L & T METRO RAIL (HYDERABAD) LIMITED

8th ANNUAL REPORT

FY 2017-18

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. S.N.Subrahmanyan	Chairman
Mr. KVB Reddy	Managing Director and Chief Executive Officer
Mr. R.Shankar Raman	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. Subrahmanyan	Chairman
Mrs. Sheela Bhide	Member
Mr. Ajit Rangnekar	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. KVB Reddy	Chairman
Mr. Ajit Rangnekar	Member
Mr.N.V.S.Reddy	Member

J Ravikumar	Chief Financial Officer
Chandrachud D Paliwal	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. Dandeker & 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.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Eighth report and Audited Accounts for the year ended 31st March 2018.

1. Financial Results / Financial Highlights:

Particulars	2017-18 Rs. in lakhs	2016-17 Rs. in lakhs
Profit / (Loss) Before Depreciation, exceptional items & Tax	(4166.14)	513.63
Less: Depreciation, amortization, impairment and obsolescence	1669.86	160.06
Profit / (Loss) before exceptional items and tax	(5836.00)	353.57
Add: Exceptional Items	-	-
Profit / (Loss) before tax	(5836.00)	353.57
Less: Provision for tax	(0.23)	71.49
Profit / (Loss) after Tax	(5835.77)	282.08
Add: Other Comprehensive Income	1914.80	(2591.89)
Total Comprehensive Income	(3920.97)	(2309.81)
Balance available for disposal (which the Directors appropriate as follows)	-	282.08
Debenture Redemption Reserve	-	282.08

2. Capital & Finance:

During the year under report the Company has raised an amount of Rs. 138.43 Crores by way of issue of equity shares of Rs. 10 each fully paid-up ranking *pari-passu* with the existing equity shares on rights issue basis. Further the company has drawn long term rupee term loans of Rs.1480.04 Crores from Banks during the year under report. The Company has also received an amount of Rs. 246.66 Crore as Viability Gap funding under Financial Support to Public Private Partnerships in Infrastructure 2006 Scheme from Government of India.

3. Project Progress:

During the year under report, the Company has received Provisional Certificate, for the stretches between Nagole to Mettuguda (8.05 kms) of Corridor III, Mettuguda to Ameerpet (9.916 kms) of Corridor III and Miyapur to S R Nagar (11.781 kms) of Corridor I, in terms of the Concession Agreement from Louis Berger, the Independent Engineer of Hyderabad Metro Rail project. The Hon'ble Prime Minister of Government of India along with the Hon'ble Chief Minister of the Government of Telangana inaugurated the Rail System between Nagole – Ameerpet – Miyapur of about 30 kms stretch on 28th November 2017. The construction activities on the remaining project were progressing at brisk pace.

During the year under report, the Government of Telangana granted the extension of Scheduled Completion Date and Project Completion Schedule date, as defined under the Concession Agreement, till 30th November 2018. Further, during the year under report, the Senior Lenders have also extended the Scheduled Commercial Operation Date, of the project as defined under the Financing Agreements, till 6th July 2019.

4. **Capital Expenditure:**

As at March 31, 2018 the gross fixed and intangible assets including leased assets, stood at Rs. 13,517.55 crores and the net fixed and intangible assets, including leased assets, at Rs.13496.52 crore. Capital Expenditure during the year amounted to Rs.2125.44 crores.

5. **Deposits:**

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

6. **Depository System:**

As on March 31, 2018, 99.99% of the Company's total paid up capital representing 220,69,77,334 equity shares are in dematerialized form.

7. **Particulars of Contracts or Arrangements with related parties:**

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the FY 2017-18.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

8. **State of Company Affairs:**

The gross sales and other income for the financial year under review were Rs.69.53 crore (including fare and non-fare revenue). The loss before and after tax from continuing operations including extraordinary and exceptional items was Rs. 58.36 crores for the financial year under review as against profit before tax of Rs. 3.53 crores and profit after tax of Rs. 2.82 crores for the previous financial year.

9. Amount to be carried to reserve:

Since, there are no profits during the year under report, no amounts were transferred to Debenture Redemption Reserve during the current financial year.

10. Dividend:

Since, there are no divisible profits and considering the capital requirement for ongoing construction activities, the Board of Directors do not recommend any dividend on its equity shares.

11. 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.

12. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided as **Annexure I**, forming part of this Report.

13. Risk Management Policy:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

14. Corporate Social Responsibility:

Since the average net profits for the preceding three financial years is negative, the Company is not required to spend any amount towards Corporate Social Responsibility activities.

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

- Mr. K Venkatesh had stepped down as Non-Executive Director with effect from 4th April 2017.
- Mr. Shivanand Nimbargi had resigned as Managing Director and Chief Executive Officer with effect from 31st December 2017.
- Mr. K V B Reddy was appointed as Managing Director and Chief Executive Officer on 24th January 2018.
- Mr. Ashish Malhotra resigned as Company Secretary with effect from 6th February 2018.

16. Number of Meetings of the Board of Directors:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four (4) meetings were held on 5th May 2017, 18th July 2017, 25th October 2017 and 24th January 2018.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

17. Audit Committee:

The Company has an Audit Committee in terms of the requirements of the Companies Act, 2013. The Committee comprises of one Non-Executive Director and three Independent Directors.

The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013 read with the rules made thereunder.

The current members of the Audit Committee are Mrs. Sheela Bhide, Mr. R Shankar Raman, Mr. Ajit Rangnekar and Mr. M R Prasanna. The Chairman of the Committee is an Independent Director.

During the year under review, four meetings were held on 5th May 2017, 18th July 2017, 25th October 2017 and 24th January 2018.

18. Vigil Mechanism Policy:

The Vigil Mechanism Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013. The Audit Committee oversees the functioning of the Vigil Mechanism framework.

19. Company Policy on Director Appointment and Remuneration:

The Company has a Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee comprises of one Non-Executive Director and two Independent Directors.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Nomination & Remuneration Committee are Mr. Ajit Rangnekar, Mr. S N Subrahmanayan and Mrs. Sheela Bhide. The Chairman of the Committee is an Independent Director.

During the year under review, two meetings were held on 5th May 2017 and 24th January 2018.

20. Declaration of Independence:

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

21. 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. For the year ended March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company’s operations.

22. 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 laid down an adequate system of internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

f) 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.

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

The Nomination and Remuneration Committee (NRC) and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated. The Chairman of NRC analyses the reports on the questionnaires to arrive at an unbiased conclusion.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held in accordance with Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

24. Disclosure of Remuneration:

The details of remuneration as required to be disclosed under Section 197(12) of the Companies Act, 2013 and the rules made thereunder are as below:

a. Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	13533:1657
b. Percentage increase in remuneration of the following KMPs in the financial year; I. Directors II. CEO, III. CFO IV. CS	 - - 5.45% 8.00%
c. Percentage increase in the median remuneration of employees in the financial year;	8.43%
d. Number of permanent employees on the rolls of company;	161
e. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the	-

	percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	
f.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

The information in respect of the Company required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time is provided in **Annexure II**, forming part of this report. None of the employees listed in the said Annexure is related to any Director of the Company.

25. Compliance with Secretarial Standards on Board Meetings 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.

26. 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 reported to the Company during Financial Year 2017-18.

27. Auditors Report:

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

28. Auditors:

The Auditors, M/s M.K. Dandeker & Co., Chartered Accountants, were appointed as Statutory Auditors for a period of five continuous financial years from the conclusion of Sixth Annual General Meeting (AGM) till the conclusion of Eleventh AGM.

Pursuant to Rule 3(7) of the Companies (Audit and Auditors) of the Companies (Audit and Auditors) Rules, 2014, the appointment is required to be ratified by the Shareholder at every Annual General Meeting. A Certificate from the Auditors has been received to the effect that they are eligible to act as Statutory Auditors of the Company and their appointment would be within the limits as prescribed under section 141 of the Companies Act, 2013.

The Board recommends the ratification of the appointment of M/s. M.K. Dandeker & Co., Chartered Accountants, Chennai as the Statutory Auditors of the Company for the Financial Year 2018-19.

29. Secretarial Audit Report:

The Secretarial Audit Report issued by M/s. Kota & Associates, Practicing Company Secretary is attached as **Annexure III** to the Annual Report.

The Secretarial Auditors' report to the shareholders does not contain any qualification or reservation which has any material adverse effect on the functioning of the Company.

30. Details of Significant & 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.

31. Extract of Annual Return:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is attached as **Annexure IV** to this Report.

32. Other Disclosures:

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations.

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

The Company has received credit rating of "IND AAA(SO); Outlook Stable" from India Ratings and Research for its Rs. 750 crores Non-Convertible Un-secured Redeemable Debentures.

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

33. Debenture Trustee:

M/s. SBICAP Trustee Company Limited, having their office at 6th Floor, Apeejay House, Dinshaw Wachcha Raod, Churchgate, Mumbai- 400020 have been acting as the Debenture Trustee in the respect of the 7500 Non-Convertible, Un-secured, Redeemable Debentures of Rs. 10,00,000 each fully paid-up aggregating to Rs. 750 Crores.

34. Acknowledgement:

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

For and on behalf of the Board of Directors

Sd/-	Sd/-
K V B Reddy	**R.Shankar Raman**
Managing Director and Chief Executive Officer	Director
(DIN:00019798)	(DIN:01683467)

Place: Hyderabad

Date: 02-05-2018

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 energy-intensive. However, energy conservation is a priority for the Company. Appropriate methodologies have been implemented for effective energy utilization. Further, the rolling stock and lifts have inbuilt energy regeneration technology and effective methodologies have been 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.165.89 Crore

ANNEXURE II

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 2018

Ps No	Name of the employee	DOJ	Department	Designation	Cadre	CTC in Rupees	Highest Qualification	Experience Years	Age
15796	P Ravishankar	01-08-11	Project Control & Contracts	Head of Project Planning, Control & Contract	M4-A	50,50,000	MCS, B.Tech	23:07	47
20019038	Anil Kumar	03-01-11	Railway Systems	Chief Operating Officer	M4-B	1,04,33,226	MBA, B.Tech	26:04	48
20068623	K M Rao	12-05-14	Rail Over Bridge	General Manager	FTC	49,39,072	B.E	34:05	58
20079065	M.V. Krishna Rao	01-01-17	TOD	Head- Leasing (Retail & Commrl.)	M3-B	57,95,604	M.B.A.	29:07	52
20091872	Iyengar Venkatesh	01-01-16	TOD	Head-Project Execution, Hyd Metro(Clus-1)	M3-C	69,08,894	B. Tech	29:02	52
20116611	P Venkata Chalapathi Rao	17-08-16	Viaduct	Head Civil - Viaduct	M3-C	50,88,000	B.E.	28:09	51
20120531	Sanjay Kumar	10-10-16	Human Resource	Head - Human Resource	M4-A	67,69,096	B. Tech & PGDBA	27.06	53
20121716	Parasaram Srinivasa Murthy	02-11-16	Power Supply & Traction	Head - Electrical & MEP	M3-B	48,60,000	B. Tech	20:11	54
20123690	Ashutosh Kumar Das	07-12-16	Supply Chain Mgt.,	Head - Supply Chain Mgt.,	M3-B	50,29,000	MBA & B. E	19:03	43
20061095	Manoj Agarwal	01-02-17	TOD	Head of Operations	M3-C	79,06,218	Diploma in Hotel Mgt.,	30:11	53

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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: U45300TG2010PLC070121
5th Floor, Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole,
Hyderabad - 500 039.

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 in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

2. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company which was made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) 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:

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

i) Secretarial Standards issued by The Institute of Company Secretaries of India.

ii) Listing agreement entered into with BSE Limited, Mumbai, for listing of Debt Securities.

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.

Further, the Company has filed certain e-forms with additional fee i.e. filing beyond the prescribed time limits mentioned under the Companies (Registration offices and fees) Rules, 2014.

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

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

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 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: Hyderabad
Date: 2nd May, 2018

Sd/-
Kota Srinivas
Company Secretary in Practice
ACS 34206
CP No.14300

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,
CIN: U45300TG2010PLC070121
5th Floor, Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole,
Hyderabad - 500 039.

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 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 report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 2nd May, 2018

Sd/-
Kota Srinivas
Company Secretary in Practice
ACS 34206
CP No.14300

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 Securities and Exchange Board of India (Issue and listing of Debit securities) Regulations, 2008.
4. 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.
5. The Metro Railways (Construction of Works) Act, 1978.
6. The Metro Railways (Operation & Maintenance) Act, 2002 and the Rules made thereunder.
7. 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;
8. The Minimum Wages Act, 1948 read with the Minimum wages (central) Rules, 1950;
9. The Payment of Gratuity Act,1972 read with the Payment of Gratuity (Central) Rules 1972;
10. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
11. The Contract Labour (Regulation & Abolition) Act, 1970 read with the Contract Labour (Regulation and Abolition) Rules, 1971;
12. Income Tax Act, 1961 read with Income Tax Rules;
13. The Central Sales Tax Act, 1956 read with the Central Sales Tax (Registration & Turnover) Rules, 1957;
14. 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;
15. The Personal Injuries (Compensation) Insurance Act, 1963;
16. The Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008);
17. The Maternity Benefit Act, 1961;
18. The Indian Telegraph Act, 1885 & the Indian Telegraph Rules, 1951;
19. The Indian Wireless Telegraphy Act, 1933;

20. The Registration Act, 1908;

21. Indian Stamp Act, 1899;

22. Motor Vehicles Act, 1988;

23. The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998;

24. The Building and Construction Workers Welfare Cess Act, 1996 and the Building and Construction Workers Welfare Cess Rules, 1998;

25. Multi Storeyed Buildings Regulations, 1981;

26. The Andhra Pradesh Rules for Construction and Regulation of Multiplex Complexes, 2007;

27. The Andhra Pradesh Building Rules, 2012;

28. Andhra Pradesh Fire Services Act, 1999 and the Andhra Pradesh Fire and Emergency Operations and Levy of Fee Rules, 2006;

29. The Greater Hyderabad Municipal Corporations Act, 1955;

30. Andhra Pradesh Minimum Wages Rules, 1960,

31. The Andhra Pradesh Motor Vehicles Rules, 1989;

32. The Andhra Pradesh Motor Vehicles Taxation Act, 1963 and the Rules made thereunder;

33. The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987 and the Rules made thereunder;

34. The Andhra Pradesh Shops and Establishments Act, 1988;

35. The Andhra Pradesh State Electricity Board (Recovery of Dues) Act, 1984 and the Andhra Pradesh State Electricity Board (Recovery of Debts) Rules, 1985;

36. The Andhra Pradesh Compulsory Gratuity Insurance Rules, 2011;

37. The Andhra Pradesh Contract Labour (Regulation and Abolition) Rules, 1971;

38. The Employment exchanges (Compulsory notification of vacancies) Act, 1959;

39. Andhra Pradesh Value Added Tax Act, 2005 and the Rules made thereunder;

40. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 and the Rules made thereunder;

41. Andhra Pradesh Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;

ANNEXURE - IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2018

[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:-	U45300TG2010PLC070121
(ii)	Registration Date	24th August, 2010
(iii)	Name of the Company	L&T Metro Rail (Hyderabad) Limited
(iv)	Category / Sub-Category of the Company	Public Limited/ Non-government Company
(v)	Address of the Registered office and contact details	Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad, Telangana- 500039 Tel: 040-22080000
(vi)	Whether listed company Yes / No	No*
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4th Floor, Trade World A Wing Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013 Ph. No. – 022 2499 4720 Email – info_ndml@nsdl.co.in

*The Un-secured, Non-convertible Redeemable Debentures issued by the Company aggregating to Rs. 750 Crore are 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
1.	Land transport via Railways	6021	100.00%

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	Larsen and Toubro Limited, L & T House, Ballard Estate Mumbai, Maharashtra- 400001	L99999MH1946PLC004768	Holding Company	99.99%	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/HUF	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt. (s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	2062193172	5*	2062193177	100	2206977328	5*	2206977333	100	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**2062193172**	**5***	**2062193177**	**100**	**2206977328**	**5***	**2206977333**	**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)	**2062193172**	**5***	**2062193177**	**100**	**2206977328**	**5***	**2206977333**	**100**	**-**
B. **Public Shareholding**									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	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)	**-**	**1**	**1**	**-**		**1**	**1**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2062193172**	**6**	**2062193178**	**100**	**2206977328**	**6***	**2206977334**	**100**	**-**

* Shares held by the individuals jointly with Larsen and Toubro 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 and Toubro Limited	2062193172	99.99%	51%	**2206977328**	99.99%	51%	0.00
	Total:	**2062193172**	**99.99%**	**51%**	**2206977328**	**99.99%**	**51%**	**0.00**

iii. Change in Promoters' Shareholding

	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 and Toubro Limited	2,06,21,93,172	99.99%	2,06,21,93,172	99.99%
5th May 2017 – Allotment – Rights Issue				
Larsen and Toubro Limited	1,25,51,277	99.99%	2,07,47,44,449	99.99%
18th July 2017 – Allotment – Rights Issue				
Larsen and Toubro Limited	10,72,33,000	99.99%	2,18,19,77,449	99.99%
25th October 2017 – Allotment – Rights Issue				
Larsen and Toubro Limited	61,30,138	99.99%	2,18,81,07,587	99.99%
17th December 2017 – Allotment – Rights Issue				
Larsen and Toubro Limited	1,25,34,123	99.99%	2,20,06,41,710	99.99%
24th January 2018 – Allotment – Rights Issue				
Larsen and Toubro Limited	63,35,618	99.99%	2,20,69,77,328	99.99%
At the End of the year				
Larsen and Toubro Limited	2,074,744,449	99.99%	2,074,744,449	99.99%

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

Sl. No.		**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	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**	
	For Each of the Directors and KMP *	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	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	-	-	-	-

*Notes:

1. Mr. Krishnamurthy Venkatesh held 1 (one) share in joint holding with L&T Infrastructure Development Projects Limited of Rs. 10 each. The same was transferred to Mr. Anil Kumar Saini in joint holding with Larsen & Toubro Ltd. post his resignation as Director on 5th May, 2017.
2. Mr. J. Ravikumar, Chief Financial Officer and Mr. Ashish Malhotra, Company Secretary each holds one Equity Share of value Rs.10 each fully paid up Jointly with M/s. Larsen And Toubro 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	7816,93,54,795	746,60,14,370	-	8563,53,69,165
ii).	Interest due but not paid	-	-	-	-
iii).	Interest accrued but not due	108,02,73,810	59,62,68,301	-	167,65,42,111
Total (i+ii+iii)		**7924,96,28,605**	**806,22,82,671**	**-**	**8731,19,11,276**
Change in Indebtedness during the financial year					
Addition		1474,77,45,919	5,26,58,952	-	1480,04,04,871
Reduction		-	-	-	-
Net Change		**1474,77,45,919**	**5,26,58,952**	**-**	**1480,04,04,871**
Indebtedness at the end of the financial year					
i).	Principal Amount	9399,73,74,524	746,60,14,370	-	10146,33,88,894
ii).	Interest due but not paid	-	-	-	-
iii).	Interest accrued but not due	-	64,82,62,258	-	64,82,62,258
Total (i+ii+iii)		**9399,73,74,524**	**811,42,76,628**	**-**	**10211,23,16,147**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.n.	**Particulars of Remuneration**				**Total Amount**
	Name		**Mr. Shivanand Nimbargi**	**Mr. K V B Reddy**	
	Designation		**Managing Director & Chief Executive Officer (Up to 31st December 2017)**	**Managing Director & Chief Executive Officer (w.e.f 24th January 2018)**	
1.	Gross salary		**(Rs.)**	**(Rs.)**	**(Rs.)**
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,84,87,747	77,66,236	3,62,53,983
	(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)		**2,84,87,747**	**77,66,236**	**3,62,53,983**
	***Ceiling as per the Act**		**4,45,59,721**		

***** Maximum permissible Limit as per Schedule V of the Companies Act, 2013***

(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. 1,90,000	Rs. 1,65,000	Rs. 1,20,000	Rs. 4,75,000
	➢ Commission	-	-	-	-
	➢ Others, please specify	-	-	-	-
	Total (1)	Rs. 1,90,000	Rs. 1,65,000	Rs. 1,20,000	Rs. 4,75,000
2.	Other Non-Executive Directors	Mr. N V S Reddy		-	-
	➢ Fee for attending board / committee meetings	Rs. 1,15,000	-	-	Rs. 1,15,000
	➢ Commission	-	-	-	-
	➢ Others, please specify	-	-	-	-
	Total (2)	Rs. 1,15,000	-	-	Rs. 1,15,000
	Total (B)=(1+2)				Rs. 5,90,000
Total Managerial Remuneration		-	-	-	-
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 (Up to 6th February'18**	**Mr. J. RaviKumar**	
1.	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,08,076	60,35,450	-
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961.	16,311	1,04,541	-
	(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)	**34,24,387**	**61,39,991**	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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 AUDITORS' REPORT

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

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

Auditor's Responsibility

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

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, its financial performance including Other Comprehensive Income**,** changes in equity 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 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said 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, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

(e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(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”.

(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 21 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.

For M.K.Dandeker & Co.,
(ICAI Reg. No. 000679S)

Sd/-
S.Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

Date: May 2, 2018
Place: Hyderabad

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. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were notice on physical verification between physical stock and book records.

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 deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

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 Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The money's raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (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, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS 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.,
(ICAI Regn. No.000679S)

Sd/-
S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 2, 2018
Place: Hyderabad

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

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

We have audited the internal financial controls over financial reporting of **L&T Metro Rail (Hyderabad) Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Ind AS 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.K. Dandeker & Co.,
(ICAI Regn. No.000679S)

Sd/-
S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 2, 2018
Place: Hyderabad

L&T Metro Rail (Hyderabad) Limited
Balance Sheet as at March 31, 2018

Particulars	Note No	As at March 31, 2018 `	As at March 31, 2017 `
ASSETS			
Non-current assets			
a) Property, plant and equipment	1	1,599,098,075	246,009,159
b) Capital work-in-progress	2	28,111,717	38,418,286
c) Investment property	3	11,848,584,988	5,929,554,565
d) Intangible assets	4	15,016,169,380	27,215,853
e) Intangible assets under development	5	106,473,277,654	107,469,630,346
f) Other financial assets	6	29,871,755	37,054,082
g) Deferred tax assets (net)	7	-	123,200,422
h) Other non-current assets	8	23,457,200	1,494,120,742
		135,018,570,769	**115,365,203,455**
Current assets			
a) Inventories	9	25,738,433	-
b) Financial Assets			
i) Investments	10	-	2,390,225,992
ii) Trade receivables	11	63,279,070	19,413,215
iii) Cash and cash equivalents	12	354,291,475	544,568,824
iv) Other financial assets	13	882,917	41,560,572
c) Current tax assets (net)	14	-	-
d) Other current assets	8	968,622,095	187,078,595
		1,412,813,989	**3,182,847,198**
TOTAL ASSETS		**136,431,384,758**	**118,548,050,653**
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	15	22,069,773,340	20,621,931,780
b) Other equity	16	(700,636,030)	(245,012,554)
		21,369,137,310	**20,376,919,226**
Liabilitites			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	102,112,316,147	87,311,911,276
ii) Other financial liabilities	18	963,555,945	738,037,025
b) Provisions	19	21,725,490	17,697,232
c) Deferred tax liabilities (net)	7	24,583,570	-
		103,122,181,153	**88,067,645,533**
Current liabilities			
a) Financial liabilities			
i) Other financial liabilities	18	11,872,572,580	9,979,862,020
b) Current tax liabilities (net)	14	-	344,742
c) Other current liabilities	20	62,069,301	121,954,255
d) Provisions	19	5,424,414	1,324,877
		11,940,066,295	**10,103,485,894**
TOTAL EQUITY AND LIABILITIES		**136,431,384,758**	**118,548,050,653**
Contingent liabilities	21		
Commitments	22		
Notes forming part of the Financial statements	29		
Significant accounting policies	30		

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 : 02-05-2018

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

Sd/-
K.V.B.Reddy
[Managing Director & Chief executive officer]
DIN No: 01683467

Sd/-
R Shankar Raman
[Director]
DIN No: 00019798

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

Sd/-
CHANDRACHUD D PALIWAL
[Company Secretary]
Membership No: F5577

Place : Hyderabad
Date : 02-05-2018

L&T Metro Rail (Hyderabad) Limited
Statement of Profit and loss for the year ended March 31, 2018

`₹

Particulars	Note No	2017-18	2016-17
INCOME			
Revenue from Operations	23	626,578,342	100,554,747
Construction contract revenue		13,460,528,715	15,629,387,902
Other income	24	68,691,251	91,263,589
Total Income		**14,155,798,308**	**15,821,206,238**
EXPENSES			
Construction contract expenses		13,460,528,715	15,629,387,902
Operating expenses	25	410,660,612	19,635,197
Employee benefit expenses	26	50,680,056	22,017,143
Administration and other expenses	27	144,676,858	49,779,147
Finance costs	28	505,866,760	49,023,585
Depreciation and amortisation		166,985,670	16,005,920
Total Expenses		**14,739,398,671**	**15,785,848,895**
Profit/(loss) before tax		(583,600,362)	35,357,344
Tax Expense:			
Current tax		-	8,088,253
Income tax of previous year		-	889,732
Deferred tax		(23,238)	(1,828,707)
		(23,238)	7,149,278
Profit/(loss) after tax for the year		**(583,577,124)**	**28,208,066**
Other Comprehensive Income			
Items that will be reclassified to Profit & Loss			
Changes in fair value of cash flow hedges		191,480,110	(259,189,873)
Total Comprehensive Income for the year		**(392,097,014)**	**(230,981,808)**
Earnings per equity share (Basic and Diluted)	29.8	(0.195)	0.014
Face value per equity share		10.00	10.00
Other notes forming part of accounts	29		
Significant accounting policies	30		

As per our report attached
For M.K Dandeker & Co.,

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

Firm registration number : 000679S
Chartered Accountants
by the hand of

Sd/-
K.V.B.Reddy
[Managing Director & Chief executive officer]

Sd/-
R. Shankar Raman
[Director]
DIN No: 00019798

Sd/-
S.Poosaidurai
Partner
Membership No : 223754

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

Sd/-
Chandrachud D Paliwal
[Company Secretary]
Membership No: F5577

Place : Hyderabad
Date: 02.05.2018

Place : Hyderabad
Date: 02.05.2018

L&T Metro Rail (Hyderabad) Limited
Cash Flow Statement as on March 31, 2018

S. No.	Particulars	2017-18 ₹	2016-17 ₹
A	**Net profit / (loss) before tax and extraordinary items**	(583,600,362)	35,357,344
	Adjustment for		
	Depreciation and amortisation expense	166,985,670	16,005,920
	Interest expense	505,866,760	14,651,375
	Interest income	(5,311,688)	(26,276,372)
	Dividend received	(31,806)	(60,674,103)
	(Profit)/loss on sale of current investments(net)	(57,075,604)	(225,992)
	(Profit)/loss on sale of fixed assets	(1,479,650)	72,652
	Other non cash items	191,480,110	(259,189,873)
	Operating profit before working capital changes	**216,833,430**	**(280,279,049)**
	Adjustments for:		
	Increase / (Decrease) in long term provisions	4,028,258	860,524
	Increase / (Decrease) in other current liabilitites	(59,884,954)	25,367,809
	Increase / (Decrease) in other current financial liabilitites	1,892,710,560	(1,626,550,968)
	Increase / (Decrease) in other non-current financial liabilities	225,518,920	330,005,149
	Increase / (Decrease) in short term provisions	3,778,033	(11,829,051)
	(Increase) / Decrease in long term loans and advances	1,483,463,648	1,899,229,564
	(Increase) / Decrease in other non-current financial assets	7,182,327	(102,418)
	(Increase) / Decrease in other non-current assets	134,983,888	81,869,475
	(Increase) / Decrease in Inventory	(25,738,433)	-
	(Increase) / Decrease in Trade Receivables	(43,865,855)	4,891,308
	(Increase) / Decrease in short term loans and advances	40,677,655	133,571,884
	(Increase) / Decrease in other current assets	(781,543,499)	(137,583,374)
	Net cash generated from/(used in) operating activities	**3,098,143,977**	**419,450,852**
	Direct taxes paid (net of refunds)	-	-
	Net Cash(used in)/generated from Operating Activities	**3,098,143,977**	**419,450,852**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(21,421,399,275)	(22,414,910,988)
	Sale of fixed assets	1,479,650	(72,652)
	Purchase of current investments	2,390,225,992	(2,097,579,775)
	(Purchase)/Sale of current investments	57,075,604	225,992
	Dividend received from current investments	31,806	60,674,103
	Interest received	5,311,688	26,276,372
	Net cash (used in)/generated from investing activities	**(18,967,274,535)**	**(24,425,386,948)**
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	1,384,315,097	378,839,392
	Proceeds from long term borrowings	14,800,404,871	18,930,758,017
	Interest paid	(505,866,760)	(14,651,375)
	Net cash (used in)/generated from financing activities	**15,678,853,209**	**19,294,946,034**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(190,277,349)**	**(4,710,990,062)**
	Cash and cash equivalents as at the beginning of the year	544,568,824	5,255,558,886
	Cash and cash equivalents as at the end of the year	**354,291,475**	**544,568,824**

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Purchase of Fixed assets represents additions to property, plant and equipment, investment property and intangible assets adjusted for movement of (a) capital work in progress for property plant and equipment and investment property & (b) intangible assets under development during the year
3. Cash and cash equivalents represent cash and bank balances.
4. Previous year's figures have been regrouped/reclassified wherever applicable.

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 : 02-05-2018

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

Sd/-
K.V.B.Reddy
[Managing Director & Chief executive officer]
DIN No: 01683467

Sd/-
R. Shankar Raman
[Director]
DIN No: 00019798

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

Sd/-
Chandrachud D Paliwal
[Company Secretary]
Membership No: F5577

Place : Hyderabad
Date : 02-05-2018

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

1 Property, Plant and Equipment

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at Mar 31, 2017
Tangible Assets										
Plant and Macinery										
Leased out	-	1,336,962,698	-	1,336,962,698	-	26,861,463		26,861,463	1,310,101,235	-
Computers	22,591,301	1,674,300	301,559	23,964,042	8,888,998	6,046,264	286,481	14,648,781	9,315,261	13,702,303
Furniture & Fixtures	159,551,173	104,642,192	15,835,495	248,357,870	23,696,337	32,134,336	14,263,260	41,567,413	206,790,457	135,854,835
Office Equipment	145,014,554	3,395,950	4,199,312	144,211,193	48,746,590	26,666,582	3,958,137	71,455,035	72,756,158	96,267,965
Vehicles	1,362,250			1,362,250	1,178,194	49,091		1,227,285	134,964	184,055
Total	**328,519,278**	**1,446,675,140**	**20,336,366**	**1,754,858,052**	**82,510,119**	**91,757,736**	**18,507,878**	**155,759,977**	**1,599,098,075**	**246,009,159**

2 Capital work-in-progress

`₹

Particulars	Cost			
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018
Capital work in progress	38,418,286	18,460,632	28,767,201	28,111,717
Total	**38,418,286**	**18,460,632**	**28,767,201**	**28,111,717**

3 Investment Property

A) Completed property-leased out

₹

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at Mar 31, 2017
Tangible Assets										
Buildings		3,447,856,907	-	3,447,856,907	-	11,699,037	-	11,699,037	3,436,157,870	-
Land License rights		444,969,810		444,969,810		1,464,116		1,464,116	443,505,694	
Total	-	**3,892,826,717**	-	**3,892,826,717**	-	**13,163,153**	-	**13,163,153**	**3,879,663,564**	-

a) There are no restrictions on realisability of income from investment property

b) Amounts recognised in profit or loss for investment properties ₹

Particulars	**31.03.2018**	**31.03.2017**
Rental Income	30,304,120	-
Direct operating expenses from property that generated rental income	91,528	-

B) Capital work in Progress

₹

Particulars	As at April 01, 2017	Additions	As at March 31, 2018
Free hold land	1,557,000	-	1,557,000
Transit oriented development			
Work in progress	504,65,04,480	117,60,31,974	622,25,36,454
Land license rights	-	489,53,57,651	489,53,57,651
Salaries and wages	13,97,85,725	4,93,49,885	18,91,35,609
Interest expenses	72,07,37,509	46,17,91,331	118,25,28,839
Other expenses	2,09,69,851	1,51,14,961	3,60,84,812
	592,95,54,565	**659,76,45,801**	**1252,72,00,365**
Transfer to Building			(344,78,56,907)
Transfer to Land license rights			(44,49,69,810)
Transfer to Property, Plant & Equipment			(66,54,52,225)
	592,95,54,565	**659,76,45,801**	**796,89,21,424**

c)

₹

Particulars	**As at March 31, 2018**	**As at Mar 31, 2017**
Contractual obligations to construct / develop the investment property	4,097,334,278	4,959,611,949

₹

Amount shown under Investment property	**As at March 31, 2018**	**As at Mar 31, 2017**
Completed property leased out	3,879,663,564	-
Capital work in progress	7,968,921,424	5,929,554,565
TOTAL	**11,848,584,988**	**5,929,554,565**

4 Intangible Assets

₹

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at Mar 31, 2017
Intangible Assets	-	15,091,790,557	-	15,091,790,557	-	97,864,105	-	97,864,105	14,993,926,452	-
Specialised Software	44,014,967	2,557,345	-	46,572,312	16,799,114	7,530,270	-	24,329,384	22,242,928	27,215,853
Total	**44,014,967**	**15,094,347,902**	-	**15,138,362,869**	**16,799,114**	**105,394,375**	-	**122,193,489**	**15,016,169,380**	**27,215,853**

5 Intangible Assets under development

`₹

Particulars	As at April 01, 2017	Additions	As at March 31, 2018
Fare collection rights			
Construction work in progress	9438,66,35,434	1292,64,96,475	10731,31,31,909
Salaries and wages	152,07,68,533	25,42,10,169	177,49,78,702
Staff welfare and other expenses	12,95,50,840	2,42,61,328	15,38,12,167
Managerial Remuneration	7,05,87,286	2,37,12,550	9,42,99,836
Concession fees	5	1	6
Travelling & conveyance	15,45,58,717	2,11,68,224	17,57,26,942
Facility management, communication and other expenses	70,46,57,037	15,46,12,980	85,92,70,017
Interest expenses	1975,64,02,362	866,83,62,276	2842,47,64,638
Depreciation/ amortization	18,87,35,439	4,33,29,594	23,20,65,033
Other expenses	13,31,03,328	1,27,37,394	14,58,40,722
Total	**11704,49,98,981**	**2212,88,90,991**	**13917,38,89,973**
Less			
Transfer to PPE			(67,15,10,475)
Transfer to Intangible asset			(1509,17,90,557)
Transfer to Investment property capital work in progress	-	(489,53,57,651)	(489,53,57,651)
Viability Gap Fund	(957,53,68,635)	(246,65,85,000)	(1204,19,53,635)
Total	**10746,96,30,346**	**1476,69,48,340**	**10647,32,77,654**

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

6 Other financial assets- non current `₹

Particulars	As at March 31, 2018	As at March 31, 2017
Security deposits	29,871,755	37,054,082
	29,871,755	**37,054,082**

7 Deferred tax Assets/Liabilities `₹

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	8,243,905	121,371,715
Deferred tax liabilities	(3,28,27,475)	1,828,707
	(2,45,83,570)	**123,200,422**

The major components of deferred tax assets and liabilities are as follows : `₹

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Deferred tax liability		
(a) Tax effect on account of Cash flow hedges	32,827,475	-
	32,827,475	-
(ii) Deferred tax asset		
(a) Tax effect on account of difference between tax depreciation and book depreciation on fixed assets	1,605,740	1,605,740
(b) Tax effect on account of Preliminary and other expenses deductible u/s 35D	6,391,960	6,391,960
(c) Tax effect on account of capital gain on Land	246,205	222,967
(d) Tax effect on account of cash flow hedges	-	114,979,755
	8,243,905	123,200,422
Net Deferred tax liability [(i) - (ii)]	24,583,570	(123,200,422)
Net increase / (decrease) in deferred tax asset charged / (credited) to the Statement of Profit and Loss	147,783,992	(129,853,488)
Less: Adjusted against Other Equity	147,807,230	128,024,781
Net increase / (decrease) in deferred tax asset charged / (credited) to the Statement of Profit and Loss	(23,238)	(1,828,707)

Disclosure pursuant to Ind AS 12 - "Income taxes"
The major components of income tax expense for years ended 31 March 2018 and 31 March 2017 are :

`₹

Particulars	As at March 31, 2018	As at March 31, 2017
Current income Tax :		
Current income tax charge	-	8,088,253
Adjustments of current tax of previous year	-	889,732
Deferred Tax		
Relating to origination and reversal of temporary differences		-
Relating to rate change or imposition of new taxes		-
Arising due to a write down of a deferred tax asset	(23,238)	1,828,707
Income tax reported in the statement of profit and loss	**23,238**	**7,149,279**
Current Tax and Deferred Tax - Equity		
Tax effect on account of Hedging Reserve	32,827,475	121,371,715
	32,827,475	**121,371,715**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:

`₹

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
1. Profit before tax		**35,449,402**
2. Applicable tax rate	33.06%	33.06%
3. PBT * Applicable tax rate(1*2)	-	**11,720,636**
4.		
(a) Tax in respect of items exempt form tax		(27,435,625)
(b) Difference in tax for items which are not allowed as deduction		23,803,243
Sub Total 4	-	(3,632,382)
Tax expenses recognised during the year (3+4)	-	**8,088,253**

Deferred Tax

Major components of Deferred tax liabilities and assets

`₹

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Balance Sheet		
Tax effect on account of Hedging Reserve	(32,827,475)	121,371,715
Tax effect on account of preliminary expenses and others	8,267,143	1,605,740
Profit and Loss		
a) Tax effect on account of capital gain on Land	(23,238)	222,967
b) Tax effect on account of difference between tax depreciation and book depreciation on fixed assets		-
Net Deferred Tax Assets/ (Liabilities)	**-24,583,570**	**123,200,422**

8 **Other non-current and current assets**

`₹

Particulars	**As at March 31, 2018**		**As at March 31, 2017**	
	Current	**Non-current**	**Current**	**Non-current**
Capital advances				
Related parties	69,100,913	-	-	731,015,562
Others	748,352,484	-	-	752,448,086
Advance recoverable other than in cash				
Prepaid Expenses	151,168,698	-	187,078,595	-
Income tax (net)	-	23,457,200	-	10,657,094
	968,622,095	**23,457,200**	**187,078,595**	**1,494,120,742**

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

9 Inventory (at cost or net realisable value whichever is lower)

`₹

Particulars	As at March 31, 2018	As at March 31, 2017
Stores and spares	25,738,433	-
	25,738,433	-

10 Investments

`₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity Units	Current `	Quantity Units	Current `
Investments in mutual funds				
L&T Mutual Fund		-	59111223	1,570,000,000
SBI Mutual Fund		-	322202	820,225,992
		-		**2,390,225,992**

11 Trade receivables

`₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Secured, considered good	-	-	-	-
Unsecured considered good	63,279,070	-	19,413,215	-
	63,279,070	-	**19,413,215**	-

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

12 Cash and cash equivalents

` ₹

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Cash and cash equivalents		
a) Balances with banks in current accounts	83,229,225	250,150,964
b) Cash on hand	1,776,530	-
c) Deposits with maturity of less than three months including interest accrued thereon	203,459,986	236,455,867
(ii)Other bank balances		
Balances with banks held as margin money deposits	65,825,734	57,961,993
	354,291,475	**544,568,824**

The deposits maintained by the Company with banks under 12(i)(c) above comprise of time deposits which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

13 Other financial assets

` ₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Security deposit	882,917	-	6,121,341	-
Derivative assets	-	-	35,439,231	-
	882,917	-	**41,560,572**	-

14 Current tax (assets)/ liabilities

` ₹

Particulars	As at March 31, 2018	As at March 31, 2017
Income tax net of provisions	-	344,742
	-	**344,742**

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

15 Share Capital

(i) Authorised, issued, subscribed and paid up	As at March 31, 2018		As at March 31, 2017	
Particulars	**No. of shares**	**`₹**	**No. of shares**	**`₹**
Authorised:				
Equity shares of ₹ 10 each	24,390,000,000	243,900,000,000	24,390,000,000	243,900,000,000
Issued, subscribed and fully paid up	2,206,977,334	22,069,773,340	2,062,193,178	20,621,931,780
Equity shares of ₹ 10 each	**2,206,977,334**	**22,069,773,340**	**2,062,193,178**	**20,621,931,780**

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:	As at March 31, 2018		As at March 31, 2017	
Particulars	**No. of shares**	**`₹**	**No. of shares**	**`₹**
At the beginning of the year	2,062,193,178	20,621,931,780	2,030,661,885	20,306,618,850
Issued during the year as fully paid	144,784,156	1,447,841,560	31,531,293	315,312,930
At the end of the year	**2,206,977,334**	**22,069,773,340**	**2,062,193,178**	**20,621,931,780**

(iii) Terms / rights attached to shares

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 shareholder.

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Telangana (Government) having a par value of ₹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.

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:	**As at March 31, 2018**		**As at March 31, 2017**	
Particulars	**No. of shares**	**`₹**	**No. of shares**	**`₹**
Larsen & Toubro Limited	2,206,977,328	22,069,773,280	2,062,193,172	20,621,931,720
	2,206,977,328	**22,069,773,280**	**2,062,193,172**	**20,621,931,720**

`

(v) Details of Shareholders holding more than 5% shares in the company:	**As at March 31, 2018**		**As at March 31, 2017**	
Particulars	**No. of shares**	**%**	**No. of shares**	**%**
Larsen and Toubro Limited (including nominee holding)	2,206,977,328	99.999%	2,062,193,172	99.999%

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

(vii) Calls unpaid : Nil; Forfeited Shares : Nil

L&T Metro Rail (Hyderabad) Limited

Statement of Changes in Equity for the year ended March 31, 2018

16 Other Equity as on 31.03.2018 `₹

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	63,526,462	(232,779,841)	28,208,066	(10,39,67,240)	(24,50,12,554)
Profit for the year				(58,35,77,124)	(58,35,77,124)
Other comprehensive income		191,480,110			191,480,110
Issue of share capital	(63,526,462)				(63,526,462)
Balance at the end of the reporting period	**-**	**(41,299,731)**	**28,208,066**	**(68,75,44,365)**	**(70,06,36,030)**

Other Equity as on 31.03.2017 `₹

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	-	26,410,032	-	(10,39,67,240)	(7,75,57,208)
Debenture redemption reserve			28,208,066		28,208,066
Profit for the year				28,208,066	28,208,066
Other comprehensive income		(25,91,89,873)			(25,91,89,873)
Issue of share capital	63,526,462				63,526,462
Transfer from / (to) debenture redemption reserve				(2,82,08,066)	(2,82,08,066)
Balance at the end of the reporting period	**63,526,462**	**(23,27,79,841)**	**28,208,066**	**(10,39,67,240)**	**(24,50,12,554)**

17 Borrowings `₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non current	Current	Non current
Secured borrowings				
a) Term loans				
i) From banks		93,997,374,524		79,249,628,605
ii) From others		-		-
Unsecured borrowings				
a) Debentures		8,114,941,623		8,062,282,671
	-	**102,112,316,147**	-	**87,311,911,276**

a) Term loans

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

a) 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.

b) 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.

c) 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

d) 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.

b) Debentures

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	18th 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 3rd Year. -Coupon rate would be revised after 3 years to 9.81% p.a. payable Semi-Annually.	-Redeemable at Face value at the end of 20th Year from the Date of Allotment. -Put & Call option available to Debenture Holders & Company respectively on expiry of 10th & 15th Year from the Date of allotment
9.81% L&T MRHL November 2035	2,500	10,00,000	2nd November, 2015		
9.85% L&T MRHL January 2036	2,500	10,00,000	28th 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 3rd Year. -Coupon rate would be revised after 3 years to 9.85% p.a. payable Semi-Annually.	

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

18 Other financial liabilities ₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non current	Current	Non current
a) Security deposits	252,181,247	139,412,672	236,464,568	-
b) Current maturities of long term borrowings	3,550,468,915	-	1,580,801,618	
c) Other liabilities				
i) Creditors for capital supplies- Related parties	1,586,662,488	-	621,216,671	-
ii) Creditors for capital supplies-others	5,919,966,535		6,804,752,952	
iii) Retention money	208,066,335	795,935,524	227,725,556	738,037,025
iv) Derivative Liabilities	144,350,323	-	426,427,421	-
v) Other payables	210,876,739	28,207,749	82,473,234	-
	11,872,572,580	**963,555,945**	**9,979,862,020**	**738,037,025**

19 Provisions ₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non current	Current	Non current
Provision for employee benefits	5,424,414	18,450,362	1,324,877	17,697,232
Provision for major maintenance and overhaul expenses*	-	3,275,128	-	-
	5,424,414	**21,725,490**	**1,324,877**	**17,697,232**

* The Company is required to operate and maintain the Project assets in a serviceable condition which requires periodical replacement and overhaul of certain components and project assets. The Company has accordingly recognised a provision in respect of this obligation. The measurement of this provision considers the estimates of future replacement/ overhaul. These amounts have been discounted to Present value since the time value of money is material.

20 Other current liabilities ₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non current	Current	Non current
Statutory payables	62,069,301	-	121,954,255	-
	62,069,301	**-**	**121,954,255**	**-**

21 Contingent Liabilities ₹

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Claims against the company not acknowledged as debts	1,611,083,153	5,215,192,163
(ii) Liability for duties , Cess and taxes that may arise in respect of matters in appeal /under dispute	6,317,783,763	6,617,299,096
	7,928,866,916	**11,832,491,259**

Notes:
1. The company expects reimbursements of Rs. 97,66,90,213/- (PY Rs.34,00,91,378) in respect of above contingent liabilities
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters.

22 Commitments ₹

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Commitments	24,654,910,029	34,041,029,283
	24,654,910,029	**34,041,029,283**

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

23 Revenue from operations

`₹

Particulars	2017-18	2016-17
Fare revenue	286,035,696	-
Lease rentals	154,632,605	3,993,014
Advertising revenue	163,282,224	93,915,733
Consultancy and training	6,754,232	2,646,000
Other revenue	15,873,585	-
	626,578,342	**100,554,747**

24 Other Income

`₹

Particulars	2017-18	2016-17
Interest from bank deposits	5,311,688	26,276,372
Dividend/Income from Mutual Funds	57,107,410	60,674,103
Miscellaneous income	6,272,153	4,313,114
	68,691,251	**91,263,589**

25 Operating expenses

`₹

Particulars	2017-18	2016-17
Power & fuel	50,543,381	-
Operations and maintenance expenses	356,178,753	19,635,197
Provision for major maintenance and overhaul expenses	3,275,128	-
Others	663,350	-
	410,660,612	**19,635,197**

26 Employee benefit expenses

`₹

Particulars	2017-18	2016-17
Salaries and wages	47,553,172	21,277,063
Contribution to provident and other funds	1,517,520	701,378
Share based payments to employees	(0)	-
Staff welfare expenses	1,609,364	38,702
	50,680,056	**22,017,143**

27 Administration and other expenses

`₹

Particulars	2017-18	2016-17
Advertisement expenses	64,980,652	-
MTM/Exchange gain/ loss on derivatives	31,200,068	32,692,129
Office maintenance and other expenses	30,237,282	3,326,854
Rates and taxes	10,646,470	12,748,214
Insurance	6,386,795	-
Audit Fees	1,225,591	1,011,950
	144,676,858	**49,779,147**

*Auditors remuneration (excluding service tax/ GST) as follows:

`

Particulars	2017-18	2016-17
a) As auditor	635,000	535,000
b) For other services	352,500	265,000
c) Reimbursement of expenses	59,045	92,058
Total	**1,046,545**	**892,058**

28 Finance costs

`₹

Particulars	2017-18	2016-17
Finance Cost		
Interest expenses	475,501,728	14,651,375
Premium on forward conrtracts	24,801,439	34,372,210
Other borrowing costs	5,563,593	-
	505,866,760	**49,023,585**

Notes forming part of Accounts
Disclousre in pursuant to Ind AS 107- Financial Instruments:

29.1.1 Financial Risk Management

The Company’s business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Financial Treasury & Investment Committee, which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The activities of Finance, Treasury & Investment Committee of the Company are designed to:
-protect the Company's profit/ loss from material adverse movements and undesired volatility due to interest rate changes, foreign exchange rate changes
- protect returns, while exploring opportunities to optimize returns/interest cost through structuring appropriate derivative instruments and proactive hedging ; and
-protect the company from liquidity risks and accordingly manages its finances

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit rating	Diversification of bank deposits, credit limits and letters of credit/bank guarantees
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts Foreign currency options and Currency and Interest rate swaps
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Refinancing options, Currency Interest rate swaps

(A) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, investments carried at amortised cost or fair value through profit & loss and deposits with banks and financial institutions, as well as credit exposures to trade/non-trade customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed depending on the policy surrounding credit risk management. For investments into mutual funds only high rated funds and into fixed assets and Deposits only scheduled banks are accepted. The Company analyses and manages the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. For other financial assets, the Company assesses and manages credit risk based on the assumptions, inputs and factors specific to the class of financial assets and allocates internal credit rating which considers the quality of asset based on the risk associated with it.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Notes forming part of Accounts
Disclousre in pursuant to Ind AS 107- Financial Instruments:

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at Company as per the practice and limits set by the Company.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

`₹ Cr

	As at March 31, 2018	As at March 31, 2017
Floating rate		
Expiring beyond one year (bank loans)		
Fund Based limits	1,039.46	3,531.20
Non Fund Based limits	973.97	1,704.27
	2,013.43	**5,235.47**
Fixed rate		
Expiring beyond one year (Non Convertible Debentures)	-	-
	-	-

Contractual maturities of financial liabilities including estimated interest payments on borrowings

`₹

Heads	As at March 31, 2018		As at March 31, 2017	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
A. Non- derivative liabilities:				
Borrowings	16,110,414,949	191,484,808,278	8,587,041,250	153,564,366,390
Trade payables	7,506,629,022		7,425,969,623	
Other fiancial liabilities	671,124,321	963,555,945	546,663,358	738,037,025
Total	**24,288,168,292**	**192,448,364,224**	**16,559,674,231**	**154,302,403,415**
B. Derivative liabilities:				
Forward contracts/ currency swaps	144,350,323		426,427,421	
Embedded derivatives				
Total	**144,350,323**	-	**426,427,421**	-

Notes forming part of Accounts
Disclousre in pursuant to Ind AS 107- Financial Instruments:

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk. Company policy is to maintain most of its foreign currency borrowings at fixed rate using Cross Currency Interest Rate Swaps to achieve this when necessary. During 31 March 2018 and 31 March 2017, the Company's borrowings at variable rate were mainly denominated in INR and USD

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company manages its cash flow interest rate risk by using floating-to-fixed Currency interest rate swaps. Under these swaps, the Company agrees with other parties to exchange, at specified intervals , the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Company raises foreign currency borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

`₹ Crs

Particulars	As at March 31, 2018	As at March 31, 2017
Variable rate borrowings	9,449.71	7924.65
Fixed rate borrowings	750.00	750.00
Total borrowings	**10,199.71**	**8,674.65**

As at the end of the reporting period, the Company had the following variable rate borrowings and interest rate swap contracts outstanding: ₹ Crs

Particulars	As at March 31, 2018			As at March 31, 2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans	-	-	-	-	-	-
Fund Based Limits	10.78%	6,566.83	69%	11.81%	5,112	65%
Short Term Loans	8.21%	2,882.88	31%	8.75%	2,813	35%
Net exposure to cash flow interest rate risk	-	**9,449.71**	-	-	**7,925**	-

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

`₹ Crs

Particulars	Impact on profit after tax	
	March 31, 2018	March 31, 2017
Interest rates – increase by 25 basis points	1.47	0.02
Interest rates – decrease by 25 basis points	(1.47)	(0.02)

Notes forming part of Accounts

29.1.2 Capital Management

The Company considers the following components of its Balance Sheet to be managed capital:

1. Total equity – retained profit, general reserves and other reserves, share capital and viability gap fund
2. Term Loan borrowings , Non-convertible debentures (subordinated debt instruments)

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

During FY 2017-18, the Company's strategy, which was unchanged from 2016-17 was to maintain the debt-to-adjusted capital ratio at 2.34:1, in order to secure finance at a reasonable cost and continue to comply with the norms laid down by the lenders under the financial agreements. The debt to adjusted capital ratios as at 31st March 2018 and 31st March 2017 were as follows:

`₹

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Total Debt	94,497,123,165	79,468,000,000
Less: cash and cash equivalents	354,291,475	2,934,794,816
Net Debt	**94,142,831,690**	**76,533,205,184**
Total equity	22,069,773,280	20,621,931,720
Add Non convertible debentures (Subordinated debt instruments) *	7,500,000,000	7,500,000,000
Add Viability Grant Fund*	12,041,953,635	9,575,368,635
Less: amounts accumulated in equity as cash flow hedges		-
Adjusted capital	**41,611,726,915**	**37,697,300,355**
Debt-to-adjusted capital	2.26	2.03

* These items are permitted to be treated as equity by the senior lenders for the purpose of computation of debt-equity ratio

Notes forming part of Accounts

29.1.3 Foreign Currency Exposure

Foreign currency risk

The Company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the Company is to minimize the volatility of the INR cash flows of highly probable forecast transactions.

As per the risk management policy, the company requires to hedge 30% to 100% of net currency risks based on forecasted cash flows and in the case of balance sheet exposures the company seeks to hedge 80% to 100% of its net balance sheet exposures

The exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Foreign Currency exposure - on-balance sheet exposure and related hedges `₹

Particulars	As at March 31, 2018			As at March 31, 2017		
	USD	Euro	Total	USD	Euro	Total
Financial Liabilities						
Payables - Creditors on account of Capital Expenditure	3,173,982,512	-	3,173,982,512	6,605,949,749	110,445,493	6,716,395,242
Less : Derivatives taken to hedge the above Exposure						
Currency and Interest Rate Swaps			2,657,337,028			5,480,587,707
Forward Contracts			184,717,812			853,002,179
Options contracts			-			215,024,766
Net Exposure			**331,927,672**			**382,805,356**

Derivaties taken against Highly Probable Forecast Transactions `₹

Particulars	As at March 31, 2018			As at March 31, 2017		
	USD	Euro	Total	USD	Euro	Total
Financial Liabilities						
Forward Contracts		319,681,015	319,681,015			2,533,360,229
Options contracts		-				1,166,312,576
Total			**319,681,015**			**3,699,672,805**

Details of outstanding hedge instrument accounted as cash flow hedge `₹

Particulars	As at March 31, 2018			
Payables Hedge	Nominal Amount	Average Rate	Within Twelve months	After Twelve Months
Forward Contracts in USD	184,717,786	65.18	184,717,786	-
Forward contracts - Euro/USD	319,681,015	80.81	319,681,015	-
Cross Currency Interest Rate Swaps- USD	2,657,337,028	66.77	2,621,279,874	36,057,154

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments, Currency Interest Rate Swaps and from foreign exchange forward contracts.

`₹

Particulars	Impact on other components of equity	
	As at March 31, 2018	As at March 31, 2017
USD sensitivity		
INR/USD -Increase by 5% (31 March 2018-5%)	(180,197,490)	(541,199,674)
INR/USD -Decrease by 5% (31 March 2018-5%)	180,197,490	541,199,674

Notes forming part of Accounts

29.1.4 Fair value measurements

(a) Financial instruments by category

`₹

	As at March 31, 2018			As at March 31, 2017		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets						
Investments						
- Mutual funds	-	-	-		-	2,390,225,992
Security deposits	-	-	29,871,755	-	-	37,054,082
Other advances			745,323			4,149,496
Derivative asset - Foreign exchange forward contracts	-	-	-	-	-	-
Derivative asset - Options	-	-	-		35,439,231	-
Derivative asset - Currency and Interest rate swap	-	-	-	-	-	-
Other Receivables	-	-	63,416,664	-	-	21,385,060
Cash and cash equivalents	-	-	288,465,741	-	-	486,606,831
Balances with Banks held as margin money deposits			65,825,734			57,961,993
Bank deposits with more than 12 months maturity	-	-		-	-	
Total financial assets	**-**	**-**	**448,325,217**	**-**	**35,439,231.00**	**2,997,383,454**
Financial liabilities						
Term Loan Borrowings	-	-	102,112,316,147	-	-	87,311,911,276
other payables	-	-	4,932,967,934	-	-	2,629,037,434
Security deposits	-	-	252,181,247	-	-	236,464,568
Derivative liability - Foreign exchange forward contracts	-	18,657,368	-	-	185,705,652	-
Derivative liability - Currency and Interest rate Swap	-	125,692,955	-	-	206,027,431	-
Derivative liability - Options	-		-		34,694,338	-
Creditors for capital expenditure	-	-	7,506,629,022	-	-	7,425,969,623
Total financial liabilities	**-**	**144,350,323**	**114,804,094,350**	**-**	**426,427,421**	**97,603,382,900**

Notes forming part of Accounts

29.2 Disclosure pursuant to Ind AS 108 - Segment information

(a) Information about reportable segment

The Company operates in two Business Segments namely Fare collection Rights (Metro Rail System) and others. Business segments have been identified as reportable segments based on how the Chief Operating Decision Maker (CODM) examines the Company's performance on service perspective. Segment accounting policies are in line with the accounting policies of the Company.

₹

Particulars	As at March 31, 2018	As at March 31, 2017
Revenue		
Metro Rail System	13,877,647,128	15,629,387,902
Others	278,151,180	191,818,336
	14,155,798,308	15,821,206,238
Expenditure		
Metro Rail System	14,090,613,021	15,629,387,902
Others	142,918,891	107,437,407
	14,233,531,911	15,736,825,310
Operating Profit (PBIT)		
Metro Rail System	(212,965,892)	-
Others	135,232,289	84,380,929
Interest expense		
Metro Rail System	442,986,329	-
Others	62,880,430	49,023,585
PAT		
Metro Rail System	(655,952,221)	-
Others	72,351,859	28,208,066

(b) Segment Assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

₹ Cr

Particulars	As at March 31, 2018		As at March 31, 2017	
	Segment Assets	Additions to non-current assets	Segment Assets	Additions to non-current assets
Metro Rail System	12,149.80	1,235.71	10,914.09	2,020.67
Others	1,316.63	1,000.00	316.63	269.47
Total segment assets	**13,466.43**	**2,235.71**	**11,230.72**	**2,290.15**
Unallocated:				
Deferred tax assets	-	-	12.32	-
Investments	-	(239.02)	239.02	209.76
Cash and Bank Balances	35.43	(19.03)	54.46	-471.10
Total assets as per the balance sheet	**13,501.86**	**1,977.66**	**11,536.52**	**2,028.81**

(c) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Particulars	As at March 31, 2018	As at March 31, 2017
Metro Rail System	10,892.84	9,348.77
Others	610.93	468.30
Total segment liabilities	**11,503.77**	**9,817.08**
Unallocated:		
Deferred tax liabilities	2.46	-
Current tax liabilities	-	0.03
Total liabilities as per the balance sheet	**11,506.22**	**9,817.11**

(d) Revenue contributed by any single customer in any of the operating segements, whether reportable or otherwise, doesnot exceed ten percent of Company's total revenue

(e) Basis of identifying operating segements, reportable segments, segment profit and definition of each reportable segment:

(i) Basis of identifying operating segments:

Operating segements are identified as those components of the Company (a) that engage in business activities to earn revenus and incur expenses (including transactoins with any of the Company's other components) (b) whose operating resutls are regulary reviewed by CODM to make decisions about the resource allocation and performance assesment. (c) For which discrete financial information is avaialble

(ii) Reportable segments :

An operating segement is classified as reportable segment if reported revenue or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segements

(iii) Segement profit :

Performance of a segement is measured based on segment profit (before interest and tax) , as included in the internal management reports that are reviewed by the Company CODM

Notes forming part of Accounts

29.3 Disclosure Under Appendix B to Ind AS 11

Description of the arrangement	**Significant terms of the arrangement**	
Construction, operation and maintenance of the Metro Rail System on Design, Build, Finance , operate and Transfer basis	Period of the Concession	Initial period of 36 years and 5 months and extendable by another 25 years at the option of the concessionaire subject to fulfilment of certain conditions under concession agreement.
	Remuneration	Fare collection Rights from the users of the Metro Rail System, license to use land provided by the government for constructing depots and for transit oriented development and earn lease rental income on such development and grant of viability gap fund.
	Conditions of Pricing	The concession agreement was entered into on 4th Sept 2010 between the parties under the Andhra Pradesh Municipal Tramways Act, 2008. Subsequently in January 2012 the Central Government extended the provisions of Metro Railways Acts to the Project under a gazette notification. Accordingly, as Metro Rail Authority (MRA), the company has notified the initial fare.
	Investment Grant from grantor	Viability Gap Fund of Rs. 1458 Crores
	Infrastructure return at the end of the concession	Being DBFOT project , the project assets have to be transferred at the end of concession period
	Renewal and termination Options	The concession period will be extended for a further period of 25 years at the option of the concessionaire upon satisfaction of Key Performance Indicators by the concessionaire under the concession agreement. This option is to be exercised by the concessionaire during the 33rd year of the initial concession period. Termination of the Concession Agreement can either be due to a) Force Majeure b) Non Political event c) Indirect political event d) Political event. On occurrence of any of the above events, the obligations, dispute resolution, termination payments etc are as detailed in the Concession Agreement.
	Rights & Obligations	Major obligations of the concessionaire are a) obligations relating to project agreements b) obligation relating to change in ownership c) obligation relating to issuance of Golden Share to the Government d) Obligation relating to maintaining aesthetic quality of the Rail System e) Obligation to operate and maintain the rolling stock and equipment necessary and sufficient for handling Users equivalent to 110% of the Average PHPDT etc. Major obligations of the Government are a) providing required constructible right of way for construction of rail system and land required for construction of depots and transit oriented development. b) providing reasonable support and assistance in procuring applicable permits required for construction c) providing reasonable assistance in obtaining access to all necessary infrastructure facilities and utilities d) obligations relating to competing facilities e) obligations relating to supply of electricity etc
	Changes in the arrangement occurring during the period	Any changes in the arrangement like change in the Shareholding etc needs approval from the Government.
	Classification of Service Arrangement	The service arrangement has been classified as a Service Concession Arrangement for a PPP project as per Appendix A to Ind AS 11- Construction Contracts; accordingly construction revenues and expenses are accounted during construction phase and intangible asset is recognised towards rights to charge the users of the system.

₹

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Construction revenue	13,460,528,715	15,629,387,902
Profit	-	-

29 Notes forming part of Accounts

29.4 Disclosure pursuant to Ind AS 17 " Leases"

a) Assets taken on operating Lease

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: ` 4,64,47,060 (Previous Year ` 5,86,57,935) and included in Intangible assets under development.

b) Assets given under operating Lease

The company has entered into Memorandum of Understanding with some of the interested parties for giving the space on lease related to Transit Oriented Development and Station Retail.

The company has given its properties under non - cancellable operating lease, the future minimum lease payments receivable in respect of which are as follows:

₹

Sl no	Particulars	31.03.2018	31.03.2017
1	Receivable not later than 1 year	304,226,438	-
2	Receivable later than 1 year and not later than 5 years	582,431,450	-
3	Receivable later than 5 years	89,691,688	-
	Total	**976,349,576**	**-**

29.5 Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

An amount of ` 1,30,28,786 (previous year :` 1,53,89,567) being contribution made to recognised provident fund is recognised as expense .

(ii) Defined benefit plans:

a) 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

b) The plan exposes the company to acturial risks such as: investment risk, interest raterisk, salary risk and longetivity risk

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

c) The amounts recognised in Balance Sheet are as follows:

₹

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2018	**As at March 31, 2017**	**As at March 31, 2018**	**As at March 31, 2017**
A) Present value of defined benefit obligation				
- Wholly funded	24,119,613	20,016,840	-	-
- Wholly unfunded	-	-	22,987,997	19,021,912
	24,119,613	20,016,840	22,987,997	19,021,912
Less : Fair value of plan assets	23,232,834	22,057,546	-	-
Amount to be recognised as liability or (asset)	886,779	(2,040,706)	22,987,997	19,021,912
B) Amounts reflected in the Balance Sheet				
Liabilities	-	-	22,987,997	19,021,912
Assets	886,779	(2,040,706)	-	-
Net Liability / (asset)	886,779	(2,040,706)	22,987,997	19,021,912

d) The amounts recognised in the Financials are as follows:

₹

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2018	**As at March 31, 2017**	**As at March 31, 2018**	**As at March 31, 2017**
1. Current service cost	1,865,485	2,076,827	329,323	274,436
2. Interest on Defined benefit obligation	1,405,852	1,500,344	1,210,470	1,448,079
3. Interest income on plan assets	(1,720,372)	(1,525,066)		
4. Actuarial losses/(gains)	5,158,127	1,331,001	10,208,364	5,235,433
Remeasurement - Due to demographic assumptions	-	-		
Remeasurement - Due to experience adjustments	5,158,127	1,331,001	10,208,364	5,235,433
Total (1 to 4)	6,709,092	3,383,106	11,748,157	6,957,948
I Amount included in financials	6,709,092	3,383,106	11,748,157	6,957,948
II Amount included as part of "finance costs"	-	-	-	-
Total (I + II)	6,709,092	3,383,106	11,748,157	6,957,948
Actual return on plan assets	-	-	-	-

29 Notes forming part of Accounts

e) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Opening balance of the present value of defined benefit obligation	20,016,840	18,754,303	19,021,912	18,100,986
Add: Current service cost	2,426,185	2,021,821	329,323	274,436
Add: Interest cost	1,405,852	1,500,344	1,210,470	1,448,079
Add: Contribution by plan participants				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add/(less): Actuarial losses/(gains)	5,158,127	1,331,001	10,208,364	5,235,433
Less: Benefits paid	4,887,391	3,590,629	7,782,072	6,037,022
Add: Past service cost	-	-	-	-
Closing balance of the present value of defined benefit obligation	24,119,613	20,016,840	22,987,997	19,021,912

f) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2018 ₹	As at March 31, 2017 ₹
Opening balance of fair value of plan assets	22,057,546	13,669,190
Add: Expected return on plan assets	1,720,372	1,525,066
Add/(less): Actuarial losses/(gains)	560,700	-
Add: Contribution by employer	3,781,606	10,508,925
Add: Contribution by plan participants	-	-
Less: Premium expenses		55,006
Less: Benefits paid	4,887,391	3,590,629
Closing balance of fair value of plan assets	23,232,833	22,057,546

g) Principal actuarial assumptions at the Balance Sheet date:

₹

Particulars	As at March 31, 2018	As at March 31, 2017
1) Discount rate	8.00%	8.00%
2) Salary growth rate	10.00%	10.00%
3) Expected rate of return	8.25%	8.35%
4) Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
5) Attrition rate	5.00%	5.00%

h) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
1) Discount rate	1.00%	1.00%	22,256,772	18,280,879	26,269,865	22,015,586
2) Salary growth rate	1.00%	1.00%	25,896,936	20,248,848	22,465,602	19,731,011
3) Attrition rate	1.00%	1.00%	23,929,527	18,280,879	24,333,205	22,015,586

i) The major component of plan assets as a percentage of total plan assets are as follows : `

Particulars	As at March 31, 2018	As at March 31, 2017
Insurer managed funds	100%	100%

j) The weighted average duration of the defined benefit obligation at the end of the reporting period is as follows:

Particulars	As at March 31, 2018
1. Gratuity	13.83
2. Compensated absences	6.77

29.6 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Additions during the year to capital work-in-progress/intangible assets under development include ` 912,09,36,520 (previous year: ` 787,46,64,726 being borrowing cost capitalised in accordance with Ind AS 23 "Borrowing Costs" Asset wise break-up of borrowing costs capitalised is as follows

₹

Asset Class	As at March 31, 2018	As at March 31, 2017
Tangible		
Capital work in progress	461,791,331	359,481,476
Intangible - Intangible Assets under development	8,668,362,276	7,515,183,250
TOTAL	**9,130,153,606**	**7,874,664,726**

L&T Metro Rail (Hyderabad) Limited
Notes accompanying the financial statements

29.7 Disclosure pursuant to Ind AS 24 "Related party disclosures"

I) List of related parties where control exists

(a) Holding Company — 1) Larsen & Toubro Limited

(b) Fellow Subsidiaries — 1) L&T Infotech Limited
2) L&T Reality Limited
2) L&T Infrastucture Development Projects Ltd

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

(a) Key Management Personnel : 1) Mr. K V B Reddy, Managing Director and CEO (w.e.f. 24.01.2018)
2) Mr. Shivanand Nimbargi, Managing Director and CEO (upto. 31.12.2017)
3) Mr. Mr.J. Ravi Kumar, Chief Financial Officer
4) Mr. Ashish Malhotra, Company Secretary (upto 06.02.2018)

III) Disclosure of related party transactions: ₹

Name/Relationship/ Nature of transaction	2017-18 ₹	2016-17 ₹
1. Holding Company		
Larsen & Toubro Limited		
(a) Pay roll & TEMS Processing fees	636,608	405,771
(b) Cost of Services	9,439,708	19,634,099
(c) Subscription to Equity Shares	1,447,841,560	3,153,090
(d) Mobilisation advance paid	69,100,913	-
(e) Construction work in progress	9,671,271,277	9,209,336,590
(f) Overheads recovered by	-	4,642,186
(g) Overheads charged to	91,445,261	12,435,440
2. Fellow Subsidiaries		
(i) L&T Infrastructure Development Projects Limited		
(a) Equity Share Capital Money Received	-	312,159,840
(b) Rent Payment	80,804	904,332
(c) Reimbursement of expenses charged by	-	54,131
(d) Reimbursement of expenses charged to	-	343,516
(d) Transfer of Asset (laptop)	21,855	
(ii) L&T Infotech Limited		
(a) Purchase of services and products	34,542,626	40,921,643
(iv) L&T Finance Holdings Limited		
(a) Overheads charged to	-	147,125

IV) Key Management Personnel Compensation ₹

Particulars	2017-18	2016-17
Short Term Employee Benefits	46,525,995	42,332,967
Post-Employee Benefits	1,590,617	14,961,455
Total	**48,116,612**	**57,294,422**

V) Due to / from related parties ₹

Name/Relationship	As at March 31, 2018		As at March 31, 2017	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Holding company)	1,478,989,854		612,367,279	
Larsen and Toubro Limited (Holding company-Mobilisation advance)		69,100,913	-	731,015,561
(iii) Fellow subsidiaries				
(a) L&T Infrastructure Development Projects Limited	-	-	91,910	1,80,000
(b)Larsen & Toubro Infotech Limited	2,973,328	-	646,593	
(c) L&T Finance Holdings Limited	147,125		147,125	
(d) L&T Transportation Infrastructure Limited	-	-		68,400
(e) L&T Realty Limited	15,207,198	-	15,207,198	-

VI) Commitment with Related Parties ₹

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	As at March 31, 2018	As at March 31, 2017
Larsen & Toubro Limited	18,300,071,074	23,785,729,463
Larsen & Toubro Infotech Limited	48,874,763	63,782,130

Note:
1. No amount pertaining to the related parties have been written off / written back during the year
2. The holding company Larsen & Toubro Limited has furnished promoter support undertaking to fund any coupon shortfall for every coupon period during the tenure of Non-Convertible debentures

29.8 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted earnings per share (EPS) computed in accordance with Ind AS 33 'Earnings per share'

Particulars	**` / Nos**	**2017-18 ₹**	**2016-17 ₹**
Profit after Tax	₹	(583,577,124)	28,208,066
Number of equity shares outstanding	Nos	3,510,034,738	2,062,193,178
Weighted average number of equity shares	Nos	2,989,119,890	2,048,028,031
Earnings Per Share (Basic and Diluted)	₹	**(0.195)**	**0.014**
Nominal value per equity share	₹	10.00	10.00

29.9 Expenditure in Foreign Currency: ₹

Particulars	**As at March 31, 2018**	**0**
On overseas contracts	1,657,180,948	808,169,688
Professional/Consultancy Fees	1,324,883	11,184,750
Travelling expenses	426,226	733,256
Others	-	13,177,428
Total	**1,658,932,057**	**833,265,122**

29.10 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 ` 4,16,69,893. The same is being recovered from the company over the period of vesting by the holding Company. Accordingly, cost of ` 1,29,89,922 (P.Y. ` 1,37,09,208) has been recovered by the holding Company upto current year, out of which, ` (7,19,286) (P.Y. ` 98,62,630) was recovered during the year. Balance of ` 2,86,79,971 will be recovered in future periods

29.11 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

29.12 The corresponding previous year's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts

29.13 Figures have been rounded off to the nearest rupee.

I. Corporate Information:

L&T Metro Rail (Hyderabad) Limited was incorporated on 24th August 2010 as a SpecialPurpose 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 Telangana State (erstwhile unified state of Andhra Pradesh) on 04.09.2010 which granted the exclusive right, license 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 (Corridor I), Jubilee Bus Station to Falaknuma (Corridor II) and from Nagole to Shilparamam (Corridor III) in Hyderabad, covering a total distance of 71.16 Kms and the Transit oriented development(TOD) 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 36 years and 5 months 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 and the company does not foresee any challenge in complying with such conditions.

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

The company commenced commercial operations of metro rail system in 29.748 Kms with effect from 29th November, 2017 between Ameerpet to Miyapur in Corridor I and from Nagole to Ameerpet in Corridor III and the construction work is in progress in the balance alignment.

II. Significant Accounting policies:

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time issued by Ministry of Corporate Affairs in respect of sections 133 read with section Sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956).

2. Basis of accounting

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at fair value less cost to sell;
- defined benefit plans — plan assets measured at fair value; and
- share-based payments

3. Fair Value Measurement

The company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. Derived from prices).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

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

4. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. 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.

6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue net of returns, trade allowances, rebates, value added taxes/GST and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Fare Revenue

Revenue from fare collection is recognized on the basis of use of tokens, money value of the actual usage in case of smart cards and other direct fare collection.

Revenue from services — consulting

Timing of recognition: Revenue from services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue: Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Concession arrangements:

The company has concession arrangement for construction of 'Metro Rail system' followed by a period in which the company maintains and services the infrastructure. These concession arrangements set out rights and obligations relating the infrastructure and the service to be provided.

For fulfilling those obligations, the company is entitled to receive from the grantor, viability gap fund, license rights to use land for transit oriented development and a contractual right to charge the users of the service. The consideration received or receivable is allocated by reference to the relative fair value of the construction services provided

As set out in (10) below, the right to consideration gives rise to an intangible asset and financial asset:

- Income from the concession arrangements earned under the intangible asset model consists of the fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset and payments actually received from the users.

Other Income

a. **Interest income**: Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

b. **Dividend income**: Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

7. Property, plant and equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Cost includes purchase price and any cost that is directly attributable to bringing the asset to the location and for qualifying assets, borrowing costs capitalized in accordance with the Company’s accounting policy.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The carrying value was original cost less accumulated depreciation and cumulative impairment. PPE not ready for the intended use on the date of the Balance Sheet are disclosed as 'capital work-in-progress'.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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
Furniture & Fixtures	6- 10 years
Plant & Machinery and Electrical Installations	10-12 years

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.
Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

8. Investment property

The Transit Oriented 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 earning rental income, hence recognised as an investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. The land license rights are recognized at fair market value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on Investment properties is calculated using the straight-line method over the concession period. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period

9. Intangible assets

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. Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.
The intangible assets are amortised over its expected useful life/ over the balance concession period available in a way that reflects the pattern in which the asset’s economic benefits are consumed by the entity, starting from the date when the right to operate starts to be used.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

10. Concession intangible and financial assets

The company constructs infrastructure (construction services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company receives a right to charge users of the public service and transit oriented development (real estate development).

An intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. Till the completion of the project, the same is recognized as intangible assets under development. In case of part commencement of operations, the intangible assets under development is capitalized based on the relative revenue earning potential of the rights.

11. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. 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).

12. Employee benefits

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service 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 state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

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.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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 at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

c) Long term employee benefits:

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

d) Employee Share Based Compensation:

Equity-settled share-based payments with respect to Employees Stock Options of the holding company granted to the entitled employees are measured at the fair value of the equity instruments of the holding company at the grant date. The fair value of equity-settled share-based payment transactions are recognized in the statement of profit and loss with a corresponding credit to equity, net of reimbursements, if any

13. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

i) 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 straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

ii) Assets leased out under operating leases are continued to be carried as part of Investment Property by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

14. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Financial assets in their entirety are subsequently measured either at amortised cost or fair value. Investments in debt Instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

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

- Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (unless the same are designated as fair value through profit or loss)
- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments, if any, and all changes are recognised in profit or loss.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for equity instruments which are not held for trading.

For financial assets that are measured at FVTOCI, interest income, dividend income and exchange difference (on debt instrument) is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments measured at FVTOCI, if any, cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or
ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and (a) the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments measured at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated for measurement at FVTPL. For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at fair value through profit or loss (FVTPL) are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

(c) hedges of a net investment in a foreign operation (net investment hedge).

The company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The company also documents the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the derivative is more than 12 months and as a current asset or liability when the residual maturity of the derivative is less than 12 months.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the statement of profit and loss from that date.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss, and is included in the other expenses.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

(c) Hedges of net investments in foreign operations

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Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of profit and loss on the disposal of the foreign operation.

15. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

16. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, 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 a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

17. Foreign currencies

a) The functional currency of the Company is Indian rupee.

b) Foreign currency transactions are recorded on initial recognition 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 fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised in profit or loss in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.
ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

18. Accounting and reporting of information for Operating Segments

The 'Managing Director and Chief Executive Officer' is the chief operating decision maker who assesses the financial performance and position of the company and makes strategic decisions.
The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i. Segment revenue includes sales and other operational revenue directly identifiable with/allocable to the segment including inter segment revenue.
ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.
iii. Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.
iv. Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.
v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.
vi. Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost and is allocated to the segment.
vii. Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis

19. Taxes on Income

Tax 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 the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

20. Inventories

Inventories comprise of stores, spares and consumables. Inventories are stated at the lower of cost or net realisable value. Cost is determined using weighted average basis. Cost of inventories comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition.Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sales.

21. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a) an entity has a present obligation (legal or constructive) as a result of a past event

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c) a reliable estimate can be made of the amount of the obligation

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the time value of money is recognized as a finance cost.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, 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

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and Contingent assets are reviewed at each Balance Sheet date.

22. Commitments

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

a) Estimated number 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.

23. 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:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature
ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances and bank overdrafts) 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.

24. Contributed equity

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Equity shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

25. Earnings per share

(i) Earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury share.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

26. Key sources of estimation

The preparation of financial statements in conformity with Ind AS 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable

- Estimated useful life of intangible asset
- Estimation of defined benefit obligation
- Recognition of revenue
- Recognition of deferred tax assets for carried forward tax losses
- Estimation of major maintenance and overhaul.

- Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

III. Ind AS issued but not yet effective:

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be insignificant

As per our report attached

For M.K. DANDEKER & CO.,

Firm registration No: 000679S
Chartered Accountants
by the hand of

Sd/-
S. Poosaidurai
Partner
Membership No: 223754

Place: Hyderabad
Date: 02.05.2018

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

Sd/-
K.V.B.Reddy
[Managing Director & CEO]
DIN: 01683467

Sd/-
R Shankar Raman
[Director]
DIN: 00019798

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

Sd/-
Chandrachud D. Paliwal
[Company Secretary]
Membership No: F5577

Place: Hyderabad
Date : 02.05.2018

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: U45300TG2010PLC070121

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 8th Annual General Meeting of the Company, to be held on Friday the 28th day of September, 2018 at 11.00 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:

Resolution 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 2017-18			
2.	Appointment of Mr. S Subrahmanyan as a Director liable to retire by rotation.			
Special Business				
3.	Appointment of Mr. K V B Reddy as Director of the Company			
4.	Appointment of Mr. K V B Reddy as Managing Director and Chief Executive Officer of the Company			
5.	Appointment of Mr. Shrikant Prabhakar Joshi as Director of the Company			

Signed this……………………..…. day of…………………………… 2018

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: U45300TG2010PLC070121
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 8th 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 Friday the 28th September, 2018 at 11.00 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.