

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Second Annual Report and the Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

The Profit and Loss Account of the Company has been drawn to comply with the provisions of Companies Act, 1956. The highlights of the financial results are as under:

Particulars	Financial period ended March 31, 2012
Total Income	46,15,641
Total Expenditure	6,54,463
Profit / (Loss) before Tax	39,61,178
Provision for Tax	(175,095)
Net Profit / (Loss) after Tax	37,86,083
Balance carried to Balance Sheet	37,86,083

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the year under review.

PERFORMANCE OF THE COMPANY

A. Execution of Shareholder Agreement with the Government of Andhra Pradesh :

Your Company has executed Shareholder Agreement with the Government of Andhra Pradesh and has issued & allotted one Non-Transferable Equity Share (termed as Golden Share) of Rs.10/- to the Government of Andhra Pradesh which gives them a right of affirmative vote on the matters pertaining to Reserved Matters as listed in the Shareholder Agreement.

Mr. NVS Reddy, IRAS, Managing Director of Hyderabad Metro Rail Limited, has been appointed as a Government Nominee Director by the Government of Andhra Pradesh on the Board of your Company.

B. Handing over of Miyapur Land

The Government of Andhra Pradesh has handed over 104 Acres of Land at Miyapur to your Company for constructing a depot for Hyderabad Metro Rail Project.

C. Transition from The Andhra Pradesh Tramways (Construction, Operation and Maintenance Act) 2008 to The Metro Railways (Constructions of Works) Act, 1978 and Metro Railways (Operation and Maintenance) Act, 2002:

Ministry of Urban Development had issued a notification to bring Hyderabad Metropolitan Area under Metro Railways (Constructions of Works) Act, 1978 and Metro Railways (Operation and Maintenance) Act, 2002.

The Concession for Hyderabad Metro Rail Project was initially awarded under Andhra Pradesh Municipal Tramways (Construction, Operation and Maintenance) Act, 2008 ('Tramways Act') and the implications of applicability of Metro Railways (Constructions of Works) Act, 1978 and Metro Railways (Operation and Maintenance) Act, 2002 on Hyderabad Metro Rail Project needs to be studied.

The Government of Andhra Pradesh and the Company are jointly studying the implications of applicability of Metro Railways (Constructions of Works) Act, 1978 and Metro Railways (Operation and Maintenance) Act, 2002 on Hyderabad Metro Rail Project.

D. Commencement of Pre Cast Yard at Nagole.

The Government of Andhra Pradesh has allocated additional land to your Company at Uppal on lease, to set up the precast yard. The precast yard is ready and the first mock casting was done successfully.

E. Income and Expenditure from Operations.

The Directors wish to inform that your Company has recorded an Income of Rs. 46,15,641/- from interest on the fixed deposits and Dividend from mutual funds and the expenditure incurred during the year is Rs. 654,463/-.

Your Company is yet to commence its operations.

SHARE CAPITAL

During the year under review, your Company has increased its subscribed and paid up capital from Rs. 3,43,99,96,050/- (Rupees Three Hundred Forty Three Crores Ninety Nine Lakhs Ninety Six Thousand Fifty only) divided into 34,39,99,605 shares of Rs.10/- each to Rs. 4,36,99,96,060/- (Rupees Four Hundred Thirty Six Crores Ninety Nine Lakhs Ninety Six Thousand Sixty only) divided into 43,69,99,606 Equity Shares of Rs.10/- each, by allotment of 9,30,000 shares of Rs.10/- each to Larsen and Toubro Limited, 9,20,70,000 shares of Rs.10/- each to L&T Infrastructure Development Projects Limited and One Non-Transferable Equity Share (GOLDEN SHARE) of Rs.10/- to the Government of Andhra Pradesh.

AUDIT COMMITTEE

Audit Committee of your Company has been constituted in terms of Section 292A of the Companies Act, 1956, which was headed by Mr. K. Venkatesh together with other members Mrs. Sheela Bhide and Mr. Ajit Rangnekar.

During the financial year, the meeting of Members of the Audit Committee was held on April 21, 2011 and August 4, 2011.

SUBSIDIARY COMPANY

During the year under review, your Company doesn't have any subsidiary.

DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

During the year under review, Mr. N V S Reddy, IRAS, Managing Director of Hyderabad Metro Rail (Hyderabad) Limited has been appointed as Nominee Director of the Government of Andhra Pradesh on the Board of your Company.

AUDITORS

M/s M.K Dandekar & Co has been appointed as the Statutory Auditors of your Company in place of M/s Sharp and Tannan, Chartered Accountants.

M/s M.K Dandekar & Co, Chartered Accountants, the existing statutory auditors holds the office until the conclusion of the Annual General Meeting and have shown their willingness to accept and hold the office till the conclusion of next Annual General Meeting, if re-appointed, and have confirmed that their appointment will be within the limits of Section 224(1B) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the said period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts for the financial year ended March 31, 2012 on a going concern basis; and
- (v) that proper systems are in place to ensure compliance of all laws applicable to the Company.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, there were no employees in your Company, exceeding the limits prescribed within the meaning of the above mentioned Section

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and Outgo are set out in Annexure I to the Directors Report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, banks, various regulatory and government authorities and for the valuable contributions made by the employees of the Company.

For and on behalf of the Board

Place : Hyderabad
Date : April 10, 2012

V B GADGIL
Managing Director

K. VENKATESH
Director

ANNEXURE I TO DIRECTORS REPORT

INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 REGARDING CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

CONSERVATION OF ENERGY

The activities / operations of the Company are yet to commence. The operations of the Company are not energy-intensive. However energy conservation is a priority area for the Company. Better controls are planned to achieve reduction in energy consumption. Various steps are being taken for reduction of energy on a continuous basis

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

There was no Technology Absorption during the year.

During the year under review, the foreign exchange earnings of your Company were Rs. Nil and the foreign exchange outgo was Rs 16,20,528/-.

For and on behalf of the Board

*Place : Hyderabad
Date : April 10, 2012*

V B GADGIL
Managing Director

K. VENKATESH
Director

AUDITORS' REPORT

TO THE MEMBERS OF L&T METRO RAIL (HYDERABAD) LIMITED

We have audited the attached Balance Sheet of L&T Metro Rail (Hyderabad) Limited as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit;
 - (b) in our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of accounts;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from the Directors of the Company as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes appearing thereon, give the information required by the Companies Act, 1956, in the manner as required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M .K.DANDEKER&CO.
(Firm regn. No. 000679S)

K. J. DANDEKER PARTNER
Chartered Accountants
Membership No. 018533

Place : Hyderabad
Date : April 10, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date)

1.
 - a. The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
 - b. We are informed that the Fixed Assets are physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
 - c. No substantial part of Fixed Assets has been disposed off during the year.
2. The Company is engaged in the business of infrastructure development and hence the clauses 4(ii)(a), (b) and (c) of the Companies (Auditor's report) Order, 2003 relating to inventory are not applicable.

L&T METRO RAIL (HYDERABAD) LIMITED

3. According to the information and the explanations given to us the Company has not granted or taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under Clause 4(iii)(a) to (g) does not arise.
4. In our opinion and according to the information and explanations given to us, the internal control procedures with regard to purchase of fixed assets are being strengthened to be commensurate with the size of the Company and the nature of the business.
5. In our opinion, and according to the information and explanations given to us, there is no transaction that needs to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted deposits from the public and the provisions of Section 58A and 58AA of the Act, rules framed there under and other relevant directives issued by the Reserve Bank of India. Hence clause 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
7. The Company's Internal Audit System is commensurate with the size of the Company and nature of its business.
8. The Company is not required to maintain the cost records as prescribed by the Central Government under clause (d) of sub-Section (1) of Section 209 of the Companies Act, 1956. Hence reporting under clause 4(viii) of the Companies (Auditor's Report) Order 2003 does not arise.
9.
 - a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and other statutory dues.
 - b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess, were in arrears as on March 31, 2012 for a period of more than six months from the date they became payable.
 - c) According to the information and explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has been registered for a period less than five years and hence reporting under clause 4(x) of the companies (Auditor's Report) Order, 2003 regarding accumulated losses and cash losses does not arise.
11. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures or taken any loan from banks or financial institution during the year and hence reporting on default in repayment of dues does not arise.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
14. In our opinion and according to the information and explanations given to us, the Company has not taken term loans and hence reporting on their application under clause 4(xvi) of the Companies (Auditor's Report) order 2003 does not arise.
15. According to the information and explanations given to us, the Company has not raised funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
16. The Company has not made Preferential Allotment of shares to parties and companies covered in the register maintained u/s. 301 of the Act during the year.
17. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore Paragraph 4 (xii) of the order relating to maintenance of documents and records is not applicable.
18. The Company is not a chit fund / nidhi / mutual benefit fund / society and hence provisions of special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company and therefore Paragraph 4(xiii), (a), (b), (c) & (d) of the Companies (Auditor's Report) Order 2003 is not applicable.
19. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments and therefore Paragraph 4(xiv) of the Companies (Auditor's Report) order 2003 is not applicable.
20. During the year covered by our Audit Report, the Company has not raised any money by public issue and therefore Paragraph 4(xx) of the order is not applicable.
21. Based on our examination and the information provided to us by the Company, no fraud on or by the Company has been noticed or reported during the year.

For M. K. DANDEKER & CO.
(Firm regn. No. 000679S)

K. J. DANDEKER PARTNER
Chartered Accountants
Membership No. 018533

Place : Hyderabad
Date : April 10, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at 31-3-2012		As at 31-3-2011	
		Rupees	Rupees	Rupees	Rupees
EQUITY & LIABILITIES					
Shareholders' funds					
Share capital	1	4,369,996,060		3,439,996,050	
Reserves and surplus	2	(10,228,673)	4,359,767,387	(14,014,756)	3,425,981,294
Non- Current Liabilities					
Other Long term liabilities	3		3,624,213		-
Current Liabilities					
Other current Liabilities	4	130,280,858		130,870,425	
Short-term provisions	5	4,605,546	134,886,404	1,119,985	131,990,410
Total			4,498,278,004		3,557,971,704
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible assets	6(i)	62,404,482		41,608,673	
Intangible assets	6(ii)	3,845,234		1,959,116	
Intangible assets under development	7	2,583,351,483	2,649,601,199	387,582,118	431,149,907
Deferred tax assets	14		6,391,960		6,391,960
Long-term loans and advances	8		1,705,144,986		3,018,498,486
Current Assets					
Cash and bank balances	9	74,309,347		101,784,691	
Short term loans and advances	10	62,830,512	137,139,859	146,660	101,931,351
Total			4,498,278,004		3,557,971,704
Commitments (capital and others)	15				
Significant accounting policies	16				
Other notes forming part of accounts	17-23				

The accompanying notes form an integral part of the Financial Statements.

As per our report attached

For and on behalf of the Board

For M. K. Dandeker & Co.

Chartered Accountants

Firm registration number : 000679S

K. J. DANDEKER

Partner

Membership No : 018533

ASHISH MALHOTRA

Company Secretary

V. B. GADGIL

Chief Executive & Managing Director

K. VENKATESH

Director

Place : Hyderabad

Date : April 10, 2012

Place : Hyderabad

Date : April 10, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Apr-Mar 2012		24-Aug-2010 to 31-Mar-2011	
	Note No	Rupees	Rupees	Rupees	Rupees
REVENUE					
Revenue from operations			—		—
Other Income	11		4,615,641		404,108
Total Revenue			4,615,641		404,108
EXPENSES					
Other expenses	12		654,463		20,685,955
Total			654,463		20,685,955
Profit/(Loss) before tax			3,961,178		(20,281,847)
Tax expenses					
Current tax		175,095		124,869	
Deferred tax	14	—	175,095	(6,391,960)	(6,267,091)
Profit/(Loss) for the period from continuing operations			3,786,083		(14,014,756)
Earnings per equity share:	13				
(a) Basic			0.01		(0.51)
(b) Diluted			0.01		(0.00)
(c) Face value			10.00		10.00
Significant accounting policies	16				
Other notes forming part of accounts	17-23				

The accompanying notes form an integral part of the Financial Statements.

As per our report attached

For and on behalf of the Board

For M. K. Dandekar & Co.

Chartered Accountants

Firm registration number : 000679S

K. J. DANDEKER

Partner

Membership No : 018533

ASHISH MALHOTRA

Company Secretary

V. B. GADGIL

Chief Executive & Managing Director

K. VENKATESH

Director

Place : Hyderabad

Date : April 10, 2012

Place : Hyderabad

Date : April 10, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-2012 Rupees	2010-2011 Rupees
A Cash flow from operating activities		
Net Profit before taxes	3,961,178	(20,281,847)
Adjustments for:		
Dividend on mutual fund received	(4,048,992)	
Interest received	(556,169)	404,108
Operating profit before working capital changes	(643,983)	(19,877,739)
Adjustments for :		
(Increase) / Decrease in short term loans and advances	(62,683,852)	(146,660)
(Increase) / Decrease in short term provisions	3,564,726	1,035,528
(Increase) / Decrease in other current liabilities	(589,567)	130,870,425
(Increase) / Decrease in long term loans and advances	1,313,353,500	(3,018,498,486)
(Increase) / Decrease in other long term liabilities	3,624,213	-
Cash generated from/(used in) operating activities	1,256,625,037	(2,906,616,932)
Direct taxes paid	(254,260)	(40,412)
Net cash generated from /(used in) operating activities	1,256,370,777	(2,906,657,344)
B Cash flow from investing activities		
Purchase of fixed assets, including intangible assets	(2,218,451,292)	(431,149,907)
Dividend on MF received	4,048,992	-
Interest received	556,169	(404,108)
Cash generated from / (used in) investing activities	(2,213,846,131)	(431,554,015)
Extraordinary items	-	-
Net cash generated from / (used in) investing activities	(2,213,846,131)	(431,554,015)
C Cash flow from financing activities		
Equity share capital issued	930,000,010	3,439,996,050
Share Application Money pending Allotment	-	-
Net cash generated from /(used in) financing activities	930,000,010	3,439,996,050
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(27,475,344)	101,784,691
Cash and cash equivalents as at the beginning	101,784,691	-
Cash and cash equivalents as at the end	74,309,347	101,784,691

Notes:

- 1 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in Companies (Accounting Standards) Rules ,2006
- 2 Purchase of fixed assets includes movement of intangible assets under development.
- 3 Cash and cash equivalents represent cash and bank balances.

As per our report attached

For and on behalf of the Board

For M. K. Dandeker & Co.

Chartered Accountants

Firm registration number : 000679S

K. J. DANDEKER

Partner

Membership No : 018533

ASHISH MALHOTRA

Company Secretary

V. B. GADGIL

Chief Executive & Managing Director

K. VENKATESH

Director

Place : Hyderabad

Date : April 10, 2012

Place : Hyderabad

Date : April 10, 2012

NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
1. SHARE CAPITAL				
Authorized shares				
2,439,000,000 (March 31, 2011 : 2,439,000,000) equity shares of Rs. 10 each	24,390,000,000		24,390,000,000	
Issued, subscribed and fully paid-up shares				
436,999,606 (March 31, 2011 : 343,999,605) equity shares of Rs. 10 each	4,369,996,060	4,369,996,060	3,439,996,050	3,439,996,050

a. Reconciliation of the Share outstanding at the beginning and at the end of the reporting period

	As at 31-3-2012		As at 31-3-2011	
	No	Rupees	No	Rupees
EQUITY SHARES				
At the beginning of the period	343,999,605	3,439,996,050	—	—
Issued during the period	93,000,001	930,000,010	343,999,605	3,439,996,050
Outstanding at the end of the period	436,999,606	4,369,996,060	343,999,605	3,439,996,050

b. Terms/rights attached to equity shares

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Andhra Pradesh (Government) having a par value of Rs. 10 in pursuance of the Shareholders Agreement entered into with the Government and others. In terms of the said agreement, the Government appointed a Nominee Director on the Board of Directors of the Company and so long as the Government holds the Golden Share, an affirmative vote of the Government or the Director appointed by the government shall be required for passing of, by the general meeting of the Company or the meeting of Board of Directors thereof, as the case may be, any resolution on all the reserved matters as specified in the said agreement.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	As at 31-3-2012	As at 31-3-2011
L&T Infrastructure Development Projects Limited, the holding company		
432,629,600 (March 31, 2011 : 340,559,600) equity shares of Rs. 10 each fully paid up	4,326,296,000	3,405,596,000
Larsen & Turbo Limited, the ultimate holding company		
4,370,000 (March 31, 2011 : 3,440,000) equity shares of Rs. 10 each fully paid up	43,700,000	34,400,000

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

No.	As at 31-3-2012		As at 31-3-2011	
	% of holding	No.	% of holding	Rupees
Equity share of Rs. 10 each fully paid				
L&T Infrastructure Development Projects Limited, the holding company	432,629,600	99%	340,559,600	99%

	As at 31-3-2012		As at 31-3-2011	
	Rupees	Rupees	Rupees	Rupees
2. RESERVES AND SURPLUS				
Surplus/(deficit) in the Statement of Profit and Loss				
Balance as per last financial statements	(14,014,756)		—	
Profit/(Loss) for the year	3,786,083		(14,014,756)	
Net deficit in the Statement of Profit and Loss		(10,228,673)		(14,014,756)
	As at 31-3-2012		As at 31-3-2011	
	Rupees	Rupees	Rupees	Rupees
3. OTHER LONG TERM LIABILITIES				
Deposits received for car scheme		3,624,213		—
		3,624,213		—

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31-3-2012		As at 31-3-2011	
	Rupees	Rupees	Rupees	Rupees
4. OTHER CURRENT LIABILITIES				
Statutory dues payable		55,361,310		14,310,944
Other dues payable for supplies and services		74,919,548		116,559,481
TOTAL		130,280,858		130,870,425
	As at 31-3-2012		As at 31-3-2011	
	Rupees	Rupees	Rupees	Rupees
5. SHORT TERM PROVISIONS				
Provision for employee benefits				
Gratuity		3,051,127		898,379
Compensated absences		1,549,127		137,149
		4,600,254		1,035,528
Other Provisions				
Current taxes (net of advance tax)		5,292		84,457
TOTAL		4,605,546		1,119,985

6. FIXED ASSETS**Note 6(i) - Tangible Assets**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions during the Year	Deductions during the Year	As at 31.03.2012	As at 01.04.2011	For the year	Deductions during the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Tangible Assets									
Freehold land	–	1,557,000	–	1,557,000	–	–	–	–	1,557,000	–
Computers	3,380,223	4,075,490	–	7,455,713	173,145	1,494,247	–	1,667,392	5,788,321	3,207,078
Furniture & Fixtures	17,810,422	8,527,481	–	26,337,903	756,983	6,432,746	–	7,189,729	19,148,174	17,053,439
Office Equipment	21,847,784	18,634,152	95,509	40,386,427	499,628	7,408,660	1,108	7,907,180	32,479,247	21,348,156
Vehicles	–	3,741,027	–	3,741,027	–	309,287	–	309,287	3,431,740	–
TOTAL	43,038,429	36,535,150	95,509	79,478,070	1,429,756	15,644,940	1,108	17,073,588	62,404,482	41,608,673
Previous Year	–	43,038,429	–	43,038,429	–	1,429,756	–	1,429,756	41,608,673	–

Note 6(ii) - Intangible Assets

Computer Software	2,025,088	3,019,146	–	5,044,234	65,972	1,133,028	–	1,199,000	3,845,234	1,959,116
TOTAL	2,025,088	3,019,146	–	5,044,234	65,972	1,133,028	–	1,199,000	3,845,234	1,959,116
Previous Year	–	2,025,088	–	2,025,088	–	65,972	–	65,972	1,959,116	–

Note: Freehold hand and the above assets of the Company have been mortgaged in favour of the lender's security trustee to secure the credit facilities sanctioned to the Company.

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31-3-2011	<i>During the year</i>	<i>As at 31-3-2012</i>
	Rupees	<i>Rupees</i>	<i>Rupees</i>
7. INTANGIBLE ASSETS UNDER DEVELOPMENT			
Salaries and wages	9,988,929	100,294,182	110,283,111
Contribution to and provision for			
Provident fund	436,660	3,411,770	3,848,430
Gratuity	898,379	2,152,748	3,051,127
Leave Encashment	137,149	1,411,978	1,549,127
Staff welfare and other expenses	1,061,802	9,229,736	10,291,538
Lease Rent	14,668,193	42,739,103	57,407,296
Preliminary and preconstruction works	716,950	1,366,435,810	1,367,152,760
Travelling & conveyance	5,231,811	15,857,038	21,088,849
Office maintenance	8,472,919	31,093,142	39,566,061
Project Insurance	-	49,950,254	49,950,254
Professional & consultancy	41,558,455	433,222,008	474,780,463
Bank & finance charges	298,196,730	112,989,338	411,186,068
Communication expenses	403,479	2,684,017	3,087,496
Guest House expenses	431,532	2,827,355	3,258,887
Conferences & meetings	527,575	163,703	691,278
Depreciation	1,495,728	16,776,860	18,272,588
Recruitment & training	2,000,596	2,394,563	4,395,159
Survey charges	347,875	925,609	1,273,484
Audit fees	110,300	(110,300)	-
Interest on ICD	679,672	-	679,672
Miscellaneous	217,384	1,320,451	1,537,835
TOTAL	387,582,118	2,195,769,365	2,583,351,483

	As at 31-3-2012	<i>As at 31-3-2011</i>
	Rupees	<i>Rupees</i>
8. LONG TERM LOANS AND ADVANCES		
Capital advances		
Unsecured, considered good	1,688,371,626	3,001,854,710
	1,688,371,626	3,001,854,710
Security Deposits		
Unsecured, considered good	16,773,360	16,643,776
TOTAL	1,705,144,986	3,018,498,486

	As at 31-3-2012	Current	<i>As at 31-3-2011</i>
	Rupees		<i>Rupees</i>
9. CASH AND BANK BALANCES			
Cash and cash equivalents			
Balances with Banks :	3,759,908		101,784,691
On current accounts	70,549,439		
Bank deposits with less than 3 months maturity (including interest accrued thereon)			
TOTAL	74,309,347		101,784,691

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31-3-2012 Rupees	Current As at 31-3-2011 Rupees
10. SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties		
Unsecured, considered good	173,523	—
	173,523	—
Other loans and advances		
Prepaid expenses	61,767,961	95,844
Others	889,028	50,816
	62,656,989	146,660
	62,830,512	146,660
	Apr-Mar 2012 Rupees	24-Aug-2010 to 31-Mar-2011 Rupees
11. OTHER INCOME		
Interest income on		
Short term deposits	556,169	404,108
Dividend on		
Current investments	4,048,992	—
Other non-operating income		
Sale of scrap	10,480	—
	4,615,641	404,108
12. OTHER EXPENSES		
Audit Fees*	335,020	—
Filing Fees	13,500	19,898,000
Preliminary expenses	—	787,955
Miscellaneous expenses	305,943	—
	654,463	20,685,955

* Includes Rs. 1,10,300 capitalized as part of intangible assets under development during the previous year.

	For the year 2011-12	For the period from 24.8.2010 to 31.3.2011
13. DETAILS OF EARNING PER SHARE:		
Profit after Tax	37,86,083	(1,40,14,756)
Weighted average no. of Equity Shares	34,42,53,703	2,73,31,582
Earnings per share – Basic	0.011	(0.51)
Earnings per share – Diluted	0.009	(0.004)
Face Value Per Equity Share	10	10

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2012		As at 31.03.2011	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
14 MAJOR COMPONENTS OF DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES:				
Tax effect on Account of :				
Preliminary and other expenses deductible u/s 35D.	63,91,960	–	63,91,960	–
Total	63,91,960	–	63,91,960	–
Net Deferred tax asset	63,91,960		63,91,960	
Net Deferred tax asset credited to Profit & Loss Account	–		63,91,960	

15. COMMITMENTS:

Estimated amount of contracts remaining to be executed on capital and other accounts (net of advances):Rs. 1,23,43,28,58,284 (*Previous year Rs. 1,21,85,98,74,625*).

16. SIGNIFICANT ACCOUNTING POLICIES**a. Basis of preparation**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP") in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amount of income and expenses of the period, the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

b. Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year

c. Revenue recognition

- (i) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- (ii) Other items of income are accounted as and when the right to receive arises.

d. Employee benefits

The following are the accounting policies of the Company with regard to Employee Benefits:

(i) Short Term Employee Benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

(ii) Post-employment benefits**Defined Contribution Plans:**

The State Governed Provident Fund scheme, employee Pension Scheme and employee state insurance scheme are defined Contribution Plan. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

Defined Benefit Plans:

Employees' Gratuity obligation is the defined benefit plan. The present value of the obligation under Gratuity is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Long term employee Benefits

The obligation for long term employee benefits such as long term compensated absences is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognized immediately in the Profit & Loss Account or capitalised as the case may be.

e. Tangible fixed assets

Tangible fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation.

Administrative and other general overhead expenses that are specifically attributable to the acquisition of tangible fixed assets or bringing the tangible fixed assets to working condition are allocated and capitalized as a part of the cost of the tangible fixed assets.

f. Leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted under intangible assets under development on accrual basis.

g. Depreciation

Depreciation is provided in the accounts on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions. However, in respect of the following asset categories, depreciation is provided at higher rates in line with their estimated useful life.

Category of Asset	Rate of Depreciation (% p.a.)
Furniture and Fixtures:	
- Retrofits	33.33
- Others	10
Computers	25
Office equipment	20

h. Intangible fixed assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Fare collection rights obtained in consideration for rendering development and construction services represents the rights to collect fare revenue during the concession period in respect of design, build, finance, operate and transfer (DBFOT) project undertaken by the Company. Fare collection rights are capitalized as intangible asset upon completion of the project at the cumulative construction cost. Till the completion of the project the same is recognised as Intangible assets under development.

Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalized as a part of the cost of the Intangible assets.

Softwares are amortized on a straight line basis over a period of three years.

i. Investments

(i) Investments are recorded at actual cost including costs incidental to acquisition.

(ii) Investments are classified as long term or current at the time of making of such investments.

(iii) Current investments are valued at the lower of cost and market value.

j. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

k. Foreign currency transactions

(i) The reporting currency of the Company is the Indian Rupee.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction.

NOTES FORMING PART OF ACCOUNTS (Contd.)**I. Taxes on Income**

- (i) Taxes on income for the current period is determined on the basis of taxable Income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments / appeals.
- (ii) Deferred tax is recognized on timing differences between the income accounted in financial statements and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet.
- (iii) Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

m. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (i) The Company has a present obligation as a result of a past event
- (ii) A probable outflow of resources is expected to settle the obligation and
- (iii) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- (i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- (ii) a present obligation arising from a past events, when no reliable estimate is possible.
- (iii) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

- (a) Provision for current income tax has been made on the interest income earned on short term bank deposits as per the provisions of the Income Tax Act 1961.
- (b) The Company does not have taxable wealth; hence no provision for wealth tax has been made as per the provisions of the Wealth Tax Act, 1957.

17. CORPORATE INFORMATION

L&T Metro Rail (Hyderabad) Limited was originally incorporated as "L&T Hyderabad Metro Rail Private Limited" on August 24, 2010 and subsequently the name of the Company has been changed to L&T Metro Rail (Hyderabad) Private Limited on November 4, 2010 and the Company has been converted into a public limited company with effect from 11.11.2010. The Company was incorporated as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriental Development for commercial purposes) in Hyderabad under Public Private Partnership model.

The Company has signed Concession Agreement with the Government of Andhra Pradesh on September 09, 2010 which granted the exclusive right, licence and authority to the Company to construct, operate and maintain the Metro Rail System (The 'Concession') on three elevated corridors from Miyapur to L.B.Nagar, Jubilee Bus Station to Falaknuma and from Nagole to Shilparamam in Hyderabad, covering a total distance of 71.16 Kms in accordance with the provisions of the Concession Agreement on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

In terms of Clause 3.1.1 and Schedule G of the Concession Agreement, the concession period of the project is for 35 years commencing from the Appointed Date including the construction period and the concession period is extendable for a further period of 25 years subject to fulfilment of certain conditions by the Company.

The Company achieved financial closure on 1st March 2011 and satisfied all conditions precedent laid down in concession agreement. The Company has completed various engineering, designing and technical activities, and preparatory works for construction are in progress.

18. EXPENDITURE IN FOREIGN CURRENCY:

Particulars	For the year 2011-12	For the period from 24.08.2010 to 31.03.2011
	Rupees	Rupees
Professional/Consultancy Fees	4,35,237	4,64,250
Travelling expenses	11,85,291	7,17,041
Total	16,20,528	11,81,291

NOTES FORMING PART OF ACCOUNTS (Contd.)**19. AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX) AND EXPENSES CHARGED TO THE ACCOUNTS:**

Particulars	For the year 2011-12 Rs.	For the period from 24.8.2010 to 31.3.2011 Rs.
Audit fees	2,00,000	1,00,000
Certification fees	–	5,500
Total	2,00,000	1,05,500

20. There have been no transactions during the year with micro and small enterprises covered under the Micro Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise.

21. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 (REVISED)

Defined Contribution Plans:

Amount of Rs. 34,11,770 (*previous year: Rs. 4,36,660*) towards Provident Fund contribution has been recognized in "Intangible assets under development (Note 7)

Amount recognised in the financial statements in respect of gratuity is as below:

a) The amounts recognised in the Balance Sheet are as follows

Particulars	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
Present value of defined benefit obligation		
-Wholly Funded	30,51,127	8,98,379
Less: Fair value of plan assets	(13,65,377)	-
Amount to be recognised as liability or (asset)	16,85,750	8,98,379

b) The amount recognised in the Intangible assets under development (note 7) is as follows:

Particulars	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
Current service cost	4,76,987	2,20,761
Interest cost	71,870	–
Return on plan assets	–	–
Actuarial losses/(gains)	16,03,891	6,77,618
Past service cost	–	–
Net benefit expense	21,52,748	8,98,379

c) Change in the present value of the defined benefit obligation is as follows:

Particulars	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
Opening balance of present value of defined benefit obligation	8,98,379	–
Interest Cost	71,870	–
Current service cost	4,76,987	2,20,761
Benefits paid	–	–
Actuarial losses/(gains) on obligation	16,03,891	6,77,618
Closing balance of present value of defined benefit obligation	30,51,127	8,98,379

d) Changes in the plan assets representing reconciliation of the opening and closing balances are as follows:

Particulars	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
Opening Fair Value of Plan Assets	–	–
Expected Return	–	–
Contributions	13,65,377	–
Benefits Paid	–	–
Actuarial Gain/loss	–	–
Closing Fair value of Plan Assets	13,65,377	–

NOTES FORMING PART OF ACCOUNTS (Contd.)**e) The actuarial assumptions under which the provision for gratuity made are as under:**

A	Membership Data	
	1 Number of Members	80
	2 Retirement Age	58 years
	3 Average Balance service	23.63
B	Valuation Method	Projected Unit Credit Method
C	Actuarial Assumptions	
	1 Salary Escalation	10%
	2 Discount Rate	8%
	3 Attrition Rate	5%
	4 Mortality Table	LIC(1994-96)

22. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS:**A. List of related parties**

Holding Companies	Larsen & Toubro Limited (Ultimate holding company)
	L&T Infrastructure Development Projects Limited (Holding company)
Fellow Subsidiary Companies	L&T Infocity Limited
	L&T Urban Infrastructure Limited
	L&T Seawoods Private Limited

B. Transactions with related parties.

Particulars	For the year 2011-12 Rupees	For the period from 24.8.2010 to 31.3.2011 Rupees
HOLDING COMPANIES		
L&T Infrastructure Development Projects Limited		
Reimbursement of expenses	33,38,736	3,26,17,406
Cost of Services	28,21,592	5,90,690
Equity Share capital money received	92,07,00,000	3,40,55,01,050
Fee paid for Advisory and debt arranging services	10,12,81,872	12,66,02,340
Inter Corporate Deposit received	—	7,60,00,000
Interest paid	—	6,79,672
Deposit paid	180,000	—
Rent Payment	4,20,000	—
Larsen & Toubro Limited		
Pay roll Processing fees	1,98,540	82,725
Cost of Services	2,37,89,628	3,11,483
Deposit placed	—	70,000
Equity Share capital received	93,00,000	3,43,95,000
Mobilisation advance paid	—	30,00,000,000
Preliminary and Pre construction works	1,35,93,44,290	—
Reimbursement of Expenses	5,60,82,456	23,521

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	For the year 2011-12 Rupees	For the period from 24.8.2010 to 31.3.2011 Rupees
FELLOW SUBSIDIARIES		
L&T Infocity Limited		
Lease Rentals paid	2,00,18,330	86,82,736
Facility management expenses	1,92,01,127	41,78,467
Deposit placed	–	92,84,316
Reimbursement of expenses	75,92,915	41,84,665
Cost of Services paid	1,19,103	1,15,401
Purchase of Assets	10,41,757	–
L&T Seawoods Private Limited		
Reimbursement of expenses	–	2,485
L&T Urban Infrastructure Limited		
Reimbursement of expenses	5,95,887	–

C. DUE TO AND DUE FROM RELATED PARTIES

Name/Relationship	As at 31.3.2011 Rupees		As at 31.3.2011 Rupees	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Ultimate holding company)	1,58,02,136	–	–	70,000
L&T Infrastructure Development Projects Limited (Holding Company)	–	–	11,39,42,106	–
L&T Infocity Limited (Fellow subsidiary)	5,28,793	–	–	92,84,316

Note: No amount pertaining to the related parties have been written off / written back during the year.

23. The Company has not entered into any finance lease. The Company has taken premises and vehicles under cancellable operating leases. The lease expenses in respect of these operating leases have been recognized as an expense and included in Intangible assets under development.

As per our report attached

For M. K. Dandeker & Co.

Chartered Accountants

Firm registration number : 000679S

For and on behalf of the Board

K. J. DANDEKER

Partner

Membership No : 018533

ASHISH MALHOTRA

Company Secretary

V. B. GADGIL

Chief Executive & Managing Director

K. VENKATESH

Director

Place : Hyderabad

Date : April 10, 2012

Place : Hyderabad

Date : April 10, 2012