Chennai Metro Rail Limited

(A Joint venture of Govt. of India and Govt. of Tamilnadu)

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Chennai Metro Rail Limited

Board of Directors

Shri Durga Shanker Mishra, IAS
Chairman (From 23-06-2017)

Shri Rajiv Gauba, IAS [Chairman]
(From 01-04-2016 to 23-06-2017)

Shri Pankaj Kumar Bansal, IAS [Managing Director]

Shri K K Aggarwal [Director]

Shri Sharat Sharma [Director]

Shri Mukund Kumar Sinha [Director]

Shri Praveen Goyal [Director]

Shri K Shanmugam, IAS [Director]

Shri S Krishnan, IAS [Director]

Shri Rajeev Ranjan, IAS [Director]

Shri Chandramohan, IAS [Director]
(Up to 03-07-2016)

Dr D Karthikeyan, IAS [Director]
(From 04-07-2016)

Shri L Narasim Prasad [Director (Systems & Operations)]

Smt. Sujatha Jayaraj [Director (Finance)]

Shri Rajeev Narayan Dwivedi [Director (Projects)]

Smt. Uma R Krishnan
Independent Director (From 31-10-2016)

Smt. Usha Sankar
Independent Director (From 31-10-2016)

Smt. Andal P
Company Secretary

Notice to the Shareholders

NOTICE is hereby given that the **TENTH ANNUAL GENERAL MEETING** of **CHENNAI METRO RAIL LIMITED** will be held on **Monday, 25th Day of September 2017 at 11.30 hours** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2017, Statement of Income and the Statement of Profit and Loss for the year ended 31st March 2017 together with the Comments of the Comptroller and Auditor General of India under Section 143 (6) of the Companies Act, 2013 and the Reports of the Directors and the Auditors there on.
2. To fix remuneration of Auditors for the Financial Year 2017-18 and if thought fit, to pass with or without modifications, the following resolution as an ordinary Resolution:-

   "RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to fix the remuneration, out of pocket expenses, statutory taxes and other ancillary expenses of Statutory Auditors appointed by the Comptroller and Auditor General of India for the Financial Year 2017-18".

By Order of the Board of Directors

Place : Chennai
Date : 18-08-2017

Company Secretary

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.**
2. **The instrument of Proxy, in order to be effective should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.**

By Order of the Board,
for Chennai Metro Rail Limited

Place : Chennai
Date : 18-08-2017

Company Secretary

CHAIRMAN's MESSAGE

Dear Shareholders,

It is my privilege to present to you the 10th Annual Report of your Company for the Financial Year 2016-17. The audited financial statements, the Board's Report and the Auditor's Report may be taken as read. Your Company has adopted the Indian Accounting Standards (IND AS) in preparation of the financial statements being mandatory to comply from 01-04-2016.

I take this opportunity to place on record the valuable contributions of Shri Rajiv Gauba, IAS during his tenure as chairman in the organisation. I also welcome Smt Uma R Krishnan and Smt Usha Shankar, Independent Directors who have joined recently on the Board of CMRL.

The metro rail passenger service for Airport to Little Mount stations was flagged off on 21-09-2016 through video conferencing by the then Chief Minister of Tamil Nadu, Selvi J Jayalalithaa. Airport, Meenambakkam, Nanganallur Road, Guindy, Little Mount and St. Thomas Mount Metro stations were declared open on the same day. Thiru M Venkaiah Naidu, the then Hon'ble Union Minister of Urban Development and Housing & Urban Poverty Alleviation, Government of India and Thiru Pon Radhakrishnan, Hon'ble Minister of State for Road Transport Highways and Shipping flagged off the Metro train from Airport Station. Out of 45 kms, the entire Elevated Section of 20.4 kms has been commissioned and became operative since 21-09-2016. Consequent to the opening of passenger services in the new sections during the year under review, there is substantial increase in the revenue from operations.

The Underground section from Koyambedu to Nehru Park covering a distance of 7.36 Km has been commissioned by the Hon'ble Union Minister for Housing and Urban Affairs Thiru M Venkaiah Naidu and the Hon'ble Chief Minister of Tamil Nadu, Thiru Edappadi K Palaniswami on 14-05-2017. The seven underground stations covering the stretch have become operational on the same day.

Works are in progress for the Phase – I Extension of Chennai Metro Rail Project from Washermenpet to Wimco Nagar covering a distance of 9.051 Km at a total project cost of Rs 3770 Cr and it is expected to be completed in 2019.

I am happy to share with you that your Company has received the prestigious "Platinum" rating by the Indian Green Building Council (IGBC) for adopting green concepts in the design, construction and operation of metro rail during January 2017 in respect of all the thirteen Elevated Stations of the Phase-I. In addition to the accomplishment, four Underground Stations of Corridor – 2 have also been rated "Platinum" by IGBC during September 2017.

It is noteworthy to mention about the novel initiatives taken by your Company, which includes, adoption of Alternate Fuel Vehicles, Heat Island Mitigation, Implementation of Energy Monitoring System (EMS) at all stations, utilization of a Unique Portable Compressor System, undertaking compensatory planting works through MIYAWAKI technique. Your Company has already commissioned 1 Megawatt Solar Roof top on Rolling Stock maintenance shed.

As you are aware, your Company is committed to the high standards of Corporate Governance and responsibility. Your Company has a Fraud Prevention Policy and Whistle Blower Policy to deal with instances of fraud and mismanagement, if any.

All the achievements have been primarily possible because of dedicated efforts, demonstration of commitment and trust reposed by the employees in the Company. The engineering and technological excellence achieved by your Company and the right business strategies adopted by it have well positioned the Company to meet the demand of the Chennai commuters and commission the project in time.

I would like to sincerely acknowledge the guidance and valuable support of the Board of Directors in taking CMRL to higher altitudes of accomplishments.

I would like to thank the Government of India, Government of Tamil Nadu, Japan International Co-operation Agency (JICA), the Comptroller and Auditor General of India (CAG) and all the public authorities / agencies for the constant support to your Company.

I seek your continued and valuable support in taking your Company to greater and newer heights in coming years too.

Durga Shanker Mishra, IAS
Chairman,
Chennai Metro Rail Limited

DIRECTORS' REPORT

Your Board of Directors are pleased to present the Company's 10th Annual Report along with the Audited Statement of Accounts for the financial year ended March 31, 2017 and comments of the Comptroller and Auditor General of India, under Section 143(6) of the Companies Act, 2013.

Financial Highlights

During the year under review, the total revenue generated from operations and other income was Rs. 133.95 Cr against a revenue figure of Rs. 128.76 Cr. for the year 2015-16. The total expenditure incurred in the year 2016-17 was Rs. 227.89 Cr resulting in a loss of Rs. 93.94 Cr. After adjustment of deferred tax of Rs. 109.47 Cr, a loss amounting to Rs. 203.41 Cr was incurred during the year.

Rs. 21.26 Cr was earned as revenue from operations and Rs. 112.69 Cr was earned as other income, totaling to Rs. 133.95 Cr during the year against which an expenditure of Rs. 118.96 Cr was incurred, excluding depreciation, leaving an operational gain of Rs. 14.99 Cr. As compared to previous year, the income has increased from Rs. 128.76 Cr to Rs. 133.95 Cr. Revenue from operations has increased from Rs. 13.11 Cr to Rs. 21.26 Cr showing a 62% increase over last year. During the year, the ridership was 39.87 lakh, compared to 31.90 lakh of previous year recording a hike of about 25 %.

As on 31-03-2017, paid up equity capital of the Company was Rs. 3901.07 Cr. An Advance Share Application Money of Rs. 93.15 Cr received from the Government of India and Rs. 432.56 Cr received from the Government of Tamil Nadu is available as Share Application money pending allotment as on 31st March 2017.

Further during the year, Subordinate Debt of Rs. 180 Cr was received from Government of India and Rs. 500 Cr from Government of Tamil Nadu towards phase I of the project.

Japan International Cooperation Agency (JICA) loan amounting to Rs. 980 Cr was received during the year through Government of India in the form of Pass Through Assistance.

Project Highlights

The company is in the process of implementing about 54 km Metro Network in the city across two Corridors.

Details of Corridors in Phase I and Phase I Extension

Details	Phase I-Corridor 1	Phase I-Corridor 2	Phase I Extension	Total
	Washermanpet to Airport	Central to St. Thomas Mount	Washermanpet to Wimco Nagar	
Under ground length	14.14 Km	9.95 Km	2.379 Km	26.469 Km
Elevated length	8.82 Km	11.615 Km	6.672 Km	27.107 Km
Total length	22.96 Km	21.565 Km	9.051 Km	53.576 Km
Under ground stations	Washermanpet, Mannadi, High Court, Central Metro, Govt. Estate, LIC, Thousand Lights, AG-DMS, Teynampet, Nandaman and Saidapet Metro. (11 Stations)	Egmore Metro, Nehru Park, Kilpauk (KMC), Pachaiyappa's College, Shenoy Nagar, Annanagar East, Annanagar Tower and Thirumangalam. (8 Stations)	Sir Thyagaraja College, Korukkupet, (2 Stations)	21 Stations
Elevated stations	Little Mount, Guindy Metro, Alandur, Nanganallur Road, Meenambakkam Metro, Airport. (6 Stations)	St. Thomas Mt., Ekkatthangal, Ashok Nagar, Vadapalani, Arumbakkam, CMBT, Koyambedu (7 Stations)	Tondiarpet, Thangal, Toll gate, Gowri Ashram, Thiruvottiyur, Wimco Nagar. (6 Stations)	19 Stations

Key Achievement During 2016-17

Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Selvi J Jayalalithaa laid foundation stone for the Phase I extension of Chennai Metrorail project from Washermanpet to Wimconagar of 9.051 KM on 23.07.2016.

The total cost of the project is Rs 3770 Cr.
The project is expected to be completed by Middle of 2019.

Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Selvi J Jayalalithaa inaugurated the Airport - Little mount metro rail passenger service by flagging off and declared open the metro rail stations at Airport, Meenambakkam, Nanganallur road, Guindy, Little Mount , St Thomas Mount through Video Conferencing on 21-09-2016 at Secretariat, Chennai.

This forms Corridor I of the elevated sector of Phase I of the project.

Thiru M Venkaiah Naidu, Hon'ble Union Minister of Housing and Urban Poverty Alleviation, Urban Development and Information & Broadcasting and Thiru Pon Radhakrishnan, Hon'ble Minister of State for Road Transport Highways & Shipping flagged off the Metro train from Airport Station.

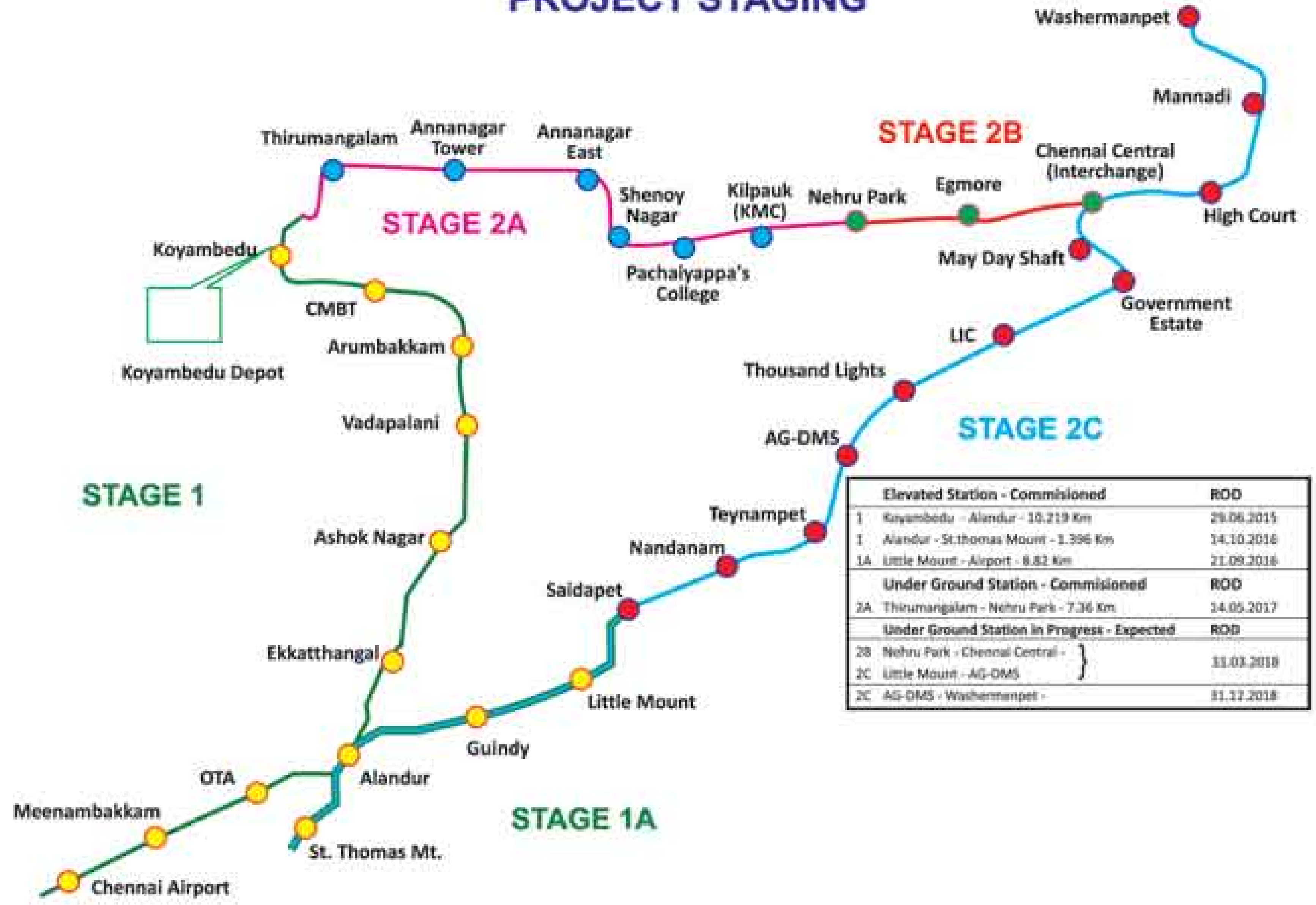
Rooftop Solar PV system of 1 MW was commissioned in Rolling stock Shed in Koyambedu Depot in the first week of December 2016, under Green energy initiative.

The system is expected to produce 3500 units per day

AWARDS AND ACCOLADES TO CMRL'S CREDIT

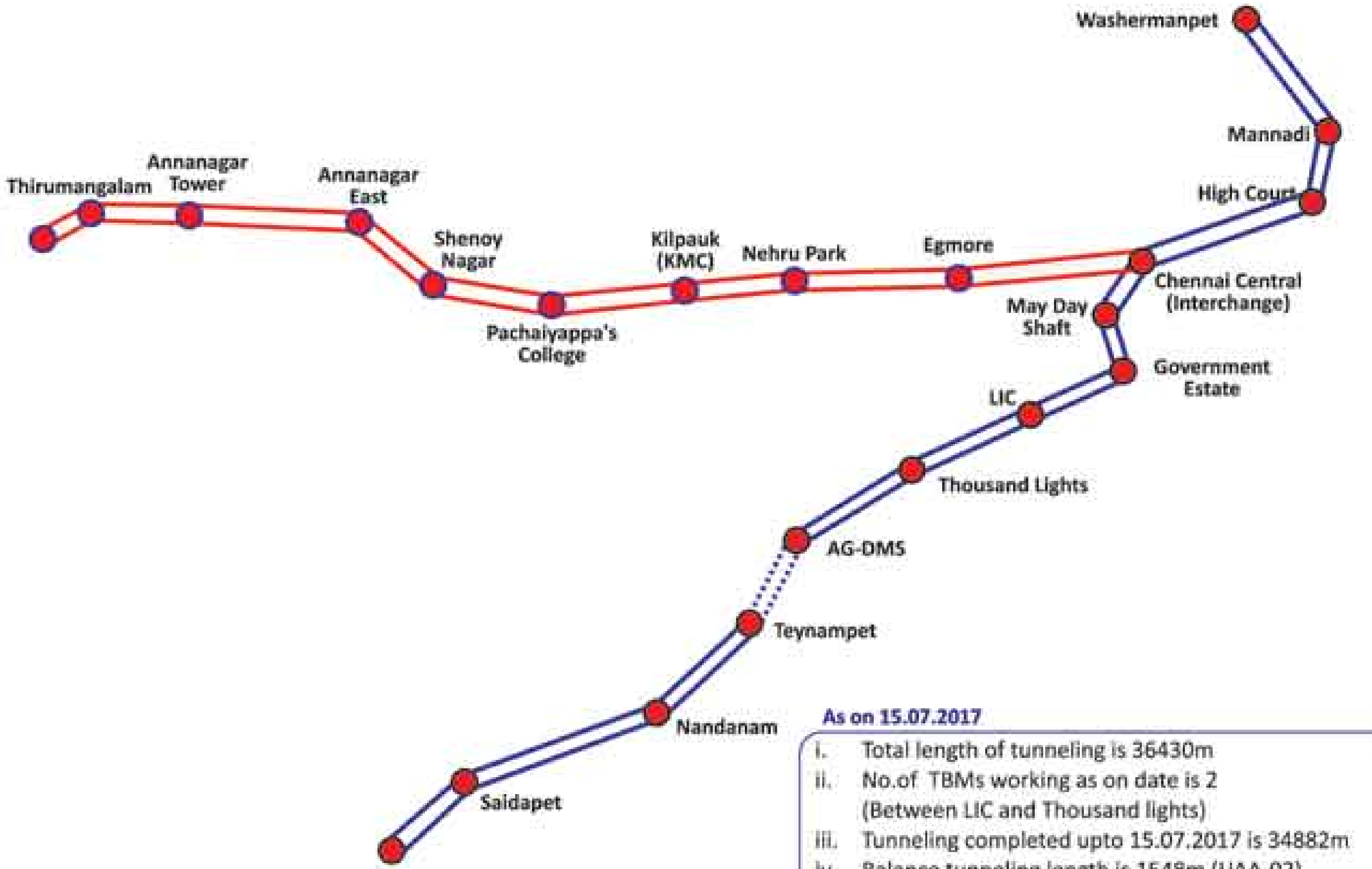
- The India Green Building Council (IGBC), part of the Confederation of Indian Industries (CII), which has launched the IGBC Green Building Rating System has awarded Platinum rating, the highest certification level to the 13 elevated stations of Phase I.
- To facilitate transfers from Airport Metro station to Airport terminals, battery operated shuttle service was launched.
- CMRL initiated bicycle facilities for metro passengers at SIDCO station.
- As a measure to propagate green initiative, CMRL declared that the electric and hybrid two and four wheelers are exempt from parking fees at Metro stations.
- As a measure of publicity to metro travel, CMRL conducted Food Carnival at Vadapalani metro station, arranged Selfie Spot, Children play areas and Magic show to add attractions.
- CMRL arranged for Metronival 16 at Vadapalani Metro station wherein drawing and painting competitions were conducted for children.
- Metro services are extended accordingly to meet the demands of the public, especially during the festival seasons.
- State Bank of India has issued Combo Cards which may be used as ATM cards as well as Metro Rail card.

PROJECT STAGING



	Elevated Station - Commisioned	ROD
1	Koyambedu - Alandur - 10.219 Km	29.06.2015
1	Alandur - St.thomas Mount - 1.396 Km	14.10.2016
1A	Little Mount - Airport - 8.82 Km	21.09.2016
	Under Ground Station - Commisioned	**ROD**
2A	Thirumangalam - Nehru Park - 7.36 Km	14.05.2017
	Under Ground Station in Progress - Expected	**ROD**
2B	Nehru Park - Chennai Central -	31.03.2018
2C	Little Mount - AG-DMS	
2C	AG-DMS - Washermanpet -	31.12.2018

STAGE - 2 (TUNNELS)



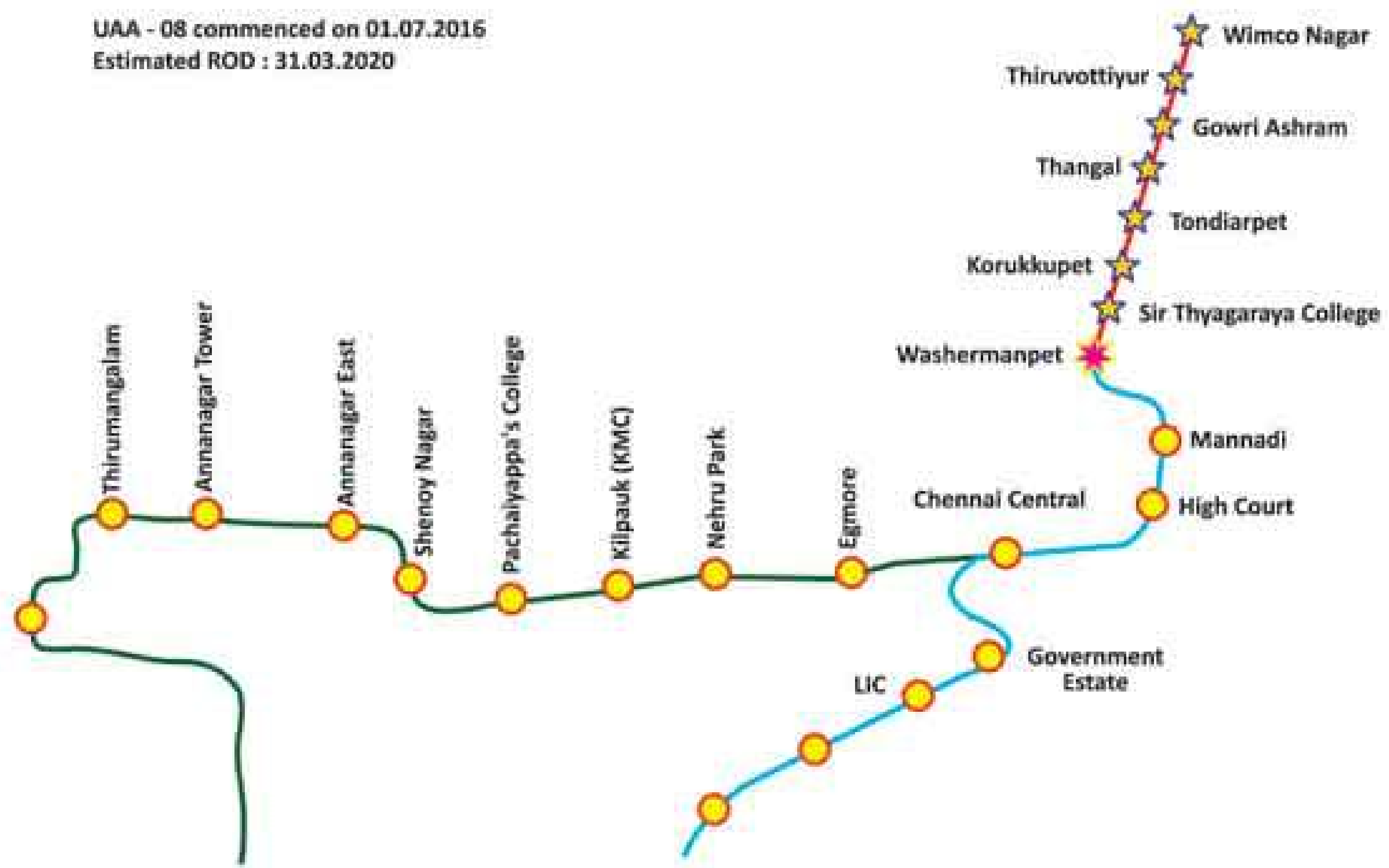
As on 15.07.2017

i. Total length of tunneling is 36430m
ii. No.of TBMs working as on date is 2 (Between LIC and Thousand lights)
iii. Tunneling completed upto 15.07.2017 is 34882m
iv. Balance tunneling length is 1548m (UAA-02)

Note : Tunneling work in between Thousand light to AGDMS is extremely slow due to mixed ground condition.

Phase 1- Extension

UAA - 08 commenced on 01.07.2016
Estimated ROD : 31.03.2020



Financial Highlights for the year 2016-17

(Figures in INR Crore)

Details	Pattern of Funding	Total funds received up to 31-03-2017	Total expenses As on 31-03-2017
Equity			
GOI	2,190.00	1,923.79	1,747.06
Addl Equity GOI	-	26.74	
GOTN	2,190.00	2,190.00	1,747.06
Addl Equity GOTN	-	193.09	
Subordinate Debt		-	-
GOI	730.00	537.22	454.26
GOTN	844.00	1,942.22	1,676.56
Grant - TNVAT			
GoTN		140.15	228.83
Senior term debt		-	
GOI PTA	8,646.00	7,988.41	8,254.36
Total	**14,600.00**	**14,941.62**	**14,108.13**
GOI	2,920.00	2,487.75	2,201.32
GOTN	3,034.00	4,465.46	3,652.45
PTA	8,646.00	7,988.41	8,254.36
Other Expenses	-	225.04	506.64
Net Balance / Amount	**14,600.00**	**15,166.66**	**14,614.77**

Revised project cost amounts to Rs.19,058 Crs. The revised project cost has been approved by GoTN. GoI approval is awaited. The project cost does not include TNVAT.

Financial Highlights for the year 2016-17
Phase-1 Extension

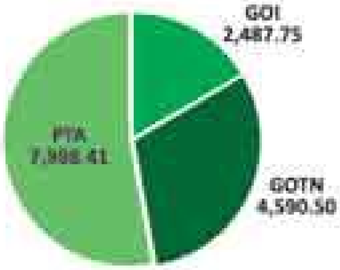
(Figures in INR Crore)

Details	Pattern of Funding	Total funds received up to 31-03-2017	Total expenses As on 31-03-2017
Equity			
GOI	508.00	93.15	99.75
GOTN	508.00	-	99.75
Subordinate Debt		-	-
GOI	205.00	-	
GOTN-Land	203.00	-	246.02
GoTN-Taxes	205.00		
Senior term debt		-	
GOI PTA	2,141.00	-	-
Total	**3,770.00**	**93.15**	**445.52**
GOI	713.00	93.15	99.75
GOTN	916.00	-	345.77
PTA	2,141.00	-	-
Net Balance / Amount	**3,770.00**	**93.15**	**445.52**

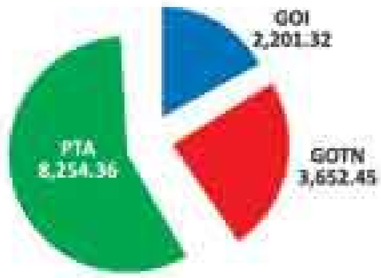
Financial Highlights for the year 2016-17

Pattern of funding

Total Funds received upto 31.03.2017



Total Expenses As on 31.03.2017



Pattern of funding for Phase 1 Extension

Audited Statement of Accounts for the financial year ended March 31, 2017 is Annexed

PROJECT CONSTRAINTS OTHER INFORMATION

In elevated corridor, spread over a length of around 22 Km, the poor performance and subsequent termination of three packages pertaining to M/s CCCL and one package pertaining to M/s Lanco affected the progress of the work by 2 to 2.5 years.

The balance works are now completed by calling for fresh tenders. 10 Kms of this stretch was opened between Koyembedu to Alandur in June 2015 and the balance stretch between Airport and Little Mount and between Alandur and St. Thomas Mount were opened in September 2016.

Funds wise, there has been no constraint so far. Almost 60% of the funds for the project are borne by way of loan from JICA and there has been no issue regarding reimbursement and release of PTA by Govt. of India.

The original cost of the project is Rs14,600 Cr and the revised cost is Rs 19,058 Cr. This has been approved by the Govt. of Tamil Nadu, the sanction of Govt. of India is awaited.

New Contracts Awarded

The Contract Package UAA-03 for balance works was awarded to M/s. L&T in December 2015. In respect of balance works of Contract Package UAA-02 - Tunnel, the new contract BW-UG-02(Tunnels) has been awarded to M/s. Afcons Infrastructure Ltd in May 2016, the award of new Contract for UAA-02 (Stations) was made to M/s Larsen & Toubro Ltd in August 2016.

Phase I Extension

The project of phase I extension between Washermanpet and Wimco Nagar covering a distance of 9.051 Km has been approved at a total cost of Rs 3770 Cr. This phase comprises of 6 elevated stations in a stretch of 6.672 Km and 2 in an underground stretch of 2.379 Km. Foundation stone for the project was laid on 23-07-2016 by the Honorable Chief Minister of Tamil Nadu and the project is expected to be commissioned by mid 2019

PLANNING & BUSINESS DEVELOPMENT

With effect from January 2016, the Management of CMRL strategically integrated the Planning and Business Development departments in order to take advantage of the composite skill sets available within the organization.

As part of non-fare initiatives, CMRL has entered into contracts with a number of parties for licensing the spare available spaces within the Metro Stations with a view to value capture, enhancing the ambience and create amenities for the commuting passengers. The spaces are presently being used for operating ATMs, CDMs, F&B kiosks, Fast food outlets, Retail etc. Further spaces within the stations and Metro trains have also been licensed for the purpose of commercial advertisements. In order to enhance the telecom coverage and reach within the Metro stations, licenses have also been awarded to leading telecom infrastructure companies. Action has also been initiated for licensing of spaces on piers and portals along the elevated sections for the purpose of commercial advertisements.

Apart from the above, Initiatives have also been taken to identify and develop integrated commercial and Retail developments on spare parcels of lands. These long gestation projects are at present, in various stages of planning approvals from city authorities.

The earnings from Business Development activities is Rs.7.44 Cr. in 2016-17.

As a part of planning related activities, the following comprehensive and detailed studies have been completed. These studies and documents form the basis for implementation of the projects on ground.

1. Master Plan for Metro in CMA.
2. Fare fixation study.
3. Multimodal integration studies.
4. Detailed Project Report for CMRL Phase-II.
5. Feeder Bus strategies and Implementation.

Further, the following detailed studies are in progress;

1. Extension of Corridor 4 of CMRL Phase-II.
2. Merger of MRTS (Southern Railways) with CMRL.
3. Clean Development Mechanism to avail carbon credits.
4. City Development /Transport infrastructure improvement projects - Kathipara Multimodal Urban Square, Central Square etc.
5. Preparation of DFR/DPR for Coimbatore Mass Transit.

SAFETY & SECURITY

Training for out sourced security personnel was held at Alandur station on 07.04.2016. 54 personnel took part in it. Frisking and baggage scanning were demonstrated. The programme was held for 2 days. Police officer of security branch, CID and TN Police were involved. The programme also covered the training for 35 number of house keeping personnel.

Mock drill for Fire preparedness was conducted in the Depot Admin Building on 30.04.2016. Fire unit from TNFRS also took part in the drill.

Metro intervention training programme was conducted by the National Security Guards at Alandur and Airport Metro Stations in October 2016 and January 2017 respectively. Major Anuj Kumar and NSG commandos of Anti-terrorist attack. NSG demonstrated the method to release the hostages from terrorists. Bomb squad demonstrated the technique of tracing and defusing the hidden bombs. Dog squad demonstrated the technique to identify the fire arms and bombs hidden by the terrorists. The programme was coordinated by the Chief Security Officer (CSO) of CMRL.

Mock evacuation drill was conducted in the underground tunnel between Annanagar Tower and Annanagar East stations. Train was stopped in the middle and emergency situation was simulated using cold smoke in the tunnel. Tunnel Ventilation system was activated to clear smoke. Once the visibility was clear, evacuation procedure was performed to walk ways and cross passages.

Go Green initiative

Workshop on Go Green Concept was conducted on 22.04.2016 as a part of World Earth Day Celebrations. Work shop was conducted by Shri P Thangavelu, former Addl. Director, Horticultural department of Tamil Nadu. The work shop emphasized on the importance of go green concept and several initiatives like terrace garden etc.

FIXED DEPOSITS

The Company has not invited deposits from Public under Section 73 of the Companies Act, 2013.

AUDIT COMMITTEE

The Audit Committee presently comprises of the following Directors:

1. Shri K Shanmugam - Chairman of the Committee
2. Smt Uma R Krishnan - Member
3. Smt Usha Sankar - Member

BOARD OF DIRECTORS

During the Financial Year 2016-17, the Board of Directors had 4 Board Meetings and 9 Board Sub-Committee Meetings.

MEETINGS OF THE BOARD AND ITS COMMITTEES

In accordance with Section 173 of the Companies Act, 2013, during the Financial Year 2016-17, the Board of Directors had 4 Board Meetings and 9 Board Sub-Committee Meetings. The details of these meetings are as follows:

Description	No of Meetings	Dates of Meetings
Board	4	23-08-2016, 31-10-2016, 27-12-2016, 30-03-2017
Audit Committee	1	01-08-2016
Nomination & Remuneration Committee	3	09-06-2016, 24-10-2016, 09-03-2017.
O&M Committee	1	24-08-2016
Project Management Review Committee	3	17-05-2016, 09-06-2016, 29-12-2016.
Property Development Committee	1	24-08-2016

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

Shri Durga Shanker Mishra IAS was appointed as Chairman with effect from 23-06-2017, in place of Shri Rajiv Gauba, IAS.

Dr D Karthikeyan, IAS was appointed in the place of Shri B. Chandramohan, IAS with effect from 04-07-2016.

Smt. Uma R Krishnan was appointed as Independent Director w.e.f. 31-10-2016 on the Board of Chennai Metro Rail Limited.

Smt Usha Sankar, was appointed as an Independent Director w.e.f. 31-10-2016 on the Board of Chennai Metro Rail Limited.

The Board of Directors welcomes the new Directors on the Board

STATUTORY AUDITORS

The Comptroller and Auditor General of India, New Delhi, has appointed M/s Vardhaman & Co., Chartered Accountants, Chennai, as Statutory Auditors of the Company for the Financial Year 2015-16, who continue for the year 2016-17 also the same has been approved by the Board of Directors.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Balakumar J & Associates, Practicing Company Secretaries, are appointed as the Secretarial Auditor of the Company for the FY 2016-17.

STATUTORY DISCLOSURES

Details regarding technology absorption and conservation of energy required under Section 134 (3) of the Companies Act, 2013 and Rule 8 (3), of the Companies (Accounts) Rules 2014

The company has chosen to adopt Regenerative braking technology for Rolling Stock with focus on energy savings during operation. The Company also chose to adopt Platform Screen Doors in all 19 Underground stations, despite its higher cost, taking into account reduction in energy consumption for Air-conditioning and consequent substantial reduction in Greenhouse emissions. Installation of LED lights in Under Ground Stations at higher cost with reduced consumption has also been initiated.

The Company has installed roof top solar panels at Depot for the generation of solar electrical energy as a greenhouse initiative. The company has taken steps to expand the project to all elevated metro stations.

FOREIGN EXCHANGE EARNINGS & OUTGO

Rs. in Crores

1.	Total Foreign Exchange Earned	Nil (Prev. Year- Nil)
2.	Total Foreign Exchange used	158.43 (Prev. Year- 304.77)

DIRECTORS' RESPONSIBILITY STATEMENT

Whilst preparing the Annual Accounts the Company has adhered to the following best practices and your directors confirm the same pursuant to Section 134 (5) of the Companies Act, 2013:

1) In the preparation of accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
3) The Directors have prepared the annual accounts on a going concern basis.
4) The Directors have devised proper systems to ensure compliances with the provisions of all applicable laws and the systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014, the extract of the annual return as on 31-03-2017 in Form MGT 9 is placed as ANNEXURE.

AUDITORS' REPORT

The observations of the Statutory Auditors in their report, as placed in ANNEXURE, read with the relevant notes to accounts are self-explanatory and do not require further explanation.

SECRETARIAL AUDIT REPORT

The observations of the Statutory Auditors in their report, as placed in ANNEXURE, read with the relevant notes to accounts are self-explanatory.

COMMENTS OF THE BOARD

Due to unavoidable circumstances, the 47th Board meeting scheduled to be held during June 2016 had been postponed and held on 23rd August, 2016.

CORPORATE GOVERNANCE REPORT

Your Company has complied with the requirements of various Corporate Laws. Though the Company is not a listed Company, as a measure of best practice, your Directors are happy to place a "Corporate Governance Report" at ANNEXURE.

VIGIL MECHANISM AND WHISTLE BOWLER POLICY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Company has a Fraud Prevention Policy and Whistle Bowler Policy published in the website of the Company.

RELATED PARTY TRANSACTIONS

As the company has not entered into any contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, the form AOC-2 as required in the Rule 8(2) of the Companies (Accounts) Rules, 2014, is not placed in the Board's Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board constituted a CSR Committee in its meeting held on 20-03-2015 pursuant to section 135 of the Companies Act, 2013. As on date, the CSR Committee consists of the following members:

Chairman	Managing Director, CMRL
Member	Director (Finance), CMRL
Member	Director (Projects), CMRL
Member	Director (S&O), CMRL
Member	Independent Director
Member	Independent Director

During the period under review, the Company is in the project phase and there has not been operating profits since commencement of operations and during the previous years. Since there was no operational income, no amount has been spent towards CSR activities as required under Section 135.

ACKNOWLEDGEMENT

The Board of Directors whole-heartedly thank the Government of Tamil Nadu, Government of India, Ministry of Urban Development, Ministry of Finance, various other agencies of Government of Tamil Nadu and Government of India, JICA, all the consortium members of General Consultants and Contractors for their support and co-operation.

The Board of Directors expresses their thanks to their Bankers, to the Comptroller & Auditor General of India, Auditors and Employees for their continued support and co-operation.

For and on behalf of the Board

Place : Chennai
Date : 18-08-2017

Durga Shanker Mishra
Chairman

CORPORATE GOVERNANCE REPORT

CMRL is pursuing sustainable business practices and creating value for all its stakeholders. To attain this objective, the Company is inculcating a value system that incorporates integrity, transparency and fairness across all its business activities. It has adopted best practices towards preserving environment and implementing income assurance programme for Project Affected Families as a model to the corporate world. CMRL is voluntarily practicing the sound principles of Corporate Governance as a responsible corporate citizen.

1. BOARD OF DIRECTORS

As per the Articles of Association of the Company, strength of the Board shall not be less than 3 Directors and not more than 16 Directors and they may be either Nominee Directors, or whole-time functional Directors or Part-time Directors.

Constitution of the Board

CMRL is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. Presently, 50% of the total issued share capital is held by Government of India and the other 50% by Government of Tamil Nadu. Both the Governments have the right to nominate five Directors each on the Board. The Directors so appointed either ex-officio in nature or by name.

Besides this, the Government of India has the right to appoint the Chairman amongst their nominees. Accordingly, the Secretary (Urban Development), Government of India is the ex-officio Chairman of the company. The Government of Tamil Nadu has the right to nominate the Managing Director amongst their nominees who is appointed by the Board of Directors with prior concurrence of Government of India.

Composition of the Board

As on March 31, 2017, the Company has 15 Directors on the Board of which Government of India nominated five, Government of Tamil Nadu nominated five Directors including the Managing Director. The said nominee directors are Senior Officials of the Government of India and Government of Tamil Nadu having considerable experience and expertise across a range of disciplines, including general management, construction, project management, design, business strategy, finance etc. Apart from the nominee Directors, the Board has appointed two independent Directors, experts in the fields of Finance and General Management.

1.1 Responsibilities

The company's Board of Directors are responsible for and are committed to setting standards of conduct at all levels. They are also committed to update these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of the stakeholders with social objectives as also to reflect corporate, legal and regulatory developments. The Board ensures that the Company has clear goals and policies for achieving these goals. The Board approved a set of guiding principles for the company in the form of Vision, Mission and Core Values. The Board oversees the Company's strategic directions, reviews corporate performance, authorizes and monitors strategic decisions, ensures regulatory compliance, safeguards interests of shareholders and Social commitments.

1.2 Board / Committee Meetings and Procedures

a) Institutionalized decision making process :

With a view to institutionalising all corporate governance and setting up systems and procedures for advance planning for matters requiring discussion and decision by the Board in an informed and efficient manner, the Company has well defined procedures for meetings of the Board of Directors and Committees thereof.

b) Scheduling and selection of Agenda items for Board / Committee Meetings:

i) The Board meets at regular intervals to discuss, review and decide on the progress of the project / strategy of the Company apart from other Board business. The Board / Committee meetings are convened by giving appropriate notice after obtaining approval of the Chairman of the Board. Detailed agenda, management information reports and other explanatory statements are circulated in advance amongst the members on important matters to ensure and facilitate meaningful participation in the meetings. However, in case of special and urgent business needs, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which will be confirmed in the next meeting. To address specific urgent needs, meetings at times, are also being called at shorter notice.

ii) The agenda for Board / Committee Meetings is circulated by the Company Secretary in consultation with the Chairman and the Managing Director of the Company. The Agenda for the Board and Committee Meetings includes detailed notes on the items to be discussed at the meeting are prepared by Head of the Departments and submitted to concerned Functional Directors for obtaining their approval before being cleared by Managing Director. Agenda notes normally classified as follows:-

a. Regular agenda items
   i. Grant of Leave of Absence
   ii. Confirmation of the Minutes of the previous Board meeting
   iii. Action taken report on the Minutes of the previous/earlier meetings
   iv. Progress Report of the Project
b. Agenda Items for approval of the Board
c. Agenda items for information of the Board

iii) Duly approved Agenda notes are circulated in advance to enable Directors to take an informed decision.

iv) Where it is not desirable to attach any document or if the agenda is of a sensitive nature, the same is placed on the table at the meeting with the approval of the Managing Director. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are taken up for discussion with permission of the Chair of the Board.

v) The meetings are usually held either at the Company's Registered Office or at the Conference Hall at Secretariat, Fort. St George, Chennai 600 009 or at The Office of the Chairman and Secretary (UD), Ministry of Urban Development, New Delhi. During the financial year, ended 31st March 2017, 4 Board meetings and 9 Committee Meetings were held.

vi) At the request of the directors, meeting are also conducted through video conferencing mode, wherever permitted by the Companies Act, 2013.

vii) The Members of the Board have complete access to all information of the Company.

c) Briefing by the Managing Director / Director

At every meeting of the Board, the progress report of the project, key developments including status of the project and other important achievements / developments relating to the Company in various areas will be placed as one of the regular Agenda and the same be briefed and make presentation by the Managing Director / Directors to the Board Members. Members of Top Management, General Consultants and Experts are also called in to brief the board and make presentation wherever required.

d) Recording of minutes of proceedings at the Board Meeting

Minutes of the proceedings of each Board Meeting are recorded. The minutes of the proceedings are entered in the Minutes Book. The minutes of each Board Meeting are submitted for confirmation at its next meeting after these are approved by the Chairman. The minutes of committees of the Board are also placed before the Board of Directors for their information.

e) Post Meeting follow-up mechanism

The Guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and committees thereof. Action taken report on the decision / minutes of the previous meeting (s) is placed at the immediately succeeding meeting of the Board / Committee for noting by the Board / Committee.

f) Compliance

Every Functional Director/Head of the Department while preparing agenda notes ensures adherence to all the applicable provisions of law, rules, guidelines, etc. The Company Secretary ensures compliance of all applicable provisions of the Companies Act, 2013, and other statutory requirements.

During the financial year 2016-17, Four Board Meetings were held on 23-08-2016, 31-10-2016, 27-12-2016 and 30-03-2017.

Details of designation, number of Board meetings attended, attendance at last AGM are given here under

Sl No.	Directors	Board Meetings held during respective tenures of Directors	No .of Board Meeting attended	Attendance AGM / EGM (No. of AGM- 1 & No. of EGM- 0)	No .of Membership in the Committees
1.	Shri Rajiv Gauba, IAS	4	3		-
2.	Shri Pankaj Kumar Bansal, IAS	4	4	AGM - Present	5 (Till 30-10-2016) 4 (From 31-10-2016)
3.	Shri Sharat Sharma	4	4		2
4.	Shri Mukund Kumar Sinha	4	4		1 (Till 30-10-2016) 0 (From 31-10-2016)
5.	Shri Praveen Goyal	4	3		2
6.	Shri K K Aggarwal	4	2		1
7.	Shri K Shanmugam, IAS	4	2		1
8.	Shri S Krishnan, IAS	4	3		3 (Till 30-10-2016) 2 (From 31-10-2016)
9.	Shri Rajeev Ranjan, IAS	4	2		1
10.	Dr D Karthikeyan, IAS	4	1		1
11.	Shri L Narasim Prasad	4	4	AGM - Present	5 (Till 30-10-2016) 4 (From 31-10-2016)
12.	Shri Rajeev Narayan Dwivedi	4	4	AGM - Present	5 (Till 30-10-2016) 4 (From 31-10-2016)
13.	Smt Sujatha Jayaraj	4	4	AGM - Present	5 (Till 30-10-2016) 4 (From 31-10-2016)
14.	Smt. Uma R Krishnan	2	1		3 (From 31-10-2016)
15.	Smt. Usha Sankar	2	2		3 (From 31-10-2016)

1.3 Information placed before the Board of Directors :

The Board of Directors delegated the powers to the Managing Director on all routine matters to manage the day-to-day affairs of the company and certain financial powers with a ceiling. In order to enable speedy decision making, the day to day operation of the company and also to delegate the responsibility to the senior management team, Schedule of Powers (SOP) has been prepared and the same has been approved and circulated. Matters, which are beyond the delegated powers, are being brought before the Board and the same inter alia includes the following:

- Annual budget/s and cash flow statement/s
- Annual accounts, Directors' Report etc.
- Minutes of meetings of all Committees of the Board
- All proposals which involve change in technology / technology parameters other than contemplated in DPR

- Progress report on Project Implementation
- Award of large contracts
- Status of pending legal cases
- Compliance Certificate of Statutory provisions
- Other materially important information

2. COMMITTEES OF BOARD OF DIRECTORS

The Board has established the following Committees

i. Audit Committee
ii. Nomination and Remuneration Committee
iii. O & M Committee
iv. Project Management Review Committee
v. Property Development Committee
vi. Corporate Social Responsibility Committee
vii. Investment Committee

The terms of reference (TOR) of the above Committees are as follows:

a) Audit Committee

1) To review the quarterly and annual financial statements before submission to the Board
2) To ensure compliance of Internal Control Systems
3) To have periodical discussions with auditors about internal control systems, the scope of audit including the observations of the auditors.
4) Recommendation to the Board the fixation of audit fees.
5) Reviewing performance of internal auditors.
6) Reviewing adequacy of the internal control systems.
7) Discussion with internal auditors and/or auditors any significant findings, management response on findings and follow up.
8) To review the follow up action on the audit observations of the C&AG audit.
9) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
10) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
11) Any other matter as may be referred by the Board or any other function as mandated under Company Law.

b) Nomination and Remuneration Committee

1) To review the manpower requirement for the company.
2) To review and recommend the Remuneration policy for the company.
3) To review the HR Policy and proposing any amendments.
4) Training & Development Policy.
5) Disciplinary matters as per the HR Manual.
6) Any other matter as may be referred by the Board.

c) O&M Committee

1) Review preparatory study for O&M.
2) Review clearances from CMRS and other Statutory Bodies.
3) Review documentation to be submitted to CMRS.
4) Review of manpower requirement for O&M activities.
5) Review income & expenditure due to revenue operations and recommend ways to improve profitability.
6) Any other matter as may be referred by the Board.

d) Project Management Review Committee

1) Review the Project Cost periodically and determine the cost escalation and make suitable recommendations to Board.
2) Review Risk Management strategy for the Company.
3) Review any procurement cases referred to it by the Board.
4) Review Extension of Time for contract Packages, if referred by the Board, and recommendations to the Board for approval.
5) Review/referring of issues to Arbitration.
6) Any other matter as may be referred by the Board.

e) Property Development Committee

1) To identify the property development (PD) projects.
2) To identify the impediments responsible for delaying the PD projects.
3) To suggest measure for increasing revenue from PD projects.
4) Any other matter as may be referred by the Board.

f) Corporate Social Responsibility Committee

1) The committee shall formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in schedule VII.

2) The committee shall recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy of the company.
3) The committee shall monitor the CSR policy of the company from time to time.

g) **Investment Committee**

1) To consider and approve investment of project funds of the Company.
2) To review the Investment Policy and suggest modifications.
3) Any other matter as may be referred by the Board.

The Managing Director is the Chairman of all the Committees except Audit Committee Nomination & Renumeration Committee and the Company Secretary is the Convenor of all the Committees.

2.1 AUDIT COMMITTEE

The constitution, quorum, scope etc. of the Audit Committee is in line with the provisions of Companies Act, 2013. All the members of Audit Committee are qualified who have insight to interpret and understand financial statements.

2.2 Constitution

The Board, in its 3rd meeting held on 30th June 2008, constituted an Audit Committee in compliance with provisions of the Companies Act, 1956 which was re constituted on 28th January 2014 in the 28th Board Meeting.

As per section 177(2) of the Companies Act, 2013, the Audit Committee shall consist of minimum of three directors with independent directors forming majority. It is also specified in the third proviso to this section, that every audit committee of a company existing immediately before the commencement of the act, shall within one year of such commencement, shall be reconstituted in accordance with sub-section (2). The Audit Committee in accordance with the above provisions of Companies Act 2013, was reconstituted in the 48th Board Meeting held on 31-10-2016.

As on date of Directors' Report, the Audit Committee consists of the following members:

1. Shri K Shanmugam - Chairman of the Committee
2. Smt Uma R Krishnan - Member
3. Smt Usha Sankar - Member

Shri S Krishnan, Principal Secretary, PD&SI Dept, Go TN and Shri Mukund Kumar Sinha, Officer on Special Duty and Joint Secretary, MoUD are permanent invitees. Managing Director, Director (Finance), Statutory Auditors and the Internal Auditors are also invited to the Audit Committee Meetings, but they have no right to vote.

Quorum for the Audit Committee is 1/3rd of the total members (three members) or 2 whichever is higher. The Company Secretary is the Secretary to the Audit Committee.

2.3 Scope of Audit Committee

The Audit Committee to have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review of half yearly and annual financial statements before submission to the Board and also to ensure compliance of internal control systems.

The Audit Committee shall have authority to investigate into any matter in relation to the items specified under the Companies Act or as may be referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.

The Chairperson of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit.

2.4 Meetings and attendance

1. Meeting of the Audit Committee meeting was held during the Financial Year.

Sl No.	Directors	Audit Committee Meetings held during respective tenures of Directors	No .of Audit Committee Meeting attended
1	Shri Mukund Kumar Sinha	1	1
2	Shri K Shanmugam	1	1
3	Shri S Krishnan	1	1
4	Smt Uma R Krishnan	0	0
5	Smt Usha Sankar	0	0

Annual General Meeting

Date, time and location where the 9th Annual General Meeting was held, is as under

Date and time	23rd September 2016 at 1130 hours
Venue	Registered office of the Company at Koyambedu, Chennai
Specified Resolution (s) passed	Ordinary Resolution: • Approval of Accounts, Directors' Report and Auditors' Report • Fixing the remuneration of the Auditors of the company for the financial year 2016-17 Special Resolution: • To increase the borrowing powers of the company to Rs. 16,130 Crore. • Appointment of Smt Sujatha Jayaraj as Director (Finance) of the Company. • Appointment of Shri Rajeev Narayan Dwivedi as Director (Projects) of the Company.

COMPANY'S WEBSITE

The company's website is www.chennaimetrorail.org. All major information pertaining to Company including project, contracts, job, recruitment process and results etc. are given on the website. The Company has also created a Facebook page: www.facebook.com/chennaimetrorail to update public on a daily basis on progress achieved.

Registered Office:

Chennai Metro Rail Limited

CMRL Depot, Admin Building,

Poonamallee High Road, Koyambedu, Chennai - 600 107

ANNUAL REPORT ON CSR ACTIVITIES

S.No.	Particulars	Remarks
1.	A brief Outline of the company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the website link to the CSR Policy and projects or programs:	During the period under review the CSR policy is not formulated
2.	The Composition of the CSR committee :	Shri Pankaj Kumar Bansal **Chairman** ***Members:*** Shri L Narasim Prasad - Dir (S&O) Smt Sujatha Jayaraj - Dir (Fin) Shri Rajeev Narayan Dwivedi - Dir (P) Smt. Uma R Krishnan - Independent Dir Smt. Usha Sankar - Independent Dir
3.	Average net profit of the company for the last three financial Years- Operational profits	
4.	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	
5.	Details of the CSR spent during the Financial Year: a. Total amount to be spent for the financial Year b. Amount unspent (if any) c. Manner in which amount spent during the financial year is detailed below:	NIL

1	2	3	4	5	6	7	8
S.No	CSR Project or activities identified	Sector in which the project is covered	Projects or programs	Amount Outlay (budget) program or project - wise	Amount spent on the projects or programs sub heads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1							
2	NIL						
3							
	Total						

***Give Details of the implementing Agency**

CHAIRMAN OF THE CSR COMMITTEE

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and
rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U60100TN2007SGC065596
2.	Registration Date	03-12-2007
3.	Name of the Company	Chennai Metro Rail Limited
4.	Category / Sub-category of the Company	Government Company
5.	Address of the Registered office & contact details	CHENNAI METRO RAIL LIMITED, Administration Building, Chennai Metro Rail Depot, Poonamalle High Road, Chennai- 600 107 Telephone No. : 044 2379 2000 E-mail id: chennaimetrorail@gmail.com Website: www.chennaimetrorail.org
6.	Whether listed company	Unlisted Company
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
NOT APPLICABLE			

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31-March-2016)				No. of Shares held at the end of the year (As on 31-March-2017)				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt	-	19505345	19505345	50%	-	19505345	19505345	50%	-
c) State Govt(s)	-	19505345	19505345	50%	-	19505345	19505345	50%	-
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	-	39010690	39010690	100%	-	39010690	39010690	100%	-
B. Public Shareholding			NIL				NIL		
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture CapitalFunds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions			NIL				NIL		
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	-	39010690	39010690	100%	-	39010690	39010690	100%	-

B) Shareholding of Promoter

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding the at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Govt. of India & Nominees	19505345	50%	-	19505345	50%	-	-
2	Govt. of Tamilnadu & Nominees	19505345	50%	-	19505345	50%	-	-

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	39010690	100%	39010690	100%
Date wise Increase / Decrease in Promoters Shareholding during the year; Reasons for increase : Due to allotment	-	-	-	-
At the end of the year	39010690	100%	39010690	100%

D) Shareholding Pattern of top ten Shareholders : (Other than Directors, Promoters and Holders of GDRs and ADRs)

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

E) Shareholding of Directors and Key Managerial Personnel

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	330	0.00084%	330	0.00084%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the end of the year	330	0.00084%	330	0.00084%

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding / accrued but not due for payment

(in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-		-	
i) Principal Amount		993688.10		993688.10
ii) Interest due but not paid		23332.28		23332.28
iii) Interest accrued but not due		742.73		742.73
Total (i+ii+iii)		**1017763.11**	-	**1017763.11**
Change in Indebtedness during the financial year				
* Addition		105274.52		105274.52
* Reductions				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount		1088743.52		1088743.52
ii) Interest due but not paid		34294.11		34294.11
iii) Interest accrued but not due				
Total (i+ii+iii)	-	**1123037.63**		**1123037.63**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(in Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri Pankaj Kumar Bansal, MD	Smt. Sujatha Jayaraj, Director (Finance)	Shri Rajeev Narayan Dwivedi, Director (Projects)	Shri L. Narasim Prasad Director (S&O)	
1	Gross salary (Rs.in Lakhs)	23.42	25.29	22.10	35.00	105.81
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A) (in Lakhs)					
	Ceiling as per the Act	23.42	25.29	22.10	35.00	105.81

B. Remuneration to other directors (to Non-Executive Directors) - NIL

(Amout in Rs)

SN.	Particulars of Remuneration	Name of Directors		Total Amount
	Independent Directors	Smt Uma R Krishnan	Smt Usha Sankar	
1	Fee for attending board committee meetings-in Rupees.	40,000	60,000	1,00,000
	Commission			
	Others, please specify			
	Total (1)	40,000	60,000	1,00,000
2	Other Non-Executive Directors			
	Fee for attending board committee meetings			
	Commission			
	Others, please specify			
	Total (2)			
	Total (B)=(1+2)	40,000	60,000	1,00,000
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

C. Remuneration To Key Managerial Personnel Other Than MD/MANAGER/WTD

(in Lakhs)

SN.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary (in lakhs)		7.52		7.52
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option		-		-
3	Sweat Equity		-		-
4	Commission		-		-
	- as % of profit		-		-
	Others specify...		-		-
5	Others, please specify- EPF				
	Total		7.52		7.52

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	- NA -				
Punishment	- NA -				
Compounding	- NA -				
B. DIRECTORS					
Penalty	- NA -				
Punishment	- NA -				
Compounding	- NA -				
C. OTHER OFFICERS IN DEFAULT					
Penalty	- NA -				
Punishment	- NA -				
Compounding	- NA -				

BALAKUMAR J & ASSOCIATES
COMPANY SECRETARIES

CS JAGADESAN BALAKUMAR. B.Com, B.L, FCMA, FCS
Mob : 98401 13064
Mail : csbalakumar@gmail.com,
j.balakumar@corpfinservice.com

CS JAGADESAN BALAKUMAR
Plot No.665, New No.11, SBOA School Road,
Annanagar West Extention, Chennai 600 101.
csbalakumar@gmail.com
89394 70211, 044 2615 3321

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

To

THE MEMBERS
M/S. CHENNAI METRO RAIL LIMITED
Admin Building, CMRL Depot,
Poonamallee High Road,
Opposite to Daniel Thomas School,
Koyambedu, Chennai 600 107.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S. CHENNAI METRO RAIL LIMITED** (hereinafter called **"the Company"**) having **CIN:U60100TN2007SGC065596**. Secretarial Audit for the Financial Year Ended **31st March 2017** was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **M/S. CHENNAI METRO RAIL LIMITED'S** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Secretarial Audit period covering the financial year ended on **31st March, 2017,** complied with the statutory provisions listed hereunder and also that the Company has proper Board Processes and Compliance Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/S. CHENNAI METRO RAIL LIMITED** ("the Company") for the Financial Year ended on **31st March, 2017** according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;

2. Foreign Exchange Management Act, 1999 and the Rules and Regulations prescribed thereunder to the extent of the Pass Through Assistance obtained from Government of India against Japan International Cooperation Agency Loan in JPY as is applicable.
3. The Metro Railways (Construction of Works) Act, 1978 as amended by the Metro Railways (Amendment) Act, 2009 and the Notifications issued thereunder.
4. The Metro Railways (Operation and Maintenance) Act, 2002 and the Notifications issued thereunder.

I have also examined the papers, forms and returns filed and other records maintained by **M/S. CHENNAI METRO RAIL LIMITED** ("the Company") for the Financial Year ended on **31st March, 2017** to ascertain adequate systems and processes are in place in accordance with the provisions of :

1. Labour Legislations including :
   a. Contract Labour (Regulation and Abolition) Act, 1970 and the Rules and Regulations prescribed thereunder;
   b. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
   c. The Building and Other Construction Workers (Registration of Employment and Conditions of Service) Act, 1996;
   d. Payment of Minimum Wages Act, 1958.
   e. The Payment of Gratuity Act, 1972;
   f. Employees Provident Fund And Miscellaneous Provisions Act, 1952;
   g. Employees State Insurance Act, 1948;
   h. The Employees Compensation Act, 1923; and
   i. The Maternity Benefits Act, 1961
2. Environmental Legislations including :
   a. The Public Liability Insurance Act, 1991; and
   b. Environment (Protection) Act, 1986

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Statutes, Rules, Regulations, Guidelines and Standards as mentioned above subject to the following observations:

1. *The time duration gap between the 46th and 47th Meetings of the Board of Directors of the Company exceeded beyond the Section 173 of the Act prescribed maximum days of 120.*

I further report that,

i. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii. Adequate notice was given to all the Directors to schedule the Board Meetings, notice, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

iv. Where ever there arises a question on the applicability or interpretation of relevant Statutory Provisions, appropriate opinion of Independent Respective Expert Professionals are obtained.

I further report that, based on the information received and records maintained, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, while it would be pertinent to take note of the following :

i. The Company's Average Net Profit of the Company during the three immediately preceding Financial Years 2014-16 is Rs. 7,274.88 Lakhs. Pursuant to Section 135(5) of the Act, the Board of the Company should have ensured spending Rs.145.50 Lakhs for social causes in accordance with the Corporate Social Responsibility Policy framed by the Board / Corporate Social Responsibility Committee. In the absence of doing so, the Board shall report the reasons for not doing so in its Financial Year 2016-17 Board Report that would be prepared under Section 134 of the Act.

ii. The Systems and Processes pertaining to all the applicable Labour and Environment Legislations besides the Company's industry specific core legislations pertaining to the Company as stated herein above need to be more properly conceived, devised, documented, followed up and complied with.

iii. As at the end of the reporting period, the Company has an outstanding amount of Rs.52,570.82 Lakhs to the credit of Share Application Money Pending in Allotment Account for a period in excess of 60 (sixty) days. Pursuant to the provisions of Section 42 (6) of the Act, the Company should have allotted Equity Shares within 60 (sixty) days from the date of receipt of such money. However, on making a reference of the matter to The Ministry of Corporate Affairs, they had, vide their Office Memorandum dated 22/11/2016 on File No. 05/50/2016-CL V written based on

OM No. K-14011/13/2016/MRTS/Coord dated 10/08/2016, clarified that Section 42 and Section 62(1)(c) are not applicable to Metro Rail Corporations (Companies).

I further report that during the audit period, none of the following instances were carried out by the Company

i. Public / Rights / Preferential issue of shares / debentures / sweat equity.

ii. Redemption / buy-back of securities.

iii. Merger / amalgamation / reconstruction etc.

iv. Foreign Technical Collaborations.

Date : 06/07/2017
Place : Chennai

CS JAGADESAN BALAKUMAR
BALAKUMAR J & ASSOCIATES
COMPANY SECRETARIES
ICSI CP 3430 ; FCS 3646
GSTN 33AADPB4851D2ZC
Plot No.665, New No.11,
SBOA School Road,
Annanagar West Extention,
Chennai 600 101.
csbalakumar@gmail.com
98401 13064; 98409 21965; 044 4212 5222

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

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards, etc., is the responsibility of the Management of the Company. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management of the Company has conducted the affairs of the Company.

CS JAGADESAN BALAKUMAR
BALAKUMAR J & ASSOCIATES
COMPANY SECRETARIES
ICSI CP 3430 ; FCS 3646
GSTN 33AADPB4851D2ZC
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csbalakumar@gmail.com
98401 13064; 98409 21965; 044 4212 5222

Date : 06/07/2017
Place : Chennai

CHENNAI METRO RAIL LIMITED

Balance Sheet as at March 31 2017, 2016 and April 1, 2015

(Rupees in lakhs)

Particulars	Note . No	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) **Non-current assets**				
Property, Plant and Equipment	2	653,961.56	482,201.99	243,660.27
Capital work-in-progress	3	913,325.24	887,632.38	869,835.38
Intangible assets	4	43,384.51	43,733.26	44,407.34
Financial Assets				
(i) Other Financial Assets	5	433.17	337.82	135.95
Current Tax Assets (Net)	6	2,803.09	1,588.18	1,110.55
Other Non Current assets	7	47,482.99	18,217.96	16,589.81
(2) Current assets				
Inventories	8	825.57	64.40	5.00
Financial Assets				
(i) Trade Receivables	9	382.30	77.25	-
(ii) Cash and cash equivalents	10	130,114.02	163,650.50	121,310.77
(iii) Other Bank balances	11	532.00	516.46	500.00
(iv) Other Financial Assets	12	17,750.22	20,451.22	92,674.61
Current Tax Assets (net)	13	1,131.10	1,202.58	477.35
Other current assets	14	182.25	528.99	649.52
Total Assets		**1,812,308.02**	**1,620,202.99**	**1,391,356.54**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	15	390,106.90	390,106.90	390,106.90
Other equity	16	56,086.36	66,946.64	61,761.93
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	17	1,088,743.52	993,688.10	825,728.00
(ii) Other financial liabilities	18	21,760.02	22,844.00	20,648.61
Provisions	19	412.06	283.70	181.83
Deferred tax liabilities (Net)	20	17,956.15	7,009.19	16.70
Other Non-Current Liabilities	21	109,418.24	42,262.06	14,401.24
(2) Current liabilities				
Financial Liabilities				
(i) Trade payables	22	3,583.60	4,085.76	4,446.28
(ii) Other financial liabilities	23	122,992.20	92,225.63	73,828.58
Other current liabilities	24	1,139.32	658.64	182.00
Provisions	25	109.65	92.38	54.46
Total Equity and Liabilities		**1,812,308.02**	**1,620,202.99**	**1,391,356.54**
Key Accounting Estimates and Judgements & Significant Accounting Policies	1			
Other Notes to the Financial Statements	2 to 50			

As per our report of even date attached

For and on behalf of the Board of Directors

M/s Vardhaman & Co
Chartered Accountants

Pankaj Kumar Bansal, IAS
Managing Director (DIN: 05197128)

Rajeev Narayan Dwivedi
Director (DIN: 07554468)

V Baskaran
Partner
M. No: 012202
FRN: 004522S

Sujatha Jayaraj
Director-Finance & Chief Financial Officer
(DIN: 07531722)

P Andal
Company Secretary (M.No: A28465)

Place : Chennai
Date : 20-09-2017

Place : Chennai
Date : 20-09-2017

CHENNAI METRO RAIL LIMITED

Statement of Profit and loss for the years ended March 31, 2017 and 2016 (Rupees in lakhs)

Particulars	Note No.	for the year ended 31.03.2017	for the year ended 31.03.2016
Revenue from operations	26	2,125.74	1,310.67
Other income	27	11,269.22	11,564.92
I. Total Income		**13,394.96**	**12,875.59**
Expenses:			
Operating expenses	28	2,821.79	1,799.25
Employee benefits expense	29	3,096.39	2,462.09
Finance costs	30	2,261.27	791.13
Depreciation	2 & 4	10,892.65	6,100.59
Other expenses	31	3,717.00	1,803.14
II. Total expenses		**22,789.10**	**12,956.19**
III. (Loss) before tax (I - II)		**(9,394.14)**	**(80.61)**
IV. Tax expense:	32		
(1) Current tax		-	-
(2) Deferred tax		10,946.96	6,992.50
V. (Loss) for the Year (III - IV)		**(20,341.09)**	**(7,073.10)**
VI. Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
a) Remeasurement gain / (loss) of defined benefit obligations - Gratuity	35f(i)	(3.99)	(6.19)
		(3.99)	(6.19)
Total Comprehensive Income for the period (V+ VI)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		(20,345.08)	(7,079.29)
Earnings per equity share:	33		
- Basic and Diluted (Amount in Rs.) (Face Value Rs. 1000/ Share)		(46.70)	(16.59)
Key Accounting Estimates and Judgements & Significant Accounting Policies	1		
Other Notes to the Financial Statements	2 to 50		

As per our report of even date attached

M/s Vardhaman & Co
Chartered Accountants

For and on behalf of the Board of Directors

Pankaj Kumar Bansal, IAS
Managing Director
(DIN: 05197128)

Rajeev Narayan Dwivedi
Director
(DIN: 07554468)

V Baskaran
Partner
M. No: 012202
FRN: 004522S

Sujatha Jayaraj
Director-Finance & Chief Financial Officer
(DIN: 07531722)

P Andal
Company Secretary
(M.No: A28465)

Place : Chennai
Date : 20-09-2017

Place : Chennai
Date : 20-09-2017

CHENNAI METRO RAIL LIMITED

Cash Flow Statement for the years ended March 31, 2017 & 2016 (Rs. in lakhs)

Particulars	Notes	For the year ended 31.03.2017	For the year ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before Tax		(9,394.13)	(80.61)
Adjustment for:-			
Depreciation		10,892.65	6,100.59
Interest Expense		2,259.05	777.80
Interest Income		(10,841.16)	(11,147.83)
Profit on Sale of Property, Plant & Equipment		(3.05)	(0.67)
Deferred Government Grant recognised in P&L		(373.94)	(51.84)
Operating Profit before working Capital Changes		(7,460.58)	(4,402.56)
Adjustment for:-			
Increase/ (Decrease) in Inventory		(761.17)	(59.40)
Increase/ (Decrease) in Trade Receivables		(305.05)	(77.25)
Increase/ (Decrease) in Other Financial Assets		2,047.17	145,538.43
Increase/ (Decrease) in Other Assets		(28,922.28)	(1,513.80)
Increase/ (Decrease) in Provisions		145.64	139.78
Increase/ (Decrease) in Trade Payables		(502.17)	(360.52)
Increase/ (Decrease) in Other Financial Liabilities		17,818.75	17,630.69
Increase/ (Decrease) in Other Liabilities		498.38	476.62
Net Cash from Operating Activities before tax		**(17,441.31)**	**157,371.99**
Adjustment for Income Tax (net)		**(1,143.43)**	**(1,202.86)**
Net Cash from Operating Activities after tax		**(18,584.74)**	**156,169.13**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale/ (Purchase) of Property, Plant & Equipment		(181,805.24)	(243,830.56)
Sale/ (Purchase) of Intangible Assets		(325.37)	-
Increase/ (decrease) in Capital Work in Progress		(25,692.86)	(17,797.00)
Reimbursement of Taxes & Duties towards PPE		6,245.37	8,218.70
Interest Received		11,148.74	8,744.23
Net Cash From Investing Activities		**(190,429.36)**	**(244,664.63)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital & Share Application Money		9,315.00	12,127.00
Loans received during the year		104,660.21	96,111.88
Govt Grant - Subordinate Debt		61,517.94	22,612.81
Net Cash From Financing Activities		**175,493.15**	**130,851.69**
D. Net changes in cash & cash equivalents (A+B+C)		(33,520.95)	42,356.19
E. Cash & Cash equivalents (Opening Balance)		164,166.97	121,810.77
F. Cash & Cash Equivalents (Closing Balance)		130,646.02	164,166.96
G.Cash & Cash Equivalents consists of:			
Cash on Hand		30.29	9.43
Balance With banks - Current Account		37,682.42	27,871.08
Balance With banks - Deposit Account (Refer Note 1 Below)		92,933.31	136,286.45
		130,646.02	164,166.96

1. Incudes earmarked short term deposits of ₹ 532.00 Lakhs (PY 516.46 Lakhs) that are held under lien against letters of credit and bank guarantees issued for the Company.

2. Reconciliation between Cash and Cash Equivalents as per Balance Sheet and as per Cash Flow Statement

Particulars	Note ref.	As at 31.03.2017	As at 31.03.2016
Cash & Cash Equivalents as per Balance Sheet	10	130,114.02	163,650.51
Add: Other Bank Balances considered as part of Cash & Cash Equivalents for the purpose of Cash Flow Statement	11	532.00	516.46
Cash & Cash Equivalents as per Cash Flow Statement		130,646.02	164,166.97

As per our report of even date attached

For and on behalf of the Board of Directors

M/s Vardhaman & Co
Chartered Accountants

Pankaj Kumar Bansal, IAS
Managing Director
(DIN: 05197128)

Rajeev Narayan Dwivedi
Director
(DIN: 07554468)

V Baskaran
Partner
M. No: 012202
FRN: 004522S

Sujatha Jayaraj
Director-Finance & Chief Financial Officer
(DIN: 07531722)

P Andal
Company Secretary
(M.No: A28465)

Place : Chennai
Date : 20-09-2017

Place : Chennai
Date : 20-09-2017

CHENNAI METRO RAIL LIMITED

Statement of Changes in Equity for the years ended March 31, 2017 & 2016

A. Equity Share Capital

(Rs. in lakhs)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
Equity Share Capital as at the beginning of the Year	15	390,106.90	390,106.90
Add: Share Capital issued during the year			
Equity Share Capital as at the Year End		390,106.90	390,106.90

B. Other Equity

(Rs. in lakhs)

Particulars	Note No.	Reserves and Surplus		Share Application	Total
		Capital Reserve	Retained Earnings	Money Pending Allotment	
Balance as of April 1, 2015	16	341.62	30,247.82	31,128.82	61,718.26
Changes in Accounting Policy / Prior Period Errors (Refer Note No. 35f)		-	43.67	-	43.67
Restated Balance as at April 1, 2015		341.62	30,291.49	31,128.82	61,761.93
Additions during the year		137.00	-		137.00
Share Application Money Received During the Year				12,127.00	12,127.00
Profit/(Loss) for the Year		-	(7,073.10)		(7,073.10)
Items of Other Comprehensive Income					-
Remeasurement Gain / (Loss) of Defined Benefit Plan	16		(6.19)		(6.19)
Total Comprehensive Income for the Year		137.00	(7,079.29)	-	(6,942.29)
Balance as of March 31, 2016		478.62	23,212.20	43,255.82	66,946.64
Additions during the year		169.81	-		169.81
Share Application Money Received During the Year				9,315.00	9,315.00
Profit/(Loss) for the Year			(20,341.09)		(20,341.09)
Items of Other Comprehensive Income					-
Remeasurement Gain/(Loss) of Defined Benefit Plan			(3.99)		(3.99)
Total Comprehensive Income for the Year		169.81	(20,345.08)	-	(20,175.27)
Balance as of March 31, 2017		648.43	2,867.12	52,570.82	56,086.37

As per our report of even date attached

For and on behalf of the Board of Directors

M/s Vardhaman & Co
Chartered Accountants

Pankaj Kumar Bansal, IAS
Managing Director
(DIN: 05197128)

Rajeev Narayan Dwivedi
Director
(DIN: 07554468)

V Baskaran
Partner
M. No: 012202
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Director-Finance & Chief Financial Officer
(DIN: 07531722)

P Andal
Company Secretary
(M.No: A28465)

Place : Chennai
Date : 20-09-2017

Place : Chennai
Date : 20-09-2017

CHENNAI METRO RAIL LIMITED

Notes to the Financial Statements for the year ended 31st March 2017

Company Information

Chennai Metro Rail Limited (CMRL), registered CIN U60100TN2007SGC065596, was incorporated under the Companies Act, 1956 on 3rd December 2007 and is a Government Company within the meaning of Section 2(45) of the Companies Act 2013(Section 617 of the Companies Act, 1956). It is a Special Purpose Vehicle (SPV) and Joint Venture between Government of India (GOI) and Government of Tamil Nadu (GOTN) for the implementation of Chennai Metro Rail Project in Chennai, Tamil Nadu.

NOTE 1 - KEY ACCOUNTING ESTIMATES AND JUDGEMENTS & SIGINIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note No. 35.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2. Key Accounting Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as given below:

a) **Tenure of Interest Free Subordinate Debt from Government**

As per the MoU between CMRL, GoTN and GoI, subordinate debt is to be repaid after repayment of Senior Tem Debt (JICA Loan) availed for the metro project. For the purpose of determining the fair value of subordinate debt from GoI and GoTN, it has been assumed that the loans would be repaid in full in the year in which the last repayment installment date of the latest JICA Loan tranche falls due, in the absence of information regarding any specific loan repayment schedule at present.

b) **Fair Value of Interest Free Loans / Deposits**

For the purpose of determination of fair value of interest free subordinate debt and other interest free long-term deposits, interest rate has been considered based on Lending Rate of State Bank of India available for the comparable tenor.

c) **Useful lives of Property, Plant & Equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

d) **Defined Benefit Plans and Compensated Absences**

The cost of the defined benefit plans, compensated absences and the present value of t h e defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

1.3. Significant Accounting policies

a) Property, Plant & Equipment

1. Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

   Borrowing costs relating to qualifying assets are also included to the extent they relate to the period till such assets are ready to be put to use.

2. Expenditure incurred on enabling assets viz. utility diversion, environmental protection, road diversion / restoration / signage, renovation work of drainage system and rehabilitation and resettlement which is compulsorily required to be incurred and directly attributable to the construction of MRTS is capitalized with the respective identifiable assets.

3. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

4. Assets & systems common to more than one section of the project are capitalized on the basis of technical estimates / assessments.

5. Items such as spare parts, stand-by equipment and servicing equipment are recognized in accordance with IND AS 16 when they meet the definition of Property, Plant & Equipment. Otherwise, such items are classified as inventory.

6. Capitalization of assets for a new section to be opened for public carriage of passengers is done after ensuring its completeness in all respects after administrative formalities and compliance of the requirements stipulated by Commissioner of Metro Rail Safety imperative for the opening of the Section.

7. Freehold Land from Government and Government Departments

   a. Freehold lands received from Government of Tamil Nadu (GoTN) by means of interest f free subordinate debt are capitalized at the relevant Guideline value.

   b. Lands acquired from public bodies, under an arrangement of swap with GoTN, are capitalized at the values stipulated by the appropriate authorities.

   c. Lands acquired by the company from various Government agencies for payment consideration are capitalized.

8. Freehold land - Acquired from Private Land Owners

   Amount paid for acquisition of private land is capitalized upon receiving original title deed after registration or upon issuance of award by the competent authority, whichever is earlier. Any enhanced compensation demanded by the land owners shall only be accounted based on actual decision of the courts.

9. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred.
10. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.
11. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

b) Capital Work in Progress

a. Assets under installation or construction as on the balance sheet date are shown as Capital Work in Progress. In case of lump-sum contracts, expenditure is booked as Capital Work in Progress based on certification by General Consultants / Certified Engineers for the project which is done on a contractual milestone basis.

   Administrative and general overheads (net of income) directly / indirectly attributable to project are classified as expenses pending capitalization and grouped under capital work in progress.

b. Claims including Price variation are accounted for on acceptance.

c. Liquidated damages and penalties are accounted for on settlement of final bills or on award of arbitration proceedings with judicial authorities. Liquidated damages levied to mitigate the extra cost of construction are adjusted against the cost of related property, plant & equipment. Other LDs are recognized in the statement of profit and loss.

c) Depreciation and Amortization

Depreciation is charged on straight line basis over the estimated useful life of property, plant and equipment as prescribed under Schedule II of the Companies Act, 2013. However, in case of the following assets, depreciation is based on the useful life as determined by the management based on technical evaluation, which is different from the useful life prescribed in Schedule II to the Companies Act, 2013

Asset Group	Asset Type	Useful life
Rolling Stock	Rolling Stock	30 years
Track works	Track Works	30 years
Escalators & Elevators	Escalators & Elevators	30 years
Office Equipment	Mobile Phones, Tablets etc	3 Years
Plant & Machinery	Electronic Toe Load Measuring Device	3 Years
Plant & Machinery	Dewatering Pump and Accessories	5 years
Plant & Machinery	Oscillation Monitoring System	5 Years
Assets costing Rs. 5,000 or less	All assets	Year of purchase

Depreciation methods, useful lives and residual values are reviewed at the end of each

d) Intangible Assets

Intangible assets including railway lease land are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful life on a straight-line basis, from the date that they are available for use.

Amortization methods and useful lives are reviewed at the end of each financial year.

e) Government Grants

a. Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

b. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

c. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a systematic basis over the expected life of the related depreciable assets and presented within other income.

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

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

f) Foreign Currency Transaction

1. Functional Currency

The functional currency of the company is the Indian Rupee. These financial statements are presented in Indian rupees (rounded off to Lakhs).

2. Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value/historical cost are translated at the exchange rate prevalent at the date when the fair value was determined/at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

g) Inventories

Inventory is valued at cost or net realizable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

h) Cash and cash equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash, cheques in hand, bank balances, demand deposits with banks and bank overdrafts, that are repayable on demand, which forms an integral part of the entity's cash management, hence are included in cash equivalents.

i) Employee benefits

1. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled

2. Other long-term employee benefit obligations

The liability for encashable leave/leave travel concession that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, determined based on actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period on Government Bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

3. **Post-employment obligations**

a) **Defined Benefit Plan - Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit \credit method based on actuarial valuation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in retained earnings in the statement of changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

b) **Defined contribution Plan - Provident fund:**

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

4. **Employment Benefits to Deputationists**

Employee benefits due to employees on deputation from other state /central departments / PSUs are paid to their respective parent organizations / employer based on their direction. Necessary provision for such benefits payable at the close of the Financial Year are estimated and provided for.

j) **Prepaid Items**

Individual Items of Prepaid Expenses over Rs 100,000 each are recognized.

k) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. The company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity.

1. Fare Revenue

Income from fare collection is recognized on the basis of use of tokens, money value of the actual usage in case of Smart Cards and other direct fare collection. Single tickets are recognized as revenue on the day of purchase.

2. Income from Property Development

Rental income arising from operating leases of property is recognized in accordance with the terms and conditions of the contract with the licensee/lessee and is accounted for on a straight-line basis over the lease terms. Such rental income is included in revenue in the statement of profit or loss.

3. Interest Income

a) Interest on short term deposits with banks is recognized as income in the statement of profit and loss, using the effective interest method.

b) Interest on mobilization & other advances to vendors on Capital Works is adjusted against the Expenses Pending Capitalization.

4. Other Incidental Income

Income from sale of tender documents for the construction works and Rental Income receivable from the contractors in connection with the construction works are reduced from the expenses pending capitalization.

l) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

Other borrowing costs are expensed in the period in which they are incurred.

m) Taxation

The income tax expense or credit for the period consist of the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction and the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

n) Provision, Contingent Liabilities & Contingent Assets

Provision for legal and other claims are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent asset is disclosed when the inflow of economic resource is probable.

o) Cash Flow Statement

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

p) Financial Instruments

Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through profit or loss

A financial asset which is not classified in the above category is subsequently fair valued through profit or loss.

iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, for trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IND AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value of financial instruments

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes, etc. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

q) Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

All assets and liability for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted price in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs)

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than the quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly.

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

For assets or liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

r) **Leases**

Company as Lessee

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

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

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

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

Company as Lessor

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

s) Impairment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss in measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset in increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

t) Earnings Per Share

a) Basic earnings per share

Basic earnings per share is calculated by dividing

- The net profit attributable to the equity holders of the company
- By the weighted average number of equity shares outstanding during the period

b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to the equity holders of the company

- By the weighted average number of equity shares considered for deriving basic earnings per equity share and
- Also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

CHENNAI METRO RAIL LIMITED
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR 2016-2017

Note 2 : Property, Plant and Equipment

(Rs in lakhs)

Particulars	Gross Carrying Amount					Accumulated Depreciation					
	Opening Gross Carrying Amount	Additions	Adjustments / Reversals	Disposals	Closing Gross carrying amount	Opening Accumulated Depreciation	Depreciation charges during the year	Adjustments / Reversals	Disposals	Closing Accumulated Depreciation	Net carrying amount
Freehold Land	258,408.62	6,423.55	(37.29)	-	264,794.88	-	-	-	-	-	264,794.88
Building	54,015.20	39,698.75	-	-	93,713.95	646.70	1,184.91	-	-	1,831.61	91,882.34
Viaduct	60,876.83	55,079.52	(0.35)	-	115,956.00	1,458.02	2,843.41	-	-	4,301.43	111,654.57
Rolling Stock	42,812.37	37,267.12	-	-	80,079.49	1,025.15	1,975.22	-	-	3,000.37	77,079.13
Signalling & Telecom Equipments	20,064.52	13,605.94	-	-	33,670.46	1,001.36	1,739.29	-	-	2,740.65	30,929.81
Track Work (Permanent Way)	22,139.00	12,898.27	-	-	35,037.27	530.12	915.33	-	-	1,445.45	33,591.82
Traction Equipment	16,126.50	6,499.83	(1.37)	-	22,624.96	772.30	1,237.18	-	-	2,009.48	20,615.48
Escalators & Elevators	3,456.14	1,918.50	(0.34)	-	5,374.30	82.76	141.31	-	-	224.07	5,150.23
Automatic Fare Collection	3,078.82	1,177.69	(0.36)	-	4,256.15	153.65	242.60	-	-	396.25	3,859.89
Tunnel CCT	-	7,683.75	-	-	7,683.75	-	63.95	-	-	63.95	7,619.80
Furniture, Fittings and Equipment	514.65	87.14		-	601.79	69.77	53.48	-	-	123.25	478.54
Vehicles	72.88	-	(14.96)	-	57.92	33.13	7.66	-	(14.06)	26.73	31.20
Office Equipments	173.81	38.28	-	-	212.08	77.40	33.26	-	-	110.66	101.42
Computers	155.40	51.53	-	-	206.92	135.07	21.29	-	-	156.36	50.56
Bicycle	0.17	0.68	-	-	0.85	0.07	0.64	0.01	-	0.72	0.13
Plant & Equipment	6,611.63	257.74	(0.13)	-	6,869.24	319.03	428.45	-	-	747.48	6,121.75
	488,506.53	**182,688.28**	**(54.80)**	**-**	**671,140.01**	**6,304.54**	**10,887.96**	**0.01**	**(14.06)**	**17,178.46**	**653,961.56**

CHENNAI METRO RAIL LIMITED

NOTES TO FINANCIAL STATEMENTS

For The Year 2015-16

(Rs in lakhs)

	Gross Carrying Amount					Accumulated Depreciation					
Particulars	Deemed cost as at 1st April 2015	Additions	Adjustments / Reversals	Disposals	Closing Gross carrying amount	Opening accumulated depreciation	Depreciation charge during the year	Adjustments / Reversals	Disposals	Closing accumulated depreciation	Net carrying amount
Freehold Land	243,384.93	17,958.57	-	(2,934.88)	258,408.62	-		-	-	-	258,408.62
Building	-	54,015.20	-	-	54,015.20	-	646.70	-	-	646.70	53,368.50
Viaduct	-	60,876.83	-	-	60,876.83	-	1,458.02	-	-	1,458.02	59,418.81
Rolling Stock	-	42,812.37	-	-	42,812.37	-	1,025.15	-	-	1,025.15	41,787.22
Signalling & Telecom Equipments	-	20,064.52	-	-	20,064.52	-	1,001.36	-	-	1,001.36	19,063.17
Track Work (Permanent Way)	-	22,139.00	-	-	22,139.00	-	530.12	-	-	530.12	21,608.88
Traction Equipment	-	16,126.50	-	-	16,126.50	-	772.30	-	-	772.30	15,354.20
Escalators & Elevators	-	3,456.14	-	-	3,456.14	-	82.76	-	-	82.76	3,373.38
Automatic Fare Collection	-	3,078.82	-	-	3,078.82	-	153.65	-	-	153.65	2,925.16
Tunnel CCT	-	-	-	-	-	-		-	-	-	-
Furniture, Fittings and Equipment	100.96	423.88		(10.19)	514.65	30.54	39.23		-	69.77	444.88
Vehicles	92.84	-	(8.63)	(11.33)	72.88	20.69	7.52	4.92	-	33.13	39.76
Office Equipments	133.90	47.90		(8.00)	173.81	43.71	33.70		-	77.40	96.40
Computers	152.40	6.06	-	(3.07)	155.40	119.21	15.86	-	-	135.07	20.33
Bicycle	0.06	0.11	-	(0.00)	0.17	0.06	0.01	-	-	0.07	0.10
Plant & Equipment	10.22	6,601.42		(0.02)	6,611.63	0.84	318.20		-	319.03	6,292.59
Total	**243,875.32**	**247,607.32**	**(8.63)**	**(2,967.48)**	**488,506.53**	**215.04**	**6,084.58**	**4.92**	**-**	**6,304.54**	**482,201.99**

2.1 The company has capitalised the lands given by the Government of Tamilnadu amounting to Rs.137,699.85 lakhs based on Government order at the guideline value and considered the same as a subordinate debt payable to Government of Tamilnadu. The lands have been capitalised to the extent of the actual possession obtained. The same are subject to alienation by the appropriate authorities. Any differences in the value at the time of alienation will be accounted for at that point of time.

2.2 Lands acquired from other government agencies valued at Rs. 69,673.20 Lakhs have been capitalised at the guideline value pending alienation. Any variation in values at the time of alienation will be appropriately accounted for at that point of time.

2.3 Lands valued at Rs.1051.49 Lakhs have been capitalised pending alienation in respect of which the payee shall be determined after litigation. Any variation in values at the time of alienation will be appropriately accounted for at that point of time

2.4 Land Includes Rs. 648.43 Lakhs (Previous Year Rs.478.62 lakhs) that have been acquired without any consideration and which have been valued based on their guideline value and considered as capital reserve.

2.5 Land to an extent of 15116.89 sq mt. valued at Rs. 8794.22 Lakhs have been capitalised in excess of the land extent specified in the Government Gazette Order. The alienation of the lands is being finalised with the Government of Tamilnadu

2.6 Foreign Exchange difference amounting to Rs. 89.42 Lakhs (Previous Year - Rs. 402.78 lakhs) have been Capitalised during the financial year.

2.7 Borrowing Costs amounting to Rs. 2427.32 lakhs (Previous Year Rs. 2310.89 lakhs) have been Capitalised during the year.

2.8 Adjustments to cost of land amounting to Rs. 2934.88 Lakhs is on account of reduction of area of the lands taken over from State Government agencies pending alienation.

2.9 The St Thomas Mount Station is capitalized based on the technical estimated value and it will be reviewed on finalization of MoU with Southern Railway for the sharing of expenses between MRTS Station & St Thomas Mount Metro Station.

CHENNAI METRO RAIL LIMITED
NOTES TO FINANCIAL STATEMENTS

Note 3 : Capital Work in Progress

(Rs in lakhs)

Particulars	As on 01.04.2015 Ind AS	Additions / Adjustment for the Year	Total	Capitalised during the year	As on 31.03.2016 Ind AS	Additions / Adjustments for FY 2016-17	Total	Capitalized during FY 2016-17	As on 31.03.2017 Ind AS	As on 31.03.2017
Resettlement & Rehabilitation expenditure	13,119.65	306.14	13,425.79	(1,157.74)	12,268.05	1,109.44	13,377.50	(1,182.85)	12,194.65	12,194.65
Shifting of Utilities	14,667.92	182.44	14,850.36	(6,287.94)	8,562.42	7,869.93	16,432.35	(12,731.05)	3,701.30	3,701.30
Survey Expenses	174.66	-	174.66		174.66	-	174.66	-	174.66	174.66
Station Building	54,498.10	21,984.67	76,482.77	(31,059.00)	45,423.77	8,701.06	54,124.83	(53,207.04)	917.79	917.79
Procurement - Civil	75,278.61	5,060.04	80,338.65	(46,907.59)	33,431.06	(1,367.20)	32,063.86	(30,985.10)	1,078.76	1,078.76
Depot and Stabling	23,117.18	5,180.42	28,297.60	(27,064.23)	1,233.36	2,378.25	3,611.61	(900.32)	2,711.29	2,711.29
Underground - Tunnelling & Stations	452,577.08	65,979.14	518,556.22	-	518,556.22	124,016.80	642,573.01	-	642,573.01	642,573.01
Permanent Way	32,407.73	10,959.33	43,367.05	(19,826.37)	23,540.68	3,896.59	27,437.27	(11,510.38)	15,926.89	15,926.89
General WIP assets - (Material supply)	21.45	106.58	128.03		128.03	(128.02)	0.00		0.00	0.00
Rolling Stock	100,412.09	25,946.38	126,358.47	(37,833.11)	88,525.36	22,225.33	110,750.69	(33,767.61)	76,983.08	76,983.08
Lifts & Escalator	5,683.01	3,293.01	8,976.02	(3,042.32)	5,933.70	1,180.16	7,113.86	(1,711.77)	5,402.10	5,402.10
Automatic Fare Collection	4,065.22	963.43	5,028.64	(2,782.92)	2,245.72	1,425.01	3,670.73	(1,069.78)	2,600.95	2,600.95
Power Supply & OHE	13,662.33	5,845.73	19,508.07	(13,383.18)	6,124.89	3,948.49	10,073.38	(4,689.69)	5,383.69	5,383.69
Signalling & Telecommunication	38,586.09	9,266.12	47,852.21	(17,848.96)	30,003.25	10,405.35	40,408.60	(12,141.47)	28,267.13	28,267.13
Tunnel Ventilation System	3,636.11	5,422.58	9,058.69	-	9,058.69	2,201.71	11,260.40	-	11,260.40	11,260.40
UG - Station Air Conditioning	2,867.17	2,183.19	5,050.36	-	5,050.36	3,308.41	8,358.77	-	8,358.77	8,358.77
	168,912.03	52,920.44	221,832.46	(74,890.49)	146,941.98	44,694.46	191,636.44	(53,380.31)	138,256.13	138,256.13
Other Cost										
General Consultancy Charges	66,477.70	4,360.08	70,837.78	(16,448.56)	54,389.22	2,045.44	56,434.65	(10,451.41)	45,983.24	45,983.24
Prime Consultancy Charges	4,306.79	0.36	4,307.15	(1,201.95)	3,105.20		3,105.20	(717.35)	2,387.85	2,387.85
Other Consultancy Charges	498.97	324.75	823.72		823.72	1,209.60	2,033.32	-	2,033.32	2,033.32
Other Project Consultancy Charges	4,980.42	325.12	5,305.54	(1,201.96)	4,103.58	1,209.61	5,313.18	(717.35)	4,595.83	4,595.83
	71,458.12	4,685.20	76,143.32	(17,650.52)	58,492.80	3,255.04	61,747.83	(11,168.76)	50,579.07	50,579.07
Metro Headquarters	1,711.56	923.23	2,634.79	-	2,634.79	1,940.36	4,575.15	-	4,575.15	4,575.15
Expenses pending Capitalization	(37,934.04)	80,011.31	42,077.27	(5,658.05)	36,419.22	6,683.78	43,103.00	(2,291.81)	40,811.19	40,811.19
Grand Total	869,835.38	248,298.94	1,118,134.31	(230,501.93)	887,632.39	203,050.48	1,090,682.85	(177,357.61)	913,325.25	913,325.24

Note 4 : Intangible Assets

For the Year 2016-17

(Rs in lakhs)

Particulars	Gross Carrying Amount					Accumulated Depreciation					
	Opening Gross Carrying Amount	Additions	Adjustments / Reversals	Disposals	Closing Gross carrying amount	Opening Accumulated Depreciation	Depreciation charges during the year	Adjustments / Reversals	Disposals	Closing Accumulated Depreciation	Net carrying amount
Leasehold Land	46,858.99	325.37	-	-	47,184.36	3,137.82	669.41	-	-	3,807.23	43,377.14
Software	40.95	-	-	-	40.95	28.86	4.71	-	-	33.57	7.38
Total	**46,899.94**	**325.37**	**-**	**-**	**47,225.31**	**3,166.68**	**674.12**	**-**	**-**	**3,840.80**	**43,384.51**

For the Year 2015- 16

(Rs in lakhs)

Particulars	Gross Carrying Amount					Accumulated Depreciation					
	Opening Gross Carrying Amount	Additions	Adjustments / Reversals	Disposals	Closing Gross carrying amount	Opening Accumulated Depreciation	Depreciation charges during the year	Adjustments / Reversals	Disposals	Closing Accumulated Depreciation	Net carrying amount
Leasehold Land	46,858.99	-	-	-	46,858.99	2,468.40	669.41	-	-	3,137.82	43,721.18
Software	41.20	-	0.05	(0.30)	40.95	24.45	4.41	-	-	28.86	12.09
Total	**46,900.19**	**-**	**0.05**	**(0.30)**	**46,899.94**	**2,492.85**	**673.82**	**-**	**-**	**3,166.68**	**43,733.26**

4.1 Rs. 46,858.99 Lakhs paid to Southern Railway towards enter upon permission for Railway lands has been capitalized pending finalization of lease deeds. Hitherto, amount payable to obtain permission to cross Railway land conveyed by way of agreement with Railways in this regard was being considered as a Tangible Asset and depreciated over the term of such agreement which is taken as 70 years considering the initial period of 35 years and also a further period of 35 years being the extension available in the agreement by payment of nominal charges.

The company has re-evaluated the classification of such lands under Ind AS 17 - Leases based on which, the company has decided to re-classify the same as an Intangible Asset since it is in the nature of permission to cross railway land. Accordingly, the carrying value of such assets as on 1st April, 2015 amounting to Rs. 44,390.59 has been reclassified and disclosed as Intangible Assets, with consequent reclassification in the financial statements for the year ended 31st March 2016 and 31st March, 2017. Such intangible assets is amortised over the period of 70 years as stated above.

4.2 During the current year, an amount of Rs. 1,202.62 Lakhs paid towards additional compensation for railway land is accounted as an advance pending finalization of area acquired. At present there are no further demands subsisting but if there is a change in the area required, demand may arise in future.

4.3 Depreciation of software alone is charged to Profit & Loss account and amortization of leasehold land has been taken into capital work in progress.

Notes to the Financial Statements for the year ended 31st March 2017

	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Note 2 - Property, Plant & Equipment	**31.03.2017**	**31.03.2016**	**01.04.2015**
Property, Plant & Equipment - Refer Separate Sheet attached	653,961.56	482,201.99	243,660.27
Total	**653,961.56**	**482,201.99**	**243,660.27**

Note 3 - Capital Work in Progress	**31.03.2017**	**31.03.2016**	**01.04.2015**
CWIP - Refer Separate Sheet attached	913,325.24	887,632.38	869,835.38
Total	**913,325.24**	**887,632.38**	**869,835.38**

Note 4 - Intangible Assets	**31.03.2017**	**31.03.2016**	**01.04.2015**
Intangible Assets - Refer Separate Sheet attached	43,384.51	43,733.26	44,407.34
Total	**43,384.51**	**43,733.26**	**44,407.34**

Note 5 - Other Financial Assets	**31.03.2017**	**31.03.2016**	**01.04.2015**
Deposits (Refer Note No. 5.1)	433.17	337.82	135.95
Total	**433.17**	**337.82**	**135.95**

5.1 Represents refundable deposits with Electricity, water and other departments. Since the exact term of the same is not ascertainable in view of the expected perpetual usage of related services, these deposits are carried at its initial transaction value.

Note 6 - Current Tax Assets	**31.03.2017**	**31.03.2016**	**01.04.2015**
	₹	₹	₹
Income Tax - Advance Tax & TDS (net)	2,802.96	1,588.05	1,110.70
Wealth Tax (net)	0.13	0.13	(0.15)
Total	**2,803.09**	**1,588.18**	**1,110.55**

Note 7 - Other Non Current Assets	**31.03.2017**	**31.03.2016**	**01.04.2015**
	₹	₹	₹
Unsecured, Considered good			
Capital Advances			
Land Advance	24,453.03	3,820.53	3,732.76
Advances to Contractors			
i) Mobilization and other Advances (Refer Note No. 7.1)	20,559.58	12,201.89	10,252.07
ii) Material Advances	-	-	546.82
Advance to Airports Authority of India (AAI)	350.00	443.23	1,056.69
Balance with Govt Authorities			
Service tax Input Credit	2,120.38	1,752.31	1,001.47
Total	**47,482.99**	**18,217.96**	**16,589.81**

7.1 Mobilization and other advances to contractors are covered by the Bank Guarantees.

Note 8 - Inventories	**31.03.2017**	**31.03.2016**	**01.04.2015**
	₹	₹	₹
a) Stores & Spare Parts	807.77	57.21	3.41
b) Loose Tools	17.80	7.19	1.59
Total	**825.57**	**64.40**	**5.00**

Note 9 - Trade Receivables	(₹ in Lakhs) 31.03.2017	(₹ in Lakhs) 31.03.2016	(₹ in Lakhs) 01.04.2015
	₹	₹	₹
Unsecured, Considered Good			
Trade Receivables - Property Development	382.30	77.25	-
Total	**382.30**	**77.25**	-

Note 10 - Cash and Cash Equivalents	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Cash on Hand	30.29	9.43	3.67
Balances with Bank			
In Current Accounts	37,774.33	27,972.77	7,495.60
In Deposit Accounts (with Maturities less than 3 months)	3,201.31	47,199.99	82,822.00
In Deposit Accounts (with Maturities more than 3 months but less than 12 months)	89,200.00	88,570.00	32,200.00
Book Overdraft	(91.91)	(101.69)	(1,210.50)
Total	**130,114.02**	**163,650.50**	**121,310.77**

Note 11 - Other Bank Balances	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Balance with Banks in Deposits Accounts			
Earmarked Short Term Deposits (with Maturities less than 3 months)(Refer Note No. 11.1)	532.00	516.46	500.00
Total	**532.00**	**516.46**	**500.00**

11.1 Earmarked short term deposits of Rs. 532.00 Lakhs (PY Rs. 516.46 Lakhs) are held under lien against letters of credit and bank guarantees issued for the Company.

Note 12 - Other Financial Assets	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Unsecured, Considered Good			
VAT Recoverable from GOTN (Refer Note No. 12.1)	10,846.22	11,097.12	14,015.97
Stamp Duty Recoverable from GOTN (Refer Note No. 12.2)	494.99	-	-
Interest Accrued On Deposits with Bank	2,425.85	2,733.43	329.84
Pass Through Assistance against JICA Loan (Refer Note No. 23.2)	-	-	74,032.16
Festival Advance to Employees	18.41		
Deposits	24.74	10.64	-
Other Receivables / Recoverables	3,940.01	6,610.03	4,296.64
Total	**17,750.22**	**20,451.22**	**92,674.61**

12.1 VAT payments incurred amounting to Rs. 10,846.22 Lakhs (Previous Year Rs. 11,097.12 Lakhs) are reimbursable from Government of Tamil Nadu in accordance with clause 10.4 of the Memorandum of Understanding between the Government of India, Government of Tamil Nadu and the company.

12.2 During the year, the company has recognised stamp duty and registration charges incurred towards Phase I extension amounting to Rs. 494.99 Lakhs as recoverable from GoTN in accordance with the above referred clause in the MoU.

Note 13 - Current Tax Assets	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Income Tax - Advance Tax & TDS (net)	1,131.10	1,202.58	477.35
Total	**1,131.10**	**1,202.58**	**477.35**

Note 14 - Other Current Assets	(₹ in Lakhs) 31.03.2017	(₹ in Lakhs) 31.03.2016	(₹ in Lakhs) 01.04.2015
	₹	₹	₹
Prepaid Expenses	94.73	105.58	265.30
Other Advances	82.24	405.59	353.61
Gratuity Fund with LIC (net) (Refer Note No. 41.2)	5.28	17.82	30.61
Total	**182.25**	**528.99**	**649.52**

Note 15 - Share Capital	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Authorized			
658,00,000 Equity Shares of ₹ 1000/- each (Previous Year - 658,00,000 Equity Shares of ₹ 1000/- each)	658,000.00	658,000.00	658,000.00
Issued, Subscribed and Paid up Equity Shares			
(Number of shares of ₹ 1000 each)	39,010,690	39,010,690	39,010,690
Equity Shares of ₹ 1000/- each fully paid	390,106.90	390,106.90	390,106.90
Total	**390,106.90**	390,106.90	**390,106.90**

15.1 Reconciliation of Equity shares and amounts outstanding

Particulars	31.03.2017	31.03.2016
	No. of shares	No. of shares
At the beginning of the year	39,010,690	39,010,690
Issued during the year	-	-
At the end of the year	**39,010,690**	**39,010,690**

15.2 Rights, preferences and restrictions attached to Shares

Equity Shares

The Company has one class of equity shares, having a par value of Rs. 1000/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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.

15.3 Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31.03.2017	31.03.2016
	No. of Shares	No. of Shares
The President & Nominees, Government of India	19,505,345	19,505,345
The Governor & Nominees, Government of Tamilnadu	19,505,345	19,505,345
Total	**39,010,690**	**39,010,690**

Note 16 - Other Equity	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Reserves & Surplus			
Capital Reserve (Refer Note No. 16.1.1)	648.43	478.62	341.62
Retained Earnings - Surplus / (Deficit)	2,867.11	23,212.20	30,291.49
Share Application Money Pending Allotment	52,570.82	43,255.82	31,128.82
Total	**56,086.36**	**66,946.64**	**61,761.93**

16.1 Movement in Other Equity	31.03.2017 (₹ in Lakhs)	31.03.2016 (₹ in Lakhs)
	₹	₹
Capital Reserve (Refer Note No. 16.1.1)		
Opening Balance	478.62	341.62
Add: Additions during the year	169.81	137.00
Closing balance	648.43	478.62
Retained Earnings - Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	23,212.20	30,291.49
Add: Total Comprehensive Income/ (Loss) for the Year	(20,345.08)	(7,079.29)
Closing balance	2,867.12	23,212.20
Share Application Money Pending allotment		
Opening Balance	43,255.82	31,128.82
Add: Received during the Year	9,315.00	12,127.00
Less : Share Capital issued	-	-
Closing balance (Refer Note No. 16.1.2)	52,570.82	43,255.82
Total	**56,086.37**	**66,946.64**

16.1.1 Capital Reserve represent the value of lands that have been acquired from parties other than government without any consideration and which have been valued at guideline value.

16.1.2 Details of Advance Share Application Money	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
- From Government of India	9,315.00		
- From Government of Tamil Nadu	43,255.82	43,255.82	31,128.82
Total	**52,570.82**	**43,255.82**	**31,128.82**

A) Chennai Metro Rail Limited is a Special Purpose Vehicle formed as Joint Venture between the Government of India and Government of Tamil Nadu and both Governments hold 50% each shares in the equity capital. The equity contribution is being released in phases and in order to maintain equal shareholding, the excess release are held as Share Application Money. Equity Shares of Rs.1000 each at par shall be issued to the shareholders having all rights similar to the existing shares, issued in such a manner that the proportion of equity holding of the shareholders are equal. The company has sufficient authorized share capital to cover the share capital amount resulting from allotment of shares against share application money.

Note 17 - Long Term Borrowings	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Unsecured			
Term Loans from Other Parties			
From Government of India against			
Japan International Cooperation Agency (JICA)(Refer Note No. 17.1)	787,052.27	698,657.06	532,882.73
Subordinate Debt from Government of India (Refer Note No. 17.2)	31,125.92	29,359.96	28,745.00
Subordinate Debt from Government of Tamil Nadu (Refer Note No. 17.2)	270,565.33	265,671.08	264,100.27
Total	**1,088,743.52**	**993,688.10**	**825,728.00**

17.1 To meet the Project cost, the Govt of India has provided Pass Through Assistance against Japan International Cooperation Agency (JICA) loan. JICA sanctioned four tranches, the first tranche sanctioned on 21/11/2008 is for 21,751 millions of JPY at interest rate of 1.2% p.a (except for consultancy services for which the rate is 0.01%) and the second, third & fourth tranches sanctioned on 31/3/2010, 28/3/2013 & 4/3/2016 are for 59,851 million JPY and 48,691 million JPY and 19,981 JPY million respectively at interest rate of 1.4% p.a (except for consultancy service for which the rate is 0.01%), and the commitment charges of 0.1% p.a. for the all the tranches except fourth tranche for which the front end fee is 0.20%). These loans will be repayable in half yearly instalments over 30 years (10 Years Moratorium from date of agreement & after that 20 Years repayment) Foreign exchange fluctuations on JICA loans are not recognised by the company.

17.2 Government of India(GOI) and Government of Tamilnadu(GOTN) being JV partners contributes interest free subordinate debt to the extent of Rs. 73,000 Lakhs and Rs. 84,400 Lakhs respectively for the project. As per the MOU between GOI, GOTN and CMRL, the Subordinate Debt from the GOTN is to be suitably enhanced when the Land cost finally works out to be more than Rs. 93,500 Lakhs. As on the Balance sheetdate, the company has incurred an amount of Rs. 1,94,222 Lakhs (Previous Year Rs. 1,83,948.93 Lakhs) towards the cost of R&R and Land / Land Advance in respect of which funds have been received from GOTN amounting to Rs. 167,652 Lakhs (Previous Year Rs. 153,322 Lakhs). Further lands have been acquired for without payment consideration amounting to Rs. 137,699.85 Lakhs (Previous Year Rs. 137,699.25 Lakhs) pending alienation of the lands and which has been accounted as subordinate debt of GOTN in accordance with the MOU.

The company will be required to repay the subordinate debt to GOI and GOTN proportionately only after repayment of JICA loan availed for the project.

During the year, the company has received subordinate debt of Rs. 50,000 Lakhs and Rs.18,000 Lakhs (Previous Year Rs. 17,821.58 Lakhs and Rs.6,977 Lakhs) respectively from GoTN and GoI. These amounts have been recognised at their fair value of Rs. 4,766.22 Lakhs (PY Rs. 1,570.81 Lakhs) and Rs. 1,715.84 Lakhs (PY Rs. 614.96 Lakhs) respectively using prevailing market interest rates. The difference between the gross proceeds and fair value of the loan as above amounting to Rs. 61,517.94 Lakhs (PY Rs. 22,612.81 Lakhs) has been recognised as deferred income under Government Grants. Further, out the government grant recognised as deferred income in the previous year, an amount of Rs. 199.84 Lakhs has been credited to the Statement of Profit and Loss during the year. Further, interest of Rs.178.14 Lakhs has been recognised on subordinatedebt during the year.

Note 18 - Other Financial Liabilities	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Retention Money Payable (Refer Note No 18.1)	21,068.91	22,254.19	20,311.19
Security Deposits	546.03	391.72	139.33
Other Payables (Net) (Refer Note No 18.2)	145.08	198.09	198.09
	21,760.02	**22,844.00**	**20,648.61**

18.1 Retention money represents amount held as security till the completion of defect liability period of various project related contracts. As per the practice followed by the company, at the contractor's request, such retention moneys are released against submission of Bank Guarantee of an equivalent amount based on approval of competent authority on a case to case basis. Accordingly, retention money is carried at its original transaction value.

18.2 Other Payables represent the amount payable at their guideline value towards the land acquired under litigation net of the deposits made in respect of the same with the Courts.

Note 19 - Long Term Provisions	**31.03.2017**	**31.03.2016**	**01.04.2015**
	₹	₹	₹
Provision for employee benefits (Refer Note No. 41)	412.06	283.70	181.83
Total	**412.06**	**283.70**	**181.83**

Note 20 - Deferred Tax Liability	**31.03.2017**	**31.03.2016**	**01.04.2015**
	₹	₹	₹
Deferred Tax Liability			
- on Account of Depreciation and Amortisation	17,956.15	7,009.19	16.70
Net deferred tax liabilities	**17,956.15**	**7,009.19**	**16.70**

Note 21 - Other Non-Current Liabilities	**31.03.2017**	**31.03.2016**	**01.04.2015**
	₹	₹	₹
Deferred Income - Government Grant (Refer Note No. 21.1 below)	109,400.54	42,262.06	14,401.24
Others	17.71	-	-
Total	**109,418.24**	**42,262.06**	**14,401.24**

21.1. Movement in Government Grants

For the Year Ended 31.03.2016

Particulars	**Opening Balance** (₹ in Lakhs)	**Grants recognised during the Year** (₹ in Lakhs)	**Amount recognised in P&L during the Year** (₹ in Lakhs)	**Closing Balance** (₹ in Lakhs)
Subordinate Debt - GoTN	-	16,250.77	-	16,250.77
Subordinate Debt - GoI	-	6,362.04	-	6,362.04
Reimbursement of Taxes & Duties	14,014.70	5,299.85	50.45	19,264.11
Others	386.54	-	1.39	385.14
Total	**14,401.24**	**27,912.66**	**51.84**	**42,262.06**

For the Year Ended 31.03.2017

Particulars	**Opening Balance**	**Grants recognised during the Year**	**Amount recognised in P&L during the Year**	**Closing Balance**
Subordinate Debt - GoTN	16,250.77	45,233.78	143.61	61,340.93
Subordinate Debt - GoI	6,362.04	16,284.16	56.22	22,589.98
Reimbursement of Taxes & Duties	19,264.11	5,994.48	170.69	25,087.90
Others	385.14	-	3.42	381.73
Total	**42,262.06**	**67,512.42**	**373.94**	**109,400.54**

Note 22 - Trade Payables

	31.03.2017	**31.03.2016**	**01.04.2015**
	₹	₹	₹
Due to Micro and Small Enterprises	-	-	-
Due to Others	3,583.60	4,085.76	4,446.28
Total	**3,583.60**	**4,085.76**	**4,446.28**

Note 23 - Other Financial Liabilities

	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Interest / Commitment Charges on Borrowings (Refer Note No. 23.1)			
Accrued and due	34,294.11	23,332.28	15,364.58
Accrued but not due	-	742.73	675.18
Pass Through Assistance against JICA Loan (Refer Note No. 23.2)	11,788.73	2,183.94	
Deposits			
Earnest Money Deposits	569.61	44.24	38.11
Deposits received for Other Works	22,987.04	23,576.73	2,861.17
Security Deposits	52.48	60.00	16.32
Retention Money Payable (Refer Note No. 18.1)	2,606.67	3,183.57	2,176.89
Other Retention/ Recoveries			
i) Retention towards Potential liquidated damages (Refer Note No.23.3)	8,358.33	3,568.98	3,320.26
ii) Retention towards Potential penalties	2,316.83	2,132.33	1,337.31
iii) Retention towards Performance security on terminated contracts	17,416.11	14,800.85	4,277.02
Payable for Capital Purchases	21,376.74	17,364.81	42,388.21
Duties & Taxes	1,225.55	1,235.17	1,373.53
Total	**122,992.20**	**92,225.63**	**73,828.58**

23.1 Commitment charges & Interest payable (due & accrued) on borrowings represents the amount payable on the Japan International Co-Operation Agency (JICA) loan provided for as per the terms of the agreement. With regard to this payment, the company has made a request to Ministry of Urban Development (MOUD) to postpone the payment of the same after commencement of fulloperations, reply for the same is awaited.

23.2. The total pass through assistance sanctioned for the project is Rs. 8,64,600 lakhs. An amount of Rs. 7,98,841.00 lakhs has been remitted by Ministry of Urban Development, MRTS Cell, Government of India as Pass Through Assistance against JICA loan during the same period. The Company sent claims amounting to Rs.7,88,380.44 lakhs. The amount received as advance PTA is shown under current liabilities.

23.3 Amount retained towards potential Liquidated damages amounting to Rs. 8,358.33 Lakhs (Previous Year - Rs. 3,568.98 Lakhs) and potential penalties amounting to Rs. 2,316.83 Lakhs (Previous Year - Rs. 2,132.33 Lakhs) which would be determined at the time of settlement of final bill or award of arbitration proceedings with the judicial authorities.

Note 24 - Other Current Liabilities

	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Advances Received	793.45	341.67	104.97
Deferred Income			-
Property Development Lease Rent	345.87	316.97	77.03
Total	**1,139.32**	**658.64**	**182.00**

Note 25 - Provisions

	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Provision for employee benefits (Refer Note No. 41)	109.65	92.38	54.46
Total	**109.65**	**92.38**	**54.46**

Notes to the Financial Statements for the year ended 31st March 2017 (₹ in Lakhs) (₹ in Lakhs)

Note 26 - Revenue from Operations	2016-17	2015-16
	₹	₹
From Traffic Operations		
Traffic Earnings	1,381.33	1,069.63
From Property Development		
Lease/Other Income	744.41	241.04
Total	**2,125.74**	**1,310.67**

Note 27 - Other Income	2016-17	2015-16
	₹	₹
Interest Income		
- on Deposits with Bank	11,004.51	11,551.04
- on Advances	-	47.23
Less : Interest earned on Borrowed Funds	(163.35)	(450.45)
Government Grants (Refer Note No. 21.1)	373.94	51.84
Project Supervision Fee	-	347.70
Sale of Tender Documents	-	1.03
Profit on Sale of Property, Plant & Equipment	3.05	0.67
Miscellaneous income	51.07	15.86
Total	**11,269.22**	**11,564.92**

Note 28 - Operating Expenses	2016-17	2015-16
	₹	₹
Customer Facilitation Expenses	896.01	660.88
Electricity Charges	1,925.78	1,138.37
Total	**2,821.79**	**1,799.25**

Note 29 - Employee Benefit Expenses	2016-17	2015-16
	₹	₹
O & M Expenses		
Salaries & Wages	2,430.09	2,159.19
Contribution to Provident & Other Funds	206.96	87.81
Staff Welfare Expenses	405.98	160.86
Property Development Expenditure		
Salaries & Wages	53.36	50.27
Contribution to Provident & Other Funds	-	3.51
Staff Welfare Expenses	-	0.45
Total	**3,096.39**	**2,462.09**

Note 30 - Finance Cost	2016-17	2015-16
	₹	₹
Interest Expenses on JICA Loan & other Bank Charges	2,261.27	791.13
Total	**2,261.27**	**791.13**

Note 31 - Other Expenses	(₹ in Lakhs) 2016-17	(₹ in Lakhs) 2015-16
	₹	₹
Advertisement	488.68	212.08
Recruitment, Conference & Seminar / Sponsorship Expenses	88.20	70.79
Legal, Professional & Consultancy Charges	723.10	187.27
Community Interaction Programme & Meeting Expenses	429.58	63.16
Miscellaneous Expenses	5.27	0.94
Insurance	0.00	0.13
Motor Car Expenses	32.52	35.79
Outsourcing Expenses	420.93	380.40
Postage & Courier Expenses	1.74	
Printing & Stationery	75.90	56.90
Rates & Taxes	61.18	0.29
Repairs & Maintenance	798.51	311.62
Books & Periodicals	2.13	
Statutory Audit fees - Towards Audit fee	4.50	
Telephone Charges	130.61	92.01
Travelling Expenses, Conveyance & Vehicle Hire Charges	423.15	375.25
Commission on sale of fixed assets	0.11	0.00
Sub-Total	**3686.11**	**1786.63**
Property Development Expenditure		
Advertisement	30.42	16.02
Community Interaction Programme & Meeting Expenses		0.14
Rates & Taxes	0.47	0.03
Travelling Expenses, Conveyance & Vehicle Hire Charges		0.32
Sub-Total	**30.89**	**16.51**
TOTAL	**3,717.00**	**1,803.14**

Note 32 - Income Taxes	2016-17	2015-16
	₹	₹
A) Major Components of Income Tax Expense for the Year		
(i) Income Tax recognised in the Statement of Profit and Loss		
Current Tax		
In respect of Current Year	-	-
Deferred Tax		
In respect of Current Year	10,946.96	6,992.50
Total	**10,946.96**	**6,992.50**
B) Reconciliation of Tax Expense and Accounting Profit for the Year		
Profit / (Loss) before Tax	**(9,394.14)**	**(80.61)**
Enacted Income Tax Rate	30.90%	30.90%
Tax Expense / (Gain) Calculated at applicable Rate	(2,902.79)	(24.91)
Deferred Tax on Unutilised Tax Losses not recognised	13,849.75	7,017.40
Total	**10,946.96**	**6,992.50**

C) Unrecognised Deferred Tax Assets

Deferred Tax Asset on unused tax losses incurred during the year and the previous year, as detailed hereunder, has not been recognised in the books of account as a matter of prudence

Financial Year	31.03.2017	31.03.2016
Unabsorbed Depreciation - FY 15-16	22,687.87	22,687.87
Unabsorbed Depreciation - FY 16-17	44,821.19	
Total	**67,509.06**	**22,687.87**

D) Major Components of Deferred Tax Liabilities / Assets	Difference between WDV / CWIP of PPE / Intangible Assets as per books of Account and Income Tax Act, 1961	
	2016-17	**2015-16**
Balance Sheet - Opening	7,009.19	16.69
P&L - Recognised during the year	10,946.96	6,992.50
Balance Sheet - Closing	**17,956.15**	**7,009.19**

Note 33 - Earnings Per Share	2016-17	2015-16
Earnings		
- Profit after Tax As per Statement of P&L (Rs in lakhs)	(20,341.09)	(7,073.10)
Shares		
- Number of Shares issued & paid-up at the Beginning of the Year	39,010,690	39,010,690
- Number of Equivalent Shares in respect of Share Application Money Pending Allotment as at the beginning of the year	4,325,582	3,112,882
- Number of Equivalent Shares in respect of Share Application Money received during the year	931,500	1,212,700
Total	**44,267,772**	**43,336,272**
Weighted average number of equity shares outstanding during the year	**43,555,749**	**42,623,894**
Earnings per Share - Basic & Diluted (Amount in Rs.)	**(46.70)**	**(16.59)**
Face Value / Share - Rs. 1,000		

Notes to the Financial Statements for the year ended 31st March 2017

	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Note 34A - Category Wise Classification of Financial Instruments	**31.03.2017**	**31.03.2016**	**01.04.2015**
Financial Assets Measured at Amortised Cost			
Non - Current			
Deposits	433.17	337.82	135.95
Current			
Trade Receivables	382.30	77.25	-
Cash & Cash Equivalents	130,114.02	163,650.50	121,310.77
Other Bank Balances	532.00	516.46	500.00
VAT / Stamp Duty Recoverable	11,341.21	11,097.12	14,015.97
Interest Accrued On Deposits with Bank	2,425.85	2,733.43	329.84
Pass Through Assistance against JICA Loan	-	-	74,032.16
Other Deposits / Receivables	3,983.16	6,620.67	4,296.64
	149,211.71	**185,033.25**	**214,621.32**
Financial Liabilities Measured at Amortised Cost			
Non - Current			
Borrowings from JICA - Senior Term Debt	787,052.27	698,657.06	532,882.73
Subordinate Debt from Government of India	31,125.92	29,359.96	28,745.00
Subordinate Debt from Government of Tamil Nadu	270,565.33	265,671.08	264,100.27
Retention money payable	21,068.91	22,254.19	20,311.19
Security Deposits	546.03	391.72	139.33
Others	145.08	198.09	198.09
Current			
Trade Payables	3,583.60	4,085.76	4,446.28
Interest / Commitment Charges payable on Borrowings	34,294.11	24,075.01	16,039.76
Pass Through Assistance against JICA Loan	11,788.73	2,183.94	-
Deposits	23,609.14	23,680.96	2,915.60
Retention Money Payable	2,606.67	3,183.57	2,176.89
Other Retention / Recoveries	28,091.26	20,502.16	8,934.59
Payable for Capital Purchases	21,376.74	17,364.81	42,388.21
Duties & Taxes	1,225.55	1,235.17	1,373.53
	1,237,079.33	**1,112,843.49**	**924,651.48**

34.1 The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Note 34B - Financial Risk Management - Objectives & Policies

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, trade receivables and other receivables / recoverables. The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through the functional directors. The key managerial personnel of the company lays down the broad structure for managing risk and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

The following disclosures summarize the Company's exposure to financial risks.

(1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of mainly two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk includes borrowings, trade payables, trade receivables, other receivables / payables, etc.

(i) 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. Since the Company has no borrowings other than from GoI, GoTN and JICA, the exposure to risk of changes in market interest rates is minimal. Further, the interest rate on JICA loans are fixed for the tenure of the loan and is not subject to any changes. Accordingly, the Company has not used any interest rate derivatives.

(ii) Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The company has significant foreign currency exposures (both existing liabilities and firm commitments) in the form of JICA loan and payable for project vendors. However, as per the MoU entered into between GoI, GoTN and the company, it is agreed that any cost escalation due to change in exchange rates would be borne by GoI and GoTN. Therefore, this risk is also perceived to be minimal. Accordingly, the company has not entered into any derivative contracts to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments.

(2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, and other receivables. Since there is no concept of credit in case of traffic revenue, there is negligible or no credit risk as far as this stream of revenue is concerned.

With respect to the receivables in case of property development contracts, the Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. Wherever possible, the payment terms are structured in the company's favour and the amounts are mostly required to be paid in advance. Also, all contracts have a security deposit clause requiring an amount to be deposited with the company or a guarantee of equivalent amount to be given which further reduces the credit risk. The Company's exposures are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counter parties. Credit risk arising from investment in balances with banks is limited and there is no collateral held against these because the counterparties are recognised financial institutions with high credit ratings (banks).

(3) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. As per the MoU, the project cost for metro project is funded by a mix of equity, government subordinate debt and senior term debt from JICA.

The company evaluates its annual cash flow requirements well in advance to facilitate appropriate and timely funding from GoI/ GoTN in the form of equity/ subordinate debt to mitigate any potential liquidity risks. The risk associated with delay in processing of JICA loan claims is also offset to a large extent by the Pass Through Assistance (PTA) mechanism of MoUD. Further, as per the MoU, in case CMRL's is unable to pay the senior term debt availed from JICA, the same shall be repaid by the state government.

Therefore, in view of the substantial funding from government and considering the structured system in place for fund evaluation, monitoring and utilisation, only a low level of liquidity risk is perceived.

Note 35 - FIRST TIME ADOPTION

For all periods up to and including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the following

(a) Balance Sheet as at 1st April, 2015 (Transition date)

(b) Balance Sheet as at 31st March, 2016

(c) Statement of Profit and Loss for the Year ended 31st March, 2016, and

(d) Statement of Cash Flows for the Year ended 31st March, 2016, and

EXEMPTIONS AVAILED

Ind AS 101 - First-time adoption of Indian Accounting Standards, allows first-time adopters, exemptions from the retrospective application and exemption from application of certain requirements of other Ind AS. The Company has availed the following exemptions as per Ind AS 101:

1. The Company has elected to consider the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.

2. The requirements of Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance and Ind AS 109 - Financial Instruments, in respect of recognition and measurement of interest free loans from Government authorities is applied prospectively to all grants received after the date of transition to Ind AS in view of the mandatory exception under Ind AS 101. Consequently, the carrying amount of such interest free loans as per the financial statements of the Company prepared under the previous GAAP is considered for recognition in the opening Balance Sheet (01.04.15)

Footnotes to Reconciliation between previous IGAAP and adoption of Ind AS

35A Subordinate debt from GoI / GoTN (Interest free loan - Government Grant)

In the financial statements prepared under previous I GAAP, the carrying value of interest free loan was recognised at the principal amounts payable by the borrower. Under Ind AS , interest free loans being a financial liability is required to be recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The difference between such fair value and the carrying value is recognised as Deferred Government Grants.

On the date of transition, there is no change in the amount of Interest free loan since the Company has opted for exemption from retrospective application for fair valuation of such financial instruments (Refer Note No. 35). Interest free loan amounting to Rs.24,798.58 lakhs received subsequent to the date of transition to has been recognised at fair value amounting to Rs.2,185.77 lakhs. The difference between the loan proceeds and fair value amounting to Rs.22,612.81 lakhs has been recognised as Deferred Government Grant. All loans received during a year are aggregated and considered as received as at the end of the year and hence there is no effect arising from subsequent measurement as on 31st March, 2016.

The above changes do not effect Equity as at the date of transition to and as at 31st March, 2016. However, it has resulted in decrease in borrowings and increase in the Government Grants by Rs.22,612.81 lakhs as at 31st March, 2016.

The Company has considered the notional interest rate of State Bank of India marginal cost lending rate (MCLR) for three years i.e. 8.15% which is maximum market rate available.

35B Land received as gift (Government Grant)

In the financial statements prepared under previous GAAP, land received as gift from Government recognised as capital reserve. Under Ind AS 20, the same is required to be accounted as government grant by way of setting up as deferred income. On account of this treatment, capital reserve on the date of transition (1st April, 2015) is reduced by Rs.386.54 lakhs and deferred income is increased by an equivalent amount. In subsequent years, the grant is recognised in the Statement of Profit or Loss based on the proportion of depreciation charged in Profit and Loss to the total cost of the project (excluding non-depreciable assets).

The above change has resulted in an increase in other income for FY 2015-16 by Rs.1.39 lakhs.

Further, other equity as on the transition date is also reduced by Rs.386.54 lakhs as a result of the above change

35C Grant relating to depreciable asset- Reimbursement of TN VAT and Stamp Duty

In the financial statements prepared under previous GAAP, grants being reimbursement of Taxes and Duties relating to project fixed assets and other fixed assets were recognised by way of adjustment against the gross value of the fixed assets. Under Ind AS 20, all government grants related to Property, Plant and Equipment are initially set up as deferred income and subsequently recognised in the Statement of Profit and Loss on a systematic basis. Accordingly, deferred income (Government Grant) has increased by Rs.19,314.56 lakhs (1st April, 2015 - Rs. 14,014.70 lakhs) with corresponding increase in the value of the Property, Plant and Equipment by Rs.6.44 lakhs (1st April, 2015 - Nil) and capital work in progress (CWIP) by Rs. 19,308.12 lakhs (1st April, 2015 - Rs.14,014.70 lakhs)

In subsequent years, the grant is recognised the Statement of Profit or Loss based on the proportion of depreciation charged in Profit and Loss to the total cost of the project (excluding non-depreciable assets). The above treatment has increased the other income by Rs.50.45 lakhs during the year ended 31st March, 2016.

35D Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial instruments are required to be recognised at fair value. Accordingly, the company has determined the fair value of these security deposits based on the present value of these deposits as on the date of transition (01.04.2015). Difference between the fair value and transaction value of such security deposits is recognised as advance rental income. Such advance rental income is recognised in the Statement of Profit or Loss on a straight line basis over the lease period. Further, such security deposits are subsequently measured at amortised cost under effective interest method.

Consequent to this change, there is a decrease in the amount of security deposits by Rs. 318.46 lakhs as at 31 March 2016 (1 April 2015 - Rs. 77.03 lakhs) and an increase in Deferred Income - Property Development Lease Rent (Advance Rent) by 316.97 Lakhs (1st April 2015 - Rs. 77.03 Lakhs) Further, the profit for the year ended and total equity as at 31 March 2016 has increased by Rs. 12.84 lakhs due to amortisation of the prepaid rent of Rs.77.03 lakhs which is partially off-set by the interest expenditure of Rs. 11.36 lakhs recognised on security deposits.

35E Prior period items

During FY 15-16, reversal of excess depreciation charged in the earlier years amounting to Rs.13.06 Lakhs was recognized as a prior period income as per previous GAAP. Under IND AS, prior period errors and reclassification are corrected retrospectively by restating the comparative amounts for prior periods presented in which the reclassification is required / error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. Accordingly, the above adjustment has been made in the opening balance sheet as on 1st April, 2015 with corresponding impact in the carrying value of Property, Plant and Equipment as on this date.

The above change has effect Equity as at date of transition to IND AS at 01.04.2015 to the extent of Rs.13.06 lakhs with consequent impact in opening carrying value of property plant and equipment.

35F Other Changes due to adoption of IND AS

(i) Remeasurement gain / (loss) of defined benefit obligations - Gratuity

Hitherto, gratuity to employees which has been funded with LIC was being considered as a defined contribution plan. During the year, the company has decided to recognize gratuity as a defined benefit plan in accordance with Ind AS 19. In Accordance with Ind AS 8, the impact of the above change in accounting policy has been given in the opening balance sheet of earliest comparative period presented, i.e., 1st April, 2015. Accordingly, based on report obtained from an independent actuary, opening balance of provision for gratuity (net) as on 1st April, 2015 amounting to Rs. 30.61 Lakhs have been recognised in the opening balance sheet as on 1st April, 2015 with corresponding effect in retained earnings.

As a result of the above change, gratuity expense charged to the Statement of Profit or Loss for the year ended 31st March, 2017 is higher by Rs. 8.56 Lakhs (PY Rs. 6.60 Lakhs). Further, remeasurement loss recognised in Other Comprehensive Income during the year is Rs. 3.99 Lakhs (PY Rs. 6.19 Lakhs).

(ii) Reclassification of Leasehold Land

Hitherto, amount payable to obtain permission to cross Railway land conveyed by way of agreement with Railways in this regard was being considered as a Tangible Asset and depreciated over the term of such agreement which is taken as 70 years considering the initial period of 35 years and also a further period of 35 years being the extension available in the agreement by payment of nominal charges.

The company has re-evaluated the classification of such lands under Ind AS 17 - Leases based on which, it has been decided to re-classify the same as an Intangible Asset since it is in the nature of permission to cross railway land. Accordingly, the carrying value of such assets as on 1st April, 2015 has been reclassified and disclosed as Intangible Assets, with consequent reclassification in the financial statements for the year ended 31st March 2017 and 31st March, 2016. As a result of such reclassification, carrying value of Tangible Assets as on 1st April, 2015, 31st March, 2016 and

31st March, 2017 is respectively lower by Rs. 44,390.59 Lakhs, Rs.43,721.18 Lakhs and Rs. 43,377.14 Lakhs with corresponding increase in the carrying value of Intangible Assets as on those dates.

Such intangible assets is amortised over the period of 70 years as stated above. Since there is no change in the useful life, there is no impact on the statement of Profit or Loss as a result of this re-classification.

36. Capital Management

The Company is a Joint venture between Government of Tamil Nadu (GoTN) and Government of India (GoI), incorporated as a Special Purpose Vehicle (SPV) for the purpose of construction of Metro Rail Network in the City of Chennai. The primary objective of the Company is to provide an affordable mode of public transport.

The ownership of the Company and financing of the project is as per a tripartite Memorandum of Understanding dated 15th February 2011(the MoU) entered into between GoI, GoTN and CMRL. As per the MoU, CMRL will be jointly promoted by GoI and GoTN with equal equity holding.

The capital structure of the company comprises of equity share capital and debts. The financing of the project is done through a mix of equity, interest free sub-ordinate debt, and senior term debt from Japan International Co-operation Agency (JICA).

The Company's capital consists of equity capital and other equity attributable to shareholders of the Company. As stated above, the shares of the company are held in equal proportion by the Government of India and Government of Tamil Nadu. The Company being a Government Company, the requisite levels of equity and debt which it has to maintain is determined based on Government directions in this respect that are issued on time to time basis, which is broadly determined based on the project finance requirements and other sources of long term finance.

37. Contingent liabilities:

37.1. Claims against the Company not acknowledged as debts:

37.1.1. Legal related matters

Sl.No	Particulars	31.03.2017	31.03.2016	01.04.2015
1	Legal Cases	153 cases	127 cases	126 cases (including 4 cases towards arbitration)
2.	Enhanced Compensation for the land	₹ 74,099 Lakhs	₹ 63,149 Lakhs	₹ 52,664 Lakhs
3.	Compensation for other claims and damages	₹ 29,195 Lakhs	₹ 69.00 Lakhs	₹ 71.93 Lakhs
4.	Arbitration Cases*	11 Cases ₹4,14,169 lakhs (Counter Claims - ₹1,61,012 lakhs)	11 Cases ₹1,41,586 lakhs (Counter Claims - ₹ 35,731.98 lakhs)	₹ 35,589.69 Lakhs (Counter claims- ₹ 40,441.18 Lakhs

In respect of contracts terminated, the balance work has been awarded to new contractors. Arbitration proceedings have been initiated and all additional cost to be incurred, on the award of the balance works to new contractors, is being claimed from the erstwhile contractors who have been terminated. An amount of Rs. 3, 33,695 Lakhs has been claimed in respect of six terminated contracts in respect of which counter claims have been made amounting to Rs. 1,60,944 Lakhs.

In respect of ongoing contracts arbitration proceedings have been initiated on 3 contracts and Rs. 80,474 Lakhs has been claimed in respect of two contracts and counter claims have been made amounting to Rs. 68 Lakhs against this and claims and counter have not been ascertained in respect of the third contract. The net amount, if any, will be accounted for on final determination of arbitration proceedings.

In respect of Arbitration cases, award was given for two claims amounting to Rs. 10,663 lakhs and the company has gone on appeal in the High Court of Madras.

37.1.2. Statutory Related Matters

Sl no	Particulars	31.03.2017	31.03.2016	01.04.2015
1	Demand from ESIC department	₹ 11.77 Lakhs	₹ 11.77 Lakhs	₹ 11.77 Lakhs
2	Demand raised by Sales tax department for not reporting of imported goods	-	-	₹ 27.30 Lakhs
3	Demand from Tamil Nadu Construction Workers Welfare Board towards Cess and Interest	-	-	₹ 832 Lakhs
4	Demand from Income Tax Department FY 2011-12	-	-	₹ 58.62 Lakhs
5	Demand of Tax deducted @ source under Chapter XVII- FY 2007-08	₹ 0.07 lakhs	₹ 0.07 Lakhs	₹ 0.08 Lakhs
6	Demand of Tax deducted @ source under Chapter XVII- FY 2009-10	₹ 0.16 Lakhs	₹ 0.16 Lakhs	₹ 0.16 Lakhs
7	Demand of Tax deducted @ source under Chapter XVII- FY 2010-11	₹ 0.08 Lakhs	₹ 0.08 Lakhs	₹ 6.82 Lakhs
8	Demand of Tax deducted @ source under Chapter XVII- FY 2011-12	₹ 6.47 Lakhs	₹ 6.47 Lakhs	₹ 8.87 Lakhs
9	Demand of Tax deducted @ source under Chapter XVII- FY 2012-13	₹ 0.17 Lakhs	₹ 0.17 Lakhs	₹ 2.19 Lakhs

37.2. Relief & Rehabilitation Activities :

Claims anticipated in respect of Relief and Rehabilitation activities

Rs. 1,816 Lakhs (31.03.16 - Rs. 1,826.42 Lakhs, 01.04.15 - Rs. 1,826.42)

37.3. Letters of Guarantees

As at the Balance sheet date the company has provided bank guarantees amounting to Rs. 1.00 Lakh (31.03.16 – Rs. 1.00 Lakh, 01.04.2015 - Rs. 2.30 Lakhs)

37.4. Letters of Credit

As at the Balance Sheet date, the commitments towards Letters of Credit on account of procurement of depot Machineries have been fully discharged by the company. (31.03.16 – Rs. 161.91 Lakhs, 01.04.15 - Rs. 279.89 Lakhs).

38. Capital & Other Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (excluding any escalation as provided in the terms of the contracts) Rs. 1,85,696.30 Lakhs (31.03.16 - Rs. 2,46,220.98 Lakhs, 01.04.15 - Rs. 5,46,910.54 Lakhs).

39. Segment Reporting

The company functions in a single business segment which is operation and maintenance of Metro Rail Facility in Chennai. Other operating revenues including rental income earned in respect of Property Development (PD) assets is considered as an integral part the company's primary business under the internal decision making and performance measurement process of the company.

In view of the above, there are no separate operating segments under Ind AS 108.

40. Information on Related Party transactions as required by Ind AS 24 - Related Party disclosures' for the year ended 31st March, 2017

The Company is a Government Company within the meaning of Section 2(45) of the Companies Act 2013 (Section 617 of the Companies Act, 1956). Details of the related parties are disclosed below:

a) Details of Key Managerial Personnel (KMP) and Directors

Sl.No.	Name of the Director	Designation	From	To
1.	Shri Rajiv Gauba, IAS	Chairman / Nominee Director of GOI	01-04-2016	Till date
2.	Shri K K Aggarwal	Director / Nominee Director of GOI	06-02-2014	Till date
3.	Shri Sharat Sharma	Director / Nominee Director of GOI	15-04-2013	Till date
4.	Shri Mukund Kumar Sinha	Director / Nominee Director of GOI	23-12-2013	Till date
5.	Shri Praveen Goyal	Director / Nominee Director of GOI	07-12-2015	Till date
6.	Shri Pankaj Kumar Bansal, IAS	Director / Nominee Director of GoTN	24-12-2013	Till date
7.	Dr. B Chandra Mohan, IAS	Director / Nominee Director of GoTN	20-01-2016	04-07-2016
8.	Shri K Shanmugam, IAS	Director / Nominee Director of GoTN	18-05-2010	Till date
9.	Shri S Krishnan, IAS	Director / Nominee Director of GoTN	18-01-2011	Till date
10.	Shri Rajeev Ranjan, IAS	Director / Nominee Director of GoTN	28-06-2013	Till date
11.	Dr. D Karthikeyan, IAS	Director / Nominee Director of GoTN	04-07-2016	Till date
12.	Shri L Narasim Prasad	Whole-time Director	01-02-2013	Till date
13.	Smt Sujatha Jayaraj	Whole-time Director	17-05-2016	Till date
14.	Shri Rajeev Narayan Dwivedi	Whole-time Director	01-06-2016	Till date
15.	Smt Uma R Krishnan	Independent Director	31-10-2016	Till date
16.	Smt Usha Sankar	Independent Director	31-10-2016	Till date

b) Details of related party transactions during the year

Particulars	2016-17	2015-16
Remuneration to KMP	₹ 105.81 Lakhs	₹ 99.20 Lakhs

Details of Remuneration to Key Managerial Personnel / Directors

a.	Shri Pankaj Kumar Bansal, Managing Director	₹ 23.42 Lakhs (PY- ₹ 19.28 Lakhs) (including FSC contribution for the FY ₹ 2.10 lakhs)
b.	Smt Sujatha Jayaraj, Director	₹ 25.29 Lakhs (PY- Nil)
c.	Shri Rajeev Narayan Dwivedi, Director	₹ 22.10 Lakhs (PY- Nil)
d.	Shri L. Narasim Prasad, Director	₹ 35.00 Lakhs (PY- ₹ 25.23 Lakhs)

41. Disclosure as per Ind AS 19 - Employee benefits

41.1. Defined Contribution Plans

Provident Fund : The Company has made equal contribution towards Voluntary EPF scheme. The expense is recognized on accrual basis.

Pension: The Company's pension Scheme is linked with voluntary provident fund Scheme. All employees of Company's under EPF scheme are also covered under EP Scheme. Under this scheme, no contribution is collected from employees and out 12% of employer contribution under PF scheme 8.33% is covered under EP Scheme and Rs. 7.01 Lakhs is created as liability towards Pension contribution payable to deputation employees.

(Rs. in lakhs)

Particulars	2016-17	2015-16
Contribution to Provident Fund	206.95	87.81

Employee benefits due to Deputationists are paid to their respective organizations / Employer from where they have been deputed based on the direction given by their organizations. In respect of deputation employees, contribution towards provident fund, pension and leave salary contribution are made as per the directions provided by respective departments. In case of gratuity, for eligible employees they are paid / provided by the respective organizations from where they have been deputed.

41.2. Defined Benefit Plan - Gratuity (Funded)

The company has a defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered trust. It is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Gratuity Plan is funded by Life Insurance Corporation of India (LIC) [Also Refer Note 35f(i)].

Each year, the Board of Trustees and the Company review the level of funding in the gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company decides its contribution based on the results of this annual review.

The aforesaid defined benefit plan typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk, as detailed below

Investment Risk	The present value of the defined benefit 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 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 investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. 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 liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31st March, 2017 by Actuarial Valuer. The present value of the defined benefit obligation and the1 related current service cost were measured using the projected unit credit method. The details of Gratuity Liability as per the said valuation report is as follows

Employee Data Summary

	31-03-2017	31-03-2016
Number of Members	356	359
Total Monthly Salary on which encashment of Gratuity is Based (Rs in lakhs)	140.98	130.13
Weighted Average Age (based on Accrued Gratuity)	36.64	35.71
Average Past Service	3.60	2.76
Average Salary (Rs in lakhs)	0.40	0.36

Principal Actuarial Assumptions

	31-03-2017	31-03-2016
Discount Rate as at Year end	7.40%	7.70%
Expected Return on Plan Assets as at Year End	7.40%	7.70%
Annual Increase in Salary Cost	7.00%	7.00%
Attrition Rate	5.00%	5.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Amounts to be recognised in Balance sheet (Rs.in Lakhs)

	31-03-2017	31-03-2016
Amounts recognised in the balance sheet		
Liabilities	308.92	214.92
Assets	314.19	232.74
Net liability	**(5.28)**	**(17.82)**

Expense Recognised in P&L Account during the year (Rs.in Lakhs)

	31-03-2017	31-03-2016
Current service cost	76.70	66.20
Net interest on net Defined liability/(Asset)	(3.63)	(4.40)
Total	**73.07**	**61.81**

Expense Recognised in Other comprehensive income (Rs.in Lakhs)

	31-03-2017	31-03-2016
Actuarial (Gains) / losses on liability	3.34	1.77
Return on Plan assets excluding amount included in 'Net interest on net Defined liability / (Asset)' above	0.65	4.42
Total	**3.99**	**6.19**

Table Showing change in Benefit Obligation (Rs.in Lakhs)

	31-03-2017	31-03-2016
Opening Defined Benefit Obligation	214.92	138.55
Service Cost for the Year	76.70	66.20
Interest Cost for the Year	15.90	10.67
Actuarial Losses / (gains)	3.34	1.77
Benefits paid	(1.94)	(2.27)
Closing Defined Benefit Obligation	308.92	214.92

Bifurcation of Actuarial Losses / (Gains) (Rs.in Lakhs)

	31-03-2017	31-03-2016
Actuarial Losses/ (gains) arising from Changes in Financial Assumptions	12.60	8.77
Actuarial Losses/ (gains) arising from Experience Adjustments	(9.26)	(7.00)
Actuarial Losses/ (gains) - **Total**	**3.34**	**1.77**

Sensitivity Analysis of Defined Benefit Obligation with References to Key Assumptions

(Rs.in Lakhs)

	31-03-2017	31-03-2016
Discount Rate		
1% Increase	269.89	187.74
1% Decrease	357.47	248.73
Salary Escalation Rate		
1% Increase	357.17	248.63
1% Decrease	269.43	187.35
Withdrawal Rate		
1% Increase	310.75	217.22
1% Decrease	306.75	212.18

Expected Undiscounted Benefit Payments in Future Years (Rs.in Lakhs)

	31-03-2017	31-03-2016
Year 1	8.73	0.30
Year 2	16.24	8.07
Year 3	13.84	11.39
Year 4	9.94	10.08
Year 5	15.17	7.05
Year 6 to 10	75.52	53.30

Tables of Fair Value of Plan Assets (Rs.in Lakhs)

	31-03-2017	31-03-2016
Opening Fair Value of Plan Assets	232.74	169.16
Expected Return	19.54	15.06
Actuarial Gains / (Losses)	(0.65)	(4.42)
Contributions by Employer	64.51	55.21
Benefits Paid	(1.94)	(2.27)
Closing Balance of Fund	**314.19**	**232.74**

Table Showing Surplus / (Deficit) (Rs.in Lakhs)

	31-03-2017	31-03-2016
Defined Benefit Obligation	308.92	214.92
Plan Assets	314.19	232.74
Surplus/ (Deficits)	**5.28**	**17.82**

Table Showing bifurcation of Present Benefit Obligation as at the end of the year

(Rs.in Lakhs)

	31-03-2017	31-03-2016
Current Liability (Amount due within 1 year)	8.73	3.80
Non- Current Liability (Amount due more than one year)	300.19	211.12
Surplus / (Deficits)	**308.92**	**214.92**

Table Showing Category of Plan Assets

	31-03-2017	31-03-2016
Fund Managed by Insurer	100%	100%

41.3. Other Long-Term Employee Benefits - Leave Encashment (unfunded)

Leave Encashment: As per HR policy of the company, each eligible employee is credited with 30 days of earned leave and 20 days of half pay leave each year. In case of earned leave, only 50% of leave balance in leave account can be encashed once in a calendar year. The liability on this account is recognized on the basis of actuarial valuation. The accounts include a provision for an amount of Rs. 286.68 Lakhs towards Leave Salary payable on the basis of actuarial valuation to company's employees and Rs. 7.56 Lakhs payable to Deputationists. Assumptions of actuarial valuation are as follows

Privilege Leave Benefits

Financial assumptions

Discount rate - 7.40 %
Salary escalation rate - 7.00 %
Retirement Age - 60 years
Withdrawal rate - 5% at younger ages and reducing to 1% at older ages according to graduated scale
Mortality rate - Indian Assured Lives Morality (2006-08) Ult

Amounts to be recognized in Balance Sheet	Amount (in ₹ Lakhs.)	Amount (in ₹ Lakhs.)
Liabilities	286.68	202.80
Assets	-	-
Net Liability	286.68	202.80

Amounts to be recognized in Profit & Loss Account	Amount (in ₹ Lakhs.)	Amount (in ₹ Lakhs.)
Current service cost	71.61	58.79
Net interest on net Defined Liability / (Asset)	15.01	9.84
Actuarial (Gains) / Losses on Liability	25.65	34.19
Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above	-	-
Expense recognized in P&L account	112.27	102.83

Table Showing Change in Benefit Obligation	Amount (in ₹ Lakhs.)	Amount (in ₹ Lakhs.)
Opening Defined Benefit Obligation on 01.04.2016 / 01.04.15	202.80	127.90
Service cost for the year	71.61	58.79
Interest cost for the year	15.01	9.84
Actuarial losses (gains)	25.65	34.19
Benefits paid	(28.40)	(27.93)
Closing defined benefit obligation on 31.03.2017 / 31.03.2016	286.68	202.80

Bifurcation of Actuarial losses / (gains)	Amount (in ₹ Lakhs.)	Amount (in ₹ Lakhs.)
Actuarial losses (gains) arising from change in financial assumptions	11.21	7.85
Actuarial losses (gains) arising from change in demographic	-	-
Actuarial losses (gains) arising from experience adjustments	14.44	26.34
Total Actuarial losses (gains)	25.65	34.19

Sensitivity analysis of defined benefit obligation with references to key Assumptions	2017 1 % increase Amount (in ₹ Lakhs.)	2016 1 % increase Amount (in ₹ Lakhs.)	2017 1 % decrease Amount (in ₹ Lakhs.)	2017 1 % decrease Amount (in ₹ Lakhs.)
Discount Rate	251.87	178.41	329.74	232.89
Salary Escalation Rate	329.47	232.79	251.45	178.06
Withdrawal Rate	288.26	182.16	284.80	173.25

41.4. Other Long-Term Employee Benefits - Leave Travel Concession (unfunded)

Employees and their family members are eligible, once during a period of 2 calendar years, for Leave Travel Concession to travel to their home town by the shortest / direct route. Also, they are eligible for travel to any place in India once in a block of 4 calendar years. The mode of transport entitled to employees is based on their designation. If LTC other than home town is not availed the employee is entitled to avail LTC for home town 3 times in a block of 4 calendar years.

Concession not availed in a particular block of 4 years can be carried forward and availed in the first year of the succeeding block. A employee whose family is living away from headquarters may avail of the concession for himself along once in every year for visiting his home town.

No of members	
(Employees and eligible family members)	1,387

Financial assumptions:

Discount Rate	7.40 %
Rate of growth in cost of travel (across various modes of transport)	5.00 %

Demographic assumptions

Retirement Age	60
Withdrawal rate	5% at younger ages and reducing to 1% at older ages according to graduated scale
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult.

The liability on account of Leave Travel concession Benefits as on 31.03.2017 works out to Rs. 356.89 lakhs.

41.5. Other Long Term Employee Benefits - Leave Travel Concession Half - pay leave

Company allows entitlement of half Pay leave to all eligible employees at the rate of 20 days for every year of service and the unutilized portion can be carried forward without any upper limit.

An employee availing half pay leave is entitled to receive salary equal to the half of basic + DA components of salary. However, Other allowance and paid in full. The maximum half pay leave that can be availed at a time is 24 months. Half pay Leave can be encashed by the employees subject to Leave Rules.

Employee data

No. of members	353
Total monthly salary – Gross	₹ 1,81,21,616
Total Half pay Leave days	13,296
Weighted average age	36.68
Average past service	3.61
Average salary – Gross	₹ 51,336

Financial Assumptions

Discount Rate	7.40 %
Rate of growth of Gross Salary	7.00 %

Demographic Assumptions

Retirement Age	60
Withdrawal Rate	5% at younger ages and reducing to 1% at older ages according to graduated scale
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult.

The Half Pay Leave Liability as on 31.03.2017 works out to Rs. 115.50 Lakhs.

42. The company recognizes impairment of assets when the same is permanent in nature and the asset is incapable of being rectified / repaired for use. During the year the company has not impaired any assets.

43. Debit / credit balances of parties are subject to confirmation and reconciliation, consequential impact thereof, if any, remains unascertained.

44. Value of Imports calculated on CIF basis

Towards Import of Capital Items – Rs. 6178.50 Lakhs (PY - Rs. 13,290.47 Lakhs)

45. Pursuant to Ind AS 17 – Leases, the following information is disclosed

45.1. Assets given on operating leases

45.1.1. The Company has given only one property under non-cancellable operating lease in respect of which, the entire lease rental has been collected upfront. Accordingly, there are no future lease rentals receivable under non-cancellable operating leases.

45.1.2. Other operating leases entered into by the company are cancellable in nature and hence, the amount of future minimum lease rentals with respect to the same are not disclosed. The lease rentals are received in accordance with the terms of the specific contracts.

45.1.3. Lease Income recognized in the Statement of Profit and Loss Rs. 694.41 Lakhs (PY Rs. 241.04 Lakhs)

45.2. Assets taken on operating leases

45.2.1. The Company has not entered into any non-cancellable operating leases and hence, the amount of future minimum lease rentals with respect to the same are not disclosed. The lease rentals are payable by the Company on a periodic basis as per the terms of the contract.

45.2.2. Lease payments recognised in the Statement of Profit or Loss for the year is Rs. 35.06 Lakhs (Previous year Rs. Nil)

46. Specified bank notes (SBNs) held and transacted during the period from 8th November 2016 to30th December 2016

Total cash transactions

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	3,56,000.00	10,14,658.50	13,70,658.50
(+) Permitted receipts	35,80,500.00	1,52,38,651.00	1,88,19,151.00
(-) Permitted payments	-	8,77,895.00	8,77,895.00
(-) Amount deposited in banks	39,36,500.00	1,39,20,556.00	1,78,57,056.00
Closing cash in hand as on 30.12.2016	**NIL**	**14,54,858.50**	**14,54,858.50**

CHENNAI METRO RAIL LIMITED

Notes to the Financial Statements for the year ended 31st March 2017

47. Adoption of Indian Accounting Standards

47.1 Effect of IND AS adoption on the Balance Sheet as at 31st March, 2016 *(Rupees in lakhs)*

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016	Footnotes	Previous GAAP	Effect of Transition to Ind AS / Other Adjustments	Ind AS
ASSETS				
(1) Non-current assets				
Property, Plant and Equipment	35c, 35e and 35f(ii)	525,916.73	(43,714.74)	482,201.99
Capital work-in-progress	35c	868,324.26	19,308.12	887,632.38
Intangible assets	35f(ii)	12.09	43,721.18	43,733.26
Financial Assets				
(i) Other Financial Assets		337.82	-	337.82
Current Tax Assets (Net)		1,588.18	-	1,588.18
Other Non Current assets		18,217.96	0.01	18,217.96
(2) Current assets			-	
Inventories		64.40	-	64.40
Financial Assets			-	
(i) Trade Receivables		77.25	-	77.25
(ii) Cash and cash equivalents		163,650.51	(0.00)	163,650.50
(iii) Other Bank balances		516.46	-	516.46
(iv) Other Financial Assets		20,451.22	(0.00)	20,451.22
Current Tax Assets (net)		1,202.58	-	1,202.58
Other current assets	35f (i)	511.17	17.82	528.99
Total Assets		**1,600,870.61**	**19,332.38**	**1,620,202.99**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		390,106.90	-	390,106.90
Other equity	35b, 35e, 35d and 35f(i)	67,262.02	(315.38)	66,946.64
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	35a	1,016,300.91	(22,612.81)	993,688.10
(ii) Other financial liabilities	35d	23,162.45	(318.46)	22,844.00
Provisions		283.70	-	283.70
Deferred tax liabilities (Net)		7,009.19	-	7,009.19
Other Non-Current Liabilities	35a, 35b & 35c	-	42,262.06	42,262.06
(2) **Current liabilities**				
Financial Liabilities				
(i) Trade payables		4,085.76	-	4,085.76
(ii) Other financial liabilities		92,225.63	-	92,225.63
Other current liabilities	35d	341.67	316.97	658.64
Provisions		92.38	-	92.38
Total Equity and Liabilities		**1,600,870.61**	**19,332.38**	**1,620,202.99**

CHENNAI METRO RAIL LIMITED

Notes to the Financial Statements for the year ended 31st March 2017

47. Adoption of Indian Accounting Standards

47.2 Effect of IND AS adoption on the Balance Sheet as at 1st April, 2015

(Rupees in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 1st April, 2015	Footnotes	Previous GAAP	Effect of Transition to Ind AS / Other Adjustments	Ind AS
ASSETS				
(1) Non-current assets				
Property, Plant and Equipment	35e and 35f(ii)	288,037.80	(44,377.53)	243,660.27
Capital work-in-progress	35c	855,820.68	14,014.70	869,835.38
Intangible assets	35f(ii)	16.75	44,390.59	44,407.34
Financial Assets				
(i) Other Financial Assets		135.95	-	135.95
Current Tax Assets (Net)		1,110.55	-	1,110.55
Other Non Current assets		16,589.81	0.00	16,589.81
(2) Current assets			-	
Inventories		5.00	-	5.00
Financial Assets				
(i) Trade Receivables		-	-	-
(ii) Cash and cash equivalents		121,310.77	-	121,310.77
(iii) Other Bank balances		500.00	-	500.00
(iv) Other Financial Assets		92,674.61	-	92,674.61
Current Tax Assets (net)		477.35	-	477.35
Other current assets	35f(i)	618.91	30.61	649.52
Total Assets		**1,377,298.17**	**14,058.37**	**1,391,356.54**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		390,106.90	-	390,106.90
Other equity	35b, 35e and 35f(i)	62,104.80	(342.87)	61,761.93
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings		825,728.00	-	825,728.00
(ii) Other financial liabilities	35d	20,725.64	(77.03)	20,648.61
Provisions		181.83	-	181.83
Deferred tax liabilities (Net)		16.70	-	16.70
Other Non-Current Liabilities	35b & 35c	-	14,401.24	14,401.24
(2) Current liabilities				
Financial Liabilities				
(i) Trade payables		4,446.28	-	4,446.28
(ii) Other financial liabilities		73,828.58	(0.00)	73,828.58
Other current liabilities	35d	104.97	77.03	182.00
Provisions		54.46	-	54.46
Total Equity and Liabilities		**1,377,298.17**	**14,058.37**	**1,391,356.54**

CHENNAI METRO RAIL LIMITED

Notes to the Financial Statements for the year ended 31st March 2017

47. Adoption of Indian Accounting Standards

47.3 Effect of IND AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016

(Rupees in lakhs)

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016	Footnotes	Previous GAAP	Effect of Transition to Ind AS / Other Adjustments	Ind AS
Revenue from operations	35d	1,297.83	12.84	1,310.67
Other income	35b & 35c	11,513.08	51.84	11,564.92
I. Total Revenue		**12,810.90**	**64.68**	**12,875.59**
Expenses:				
Operating expenses		1,799.25	-	1,799.25
Employee benefits expense	35f(i)	2,455.49	6.60	2,462.09
Finance costs	35d	779.77	11.36	791.13
Depreciation and amortization expense		6,100.59	-	6,100.59
Other expenses		1,803.14	-	1,803.14
Prior period items	35e	(13.06)	13.06	-
II. Total expenses		**12,925.18**	**31.01**	**12,956.19**
III. Profit before tax (I - II)		**(114.28)**	**33.66**	**(80.61)**
IV. Tax expense:				
(1) Current tax				
(2) Deferred tax		6,992.50	-	6,992.50
V. Profit (Loss) for the period (III - IV)		**(7106.77)**	**33.66**	**(7073.10)**
VI. Other comprehensive income				
(i) Items that will not be reclassified to profit or loss	35f(I	-	(6.19)	(6.19)
Remeasurement of post employment benefit obligations				
Total Comprehensive Income for the period (V+ VI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		**(7,106.77)**	**27.48**	**(7,079.29)**

CHENNAI METRO RAIL LIMITED

Notes to the Financial Statements for the year ended 31st March 2017

48. Other Disclosures

48.1 Earnings in Foreign Currency - Rs.Nil/- (Previous Year: Rs. Nil)

48.2 Outgo in Foreign Currency. (In ₹ Lakhs)

Details	2016-17	2015-16
a) Foreign Travel		
- Directors	1.22	8.46
- Others	5.74	18.74
b) Professional fees to Consultants	118.86	288.99
c) Interest payments	Nil	Nil
d) Contract payments	15716.87	30160.87
e) Others	Nil	Nil

49. The financial Statements for the year as approved by the Board of Directors on 18.08.2017 and the report thereon issued by the Statutory Auditors were revised pursuant to C & Ag's Audit observations during the course of audit under Section 143(6)(a) of the Companies Act, 2013. The revision has no impact on the reported figure is the balance sheet, Profit & Loss Account

50. Previous year figures have been regrouped or reclassified wherever necessary to make them comparable with current year's figures and the amounts are rounded off to nearest lakhs of rupees.

As per our report of even date attached

For and on behalf of the Board of Directors

M/s Vardhaman & Co
Chartered Accountants

Pankaj Kumar Bansal, IAS
Managing Director
(DIN: 05197128)

Rajeev Narayan Dwivedi
Director
(DIN: 07554468)

V Baskaran
Partner
M. No: 012202
FRN: 004522S

Sujatha Jayaraj
Director-Finance & Chief Financial Officer
(DIN: 07531722)

P Andal
Company Secretary
(M.No: A28465)

Place: Chennai
Date : 20-09-2017

Place: Chennai
Date : 20-09-2017

Vardhaman & Co
Chartered Accountants

New No.12 (Old No.31-A)
Krishna Street, T.Nagar,
Chennai – 600 017
Tel : 044 – 24344627 / 24342596
Email id: vardhaman_1973@hotmail.com

Independent Auditor's Report

TO THE MEMBERS OF CHENNAI METRO RAIL LIMITED

1) Report on the Financial Statements

We have audited the accompanying financial statements of CHENNAI METRO RAIL LIMITED ('the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, 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.

2) Management's Responsibility for the Financial Statements

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

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

3) Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

Vardhaman & Co
Chartered Accountants

New No.12 (Old No.31-A)
Krishna Street, T.Nagar,
Chennai – 600 017
Tel : 044 – 24344627 / 24342596
Email id: vardhaman_1973@hotmail.com

We conducted our audit of the Ind AS financial statements for the year ended 31.03.2017 in accordance with the Standards on Auditing specified under Section143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit for the year ended 31.03.2017 to obtain reasonable assurance about whether 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 for the year ended 31.03.2017. 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements for the year ended 31.03.2017.

4) 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 for the year ended 31.03.2017, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its loss, its cash flow and the changes in equity for the year ended on that date.

5) Emphasis of Matters

Without qualifying our opinion, we further draw attention of the Management to the following :

a) Expenditure - CSR activities - We were informed that CSR policy is yet to be finalized and no contract is made for CSR expenditure. Hence liability during the year is yet to be provided.

Vardhaman & Co
Chartered Accountants

New No.12 (Old No.31-A)
Krishna Street, T.Nagar,
Chennai – 600 017
Tel : 044 – 24344627 / 24342596
Email id: vardhaman_1973@hotmail.com

b) We draw attention to the following matters in the Notes to the financial statements :
Note No.35 – Changes due to adoption of Indian Accounting Standards:-
(Notes to Financial Statement for the year ended 31.03.2017)

35-a) Sub ordinate debt from Govt of India (interest free loan - Government grant) has resulted in decrease in borrowings and increase in the Government Grants by Rs.22,612.81 lakhs as at 31st March 2016.

35-b) Land received as gift (Government Grant)
has resulted in an increase in other income for FY 2015-16 by Rs.1.39 lakhs and also other equity is reduced by Rs.386.54 lakhs.

35-c) Grant relating to depreciable asset – TNVAT Reimbursement:
has resulted in deferred income (Government Grant) has increased by Rs. 19,314.56 lakhs (1st April 2015 - Rs.14,014.70 lakhs) with corresponding increase in the value ofthe property, plant and equipment by Rs. 6.44 lakhs (1st April 2015 – Nil) and Capital work in progress (CWIP) has increased by Rs.19,308.12 lakhs (1st April 2015 - Rs.14,014.70 lakhs). The above treatment has increased the other income by Rs.50.45 lakhs in the year Ended 31st March 2016.

35-d) Security Deposit :
has resulted in decrease in the amount of security deposit by Rs.318.46 lakhs as at 31.03.2016 (1.4.2015 – Rs.77.03 lakhs) and an increase in deferred income by Rs.316.97 lakhs (1.4.2015 – Rs.77.03 lakhs). Further, the profit for the year ended and total equity as on 31.3.2016 has increased by Rs.12.84 lakhs due to amortization of prepaid rent of Rs.77.03 lakhs which is partially offset by interest expenditure of Rs.11.36 lakhs recognized on security deposit.

35-e) Prior period items:
has resulted in affect equity as at date of transition to IND As as at 1.4.2015 to the extent of Rs. 13.06 lakhs with consequent impact in opening carrying value of property, plant and equipment.

35-f) (i) Recognition of Gratuity as Defined Benefit Plan:
has resulted gratuity expense charged to the Statement of Profit or Loss for the year ended 31st March 2017 is higher by Rs.8.56 lakhs (PY Rs.6.60 lakhs). Further re-measurement loss recognized in other comprehensive income during the year is Rs.3.99 lakhs (PY is 6.19 lakhs)

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35-f)(ii) Reclassification of Lease Hold Lands:

The company has re-evaluated the classification of such lands under Ind AS 17 – Lease based on which, it has been decided to re-classify the same as an Intangible Asset since it is in the nature of permission to cross railway land. Accordingly, the carrying value of such assets as on 1st April 2015 has been reclassified and disclosed as Intangible Assets, with consequent reclassification in the financial statements for the year ended 31st March 2017 and 31st March 2016.

Such Intangible Assets is amortised over the period 70 years as stated above. We were informed by the Management that since there is no change in the useful life, there isno impact on the statement of Profit or Loss as a result of this re-classification.

Other matters

The Financial Statements for the year as approved by the Board of Directors on 18.08.2017 and the report thereon issued by the Statutory Auditors were revised pursuant to C & AG's audit observation during the course of audit under section 143 (6) (a) of the Companies Act, 2013. The original audit report has been revised to include Note Nos. 35 (a), 37, 2.9, 4.3 and modified Notes No. 16, 23.2, 37, 2.4 and point No.3 of annexure 'C' of the Audit Report & re-classification of items in Cash Flow Statements and these above changes have no impact on the reported figure in the Balance Sheet, Profit & Loss Account.

6. Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent possible.

ii) The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure C", on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us.

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iii) As required by Section 143 (3) of the Act,

(a) we report that: [a] We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement and Statement of changes in Equity dealt with by this Report are in agreement with the books of accounts.

(d) In our opinion, the aforesaid Ind AS financial statements for the year ended 31.3.2017 comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) According to the information and explanations given to us, the company is a Government Company; therefore, the Provision of Section 164 (2) of the Companies Act, 2013 is not applicable pursuant to the Gazette Notification No. GSR 463(E) dated 05.06.2014 issued by the Government of India.

We were informed by the Management that, on the basis of the written representations receive from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements under contingent liabilities - Refer Note No 37 to the financial statements;

ii) The company has made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any on long term contracts. The company did not have derivative contracts;

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iii) There were no amounts which were required to be transferred to the INVESTOR EDUCATION AND PROTECTION FUND by the Company.

(h) With reference to notification issued by The Ministry of Corporate Affairs regarding amendment to Schedule – III to the Companies Act, 2013 regarding disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8.11.2016 to 30.12.2016 :: In accordance with the Books of accounts, the Company had furnished the requisite disclosures in the Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8.11.2016 to 30.12.2016" (Refer Note No.46 to the Financial Statements).

for Vardhaman & Co
Chartered Accountants
FRN No. 004522S

V. Baskaran
Sr. Partner
M.No.012202

Place: Chennai
Date : 20-09-2017

Vardhaman & Co
Chartered Accountants

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 6-iii (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **CHENNAI METRO RAIL LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 for Internal Financial Controls

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

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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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

for Vardhaman & Co
Chartered Accountants
FRN No. 004522S

V. Baskaran
Sr. Partner
M.No.012202

Place: Chennai
Date : 20-09-2017

Vardhaman & Co
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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

REPORT ON THE COMPANY (Auditor's Report) ORDER, 2016, UNDER CLAUSE (i) OF SUB SECTION 11 OF SECTION 143 OF THE COMPANIES ACT, 2013 (the Act)

Referred to in paragraph 6(i) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31,2017:

(i) a) According to the information and explanation given to us and records examined by us the Company has maintained proper records showing full particulars including quantitative details of Fixed Assets.

According to the information and explanation given to us, the company has a program of verification of fixed assets 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. During the financial year, the company has carried out the physical verification of assets through internal auditors as per the policy of the Company.

Title deeds of immovable property :

(DETAILS FURNISHED BY THE COMPANY)

According to information and explanations given by the Management, the title deeds of immovable properties included in fixed assets are held in the name of the company except as stated below (provided by the Management):

Land acquired with payment consideration	:	2633 sq.mtr & 1.28 acre
Land acquired under sub-ordinate debt	:	197415.71 Sq.mtr
Leasehold Land (Southern Railway Land)	:	37919.93 sq.mtr

ii) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

iii) According to the information and explanations given to us, the company has not given loan or made Investment or given guarantee and security for the persons specified under provisions of section 185 and I86 of the Companies Act, 2013. Therefore the provisions of clause 3 (iv) (a) to (b) of the Order are not applicable to the Company and hence not commented upon.

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iv) As explained to us, The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

v) As informed, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.

vi) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities with delays in a few instances.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

c) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except as given below.

Sl.No.	Particulars	Forum where dispute is pending	FY 2016-17	FY 2015-16
1	Demand from ESIC department	High Court, Chennai	11.77	11.77
2	Demand of Tax deducted @ source under Chapter XVII-FY 2007-08	ACIT, Chennai	0.07	0.07
3	Demand of Tax deducted @ source under Chapter XVII-FY 2009-10	ACIT, Chennai	0.16	0.16
4	Demand of Tax deducted @ source under Chapter XVII-FY 2010-11	ACIT, Chennai	0.08	0.08
5	Demand of Tax deducted @ source under Chapter XVII-FY 2011-12	ACIT, Chennai	6.47	6.47
6	Demand of Tax deducted @ source under Chapter XVII-FY 2012-13	ACIT, Chennai	0.17	0.17

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vii) Default in repayment of loan or borrowings:

The Company has not availed loan from any Financial Institutions or Banks or Debentures except :

Loan from Japan International Corporation Agency (JICA):

Commitment charges and interest accrued on borrowings - payable to Japan International Corporation Agency Limited :

31.03.2017 .. Rs.34294.10 lakhs

31.03.2016 .. Rs.23332.28 lakhs

The agreement stipulates that in case of delay in payment of interest, overdue charges, to the extent of 2% on the outstanding amount was also payable. So far the Company has not paid any interest (provisions already been made), and also overdue charges to the extent of 2% on the outstanding amount was not provided. We were informed by the Management that the Company has already requested Central Government to postpone the payment of interest till commencement of the operations. The confirmation from the Central Government is yet to be received by the Company.

Further in our opinion and according to the explanations given to us the term loans from Government of India against Japan International Cooperation Agency and Sub-ordinate debt from Government of India and Government of Tamil Nadu were applied for the purpose for which loans and Sub-ordinate debts were raised.

viii) Money raised by way of IPO

The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments), accordingly paragraph 3 (ix) of the order is not applicable.

ix) As per the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

x) As per the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013;

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xi) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

xii) Related party transactions:

In our opinion and according to the information and explanation given to us, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiii) As explained to us inventories of stores and spare parts have been verified by the Management at reasonable intervals in relation to the size of the Company and nature of business and no material discrepancies were noted on physical verification.

xiv) As informed by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

xv) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

for Vardhaman & Co
Chartered Accountants
FRN No. 004522S

V. Baskaran
Sr. Partner
M.No.012202

Place: Chennai
Date : 20-09-2017

Vardhaman & Co
Chartered Accountants

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Annexure "C" to Independent Auditor's Report

Report on the directions issued by the Comptroller & Auditor General of India under sub section 5 of section 143 of the Companies Act, 2013 (the Act)

(Referred to in paragraph-6 (ii) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31,2017:)

According to the information and explanations given to us we report as under:

<table>
<tr><th>No</th><th>Particulars</th><th>Remarks</th></tr>
<tr><td>1</td><td>Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available.</td><td>The company has clear title deeds for all free hold land except as stated below: (informed by the Management)
<table>
<tr><th>Details</th><th>Titles to be obtained</th></tr>
<tr><td>Private Lands /
Private Negotiations /
TDS Lands /</td><td>1</td></tr>
<tr><td>Government Agencies
State Government Lands</td><td>64</td></tr>
</table>
acquired with payment consideration
..2633 Sq.mtr & 1.28 acre
Land acquired under sub-ordinate debt: 197415.71 Sq.mtr
Leasehold Land: 37919.93 Sq.mtr (Southern Railway Land)</td></tr>
<tr><td>2</td><td>Whether there are any cases of waiver / write off of debts / loans / interest, etc., if yes, the reasons there for and the amount involved</td><td>As per information and explanation given to us, the Company has not waived / written off debts / loans / interest during the period of audit.</td></tr>
</table>

3	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s)from the Government or other authorities.	As per the information and explanations provided to us on the basis of our audit observation, there is no inventory lying with the third parties during the audit period. The company is maintaining adequate records for the lands that were received as Gift from the Government and also from Private Parties. As on the date of balance sheet the value of Gift of Land amounted to Rs.1034.96 Lakhs. The particulars of the land capitalized are as follows:

Sl. No	Name of the party / authority gifted the land	Govt / Private	Area (Sq.mtr)	Amount (Rs in lakhs)
1	Ozone Projects Private Limited	Private	700.60	478.61
2	Goldwinner Company Pvt Limited	Private	197.51	169.82
3	AG Office, Anna Salai, Teynampet	Government	342	386.53

During the year 2016-17, in compliance with INDAS, land received as gift from Government was treated as Government Grant by way of setting up as deferred income which was hitherto included in Capital Reserve. Land received from private parties was continued to be treated as Capital Reserve. As a result of this change, the capital reserve was reduced by Rs.386.54 lakh (Refer Note.35b) and stood at Rs.648.43 lakh as on 31st March 2017.

for Vardhaman & Co
Chartered Accountants
FRN No. 004522S

V. Baskaran
Sr. Partner
M.No.012202

Place : Chennai
Date : 20-09-2017

CONFIDENTIAL

भारतीय लेखा तथा लेखा परीक्षा विभाग
कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
तथा पदेन सदस्य लेखा परीक्षा बोर्ड, चेन्नै
Indian Audit and Accounts Department
Office of the Principal Director of Commercial Audit and ex-officio Member Audit Board, Chennai

दिनांक /Date: 21.09.2017

सं/No PDCA/CHENNAI/CA III/Cord/CMRL/2-87/2017-18/ 416

सेवा में/To

The Chairman,
Chennai Metro Rail Limited,
Chennai.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the financial statements of Chennai Metro Rail Limited, Chennai for the year ended 31 March 2017.

*****

I forward herewith the comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the financial statements of Chennai Metro Rail Limited, Chennai, for the year ended 31 March 2017.

Five copies of Printed Annual Report of your Company may be arranged to be forwarded to this office.

The receipt of this letter may kindly be acknowledged.

Yours faithfully,

E. Srinivasan
(E. SRINIVASAN)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER, AUDIT BOARD, CHENNAI

Encl: Audit Certificate

इंडियन आईल भवन, स्तर - २, १३९, महात्मा गाँधी मार्ग, चेन्नई - ६०००३४
Indian Oil Bhavan, Level- 2, 139, Mahatma Gandhi Road, Chennai - 600034
Tel: 044-28330147 Fax: 044-28330142/145 e-mail:, mabchennai@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF CHENNAI METRO RAIL LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of Chennai Metro Rail Limited, for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 September 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Chennai Metro Rail Limited, Chennai for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No.49 of the financial statements, I have no further comments to offer upon or supplement to the statutory auditor's report under section 143(6)(b) of the Act.

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

E.S.

(E. SRINIVASAN)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER, AUDIT BOARD, CHENNAI

Place: Chennai
Date: 21.09.2017

Form No. MGT – 11

Proxy Form

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

CIN	**:**	**U60100TN2007SGC065596**
Name of the Company	**:**	**CHENNAI METRO RAIL LIMITED**
Registered Office	**:**	**Admin Building, CMRL Depot, Poonamallee High Road, Koyambedu, CHENNAI - 600 107**

Name of the member (s)
Registered Address
E-mail ID
Folio No / Client ID
DP ID

I / We, being the member (s) of ------------------ shares of the above named company, hereby appoint

1. Name :
   Address :
   E-mail ID :
   Signature : --------------------------, of failing him

2. Name :
   Address :
   E-mail ID :
   Signature : - -------------------------, of failing him

3. Name :
   Address :
   E-mail ID :
   Signature : --------------------------, of failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **10th Annual General Meeting** to be held on the ***Monday, 25th day of September 2017 at 11.30 AM at the Registered Office of the Company at Admin Building, CMRL Depot, Poonamallee High Road, Koyambedu, Chennai – 600 107*** and at any adjournment thereof in respect of such resolutions as are indicated below :

Ordinary Business

1. To adopt the Audited Balance Sheet as at 31st March, 2017, Statement of Income and the Statement of Profit and Loss for the year ended 31st March, 2017 together with the Comments of the Comptroller and Auditor General of India;
2. To fix remuneration of Statutory Auditors for the Financial Year 2017-18

Signed this -------------- day of------------ 2017

Affix
Revenue
Stamp

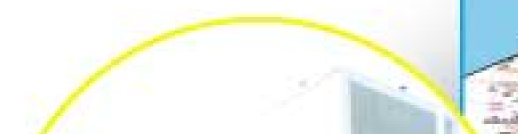
Signature of Shareholder :

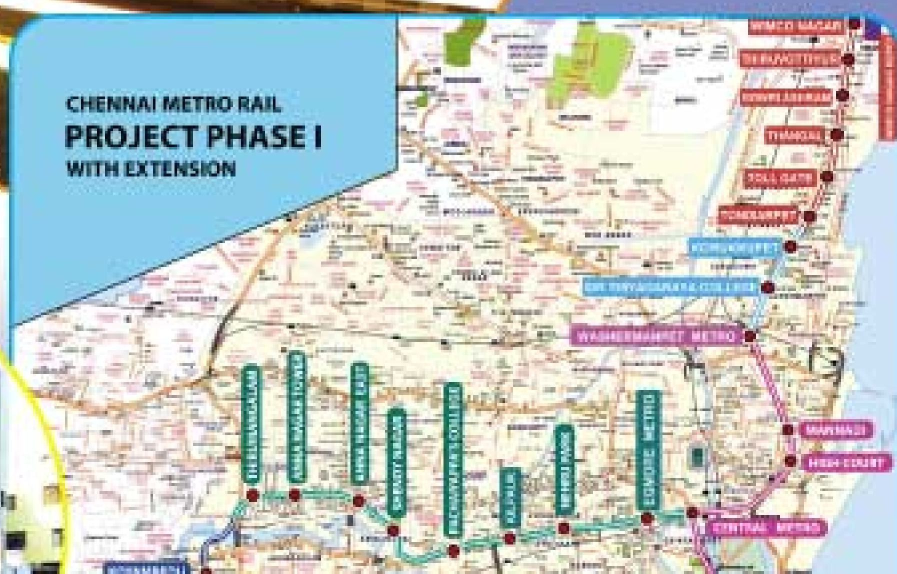
Signature of Proxy holder (s):

Note:

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


Airport MRS


Thirumangalam MRS


CHENNAI METRO RAIL
PROJECT PHASE I
WITH EXTENSION
WIMCO NAGAR
THANGAL
TOLL GATE
KORUKKUPET
WASHERMANPET METRO
MANNADI
HIGH COURT
CENTRAL METRO
GOVERNMENT ESTATE
LIC
THOUSAND LIGHTS
AG - DMS
TEYNAMPET
NANDANAM
SAIDAPET METRO
LITTLE MOUNT
GUINDY METRO
ALANDUR
NANGANALLUR ROAD
ST. THOMAS MOUNT METRO
MEENAMBAKKAM METRO
AIRPORT
KOYAMBEDU
KOYAMBEDU DEPOT
CMBT
ARUMBAKKAM
VADAPALANI
ASHOK NAGAR
EKKATTUTHANGAL
CORRIDOR I - EXTENSION (BLUE LINE)
ELEVATED
UNDER GROUND
DEPOT
CORRIDOR I (BLUE LINE)
UNDER GROUND
ELEVATED
CORRIDOR II (GREEN LINE)
ELEVATED
UNDER GROUND
DEPOT