice, assistance and co-operation from time to time during the year and hope to receive the same kind of co-operation in the future as well.

Your Directors thank Company's Consultants, Advisors, Contractors for their valuable advice and guidance and all others who are associated with the implementation of the Project.

Your Board of Directors wish to place on record their sincere appreciation for the valuable services, advise, Co-operation and support given by Members of the Board during their respective tenure as Directors.

Your Directors place on record their appreciation for the co-operation extended by all the Officers and Employees of the Company in the progress of the project and for the smooth conduct of the operations by the Company during the Year

**For and on behalf of the Board of Directors of  
Metro-Link Express for Gandhinagar and  
Ahmedabad (MEGA) Company Limited.**

**Sd/-  
I.P. GAUTAM  
MANAGING DIRECTOR**

**Sd/-  
S. S. RATHORE  
DIRECTOR**

**Sd/-  
NAVIN VARMA  
COMPANY SECRETARY**

**Sd/-  
S. S. SABUWALA  
C.F.O**

**DATE: 23.09.2017  
PLACE: MUMBAI**

**Annex-1**
**REPLIES TO STATUTORY AUDITORS QUALIFICATIONS IN THE AUDIT REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

Auditors Comments	Management Reply
<p>1. Note no.11 to the Ind AS financial statements wherein the Company has disclosed share application money received from the Government of Gujarat (GOG) to the tune of Rs. 312 crores as 'Share Application Money Pending Allotment' in the beginning of the financial year and that the same is not refundable to the GOG and thus no interest provision is considered thereon during the year. Such treatment is not in accordance section 62 (1) (c) of the Companies Act, 2013 read with Rule 13 of Companies (Shares and Debentures) Rules, 2013 wherein share application money has to be deposited in a separate bank account till allotment is made and if allotment does not take place within 60 days of receipt of application money, the same stands refundable and attracts interest @ 12% p.a. from the expiry of 60 days of receipt thereof. In our opinion, since the said amount has been converted into subordinate debt vide GR. dated 4<sup>th</sup> July, 2016, interest thereon Rs. 6.45 crores as stated above should have been provided for till the date of the said GR. Such non provision of interest has</p>	<p>The interest on Share application money was not provided considering the following –</p> <p>I. The Board at its 25th meeting held on 15.05.2016, while deferring the agenda for allotment of equity shares to Government of Gujarat decided that MEGA Company Limited is a 50:50 SPV of GOI and GOG, hence the share capital ratio of the company needs to be 1:1 till matching contribution is received from GOI.</p> <p>II. We have relied on a letter No. F No. K-14011/13/2016-MRTS-Coord dated 20.05.2016 from Ministry of Urban Development, Government of India vide which it was communicated that the time limit of 60 days for the allotment of shares is not applicable on 50:50 JV Government Companies.</p> <p>III. Since equity contribution is being released in phases and in order to maintain equal share holding , the equity contribution is held as share application money. Shares are issued in such manner that the proportion of equity holding of the shareholders are equal.</p> <p>It may also be noted that the period for allotment is not fixed</p>

	<p>resulted into overstatement of profit for the year by Rs. 6.45 crores.</p>	<p>as there is no agreement or term sheet or share application form or any conditions at the time of acceptance of the share application amount. Shares shall be issued on receipt of matching contribution from GOI/GOG.</p> <p>Share application money received from the Government of Gujarat aggregating to 312 crore is not refundable to GOG till matching contribution is received from GOI. Thus no interest provision is made in the Books of accounts.</p> <p>IV. Pursuant to G.R. No. MIS-112014-1-DH – dated 4<sup>th</sup> July,2016 of Government of Gujarat, share application money pending allotment amounting to Rs. 312 crore has been converted into additional subordinate debt from Government of Gujarat by the Board of Directors on 5<sup>th</sup> July,2016.</p> <p>In view of the above there is no requirement to make provision for interest on share application money and para may be dropped.</p>
<p>2.</p>	<p>Note no. 30 (iv) regarding losses due to probable frauds amounting to Rs. 115.84 crores. In our opinion, since the said amount has not resulted into creation of any qualifying assets, the Company should have made a provision for loss to the tune of Rs. 115.84 crores. Such non provision of losses has resulted into overstatement of profit for the year and closing balance of Capital Work in</p>	<p>The matter is under consideration in court of law. Considering this, it would be prudent that after verdict of the court of law, the necessary adjustment will be made in the books of accounts. Appropriate accounting treatment can be decided only on receipt of final verdict in the matter.</p>

	Progress by Rs. 115.84 crores.	
3.	Disclosure of Diluted Earnings Per Share in the Statement of Profit & Loss for the year - Note no. 36 to the Ind AS financial statements. Non provision of interest as mentioned in paragraph 1 above and non provision of losses as mentioned in paragraph 2 above has resulted into understatement of Basic & Diluted Earnings Per Share for the year.	In view of the above explanation, there is no understatement of Basic and Diluted Earnings Per Share for the year.

## ANNEX-2



**Confidential**  
By Regd. Post

कार्यालय  
प्रधान महालेखाकार (आ.एवं रा.क्षे.ले.प.), गुजरात  
**Office of the  
Principal Accountant General (E&RSA), Gujarat**

No. ES-1/A/cs/GHC(Stand.)/2015-16/ew 1398  
20/09/17

सेवा मे,  
प्रबंधक निदेशक,  
Metro Link Express for Gandhinagar and Ahmedabad Company Limited,  
Block - 1, 1<sup>st</sup> Floor, Karmayogi Bhavan,  
Sector-10/A, Gandhinagar-382010.

**Sub:** - Comment of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Metro Link Express for Gandhinagar and Ahmedabad Company Limited for the year ended 31 March 2017

Sir,

Please find enclosed 'Comment Certificate' of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Metro Link Express for Gandhinagar and Ahmedabad Company Limited for the year ended 31 March 2017 for being placed before the Annual General Meeting of the Company.

Under Section 143(6)(b) of the Companies Act, 2013, the comments of the Comptroller and Auditor General of India are required to be placed before the Annual General Meeting in the same manner and at the same time as the Auditor's Report of the Company. The date of placing the comments of the Comptroller and Auditor General of India before the Annual General Meeting may please be intimated to this office.

Six copies of the printed accounts may please be sent to this office for our use and record.

Receipt of this letter with its enclosures may please be acknowledged.

Yours faithfully,

Dy. Accountant General (ES-1)

Encl: As above

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF METRO LINK EXPRESS FOR GANDHINAGAR AND AHMEDABAD COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of financial statements of **Metro Link Express For Gandhinagar and Ahmedabad Company Limited** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their **Revised Audit Report dated 12 September 2017**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of **Metro Link Express For Gandhinagar and Ahmedabad Company Limited** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

**A. Comments on Profitability**

**1. Balance Sheet**

**Liabilities**

**Provisions (Note - 13) - ₹ 160.46 lakh**

The Long Term Provisions include ₹ 42.61 lakh and Short Term Provisions include ₹ 7.46 lakh being the provision towards encashment of privilege and sick leave in respect of contract employees as at 31 March 2017.

The above provision has been made towards compensated absences as per actuarial valuation based on the assumption that the leave encashment benefit is payable to the employees at the rate of daily salary subject to maximum of 300 days in respect of privilege leave.

Audit observed that the contract employees, were not entitled for any cash payment for unused leave accumulated at their credit. The Company has no liability on account of accumulating compensated absences of contract employees as at the end of the reporting period (31 March 2017). As such,

liabilities and expenses are overstated by ₹ 50.07 lakh and profit is understated by the same amount.

**B. Comments on Financial Position**

**2. Balance Sheet**

**Equity and Liabilities**

**Instrument entirely equity in nature - ₹ 312 crore**

Metro-Link Express for Gandhinagar and Ahmedabad Co. Ltd. was initially (February 2010) formed as fully owned Government of Gujarat (GoG) Company under the Companies Act, 1956. Subsequently, the Company was converted (March 2015) into a Joint SPV of Government of India and GoG with 50:50 share.

The Company, prior to the formation of Joint SPV, had incurred ₹ 467 crore towards various works, which has been disclosed in the accounts as capital work in progress under 'other than phase-1' (Note No.5A). In order to meet the expenditure incurred under 'other than phase I', GoG vide GR dated 04 July 2016 sanctioned ₹ 467 crore as additional subordinate debt with a condition that these expenses are to be maintained in the balance sheet of the Company as CWIP. The amount would be converted into equity as and when these assets are utilised.

The Company had adjusted an amount of ₹ 312 crore received towards Share Application Money from GoG against the additional subordinate debt of ₹ 467 crore and shown as 'Instrument entirely equity in nature'. However, since the GR dated 04 July 2016 is silent about adjustment of Share Application Money of ₹ 312 crore against additional subordinate debt, the above accounting treatment of the Company is not appropriate.

This has resulted in overstatement of Instrument entirely equity in nature and understatement of other equity by ₹ 312 crore.

For and on behalf of the  
Comptroller and Auditor General of India



(Gurveen Sidhu)  
Accountant General (E & R S A), Gujarat

Place: Ahmedabad

Date: 20 SEP 2017

**ANNEX-2A**
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF METRO-LINK EXPRESS FOR GANDHINAGAR AND AHMEDABAD (MEGA) COMPANY LIMITED FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2017.**

Para No.	Comments of the Comptroller & Auditor General of India	Management Reply
1.	<p><b>Comments on Profitability</b></p> <p><b>Balance Sheet: Liabilities - Provisions (Note No.13) - Rs.160.46</b></p> <p>The long term provisions include Rs.42.61 lakh and short term provisions include Rs.7.46 lakh being the provision towards encashment of privilege and sick leave in respect of contract employees as at 31 March 2017.</p> <p>The above provision has been made towards compensated absences as per actuarial valuation based on the assumption that the leave encashment benefit is payable to the employees at the rate of daily salary subject to maximum of 300 days in respect of privilege leave.</p> <p>Audit observed that the contract employees were not entitled for any cash payment for unused leave accumulated at their credit. The Company has no liability on account of accumulating compensated absences as at the end of the reporting period (31 March 2017). As such, liabilities and expenses are overstated by Rs.50.07 lakh and profit is understated by the same amount.</p>	<p>The Books of Accounts are prepared considering the basic accounting concepts of going concern and accrual basis. Section 128 of the Companies Act, 2013 requires books to be kept on accrual basis. The amount of provision for compensated absences is ascertained by actuarial valuation using certain assumptions and estimations and is provided in the books of accounts.</p> <p>Based on the above, the Company is of the view that since the employer's obligation relating to earned leave is attributable to employees' services already rendered, the employer should accrue the liability in respect thereof in the period in which the services are rendered. Accordingly, we have considered that the liability for leave encashment should be accrued whether it is encashable during the tenure of the service or at the time of retirement or death.</p> <p>The audit observation that contract employees are not entitled for any cash payment for unused leave is not proper. The employees are entitled for encashment of leave as per the policy stipulated in HR Manual.</p> <p>On the basis of the above, provision for encashment of compensated absences based on actuarial valuation has been made in the books of accounts. Hence, liabilities and expenses are not overstated and profits are not understated by Rs. 50.07 lakh. However, this issue would be reviewed in next financial year.</p>

<p><b>2. Balance Sheet: Equity and liabilities – Instrument entirely in equity in nature (Note No.11) – Rs.312 crore.</b></p> <p>Metro-Link Express for Gandhinagar and Ahmedabad Co. Ltd was initially (February 2010) formed as fully owned Government of Gujarat (GoG) Company under the Companies Act, 1956. Subsequently, the Company was converted (March 2015) into a Joint Venture (JV) of Government of India and GoG with 50:50 share.</p> <p>The Company, prior to the formation of JV, had incurred Rs.467 crore<sup>∞</sup> towards various works which has been disclosed in the accounts as capital work in progress under ‘other than phase-1’ (Note No.5A).</p> <p>In order to meet the expenditure incurred under ‘other than phase I’, GoG vide GR dated 04 July 2016 sanctioned Rs.467 crore as additional subordinate debt with a condition that these expenses are to be maintained in the balance sheet of the Company as CWIP. The amount would be converted into equity as and when these assets are utilised.</p> <p>The Company had adjusted an amount of Rs.312 crore received towards Share Application Money from GoG against additional subordinate debt of Rs.467 crore and shown as ‘Instrument entirely in equity’. However, since the GR dated 04 July 2016 is silent about adjustment of Share Application Money of Rs. 312 crore against additional subordinate debt, the above accounting treatment of the</p>	<p>The Company was converted into SPV of Government of India and Government of Gujarat for implementation of Ahmedabad Metro Rail Project Phase 1. The Nominee directors of Government of India had directed that all the expenditure beyond the scope of SPV should be taken out and booked to different account of Government of Gujarat.</p> <p>As the Company had incurred Rs. 467 crores towards various works of metro project connecting Gandhinagar and Ahmedabad which was out of the scope of SPV. Accordingly, these expenses have been disclosed in accounts as capital work in progress under ‘other than phase-1’.</p> <p>The Company has received Rs. 312 crore from Government of Gujarat as Share Application Money. The Board of Directors while taking the note of GR dated 04.07.2016 authorised the Managing Director to consider and transfer the share application money of Rs. 312 crore as additional subordinate debt from Government of Gujarat in the Books of Accounts.</p> <p>The accounting treatment given to share application money of Rs. 312 crore was well informed to the Government of Gujarat. We have requested to the GoG for conversion of the Share Application Money into additional subordinate debt. This is under consideration of Government of Gujarat and a final order is expected shortly.</p>
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	<p>Company is not appropriate.</p> <p>This has resulted in overstatement of 'Instrument entirely Equity in nature' and understatement of other equity by Rs.312 crore.</p>	
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For and behalf of the Board of Director

Place: Gandhinagar

Date: 20.09.2017

Sd/-  
(I.P.Gautam)  
Managing Director

Annex-3SECRETARIAL AUDITORS REPORT

CS

*Arvind Gaudana & Company*  
(Company Secretaries)#307, Ashirwad Paras, Near Prahladnagar Garden, Corporate Road,  
Prahladnagar, Satellite, Ahmedabad-380 015.  
Ph. : +91 79 - 40324567 / 40324568  
Email: arvindg\_cs@yahoo.com

FORM No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON 31/03/2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and

Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**SECRETARIAL AUDIT REPORT**(FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017)

To,  
**The Members**  
**Metro-Link Express for Gandhinagar and**  
**Ahmedabad(MEGA) Company Limited**  
 Block No.1, First Floor,  
 Karmayogi Bhavan, Behind Nirman Bhavan  
 Sector-10/A, Gandhinagar: 382010.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Metro-Link Express for Gandhinagar and Ahmedabad(MEGA) Company Ltd** (hereinafter referred as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder; and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:



- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent to foreign direct investment, overseas direct investment and external commercial borrowings;

**Provision of (ii) to (iv) above were not applicable to the Company during the audit period.**

- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India ( Registrar to an Issue and Share transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2009;
  - (h) The Securities and Exchange Board of India (Buy Back of Securities ) Regulations, 1998;

**Clauses V (a) to (h) were not applicable to the Company during the audit period.**



(vi) Following are some other laws specifically to the Company:

1. The Works Contract Act, 1989;
2. The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
3. The Minimum Wages Act, 1948;
4. The Payment of Bonus Act, 1965;
5. The Gratuity Act, 1970;
6. The Sexual Harassment of women at workplace Act, 2013;
7. The Industrial Dispute Act, 1947;
8. The Environmental (Protection) Act, 1986& The Environmental (Protection) Rules, 1986, amended up to 2008;
9. The Indian Railways Act, 1989;
10. The Metro Railways (Construction of Works) Act, 1978;
11. The Metro Railways (Operation & Maintenance) Act, 2002;
12. The Right to Information Act, 2005;
13. The Payment of Gratuity Act, 1972;

During the year under report the company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above **except**;

**(a) Appointment of Independent Directors is pending as provided under Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014;**

**(b) In the absence of Independent Directors on the Board, the Audit Committee have not fulfilled criteria of forming a majority of Independent Director as per Section 177 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.**

**(c) In the absence of Independent Directors on the Board, the Nomination and Remuneration Committee have not fulfilled criteria of forming a not less than one-half Independent Director as per Section 178(1) read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014;**



The power to appoint Independent Director rests with State Government & Central Government as per notification no: GSR 463 (E) dated 05/06/2015 the Ministry of Corporate Affairs (MCA). We are informed that the Company has submitted a proposal to State Government as well as Central Government through their respective departments for appointment of Independent Director.

**We further report that** except as above, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The change in the composition of the Board of Directors took place during the audit period were carried out in compliance with provisions of the Act. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions were carried out unanimously and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there no specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws.

**Place: Ahmedabad**

**Date: 21/08/2017**

**For Arvind Gaudana & Company**  
(Company Secretaries)



**CS Arvind Gaudana**  
FCS No: 2838C.P No: 2183

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and Forms an integral part of this report.



*Arvind Gaudana & Company*  
(Company Secretaries)

**Annexure A**

To,  
**The Members**  
**Metro-Link Express for Gandhinagar and**  
**Ahmedabad(MEGA) Company Limited**  
Block No.1,First Floor,  
Karmayogi Bhavan, Behind Nirman Bhavan  
Sector-10/A, Gandhinagar: 382010.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Metro-Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited (hereinafter referred as 'the company'). Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our Opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of records and procedure on test basis.
6. The Secretarial audit report is neither an assurance to the future viability of Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad  
Date: 21/08/2017

For Arvind Gaudana & Company  
(Company Secretaries)



*Arvind Gaudana*  
CS Arvind Gaudana  
No: 2838C.P No: 2183

**Annex-4**
**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**
**As on financial year ended on 31.03.2017**
**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**
**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U60200GJ2010SGC059407
2.	Registration Date	04/02/2010
3.	Name of the Company	METRO-LINK EXPRESS FOR GANDHINAGAR AND AHMEDABAD (MEGA) COMPANY LIMITED
4.	Category/Sub-category of the Company	METRO RAILWAY TRANSPORT SERVICES
5.	Address of the Registered office & contact details	BLOCK NO.1, FIRST FLOOR, KARMAYOGI BHAVAN, BEHIND NIRMAN BHAVAN, SECTOR-10-A, GANDHINAGAR- 382010
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NOT APPLICABLE

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Urban & suburban Metro Railway Transport Services	99641112	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-**

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY /ASSOCIATE	% of Shares Held	Applicable Section
1	Nil	Nil	Nil	Nil	Nil

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt / President of India	-	<b>22.521 Crore</b>	<b>22.521 Crore</b>	<b>17.00 %</b>	-	<b>45.121 Crore</b>	<b>45.121 Crore</b>	<b>29.09%</b>	<b>12.09%</b>
c) State Govt(s)	-	<b>110 Crore</b>	<b>110 Crore</b>	<b>83.00 %</b>	-	<b>110 Crore</b>	<b>110 Crore</b>	<b>70.91%</b>	<b>(-12.09%)</b>
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	-	<b>132.521 Crore</b>	<b>132.521 Crore</b>	<b>100%</b>	-	<b>155.121 Crore</b>	<b>155.121 Crore</b>	<b>100%</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-	-

Companies									
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

<b>(B)(2):-</b>									
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	-	132.521 Crore	132.521 Crore	100%	-	155.121 Crore	155.121 Crore	100%	-

**(ii) Shareholding of Promoters-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Government of Gujarat	110,00,00,000	83%	Nil	110,00,00,000	70.91%	Nil	(-12.09%)
2	President of India	22,52,10,000	17%	Nil	45,12,10,000	29.09%	Nil	12.09%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>I.</b>	<b>GOVERNMENT OF GUJARAT</b>				
	At the beginning of the year	110 Crore	83%	110 Crore	83%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Decrease in percentage of shareholding due to allotment of shares to H.E the President of India  9 crore on (05/07/2016)  3.6 Crore on	   (-5.28%)		   77.73%

		(19/01/2017) 10 Crore on (30/03/2017)	(-1.93%)  (-4.89%)		75.80%  70.91%
<b>A</b>	<b>At the end of the year</b>	<b>110Crore</b>	<b>70.91%</b>	<b>110 Crore</b>	<b>70.91%</b>
<b>II.</b>	<b>PRESIDENT OF INDIA</b>				
	At the beginning of the year	22.521 Crore	17%	132.521 Crore	87.91%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Increase in shareholding due to further allotment of equity shares.  9 crore on (05/07/2016)  3.6 Crore on (19/01/2017)  10 Crore on (30/03/2017)	  5.27%  1.93%  4.89%	  141.521 crore (as on 05.07.16)  145.121 Crore (as on 19.01.17)  155.121 Crore (as on 30.03.2017)	  92.725%  94.651%  100%
<b>B</b>	<b>At the end of the year</b>	<b>45.121 Crore</b>	<b>29.09%</b>	<b>45.121 Crore</b>	<b>29.09%</b>
<b>Grand Total (A+B)</b>		<b>155.121 Crore</b>	<b>100%</b>	<b>155.121 Crore</b>	<b>100%</b>

**(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): - Not Applicable**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	N.A	N.A	N.A	N.A
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	N.A	N.A	N.A	N.A
	At the end of the year	N.A	N.A	N.A	N.A

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Shri I. P. Gautam, IAS(Retd) Managing Director [On behalf of Hon'ble Governor of Gujarat]	10	0.00%	10	0.00%
2	Shri Biren Parmar, IAAS – Director (Finance) – Whole Time Director	Nil	Nil	Nil	Nil
3	Shri Ajay Gupta, Director (Projects) Whole Time Director	Nil	Nil	Nil	Nil
4	Shri S. S. Sabuwala – Chief Financial Officer	Nil	Nil	Nil	Nil
5	Shri Navin Varma- Company Secretary	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	N.A	N.A	N.A	N.A
	At the end of the year				
1	Shri Rajiv Gauba, IAS, Secretary MoUD & Ex-officio Chairman [On behalf of H.E the President of India]	10	0.00%	10	0.00%
2	Smt. Jhanja Tripathy, Joint Secretary & Financial Advisory, MoUD [On behalf of H.E the President of India]	10	0.00%	10	0.00%
3	Shri Mukund Kumar Sinha, , MOSD(UT)	10	0.00%	10	0.00%

4	& Joint Secretary, MoUD [On behalf of H.E the President of India] Shri I. P. Gautam, IAS(Retd) Managing Director [On behalf of Hon'ble Governor of Gujarat]	10	0.00%	10	0.00%
5	Shri Biren Parmar, IAAS – Director (Finance) – Whole Time Director	Nil	Nil	Nil	Nil
6	Shri Sahadeva Singh, Director (Projects) - Whole Time Director	Nil	Nil	Nil	Nil
7	Shri S. S. Sabuwala – Chief Financial Officer	Nil	Nil	Nil	Nil
8	Shri Navin Varma- Company Secretary	Nil	Nil	Nil	Nil

**V. INDEBTEDNESS (AS PER IND AS)**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (GoI + GoG)</b>				
i) Principal Amount	-	246.05 Crore	-	246.05 Crore
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	Nil	246.05 Crore	Nil	246.05 Crore
<b>Change in Indebtedness during the financial year</b>				
* Addition (GoI + GoG)	-	631.49 Crore	-	631.49 Crore
* Reduction	-	-	-	-
<b>Net Change</b>	Nil	631.49 Crore	Nil	631.49 Crore
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-

ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	Nil	877.54 Crore	Nil	877.54 Crore

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri Indrajeet Prasad Gautam <b>Managing Director</b>	Shri Biren Parmar, IAAS <b>Whole Time Director (Finance)</b>	Shri Ajay Kumar Gupta, <b>Whole Time Director (Projects)</b>	Shri Sahadeva Singh <b>Whole Time Director (Projects)</b>	
1	Gross salary	Rs.14,21,049	Rs.27,02,223	Rs.25,54,137	Rs. 5,55,500	Rs.72,32,909
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others,	Nil	Nil	Nil	Nil	Nil
5	Others, please	Nil	Nil	Nil		Nil
	<b>Total (A)</b>	Rs.14,21,049	Rs.27,02,223	Rs.25,54,137	Rs. 5,55,500	Rs.72,32,909
	Ceiling as per as per the Act	N.A	N.A	N.A		N.A

## B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors											Total Amount Rs.
		Dr. J.N. Singh, IAS	Shri S. S. Rathore	Shri Punamchand Parmar, IAS	Shri Anil Mukim, IAS	Shri Ajay Bhadoo, IAS	Shri Ashwini Kumar, IAS	Shri Rajiv Gauba, IAS	Shri Shailendra Singh	Shri Mukund kumar sinha	Smt. Jhanja Tripathi, IRAS	Shri Rajeev Dwivedi	
1	Independent Directors	-	-	-	-	-	-	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-	-	-	-	-	-	-
2	Other Non-Executive Directors												
	*Fee for attending board committee meetings	Rs.1000	Rs. 9000	Rs. 5000	Rs. 18000	Rs. 1000	Rs.21000	-	Rs.1000	-	-	Rs.16000	Rs. 72000
	Commission	-	-	-	-	-	-	-	-	-	-	-	-
	Others, please specify		-	-	-	-	-	-	-	-	-	-	-
	Total (2)												
	<b>Total (B)=(1+2)</b>	<b>Rs. 1000</b>	<b>Rs. 9000</b>	<b>Rs. 5000</b>	<b>Rs.18000</b>	<b>Rs. 1000</b>	<b>Rs.21000</b>	<b>-</b>	<b>Rs. 1000</b>	<b>-</b>	<b>-</b>	<b>16000</b>	<b>Rs. 72000</b>
	Total Managerial Remuneration												
	**Overall Ceiling as per the Act	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

\*The sitting fees payable to the Non-Executive Directors (Nominee of Government of Guajrat) has been paid in the Account of Bureau of Public Enterprises, Government of Guajrat.

\*\*As per the notification dated 5<sup>th</sup> June, 2015 of Ministry of Corporate Affairs, Government of India, Section 197 of the Companies Act, 2013 is not applicable to Government Companies. In view of the same the overall ceiling of managerial remuneration is not applicable to MEGA Company Limited.

*C. Remuneration to key managerial personnel other than MD/MANAGER/WTD*

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Shri S. S. Sabuwala, CFO	Shri Navin Varma Company Secretary	Total
1	Gross salary	-	Rs. 13,66,478	Rs.15,60,000	Rs.29,26,478
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	Nil	Nil	Nil
2	Stock Option	-	Nil	Nil	Nil
3	Sweat Equity	-	Nil	Nil	Nil
4	Commission	-	Nil	Nil	Nil
	- as % of profit	-	Nil	Nil	Nil
	others, specify...	-	Nil	Nil	Nil
5	Others, please specify	-	Nil	Nil	Nil
	Total	-	Rs. 13,66,478	Rs.15,60,000	Rs.29,26,478

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited ('the Company'), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), 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. We have revised our Audit Report dated 31.07.2017 on the basis of the provisional comments given by the Office of C&AG. There are no changes in the financial statements of the Company which were audited by us on which our original audit report dated 31<sup>st</sup> July, 2017 was submitted.

#### Management's Responsibility for the Financial Statements

The Company's management 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 state of affairs (financial position), profit & loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 statement 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 misstatements.

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

### **Basis of Qualification**

We draw attention to the following:

1. Note no.11 to the Ind AS financial statements wherein the Company has disclosed share application money received from the Government of Gujarat (GOG) to the tune of Rs. 312 crores as 'Share Application Money Pending Allotment' in the beginning of the financial year and that the same is not refundable to the GOG and thus no interest provision is considered thereon during the year. Such treatment is not in accordance section 62 (1) (c) of the Companies Act, 2013 read with Rule 13 of Companies (Shares and Debentures) Rules, 2013 wherein share application money has to be deposited in a separate bank account till allotment is made and if allotment does not take place within 60 days of receipt of application money, the same stands refundable and attracts interest @ 12% p.a. from the expiry of 60 days of receipt thereof. In our opinion, since the said amount has been converted into subordinate debt vide GR. dated 4<sup>th</sup> July, 2016, interest thereon Rs. 6.45 crores as stated above should have been provided for till the date of the said GR. Such non provision of interest has resulted into overstatement of profit for the year by Rs. 6.45 crores.
2. Note no. 23 (iv) regarding losses due to probable frauds amounting to Rs. 115.84 crores. In our opinion, since the said amount has not resulted into creation of any qualifying assets, the Company should have made a provision for loss to the tune of Rs. 115.84 crores. Such non provision of losses has resulted into overstatement of profit for the year and closing balance of Capital Work in Progress by Rs. 115.84 crores.
3. Disclosure of Diluted Earnings Per Share in the Statement of Profit & Loss for the year - Note no. 26 to the Ind AS financial statements. Non provision of interest as mentioned in paragraph 1 above and non provision of losses as mentioned in paragraph 2 above has resulted into understatement of Basic & Diluted Earnings Per Share for the year.

The overall impact of the above qualifications is – overstatement of profits for the year by Rs.122.29 crores and overstatement of closing balance of Capital Work in Progress by Rs. 115.84 crores.

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, subject to matters stated in 'Basis of Qualification' paragraph above, 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 including the Ind AS of the state of affairs (financial position), its profit for the year (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

### **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 'A' to our report a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required under section 143(5) of the Act and in accordance with the directions and sub directions issued by the Comptroller & Auditor General of India, under section 143(5) of the Act, we have complied with all the directions issued and our comments thereon is as per Annexures 'C' & 'D' to this report.
3. As required by Section 143 (3) of the Act, we report that:
  - 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.
  - 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.
  - The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of changes in Equity for the year then ended dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - The Company being a Government Company, provisions of sub section (2) of section 164 of the Companies Act, 2013 are not applicable as per notification no. G.S.R. 463 (E) dated 5 June, 2015 of the Ministry of Corporate Affairs,

Government of India.

- With respect to the adequacy of the internal financial controls over financial reporting of the Company and operative effectiveness of such controls, refer to our separate report thereon in Annexure 'B' to our report.
- (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 note no. 23 to 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 are no amounts required to be transferred to the Investor Education and Protection Fund by the Company as on 31st March, 2017.
  - iv. The Company, as detailed in Note 29 to the financial statements, has made requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For, **RAMANLAL G. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 108517W

Date: 12<sup>th</sup> September, 2017  
Place: Ahmedabad

**Sd/-**  
(Vivek S. Shah)  
Partner  
Membership No.112269

## ANNEXURE 'A' TO AUDITORS' REPORT

(Referred to in paragraph under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the management. The discrepancies noticed on such verification, which were not significant, have been properly dealt with in the books of account.
- (c) The details of title deeds of immovable properties not held in the name of the Company are given in the sub annexure to Annexure 'C' to our report.
- (ii) According to the accounting policy of the Company, all construction material is fully treated as consumed and included in the Capital Work in Progress. Further, as informed, physical verification of such inventories maintained at site has been carried out during the year by the management and there have been no material discrepancies noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, limited liability partnerships, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, the Company has not taken loans, made investments, given guarantees or security in terms of sections 185 and 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits, within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) The Central Government has not specified maintenance of cost records under section 148(1) of the Companies Act, 2013.
- (vii) (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no such arrears as at 31<sup>st</sup> March, 2017 for a period more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax that have not been deposited as on 31<sup>st</sup> March, 2017 on account of any dispute, except for the following –

Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Value Added Tax (Under Gujarat Value Added tax Act, 2003)	9,25,04, 604	Commissioner Appeals (Gandhinagar)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to Government. Further, the Company does not have any loan or borrowings from a financial institution, bank or dues towards debenture holders.

(ix) During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and has not borrowed and term loans.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by any of its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company by virtue of the provisions of notification no. G.S.R. 463 (E ) dated 5 June, 2015 of the Ministry of Corporate Affairs, Government of India, is exempt from the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the Order are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS financial statements etc., as required by the applicable accounting standards.

(xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) In our opinion, considering the nature of operations of the Company at present, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Date: 12<sup>th</sup> September, 2017  
Place: Ahmedabad

For, **RAMANLAL G. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 108517W

**Sd/-**  
(Vivek S. Shah)  
Partner  
Membership No.112269

## ANNEXURE 'B' TO AUDITORS' REPORT

### Report on Internal Financial Controls under Clause (i) of sub section 3 of section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited ('the Company') as at 31<sup>st</sup> March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on principles as codified under the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: 12<sup>th</sup> September, 2017  
Place: Ahmedabad

For, **RAMANLAL G. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 108517W

**Sd/-**  
(Vivek S. Shah)  
Partner  
Membership No.112269

**ANNEXURE 'C' TO AUDITORS'  
REPORT**

**REPORT OF THE STATUTORY AUDITORS UNDER SECTION 143 (5) OF  
THE COMPANIES ACT, 2013 FOR FINANCIAL YEAR 2016/17**

**NAME & ADDRESS OF THE COMPANY –**

Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Ltd., Block  
No. 1, 1<sup>st</sup> Floor, Karmayogi Bhavan, Sector 10A, Gandhinagar 382010

<b>SR. NO.</b>	<b>QUESTIONNAIRE</b>	<b>RESPONSE / REMEDIAL MEASURES</b>
1	Whether the Company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	The Company generally has clear titles/ lease deeds for freehold & leasehold lands respectively, except for those detailed in the sub annexure to this Annexure 'C'.
2	Whether there are any cases of waiver/write off of debt/ loan/ interest, etc. If yes the reasons there for and amounts involved.	Not applicable
3	Whether proper records are maintained for inventories lying with third parties and assets received as gifts from government or other authorities.	Not applicable

For, **RAMANLAL G. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 108517W

Date: 12<sup>th</sup> September, 2017  
Place: Ahmedabad

**Sd/-**  
(Vivek S. Shah)  
Partner  
Membership No.112269

**SUB ANNEXURE TO ANNEXURE 'C' TO AUDITORS' REPORT (Refer paragraph  
no. 1 of ANNEXURE 'C')**

<b>Date of purchase/ deed</b>	<b>Name of Seller/ Lessor</b>	<b>Description of transaction</b>	<b>Consideration (Rs.)</b>	<b>Area (square meters)</b>
30.03.2015	City Mamlatdar, Sabarmati	Purchased from Revenue Department, GOG. Possession has been taken over by the company. Legal formalities for conveyancing are in	97,50,00,000	1,30,000
31.03.2015	Ahmedabad Municipal Corporation	Possession has been taken over by the company. Legal formalities for conveyancing are in	34,00,00,000	2,00,000
31.03.2015	City Mamlatdar, Sabarmati	Purchased from Revenue Department, GOG. Possession has been taken over by the company. Legal formalities for conveyancing are in	7,51,20,000	10,016
31.03.2015	City Mamlatdar, Vatva	Purchased from Revenue Department, GOG. Possession has been taken over by the company. Legal formalities for conveyancing are in	16,82,50,000	23,000
14.09.2015	City Mamlatdar, Sabarmati	Purchased from Revenue Department, GOG. Possession has been taken over by the company. Legal formalities for convincing are in	32,00,00,000	40,000

14.09.2015	City Mamlatdar,Dakroi	Purchased from Revenue Department, GOG.Possession has been taken over by the	14,25,00,000	30,000
		formalities for conveyancing are in progress.		

For, **RAMANLAL G. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 108517W

Date: 12<sup>th</sup> September, 2017  
Place: Ahmedabad

**Sd/-**  
(Vivek S. Shah)  
Partner  
Membership No.112269

**ANNEXURE 'D' TO  
AUDITORS' REPORT**

**SECTOR SPECIFIC SUB DIRECTIONS UNDER SECTION 143 (5) OF  
THE COMPANIES ACT, 2013 FOR FINANCIAL YEAR 2017**

**NAME & ADDRESS OF THE COMPANY -**

Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Ltd.,  
Block No. 1, 1<sup>st</sup> Floor, Karmayogi Bhavan, Sector 10A, Gandhinagar 382010

1	Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.	We are informed that proper security arrangements have been made by the Company to prevent encroachments on land owned by it. Further, we are informed that there is no land declared surplus or under litigation.
2	Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with the guidelines/ policies of the Government? Comment on deviation, if any.	The Company is a SPV set up as a joint venture with the Central and State Governments as equal joint venture partners. The Company does not have and has not taken up any project under Public Private Partnership.
3	Whether the system of monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues/ losses from contracts, etc., have been properly accounted for in the books.	We are informed that execution of all major contracts having impact on the overall time line of project implementation is monitored on periodic basis by the top management of the Company. Further we are informed that there is a High level Empowered Committee of Ministers consisting of senior Ministers, CS and Senior Secretary/PS/ACS to decide on the co-ordination and inter departmental issues which “stimulates the progress of execution of the project”. Further, cost escalations, if any, revenues/ losses from contracts, etc., have been properly accounted for in the books.

4	Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized? List the cases of deviations.	We are informed that there are no specific funding schemes of Central/ State Governments under which funds are sanctioned/ received by the Company. Further, means of finance of the Company is fixed in accordance with the DPR of the Company.
5	Whether the bank guarantees have been revalidated in time.	According to the information and explanations given to us, bank guarantees in favour of the Company are valid as on 31 <sup>st</sup> March, 2017.
6	Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	There are no trade receivables/ payables as such since the project of the Company is under implementation phase and the business has not commenced. Further, balance confirmations are received for majority of the party balances and for bank accounts/ deposits as on 31 <sup>st</sup> March, 2017.
7	The cost incurred on abandoned projects may be quantified and the amount actually written off shall be mentioned.	As per the Memorandum of Association, the Central and State Governments are equal joint venture partners and the METRO project is under execution stage. Further, according to the information and explanations given to us, there are no projects abandoned by the Company during the year.

For, **RAMANLAL G. SHAH & CO.**

Chartered Accountants

Firm Reg. No. 108517W

Date: 12<sup>th</sup> September, 2017

Place: Ahmedabad

**Sd/-**

(Vivek S. Shah)

Partner

Membership No.112269

**Balance Sheet as at March 31, 2017**

Particulars	Notes	(Rupees in lakhs)		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	5	27,346.54	21,137.46	16,597.87
(b) Capital work-in-progress	5	124,761.33	72,013.67	52,788.00
(c) Intangible assets	6	43,384.50	536.42	764.75
(d) Financial assets				
(i) Loans	7	13,263.79	495.82	-
(ii) Other financial assets	7	102.70	96.69	61.05
(e) Other non-current assets	8	14,597.19	18,202.15	4,269.86
<b>Total non-current assets</b>		<b>223,456.05</b>	<b>112,482.21</b>	<b>74,481.53</b>
<b>II. Current assets</b>				
(a) Financial assets				
(i) Cash and cash equivalents	7	10,958.64	26,881.57	14,889.97
(ii) Loans	7	28,915.00	56,494.44	36,000.00
(iii) Others financial assets	7	1,246.25	221.76	593.62
(b) Current tax assets (net)	9	16.74	-	7.51
(c) Other current assets	8	1,214.92	211.12	47.93
<b>Total current assets</b>		<b>42,351.55</b>	<b>83,808.90</b>	<b>51,539.02</b>
<b>Total Assets</b>		<b>265,807.60</b>	<b>196,291.11</b>	<b>126,020.55</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	10	155,121.00	132,521.00	110,000.00
Instrument entirely equity in nature	11	31,200.00	-	-
Other equity	11	4,186.39	33,016.76	14,226.31
<b>Total equity</b>		<b>190,507.39</b>	<b>165,537.76</b>	<b>124,226.31</b>
<b>LIABILITIES</b>				
<b>I. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	12	16,777.21	970.84	-
(b) Long-term provisions	13	108.06	40.23	31.71
(c) Deferred Government grants	14	39,715.56	23,635.18	-
<b>Total non-current liabilities</b>		<b>56,600.83</b>	<b>24,646.25</b>	<b>31.71</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	12	201.83	345.22	191.85
(ii) Other financial liabilities	12	17,545.71	5,225.33	1,450.78
(b) Other current liabilities	15	899.43	510.57	117.41
(c) Short-term provisions	13	52.40	22.65	2.49
(d) Current tax liabilities (net)	16	-	3.34	-
<b>Total current liabilities</b>		<b>18,699.38</b>	<b>6,107.11</b>	<b>1,762.53</b>
<b>Total equity and liabilities</b>		<b>265,807.60</b>	<b>196,291.11</b>	<b>126,020.55</b>

**Summary of significant accounting policies**

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

As per our report of even date

**For Ramanlal G. Shah & Co.**

**Chartered Accountants**

ICAI Firm's Registration No. 108517W

**Sd/-**

Vivek S. Shah

**Partner**

**Membership No. 112269**

**For and on behalf of the board of directors of**

**Metro-link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited**

**Sd/-**

I. P. Gautam

**Managing Director**

DIN: 00260908

**Sd/-**

S. S. Rathore

**Director**

DIN: 00128987

**Sd/-**

S. S. Sabuwala

**Chief Financial Officer**

Place : New Delhi

Date : 24.07.2017

**Sd/-**

Navin Varma

**Company Secretary**

Place : Ahmedabad

Date : 31 July, 2017

**Statement of profit and loss for the year ended March 31, 2017**

(Rupees in lakhs)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
<b>Income</b>			
Other income	17	3,532.18	3,866.40
<b>Total income (I)</b>		<b>3,532.18</b>	<b>3,866.40</b>
<b>Expenses</b>			
Employee benefits expense	18	1,321.84	907.17
Finance costs	19	1,107.85	2.38
Depreciation and amortisation expense	20	1,297.58	629.48
Other expenses	21	1,648.39	1,394.79
<b>Total expenses (II)</b>		<b>5,375.65</b>	<b>2,933.82</b>
<b>Less:</b> Expenses capitalised and transferred to Incidental Expenses Pending Capitalisation	5.A.1	(5,176.87)	(2,931.45)
<b>Profit before exceptional items and tax (III)=(I-II)</b>		<b>3,333.40</b>	<b>3,864.04</b>
Exceptional items (IV)	28	-	-
<b>Profit before tax (V) = (III-IV)</b>		<b>3,333.40</b>	<b>3,864.04</b>
<b>Tax expense</b>			
Current tax	22	963.77	1,273.59
<b>Total tax expense (VI)</b>		<b>963.77</b>	<b>1,273.59</b>
<b>Profit for the period (VII) = (V-VI)</b>		<b>2,369.63</b>	<b>2,590.45</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains on defined benefit plans		5.03	11.40
<b>Less:</b> Re-measurement gains on defined benefit plans capitalised and transferred to Incidental Expenses Pending Capitalisation	5.A.1	(5.03)	(11.40)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Total comprehensive income for the period, net of tax (VII+VIII)</b>		<b>2,369.63</b>	<b>2,590.45</b>
Earning per equity share [nominal value per share Rs.10/- (March 31, 2016: Rs.10/- )]			
Basic	26	0.17	0.23
Diluted		0.14	0.20

## Summary of significant accounting policies

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

As per our report of even date

**For Ramanlal G. Shah & Co.**
**Chartered Accountants**

ICAI Firm's Registration No. 108517W

**Sd/-**

Vivek S. Shah

**Partner**
**Membership No. 112269**
**For and on behalf of the board of directors of**
**Metro-link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited**
**Sd/-**

I. P. Gautam

**Managing Director**

DIN: 00260908

**Sd/-**

S. S. Rathore

**Director**

DIN: 00128987

**Sd/-**

S. S. Sabuwala

**Chief Financial Officer**

Place : New Delhi

Date : 24.07.2017

**Sd/-**

Navin Varma

**Company Secretary**

Place : Ahmedabad

Date : 31 July, 2017

**Statement of changes in Equity for the year ended March 31, 2017**

<b>A. Equity share capital</b>		<b>(Rupees in lakhs)</b>	
<b>Balance</b>	<b>Amount</b>		
	<b>Note 10</b>		
<b>As at April 1, 2015</b>	<b>110,000.00</b>		
Issue of Equity Share capital	22,521.00		
<b>As at March 31, 2016</b>	<b>132,521.00</b>		
Issue of Equity Share capital	22,600.00		
<b>As at March 31, 2017</b>	<b>155,121.00</b>		

<b>B. Instrument entirely equity in nature</b>		<b>(Rupees in lakhs)</b>	
<b>Balance</b>	<b>Amount</b>		
	<b>Note 11</b>		
<b>As at April 1, 2015</b>	-		
Change during the year	-		
<b>As at March 31, 2016</b>	-		
Change during the year	31,200.00		
<b>As at March 31, 2017</b>	<b>31,200.00</b>		

<b>C. Other equity</b>	<b>Attributable to the equity holders of the parent</b>			<b>(Rupees in lakhs)</b>	
	<b>Particulars</b>	<b>Reserves and Surplus</b>			<b>Other Reserves</b>
		<b>Share applicarion money</b>	<b>Retained Earnings</b>		<b>Net gain / (loss) on FVOCI equity instruments</b>
		<b>Note 11</b>	<b>Note 11</b>		<b>Note 11</b>
<b>Balance as at April 1, 2015</b>	<b>15,000.00</b>	<b>(773.69)</b>	-	<b>14,226.31</b>	
Add / (Less) movement during the year	16,200.00	-	-	16,200.00	
Profit for the period	-	2,590.45	-	2,590.45	
other comprehensive income for the period	-	-	-	-	
<b>Total Comprehensive income for the period</b>	<b>16,200.00</b>	<b>2,590.45</b>	<b>-</b>	<b>18,790.45</b>	
year					
Final Dividend 2015-16	-	-	-	-	
Tax on final dividend 2015-16	-	-	-	-	
Transfer from Retained earnings	-	-	-	-	
<b>Balance as at March 31, 2016</b>	<b>31,200.00</b>	<b>1,816.76</b>	<b>-</b>	<b>33,016.76</b>	
<b>Balance as at April 1, 2016</b>	<b>31,200.00</b>	<b>1,816.76</b>	<b>-</b>	<b>33,016.76</b>	
Profit for the period	-	2,369.63	-	2,369.63	
other comprehensive income for the period	-	-	-	-	
<b>Total Comprehensive income for the period</b>	<b>-</b>	<b>2,369.63</b>	<b>-</b>	<b>2,369.63</b>	
the year					
Movement during the year	(31,200.00)	-	-	(31,200.00)	
Dividend	-	-	-	-	
Dividend distribution tax	-	-	-	-	
Any other movement (edit/modify based on requirement)	-	-	-	-	
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>4,186.39</b>	<b>-</b>	<b>4,186.39</b>	

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

As per our report of even date  
**For Ramanlal G. Shah & Co.**  
**Chartered Accountants**  
 ICAI Firm's Registration No. 108517W

**For and on behalf of the board of directors of**  
**Metro-link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited**

**Sd/-**  
 Vivek S. Shah  
**Partner**  
**Membership No. 112269**

**Sd/-**  
 I. P. Gautam  
**Managing Director**  
 DIN: 00260908

**Sd/-**  
 S. S. Rathore  
**Director**  
 DIN: 00128987

**Sd/-**  
 S. S. Sabuwala  
**Chief Financial Officer**

**Sd/-**  
 Navin Varma  
**Company Secretary**

Place : Ahmedabad  
 Date : 31 July, 2017

Place : New Delhi  
 Date : 24.07.2017

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

## 1. Corporate Information

Metro-Link Express for Gandhinagar And Ahmedabad (MEGA) Company Limited ('the Company') (CIN: U60200GJ2010SGC059407) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at Block No.1, First Floor, Karmayogi Bhawan, Sector 10/A, Gandhinagar 382010. The Company is 50:50 Joint Venture between Government of India (GOI) and Government of Gujarat (GOG). The Company's main object is to carry on the business to set up, manage, operate and maintain a Rail Based Mass Rapid Transport System around and between Ahmedabad and Gandhinagar to provide the general public with a fast, reliable, convenient, efficient, modern and economical mode of public transport.

It has an independent board nominated equally by the joint venture partners having a non-executive Chairman and a whole time Managing Director. The Company is a Special Purpose Vehicle (SPV) of the Government and accordingly provisions of Section 139(5) and 139(7) of the Companies Act, 2013 are attracted. This is the Seventh Accounting Period covering 12 Months ended on March 31, 2017. During the period, the Company was in pre-operative/construction stage.

The financial statements were authorised for issue in accordance with a resolution of the directors on 24<sup>th</sup> July, 2017.

## 2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended March 31, 2016, the company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act. These financial statements for the year ended March 31, 2017 are the first financial statements that the company has prepared in accordance with Ind AS. Refer to **Note 33** for information of how the transition from previous GAAP to Ind AS has affected the company's Balance sheet, Statement of profit & loss and Statement of Cash Flow.

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value

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

### 3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the company in preparing its financial statements:

#### 3.1.1. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 the 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.

#### Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is considered to be twelve months.

### 3.2. Foreign currencies

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

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised as income or expense in the period in which they arise. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### 3.3. Fair value measurement

The company measures financial instruments such as derivatives and Investments 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
- 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.

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.

The company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon by the management after discussion with and approval by the company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

### **3.4. Property, plant and equipment**

Property, 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 Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates

them accordingly. 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 the statement of profit & loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Capital Work-in-Progress includes all direct and indirect expenditure related to construction, incurred during the period of implementation of the Projects of the Company. The Expenditure will be kept as Capital Work-in-Progress (CWIP) till the defined project phase is completed after which the same will be transferred / allocated to the identifiable Fixed Assets.

Income pertaining to Sale of Tender documents is netted-off adjusted against expenditure incurred during construction period. Liquidated damages (LD) recovered is adjusted netted-off against expenditure incurred during construction period. No income tax provision has been made on liquidated damages as the same has been considered as capital receipt. All construction material purchased is treated as fully consumed and included in Capital Work-in-Progress.

### Derecognition

An item of property, plant and equipment 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.

### Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act 2013 except for the assets mentioned below. The residual value of the assets has been considered as Nil.

- i) **Other Plant & Machinery:** In case of the below mentioned assets, depreciation has been calculated based on the estimated useful life of the assets on the basis of technical estimation:

Nature of Assets	Useful Life
Other Plant & Machinery – Barricading	5 Years
Other Plant & Machinery – Containers and Security Cabins	5 Years
Other Plant & Machinery – Signage	3 Years
Other Plant & Machinery – Solar Systems, Power Generator Set, Motors & GPS Instrument	5 Years

- ii) **Leased Assets:**

In case of below mentioned list of assets, depreciation has been calculated considering either the tenure of agreement or 5 Years whichever is less.

<b>Nature of Assets</b>	<b>Useful Life</b>
Leasehold Improvement	5 Years

In case the leasehold asset is vacated earlier than 5 years the total unamortized balance will be written off to the Statement of Profit & Loss in the year in which the premise is vacated.

- iii) Depreciation on assets acquired / disposed of during the year is provided on pro-rata basis with reference to the date of addition / disposal. Assets costing up to Rs.5000/- are depreciated fully in the year of purchase.
- iv) Mobile Instruments have been depreciated over a period of two years and accordingly depreciation amount has been calculated.
- v) Library Books & CD have been fully depreciated in the year of purchase.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013 on the basis of technical estimation.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

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.

### **Transition to Ind AS**

On transition to Ind AS, the Company has elected continue with the carrying value for all items of property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

### **3.5. 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 assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### **Transition to Ind AS**

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the 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 costs. 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.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the 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 except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period. 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 bases as rental income. Contingent rents are recognised as revenue in the Statement of Profit and Loss, 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.

### 3.6. Borrowing cost

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 respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company 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.

### 3.7. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Intangible assets with finite lives are amortised over their useful economic lives 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.

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 and Loss when the asset is derecognised.

#### Amortisation

Software is amortized over management estimate of its useful life of 5 years considering the changes in the technology and future economic benefits.

Rights to use are amortized over the tenure of the rights in equal proportion.

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as deemed cost of Intangible assets.

### 3.8. 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 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 to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may 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 and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### **3.9. Revenue Recognition**

#### **Interest income**

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not

consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

Other income is recognised on accrual basis unless otherwise specified.

### 3.10. Financial instruments – initial recognition and subsequent measurement

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.

#### a) Financial assets

##### (i) Initial recognition and measurement of financial assets

All financial assets, except investment in subsidiaries and joint ventures, 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 assets.

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.

##### (ii) Subsequent measurement of financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial 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. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets 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 financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, 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 financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. 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.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

**(iii) Derecognition of financial assets**

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,  
or
- The Company has transferred its contractual 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 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.

#### **(iv) Impairment of financial assets**

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**b) Financial Liabilities****(i) Initial recognition and measurement of financial liabilities**

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 minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables and loans and borrowings.

**(ii) Subsequent measurement of financial liabilities**

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.

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

**• Loans and Borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing and interest-free 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.

**(iii) Derecognition of financial liabilities**

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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.

#### **c) Derivative financial instruments**

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

The Company uses derivative financial instruments, such as forward currency contracts, options, cross currency swaps and interest rate swaps, to hedge its foreign currency risks and interest rate risks. 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.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

#### **d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **3.11. Cash and cash equivalent**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a 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.

### **3.12. Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of

consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### 3.13. Taxes

Tax expense comprises of current income tax and deferred tax.

#### 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.

Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss. Current income tax is recognised in correlation to the underlying transaction either in other comprehensive income 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.

#### 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;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 Statement of profit and loss is recognised outside Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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.

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

### 3.14. Employee Benefits

#### a) Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus and short term compensated absences etc. and the same are recognised in the period in which the employee renders the related service.

#### b) Post-Employment Benefits

(i) Defined contribution plan

The Company's state governed provident fund scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(ii) Defined benefit plan

The employee's gratuity fund scheme are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, 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. Re-measurements are not reclassified to Statement of Profit and 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

c) Other long-term employment benefits:

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

d) Termination Benefits:

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

### 3.15. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### 3.16. Provisions

#### General

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 or 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.

#### Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation, to the extent ascertainable, using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

### 3.17. Event after the reporting period

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. No adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represent material change and commitment affecting the financial position are disclosed in the reports of the board of directors.

#### 4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### 4.1. Significant judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

###### **Fair valuation of subordinate debt on initial recognition**

The Company recognises the interest free subordinate debt at fair value on initial recognition which differs from its transaction value. The difference between the transaction value and fair value is recognised as Government grant since it represents an assistance received from government in the form of waiver of interest. As the financial support from the government is for the capital expenditure of development of infrastructure for Ahmedabad Metro Rail Project, i.e. Grant related to the non-current assets, the benefit recognised in the statement of Profit & Loss account over the useful life of the assets in the proportions of depreciation expense on the assets.

##### 4.2. Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

###### **Defined benefit plans**

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with

the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in **Note 25**.

## Notes to the Financial Statements

**Note 5 : Property, plant and equipment**

(Rupees in lakhs)

Fixed Assets	Freehold land	Leasehold Improvements	Plant & machinery	Vehicles	Furniture & fixture	Office equipment	Computer & Other Hardware	Library books & CD	Total	CWIP
<b>Gross Cost</b>										
<b>As at April 1, 2015</b>	<b>15,583.70</b>	<b>216.13</b>	<b>283.06</b>	<b>26.78</b>	<b>88.92</b>	<b>176.99</b>	<b>222.29</b>	<b>-</b>	<b>16,597.87</b>	<b>52,788.01</b>
Additions	4,625.00	217.71	-	8.39	39.28	41.94	4.43	-	<b>4,936.75</b>	19,325.84
Deductions / Adjustments						0.39			<b>0.40</b>	100.18
<b>As at March 31, 2016</b>	<b>20,208.70</b>	<b>433.84</b>	<b>283.06</b>	<b>35.16</b>	<b>128.20</b>	<b>218.54</b>	<b>226.71</b>	<b>-</b>	<b>21,534.22</b>	<b>72,013.67</b>
Additions	6,500.00	-	-	-	0.40	10.52	49.48	-	<b>6,560.40</b>	52,747.65
Deductions / Adjustments	-	31.10	-	-	2.58	5.73	5.16	-	<b>44.57</b>	
<b>As at March 31, 2017</b>	<b>26,708.70</b>	<b>402.74</b>	<b>283.06</b>	<b>35.16</b>	<b>126.02</b>	<b>223.33</b>	<b>271.03</b>	<b>-</b>	<b>28,050.05</b>	<b>124,761.32</b>
<b>Depreciation and Impairment</b>										
<b>As at April 1, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation for the year		131.77	106.16	6.26	24.87	33.03	94.88	-	<b>396.98</b>	-
Deductions						0.22			<b>0.22</b>	-
<b>As at March 31, 2016</b>	<b>-</b>	<b>131.77</b>	<b>106.16</b>	<b>6.26</b>	<b>24.87</b>	<b>32.81</b>	<b>94.88</b>	<b>-</b>	<b>396.76</b>	<b>-</b>
Depreciation for the year	-	123.09	98.60	6.30	14.22	36.85	56.75	-	<b>335.83</b>	
Deductions	-	19.82	-	-	-	5.07	4.17	-	<b>29.08</b>	
<b>As at March 31, 2017</b>	<b>-</b>	<b>235.03</b>	<b>204.76</b>	<b>12.57</b>	<b>39.09</b>	<b>64.59</b>	<b>147.45</b>	<b>-</b>	<b>703.51</b>	<b>-</b>
<b>Net Block</b>										
<b>As at March 31, 2017</b>	<b>26,708.70</b>	<b>167.70</b>	<b>78.30</b>	<b>22.59</b>	<b>86.93</b>	<b>158.74</b>	<b>123.58</b>	<b>-</b>	<b>27,346.54</b>	<b>124,761.33</b>
<b>As at March 31, 2016</b>	<b>20,208.70</b>	<b>302.06</b>	<b>176.90</b>	<b>28.90</b>	<b>103.33</b>	<b>185.73</b>	<b>131.84</b>	<b>-</b>	<b>21,137.46</b>	<b>72,013.67</b>
<b>As at April 1, 2015</b>	<b>15,583.70</b>	<b>216.13</b>	<b>283.06</b>	<b>26.78</b>	<b>88.92</b>	<b>176.99</b>	<b>222.29</b>	<b>-</b>	<b>16,597.87</b>	<b>52,788.00</b>

## Notes to the Financial Statements

**Note 5.A : Capital Work In Progress**

(Rupees in Lakhs)

Description	Phase-I				
	Opening As At 01.04.2016	Additions / Adjustment during the Year	Total	Capitalised During the Year	Balance As At 31.03.2017
Station (Including Viaduct Inside The Station Box)	1615.56	7681.57	9297.13	-	9297.13
Depot	12733.65	9563.99	22297.64	-	22297.64
Viaduct (Excluding Station Length)	9555.42	21392.36	30947.78	-	30947.78
Traction & Power Supply	-	293.51	293.51	-	293.51
General Consultancy	4286.64	7807.78	12094.42	-	12094.42
Shifting of Utilities	13.13	267.06	280.19	-	280.19
Resettlement & Rehabilitation	182.39	1495.89	1678.28	-	1678.28
Under Ground Construction	-	33.45	33.45	-	33.45
<b>Sub-Total (A)</b>	<b>28386.79</b>	<b>48535.61</b>	<b>76922.40</b>	<b>-</b>	<b>76922.40</b>
Incidental Expense Pending Capitalisation	5183.35	4279.00	9462.35	-	9462.35
<b>Less : Tender Fees</b>	<b>(177.54)</b>	<b>(66.94)</b>	<b>(244.48)</b>	<b>-</b>	<b>(244.48)</b>
<b>Less : Liquidated Damages Recovered</b>	<b>(1.77)</b>	<b>-</b>	<b>(1.77)</b>	<b>-</b>	<b>(1.77)</b>
<b>Sub-Total (B)</b>	<b>5004.04</b>	<b>4212.06</b>	<b>9216.10</b>	<b>-</b>	<b>9216.10</b>
<b>Total</b>	<b>33390.83</b>	<b>52747.67</b>	<b>86138.50</b>	<b>-</b>	<b>86138.50</b>

Description	Opening As At 01.04.2016	Additions / Adjustment during the Year	Total	Capitalised During the Year	Balance As At 31.03.2017
Other Than Phase-I (Refer Note:- 23 (iv))	35587.21	-	35587.21	-	35587.21
Incidental Expense Pending Capitalisation	3035.62	-	3035.62	-	3035.62
<b>Sub-Total (C)</b>	<b>38622.83</b>	<b>-</b>	<b>38622.83</b>	<b>-</b>	<b>38622.83</b>
<b>Total</b>	<b>72013.66</b>	<b>52747.67</b>	<b>124761.33</b>	<b>-</b>	<b>124761.33</b>
<b>Previous Year</b>	<b>52788.00</b>	<b>19325.85</b>	<b>72,113.85</b>	<b>(100.18)</b>	<b>72013.67</b>

**Note:** The Company was incorporated in February 2010 as a State owned company. Subsequently the Company was converted in to 50:50 Joint Venture (JV) of GOI & GOG in March 2015 for implementation of Ahmedabad Metro Rail Phase-I. For Better presentation, the expenses incurred before conversion of the company in to JV are grouped and shown separately under heading "Other Than Phase-I" on estimation basis. It may be noted that, before formation of JV, the Company was 100% State owned company and other than phase-I expenses were incurred out of equity funds provided by state government. To reflect the true and fair position of accounts for phase-I, the Company has requested to State Government to settle the expenses pertaining to other than phase I which were incurred before formation of SPV and to convert Rs.312 Crore share application money into additional subordinate debt and release additional funds for balance amount. State Government has issued GR No.MIS-112014-1100-1-DH Dated 4th July, 2016 vide which additional subordinate debt of Rs.467 Cr is sanctioned for expenditure incurred on other than phase-I of the project and this expenses are to be maintained in the Balance Sheet in CWIP. Accordingly expenses incurred for "other than phase-I" will be settled and necessary accounting treatment will be provided in the books of accounts. In view of these facts, company has not provided for CWIP pertaining to other than phase-I and are shown under CWIP.

**Note 5.A.1 : Statement of Incidental Expenses Pending Capitalisation**

(Rupees in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016
<b>Opening Balance (As On 01.04.2016) (A)</b>	<b>8218.97</b>	<b>5298.92</b>
<b>Addition during the year</b>		
-Expense incurred during the period (Brought forward from Statement of Profit & Loss)	5176.87	2931.45
Less: Re-measurement gains on defined benefit plans (Brought forward from Other comprehensive income)	5.03	11.40
Less: Transfer to General Consultancy	20.70	-
Less: Amortization on Right to Use	734.62	-
Less: Interest earned on PTA	137.52	-
<b>Gross Addition During The Year (B)</b>	<b>4279.00</b>	<b>2920.05</b>
<b>Closing Balance (A) + (B) = (C)</b>	<b>12497.98</b>	<b>8218.97</b>

**Notes to the Financial Statements**
**Note 5.A : Capital Work In Progress**
**(Rupees in Lakhs)**

Description	Phase-I				
	Opening As At 01.04.2015	Additions / Adjustment during the Year	Total	Capitalised During the Year	Balance As At 31.03.2016
Station (Including Viaduct Inside The Station Box)	186.20	1429.35	1615.55	-	1615.55
Depot	10724.11	2009.54	12733.65	-	12733.65
Viaduct (Excluding Station Length)	652.95	8902.48	9555.43	-	9555.43
General Consultancy	335.78	3950.86	4286.64	-	4286.64
Shifting of Utilities	3.27	9.86	13.13	-	13.13
Resettlement & Rehabilitation	127.14	55.26	182.4	-	182.40
Leasehold Improvements	100.17	-	100.17	(100.17)	0.00
<b>Sub-Total (A)</b>	<b>12129.62</b>	<b>16357.35</b>	<b>28486.97</b>	<b>(100.17)</b>	<b>28386.80</b>
Incidental Expense Pending Capitalisation	2263.30	2920.05	-	-	5183.35
<b>Less : Tender Fees</b>	<b>(119.45)</b>	<b>(58.09)</b>	<b>-</b>	<b>-</b>	<b>(177.54)</b>
<b>Less : Liquidated Damages Recovered</b>	<b>-</b>	<b>(1.77)</b>	<b>-</b>	<b>-</b>	<b>(1.77)</b>
<b>Sub-Total (B)</b>	<b>2143.85</b>	<b>2860.19</b>	<b>-</b>	<b>-</b>	<b>5004.04</b>
<b>Total</b>	<b>14273.47</b>	<b>19217.54</b>	<b>-</b>	<b>(100.17)</b>	<b>33390.84</b>

Description	Opening As At 01.04.2015	Additions / Adjustment during the Year	Total	Capitalised During the Year	Balance As At 31.03.2016
Other Than Phase-I (Refer Note:- 23 (iv))	35478.9	108.31	35587.21	-	35587.21
Incidental Expense Pending Capitalisation	3035.62	-	3035.62	-	3035.62
<b>Sub-Total (C)</b>	<b>38514.52</b>	<b>108.31</b>	<b>38622.83</b>	<b>-</b>	<b>38622.83</b>
<b>Total</b>	<b>52787.99</b>	<b>19325.85</b>	<b>72113.84</b>	<b>(100.17)</b>	<b>72013.67</b>
<b>Previous Year</b>	<b>48713.83</b>	<b>4074.17</b>	<b>52788.00</b>	<b>-</b>	<b>52788.00</b>

**Note:** The Company was incorporated in February 2010 as a State owned company. Subsequently the Company was converted in to 50:50 Joint Venture (JV) of GOI & GOG in March 2015 for implementation of Ahmedabad Metro Rail Phase-I. For Better presentation, the expenses incurred before conversion of the company in to JV are grouped and shown separately under heading "Other Than Phase-I" on estimation basis. It may be noted that, before formation of JV, the Company was 100% State owned company and other than phase-I expenses were incurred out of equity funds provided by state government. To reflect the true and fair position of accounts for phase-I, the Company has requested to State Government to settle the expenses pertaining to other than phase I which were incurred before formation of SPV and to convert Rs.312 Crore share application money into additional subordinate debt and release additional funds for balance amount. State Government has issued GR No.MIS-112014-1100-1-DH Dated 4th July, 2016 vide which additional subordinate debt of Rs.467 Cr is sanctioned for expenditure incurred on other than phase-I of the project and this expenses are to be maintained in the Balance Sheet in CWIP. Accordingly expenses incurred for "other than phase-I" will be settled and necessary accounting treatment will be provided in the books of accounts. In view of these facts, company has not provided for CWIP pertaining to other than phase-I and are shown under CWIP.

**Note 5.A.1 : Statement of Incidental Expenses Pending Capitalisation**
**(Rupees in Lakhs)**

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Opening Balance (As On 01.04.2015) (A)</b>	<b>5298.92</b>	<b>2662.92</b>
<b>Addition during the year</b>		
-Afforestation Expenses	-	0.32
-Testing & Other	-	9.68
-Expense incurred during the period (Brough forward from Statement of Profit & Loss)	2931.45	2626.00
Less: Re-measurement gains on defined benefit plans (Brough forward from Other comprehensive income)	(11.40)	-
<b>Gross Addition During The Year (B)</b>	<b>2920.05</b>	<b>2636.00</b>
<b>Closing Balance (A) + (B) = (C)</b>	<b>8218.97</b>	<b>5298.92</b>

## Notes to the Financial Statements

**Note 6 : Intangible assets**

Intangible assets	(Rupees in lakhs)		
	Computer Software	Right to Use	Total
<b>Cost</b>			
<b>As at April 1, 2015</b>	<b>764.75</b>	-	<b>764.75</b>
Additions	4.18	-	4.18
Deductions	-	-	-
<b>As at March 31, 2016</b>	<b>768.93</b>	-	<b>768.93</b>
Additions	23.74	43,786.10	43,809.84
Deductions	-	-	-
<b>As at March 31, 2017</b>	<b>792.67</b>	<b>43,786.10</b>	<b>44,578.77</b>
<b>Amortisation and Impairment</b>			
<b>As at April 1, 2015</b>	-	-	-
Amortisation for the year	232.51	-	232.51
Deductions	-	-	-
<b>As at March 31, 2016</b>	<b>232.51</b>	-	<b>232.51</b>
Amortisation for the year	227.14	734.62	961.76
Deductions	-	-	-
<b>As at March 31, 2017</b>	<b>459.65</b>	<b>734.62</b>	<b>1,194.27</b>
<b>Net Block</b>			
<b>As at March 31, 2017</b>	<b>333.02</b>	<b>43,051.48</b>	<b>43,384.50</b>
As at March 31, 2016	536.42	-	536.42
As at April 1, 2015	764.75	-	764.75

## Notes to the Financial Statements

**Note 7 : Financial assets**
**7 (a) Loans (Rupees in lakhs)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
<b>Unsecured considered good</b>			
Loans to suppliers	13,263.79	495.82	-
	<b>13,263.79</b>	<b>495.82</b>	<b>-</b>
<b>Current</b>			
<b>Unsecured considered good</b>			
Loans to suppliers	4,281.78	5,377.40	-
Other loans (GSFS Deposits)	24,633.23	51,117.04	36,000.00
	<b>28,915.00</b>	<b>56,494.44</b>	<b>36,000.00</b>
<b>Total Loans</b>	<b>42,178.79</b>	<b>56,990.27</b>	<b>36,000.00</b>

**7 (b) Cash and cash equivalent (Rupees in lakhs)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance with Bank			
In current account	303.08	0.53	10.69
In deposit Account (with original maturity upto 3 months)	10,500.00	26,700.00	14,500.00
In Deposit Account (Auto Sweep FD)	155.56	181.04	379.28
Cash on hand	-	-	-
<b>Total cash and cash equivalents</b>	<b>10,958.64</b>	<b>26,881.57</b>	<b>14,889.97</b>

**7 (c) Other financial assets (Rupees in lakhs)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
Security deposits	102.70	96.69	61.05
	<b>102.70</b>	<b>96.69</b>	<b>61.05</b>
<b>Current</b>			
Security deposits	640.95	-	-
Interest Accrued But Not Due on Fixed Deposits	605.30	221.76	593.62
	<b>1,246.25</b>	<b>221.76</b>	<b>593.62</b>
<b>Total financial liabilities</b>	<b>1,348.95</b>	<b>318.46</b>	<b>654.67</b>

**7 (d) Financial assets by category (Rupees in lakhs)**

Particulars	FVTPL	FVOCI	Amortised cost
<b>March 31, 2017</b>			
Loans	-	-	42,178.79
Cash & cash equivalents	-	-	10,958.64
Other financial assets	-	-	1,348.95
<b>Total Financial assets</b>	<b>-</b>	<b>-</b>	<b>12,307.59</b>
<b>March 31, 2016</b>			
Loans	-	-	56,990.27
Cash & cash equivalents	-	-	26,881.57
Other financial assets	-	-	318.46
<b>Total Financial assets</b>	<b>-</b>	<b>-</b>	<b>84,190.29</b>
<b>April 1, 2015</b>			
Loans	-	-	36,000.00
Cash & cash equivalents	-	-	14,889.97
Other financial assets	-	-	654.67
<b>Total Financial assets</b>	<b>-</b>	<b>-</b>	<b>51,544.64</b>

Refer Note 31 for Financial instruments risk management objectives and policies

Refer Note 30 for Fair value disclosures

## Notes to the Financial Statements

**Note 8 : Other current / non-current assets**

Particulars	(Rupees in lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
Capital advances	14,590.66	18,185.07	4,263.05
Prepaid expenses	6.52	17.08	6.81
	<b>14,597.19</b>	<b>18,202.15</b>	<b>4,269.86</b>
<b>Current</b>			
Other Advances	0.21	-	-
Advances to Staff	0.09	-	-
Prepaid expenses	1,214.63	211.12	47.93
Foreign exchange Gain/Loss	-	-	-
	<b>1,214.92</b>	<b>211.12</b>	<b>47.93</b>
<b>Total</b>	<b>15,812.11</b>	<b>18,413.28</b>	<b>4,317.79</b>
Advance to Directors or to firm / Private company where director is interested	-	-	-

**Note 9 : Current Tax Assets (Net)**

Particulars	(Rupees in lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax Paid in Advance & TDS receivables	2,254.20	-	1,442.15
Less :			
Provision for tax	(2,237.46)	-	(1,434.65)
<b>Total</b>	<b>16.74</b>	<b>-</b>	<b>7.51</b>

## Notes to the Financial Statements

**Note 10 : Equity share capital**

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
<b>Authorised share capital</b>						
Equity shares of Rs.10 each	40,000.00	400,000.00	40,000.00	400,000.00	40,000.00	400,000.00
<b>Issued and subscribed share capital</b>						
Equity shares of Rs.10 each	15,512.10	155,121.00	13,252.10	132,521.00	11,000.00	110,000.00
<b>Subscribed and fully paid up</b>						
Equity shares of Rs.10 each	15,512.10	155,121.00	13,252.10	132,521.00	11,000.00	110,000.00
<b>Total</b>		<b>155,121.00</b>		<b>132,521.00</b>		<b>110,000.00</b>

**10.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period**

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
At the beginning of the period	13,252.10	132,521.00	11,000.00	110,000.00
Add :				
Shares issued during the year	2,260.00	22,600.00	2,252.10	22,521.00
Outstanding at the end of the period	15,512.10	155,121.00	13,252.10	132,521.00

**10.2. Terms/Rights attached to the equity shares**

The Company has one class of shares referred to as equity shares having a par value of Rs.10 each. Each shareholder is entitled to one vote per share held. 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

**10.3. Number of Shares held by each shareholder holding more than 5% Shares in the company**

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% of shareholding	No. of shares	% of shareholding
The Governor of Gujarat and its Nominees	11,000.00	70.91	11,000.00	83.00%
The President of India & his nominees (Ministry of Urban Development)	4,512.10	29.09	2,252.10	17.00%
	-	-	-	-

10.4. Equity shares issued as fully paid up bonus shares or otherwise than by cash during the preceding five years :

10.5. The Company does not have any holding company.

10.6. Objective, policy and procedure of capital management, refer Note 32

**Notes to the Financial Statements**
**Note 11 : Other Equity**

Balance	(Rupees in lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Note 11.1 Share application money</b>			
<b>Share application money (Refer Note (i) below)</b>			
Balance as per last financial statements	31,200.00	15,000.00	15,000.00
Add / (Less) movement during the year	(31,200.00)	16,200.00	-
	<b>-</b>	<b>31,200.00</b>	<b>15,000.00</b>
<b>Note 11.2 Reserves &amp; Surplus</b>			
<b>Surplus in statement of profit and loss</b>			
Balance as per last financial statements	1,816.76	(773.69)	(3,559.38)
Add: profit for the year	2,369.63	2,590.45	2,786.53
Add / (Less): OCI for the year	-	-	(0.84)
	<b>4,186.39</b>	<b>1,816.76</b>	<b>(773.69)</b>
Less: Appropriation			
Dividend on equity shares for the year	-	-	-
Dividend distribution tax on dividend	-	-	-
Balance at the end of the year	<b>4,186.39</b>	<b>1,816.76</b>	<b>(773.69)</b>
<b>Total reserves &amp; surplus</b>	<b>4,186.39</b>	<b>1,816.76</b>	<b>(773.69)</b>
<b>Total Other equity</b>	<b>4,186.39</b>	<b>33,016.76</b>	<b>14,226.31</b>

(i) State Government has issued GR No.MIS-112014-1100-1-DH Dated 4th July, 2016 vide which additional subordinate debt of Rs. 467 Cr is sanctioned for expenditure incurred on other than phase-I of the project. The expenditure incurred are to be maintained in Balance sheet as CWIP. As and when these assets will be utilised for other phases, amount of Rs.312 Cr lying as additional subordinate debt will be converted as Equity from GOG. This conversion of additional subordinate debt in to equity will be on face value. Hence, Company has classified such convertible instrument as Instrument entirely equity in nature and presented below the share capital and above the other equity head.

**Note 12 : Financial liabilities**

12 (a) Long-term Borrowings			(Rupees in lakhs)
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Long-term Borrowings (refer note (a) below)</b>			
<b>Non-current portion</b>			
<b>Unsecured</b>			
- From Government of India (Subordinate Debt)	876.35	556.54	-
- Govt. of India (Subordinate Debt - PTA)	14,972.43	-	-
- From Government of Gujarat (Subordinate Debt)	928.43	414.30	-
<b>Total long-term borrowings</b>	<b>16,777.21</b>	<b>970.84</b>	<b>-</b>
<b>Total borrowings</b>	<b>16,777.21</b>	<b>970.84</b>	<b>-</b>

**Note (a)**

Interest free subordinate debts from Gol and GoG for the Phase-I is repayable after the repayment of interest bearing senior debt for Phase-I from JICA through Gol. The tenure of JICA Loan is 30 years and rate of interest is 1.40% p.a.

**12 (b) Trade payable**

12 (b) Trade payable			(Rupees in lakhs)
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Other trade payable (Refer note below)	201.83	345.22	191.85
<b>Total</b>	<b>201.83</b>	<b>345.22</b>	<b>191.85</b>

**12 (c) Other financial liabilities**

12 (c) Other financial liabilities			(Rupees in lakhs)
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Payable to employees	106.32	80.11	9.12
Payable in respect of capital goods	4,541.28	5,065.33	1,367.48
Other financial liabilities	12,898.12	79.90	74.18
<b>Total</b>	<b>17,545.71</b>	<b>5,225.33</b>	<b>1,450.78</b>

## Notes to the Financial Statements

<b>12 (d) Financial liabilities by category</b>		<b>(Rupees in lakhs)</b>	
<b>Particulars</b>	<b>FVTPL</b>	<b>At amortised cost</b>	
<b>March 31, 2017</b>			
Borrowings	-	16,777.21	
Trade payable	-	201.83	
Other financial liabilities	-	17,545.71	
<b>Total Financial liabilities</b>	<b>-</b>	<b>34,524.75</b>	
<b>March 31, 2016</b>			
Borrowings	-	970.84	
Trade payable	-	345.22	
Other financial liabilities	-	5,225.33	
<b>Total Financial liabilities</b>	<b>-</b>	<b>6,541.39</b>	
<b>April 1, 2015</b>			
Borrowings	-	-	
Trade payable	-	191.85	
Other financial liabilities	-	1,450.78	
<b>Total Financial liabilities</b>	<b>-</b>	<b>1,642.63</b>	

Refer Note 31 for Financial instruments risk management objectives and policies  
Refer Note 30 for Fair value disclosures

**Note 13 : Provisions**

<b>Particulars</b>	<b>(Rupees in lakhs)</b>		
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
<b>Long-term</b>			
<b>Provision for employee benefits (refer Note 25)</b>			
Provision for Gratuity	65.45	40.23	31.71
Provision For compensated absences	42.61	-	-
	<b>108.06</b>	<b>40.23</b>	<b>31.71</b>
<b>Short-term</b>			
<b>Provision for employee benefits (refer Note 25)</b>			
Provision for Gratuity	0.95	0.60	0.08
Provision For compensated absences	51.46	22.05	2.41
	<b>52.40</b>	<b>22.65</b>	<b>2.49</b>
<b>Total</b>	<b>160.46</b>	<b>62.88</b>	<b>34.20</b>

**Note 14 : Deferred Government Grant**

<b>Particulars</b>	<b>(Rupees in lakhs)</b>		
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
<b>Non-current</b>			
Deferred Government Grant	39,715.56	23,635.18	-
<b>Total</b>	<b>39,715.56</b>	<b>23,635.18</b>	<b>-</b>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31.

<b>Deferred Government Grant</b>	<b>(Rupees in lakhs)</b>	
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
As at April 1	23,635.18	-
Received during the year	16,080.38	23,635.18
Released to statement of profit and loss	-	-
<b>As at March 31</b>	<b>39,715.56</b>	<b>23,635.18</b>

**Note 15 : Other current / Non-current liabilities**

<b>Particulars</b>	<b>(Rupees in lakhs)</b>		
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
<b>Current</b>			
Statutory liabilities	899.43	510.57	117.41
	<b>899.43</b>	<b>510.57</b>	<b>117.41</b>
<b>Total</b>	<b>899.43</b>	<b>510.57</b>	<b>117.41</b>

**Note 16 : Current tax liabilities (Net)**

<b>Particulars</b>	<b>(Rupees in lakhs)</b>		
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
Provision for tax	-	1,273.69	-
Less:			
Advance tax & TDS receivables	-	(1,270.35)	-
<b>Total</b>	<b>-</b>	<b>3.34</b>	<b>-</b>

## Notes to the Financial Statements

**Note 17 : Other income**

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
Interest receipts	3,289.99	3,866.09
Misc. Income	39.03	0.27
Profit on sale of fixed assets (net)	4.38	0.05
Foreign exchange Gain/Loss (net)	198.78	-
<b>Total</b>	<b>3,532.18</b>	<b>3,866.40</b>

**Note 18 : Employee benefits expense**

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
Salaries, wages, allowances and bonus	1,314.38	901.61
Contribution to employee benefit funds	7.46	5.56
<b>Total</b>	<b>1,321.84</b>	<b>907.17</b>

**Note 19 : Finance costs**

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
Interest on Income Tax	-	1.37
Interest on Subordinate Debt	114.33	1.01
Commitment Charges & Interest on PTA	993.52	-
<b>Total</b>	<b>1,107.85</b>	<b>2.38</b>

**Note 20 : Depreciation and amortization expense**

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
Depreciation on Tangible assets (Refer Note 5)	335.82	396.97
Amortization on Intangible assets (Refer Note 6)	961.76	232.51
<b>Total</b>	<b>1,297.58</b>	<b>629.48</b>

**Note 21 : Other expenses**

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
<b>Administrative expense</b>		
Vehicle Hiring and Running Expense	182.63	144.34
Electricity Expenses	36.60	48.68
Rent	187.31	296.26
Rates & taxes	83.59	5.33
Insurance premium	3.71	3.22
Advertisement expense	187.82	99.49
Directors' setting fees	0.49	0.33
Legal & professional fees	272.99	41.91
House Keeping and Other Expense	39.61	20.02
Project development and promotion Expense	122.73	60.61
Security Service Expense	230.69	262.24
Office Expenses	65.97	31.29
Computer & Peripheral Expenses	23.47	15.10
Internet & Telephone Exp.	25.11	24.56
Printing & Stationary	22.20	17.16
Recruitment Expense	28.99	37.67
Local Conveyance & Transportation Exp.	2.13	1.32
Meeting Expenses	1.18	0.63
Miscellaneous Expense	4.38	1.49
Software Maintenance & Support	47.79	221.15
Stamp Duty on issue of Share	12.60	23.66
Other Misc. Project Expe	1.52	3.44
Tour & Travells Exp	47.89	24.67
Repairs & Maintenance expenses - others	8.32	1.09
Payment to auditors	8.66	8.12
Donations	-	1.00
<b>Total</b>	<b>1,648.39</b>	<b>1,394.79</b>

Notes to the Financial Statements

**Note 22 : Income tax**

The major component of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current income tax	963.77	1,273.59
<b>Deferred tax</b>		
Deferred tax expense	-	-
<b>Income tax expense reported in the statement of profit and loss</b>	<b>963.77</b>	<b>1,273.59</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

Particulars	(Rupees in lakhs)	
	2016-17	2015-16
<b>A) Current tax</b>		
<b>Accounting profit before tax from continuing operations</b>	<b>3,333.40</b>	<b>3,864.04</b>
Tax @ 34.608% (March 31, 2017: 34.608%, March 31, 2016: 34.608%)	1,153.62	1,337.27
<b>Adjustment</b>		
In respect of current income tax of previous years	(1.52)	0.80
<b>At the effective income tax rate of (March 31, 2017 :34.562%), (March 31, 2016 :34.</b>	<b>1,152.10</b>	<b>1,338.07</b>

## Notes to the Financial Statements

**Note 23 : Additional Information to the Financial Statements**
**(i) Contingent liabilities**
**(Rs. In lakhs)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
<b>Contingent liabilities not provided for</b>			
Claims against Company not acknowledged as debts towards			
Capital works	5,764.24	4,292.67	146.00
Land	-	11,300.20	-

**(ii) Capital commitment and other commitments**
**(Rs. In lakhs)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
<b>Capital commitments</b>			
Estimated amount of Contracts including foreign currency contracts remaining to be executed on capital account and not provided for (Net of Capital Advance)	490,257.09	185,025.89	32,563.55

(iii) The Company has incurred expenditure at Motera and Indroda area towards various support facilities for implementation of Metro Project such as Depot, Casting Yard, Warehouse Complex and protection wall. The Ownership of the land of Indroda area belongs to R & B Department, Government of Gujarat and 12.64 hectare of land at Motera area has been acquired by the Company. The allotment of land at Indroda Area is pending with the respective authorities. The total amount of expenditure incurred towards various support facilities at Motera is ₹.35903.62/- Lac and at Indroda is ₹.1330.36/- Lac. Which have been disclosed as Capital Work in Progress under Note No. 9 (C) of the Financial Statement of the Company.

**iv) Frauds identified during the Financial Year 2014-15**

During the year 2014-15 two cases of frauds to the tune of ₹.11584.21 Lac were identified and reported against which FIRs have been lodged by the company.

- One such incident pertains to quantitative difference observed by the management in connection with land development & earth filling works at Motera Area. Estimated value of such difference as per the FIR lodged is ₹.11322 lakhs.

- It has been observed by the management that 603 MT of TMT Steel is not traceable and verifiable in the stock during the detailed scrutiny of the quantity procured by the company. The total estimated cost of the non-traceable material as per the FIR lodged is ₹.262.21 Lac. The investigating authorities have filed the charge sheets during financial year 2015-16 and criminal proceedings have been initiated against the accused before the Hon'ble Sessions Court.

The aggregate estimated amount of the above incidents as per FIRs lodged is ₹.11584.21 lakhs. The same has been included in the Capital Work-In-Progress of other than phase-I.

v) Pending capitalization of the projects of the company and uncertainty about the commencement of business under income-tax provisions, computation of deferred tax liability / assets cannot be ascertained for the purpose of accounts.

**vi) Information in respect of Micro, Small and Medium Enterprises Development Act 2006:**

No amount is due to the suppliers, who are registered under the Micro, Small and Medium Enterprise Development Act, 2006 as at 31st March, 2017.

vii) Balances of the parties including old balances are subject to confirmation and necessary adjustments of old balances if any.

**viii) Disclosure as per Accounting Standard 17 "Segment Reporting"**

Since the project is under implementation phase, there are no operating segments or geographical segment which is to be disclosed under Ind AS 108

Notes to the Financial Statements

**Note 24 : Foreign Exchange Derivatives and Exposures not hedged**
**A. Foreign Exchange Derivatives**

(Rs. In lakhs)

Nature of instrument	Currency	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Forward contracts				
Sales	USD	-	-	-
Swap				
Interest Swap	USD	-	-	-
Option contracts				
Purchase	USD	-	-	-

All derivative contracts stated above are for the purpose of hedging the underlying foreign currency exposure.

**B. Exposure Not Hedged**

(Rs. In lakhs)

Nature of exposure	Currency	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Payable towards borrowings	JPY	25,832.35	-	-
Receivable towards loans	USD	-	-	-
Payable to creditors	USD	50.50	-	-
	EURO	55.95	-	-
	JPY	37.40	-	-

**Notes to the Financial Statements**
**Note 25 : Disclosure pursuant to Employee benefits**
**A. Defined contribution plans:**

Amount of Rs.7.46 lakhs. (March 31, 2016: Rs. 5.56 lakhs, April 01, 2015: Rs. Nil) is recognised as expenses and included in Note No. 27 "Employee benefit expense"

Particulars	(Rs. In lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provident Fund	7.46	5.56	-
	<u>7.46</u>	<u>5.56</u>	<u>-</u>

**B. Defined benefit plans:**

The Company has following post employment benefits which are in the nature of defined benefit plans:

**(a) Gratuity**

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2017 : Changes in defined benefit obligation and plan assets

(Rs. In lakhs)

	April 1, 2016	Gratuity cost charged to statement of profit and			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2017	
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
<b>Gratuity</b>												
Defined benefit obligation	40.83	27.39	3.21	30.59	-	-	-	4.39	-9.42	-5.03	-	66.39
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	<u>40.83</u>	<u>27.39</u>	<u>3.21</u>	<u>30.59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4.39</u>	<u>-9.42</u>	<u>-5.03</u>	<u>-</u>	<u>66.39</u>
<b>Total benefit liability</b>	<u>40.83</u>	<u>27.39</u>	<u>3.21</u>	<u>30.59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4.39</u>	<u>-9.42</u>	<u>-5.03</u>	<u>-</u>	<u>66.39</u>

**Notes to the Financial Statements**

March 31, 2016 : Changes in defined benefit obligation and plan assets

(Rs. In lakhs)

	Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income							March 31, 2016
	April 1, 2015	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	
<b>Gratuity</b>												
Defined benefit obligation	31.80	17.91	2.52	20.43	-	-	-	-1.36	-10.04	-11.40	-	40.83
Fair value of plan assets				-								
Benefit liability	31.80	17.91	2.52	20.43	-	-	-	-1.36	-10.04	-11.40	-	40.83
<b>Total benefit liability</b>	<b>31.80</b>	<b>17.91</b>	<b>2.52</b>	<b>20.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1.36</b>	<b>-10.04</b>	<b>-11.40</b>	<b>-</b>	<b>40.83</b>

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2017 (%) of total plan assets	Year ended March 31, 2016 (%) of total plan assets	Year ended April 1, 2015 (%) of total plan assets
Central Government Securities			
Public Sector/Financial Institutional Bonds			
Portfolio with Mutual Fund			
Others (including bank balances)			
<b>(%) of total plan assets</b>		<b>0%</b>	<b>0%</b>

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	7.27%	7.86%	7.94%
Future salary increase	7.00%	7.00%	7.00%
Medical cost inflation	-	-	-
Expected rate of return on plan assets			
Attrition rate	5.00%	5.00%	5.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A.	N.A.	N.A.

Notes to the Financial Statements

A quantitative sensitivity analysis for significant assumption is as shown below:

**Gratuity**

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)		
		Year ended March 31, 2017 (Rs. In lakhs)	Year ended March 31, 2016 (Rs. In lakhs)	Year ended April 1, 2015 (Rs. In lakhs)
<b>Gratuity</b>				
Discount rate	1% increase	-7.19	-	-4.22
	1% decrease	8.57	-	5.01
Salary increase	1% increase	8.51	-	5.00
	1% decrease	-7.26	-	-4.29
Attrition rate	1% increase	-1.24	-	-0.69
	1% decrease	1.24	-	0.66

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Year ended March 31, 2017 (Rs. In lakhs)	Year ended March 31, 2016 (Rs. In lakhs)	Year ended April 1, 2015 (Rs. In lakhs)
<b>Gratuity</b>			
Within the next 12 months (next annual reporting period)	0.94	-	4.44
Between 2 and 5 years	11.34	-	8.41
Beyond 5 years	28.44	-	19.48
<b>Total expected payments</b>	<b>40.72</b>	<b>32.33</b>	<b>16.39</b>

**Weighted average duration of defined plan obligation (based on discounted cash flows)**

Particulars	Year ended March 31, 2017 Years	Year ended March 31, 2016 Years	Year ended April 1, 2015 Years
Gratuity	14.00	13.00	17.00

**C. Other Long term employee benefit plans**

Retirement benefits to eligible government employees on deputation will be paid by their respective principal organizations / departments from where they have been deputed, hence provision to that extent has not been considered.

**Note 26 : Earning per share**

Particulars	2016-17 In Rs.	2015-16 In Rs.
<b>Earing per share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	236,963,000	259,045,000
Total no. of equity shares at the end of the year	1,551,210,000	1,325,210,000
<b>Weighted average number of equity shares</b>		
For Basic EPS	1,407,818,219	1,135,395,136
For Diluted EPS	1,719,818,219	1,285,837,759
Nominal value of equity shares	10	10
Basic earning per share	0.17	0.23
Diluted earning per share	0.14	0.20
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	1,407,818,219	1,135,395,136
Effect of dilution: Convertible additional sub-ordinate debt	312,000,000	150,442,623
Weighted average number of equity shares adjusted for the effect of dilution	1,719,818,219	1,285,837,759

**Note 27 : Related party disclosure**
**a) Key Management Personnel**

Name of the Related parties	Relationship
Shri. I P Gautam	Managing Director
Shri Biren Parmar	Director-Finance
Shri Ajay Gupta	Director-P&P (Up to 27.12.2016)
Shri S.S.Rathi	Director-P&P (From 01.02.2017)
Shri.S. S. Sabuwala	Chief Financial Officer
Shri.Navin Varma	Company Secretary

**b) Transactions with Key Management Personnel (Rs. In lakhs)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salary	101.10	62.58
Contribution to P.F	0.49	0.41

**c) Commitment with related party**

There are no commitment with the related party.

**d) Compensation to Key Management Personnel (Rs. In lakhs)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Short-term employee benefits	101.10	62.58
Post employment benefits	0.49	0.41
Other long-term employment benefits	-	-
Termination benefits	-	-

## Notes to the Financial Statements

**Note 26 : Earning per share**

Particulars	2016-17 In Rs.	2015-16 In Rs.
<b>Earing per share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	236,963,000	259,045,000
Total no. of equity shares at the end of the year	1,551,210,000	1,325,210,000
<b>Weighted average number of equity shares</b>		
For Basic EPS	1,407,818,219	1,135,395,136
For Diluted EPS	1,719,818,219	1,285,837,759
Nominal value of equity shares	10	10
Basic earning per share	0.17	0.23
Diluted earning per share	0.14	0.20
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	1,407,818,219	1,135,395,136
Effect of dilution: Convertible additional sub-ordinate debt	312,000,000	150,442,623
Weighted average number of equity shares adjusted for the effect of dilution	1,719,818,219	1,285,837,759

**Note 27 : Related party disclosure**
**a) Key Management Personnel**

Name of the Related parties	Relationship
Shri. I P Gautam	Managing Director
Shri Biren Parmar	Director-Finance
Shri Ajay Gupta	Director-P&P (Up to 27.12.2016)
Shri S.S.Rathi	Director-P&P (From 01.02.2017)
Shri.S. S. Sabuwala	Chief Financial Officer
Shri.Navin Varma	Company Secretary

**b) Transactions with Key Management Personnel**

(Rs. In lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salary	101.10	62.58
Contribution to P.F	0.49	0.41

**c) Commitment with related party**

There are no commitment with the related party.

**d) Compensation to Key Management Personnel**

(Rs. In lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Short-term employee benefits	101.10	62.58
Post employment benefits	0.49	0.41
Other long-term employment benefits	-	-
Termination benefits	-	-

Notes to the Financial Statements

**Note 28 : Lease Rent**

**Operating Lease**

The Company has taken office premises under operating lease on lease and License noncancellable agreements. The Company has given refundable interest free security deposits as per lease agreement. The future minimum lease payment in respect of which is as follows:

Particulars	(Rs. In lakhs)	
	Year ended March 31, 2017	March 31, 2016
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	37.15	37.15
Later than one year and not later than five years	74.31	111.46
Later than five years	-	
Lease Payment recognised in Statement of Profit and Loss	37.15	44.63

**Note 29 : Specified bank notes**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	(Rs. In lakhs)
			Total
Closing cash in hand as on November 8,2016	0.69	-	0.69
(+) Permitted receipts	0.01	3.70	3.71
(-) Permitted payments	-	(1.64)	(1.64)
(-) Amount deposited in Banks	(0.70)	-	(0.70)
Closing cash in hand as on December 30, 2016	-	2.06	2.06

**Notes to the Financial Statements**
**Note 30 : Fair value disclosures for financial assets and financial liabilities**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	(Rs. In lakhs)					
	Carrying amount			Fair value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial assets</b>						
Loans	42,178.79	56,990.27	36,000.00	42,178.79	56,990.27	36,000.00
Other financial assets	102.70	96.69	61.05	102.70	96.69	61.05
<b>Total</b>	<b>42,281.50</b>	<b>57,086.96</b>	<b>36,061.05</b>	<b>42,281.50</b>	<b>57,086.96</b>	<b>36,061.05</b>
<b>Financial liabilities</b>						
Borrowings	27,308.15	970.84	-	27,308.15	970.84	-
Trade payables	201.83	345.22	191.85	201.83	345.22	191.85
Other financial liabilities	17,545.71	5,225.33	1,450.78	17,545.71	5,225.33	1,450.78
<b>Total</b>	<b>45,055.68</b>	<b>6,541.39</b>	<b>1,642.63</b>	<b>45,055.68</b>	<b>6,541.39</b>	<b>1,642.63</b>

The management assessed that the fair values of cash and cash equivalents, other bank balances, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values

The fair value of borrowings and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

**Notes to the Financial Statements**
**Note 31 : Financial instruments risk management objectives and policies**

The Company's principal financial liabilities, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's management regularly evaluates the risk profile of the company and suggests measures for risk mitigation and management.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables.

**Interest rate risk**

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company does not have any long term borrowings with floating interest rate. Thus the company does not have any interest rate risk at the present.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD, Euro, GBP and JPY. The Company has foreign currency denominated loans and has foreign currency trade and other payables etc. and is, therefore, exposed to foreign exchange risk.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2017, March 31, 2016 & April 1, 2015 is the carrying amount as disclosed in Note 42.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	(Rs. In lakhs)				
	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
<b>Year ended March 31, 2017</b>					
borrowings*	-	-	-	-	87,577.43
Trade payables	-	201.83	-	-	-
Other financial liabilities	-	17,545.71	-	-	-
	-	<b>17,747.54</b>	-	-	<b>87,577.43</b>
<b>Year ended March 31, 2016</b>					
borrowings*	-	-	-	-	24,605.00
Trade payables	-	345.22	-	-	-
Other financial liabilities	-	5,225.33	-	-	-
	-	<b>5,570.55</b>	-	-	<b>24,605.00</b>
<b>Year ended April 1, 2015</b>					
borrowings*	-	-	-	-	-
Trade payables	-	191.85	-	-	-
Other financial liabilities	-	1,450.78	-	-	-
	-	<b>1,642.63</b>	-	-	-

\* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

**Note 32 : Capital management**

The company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise return to our The Company is a 50:50 SPV of Government of India and Government of Gujarat and both Government's Equity contribution would be in the No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017, March 31, 2016 and April 1, 2015.

## Notes to the Financial Statements

**Note 33 : First- time adoption of Ind AS**

These financial statements, for the year ended March 31, 2017, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the previously published Indian GAAP financial statements as at and for the year ended March 31, 2016.

**Exemptions applied**

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**Ind AS optional exemptions**
**1 Deemed cost**

Ind AS 101 permits a first time adopter to elect to measure an item of property, plant and equipment at the transition to Ind AS at its previous GAAP carrying value on the date of transition and use those values as its deemed cost at that date. This exemption can also be used for intangible assets covered by Ind AS 38.

Accordingly, the Company has elected to measure all of its property, plant and equipment & intangible assets at previous GAAP carrying value on the date of transition to Ind AS and used those values as deemed cost of Property, plant and equipment & Intangible assets.

**Ind AS mandatory exceptions**
**1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 and as at March 31, 2016 are consistent with the estimates as at the same date made in the conformity with previous GAAP .

**2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

**Reconciliation between previous GAAP and Ind AS**
**1. Reconciliation of equity as at March 31, 2016 & April 1, 2015**

	Notes	As at March 31, 2016	As at April 1, 2015
<b>Equity under previous GAAP</b>		<b>165,352.27</b>	<b>124,227.15</b>
Impact of fair valuation of Financial Instruments (including interest free sub-ordinate debt)	i	185.49	-0.84
<b>Equity as per Ind AS</b>		<b>165,537.76</b>	<b>124,226.31</b>

(Rs. in lakhs)

## Notes to the Financial Statements

**2. Reconciliation of total comprehensive income reconciliation for the year ended March 31, 2016**

	Notes	(Rs. In lakhs) 2015-16
<b>Profit after tax as per previous GAAP</b>		<b>2,404.12</b>
Impact of fair valuation of financial instruments	i	186.33
<b>Total Comprehensive Income under Ind AS, net of tax</b>		<b>2,590.45</b>

**Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016**
**i. Impact of fair valuation of Financial Instruments**

Under Indian GAAP, Interest free loans given and sub-ordinate debt (borrowings) taken from Government are accounted at the transaction value. Under Ind AS, such financial instruments are initially recognised at fair value and subsequently, the same are measured at amortised cost using effective interest rate.

Company has measured the interest free sub-ordinate debt at fair value on initial recognition and difference between the transaction value and fair value is accounted Government grant. Subsequent to it, interest expense is recognised on the interest free sub-ordinate debt at effective interest rate over the period till maturity.

**ii. Re-measurement gain / loss on defined benefit plan**

Under Ind AS, re-measurement i.e. actuarial gain loss and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurement were forming part of the profit or loss for the year. There is no impact on the total equity as at March 31, 2016.

**iii. Retained earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

**iv. Statement of cash flows**

The impact of transition from previous GAAP to Ind AS on the statement of cash flows is due to various reclassification adjustments recorded under Ind AS in Balance sheet and Statement of profit and loss and difference in the definition of cash and cash equivalents under these two GAAPs like bank overdraft.

**Note 34 : Standard Issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules,

**Amendment to Ind AS 7**

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

The Company has evaluated the disclosure requirements of the amendment and the effect on the financial statements is not expected to be material.

**Amendment to Ind AS 102**

The amendment to Ind AS 102 provides specific guidance for the measurement of cash settled awards, modification of cash settled awards and awards that includes a net settlement features in respect of withholding taxes. As the Company does not have such nature of transaction, this amendment does not have any effect on the financial statements of the Company.

**For Ramanlal G. Shah & Co.**  
Chartered Accountants

**For and on behalf of the board of directors of**  
**Metro-link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited**

**Sd/-**  
Vivek S. Shah  
**Partner**  
M. No. 112269

**Sd/-**  
I. P. Gautam  
**Managing Director**  
DIN: 00260908

**Sd/-**  
S. S, Rathore  
**Director**  
DIN: 00128987

Place : Ahmedabad  
Date : 31 July, 2017

**Sd/-**  
S. S. Sabuwala  
**Chief Financial Officer**  
Place : New Delhi  
Date : 24.07.2017

**Sd/-**  
Navin Varma  
**Company Secretary**