



L & T METRO RAIL (HYDERABAD) LIMITED

6th ANNUAL REPORT



FY 2015-16

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. S.N.Subrahmanyam	Chairman
Mr. Shivanand Nimbargi	Managing Director and Chief Executive Officer
Mr. R.Shankar Raman	Director
Mr. K.Venkatesh	Director
Mrs. Sheela Bhide	Independent Director
Mr. Ajit Rangnekar	Independent Director
Mr. N.V.S.Reddy	Nominee Director
Mr. M.R.Prasanna	Independent Director

AUDIT COMMITTEE

Mrs. Sheela Bhide	Chairperson
Mr. R.Shankar Raman	Member
Mr. Ajit Rangnekar	Member
Mr. M.R.Prasanna	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. S.N. Subrahmanyam	Chairman
Mrs. Sheela Bhide	Member
Mr. K. Venkatesh	Member
Mr. Ajit Rangnekar	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Shivanand Nimbargi	Chairman
Mr. Ajit Rangnekar	Member
Mr.N.V.S.Reddy	Member

J Ravikumar	Chief Financial Officer
Ashish Malhotra	Company Secretary

BANKERS

State Bank of India

REGISTRAR & TRANSFER AGENT

NSDL Database Management Limited
4th Floor, Trade World A Wing, Kamala Mills
Compound, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013

STATUTORY AUDITORS

M/s M.K. Dandekar & Co.,
Chartered Accountants, Chennai.

DEBENTURE TRUSTEE

SBICAP Trustee Company Ltd.,
Apeejay House, 6th Floor, 3 Dinshaw Wachha
Road, Churchgate, Mumbai – 400 020.

REGISTERED OFFICE

Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad – 500 039,
Telangana, India.

NOTICE

Notice is hereby given to the members of L&T Metro Rail (Hyderabad) Limited that the Sixth Annual General Meeting of the Company will be held on Thursday the 29th day of September, 2016 at 10:30 A.M. at the registered office of the Company at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad- 500 039 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Financial Statements for the year ended on 31st March 2016 together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K Venkatesh (DIN- 00240086), who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint the Statutory Auditors for a second term of five years

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s M.K. Dandeker & Co, Chartered Accountants (Firm registration no. 000679S), be and is hereby re-appointed as Statutory Auditors of the Company to hold office for a second term of five years from the conclusion of Sixth Annual General Meeting till the conclusion of the Eleventh Annual General Meeting of the Company (subject to ratification of their appointment at every Annual General Meeting), at such remuneration as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Appointment of Mr. Sekharipuram Narayanan Subrahmanyam as Director of the Company

“RESOLVED THAT Mr. Sekharipuram Narayanan Subrahmanyam (DIN - 02255382), who was appointed as an Additional Non-Executive Director with effect from December 8, 2015 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 read with Article 41 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company and whose office shall be liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Appointment of Mr. Ramamurthi Shankar Raman as Director of the Company

“RESOLVED THAT Mr. Ramamurthi Shankar Raman (DIN - 00019798), who was appointed as an Additional Non-Executive Director with effect from December 8, 2015 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 read with Article 41 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company and whose office shall be liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Appointment of Mr. Shivanand Nimbargi as Director of the Company

“RESOLVED THAT Mr. Shivanand Nimbargi (DIN - 01419304), who was appointed as an Additional Director with effect from March 10, 2016 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 read with Article 41 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company and whose office shall be liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution

Appointment of Mr. Shivanand Nimbargi as Whole-time Director w.e.f 10th March 2016 and as Managing Director and Chief Executive Officer w.e.f. 1st June 2016

“RESOLVED THAT pursuant to Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013 including any statutory modifications or re-enactment thereof for the time being in force read with Part II of Schedule V of the Act, consent of the Company be and is hereby accorded to appoint Mr. Shivanand Nimbargi (DIN – 01419304) as Whole Time Director of the Company w.e.f. 10th March 2016 and as Managing Director and Chief Executive Officer of the Company from June 1, 2016 to March 9, 2019 on such terms and conditions as may be specified by the Board from time to time and at such remuneration to the extent maximum permissible under Part II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the consent of the Authorized Representative of the Government of Telangana be and is hereby granted for the aforesaid resolution pursuant to Article 5.4.2 of the Concession Agreement and Article 3.1.3 of the Shareholders Agreement.”

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

Issue of Non-Convertible Debentures for an amount not exceeding Rs. 250 Crores

“RESOLVED THAT pursuant to the provisions Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) approval of the Members be and is hereby accorded to the Board of Directors of the Company to raise funds for its general corporate purposes by way of issuance of non-convertible debentures, in one or more series/ tranches on such terms and conditions as may be determined by the Board of Directors.

RESOLVED FURTHER THAT the aggregate amount of non-convertible debentures offered/ proposed to be offered shall not exceed Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) during the year. Further provided that the aggregate limit of Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) shall be subject to the overall borrowing limit of Rs. 14,000 crore (Rupees Fourteen Thousand Crores only) provided for the Company pursuant to the Shareholder resolution under Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT the consent of the Authorized Representative of the Government of Telangana be and is hereby granted for the aforesaid resolution pursuant to Article 5.4.2 of the Concession Agreement and Article 3.1.3 of the Shareholders Agreement.”

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Appointment of Mr. Prasanna Rangacharya Mysore as Director of the Company

“RESOLVED THAT Mr. Prasanna Rangacharya Mysore (DIN - 00010264), who was appointed as an Additional Director with effect from February 18, 2016 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and Article 41 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

10. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Appointment of Mr. Prasanna Rangacharya Mysore as an Independent Director of the Company

“RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, read

with Schedule IV to the Act, as amended from time to time, Mr. Prasanna Rangacharya Mysore (DIN - 00010264), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of 5 (five) consecutive years, with effect from 18th February 2016 and that he shall not be liable to retire by rotation.”

11. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution

Extension of Services of Mr. V B Gadgil as Chief Executive and Managing Director of the Company

“**RESOLVED THAT** pursuant to Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013 including any statutory modifications or re-enactment thereof for the time being in force read with Part II of Schedule V of the Act, consent of the Company be and is hereby accorded to appoint Mr. V B Gadgil (DIN – 00240803) as Chief Executive and Managing Director of the Company from 8th April, 2016 to 31st May, 2016 on such terms and conditions as may be specified by the Board from time to time and at such remuneration to the extent maximum permissible under Part II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the consent of the Authorized Representative of the Government of Telangana be and is hereby granted for the aforesaid resolution pursuant to Article 5.4.2 of the Concession Agreement and Article 3.1.3 of the Shareholders Agreement.”

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An explanatory statement as required under Section 102(1) of the Companies Act, 2013 in respect of the business set out above is annexed hereto.
3. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the ensuing Annual General Meeting.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company up to the date of the Annual General Meeting.

By Order of the Board
For L&T Metro Rail (Hyderabad) Limited
Sd/-

Ashish Malhotra
Company Secretary
(Membership No - 18393)

Place : Hyderabad
Date : 18.08.2016

EXPLANATORY STATEMENT
(Pursuant to Section 102(1) of Companies Act, 2013)

Item No.4:

The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Sekharipuram Narayanan Subrahmanyam (DIN- 02255382) as an Additional Non- Executive Director w.e.f. 8th December 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 read with Article 41 of Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 he holds office up to the date of Sixth Annual General Meeting. Pursuant to the provisions of Section 160 of the Companies Act, 2013, the Company has received a request in writing from a member of the Company along with deposit of requisite amount proposing Mr. Sekharipuram Narayanan Subrahmanyam's candidature for appointment as Director of the Company.

Mr. S.N. Subrahmanyam is a Civil Engineer and holds Master's Degree in Business Management with over 32 years of rich experience in construction and management field. He is a Deputy Managing Director and President of Larsen & Toubro Limited and is heading L&T Construction division. He was instrumental for the construction of four major international airports in India at Bengaluru, Hyderabad, Delhi and Mumbai. He was also responsible for L&T Construction Division in overseas and Middle East. He was feathered with "Infrastructure Person of the Year – 2012" by Construction Week Magazines, "Contractor CEO of the Year" for the year 2014 at the Qatar Contractors Forum & Awards function in Doha, ranked 36th in '2014 Construction Week Power 100' and accorded the Leading Engineering Personality award in the event "Glimpses of Engineering Personalities" by the Institution of Engineers (India).

The Directors recommends the resolution for approval by the shareholders.

Except Mr. Sekharipuram Narayanan Subrahmanyam, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. 5:

Mr. Ramamurthi Shankar Raman (DIN- 00019798), on the recommendations of the Nomination and Remuneration Committee, was appointed as an Additional Non- Executive Director w.e.f. 8th December 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 read with Article 41 of Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 he holds office up to the date of Sixth Annual General Meeting. The Company has received a request in writing from a member of the Company along with deposit of requisite amount proposing Mr. Ramamurthi Shankar Raman candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other provisions of the Companies Act, 2013.

Mr. R. Shankar Raman is a qualified Chartered Accountant and a Cost Accountant with over 32 years of rich experience in finance and cost accounting field. He is a Whole-time Director and Chief Financial Officer of Larsen & Toubro Limited. He looks after oversees finance

functions across the L&T Group. He was feathered twice with the “Best CFO” in Asia in the industrial sector by the prestigious New York-based, Institutional Investor magazine in the year 2012 and in 2014, ‘Best CFO Award’ in the year 2013 by CNBC TV18 and Business Today’s Best CFO Award for Consistent Liquidity Management under Large Companies category.

The Directors recommends the resolution for approval by the shareholders.

Except Mr. Ramamurthi Shankar Raman, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No.6:

Mr. Shivanand Nimbargi (DIN- 01419304), on the recommendations of the Nomination and Remuneration Committee, was appointed as an Additional Non- Executive Director w.e.f. 10th March 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013 read with Article 41 of Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 he holds office up to the date of Sixth Annual General Meeting. The Company has received a request in writing from a member of the Company along with deposit of requisite amount proposing Mr. Shivanand Nimbargi candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other provisions of the Companies Act, 2013.

The Directors recommends the resolution for approval by the shareholders.

Except Mr. Shivanand Nimbargi, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7:

The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, at their meeting held on 18th February 2016 appointed Mr. Shivanand Nimbargi (DIN- 01419304), as Whole Time Director from 10th March 2016 and subsequently as Managing Director and Chief Executive Officer of the Company from June 1, 2016 to March 9, 2019 on such terms and conditions as may be specified by the Board from time to time and at such remuneration to the extent maximum permissible under Part II of Schedule V of the Act.

Following information is given pursuant to the requirement of Schedule V of the Companies Act, 2013:

I. GENERAL INFORMATION:

1. Nature of Industry:

The Company is implementing Hyderabad Metro Rail Project in three corridors for approximately 72 kms. on elevated structures in the metropolitan area of Hyderabad on design, build, finance, operate and transfer basis.

2. **Date or expected date of commencement of commercial Operations:**

The Hyderabad Metro Rail Project is being implemented in phased manner and commercial operations are expected in a phased manner during the calendar year 2016.

3. **Financial performance based on given indicators:**

(Rs.in Lakhs)

Particulars	March 31, 2016
Total Income	1426.62
Total Expenditure	2140.24
Profit / (Loss) before Tax	(713.62)
Provision for Tax	-
Net Profit / (Loss) after Tax	(713.62)
Balance carried to Balance Sheet	(713.62)
Net Worth	201417.99
Non-Current Liabilities	690996.88
Net Current Assets	(59225.66)
Non-Current Assets	952640.54

4. **Export performance and net foreign exchange collaborations:**

Not applicable.

5. **Foreign investments or collaborators, if any:**

Not Applicable

II. INFORMATION ABOUT THE APPOINTEE:

1. **Brief profile of Mr. Shivanand Nimbargi:**

Mr. Shivanand Nimbargi, Managing Director and Chief Executive Officer - L&T Metro Rail (Hyderabad) Limited, holds a Bachelor's Degree in Mechanical Engineering from PDA Engineering College, Gulbarga University and completed his Advanced Management Program from INSEAD. He has over 26 years of rich and varied experience in the multiple organizations & related fields.

2. **Past remuneration:**

Mr. Shivanand Nimbargi has joined the position of Managing Director & Chief Executive Officer from 1st June 2016.

3. **Remuneration proposed:**

The Proposed Remuneration is maximum permissible limit under Schedule V part II.

4. **Comparative remuneration profile with respect to industries, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):**

Taking into consideration the size of the Company, profile and experience of Mr. Shivanand Nimbargi, the responsibilities shouldered by him and the industry benchmarks, the remuneration paid is commensurate with the remuneration package paid to persons having comparable senior positions in other companies.

5. **Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any:**

None.

III. OTHER INFORMATION:

1. **Reasons of loss or inadequate profits:**

The Company is yet to commence its commercial operations, hence it is yet to have a regular revenue stream.

2. **Steps taken or proposed to be taken for improvement:**

The Company is likely to commence its operations in phased manner during the year 2016.

3. **Expected increase in productivity and profits in measurable terms:**

Not applicable.

The Directors recommended the resolution for approval of the Shareholders.

Except Mr. Shivanand Nimbargi, none of the Directors and Key Managerial Personnel of the Company including their relatives are in any way concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding, if any, in the Company.

Item No. 8:

The Shareholders at their Extra-ordinary General Meeting held on 12th March 2015 had by a Special Resolution authorized the Board of Directors to offer and issue Un-secured, Redeemable Non-convertible debentures for an aggregate amount not exceeding Rs. 1000 crores on private placement basis. Pursuant to the said authorization during the Financial Year 2015-16 the Board of Directors could raise an amount of Rs. 750 crores in three tranches by issue and allotment of 7500 un-secured, redeemable non- convertible debentures of Rs. 10 lakh each fully paid up and got listed on BSE Limited under debt segment. The Board proposes to raise the balance amount of Rs. 250 Crore and sought the approval of Shareholders under Section 42 read with Rule 14(2)(a) of the Companies (Prospectus and Allotment of Securities) Rule, 2014.

The Board recommends the Special Resolution set forth in Item No. 8 of the Notice for approval of the Members. None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

Item No. 9:

Mr. Prasanna Rangacharya Mysore (DIN- 00010264), on the recommendations of the Nomination and Remuneration Committee, was appointed as an Additional Non- Executive

Director w.e.f. 18th February 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013 read with Article 41 of Article of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 he holds office up to the date of Sixth Annual General Meeting. The Company has received a request in writing from a member of the Company along with deposit of requisite amount proposing Mr. Prasanna Rangacharya Mysore candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other provisions of the Companies Act, 2013.

Mr. M.R. Prasanna holds a Master's Degree in Law from the University of Mysore and is a Gold Medalist. He served as a Chief Legal Officer of Larsen & Toubro Limited, Mumbai for seven years and about 12 years with Aditya Birla Group as a General Counsel. He has over 28 years of rich and varied experience in corporate laws, mergers, acquisitions and takeovers. He is associated with the prestigious institutions, associations, Chambers of Commerce & Industry, International Bar Association and International Centre for Alternative Dispute Resolution (ICADR), New Delhi. He was conferred with prestigious business and industry awards for his achievements in Corporate Law. He is an academician and a regular speaker on diverse topics before various forums, both national and international.

The Directors recommends the resolution for approval by the shareholders.

Except Mr. Prasanna Rangacharya Mysore, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Item No. 10:

The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Prasanna Rangacharya Mysore (DIN- 00010264), as an Independent Director of the Company with effect from 18th February 2016 for a period of five consecutive years in accordance with Section 149 and other relevant provisions of the Companies Act, 2013.

Mr. Prasanna Rangacharya Mysore has given a declaration under Section 149(7) of the Companies Act, 2013 to the Board that he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. Prasanna Rangacharya Mysore fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and he is independent of the management. The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

The Directors recommends the resolution for approval by the shareholders.

Except Mr. Prasanna Rangacharya Mysore, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Item No. 11:

The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, at their meeting held on 18th February 2016 extended the services of Mr. V. B. Gadgil (DIN – 00240803) as Chief Executive & Managing Director of the Company from 8th April 2016 to 31st May 2016 on such terms and conditions as may be specified by the Board from time to time and at such remuneration to the extent maximum permissible under Part II of Schedule V of the Act for a period from 8th April 2016 to 31st May 2016.

Following information is given pursuant to the requirement of Schedule V of the Companies Act, 2013:

I. GENERAL INFORMATION:
1. Nature of Industry:

The Company is implementing Hyderabad Metro Rail Project in three corridors for approximately 72 Kms on elevated structures in the metropolitan area of Hyderabad on design, build, finance, operate and transfer basis.

2. Date or expected date of commencement of commercial Operations:

The Hyderabad Metro Rail Project is being implemented in phased manner and commercial operations are expected in a phased manner during the calendar year 2016.

3. Financial performance based on given indicators:

(Rs.in Lakhs)

Particulars	March 31, 2016
Total Income	1426.62
Total Expenditure	2140.24
Profit / (Loss) before Tax	(713.62)
Provision for Tax	-
Net Profit / (Loss) after Tax	(713.62)
Balance carried to Balance Sheet	(713.62)
Net Worth	201417.99
Non-Current Liabilities	690996.88
Net Current Assets	(59225.66)
Non-Current Assets	952640.54

4. Export performance and net foreign exchange collaborations:

Not applicable.

5. Foreign investments or collaborators, if any:

Not Applicable

II. INFORMATION ABOUT THE APPOINTEE:**1. Brief profile of Mr. Vivek Bhaskar Gadgil:**

Mr. Vivek Bhaskar Gadgil, Chief Executive & Managing Director - L&T Metro Rail (Hyderabad) Limited, is a graduate in Civil Engineer, from Marathwada University and a gold medalist. He has over 40 years of rich and varied experience in the construction & related fields.

2. Past remuneration:

During the Previous Financial year 2015-16, the Company has paid a remuneration of Rs. 1.76 crores to Mr. Vivek Bhaskar Gadgil.

3. Recognition or awards:

Mr. V B Gadgil was honored with "Lifetime Achievement Award" in the field of Infrastructure Development by India Chapter of American Concrete Institute.

4. Remuneration proposed:

The Proposed Remuneration is maximum permissible limit under Schedule V part II.

5. Comparative remuneration profile with respect to industries, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Taking into consideration the size of the Company, profile and experience of Mr. V. B. Gadgil, the responsibilities shouldered by him and the industry benchmarks, the remuneration paid is commensurate with the remuneration package paid to persons having comparable senior positions in other companies.

6. Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any:

None.

III. OTHER INFORMATION:**1. Reasons of loss or inadequate profits:**

The Company is yet to commence its commercial operations, hence it is yet to have a regular revenue stream.

2. Steps taken or proposed to be taken for improvement:

The Company is likely to commence its operations in phased manner during the calendar year 2016.

3. Expected increase in productivity and profits in measurable terms:

Not applicable.

The Directors recommend the resolution for approval of the Shareholders.

Except Mr. V. B. Gadgil, none of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

By Order of the Board
For L&T Metro Rail (Hyderabad) Limited
Sd/-

Ashish Malhotra
Company Secretary
(Membership No - 18393)

Place : Hyderabad

Date : 18.08.2016

DIRECTORS' REPORT

To,
The Members of
L&T Metro Rail (Hyderabad) Limited
Hyderabad

Your Directors have pleasure in presenting the Sixth Annual Report and the Audited Accounts of the Company for the year ended 31st March 2016.

1. Financial Highlights:

The Financial Statements of the Company for the Financial Year ended on 31st March 2016 have been drawn to comply with the provisions of the Companies Act, 2013. The highlights of the financial results are as under:

(Rs.in Lakhs)

Particulars	2015-16	2014-15
Profit / (Loss) before tax	(713.62)	(1381.58)
Less: Provision for tax	-	29.13
Profit / (Loss) after Tax	(713.62)	(1410.72)
Balance carried to Balance Sheet	(713.62)	(1410.72)
Net Worth	202417.99	196985.90
Non-Current Liabilities	690996.88	456842.51
Net Current Assets	(59225.66)	(43202.54)
Non-Current Assets	952640.54	697030.94

A. Finance:

During the year under report the Company has raised an amount of Rs. 49.27 Crore by way of issue of equity shares of Rs. 10 each fully paid-up ranking pari passu with the existing equity shares on rights basis. The Company has raised Rs. 750 Crores by issue of 7500 Non-Convertible debentures (NCDs) of Rs. 10 lakh each fully paid up. Further the company has drawn long term rupee loans of Rs.1523.89 Crores from Banks during the year under report. The Company has also received an amount of Rs. 661.24 Crore as Viability Gap funding under Financial Support to Public Private Partnerships in Infrastructure 2006 Scheme from Government of India.

B. Capital Expenditure:

As at 31st March 2016 the gross fixed tangible, intangible assets, capital work in progress including intangible assets under development stood at Rs. 8385.88 Crores. The Capital Expenditure during the year under report amounted to Rs. 3358.52 Crores (including deemed receivables of Rs. 1458 Crores as Viability Gap funding under Financial Support to Public Private Partnerships in Infrastructure 2006 Scheme from Government of India).

C. Project Progress:

During the year under report, the Commissioner of Metro Rail Safety (CMRS) had carried out the inspection of stretch from Nagole to Mettuguda (8 KMs). The Company

is in the process of obtaining the safety certificate from the Commissioner of Metro Railway Safety for commercial opening of above said stretch for the commuters. The Company is carrying out trial runs on the stretch from Miyapur to S R Nagar (12 KMs). With regard to remaining project works the construction is progressing at brisk pace.

During the year under report, the Company had received a communication from the Government of Telangana, to commence the construction works on the original alignment at two locations of the Project, where the Change in alignment was initially proposed by the Government. The Company is yet to receive formal communication from Government with regard to the third proposal for change in alignment.

2. Particulars of Contracts or Arrangements with related parties:

All the related party transactions entered during the year under report were in the ordinary course of business and at arm's length basis, and the Audit Committee has taken note of it.

3. State of Company Affairs:

The other income for the financial year under report was Rs. 1426.62 Lakhs as against Rs. 547.78 Lakhs for the previous financial year.

The Company is yet to commence operations of Hyderabad Metro Rail Project.

4. Dividend:

The Directors have not recommended any dividend for the year under report.

5. Material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report:

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

6. Conservation of Energy, Technology absorption, foreign exchange earnings and outgo:

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo, is required to be given pursuant to the provisions of Section 134(3) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, is annexed hereto as **Annexure I** to the Directors Report.

7. Risk Management Policy:

The Risk Management Policy and Risk Management Mechanism is in place in the Company to inform the Board Members about the risk assessment and minimization procedures. The Company is conducting periodical review to ensure that executive management controls the risk by means of a properly designed framework.

8. Corporate Social Responsibility:

Pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, a report on Corporate Social Responsibility is annexed as **Annexure II** to this Report.

9. Details of Directors and Key Managerial Personnel appointed/resigned during the year:

Mr. Y.M. Deosthalee and Mr. Sushobhan Sarker, Directors of the Company, have stepped down from the Board with effect from 18th February 2016 and 10th January 2016 respectively.

Mr. S N Subrahmanyam and Mr. R Shankar Raman were appointed as an Additional Non-Executive Directors with effect from 8th December, 2015. They hold their office up to the conclusion of ensuing Annual General Meeting.

Mr. Shivanand Nimbargi was appointed as Additional Whole-time Director with effect from 10th March 2016 and as Chief Executive and Managing Director with effect from 1st June 2016.

Pursuant to Section 149 of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rule, 2014, your Company had appointed Mr. M R Prasanna as an Independent Director on the Board of Directors of the Company for a period of five (5) years w.e.f. 18th February 2016.

10. Number of Meetings of the Board of Directors:

During the year under report, the Board met at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review five (5) meetings were held on 27th April, 2015, 27th July, 2015, 1st September, 2015, 8th December, 2015 and 18th February, 2016.

The Agenda of the Meeting was circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors were circulated within the specified time amongst the Members of the Board for their perusal.

The meeting of Independent Directors was held on 1st September, 2015 pursuant to the provisions of Companies Act, 2013.

11. Audit Committee:

During the year under review, the Committee had met at four occasions on 27th April, 2015, 27th July, 2015, 8th December, 2015 and 18th February, 2016.

The vigil mechanism framework established by the Company pursuant to the requirements of the Companies Act, 2013 was functioning effectively.

12. Company Policy on Director Appointment and Remuneration:

During the year under review, the Committee had met at five occasions on 27th April, 2015, 27th July, 2015, 1st September, 2015, 8th December, 2015 and 18th February, 2016.

The Committee has also formulated a policy on director's appointment and remuneration. The Policy also provides for recommendation of remuneration of the key managerial personnel and other employees, and the criteria for determining qualifications, positive attributes and independence of a Director.

13. Declaration of Independence:

The Company has received a declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from Independent Directors confirming that he/she is not disqualified from continuing as an Independent Director.

14. Adequacy of Internal Financial Controls:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. The Board is satisfied with the functioning of IFC and confirms that the Company is continuously monitoring the controls to identify gaps, if any, and implement new and / or improved controls.

15. Directors Responsibility Statement:

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

16. Performance Evaluation of the Board, its Committees and Directors:

The Nomination and Remuneration Committee has formalized the process for evaluation of the performance of the Board, Committees and individual directors.

The Nomination and Remuneration Committee has completed the evaluation of Board, Committees and individual directors of the Company during the year under report and the same was reported to the Board of Directors in their meeting held on 1st September 2015.

17. Compliance with Secretarial Standards on Board and Annual General Meetings:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

18. Protection of Women At Workplace:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2015-16.

19. Auditors:

The Auditors, M/s Dandeker & Co., holds their office until the conclusion of the ensuing Annual General Meeting. M/s Dandeker & Co are eligible to be appointed as Statutory Auditors of the Company for another term of five years as per the provisions of Companies Act, 2013. The Certificate from the Auditors has been received to the effect that they are eligible to act as Statutory Auditors of the Company under Section 141 of the Companies Act, 2013.

20. Secretarial Audit Report:

The Secretarial Auditors' report to the shareholders does not contain any qualification. The Secretarial Audit Report issued by M/s. Rajanish Shekar T Tonpe Practicing Company Secretary is attached as **Annexure 'III'** to this Annual Report.

21. Details of Significant and Material orders passed by the regulators or courts or tribunals

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

22. Particulars of Employees

In terms of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the names and other particulars of employees are set out in the **Annexure IV** to the Directors Report.

23. Extract of Annual Return:

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the annual return is attached as **Annexure – V** to this report.

24. Debenture Trustee:

The Company has issued secured debentures amounting to Rs. 750 Crore. M/s SBICAP Trustee Company Limited, having their office at 6th Floor, Apeejay House, Dinshaw Wachcha Road, Churchgate, Mumbai – 400 020 have been appointed as the Debenture Trustees for the same.

25. Acknowledgement

Your Directors take this opportunity to thank the Promoters, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges, Debenture Trustee and all the stakeholders for their continued co-operation and support to the Company

For and on behalf of the Board of Director

Sd/-

V.B.Gadgil

[Chief Executive & Managing Director]

DIN No: 00240803

Sd/-

K.Venkatesh

[Director]

DIN: 00240086

Place: Hyderabad

Date: 26th April 2016

ANNEXURE I**INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013, REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.****Conservation of Energy**

The operations of the Company are yet to commence. The operations of the Company are energy-intensive. However energy conservation is a priority for the Company. Appropriate methodologies are planned and adopted to achieve reduction in energy consumption. Various steps are being taken for conservation of energy on a continuous basis

Technology Absorption, Adaption and Innovation

There was no Technology Absorption during the year.

Foreign Exchange Earning and Outgo

During the year under review, the foreign exchange outgo was Rs. 52.26 Crores.

ANNEXURE - II
Report on Corporate Social Responsibility
[Pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

The Company had a Corporate Social Responsibility Policy in line with the provisions of the Companies Act, 2013 highlighting the various programs to be undertaken by the Company as part of its CSR activities.

a) Composition of the Committee:

The Corporate Social Responsibility (CSR) Committee of the Board of Directors comprises of Mr. V. B. Gadgil, Mr. Ajit Rangnekar and Mr. N. V. S. Reddy. The Company Secretary acts as Secretary to the Committee.

b) Corporate Social Responsibility Policy:

The Company had a CSR Policy which highlights various programs which may be taken up by the Company as a part of its CSR activities. The CSR Policy of the Company is available on its website at www.ltmetro.in

c) Average Net Profits and amounts to be spent on CSR activities:

Particulars	Rs. (Lakhs)
Average Net Profit for the last three financial years	(715.56)
Amount to be spent as CSR	Nil
Amount spent	8.15
Amount unspent	NA

d) Manner in which amount spent during the financial year:

CSR activity	Sector in which the Project is covered	Projects/ Programs	Amount outlay	Amount spent on the programs	Cumulative spend upto the reporting period	Amount spent (implementing agency)
Nepal Earthquake Relief	Central Govt.	Prime Minister's National Relief Fund	Rs.4,11,084	Rs.4,11,084	Rs.4,11,084	Direct
Chennai Flood Relief Fund	State Government	Chief Minister's Public Relief Fund	Rs. 4,03,726	Rs. 4,03,726	Rs. 4,03,726	Direct

e) CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy which highlights various programs which may be taken up by the Company as a part of its CSR activities, roles and responsibilities of the Committee for implementation of the CSR Policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR activities;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR Policy.

ANNEXURE - III**FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. L&T METRO RAIL (HYDERABAD) LIMITED,
CIN: U45300AP2010PLC070121
4th Floor, Cyber Towers, Hitec city,
Madhapur, Hyderabad - 500 081.

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s **L&T METRO RAIL (HYDERABAD) LIMITED** (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the company, during the audit period covering the financial year ended on March 31, 2016, has complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required 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, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2016 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made there under as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) viz:-
 - a) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;

- b) The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- v) The laws that are specifically applicable to the Company are listed in Annexure B:

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India, New Delhi.
- ii) Listing agreement entered into with BSE Limited, Mumbai for listing of Debt Securities.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above except for few statutory forms which were filed with the Registrar of Companies with additional fees.

Further, it has been informed to us that in the opinion of the management of the Company, all the related party transactions entered by the Company during the period under review have been entered on Arm's length basis and in the ordinary course of business and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the related documents that we have come across depict that:

The Board of Directors of the Company is duly constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and 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.

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

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

I further report that based on our limited review 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.

I further report that during the audit period the company has sought the approval of its members for the following major items:

- The following personnel were inducted as Additional Directors during the period under review:
 - Mr. Sekharipuram Narayanan Subrahmanyam
 - Mr. Ramamurthi Shankar Raman

- Mr. Prasanna Rangacharya Mysore
- Mr. Shivanand Nimbargi

And the following personnel ceased to be the Directors during the period under review:

- Mr. Sushoban Sarker
- Mr. Y. M. Deosthalee
- The term of Mr. Vivek Bhaskar Gadgil as Chief Executive and Managing Director of the Company has been extended from 1st September 2015 to 31st December 2015 during the Board Meeting dated 27th July 2015.
- The term of Mr. Vivek Bhaskar Gadgil as the Chief Executive and Managing Director of the Company has been further extended upto 31st May 2016 during the Board meeting dated 18th February, 2016.
- Mr. Shivanand Nimbargi has been appointed as Whole-time Director with effect from 10th March 2016 and as Chief Executive and Managing Director with effect from 1st June, 2016 during the Board meeting dated 18th February, 2016.
- 4,92,64,279 number of equity shares of Rs.10 each were allotted during the period under review to M/S. L&T Infrastructure Development Projects Limited and M/S. Larsen & Toubro Limited who are the existing shareholders of the company.
- The Board has allotted 7500 Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each fully paid-up aggregating to Rs.750 Crores in three tranches and the same were listed on BSE Limited during the period under review.
- Subject to the approval of the Shareholders in a General meeting, the Board has accorded its consent for Issuance of Redeemable, Non-Convertible Debentures worth Rs.250 Crores during the Board meeting held on 18th February, 2016.

I further report that our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

Place: Chennai
Date: 26.04.2016

Sd/-
Rajanish Sekhar. T. Tonpe
Company Secretary in Practice
ACS 17451; CP No.15785

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 Members

L&T METRO RAIL (HYDERABAD) LIMITED,
Chennai

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

1. Maintenance of secretarial record is the responsibility of the Management of the 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 that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in 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 Management representation about the compliance of laws, rules and regulations and happenings of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

Place: Chennai
Date: 26.04.2016

Sd/-
Rajanish Sekhar. T. Tonpe
Company Secretary in Practice
ACS 17451; CP No.15785

Annexure B**List of Applicable Acts**

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
3. The Metro Railways (Construction of Works) Act, 1978.
4. The Metro Railways (Operation & Maintenance) Act, 2002 and the Rules made thereunder.
5. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
6. The Minimum Wages Act, 1948 read with the Minimum wages (central) Rules, 1950;
7. The Payment of Gratuity Act, 1972 read with the Payment of Gratuity (Central) Rules 1972;
8. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
9. The Contract Labour (Regulation & Abolition) Act, 1970 read with the Contract Labour (Regulation and Abolition) Rules, 1971;
10. Income Tax Act, 1961 read with Income Tax Rules;
11. The Central Sales Tax Act, 1956 read with the Central Sales Tax (Registration & Turnover) Rules, 1957;
12. Service Tax Provisions under Finance Act, 1994 read with the Service Tax Rules, 1994 and the Service Tax (Registration of Special Category of Persons) Rules, 2005 and the Cenvat Credit Rules, 2004;
13. The Personal Injuries (Compensation) Insurance Act, 1963;
14. The Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008);
15. The Maternity Benefit Act, 1961;
16. The Indian Telegraph Act, 1885 & the Indian Telegraph Rules, 1951;
17. The Indian Wireless Telegraphy Act, 1933;
18. The Registration Act, 1908;
19. Indian Stamp Act, 1899;
20. Motor Vehicles Act, 1988;

21. The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998;
22. The Building and Construction Workers Welfare Cess Act, 1996 and the Building and Construction Workers Welfare Cess Rules, 1998;
23. Multi-Storeyed Buildings Regulations, 1981;
24. The Andhra Pradesh Rules for Construction and Regulation of Multiplex Complexes, 2007;
25. The Andhra Pradesh Building Rules, 2012;
26. Andhra Pradesh Fire Services Act, 1999 and the Andhra Pradesh Fire and Emergency Operations and Levy of Fee Rules, 2006;
27. The Greater Hyderabad Municipal Corporations Act, 1955;
28. Andhra Pradesh Minimum Wages Rules, 1960,
29. The Andhra Pradesh Motor Vehicles Rules, 1989;
30. The Andhra Pradesh Motor Vehicles Taxation Act, 1963 and the Rules made thereunder;
31. The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987 and the Rules made thereunder;
32. The Andhra Pradesh Shops and Establishments Act, 1988;
33. The Andhra Pradesh State Electricity Board (Recovery of Dues) Act, 1984 and the Andhra Pradesh State Electricity Board (Recovery of Debts) Rules, 1985;
34. The Andhra Pradesh Compulsory Gratuity Insurance Rules, 2011;
35. The Andhra Pradesh Contract Labour (Regulation and Abolition) Rules, 1971;
36. Andhra Pradesh Value Added Tax Act, 2005 and the Rules made thereunder;
37. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 and the Rules made thereunder;
38. Andhra Pradesh Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;

ANNEXURE IV
ANNEXURE TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the period ended 31st March, 2016

S.No	PS.No.	Name of Employee	DOJ	Department	Designation	Cadre	CTC p.a. FY: 2015-16 (INR Lacs)	Highest Qualification	Year of Passing	Institute / University	Next Qualification	Year of Passing	Institute	Experience in years	Previous Companies	Previous Designation	Age Years
1	20019038	Anil Kumar Saini	03.01.2011	Railway Systems	Head - Railway Systems	M4A	91.08	B. Tech (Elec)	1990	IIT, Rorkee	PG Diploma in Operation Management	2003	IGNOU	24	1. Delhi Airport Express Air Link (Reliance ADAG Group) 2. Mumbai Metro One Pvt Ltd (Reliance ADAG Group) 3. Delhi Metro Rail Corporation 4. Indian Railways	Vice President & Head – Railway Systems	45
2	20015239	K M Manoj	22.10.2010	Procurement & Contracts	Head - Procurement & Contracts	M4A	63.16	PGDM	1995	IIM, Bangalore	B. Tech	1989	IIT, Mumbai	24	1. TAQA - Abu Dhabi National Energy Co. 2. ST-CMS Electric Co. Pvt. Ltd. 3. CMS Energy India Pvt. Ltd. 4. CRISIL Advisory Services 5. IDBI Ltd.	Vice President - Power Development	47
3	20019034	Jagmohan Lal Arora	03.01.2011	Rolling Stock & Depot	GM - Rolling Stock & Depots	M4A	60.53	B. Tech (Elec)	1987	IIT, Rorkee				28	1. Indian Railways 2. DMRC 3. UP Sate Elec Board 4. CMC, New Delhi	Director - Safety	49
4	20085340	Praveen Goyal	17.03.2015	Railway Systems - Project Execution	Head Project Execution - Railway Systems	FTC	60.25	B. Tech (Elec)	1989	IIT, Kanpur				24	1. Mumbai Metro One Pvt Ltd 2. AECOM 3. Indian Railways	Sr. Vice President	47
Note:																	
1. Mr. Praveen Goyal's last date of working is : 05.09.2015. His annual CTC was : INR 60.25 Lacs p.a.																	

ANNEXURE - V
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

(i)	CIN:-	U45300AP2010PLC070121
(ii)	Registration Date	24 th August, 2010
(iii)	Name of the Company	L&T Metro Rail (Hyderabad) Limited
(iv)	Category / Sub-Category of the Company	Unlisted Public Company*
(v)	Address of the Registered office and contact details	4th Floor, Cyber Towers, Hitec City, Madhapur, Hyderabad, Andhra Pradesh - 500081
(vi)	Whether listed company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (I) Private Limited 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andher (E), Mumbai – 400 072

* The Un-secured, Non-convertible Debentures issued by the Company aggregating to Rs. 750 Crore were listed on BSE Limited.

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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
The Project is under implementation stage.			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of The Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited Mount Poonamalle Road, Post Box –979, Manapakkam, Chennai, Tamil Nadu - 600089	U65993TN2001PLC046691	Holding Company	99.00%	2(87)

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

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									

1. Indian									
Individual/HU F	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt (s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	1981397600	5*	1981397605	100	2030661879	5*	2030661884	100	-
Banks / FI									
Any Other									
Sub-total (A) (1):-	1981397600	5*	1981397605	100	2030661879	5*	2030661884	100	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1981397600	5*	1981397605	100	2030661879	5*	2030661884	100	-
B. Public Shareholdin g									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	1	1	-	-	1	1	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	1	1	-	-	1	1	-	-
2. Non-Institutions									
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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
(B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1981397600	6	1981397606	100	2030661879	6	2030661885	100	-

* Shares held by the individuals jointly with L&T Infrastructure Development Projects Limited.

ii. Shareholding of Promoters:

S No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	

1.	Larsen & Toubro Limited	19813980	1%	51%	20306623	1%	51%	-
2.	L&T Infrastructure Development Projects Limited	1961583620	99%	51%	2010355256	99%	51%	-
	Total:	1981397600	100%	51%	2030661879	100%	51%	-

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

	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				
Larsen & Toubro Limited	19813980	1%	19813980	1%
L&T Infrastructure Development Projects Limited	1961583620	99%	1961583620	99%
27 th July 2015 – Allotment – Rights Issue				
Larsen & Toubro Limited	400000	1%	20213980	1%
L&T Infrastructure Development Projects Limited	39600000	99%	2001183620	99%
8 th December 2015 – Allotment – Rights Issue				
Larsen & Toubro Limited	7093	1%	20221073	1%
L&T Infrastructure Development Projects Limited	702186	99%	2001885806	99%
31 st December 2015 – Allotment – Rights Issue				
Larsen & Toubro Limited	63500	1%	20284573	1%
L&T Infrastructure Development Projects Limited	6286500	99%	2008172306	99%
18 th February 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	22050	1%	20306623	1%
L&T Infrastructure Development Projects Limited	2182950	99%	2010355256	99%
At the End of the year				
Larsen & Toubro Limited	20306623	1%	20306623	1%
L&T Infrastructure Development Projects Limited	2010355256	99%	2010355256	99%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		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
	For Each of the Top 10 Shareholders				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g.	-	-	-	-

	allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		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
	For Each of the Directors and KMP *	-	-	-	-
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year				

* 1 Equity Share of ₹ 10 each fully paid up is held by Mr. K. Venkatesh, Director Jointly with L&T Infrastructure Development Projects Limited.

V. INDEBTEDNESS ACCOUNTS:

	Secured Loans excluding deposits (Rs.)	Unsecured Loans *	Deposits	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year			-	
i). Principal Amount	45389672201	-	-	45389672201
ii). Interest due but not paid	-	-	-	-
iii). Interest accrued but not due	841816002	-	-	841816002
Total (i+ii+iii)	46231488203	-	-	46231488203
Change in Indebtedness during the financial year				
Addition	15238897254	7500000000	-	22738897254
Reduction	-	-	-	-
Net Change	15238897254	7500000000	-	22738897254
Indebtedness at the end of the financial year				
i). Principal Amount	60628569455	7500000000	-	68128569455
ii). Interest due but not paid	-	-	-	-
iii). Interest accrued but not due	2606448243	-	-	2606448243
Total (i+ii+iii)	63235017698	7500000000	-	70735017698

*During the Financial Year 2015-16 the Company has issued and allotted 7500 Un-secured, Redeemable, Non-Convertible Debentures of Rs.10,00,000 each fully paid up aggregating to Rs. 750 Crore. These Un-secured, Redeemable, Non-Convertible Debentures were listed on BSE Limited.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration		Total Amount (Rs.)	Total Amount (Rs.)
	Name		Mr. V B Gadgil	Mr. Shivanand Nimbargi
	Designation		Chief Executive & Managing Director	Whole-time Director
1.	Gross salary			
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17617208.00	803353.00
	(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)		17617208.00	803353.00
	Ceiling as per the Act		24496000.00	24496000.00

(B). Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Mrs. Sheela Bhide	Mr. Ajit Rangnekar	Mr. M R Prasanna	
	➤ Fee for attending board / committee meetings	Rs. 2,38,000	Rs. 2,75,000	Rs. 25,000	Rs. 5,38,000
	➤ Commission	-	-	-	-
	➤ Others, please specify	-	-	-	-
	Total (1)	Rs. 2,38,000	Rs. 2,75,000	Rs. 25,000	Rs. 5,38,000
2.	Other Non-Executive Directors	Mr. Sushobhan Sarker	Mr. N V S Reddy	-	-
	➤ Fee for attending board / committee meetings	Rs. 50,000	Rs. 1,40,000	-	Rs. 1,90,000
	➤ Commission	-	-	-	-
	➤ Others, please specify	-	-	-	-
	Total (2)	Rs. 50,000	Rs. 1,40,000	-	Rs. 1,90,000
	Total (B)=(1+2)	Rs. 2,88,000	Rs. 4,15,000	Rs. 25,000	Rs. 7,28,000
	Total Managerial Remuneration	-	-	-	Rs. 7,28,000
	Overall Ceiling as per the Act	-	-	-	-

(C). REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl.no	Particulars of Remuneration		Key Managerial Personnel		
			Company Secretary	CFO	Total
	Name		Mr. Ashish Malhotra	Mr. J. Ravi Kumar	
1.	Gross salary		3842817.00	5367440.00	9210257.00
	(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)		3842817.00	5367440.00	9210257.00

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	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF L&T METRO RAIL (HYDERABAD) LIMITED****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its **loss** and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 B"; and
- (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 financial statements – Refer Note H to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Hyderabad

Date : 26th April 2016

for **M.K. DANDEKER & CO.,**
Chartered Accountants
(Firm Registration No. 000679S)

Sd/-
S. Poosaidurai
Partner
Membership No. 223754

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in our Report of even date)

1.
 - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties are held in the name of the company.
2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.
5. The Company has not accepted any deposits from Public.
6. The company is not required to maintain cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act.
7.
 - a. According to the information and explanations given to us, the Company is 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.
 - b. According to the information and explanation given to us, the following of the statutory dues which have not been deposited on account of disputes.

Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	26,52,46,888	May 2014 to March 2015	Madras High Court

8. The Company has not defaulted in payment of Interest on Borrowings, repayment of borrowings due to a financial institution, bank, Government or debenture holders, if any.
9. The money raised by way of debt instruments and term loans were applied for the purpose for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act 2013, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **M.K. DANDEKER & CO.,**
Chartered Accountants
(Firm Registration No. 000679S)

Place : Hyderabad

Date : 26th April 2016

Sd/-
S. Poosaidurai
Partner
Membership No. 223754

Annexure - B to the Independent Auditors' Report
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 L&T Metro Rail (Hyderabad) Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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 (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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, 2016, 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.

Place : Hyderabad

Date : 26th April 2016

for **M.K. DANDEKER & CO.,**
Chartered Accountants
(Firm Registration No. 000679S)

Sd/-

S. Poosaidurai

Partner

Membership No. 223754

L&T Metro Rail (Hyderabad) Limited
Balance Sheet as at March 31, 2016

	Note no	As at 31-03-2016		As at 31-03-2015	
		₹	₹	₹	₹
EQUITY & LIABILITIES:					
Shareholders' funds					
Share capital	A	2030,66,18,850		1981,39,76,060	
Reserves and surplus	B	(6,48,19,216)	2024,17,99,634	(11,53,86,447)	1969,85,89,613
Non- current liabilities					
Long term borrowings	C(I)		6812,85,69,455		4538,96,72,201
Other long term liabilities	C(II)		97,11,19,401		29,45,79,597
Current liabilities					
Trade payables	D(I)				
Total outstanding dues of micro enterprises and small enterprises		-		-	
Total outstanding dues of creditors other than micro enterprises and small enterprises		920,17,50,571		402,51,64,172	
Other current liabilities	D(II)	250,10,96,867		118,63,85,977	
Short term provisions	D(III)	63,49,391	1170,91,96,829	33,62,655	521,49,12,804
TOTAL			10105,06,85,319		7059,77,54,215
ASSETS:					
Non-current assets					
Fixed Assets					
Tangible assets	E(I)	18,75,34,355		4,54,69,372	
Intangible assets	E(I)	2,36,77,308		2,90,81,367	
Capital work in progress	E(II)	379,35,26,431		166,63,93,856	
Intangible assets under development	E(III)	8782,17,21,743	9182,64,59,837	6311,27,07,852	6485,36,52,447
Deferred tax assets	L(VIII)		63,91,960		63,91,960
Long term loans and advances	F		343,12,02,757		484,30,51,424
Current assets					
Current Investments	G(I)	29,26,46,217		10,00,50,395	
Cash and Cash equivalents	G(II)	519,34,45,431		60,28,15,597	
Short term loans and advances	G(III)	23,84,25,663		19,03,44,683	
Other Current Assets	G(IV)	6,21,13,454	578,66,30,765	14,47,710	89,46,58,385
TOTAL			10105,06,85,319		7059,77,54,215
Contingent Liabilities	H				
Commitments	I				
Other notes forming part of accounts	L				
Significant accounting policies	M				

As per our report attached
For M.K Dandekar & Co.,
Firm registration number : 000679S
Chartered Accountants
by the hand of

Sd/-
S.Poosaidurai
Partner
Membership No : 223754

Place : Hyderabad
Date : 26 April 2016

For and on behalf of the board of directors of L&T Metro Rail (Hyderabad) Limited

Sd/-
V.B.Gadgil
[Chief Executive & Managing Director]
DIN No: 00240803

Sd/-
J.Ravi Kumar
43[Chief Financial Officer]
Membership No: 023240

Place : Hyderabad
Date : 26 April 2016

Sd/-
K.Venkatesh
[Director]
DIN No: 00240086

Sd/-
Ashish Malhotra
[Company Secretary]
Membership No: A18393

L&T Metro Rail (Hyderabad) Limited					
Statement of Profit and Loss for the year ended March 31, 2016					
	Note No	2015-16		2014-15	
		₹	₹	₹	₹
REVENUE:					
Revenue from operations			-		-
Other Income	J		14,26,61,680		5,47,77,891
Total Revenue			14,26,61,680		5,47,77,891
EXPENSES:					
Other expenses	K		21,40,24,039		19,29,36,274
Total Expenses			21,40,24,039		19,29,36,274
Profit/(Loss) before tax			(7,13,62,359)		(13,81,58,383)
Tax expenses					
Current tax		-		29,13,821	
Deferred tax		-	-	-	29,13,821
Profit after tax carried to Balance Sheet			(7,13,62,359)		(14,10,72,204)
Earnings per equity share:	L(VII)				
(a) Basic			(0.04)		(0.10)
(b) Diluted			(0.04)		(0.10)
(c) Face value			10.00		10.00
Other notes forming part of accounts	L				
Significant accounting policies	M				
<div> <div> As per our report attached For M.K Dandeker & Co., Firm registration number : 000679S Chartered Accountants by the hand of Sd/- S.Poosaidurai Partner Membership No : 223754 Place : Hyderabad Date : 26 April 2016 </div> <div> or and on behalf of the board of directors of L&T Metro Rail (Hyderabad) Limited <div> Sd/- V.B.Gadgil [Chief Executive & Managing Director] DIN No: 00240803 </div> <div> Sd/- J.Ravi Kumar [Chief Financial Officer] Membership No: 023240 </div> <div> Sd/- K.Venkatesh [Director] DIN No: 00240086 </div> <div> Sd/- Ashish Malhotra [Company Secretary] Membership No: A18393 </div> </div> </div>					

L&T Metro Rail (Hyderabad) Limited			
Cash flow statement for the year ended March 31, 2016			
		2015-16	2014-15
		₹	₹
A Cash flow from operating activities		-	-
B Cash flow from investing activities			
i) Net Profit before taxes from non operating activities		(7,13,62,359)	(13,81,58,382)
Adjustments for non operating items:			
Loss on sale of fixed Assets		(17,984)	2,94,873
Other non cash items		12,19,29,591	5,63,64,736
Dividend on mutual fund received		(2,67,07,753)	(4,23,58,603)
Interest received		(10,49,94,955)	(1,00,59,788)
ii) Net profit from non operating activities		(8,11,53,460)	(13,39,17,165)
Adjustments for :			
(Increase) / Decrease in current assets		(10,87,46,724)	(9,34,41,549)
Increase/ (Decrease) in short term provisions		31,86,736	(11,99,876)
Increase/ (Decrease) in other current liabilities		649,12,97,289	373,11,73,891
(Increase) / Decrease in long term loans and advances		141,18,48,667	111,89,80,541
Increase/ (Decrease) in other long term liabilities		67,65,39,804	27,97,83,651
iii) Cash generated from/(used in) non operating activities		839,29,72,311	490,13,79,493
Direct taxes refund/ (paid)		(2,00,000)	(4,15,000)
iv) Net cash generated from/(used in) non operating activities		839,27,72,311	490,09,64,493
Purchase of fixed assets		(2697,29,17,376)	(3248,50,44,933)
Sale of Fixed Assets		1,27,968	3,58,217
Investments		(19,25,95,821)	3,02,03,661
Dividend on mutual fund received		2,67,07,753	4,23,58,603
Interest received		10,49,94,955	1,00,59,788
Cash generated from / (used in) investing activities		(1864,09,10,210)	(2750,11,00,171)
Extraordinary items		-	-
Net cash generated from / (used in) investing activities		(1864,09,10,210)	(2750,11,00,171)
C Cash flow from financing activities			
Equity share capital issued		49,26,42,790	826,00,00,000
Proceed from Term Loan		2273,88,97,254	1967,28,72,205
Net cash generated from/(used in) financing activities		2323,15,40,044	2793,28,72,205
Net (decrease) / increase in cash and cash equivalents (A+B+C)		459,06,29,834	431,772,034
Cash and cash equivalents as at the beginning		60,28,15,597	17,10,43,563
Cash and cash equivalents as at the end		519,34,45,431	60,28,15,597

Notes:

- 1 Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" specified in section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- 2 Purchase of fixed assets includes movement of intangible assets under development and capital work in progress.
- 3 Cash and cash equivalents represent cash and bank balances(Note G(II))
- 4 Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For M.K Dandekar & Co.,

Firm registration number : 000679S

Chartered Accountants

by the hand of

Sd/-

S.Poosaidurai

Partner

Membership No : 223754

Place : Hyderabad

Date : 26 April 2016

For and on behalf of the board of directors of L&T Metro Rail (Hyderabad) Limited

Sd/-

V.B.Gadgil

[Chief Executive & Managing Director]

DIN No: 00240803

Sd/-

J.Ravi Kumar

[Chief Financial Officer]

Membership No: 023240

45

Place : Hyderabad

Date : 26 April 2016

Sd/-

K.Venkatesh

[Director]

DIN No: 00240086

Sd/-

Ashish Malhotra

[Company Secretary]

Membership No: A18393

L&T Metro Rail (Hyderabad) Limited
Notes forming part of accounts
Note A- Share Capital

A(I). Share capital authorised, issued, subscribed and paid up:	As at 31-03-2016		As at 31-03-2015	
	₹	₹	₹	₹
Authorised shares 243,90,00,000 (31 March 2015: 243,90,00,000) equity shares of Rs. 10 each	2439,00,00,000		2439,00,00,000	
Issued, subscribed and fully paid-up shares 203,06,61,885 (31 March 2015: 198,13,97,606) equity shares of Rs. 10 each	2030,66,18,850	2030,66,18,850	1981,39,76,060	1981,39,76,060

A(II). Reconciliation of the number of equity shares and share capital	As at 31-03-2016		As at 31-03-2015	
	No	₹	No	₹
Issued, subscribed and fully paid up equity shares outstanding at beginning of the year	198,13,97,606	1981,39,76,060	115,53,97,606	1155,39,76,060
Shares issued during the year	4,92,64,279	49,26,42,790	82,60,00,000	826,00,00,000
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	203,06,61,885	2030,66,18,850	198,13,97,606	1981,39,76,060

A(III). Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific share holder.

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Telangana (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 shall be entitled to appoint 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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of accounts

A(IV). Shares held by holding/ultimate holding company and/or their subsidiaries/associates	As at 31-03-2016	As at 31-03-2015
	₹	₹
L&T Infrastructure Development Projects Limited, the holding company		
201,03,55,256 (31 March 2015: 196,15,83,620) equity shares of Rs.10 each fully paid up	2010,35,52,560	1961,58,36,200
Larsen & Toubro Limited, the ultimate holding company		
2,03,06,623 (31 March 2015: 1,98,13,980) equity shares of Rs.10 each fully paid up	20,30,66,230	19,81,39,800

A(V). Details of shareholders holding more than 5% shares in the company	As at 31-03-2016		As at 31-03-2015	
	No.	% of holding	No.	% of holding
Equity share of Rs.10 each fully paid				
L&T Infrastructure Development Projects Limited, the holding company	201,03,55,256	99%	196,15,83,620	99%

B. Reserves and Surplus	As at 31-03-2016		As at 31-03-2015	
	₹	₹	₹	₹
Hedging Reserve				
As per last Balance sheet	2,52,85,370		(3,10,79,366)	
Addition during the year	12,19,29,591	14,72,14,961	5,63,64,736	2,52,85,370
Surplus/(deficit) in the statement of profit and loss				
As per last Balance sheet	(14,06,71,817)		4,00,388	
Profit/(Loss) for the year	(7,13,62,359)	(21,20,34,177)	(14,10,72,205)	(14,06,71,817)
		(6,48,19,216)		(11,53,86,447)

C(I). Long Term Borrowings	As at 31-03-2016	As at 31-03-2015
	₹	₹
Secured		
Term Loans from Banks including letters of credit availed as sub limit (Note no C(I)(i))	6062,85,69,455	4538,96,72,201
Unsecured		
Listed, redeemable non-convertible debentures (Note C(I)(ii))	750,00,00,000	-
	6812,85,69,455	4538,96,72,201

Note C(I)(i)	
Particulars	Details
Interest Rate	Interest rate @ 200 basis points above the base rate of State Bank of India (floating).
Repayment	Repayable in 36 quarterly unequal instalments beginning from September 30, 2018 and ending on June 30, 2027.

Security

- Mortgage of non-agricultural land bearing plot no. 19 forming part of land in survey nos. 332A+334A+338A, mouje zaap, sudhagad taluka, Dist. Raigad, Maharashtra.
- Charge on all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc. as specified in Schedule II to Indenture of Mortgage, excluding project assets specified in concession agreement.
- Charge on rights, interest under/in respect of project documents, approvals, insurance contracts and escrow accounts to the extent permitted to the lenders under escrow agreement together with permitted investments etc. and
- Charge on right, interest etc. to/in respect of receivables, letter of credit, guarantee, performance bond, other amounts owing to/received by the company, all intangible assets of the company viz goodwill, trademark etc. .

L&T Metro Rail (Hyderabad) Limited Notes forming part of accounts Note C(I)(ii)					
Series	No of Debentures	Face Value of Each Debenture (₹)	Date of Allotment	Coupon Rate	Terms of Repayment
9.81% L&T MRHL June 2035	2,500	10,00,000	18 th June, 2015	- 5% p.a. payable Semi-Annually from the Date of allotment upto 3 years - One-time payment Rs.1,63,196 Payable on each debenture at the end of 3 rd Year.	-Redeemable at Face value at the end of 20 th Year from the Date of Allotment.
9.81% L&T MRHL November 2035	2,500	10,00,000	2 nd November, 2015	-Coupon rate would be revised after 3 years to 9.81% p.a. payable Semi-Annually.	
9.85% L&T MRHL January 2036	2,500	10,00,000	28 th January, 2016	-5% p.a. payable Semi-Annually from the Date of allotment upto 3 years -One-time payment Rs.1,64,635 Payable on each debenture at the end of 3 rd Year. -Coupon rate would be revised after 3 years to 9.85% p.a. payable Semi-Annually.	-Put & Call option available to Debenture Holders & Company respectively on expiry of 10 th & 15 th Year from the Date of allotment

C(II). Other Long term Liabilities	As at 31-03-2016	As at 31-03-2015
	₹	₹
Trade payables		
Due to related parties	-	-
Others	40,80,31,876	28,14,76,754
Interest accrued but not due	54,62,50,817	-
Compensated absences	1,68,36,708	1,31,02,843
	97,11,19,401	29,45,79,597
D(I) Trade Payables	As at 31-03-2016	As at 31-03-2015
	₹	₹
Due to related parties	234,84,64,650	99,66,47,763
Micro and small enterprises (Note L(XIV))	-	-
Others	685,32,85,921	302,85,16,409
	920,17,50,571	402,51,64,172
D(II) Other current liabilities	As at 31-03-2016	As at 31-03-2015
	₹	₹
Interest accrued but not due	206,01,97,426	84,18,24,416
Forward contract payables	15,21,51,187	16,23,63,141
Security Deposit	18,54,56,932	5,94,90,606
Other payables	10,32,91,322	12,27,07,814
	250,10,96,867	118,63,85,977
D(III) Short term Provisions	As at 31-03-2016	As at 31-03-2015
	₹	₹
Provision for employee benefits		
Gratuity	50,85,113	12,23,940
Compensated absences	12,64,278	10,12,784
Provision for current taxes	-	11,25,931
	63,49,391	33,62,655

L&T Metro Rail (Hyderabad) Limited
Notes forming part of accounts

Note E(I)-Tangible & Intangible Assets										₹
	Cost/ Valuation				Depreciation/Amortization				Book Value	
Class of Assets	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	Upto 31-03-2015	For the year	Deductions	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Tangible Assets-Owned										
Freehold land	15,57,000	-	-	15,57,000	-	-	-	-	15,57,000	15,57,000
Computers	1,63,57,718	8,688,896	2,72,655	2,47,73,959	1,06,44,582	55,36,854	1,62,670	1,60,18,766	87,55,193	57,13,136
Furniture & Fixtures	4,11,19,199	4,07,60,666	-	8,18,79,865	2,39,57,039	38,47,557	-	2,78,04,596	5,40,75,269	1,71,62,160
Office Equipment	6,21,47,337	12,30,53,870	-	18,52,01,207	4,24,72,511	2,03,54,956	-	6,28,27,466	12,23,73,741	1,96,74,827
Vehicles	26,99,270	-	-	26,99,270	13,37,020	5,89,097	-	19,26,118	7,73,152	13,62,250
TOTAL	12,38,80,524	17,25,03,432	2,72,655	29,61,11,302	7,84,11,152	3,03,28,464	1,62,670	10,85,76,946	18,75,34,355	4,54,69,372
Previous Year	10,51,70,729	1,98,18,522	11,08,757	12,38,80,524	5,84,20,280	2,04,46,508	4,55,636	7,84,11,152	4,54,69,372	
Intangible Assets-Owned										
Specialised Software	5,30,24,296	-	-	5,30,24,296	2,39,42,929	54,04,059	-	2,93,46,988	2,36,77,308	2,90,81,367
TOTAL	5,30,24,296	-	-	5,30,24,296	2,39,42,929	54,04,059	-	2,93,46,988	2,36,77,308	2,90,81,367
Previous Year	2,14,08,280	31,616,016	-	5,30,24,296	1,03,14,529	1,36,28,402	-	2,39,42,929	2,90,81,367	

L&T Metro Rail (Hyderabad) Limited
Notes forming part of accounts

E(II). Capital work in progress	As at 31-03-2015	April - Mar 2016	As at 31-03-2016
<i>Transit oriented development</i>	₹	₹	₹
Work in progress	148,52,17,514	185,68,03,985	334,20,21,499
Salaries and wages (Note L(XII))	4,98,30,410	3,07,78,265	8,06,08,675
Interest expenses (Note L(III))	12,72,89,094	23,39,66,938	36,12,56,032
Other expenses	40,56,838	55,83,387	96,40,225
	166,63,93,856	212,71,32,575	379,35,26,431
E(III). Intangible assets under development	As at 31-03-2015	April - Mar 2016	As at 31-03-2016
<i>Fare collection rights</i>	₹	₹	₹
Construction work in progress	5426,38,27,018	2448,94,41,551	7875,32,68,568
Salaries and wages (Note L(XII))	83,91,08,897	33,67,21,674	117,58,30,571
Compensation for employee stock option plan (ESOP) (Note L(XIII))	36,10,973	83,611	36,94,584
Staff welfare and other expenses	7,55,54,983	2,56,18,053	10,11,73,036
Managerial Remuneration	1,62,90,219	1,84,20,561	3,47,10,780
Lease rent	31,82,40,994	5,13,76,673	36,96,17,667
Concession fees	3	1	4
Travelling & conveyance	10,08,22,642	2,76,34,015	12,84,56,657
Facility management,communication and other expenses	33,40,94,510	22,54,16,795	55,95,11,304
Project insurance	28,46,56,588	65,83,337	29,12,39,925
Bank & finance charges (Note L(III))			
Interest expenses	620,35,04,459	605,30,56,774	1225,65,61,233
Other borrowing costs	46,08,37,508	3,72,49,453	49,80,86,961
Depreciation/ amortization	10,28,82,476	3,57,32,523	13,86,14,999
Other expenses	10,92,76,582	1,40,24,435	12,33,01,017
	6311,27,07,852	3132,13,59,455	9443,40,67,307
Less :Viability Gap Fund (Note M(iv))	-	(661,23,45,564)	(661,23,45,564)
	6311,27,07,852	2470,90,13,891	8782,17,21,743
F . Long term loans and advances	As at 31-03-2016	As at 31-03-2015	
	₹	₹	
Unsecured, considered good			
Capital advances			
- Related parties	175,36,80,022	267,80,83,527	
- Others	162,89,10,772	214,39,27,897	
	338,25,90,794	482,20,11,424	
Other Loans and Advances			
Security Deposits			
- Related parties	-	-	
- Others	3,71,56,500	2,10,40,000	
Advance tax (Net of current taxes)	1,14,55,463	-	
	4,86,11,963	2,10,40,000	
	343,12,02,757	484,30,51,424	

L&T Metro Rail (Hyderabad) Limited
Notes forming part of accounts

G(I). Current Investments	Book & Market value per unit	No. of units	As at 31-03-2016	As at 31-03-2015
	₹	As at 31-03-2016	₹	₹
Mutual Funds (Quoted)				
SBI Mutual Fund- Daily Dividend	1,003.25	141,736.96	14,21,97,608	10,00,50,395
L&T Liquid Fund - Daily Dividend	1,011.74	148,703.10	15,04,48,609	-
			29,26,46,217	10,00,50,395

G(II). Cash and Cash equivalents	As at 31-03-2016		As at 31-03-2015	
	₹	₹	₹	₹
(i) Cash and cash equivalents				
Balances with Banks :				
-in current accounts	347,76,26,790		10,31,15,597	
-in deposit accounts with maturity period less than 3 months	66,12,00,000	413,88,26,790	49,97,00,000	60,28,15,597
(ii) Other bank balances				
-Balances with banks held as margin money deposits		105,46,18,641		-
		519,34,45,431		60,28,15,597

G(III). Short term loans and advances	As at 31-03-2016	As at 31-03-2015
	₹	₹
Unsecured and considered good		
Loans and advances to related parties	2,66,700	2,66,700
Other loans and advances		
Prepaid expenses	3,73,27,426	5,57,14,951
Unamortized premium on option contracts	16,90,11,115	9,24,49,238
Advances recoverable in cash or in kind	3,18,20,422	4,19,13,794
	23,84,25,663	19,03,44,683

G(IV). Other current assets	As at 31-03-2016	As at 31-03-2015
	₹	₹
Interest Accrued on Fixed Deposits	6,21,13,454	14,47,710
	6,21,13,454	14,47,710

H. Contingent Liabilities	As at 31-03-2016	As at 31-03-2015
	₹	₹
a) Claims against the company not acknowledged as debts	510,28,31,207	32,98,62,404
b) Liability for duties, cess and taxes that may arise in respect of matters in appeal / under dispute.	650,39,31,703	-
	1160,67,62,910	32,98,62,404

Notes:

- The Company expects reimbursements of Rs.27,08,89,882/- in respect of the above contingent liabilities.
- It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters.

I. Commitments	As at 31-03-2016	As at 31-03-2015
	₹	₹
Estimated amounts of contracts remaining to be executed on capital account	3752,16,30,935	7778,84,51,741
	3752,16,30,935	7778,84,51,741

L&T Metro Rail (Hyderabad) Limited			
Notes forming part of accounts			
J. Other income		April - Mar 2016	Apr-Mar 2015
		₹	₹
Interest on short term deposits		10,49,94,955	1,00,59,788
Dividend on current investments		2,67,07,753	4,23,58,603
Other non-operating income		1,09,58,972	23,59,500
		14,26,61,680	5,47,77,891
K. Other expenses		April - Mar 2016	Apr-Mar 2015
		₹	₹
Audit Fees (Note L(XV))		8,76,874	6,12,362
Salaries and wages		42,33,347	25,71,790
Premia and Exchange gain/loss on derivative Contracts		19,77,38,935	18,24,02,291
Loss on sale of Fixed asset		-	2,94,873
Project awareness campaign expenses	78,88,137		
Less Receipts towards the above	24,66,667		
		54,21,470	59,11,098
Corporate social responsibility expenses		8,14,810	4,57,656
Rent ,Rates & Taxes		33,64,175	2,58,947
Other Expenses		15,74,428	4,27,257
		21,40,24,039	19,29,36,274

L (I) Corporate information:

L&T Metro Rail (Hyderabad) Limited was incorporated on 24th August 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriental Development) in Hyderabad under Public Private Partnership model.

The Company signed Concession Agreement with the Government of erstwhile unified state of Andhra Pradesh (now the Government of Telangana State), on 04.09.2010 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 and the Real Estate Development 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, which 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 the concession agreement. The Government had declared Appointed Date as 5th July 2012. The project cost shall be funded by promoters' share capital, viability gap fund and term loans from a consortium of banks with State Bank of India, as lead bank. The Company commenced debt drawl during the financial year 2012-13 and the construction of the project is in progress.

L (II) Disclosure pursuant to Accounting Standard 15 (Revised):

Defined Contribution Plans:

Amount of Rs. 1,05,71,565 (previous year: Rs. 91,99,965) towards Provident Fund contribution has been recognized in "Intangible assets under development [Note E(III)]

Defined Benefit Plans:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The fund is managed by LIC.

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

- a. The amounts recognised in the balance sheet on account of Gratuity Fund are as follows

Particulars	As at 31.03.2016 ₹	As at 31-3-2015 ₹
Present value of defined benefit obligation		
-Wholly Funded	1,87,54,303	1,29,65,242
Less: Fair value of plan assets	(1,36,69,190)	(1,17,41,302)
Amount to be recognised as liability or (asset)	50,85,113	12,23,940
Unrecognized Past Service Cost	-	-
Net Asset/Liability recognized in Balance Sheet	50,85,113	12,23,940

- b. The amount recognised in the Intangible assets under development [Note E(III)] is as follows:

Particulars	As at 31-03-2016 ₹	As at 31-3-2015 ₹
Current service cost	17,47,853	13,25,330
Interest Cost on Benefit Obligation	10,37,219	7,89,352
Expected Return On Plan Assets	(7,57,322)	(4,02,545)
Net Actuarial Gain /Loss Recognized	38,05,144	11,80,132
Past Service Cost	-	-
Total expense recognized in Intangible under development	58,32,894	28,92,269
Actual Return on Plan Assets	(7,57,322)	(4,02,545)

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

Particulars	As at 31-03-2016 ₹	As at 31-3-2015 ₹
Opening Defined Benefit Obligation	1,29,65,242	98,66,899
Interest Cost	10,37,219	7,89,352
Current Service Cost	17,47,853	13,25,330
Benefits Paid	(8,01,155)	(1,96,471)
Actuarial(gains)losses on obligation	38,05,144	11,80,132
Closing Defined Benefit obligation	1,87,54,303	1,29,65,242

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

Particulars	As at 31-03-2016 ₹	As at 31-3-2015 ₹
Opening Fair Value of Plan Assets	1,17,41,302	49,62,918
Expected Return	7,57,322	4,02,545
Contributions	19,71,721	65,72,310
Benefits Paid	(8,01,155)	(1,96,471)
Actuarial Gain/loss	-	-
Closing Fair value of Plan Assets	1,36,69,190	1,17,41,302

- e. The actuarial assumptions under which the provision for gratuity made are as under:

(i) Valuation Method : Projected Unit Credit Method

(ii) Demographic Assumptions:

1	Number of Members	155
2	Retirement Age	58
3	Attrition rate	5%
4	Mortality table	LIC (2006-08)

(iii) Financial Assumptions:

1	Discount Rate	8%
2	Future Salary rise	10%

The funds are managed by Life Insurance Corporation of India. Hence broad categories of plan assets as a percentage of total plan assets are not furnished.

The estimates of future salary increases considered in actuarial valuation, take into account inflation, Seniority, promotion and other relevant factors such as supply and demand in the employment market.

L (III) Disclosure pursuant to Accounting Standard AS -16 “Borrowing Cost”

Additions during the year and capital work-in-progress/intangible assets under development include ₹ 632,42,73,165 (previous year: ₹ 393,98,19,924) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 “Borrowing Costs” as specified under Section 133 of the Companies Act, 2013, read with rule 7 of the

Companies (Accounts) Rules, 2014. Asset wise break-up of borrowing costs capitalised is as follows:

(₹)

Asset Class	2015-16	2014-15
Tangible Capital Work in Progress	23,39,66,938	7,47,01,654
Intangible Intangible Assets under development	609,03,06,227	386,51,18,270

L (IV) Disclosure pursuant to Accounting Standard AS -17 “Segment Reporting”

The company is yet to commence its commercial operations. Hence reporting of primary business segments and secondary segments as required in Accounting Standard 17 “Segment Reporting” does not arise.

L (V) Disclosure of related parties/ related party transactions pursuant to Accounting Standard - AS 18 “Related Party Disclosures”

(i) 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 Finance Holdings Limited
	L&T Housing Finance Limited
	L&T Infotech Limited
	L&T Technology Services Limited

(ii) Names of the Key Management Personnel with whom the transactions were carried out during the year

Name	Status
Mr. V.B.Gadgil	Chief Executive & Managing Director
Mr. Shivanand Nimbargi	Whole time Director
Mr.J. Ravi Kumar	Chief Financial Officer
Mr. Ashish Malhotra	Company Secretary

(iii) Transactions with related parties.

Particulars	FY 2015-16 ₹	FY 2014-15 ₹
Holding Companies		

L&T Infrastructure Development Projects Limited		
Cost of Services	32,23,165	2,87,608
Equity Share capital money received	48,77,16,360	817,74,00,000
Rent Payment	9,77,433	8,16,950
Reimbursement of expenses charged by	13,25,633	3,12,492
Reimbursement of expenses charged to	-	12,000
Interest paid on ICD	90,33,473	-
Inter corporate deposit received	105,00,00,000	-
Inter Corporate Deposit repaid	105,00,00,000	-
Larsen & Toubro Limited		
Pay roll & TEMS Processing fees	4,23,959	4,42,427
Cost of Services	6,38,82,751	4,63,10,747
Equity Share capital received	49,26,430	8,26,00,000
Mobilisation advance paid	7,50,00,000	-
Construction work in progress	1487,22,45,602	1823,02,71,539
Overheads recovered by	49,86,490	63,98,018
Overheads charged to	-	1,15,04,690
Cost of services charged to	-	82,135
Sale of services	1,77,840	-
Fellow Subsidiaries		
L&T Infocity Limited		
Lease Rentals/Parking charges paid	4,31,393	89,47,175
Facility management expenses	3,99,74,655	2,08,12,359
Reimbursement of expenses	97,83,096	1,50,46,687
Cost of Services	-	6,91,553
L&T Infotech Limited		
Purchase of Services & Products	6,13,02,420	7,68,71,791
L&T Transportation Infrastructure Ltd.,		
Reimbursement of Expenses	-	23,669
L&T Finance Holdings Limited		
Reimbursement of Expenses	-	1,68,313
L&T Housing Finance Limited		
Lease Rent paid	-	2,60,400
L&T Technology Services Limited		
Cost of Services charged by	-	4,43,822
Sale of services	1,14,500	-

(iv) Remuneration paid to Key Managerial Personnel during the year

Name	Amount in ₹
Mr.V.B.Gadgil	1,76,17,208
Mr.Shivanand Nimbargi	8,03,353
Mr. J.Ravi Kumar	53,67,440
Mr.Ashish Malhotra	38,42,817

(v) Due to / from related parties

Name/Relationship	FY 2015-16		FY 2014-15	
	₹	₹	₹	₹
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Ultimate holding company)	188,03,04,551	68,400	54,86,90,899	1,25,837
Larsen & Toubro Limited (Ultimate holding company – Mobilisation advance)		129,39,76,571		223,24,32,333
L&T Infrastructure Development Projects Limited (Holding company)	43,03,946	1,80,000	-	1,80,000
Fellow Subsidiary				
L&T Infotech Limited	2,97,53,881	-	25,33,402	-

Note:

- No amount pertaining to the related parties have been written off / written back during the year
- The holding company L&T Infrastructure Development Projects Limited has furnished promoter support undertaking to fund any coupon shortfall for every coupon period during the tenure of Non-Convertible debentures.

L (VI) Disclosure pursuant to Accounting Standard AS -19 “Leases”

The Company has not entered into any finance lease. The Company has taken premises and vehicles under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no exceptional/restrictive covenants in the lease agreements. The lease expenses in respect of these operating leases have been recognized as an expense Current Year: ` 3,61,99,747 (Previous Year ` 4,72,53,652) and included in Intangible assets under development.

L (VII) Basic and diluted earnings per Share computed in accordance with Accounting Standard AS - 20 “Earnings per share”

Particulars	FY 2015-16	FY 2014-15
Profit after Tax (₹)	(7,13,62,359)	(14,10,72,203)
Weighted average no. of Equity Shares (No.)	201,09,98,365	140,92,33,222
Earnings per share – Basic (₹)	(0.04)	(0.10)
Earnings per share – Diluted (₹)	(0.04)	(0.10)
Face Value Per Equity Share (₹)	10	10

L (VIII) Major components of deferred tax assets and deferred tax liabilities pursuant to Accounting Standard AS 22 “Accounting for Taxes on Income”

Particulars	FY 2015-16 ₹		FY 2014-15 ₹	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
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	-		-	

L (IX) Trade receivables represent amount receivable from the Government towards Viability Gap Funding under the Scheme for Financial Support to Public Private Partnerships (PPPs) in Infrastructure, 2006 (Note M(iv)).

L (X) In line with the Company's risk management policy, the financial risk relating to changes in exchange rates and interest rates are hedged by using a combination of forward contracts, options, swaps and other derivative contracts.

a) The Particulars of derivative contracts entered into for hedging purposes outstanding as at March 31, 2016 are as under:

Category of derivative instruments	Amount of exposure hedged	
	As at 31.03.2016 ₹	As at 31.03.2015 ₹
Forward Contracts for payables including firm commitments and highly probable forecasted transactions	229,16,99,078	91,50,94,006
Options	285,35,66,008	374,25,30,051
Currency Interest Rate Swaps	72,06,88,531	33,85,75,250

b) Un-hedged foreign currency exposures as at March 31, 2016 are as under

Particulars	As at 31.03.2016 ₹	As at 31.03.2015 ₹
Payables including firm commitments and highly probable forecasted transactions	200,57,49,720	282,20,80,099

L (XI) Expenditure in Foreign Currency:

Particulars	FY 2015-16 ₹	FY 2014-15 ₹
On overseas contracts	50,92,53,609	53,58,93,937
Professional/Consultancy Fees	60,70,810	-
Travelling expenses	10,93,262	44,50,750
Others	61,76,891	-
Total	52,25,94,572	54,03,44,687

Earnings in Foreign Currency

Particulars	FY 2015-16 ₹	FY 2014-15 ₹
Others –Advance against smart card Advertisement	-	11,16,012

L (XII) Salaries and wages include

Particulars	As at 31.03.15 ₹	Apr-Mar 2016 ₹	As at 31.03.16 ₹
Contribution to and provision for Provident fund	2,68,77,927	1,05,71,565	3,74,49,492
Gratuity	1,30,61,377	58,32,894	1,88,94,271
Leave encashment	1,83,62,290	85,46,437	2,69,08,727
Total	5,83,01,594	2,49,50,896	8,32,52,490

L (XIII) Pursuant to the Employees Stock Options Scheme established by the holding Company (i.e. Larsen & Toubro Limited), stock options were granted to the deputed employees of the Company. Total cost incurred by the holding Company, in respect of the same is ₹ 37,24, 059. The same is being recovered from the company over the period of vesting by the holding Company. Accordingly, cost of ₹ 36,94,582 (P.Y. ₹ 36,10,972) has been recovered by the holding Company upto current year, out of which, ₹ 83,611 (P.Y. ₹ 3,94,915) was recovered during the year. Balance of ₹ 29,476 will be recovered in future periods.

L (XIV) There are no amounts due to Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise.

L (XV) Auditors' remuneration (excluding service tax) and expenses charged to the accounts:

Particulars	FY 2015-16 ₹	FY 2014-15 ₹
Audit fees	4,85,000	4,85,000
Other services	2,47,500	60,000
Reimbursement of expenses	1,11,039	90,177
Total	8,43,539	6,35,177

L (XVI) The corresponding previous year's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

L (XVII) Figures have been rounded off to the nearest rupee.

M. Significant accounting policies**(i) Basis of accounting**

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, 2013), including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 prescribed by the Central Government. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable, except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures 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, allowance 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.

(ii) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the prescribed in the Schedule VI to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in financial statements are presented in Indian Rupees rounded off to rupee in line with the requirements of Schedule VI. Per share data are presented in Indian Rupees to two decimal places.

(iii) Revenue recognition

- a. Revenue from advertising business is recognised as per the terms of the contract.
- b. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

- c. Other items of income are accounted when the right to receive the income is established as per the terms of contract.

(iv) Government Grants

As per the Scheme for Financial Support to Public Private Partnerships (PPPs) in Infrastructure, 2006, the company is eligible for Viability Gap Funding (VGF) in the form of a capital grant at the stage of project construction.

The VGF received or receivable from the Government forms part of the consideration received or receivable from the Government for the services to be rendered in the contract. Accordingly, the consideration receivable by way of VGF is recognised as a financial asset viz. receivable in addition to fare collection rights and real estate development rights. {Please refer accounting policy on fare collection rights and real estate development rights vide note M (ix) and M(vi)}

(v) Employee benefits

a. 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.

b. Post-employment benefits

(i). 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.

(ii). Defined benefit plans:

Employees' Gratuity fund scheme managed by the trust is the defined benefit plan. The present value of the obligation under defined benefit plan 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. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss or capitalised as the case may be. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

c. Long term employee Benefits

The obligation for long term employee benefits such as long term compensated absences is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) supra.

(vi) Tangible fixed assets

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

The real estate development on the leasehold lands provided by the Government under the Concession Agreement is a resource controlled by the company during the period of concession and is an asset held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business and hence recognised as tangible fixed asset.

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

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as “capital work-in-progress”.

(vii) 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.

(viii) Depreciation

Depreciation on assets has been provided based on useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions. Assets costing less than Rs.5,000 are depreciated fully in the year of purchase.

The following asset category has useful life different from the life specified in Schedule II of the Companies Act, 2013 based on the management's assessment

Category of Asset	Useful Life (Years)
Furniture & Fixtures (Advertisement Boxes)	6

(ix) Intangible fixed assets and Amortization

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. 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. Intangible assets are amortised over their useful life.

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.

The right to use land provided by the Government under the Concession Agreement for real estate development is recognised as an intangible asset and measured at the apportioned fair market value of the construction services rendered.

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.

Specialised Software is amortized over a period of six years.

(x) Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- the provision for impairment loss, if any; and
- the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- a) in the case of an individual asset, at the higher of the net selling price and the value in use;
- b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

(xi) Investments

Investments which are readily realizable and are intended to be held for not more than one year from the date of acquisition are classified as current investments. All other investments are classified as long term 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. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

(xii) Borrowing Costs

Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discounts / premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest 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.

(xiii) Foreign currency transactions, forward contracts and derivatives

- a. The reporting currency of the company is the Indian Rupee.
- b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Exchange differences arising on such contracts are recognised in the period in which they arise.

- c. All other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the ICAI dated March 29, 2008 on accounting of derivatives.

The Company has adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" for accounting of such derivative contracts, not covered under Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" as mandated by the ICAI in the aforesaid announcement.

Accordingly, the resultant gain or losses on fair valuation/settlement of the derivative contracts covered under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" are recognised in the statement of Profit and Loss or

Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge in respect of off-balance sheet items is effective, the gains or losses are recognised in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet. The amount recognised in the "hedging reserve" is transferred to the

Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss. Gains or Losses in respect of ineffective hedges are recognised in the Statement of Profit and Loss in the period in which such gains or losses are incurred.

The premium paid on forward contract is accounted as expense over the life of the contract.

(xiv) Taxes on Income

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.

- a. 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.
- b. Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- c. Other 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.

(xv) Provisions, Contingent Liabilities and Contingent Assets

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

- a. The company has a present obligation as a result of a past event.

- b. A probable outflow of resources is expected to settle the obligation and
 - c. 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

- a. 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.
- b. a present obligation arising from past events, when no reliable estimate is possible.
- c. a possible obligation arising from past events, 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.

(xvi) Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for
- b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- c. Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details

(xvii) Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- a. transactions of a non-cash nature
- b. any deferrals or accruals of past or future operating cash receipts or payments and
- c. items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

(xviii) Operating cycle for current and non-current classification

An asset shall be classified as current when it satisfies any of the following criteria:

- a. it is expected to be realized within twelve months after the reporting date; or
- b. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current."

A liability shall be classified as current when it satisfies any of the following criteria:

- a. it is due to be settled within twelve months after the reporting date; or
- b. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at

the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.”

As per our report attached

For M.K Dandeker & Co.,

Firm registration number : 000679S

Chartered Accountants

by the hand of

Sd/-

S.Poosaidurai

Partner

Membership No : 223754

Place: Hyderabad

Date: 26th April 2016

**For and on behalf of the board of directors of
L&T Metro Rail (Hyderabad) Limited**

Sd/-

V.B.Gadgil

[Chief Executive &
Managing Director]

DIN No: 00240803

Sd/-

J.Ravi Kumar

[Chief Financial Officer]

M. No: 023240

Sd/-

K.Venkatesh

[Director]

DIN No: 00240086

Sd/-

Ashish Malhotra

[Company Secretary]

M. No: A18393

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]

L&T Metro Rail (Hyderabad) Limited

CIN: U45300AP2010PLC070121

**Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole,
Hyderabad- 500 039, Telangana**

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 : or failing him/her

2. Name :
 Address :
 E-mail Id :
 Signature : or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 6th Annual General Meeting of the Company, to be held on Thursday the 29th day of September, 2016 at 10:30 A.M. at the registered office of the Company situated at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad – 500 039, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resol ution No.	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements for the Financial Year 2015-16			

2.	Appointment of Mr. K Venkatesh as a director liable to retire by rotation.			
3.	Re-appointment of M/s M K Dandekar & Co., as Statutory Auditors for the second term of five years.			
Special Business				
4.	Appointment of Mr. Sekharipuram Narayanan Subrahmanyam as Director of the Company			
5.	Appointment of Mr. Ramamurthi Shankar Raman as Director of the Company			
6.	Appointment of Mr. Shivanand Nimbargi as Director of the Company			
7.	Appointment of Mr. Shivanand Nimbargi as Whole-time Director w.e.f 10 th March 2016 and as Managing Director and Chief Executive Officer w.e.f. 1 st June 2016			
8.	Issue of Non-Convertible Debentures for an amount not exceeding Rs. 250 Crores			
9.	Appointment of Mr. Prasanna Rangacharya Mysore as Director of the Company			
10.	Appointment of Mr. Prasanna Rangacharya Mysore as an Independent Director of the Company			
11.	Extension of Services of Mr. V B Gadgil as Chief Executive and Managing Director of the Company			

Signed this..... day of..... 2016

Signature of Shareholder

Signature of Proxy holder(s)

Affix revenue stamp of not less than ₹ 1/-

Note:

1. 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.
2. It is optional to indicate your preference. If you leave the “for”, “against” or “abstain” column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Attendance Slip

L&T Metro Rail (Hyderabad) Limited

CIN: U45300AP2010PLC070121

**Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole,
Hyderabad- 500 039, Telangana**

Registered Folio no. /DP ID no. /Client ID no. :
Number of Shares held :

I certify that I am member/proxy/authorized representative of the Member of the Company.

I hereby record my presence at the 6th Annual General Meeting of the Company at the registered office of the Company situated at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad – 500 039, Telangana, on Thursday the 29th September, 2016 at 10:30 A.M.

.....
Name of the Member/Proxy:

.....
Signature of the Member/Proxy

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting hall.

REGISTERED OFFICE

L&T Metro Rail (Hyderabad) Limited
Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole,
Hyderabad – 500 039, Telangana, India.