

**INDEPENDENT AUDITOR'S REPORT
To The Members of Mumbai Metro One Private Limited
Report on the Ind AS Financial Statements**

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

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Material uncertainty related to Going Concern

We draw attention to Note 25 to the financial statements regarding the net worth of the Company being substantially eroded as at the year-end, current liabilities exceeding its current assets by Rs. 9,736,051,935/- and loss incurred by the Company during the year aggregating Rs. 2,382,871,630/-. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) The matter described in the Material uncertainty related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

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- f) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-
100018)

Rakesh N. Sharma
Partner
Membership No. 102042

Place: Mumbai
Date: 20 April 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Mumbai Metro One Private Limited ("the Company") as of March 31, 2018 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 the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
Partner
Membership No. 102042

Place: Mumbai

Date: 20 April 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets included within the Intangible asset.
- (b) The Company has a program of verification of fixed assets, included within the intangible asset, to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that the title of the land does not reside in the name of the Company, it is belonging to Mumbai Metropolitan Region Development Authority ("MMRDA") and has been provided to the Company for the Project. The Immovable properties, included within the intangible assets, are constructed by the Company and the rights (titles) on the same are governed by the concession agreement dated 7th March, 2007 between MMRDA and the Company, until the end of the concession period and upon expiry of the concession period the Company is required to handover all the project assets back to the MMRDA.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and hence reporting under clause (iii) of the CARO 2016 is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees covered under the provisions of sections 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 would apply.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. ~~We~~

have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Goods and Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Goods and Service tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Service Tax, Goods and Service tax, Customs Duty and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes, except for the following:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income Tax	1,667,848	Assessment year 2011-12	High Court of Bombay

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks.

Repayment of the first instalment of the Rupee Term Loan of Rs. 50 crores which fell due on March 31, 2018 has not been paid by the Company. However, as per the Common Rupee Loan agreement, an event of default will be considered to have occurred if the period of default has continued for a period of 30 days.

The Company has not issued any debentures.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans has been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

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- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
Partner

Membership No. 102042

Place: Mumbai

Date: 20 April 2018

Mumbai Metro One Private Limited
Financial Statements
For the year ended March 31, 2018

Mumbai Metro One Private Limited
Balance Sheet

(Amount in Rupees)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Intangible asset	5	29,129,864,808	30,230,344,212
(b) Financial assets			
(i) Loans	6	3,235,635	5,049,933
(ii) Other financial assets	7	52,073,531	243,188,857
(c) Other non-current assets	8	23,679,037	13,699,728
Total non-current assets		29,208,853,011	30,492,280,730
Current assets			
(a) Financial assets			
(i) Trade receivables	9	15,830,218	74,688,736
(ii) Cash and cash equivalents	10	52,722,795	20,771,111
(iii) Loans	6	671,440	1,509,707
(iv) Other financial assets	7	8,576,372	7,987,678
(b) Other current assets	8	15,223,646	21,355,896
Total current assets		93,024,469	126,313,128
Total assets		29,301,877,480	30,618,593,858
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	5,120,000,000	5,120,000,000
(b) Other equity	12	(5,019,728,982)	(2,636,857,352)
Total equity		100,271,018	2,483,142,648
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	18,573,531,329	19,064,799,234
(ii) Other financial liabilities	14	88,139,915	95,704,611
(b) Provisions	15	710,858,815	411,750,797
Total non-current liabilities		19,372,530,059	19,572,254,642
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	5,355,769,000	4,825,769,000
(ii) Trade payables	17	258,555,620	218,454,404
(iii) Other financial liabilities	14	4,043,968,750	3,373,775,504
(b) Provisions	15	31,136,730	18,966,412
(c) Other current liabilities	16	139,646,303	126,231,248
Total current liabilities		9,829,076,403	8,563,196,568
Total liabilities		29,201,606,462	28,135,451,210
Total equity and liabilities		29,301,877,480	30,618,593,858

Significant Accounting Policies

3

See accompanying notes forming part of the financial statements.
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Rakesh N. Sharma
Partner
Mumbai, dated: April 20, 2018

Abhay Mishra
Director
DIN : 2132305

U.P.S. Madan
Director
DIN : 3570256

Bharat Bhushan Modgil
Whole-time Director
DIN : 5139137

Satish Kumar Mishra
Director
DIN : 3538005

Virendra ji
Chief Financial Officer

Mumbai, dated: April 20, 2018

Mumbai Metro One Private Limited
Statement of Profit and Loss

(Amount in Rupees)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
(I) Revenue from operations	18	2,914,285,750	2,371,712,621
(II) Other income	19	270,943,999	38,309,773
(III) Total Income (I+II)		3,185,229,749	2,410,022,394
(IV) Expenses			
Operating expenses	20	1,535,879,217	1,271,041,056
Employee benefits expenses	21	209,569,042	178,884,578
Finance costs	22	2,527,094,223	2,406,560,159
Amortisation expenses	5	1,112,463,907	1,111,753,732
Other expenses	23	183,274,777	176,668,111
Total expenses (IV)		5,568,281,166	5,144,907,636
Loss for the year (III-IV)		(2,383,051,417)	(2,734,885,242)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of net defined benefit plans : profit / (loss)		179,787	(123,101)
Other comprehensive income		179,787	(123,101)
Total comprehensive loss		(2,382,871,630)	(2,735,008,343)
Earnings per equity share			
(a) Basic earnings per share		(4.65)	(5.34)
(b) Diluted earnings per share		(4.65)	(5.34)

Significant Accounting Policies 3

See accompanying notes forming part of the financial statements.
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Rakesh N. Sharma
Partner
Mumbai, dated: April 20, 2018

Abhay Mishra
Director
DIN : 2132305

U.P.S. Madan
Director
DIN : 3570256

Bharat Bhushan Modgil
Whole-time Director
DIN : 5139137

Satish Kumar Mishra
Director
DIN : 3538005

Virendra Joshi
Chief Financial Officer

Shivprakash Singh
Company Secretary

Mumbai, dated: April 20, 2018

Mumbai Metro One Private Limited
Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(Amount in Rupees)

Particulars	Notes	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2017	11	5,120,000,000	-	5,120,000,000
As at March 31, 2018		5,120,000,000	-	5,120,000,000

B. OTHER EQUITY

Particulars	Notes	Deemed capital component relating to subordinated debt	Retained earnings	Total
As at March 31, 2016	12	7,075,220,776	(6,977,069,785)	98,150,991
Loss for the year		-	(2,734,885,242)	(2,734,885,242)
Other comprehensive income/(loss) for the year		-	(123,101)	(123,101)
Total comprehensive income/(loss) for the year		-	(2,735,008,343)	(2,735,008,343)
As at March 31, 2017		7,075,220,776	(9,712,078,128)	(2,636,857,352)
Loss for the year		-	(2,383,051,417)	(2,383,051,417)
Other comprehensive income/(loss) for the year		-	179,787	179,787
Total comprehensive income/(loss) for the year		-	(2,382,871,630)	(2,382,871,630)
As at March 31, 2018		7,075,220,776	(12,094,949,758)	(5,019,728,982)

Significant Accounting Policies

3

See accompanying notes forming part of the financial statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Rakesh N. Sharma
Partner
Mumbai, dated: April 20, 2018

Abhay Mishra
Director
DIN : 2132305

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Director
DIN : 3538005

Virendra Joshi
Chief Financial Officer

Shivprakash Singh
Company Secretary

Mumbai, dated: April 20, 2018

Mumbai Metro One Private Limited
Statement of Cash Flows

(Amount in Rupees)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from operating activities			
Loss for the period		(2,382,871,630)	(2,735,008,343)
Adjustments for:			
Amortization of intangible asset	5	1,112,463,907	1,111,753,732
Finance costs recognised in Statement of Profit and Loss	22	2,527,094,223	2,406,560,159
Dividend income recognised in Statement of Profit and Loss	19	(947,864)	(1,830,882)
Interest income recognised in Statement of Profit and Loss	19	(8,723,028)	(10,745,139)
Other non-operating income - reversal of liabilities	19	(274,729,762)	-
Net foreign exchange loss/(gain)	19	-	(35,427,181)
Provision for doubtful debts	9	21,921,376	-
Provision for major maintenance and overhaul expenses	20	251,528,182	132,619,330
		1,245,735,404	867,921,676
Movements in working capital:			
Adjustments for (increase)/decrease in operating assets			
Loans	6	2,652,566	(479,622)
Other financial assets	7	(1,368,830)	(3,654,638)
Other current assets	8	(3,694,813)	23,183,786
Trade receivables	9	36,937,145	(55,082,575)
Adjustments for increase/(decrease) in operating liabilities			
Other financial liabilities	14	3,211,862	14,439,720
Provisions	15	13,338,573	6,624,875
Other current liabilities	16	13,415,055	56,801,544
Trade payables	17	40,101,216	44,370,483
Cash generated from operations		1,350,328,178	954,125,249
Income taxes paid (net)	8	(152,246)	(2,476,820)
Net cash generated from operations		1,350,175,932	951,648,429
Cash flows from investing activities			
Capital expenditure (net of capital creditors)	14	(44,489,139)	(28,006,396)
Investment in fixed deposits including margin money (net)	7	188,137,686	(87,792,744)
Payments to acquire current investments		671,147,862	1,022,830,884
Proceeds on sale of current investments		(671,147,862)	(1,022,830,884)
Dividend received	19	947,864	1,830,882
Interest received	19	12,478,804	9,083,268
Net cash generated from/(used in) investing activities		157,075,215	(104,884,990)
Cash flow from financing activities			
Proceeds from long-term borrowings	13	-	763,618,273
Repayment of long-term borrowings	13	(182,605,625)	(208,948,637)
Proceeds from short-term borrowings	13	530,000,000	1,373,800,000
Repayment of short-term borrowings	13	-	(722,948,163)
Finance costs paid	22	(1,822,693,838)	(2,069,960,709)
Net cash used in financing activities		(1,475,299,463)	(864,439,236)
Net increase/(decrease) in cash and cash equivalents		31,951,684	(17,675,797)
Cash and cash equivalents at the beginning of the financial year		20,771,111	38,446,908
Cash and cash equivalents at end of the period	10	52,722,795	20,771,111

Mumbai Metro One Private Limited
Statement of Cash Flows

Notes:

1. Reconciliation of liabilities arising out from financing activities

(Amount in Rupees)

Particulars	As at April 1, 2017	Cash Flows	Non-cash changes		As at March 31, 2018
			Foreign exchange movement	Fair value changes	
Long-term Borrowings	19,743,510,625	(182,605,625)	11,984,503	99,543,515	19,672,433,018
	As at April 1, 2016	Cash Flows	Non-cash changes		As at March 31, 2017
			Foreign exchange movement	Fair value changes	
	19,190,638,330	554,669,636	(91,264,372)	89,467,031	19,743,510,625

2. Cash balances not available for use : Fixed Deposits have been given as margin money for loans taken and bank guarantees Rs. 1,110,885/- (previous year 189,248,571/-) (Refer note 7)

Significant Accounting Policies

3

See accompanying notes forming part of the financial statements.
 In terms of our report attached

For Deloitte Haskins & Sells LLP
 Chartered Accountants

For and on behalf of Board of Directors

Rajesh N. Sharma
 Partner
 Mumbai, dated: April 20, 2018

Abhay Mishra
 Director
 DIN : 2132305

U.P.S. Madan
 Director
 DIN : 3570256

Bharat Bhushan Modgil
 Whole-time Director
 DIN : 5139137

Satish Kumar Mishra
 Director
 DIN : 3538005

Virendra Joshi
 Chief Financial Officer

Shivprakash Singh
 Company Secretary

Mumbai, dated: April 20, 2018

Notes forming part of financial statements

1. General information

Mumbai Metro One Private Limited (the Company) was incorporated on December 22, 2006 to undertake the design, construction, operation and maintenance of the Mass Rapid Transit System (MRTS) for the Versova – Andheri - Ghatkopar corridor in Mumbai – Mumbai Metro. The Mumbai Metropolitan Region Development Authority (MMRDA), on March 7, 2007 granted the Company a concession for a period of 35 years, for the exclusive rights to construct, operate and charge fares to users of the Mumbai Metro in accordance with the provisions of the concession agreement, at the close of which the Company must transfer the rights, title and interest in the Mumbai Metro Project assets, in a serviceable condition, free of encumbrances to MMRDA. The project commenced commercial operations from June 8, 2014.

2. Statement of compliance

The financial statements have been prepared in accordance with IND ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended to date.

The Company has not early applied the following IND AS that have been issued but are not yet effective:

IND AS 115 - Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 April 2018.

IND AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IND AS 115 will supersede the current revenue recognition guidance including IND AS 18 Revenue, IND AS 11 Construction Contracts and the related Interpretations when it becomes effective.

Under IND AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The amendments apply prospectively for annual periods beginning on or after April 1, 2018. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

3. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at amortised cost at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

o The principal accounting policies are set out below.

3.1 Intangible asset and amortisation

The Mumbai Metro project is accounted as an Intangible Assets since the concession arrangement provides only the right to access these assets for the provision of public service is provided for, and they are returned to the concession grantor at the end of the concession arrangement. Thus, the Company has recognised an intangible asset to the extent it is authorized (entitled) to charge fares from public utility users & for usage of the permissible facilities and does not have an irrefutable right to receive cash or other financial asset from the concession grantor. The intangible is initially measured at the fair value of the construction services rendered. In making their judgment, the directors noted that the construction work of the project was assigned to various contractors and the Company was mainly involved in smooth co-ordination and ensuring proper execution of the project. In lieu of this, the management believes that the fair value of the construction services rendered approximates to the cost of the construction.

The amortization of the infrastructure operation right is recognized in Statement of Profit and Loss on a straight-line basis over the operation of the concession period (i.e. 30 years).

Impairment of intangible asset

At the end of each reporting period, the Company reviews the carrying amounts of its intangible asset to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible asset is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

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

3.2 Revenue recognition

- (i) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from fare charged to passengers is recognized when collected, based on usage of tokens and smart cards.
- (ii) Rental Income - Rental income from operating leases is generally recognised over the term of the relevant lease using a straight line method. However where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

3.3 Foreign currencies

The functional currency of the Company and the presentation currency used in the financial statements is Indian Rupees. In preparing the financial statements, transactions in currencies other than Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences arising on restatement of long-term foreign currency monetary liabilities recognised up to March 31, 2016 on which the Company has elected to continue the policy adopted under the previous GAAP i.e. the exchange differences on restatement thereof are adjusted to the carrying amount of the intangible asset.

3.4 Borrowing costs

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

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

3.5 Grants

Amount received from the MMRDA that relate to the Mumbai Metro Assets has been deducted from the gross values of the amounts capitalized.

3.6 Employee benefits

3.6.1 Retirement benefit costs and termination benefits

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

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

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

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expense'.

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

3.6.2 Short-term and other long-term employee benefits

A liability is recognised for short-term employee benefits accruing to employees in respect of wages and salaries, annual and sick leave expected to be availed / encashed in the next 12 months, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

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

3.7 Taxation

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

3.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates existing at the end of the reporting period.

3.7.2 Deferred tax

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

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

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

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

3.7.3 Current and deferred tax for the year

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

3.8 Provisions

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

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

The Company recognises a provision for major maintenance and overhaul expenses based on the above principles.

3.9 Contingent liabilities

Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote.

3.10 Financial instruments

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

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

3.11 Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

3.11.1 Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through Statement of Profit and Loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.11.2 Effective interest method

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

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

3.11.3 Impairment of financial assets

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

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables and other financial assets, the Company has used a practical expedient as permitted under IND AS 109. The expected credit loss allowance has been made taking into account historical credit loss experience and adjusted for forward-looking information.

3.11.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.12 Financial liabilities and equity instruments

3.12.1 Classification as debt or equity

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

3.12.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

3.12.3 Financial liabilities

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

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

3.12.4 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' except for foreign currency gains and losses arising on long-term monetary liabilities which are adjusted in the cost of the intangible asset as per the previous GAAP.

3.12.5 Derecognition of financial liabilities

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

3.13 Earnings per share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with IND AS 33 on Earnings per Share.

Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.1.1 Recognition of the intangible asset

The intangible asset under the service concession arrangement is initially measured at the fair value of the construction services rendered. In making their judgment, the directors noted that the construction work of the project was assigned to various contractors and the Company was mainly involved in smooth co-ordination and ensuring proper execution of the project. In lieu of this, the management believes that the fair value of the construction services rendered approximates to the cost of the construction.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Provision for major maintenance and overhaul

The Company is required to operate and maintain the project assets in a serviceable condition which requires periodical replacement and overhaul of certain components of project assets. The Company has accordingly recognised a provision in respect of this obligation. The measurement of this provision considers the future estimated cost of replacement/overhaul of assets and the timing of replacement / overhaul. These amounts are being discounted to present value since the time value of money is material. The carrying amount of the provision as at March 31, 2018 is Rs. 707,533,057 (as at March 31, 2017: Rs. 409,593,294)

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements

5 Intangible asset

(Amount in Rupees)

Particulars	Right under Concession Agreement with MMRDA
Gross carrying amount	
As at March 31, 2016	33,425,486,272
Additions during the year	21,091,085
Disposals	-
Effect of foreign currency exchange difference	(91,264,372)
As at March 31, 2017	33,355,312,985
Additions during the year	-
Disposals	-
Effect of foreign currency exchange difference	11,984,503
As at March 31, 2018	33,367,297,488
Accumulated amortisation	
As at March 31, 2016	2,013,215,041
Amortisation expenses	1,111,753,732
As at March 31, 2017	3,124,968,773
Amortisation expenses	1,112,463,907
As at March 31, 2018	4,237,432,680
Closing net carrying amount	
As at March 31, 2017	30,230,344,212
As at March 31, 2018	29,129,864,808

Concession arrangement - main features

Name of entity	Mumbai Metro One Private Limited
Description of the arrangement	The concession is granted by Mumbai Metropolitan Regional Development Authority (MMRDA) for the Mumbai Metro Line-1 project of the Versova-Andheri-Ghatkopar corridor.
Significant terms of the arrangement	Period of concession: 35 years (including 5 years for construction) Remuneration: Passenger fare and revenue from advertisement and rentals etc. Investment grant from concession grantor : Yes Obligation of the company: To operate and maintain the project in accordance with the requirements of concession agreement. Infrastructure to be returned at the end of concession period : Yes

Note : 1) Mumbai Metro Project assets mainly comprise of Civil Structures (Tracks, Stations, Viaduct, Bridges and Depot), Equipments (Rolling Stock, Escalators, Signaling and Telecommunication systems, Automated Fare Collection System, Lifts, Escalators and Electrical Installations)

2) Viability Gap Funding aggregating Rs. 5,672,320,944/- received from the MMRDA that relates to Mumbai Metro Project Assets has been deducted from the gross values of the amounts capitalized.

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements

6 Loans (Refer note 33)

(Amount in Rupees)

	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Loans to employees	671,440	3,235,635	1,509,707	5,049,933
Total	671,440	3,235,635	1,509,707	5,049,933

Note:

Amounts due from officer of the Company Rs. 1,404,750 (Previous year Rs. 1,690,470)

7 Other financial assets (Refer note 33)

	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Security deposits	3,000,000	15,891,011	-	18,866,651
Claim receivable from related party	5,513,139	35,071,635	4,168,669	35,071,635
Bank deposits given as margin money for loans taken and bank guarantees	-	1,110,885	-	189,248,571
Interest accrued on bank deposits	63,233	-	3,819,009	-
Total	8,576,372	52,073,531	7,987,678	243,186,857

8 Other assets

	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Goods and service tax balances	-	9,827,063	-	-
Income tax balances	-	13,851,974	-	13,699,728
Advance to employees	65,768	-	564,632	-
Advance to vendors	3,279,577	-	6,848,550	-
Prepaid expenses	11,878,301	-	13,942,714	-
Total	15,223,646	23,679,037	21,355,896	13,699,728

9 Trade receivables (Refer note 33)

	As at March 31, 2018	As at March 31, 2017
Current:		
Secured, considered good	8,157,631	52,563,626
Unsecured, considered good	7,672,585	22,125,110
Doubtful	21,921,376	-
Less: Allowance for doubtful debts	(21,921,376)	-
Total	15,830,216	74,688,736

10 Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Balances with banks in -		
- Current accounts	47,257,055	14,612,771
- Cash on hand	5,465,740	6,158,340
Total	52,722,795	20,771,111

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements

11 Share capital (Amount in Rupees)

(a) Authorised capital	As at March 31, 2018	As at March 31, 2017
550,000,000 Equity Shares of Rs.10 each	5,500,000,000	5,500,000,000
500,000,000 0.1% Non-Cumulative Preference Shares of Rs.10 each	5,000,000,000	5,000,000,000
Total authorised share capital	10,500,000,000	10,500,000,000

(b) Issued, subscribed and fully paid up	As at March 31, 2018	As at March 31, 2017
512,000,000 Equity Shares of Rs. 10 each	5,120,000,000	5,120,000,000
	5,120,000,000	5,120,000,000

(c) Reconciliation of the number of shares outstanding as at the beginning and at the end of the year	As at March 31, 2018	As at March 31, 2017
Number of shares outstanding as at the beginning and at the end of the year	512,000,000	512,000,000

(d) Details of equity shares held by the holding company

Particulars	Number of Shares	
	As at March 31, 2018	As at March 31, 2017
Reliance Infrastructure Limited	353,280,000	353,280,000

(e) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2018	
	No. of Shares	% holding
Reliance Infrastructure Limited	353,280,000	69.00
Mumbai Metropolitan Region Development Authority (MMRDA)	133,120,000	26.00
As at March 31, 2017		
Reliance Infrastructure Limited	353,280,000	69.00
Mumbai Metropolitan Region Development Authority (MMRDA)	133,120,000	26.00

(f) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Lock-in conditions for Equity Share holders:

Equity shareholding as per the Concession agreement between the members is subject to the following lock-in conditions:

(i) The equity shareholding of Reliance Infrastructure Limited and Transdev ile de France shall not be less than 51% of the issued and paid up Equity Share Capital of the Company up to a period of 2 years following the Commercial Operation Date (COD).

(ii) The equity shareholding of Reliance Infrastructure Limited shall not be less than 26% of the issued and paid up Equity Share Capital of the Company up to a minimum period of 15 years following the COD.

(iii) The equity shareholding of each Consortium Member other than Reliance Infrastructure Limited shall not be less than 5% of the total issued and paid up Equity Share Capital of the Company for a minimum period of 2 years following the COD.

12 Other equity

	As at March 31, 2018	As at March 31, 2017
(i) Retained earnings (Refer note (i) below)	(12,094,949,758)	(9,712,078,128)
(ii) Deemed capital contribution (Refer note (ii) below)	7,075,220,776	7,075,220,776
	(5,019,728,982)	(2,636,857,352)

	As at March 31, 2018	As at March 31, 2017
(i) Retained earnings		
Balance at the beginning of year	(9,712,078,128)	(6,977,069,785)
Loss as per Statement of Profit and Loss	(2,383,051,417)	(2,734,885,242)
Other comprehensive Income / (loss) for the year	179,787	(123,101)
Balance at the end of the year	(12,094,949,758)	(9,712,078,128)

(ii) Deemed capital contribution

In terms of the rupee term loan agreements from banks dated February 12, 2013, Reliance Infrastructure Limited has extended a subordinated debt of Rs. 759 crores to the Company. This subordinated debt is unsecured, interest free, non-convertible and shall be repaid from available cash flow after the repayment of the entire rupee term loans. This subordinated debt is measured at amortised cost and the Day 1 fair value difference is recognised as deemed capital contribution from Reliance Infrastructure Limited.

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements

13 a) Non-current borrowings (Refer note 33)

(Amount in Rupees)

	Maturity date	Terms of repayment	Effective Interest Rate	As at March 31, 2018	As at March 31, 2017
Secured - at amortised cost (Refer note below)					
External commercial borrowings in foreign currency from financial institution	October 1, 2027	Repayable in 60 quarterly installments commencing from April 1, 2012.	6 month USD LIBOR rate + margin (340 to 485 basis points)	3,468,546,877	3,762,058,321
Term loans from banks	March 31, 2037	50 crores repayable on 31 March 2018. The remaining portion is repayable in 76 quarterly installments commencing from June 30, 2018.	9.80% to 11.20%	14,221,488,297	14,513,502,555
Unsecured - at amortised cost (Refer note 12(ii))					
Subordinated debt from the holding company (related party)		Repayable from available cash flow after the repayment of the entire Rupee Term loans.	Interest free	883,496,155	789,237,958
Total				18,573,531,329	19,064,799,234

Note:

As per the Common Rupee loan agreement and Foreign Currency term loan facility agreement the loans are secured by:

(i) first mortgage/charge of all immovable properties, all moveable machinery, machinery spares, equipment, rolling stock, tools and accessories, vehicles, charges on the non-funded based instruments and all other moveable assets, all other intangible assets both present and future, save and except project assets;

(ii) first mortgage/charge on all receivables, escrow accounts, bank accounts, revenues of whatsoever nature and wherever arising, both present and future;

The above securities rank pari passu to the security interest created in favor of the Rupee term loans and the buyers credit facilities availed from banks.

13 b) Current borrowings (Refer note 33)

	As at March 31, 2018	As at March 31, 2017
Unsecured		
Loans from holding company - repayable on demand	5,355,769,000	4,825,769,000
Total	5,355,769,000	4,825,769,000

14 Other financial liabilities (Refer note 33)

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non-Current
Current maturities of non-current borrowings from financial institution (Refer note 13(a))	307,333,373	-	178,711,391	-
Current maturities of non-current borrowings from banks (Refer note 13(a))	791,568,317	-	500,000,000	-
Security deposits received from customers	35,568,858	88,139,915	24,792,300	95,704,611
Interest accrued but not due on borrowings	890,806,554	-	332,361,264	-
Creditors for capital expenditure	2,018,691,648	-	2,337,910,549	-
Total	4,043,968,750	88,139,915	3,373,775,504	95,704,611

15 Provisions

	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Compensated absences (Refer note (i) below)	29,077,328	3,325,758	18,966,412	2,157,503
Gratuity (Refer note 32)	2,059,402	-	-	-
Other provisions	-	-	-	-
Provision for major maintenance and overhaul expenses (Refer note (ii) below)	-	707,533,057	-	409,593,294
Total	31,136,730	710,858,815	18,966,412	411,750,797

Details of movement in other provisions:

Particulars	Major maintenance and overhaul
As at March 31, 2017	409,593,294
Additional provisions recognised	251,528,183
Unwinding of discount	46,411,580
As at March 31, 2018	707,533,057

Notes:

- (i) The provision for employee benefits include annual leave and vested long service leave entitlements accrued for employees. The increase in the carrying amount in the provision for the current year mainly results from change in the salary escalation rate in the current year.
- (ii) The provision for major maintenance and overhaul expenses relates to the estimated cost of replacement/overhaul of assets. These amounts are being discounted for the purposes of measuring the provisions.

16 Other current liabilities

	As at March 31, 2018	As at March 31, 2017
	Current	Current
Advance from customers	94,620,186	66,438,097
Statutory remittances	32,861,186	25,654,093
Others	12,364,931	34,139,058
Total	139,846,303	126,231,248

17 Trade payables (Refer note 33)

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro and small enterprises	50,850,770	34,015,176
Total outstanding dues of creditors other than micro and small enterprises	207,704,850	184,439,228
Total	258,555,620	218,454,404

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements

18 Revenue from operations

(Amount in Rupees)

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Income from collection of fares from passengers	2,544,783,901	2,127,286,640
b) Other operating income		
- Rental	105,835,818	114,391,033
- Advertisement	138,434,845	110,716,855
- Others	125,231,186	19,318,093
Total	2,914,285,750	2,371,712,621

19 Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Interest income (earned on financial assets that are not designated as at fair value through profit and loss)		
- Interest income on bank deposit (at amortised cost)	7,379,847	9,946,829
- Other interest income (at amortised cost)	1,343,181	798,309
b) Dividend income from current investments (designated as fair value through profit and loss)	947,864	1,830,882
c) Other non-operating income		
- Reversal of creditors for capital expenditure	274,729,762	-
- Others (aggregate of immaterial items)	194,050	772,403
d) Other gains and (losses)		
- (Loss)/gain on foreign currency transactions	(13,650,705)	24,961,350
Total	270,943,999	38,309,773

20 Operating expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and fuel	283,668,241	284,949,295
Operation & maintenance expenses	781,858,559	720,504,715
Provision for major maintenance and overhaul expenses	251,528,182	132,619,330
Security expenses	48,074,570	43,221,747
Other repairs and maintenance :		
- Building	539,704	1,853,039
- Plant and machinery	70,748,591	40,408,428
- Others	99,461,370	47,484,502
Total	1,535,879,217	1,271,041,056

21 Employee benefits expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salary and wages	189,299,100	160,484,245
Contribution to provident and other funds	7,833,516	6,527,423
Staff welfare expenses	12,436,426	11,872,910
Total	209,569,042	178,884,578

22 Finance Cost

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest costs :-		
- Interest on loans (other than those from related parties)	1,589,616,051	1,619,424,252
- Interest on loans from related party	461,656,810	369,290,294
- Interest on foreign currency loans	286,310,325	287,507,659
Total interest expense for financial liabilities not classified as fair value through profit and loss	2,337,583,186	2,276,222,205
- Others - delayed payment of taxes	2,330,852	39,115
(b) Other borrowing costs :-		
- Unwinding of discounts on major maintenance and overhaul provision	46,411,580	27,888,629
- Unwinding of discounts on subordinated debts	94,258,196	84,181,712
- Other finance charges	46,510,409	18,228,498
	187,180,185	130,298,839
Total	2,527,094,223	2,406,560,159

23 Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent, rates and taxes	4,545,586	7,115,880
Insurance	22,501,722	26,137,545
Legal and professional charges	50,194,363	76,526,535
Input tax expenses	48,240,069	25,142,526
Miscellaneous expenses	57,793,037	41,745,825
Total	183,274,777	176,668,111
Miscellaneous expenses include payment to auditors as follows:		
a) for audit	1,800,000	1,800,000
b) for other services	1,150,000	1,225,000
c) for reimbursement of expenses	51,802	71,723
Total	3,001,802	3,096,723

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

24 Contingent liabilities

a) Claims against the Company not acknowledged as debts	As at March 31, 2018	As at March 31, 2017
(i) Claims by MMRDA:		
- Claims by MMRDA for damages for delay in achieving project milestones and completion of the project	16,438,001,030	16,438,001,030
- Claims by MMRDA for Fares charged in violation of the Concession Agreement	618,700,000	618,700,000
- Rent to MMRDA	357,878,846	357,878,846
- Concessions in customs duty	390,000,000	390,000,000
- Consultancy charges	20,000,000	20,000,000
(ii) Claims of suppliers against the company	5,325,315,033	5,640,747,033
(iii) Demand for non-agricultural assessment tax	104,702,992	102,256,184
(iv) Maharashtra Value Added Tax demand	-	1,910,630,266
Total	23,254,597,901	25,478,213,359

b) The Municipal Corporation of Greater Mumbai (MCGM) denied the exemption to the Company from payment of municipal taxes and octroi. The Company has filed an appeal dated April 20, 2016 in the Court of Small Causes at Bombay for claiming exemptions for payment of municipal taxes and octroi. The company has received a demand notice for payment of municipal taxes and octroi aggregating Rs. 115.57 crores and 1586.65 crores respectively which has been disputed by the company.

c) The Central Government had constituted the Fare Fixation Committee (FFC) for recommending the fare to be charged to passengers on the Mumbai Metro. The Fare Fixation Committee, after considering all relevant aspects and necessary facts, had issued their report on July 8, 2015 recommending the metro fare in the range of Rs. 10 to Rs. 110. MMRDA had filed a writ petition to challenge the recommendations of the FFC in the High Court of Bombay to retain the fares as per the provisions of the concession agreement. The High Court of Bombay has vide its order dated December 4, 2017 set aside the recommendations of the FFC and directed the Union of India to constitute a new FFC. The High court of Bombay also allowed the company to continue with present fare structure (Rs. 10 - 40) subject to result of the arbitration proceeding relating to fare fixation on initial opening of metro or the determination of fare by the new FFC, whichever is earlier.

d) The Company has filed various claims against MMRDA on account of damages incurred due to delays by MMRDA in handing over of unencumbered Right of Way and land, and additional cost incurred due to various changes in design to accommodate project encumbrances. The amount of claims filed against MMRDA as on March 31, 2017 aggregate Rs.1,766.25 crores. MMRDA has not accepted the said claims filed by the Company and hence the Company has initiated arbitration proceedings as per the provisions of the Concession Agreement.

25 As at March 31, 2018, the accumulated losses have substantially eroded the net worth of the Company and the current liabilities exceeded its current assets. The Company is still in its initial stage of operations. For the financial year ended on March 31, 2018, the revenues of the Company were sufficient to recover its operating costs and the EBITA (Earnings before Interest, Tax & amortization) was positive.

For interest and debt payment obligations, Reliance Infrastructure Limited ("the Holding Company") is supporting the Company to service its lenders pursuant to the Letter of Comfort given by the Holding Company to the Lenders (novation agreement executed with all the other lending banks). During the current year, the Holding Company has supported the payment of finance costs aggregating Rs. 53 crores. Additionally, the shareholders vide resolution dated July 15, 2015 have approved additional subordinated debts from the Holding Company, aggregating Rs. 251 crores (of which Rs. 44 crores has since been received) to meet the project cost liabilities.

Further, the company is in active negotiations with its bankers for restructuring of their loans.

Also, the Holding Company has confirmed pursuant to a 'Letter of support' for providing necessary support to the company to enable it to operate as a going concern for a period of twelve months from the date of the Balance Sheet and accordingly the management believes it would be able to meet its financial liabilities.

Based on the foregoing, the going concern assumption is considered to be appropriate.

26 The Company has not paid the first instalment of the Rupee Term Loan of Rs. 50 crores which fell due on March 31, 2018. However, as per the Common Rupee Loan agreement, an event of default will be considered to have occurred if the period of default has continued for a period of 30 days.

27 Related party disclosures

a) List of related parties

Description of relationship	Names of Related parties
1. Holding company	Reliance Infrastructure Limited
2. Investing parties	i.) Mumbai Metropolitan Region Development Authority ii.) Transdev Ile de France (formerly known as "Veolia Transport S.A.")
3. Enterprises where holding company has significant influence	(i) Metro One Operation Private Limited (ii) Mumbai Metro Transport Private Limited
4. Key Management Personnel	Mr. Abhay Mishra - Director Mr. Bharat Bhushan Modgil - Whole Time Director

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

Related party disclosures (contd..)

b) Details of related party transactions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income:		
Interest on electricity deposit - Reliance Infrastructure Limited	329,768	247,087
Reimbursement of expenses incurred for: - Mumbai Metropolitan Region Development Authority	25,270,495	4,858,696
Expenses:		
Operation and maintenance expenses - Metro One Operation Private Limited	775,013,354	713,162,072
Rent / lease- charges - Mumbai Metropolitan Region Development Authority	98,814	98,814
Power and fuel - Reliance Infrastructure Limited	277,812,715	284,949,295
Interest expenses - Reliance Infrastructure Limited	461,656,809	369,290,294
Reimbursement of expenses incurred by: - Reliance Infrastructure Limited	3,417,102	2,210,769
Loans taken - Reliance Infrastructure Limited	530,000,000	1,373,800,000

c) Balances outstanding at the end of the year:

Particulars	As at March 31, 2018	As at March 31, 2017
Payables		
- Metro One Operation Private Limited	92,733,750	100,507,919
- Mumbai Metropolitan Region Development Authority	15,235,226	16,579,696
- Reliance Infrastructure Limited	771,057,125	352,430,774
Deposits given		
- Reliance Infrastructure Limited	576,725	1,204,100

d) Loans from related parties

Particulars	As at March 31, 2018	As at March 31, 2017
Current borrowings		
- Reliance Infrastructure Limited	5,355,769,000	4,825,769,000
Subordinated debt		
- Reliance Infrastructure Limited (consequent to unwinding of discount on subordinated debt)	883,496,155	789,237,958

Particulars	As at March 31, 2018	As at March 31, 2017
Deemed capital contribution on issue of subordinated debt		
Reliance Infrastructure Limited	7,075,220,776	7,075,220,776

f) Compensation of key management personnel

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Compensation of key management personnel	11,640,455	10,847,900

Notes:

Post retirement benefits is determined by the Company as a whole for all the employees put together and hence disclosure of post employment benefits of key management personnel is not separately available.

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

28 Segment reporting

The company is primarily engaged in the business of operating and maintaining the Mass Rapid Transit System for Versova- Andheri-Ghatkopar corridor in Mumbai, which in the context of IND AS 108 on Operating Segment, constitutes a single reportable segment.

29 Leasing transactions

a) Operating lease rentals during the year:

Particulars	As at March 31, 2018	As at March 31, 2017
Rent paid- depot and other premises	98,814	98,814
Re. 1 per sqm is paid as rent for depot and other premises in accordance with the concession agreement.		

b) The future minimum lease payments in respect of non-cancellable leases:

Particulars	As at March 31, 2018	As at March 31, 2017
Due not later than one year	98,814	98,814
Due later than one year and not later than five years	395,256	395,256
Due later than five years	2,093,503	2,192,317
	2,587,573	2,686,387

c) The Company has provided space on operating lease for periods ranging from 1 to 15 years with a non-cancellable period at the beginning of the agreement ranging from 1 to 5 years.

Future minimum lease payments expected to be received under non-cancellable leases:

Particulars	As at March 31, 2018	As at March 31, 2017
Due not later than one year	41,498,027	85,291,395
Due later than one year and not later than five years	45,754,324	107,899,263
Due later than five years	-	-
	87,252,351	193,190,658

30 Earnings per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Loss for the year attributable to the owners of the company (Rs.)	(2,383,051,417)	(2,734,885,242)
Weighted average number of equity shares	512,000,000	512,000,000
Nominal value per share (Rs.)	10	10
Basic earnings per share (Rs.)	(4.65)	(5.34)
Diluted earnings per share (Rs.)	(4.65)	(5.34)
(see note below)		

Note: There are no outstanding dilutive potential equity shares

31 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year	50,850,770	34,015,176
(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii) The amount of interest due and payable for the period of delay in making payments	987,433	62,746
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	904,174	896,350
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

32 Employee benefit obligations

(i) Defined contribution plans

The Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The only obligation of the company with respect to the retirement benefit plan is to make the specified contribution. The total expense recognised in the Statement of Profit and Loss represent contributions payable to these plans by the company at rates specified in the rules of the plans.

The Company has recognised the following amounts as expense in the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Contribution to provident fund	6,199,793	5,535,778
Contribution to superannuation fund	565,097	552,738
Contribution to national pension scheme	1,068,626	438,907

(ii) Defined benefit plan

The Company sponsors funded defined benefit plan for qualifying employees. The defined benefit plan is administered by a third-party insurer. This third-party insurer is responsible for the investment policy with regard to the assets of the plan.

Under the plan, the employees are entitled to a lump-sum amounting to 15 days' final basic salary for each year of completed service payable at the time of retirement/resignation provided the employee has completed 5 years of continuous service.

a) The plan exposes the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

b) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	7.88%	7.39%
Expected rate of salary increase	7.50%	7.50%
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian assured lives mortality (2006-08)	
Rate of employee turnover	4.00%	4.00%

c) Amount recognised in statement of profit and loss in respect of these defined benefit plan

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	1,418,127	1,539,224
Net interest cost	(237,847)	(310,099)
Past service cost	2,681,736	-
Components of defined benefits costs recognised in profit or loss.	3,862,016	1,229,125
Remeasurements on the net defined benefit liability :		
- Return on plan assets, excluding amount included in interest expense/(income)	(242,820)	(279,126)
- Actuarial (gain)/loss from change in financial assumptions	(620,381)	548,596
- Actuarial loss/(gain) from change in experience adjustments	683,414	(146,369)
Total amount recognised in other comprehensive income	(179,787)	123,101
Total	3,682,229	1,352,226

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the Statement of Profit and Loss.

The rereasurement of the net defined benefit liability is included in other comprehensive income

d) The amount included in the balance sheet arising from Company's obligation in respect of its benefit plan is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Present value of funded defined benefit obligation	(16,241,787)	(11,756,176)
Fair value of plan assets	14,182,386	14,974,673
Net asset arising from defined benefit obligation	(2,059,401)	3,218,497

e) Movement in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	11,756,176	9,677,961
Current service cost	1,418,127	1,539,224
Past service cost	2,681,736	-
Interest cost	868,781	773,269
Liability transferred to Company	1,795,901	-
Remeasurements (gains)/losses:		
- Actuarial (gain)/loss from change in financial assumptions	(620,381)	548,596
- Actuarial loss/(gain) from change in experience adjustments	683,414	(146,369)
Benefits paid	(2,341,967)	(636,505)
Closing defined benefit obligation	16,241,787	11,756,176

f) Movement in the fair value of the plan assets are as follows.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	14,974,673	13,559,051
Interest income	1,106,628	1,083,368
Remeasurement (gains)/losses:		
- Return on plan assets, excluding amount included in net interest expense	242,820	279,126
Contributions from the employer	200,232	53,128
Benefits paid	(2,341,967)	-
Closing fair value of plan assets	14,182,386	14,974,673

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

If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs.1,141,404 (increase by Rs. 1,314,177) (as at March 31, 2017: decrease by Rs. 888,493 (increase by Rs. 1,031,728))

If the expected salary growth increases/(decreases) by 1%, the defined benefit obligation would increase by Rs. 894,115 (decrease by Rs. 885,055) (as at March 31, 2017: increase by Rs. 573,893 (decrease by Rs. 597,260))

If the employee turnover increases/(decreases) by 1%, the defined benefit obligation would increase by Rs. 160,581 (decrease by Rs. 182,733) (as at March 31, 2017: increase by Rs. 161,374 (decrease by Rs. 186,640))

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

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

There was no change in the methods and actuarial assumptions used in preparing the sensitivity analysis from prior years.

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

33 Financial instruments

a) Capital management

The company's capital management objectives is to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The Company is not subject to externally enforced capital regulation.

b) Categories of financial assets and financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets		
Measured at amortised cost:		
Trade receivables	15,830,216	74,688,736
Cash and cash equivalents	52,722,795	20,771,111
Loans	3,907,075	6,559,640
Other financial assets	60,649,903	251,174,535
Total	133,109,989	353,194,022
Financial liabilities		
Measured at amortised cost:		
Borrowings	23,929,300,329	23,890,568,234
Trade payables	258,555,620	218,454,404
Other financial liabilities	4,132,108,665	3,469,480,115
Total	28,319,964,614	27,578,502,753

c) Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

(i) CREDIT RISK

Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The company's business model is such that it works purely on a cash basis for its fare revenue (which is the predominant source of revenue). Therefore there is insignificant credit risk. In case of non fare revenue, the Company has a policy of only dealing with creditworthy counterparties and obtaining sufficient security deposits, where practicable, as a means of mitigating the risk of financial loss from defaults.

(ii) LIQUIDITY RISK

(a) Liquidity risk management

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows. Further, in case of operational cash shortfalls, the company obtains short term funding from the holding company.

(b) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows. The future cash flows are expected to vary based on future interest rates and foreign exchange rates. The amounts in this disclosure have been derived based on the interest rates and foreign exchange rates at the end of the respective reporting periods. Therefore the actual cash flows are subject to change if there are changes in variable interest rates and foreign exchange rates.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Financial liabilities				
31-Mar-18				
Borrowings	8,731,234,322	4,802,136,196	4,967,372,088	32,301,654,545
Trade payables	258,555,620	-	-	-
Other financial liabilities	2,945,067,061	22,258,915	6,085,000	59,796,000
Total	11,934,857,003	4,824,395,111	4,973,457,088	32,361,450,545
31-Mar-17				
Borrowings	7,855,386,552	4,836,030,971	5,223,984,979	35,895,792,497
Trade payables	218,454,404	-	-	-
Other financial liabilities	2,763,647,724	-	27,121,000	-
Total	10,837,488,680	4,836,030,971	5,251,105,979	35,895,792,497

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The company is exposed to 2 types of market risks namely currency risk and interest rate risk. The company monitors the risks arising out of these on a regular basis with the help of the group treasury team. Further the company may enter into derivatives if the exposure arising out of these risks exceeds significantly.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

(a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

Financial instruments (contd..)

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

Particulars	Currency	As at March 31, 2018		As at March 31, 2017	
		Amounts in foreign currency	Amount	Amounts in foreign currency	Amount
Trade payables	USD	19,056,356	1,239,503,539	19,409,140	1,258,461,437
	EUR	1,001,028	80,705,099	1,725,229	119,467,981
	GBP	1,232	113,695	126,780	10,253,924
Secured bank loans	USD	58,318,750	3,793,290,607	61,075,000	3,960,017,495

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's loss before tax and equity is due to changes in the carrying value of monetary assets and liabilities other than secured bank loans since the exchange differences in respect of these loans are adjusted to the carrying amount of the intangible asset. However these exchange differences will affect future amortisation of the intangible asset. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on loss before tax and pre-tax equity
31-Mar-18 Based on YOY change between FY17 & FY18	USD	+10%	(123,950,354)
	USD	-10%	123,950,354
	EUR	+10%	(8,070,510)
	EUR	-10%	8,070,510
31-Mar-17 Based on YOY change between FY16 & FY17	USD	+10%	(125,846,144)
	USD	-10%	125,846,144
	EUR	+10%	(11,946,798)
	EUR	-10%	11,946,798

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for variable rate borrowings at the end of reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on variable rate borrowings with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Interest basis	Increase / decrease in basis points	Effect on loss before tax and pre-tax equity
31-Mar-18	Base rate + Spread	+100	(150,785,494)
	LIBOR	+50	(22,313,474)
	Base rate + Spread	-100	150,785,494
	LIBOR	-50	22,313,474
31-Mar-17	Base rate + Spread	+100	(150,824,437)
	LIBOR	+50	(23,294,221)
	Base rate + Spread	-100	150,824,437
	LIBOR	-50	23,294,221

Mumbai Metro One Private Limited
Notes to accounts forming part of financial statements
(Amount in Rupees)

34 Tax disclosures

Deferred tax

(i) Deferred tax asset has not been recognised in relation to accumulated losses and depreciation on consideration of prudence.

(ii) Unused tax losses

Particulars	As at March 31, 2018	As at March 31, 2017
Unused tax losses on which no deferred tax assets have been recognised are attributable to the following:		
Unabsorbed depreciation	11,307,298,329	8,037,227,018
Accumulated business losses	4,276,048,609	2,936,963,892
Total	15,583,346,938	10,974,190,910

Note: The accumulated business losses would start to get expire from 2023. The unabsorbed depreciation can be carried forward indefinitely under the tax laws.

35 Fair value disclosures

The management considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximates their fair values because of short term nature of certain financial assets and liabilities. In case of long term financial liabilities from third parties the interest rates are periodically reset to market interest rates. Further in case of the subordinated debt the carrying value and the fair value thereof at the respective reporting dates are reflected below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities at amortised cost				
Subordinated debt from holding company	883,496,155	905,660,571	789,237,958	680,651,612
Total	883,496,155	905,660,571	789,237,958	680,651,612

Note: The above fair value has been categorised into Level 3 in the fair value hierarchy. The above fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Company.

36 The financial statements were approved by the Board of Directors on April 20, 2018.

Significant Accounting Policies

3

See accompanying notes forming part of the financial statements.
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Rakesh N. Sharma
Partner
Mumbai, dated: April 20, 2018

Abhay Mishra
Director
DIN : 2132305

J.P.S. Madan
Director
DIN : 3570256

Bharat Bhushan Modgil
Whole-time Director
DIN : 5139137

Satish Kumar Mishra
Director
DIN : 3538005

Virendra Joshi
Chief Financial Officer

Shivprakash Singh
Company Secretary

Mumbai, dated: April 20, 2018