



L & T METRO RAIL (HYDERABAD) LIMITED

11th ANNUAL REPORT



FY 2020-21

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. S N Subrahmanyam	Chairman
Mr. K V B Reddy	Managing Director and Chief Executive Officer
Mr. R Shankar Raman	Non-executive Director
Mr. Ajit Rangnekar	Independent Director
Mr. N.V.S. Reddy	Nominee Director
Mr. M R Prasanna	Independent Director
Mr. Shrikant Joshi	Non-executive Director
Mrs. Vijayalakshmi R Iyer	Independent Director

AUDIT COMMITTEE

Mrs. Vijayalakshmi R Iyer	Member
Mr. R Shankar Raman	Member
Mr. Ajit Rangnekar	Member
Mr. M R Prasanna	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Ajit Rangnekar	Chairman
Mr. M R Prasanna	Member
Mr. Shrikant Joshi	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. K V B Reddy	Chairman
Mr. Ajit Rangnekar	Member
Mr. N.V.S. Reddy	Member
Mr. J Ravikumar	Chief Financial Officer
Mr. Chandrachud D Paliwal	Head- Legal & Company Secretary

BANKERS

State Bank of India
Canara Bank
Indian Bank
Indian Overseas Bank
Jammu & Kashmir Bank
Punjab & Sind Bank
Standard Chartered Bank

REGISTRAR & TRANSFER AGENT

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

STATUTORY AUDITORS

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

DEBENTURE TRUSTEE

SBICAP Trustee Company Ltd.
202, Maker Tower, 'E', Cuffe Parade,
Colaba, Mumbai – 400 005.

REGISTERED OFFICE

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

NOTICE

Notice is hereby given to the Members of M/s. L&T Metro Rail (Hyderabad) Limited that the Eleventh Annual General Meeting of the Company is scheduled to be held on Friday the 21st day of May 2021 at 11.00 AM (IST) through video conferencing (VC) medium or other audio visual means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Financial Statements for the year ended 31st March 2021 together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Sekharipuram Narayanan Subrahmanyam (DIN: 02255382), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s M Bhaskara Rao & Co., Chartered Accountants as Statutory Auditor for a period of five years in place of the retiring Statutory Auditor of the Company as Ordinary Resolution with or without modifications:

“RESOLVED THAT pursuant to the provisions of Section 139 and Section 142 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, provisions of Article 33.2.1 of the Concession Agreement dated 4th September 2010 read with Schedule-T thereto, M/s M Bhaskara Rao & Co., Chartered Accountants, (Firm Registration No. 000459S) be and is hereby appointed as Statutory Auditor of the Company for a period of five years who shall hold office from the conclusion of eleventh Annual General Meeting of the Company till the conclusion of sixteenth Annual General Meeting of the Company on such terms as may be recommended by the Audit Committee from time to time and at a remuneration as may be decided by the Managing Director and Chief Executive Officer of the Company/ Chairman of the Company.”

Head Office:

L&T Metro Rail (Hyderabad) Limited

Hyderabad Metro Rail Administrative Building, Uppal Main Road, Hyderabad – 500039, Telangana

Tel: +91 40 22080000-01, Fax: +91 40 22080771

CIN : U45300AP2010PLC070121

NOTES:

1. Considering the extra-ordinary circumstances caused by COVID-19 and in light of the social distancing norms, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated April 8, 2020; April 13, 2020; May 5, 2020 and January 13, 2021 ("MCA Circulars") permitted the holding of the Annual General Meeting of a company through VC / OAVM in compliance with the provisions of the Companies Act, 2013 ("the Act"), MCA Circulars.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the ensuing Annual General Meeting.
3. The IP address/meeting invite for attending the meeting shall be circulated separately.
4. The members attending the meeting through video conference may please confirm their presence to the Company Secretary of the Company by emailing at chandrachud.paliwal@ltmetro.com or message/ whatsapp on +91 9223902102.

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

Sd/-

Place : Hyderabad
Date : 27th April 2021

CHANDRACHUD D. PALIWAL
Head- Legal & Company Secretary
(Membership No - F5577)

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L&T Metro Rail (Hyderabad) Limited

Hyderabad Metro Rail Administrative Building, Uppal Main Road, Hyderabad – 500039, Telangana

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CIN : U45300AP2010PLC070121

BOARD'S REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their Eleventh report and Audited Accounts for the year ended 31st March, 2021.

1. Financial Results / Financial Highlights:

Particulars	2020-21	2019-20
	₹ in Cr.	₹ in Cr
Profit / (Loss) Before Depreciation, exceptional items & Tax	(1468.25)	(236.64)
Less: Depreciation, amortization, impairment and obsolescence	298.49	145.56
Profit / (Loss) before exceptional items and tax	(1766.74)	(382.20)
Add: Exceptional Items	-	-
Profit / (Loss) before tax	(1766.74)	(382.20)
Less: Provision for tax	-	-
Profit / (Loss) after Tax	(1766.74)	(382.20)
Add: Other Comprehensive Income	-	4.86
Total Comprehensive Income	(1766.74)	(377.34)
Balance available for disposal (which the Directors appropriate as follows)	--	-
Debenture Redemption Reserve	-	-

2. State of Company Affairs:

The revenue from operations and other income for the financial year under review stood at ₹ 227.95 Crore (including fare and non-fare revenue) as against ₹ 598.20 crore for the previous financial year. The loss before tax and after tax were ₹1766.74 crore for the financial year under review as against loss before and after tax of ₹382.20 crore and ₹377.34 crore respectively for the previous financial year.

The Company operates in two Business segments namely Fare collection Rights (Metro Rail System) and others. The revenue from metro Rail Segment as on 31st March 2021 was ₹ 83.98 crore and ₹ 143.97 crore from the other segment.

A major part of the period under review was impacted on account of the COVID-19 pandemic. This was mainly on account of a disruption in the metro rail operations due to low ridership and real estate operational activities, due to fall in revenues as a consequence of revenue sharing model of lease rentals in the place of fixed rentals due to fall in footfalls and additional costs required to ensure the health and safety of all employees of the Company. However, the company is protected by the force majeure clauses of the Concession Agreement.

The Company is undertaking all measures to ensure safety of employees while also ensuring business continuity. The Company implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programs at all its offices and sites. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

Further, the company by virtue of providing safe and punctual travel alongside various value-added initiatives (robust & affordable last mile connectivity, contactless travel etc.) aimed at minimizing commuters' pain points and pandemic related apprehensions, shall target higher ridership to the metro system by trying to convert more people from other modes of transport to Hyderabad Metro. All efforts are being put in to make Hyderabad Metro the safest & cleanest transportation mode keeping in view current pandemic situation.

3. Project Progress:

During the period under review, as per Orders of the Government, Metro Operations remained closed with effect from Janta Curfew i.e. 22nd March 2020 up to 6th September 2020. Metro Operations resumed with restrictions on 7th September 2020. During this intervening period when Metro Operations were closed, we have achieved significant progress in attending the project punch list items and also continued with the upkeep and maintenance of the Rolling Stock which were stationed at our Miyapur and Nagole Depots.

CMRS sanction was received on 19th February 2021, for upgradation of operating mode in service lines for movement of trains without passengers CMRS sanction was also received on 19th February 2021 for addition of staircases, lift and escalators at twenty two Metro Stations.

During the year under report and amidst the pandemic, the Company received encouraging revenues from non-fare revenue viz. telecom sector (Optical Fiber & Tower), training and consultancy to other metros.

The Company has finalized the award of Open Loop Ticketing system contract and the same will be commissioned for go-live in Financial Year 2022. This will make travel easy, contactless and hassle free. Implementation of open loop ticketing system will also optimize the operational expenses. Various initiatives were taken for robust and affordable Last Mile Connectivity for enhancing the ridership like Metro Feeder shuttle service, rental bike facility at all metro stations etc.

4. Capital & Finance:

The Company enjoys good reputation for its sound financial management and the ability to meet its financial obligations. The Company is being rated IND BBB + with Negative outlook for the Banking facilities and ICRA AAA (CE) with Stable Outlook & IND AAA (CE) with Stable Outlook for the Unsecured Non-Convertible Debentures of the Company from ICRA and India Rating & Research.

5. Capital Expenditure:

As at March 31, 2021 the gross fixed and intangible assets including leased assets stood at ₹17,713.28 crore and the net fixed and intangible assets, including leased assets at ₹ 17,180.07 crore. Capital Expenditure during the year amounted to ₹276.19 crore.

6. 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.

7. Depository System:

As on March 31, 2021, 99.999% of the Company's total paid up capital representing 243,89,99,999 shares are in dematerialized form. Further, the Ministry has prohibited the physical transfer of securities. Hence, member holding share in physical mode is advised to avail of the facility of dematerialization.

8. 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 Financial Year 2020-21 as required under the provisions of Section 177 of the Companies Act, 2013.

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

9. Amount to be carried to reserve:

The Company has not transferred any amount to reserves.

10. Dividend:

In the absence of distributable profits, 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:

Due to the coronavirus outbreak and nationwide lockdown, during the reporting period, as per the directives of the State Government, the metro services did not operate from 22nd March 2020 till 6th September 2020. The malls became operational from 8th June 2020 while multiplex and gaming zones started from 5th December 2020 post lockdown.

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 in **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:

In view of the notification issued by Ministry of Corporate Affairs, the Company has dissolved the CSR Committee of the Board effective from 23rd April 2021 for the time being and the CSR Committee will be revived as and when the CSR threshold requirements are triggered.

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

- Mrs. Vijayalakshmi R Iyer was appointed as the Independent Director of the Company with effect from 11th May 2021 for a term of five years. The appointment was duly approved in the Extra-ordinary general meeting held on 10th June 2020.
- Mr. KVB Reddy has been reappointed as Managing Director & Chief Executive Officer of the Company with effect from 24th January 2021 for the second term of three years. The appointment of Mr. KVB Reddy has been made on the basis of performance evaluation carried out by the Nomination and Remuneration Committee (NRC) in its meeting.
- Mr. M R Prasanna has been appointed as an Independent Director of the Company with effect from 18th February 2021 for the second term of five years. The appointment of Mr. M R Prasanna has been made on the basis of performance evaluation carried out by the Nomination and Remuneration Committee (NRC) in its meeting.

The appointments of Mr. K V B Reddy and Mr. M R Prasanna were duly approved in the Extra-ordinary general meeting held on 12th February 2021.

The terms and conditions of appointment/re-appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013.

The Board opines that all the Independent Directors on the Board possess integrity, necessary expertise and experience for performing their functions diligently.

16. Number of Meetings of the Board of Directors:

The Meetings of the Board are held at regular intervals. Additional Meetings of the Board of Directors are held when necessary. During the year under review, five meetings of the Board of Directors were held on 11th May 2020, 30th June 2020, 10th July 2020, 12th October 2020 and 11th January 2021.

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 approval.

17. Audit Committee:

The Company has constituted 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 as on the date of this Report.

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 Mr. R Shankar Raman, Mr. M R Prasanna, Mr. Ajit Rangnekar and Mrs. Vijayalakshmi R Iyer as on the date of this Report.

During the year under review, four meetings were held on 11th May 2020, 10th July 2020, 12th October 2020 and 11th January 2021.

18. Vigil Mechanism / Whistle Blower Policy:

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013. This policy provides for adequate safeguards against victimization of persons who complain under the mechanism. The Audit Committee/Board of the Company oversees the functioning of the Whistle Blower Policy / Vigil Mechanism framework.

19. Company's Policy on Director Appointment and Remuneration:

The Company has constituted a Nomination and Remuneration Committee having terms of reference and there is a policy 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 current members of the Nomination & Remuneration Committee are Mr. Shrikant Joshi, Mr. Ajit Rangnekar and Mr. M R Prasanna. The meeting of this Committee was chaired by Independent Director.

During the year under review, two meetings were held on 9th October 2020 and 9th January 2021.

20. Declaration of Independence:

The Company has received Declarations of Independence from all the Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from appointing/re-appointing/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.

The Independent Directors of the Company have registered themselves on the Independent Director's Databank maintained by Indian Institute of Corporate Affairs (IICA). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company will undertake the online proficiency self-assessment test as applicable, within the prescribed timelines.

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, 2021 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 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 online filling of questionnaires by all Directors for evaluation of the Board and its Committees, Board composition and its structure, Board effectiveness, Board functioning, information availability, adequate discussions, etc. These questionnaires' also cover specific criteria and the grounds on which all directors in their individual capacity would be evaluated. The Chairperson 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 on 9th October 2020. 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;	25:01
b. Percentage increase in remuneration of the following KMPs in the financial year;	
i. Directors	Nil
ii. CEO or Manager	Nil
iii. CFO	Nil
iv. CS	Nil
c. Percentage increase in the median remuneration of employees in the financial year;	Nil
d. Number of permanent employees on the rolls of company;	106
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	Nil
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. In terms of Section 136(1) of the Act and the rules made thereunder,

the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. 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 General Meetings:

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

26. Prevention of Sexual Harassment (PoSH) at Workplace:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Prevention of Sexual Harassment (PoSH) at Workplace' which is applicable to all group companies. This has been widely disseminated.

The Company has complied with the requirement of an Internal Complaints

Committee as stipulated under the Act is consisting of five members.

There were no cases of sexual harassment reported to the Company during Financial Year 2020-21.

27. Auditor's 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. Auditor:

The Company's Auditors, M/s M K Dandekar & Co., have already completed ten years as Statutory Auditors of the Company. In view of the mandatory rotation of auditor and in accordance with the provisions of the Companies Act, 2013, it is proposed to appoint M/s M Bhaskara Rao & Co. as statutory Auditors for a period of five continuous years i.e. from the conclusion of the eleventh Annual General Meeting till the conclusion of the sixteenth Annual General Meeting of the Company.

The Board places on record its appreciation for the services rendered by M/s M K Dandeker & Co. as the Statutory Auditors of the Company.

Certificate from M/s M Bhaskara Rao & Co., Chartered Accountants has been received to the effect that they are eligible to act as auditors of the Company and their appointment would be within the limits as prescribed under section 141 of the Companies Act, 2013.

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 Auditor's 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-09 is attached as **Annexure IV** to this Report.

32. Other Disclosures:

The Company has been complying with the requirement of submitting a half yearly return to BSE Limited within the prescribed timelines.

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

MSME: The Ministry of Micro, Small and Medium Enterprises vide their notification dated 2nd November, 2018, has instructed all the Companies registered under the Companies Act, 2013, with a turnover of more than Rupees Five Hundred Crore to get themselves onboarded on the Trade Receivables Discounting System Platform (TReDS), set up by the Reserve Bank of India. In compliance with this requirement, the Company is in the process of registering itself on TReDS through one of the service providers.

The Company has been complying with the requirement of submitting a half yearly return to the Ministry of Corporate Affairs within the prescribed timelines.

33. Debenture Trustee:

The Company has unsecured debentures amounting to ₹ 1000 crore as on 31st March 2021.

M/s SBICAP Trustee Company Limited, having their office at 202, Marker Tower, 'E', Cuffe Parade, Colaba, Mumbai - 400005 have been appointed as the Debenture Trustee for the same.

34. Acknowledgement

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

For and on behalf of the Board

Sd/-

Sd/-

Vijayabhaskara Kalakota Reddy
Managing Director &
Chief Executive Officer
(DIN:01683467)

Ajit Pandurang Rangnekar
Independent Director
(DIN: 01676516)

Place: Hyderabad
Date: 23.04.2021

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.

Solar Energy

The Company has installed solar panels at twenty eight Metro Stations and two depots with capacity of 8352 kWp that are operational.

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 ₹ 107.22 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 Board Report for the period ended 31st March 2021

Name of the employee	DOJ	Nature of employment	Designation	CTC in Rupees	Highest Qualification and experience	Last employment held	Age	% equity share held	Whether any relation with Director/ Manager
K V B Reddy	24-01-2018	Regular	Managing Director & CEO	3,39,92,001	BE, PGDBM, 37 years	Essar Power	59	-	No
Sanjay Kumar	10-10-2016	Regular	Head - Human Resource	81,17,233	B. Tech & PGDBA, 29 years	Reliance Power	56	-	No
P Ravishankar	01-08-2011	Regular	VP & Head - TOD, Project Planning, Control & Contract	66,56,250	MCS & B. Tech, 25 years	L&T Limited	51	1 share jointly with L&T Limited	No
J. Ravikumar	01-04-2011	Regular	Chief Financial Officer	55,88,650	CA, 37 years	L&T Limited	64	1 share jointly with L&T Limited	No
Chunduru Vijayananda	01-11-2010	Regular	General Manager- Finance & Accounts	50,94,360	CA, CS, CWA & LLB, 36 years	L&T Urban Infrastructure Limited	60	1 share jointly with L&T Limited	No
Ashutosh Kumar Das	07-12-2016	Regular	Head - Supply Chain Management	50,85,525	MBA & B. E, 21 years	GMR Hyderabad International Airport	52	-	No
Chandrachud D. Paliwal	02-05-2018	Regular	Head - Legal & Company Secretary	50,52,265	CS, LLB PGDLL & ACIS (UK), 23 years	Essar Power	44	1 share jointly with L&T Limited	No
Parasaram Srinivasa Murthy	02-11-2016	Regular	Head - Electrical & MEP	50,30,543	B. Tech, 32 years	Energy Infra Consulting India (P) Ltd.	57	-	No
Anindita Sinha	07-05-2018	Regular	Head - Corporate Communications	39,97,606	B.A., 29 years	GMR Hyderabad International Airport	52	-	No
Bibhudatta Mishra	03-03-2014	Regular	Sr. Dy. General Manager- AFC	39,39,908	B. Tech, 21 years	Mumbai Metro One	43	-	No

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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, 2021, 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, 2021 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 with respect to board and general meetings.
- 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.

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.

- a. During the period under review, an independent director whose tenure has been expired on 17th February, 2021 has been re-appointed for second term of five years.
- b. The Managing director has been reappointed w.e.f. 24th January, 2021 for three years.

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.

We find that there is a gap of more than 120 days between two board meetings i.e. board meeting on 10.01.2020 and the second board meeting on 11.05.2020. However, as per the MCA Circulars dated 19th and 24th March, 2020, the gap between two board meetings has been enhanced to 180 days due to Covid-19 circumstances in India.

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.

I further report that the audit was conducted as per the CSAS standards prescribed, except CSAS-1 as the appointment of Secretarial Auditor was done prior to its applicability.

Place: Hyderabad
Date: 23rd April, 2021
UDIN: F010597C000162034

Sd/-

Kota Srinivas
Company Secretary in Practice
FCS 10597
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: 23rd April, 2021

Sd/-

Kota Srinivas

Company Secretary in Practice

FCS 10597

CP No.14300

List of Applicable Acts

1. The Companies Act, 2013 (the Act)
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
7. Foreign Exchange Management Act, 1999
8. The Minimum Wages Act, 1948
9. The Payment of Gratuity Act, 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
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
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

33. The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987
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
40. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989
41. Andhra Pradesh Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;
42. Employee State Insurance act- 1948
43. Inter state migrant workmen act- 1979
44. Payment of Wages act -1936

ANNEXURE - IV
Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2021

[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	24 th 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 ₹ 1000 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 –

Name and Address of The Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
Larsen and Toubro Limited, L & T House, Ballard Estate Mumbai, Maharashtra- 400001	L99999MH1946PLC00 4768	Holding Company	99.99%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

[illegible]

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 ₹ 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)	2438999999	1	2439000000	100	2438999999	1	2439000000	100	0

* 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	2438999999	99.99%	51%	2438999999	99.99%	51%	0
	Total:	2438999999	99.99%	51%	2438999999	99.99%	51%	0

iii. Change in Promoters' Shareholding - NIL

	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

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: Mr. J. Ravikumar, Chief Financial Officer and Mr. Chandrachud D Paliwal, Company Secretary each holds one Equity Share of value ₹ 10 each fully paid up Jointly with M/s. Larsen And Toubro Limited.

V. INDEBTEDNESS ACCOUNTS:

	Secured Loans excluding deposits (₹)	Unsecured Loans *	Deposits**	Total Indebtedness (₹)
Indebtedness at the beginning of the financial year				
i). Principal Amount *	12518,62,38,994	996,82,25,417	1072,80,46,355	14588,25,10,766
ii). Interest due but not paid				
iii). Interest accrued but not due	392,75,17,256	31,25,80,603		424,00,97,859
Total (i+ii+iii)	12911,37,56,250	1028,08,06,020	1072,80,46,355	15012,26,08,625
Change in Indebtedness during the financial year				
Addition	1227,88,36,575	8,93,981	1292,18,86,743	2520,16,17,299
Reduction	521,07,87,000			521,07,87,000
Net Change	706,80,49,575	8,93,981	1292,18,86,743	1999,08,30,299
Indebtedness at the end of the financial year				
i). Principal Amount	13225,42,88,569	996,91,19,399	2364,99,33,098	16587,33,41,065
ii). Interest due but not paid				
iii). Interest accrued but not due		31,07,67,129		31,07,67,129
Total (i+ii+iii)	13225,42,88,569	1027,98,86,528	2364,99,33,098	16618,41,08,195

*₹ 819 crores added to deposits that was previously considered as secured loans.

** Inter corporate deposits

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. K V B Reddy	
	Designation	Managing Director & Chief Executive Officer	
1.	Gross salary	(₹)	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	242,66,258	242,66,258
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	97,25,743	97,25,743
(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)	3,39,92,001*	3,39,92,001*

* Approved with the special resolution passed in the extra-ordinary general meeting of the Company held on 22nd February 2021

(B). Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Mrs. Vijayalaxmi Iyer	Mr. Ajit Rangnekar	Mr. M R Prasanna	
	➤ Fee for attending board / committee meetings	1,20,000	2,15,000	2,15,000	5,50,000
	➤ Commission	-	-	-	-
	➤ Others, please specify	-	-	-	-
	Total (1)	1,20,000	2,15,000	2,15,000	5,50,000
2.	Other Non-Executive Directors / Nominee Director	Mr. N V S Reddy		-	-
	➤ Fee for attending board / committee meetings	1,25,000	-	-	1,25,000
	➤ Commission	-	-	-	-
	➤ Others, please specify	-	-	-	-
	Total (2)	1,25,000	-	-	1,25,000
	Total (B)= (1+2)				6,75,000
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. Chandrachud D Paliwal	Mr. J. Ravi Kumar	
1.	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50,52,265	55,67,050	1,06,19,315
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	21,600	21,600
	(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)		50,52,265	55,88,650	1,06,40,915

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 AUDITOR'S REPORT

To the Members of M/s. L&T Metro Rail (Hyderabad) Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

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, of the state of affairs of the Company as at March 31, 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	Auditor's Response
1	<p>Impairment on Intangible Assets</p> <p>The operation and maintenance of the Metro Rail System involves a long concession period. Further, the project also got delayed as against the originally estimated completion date as mentioned in the concession agreement resulting in cost overruns.</p> <p>It is therefore necessary to test the assets for impairment to ensure that the carrying value of the assets does not exceed their recoverable amount. The recoverable value of Intangible assets rights is determined on the basis of projections which involve technical estimations and management judgements. Therefore, impairment assessment is necessary at every year end to ensure that the carrying value of the assets is fairly stated.</p> <p>Refer "Point II (10) of Note 25" of the IND AS financial statements.</p>	<p>Designed and performed audit procedures with respect to impairment testing workings including the assumptions and estimates used in evaluation of carrying values of assets where there is an indication of impairment.</p> <p>In respect of internal valuations:</p> <ol style="list-style-type: none"> 1. We had discussions with the management of the company to understand the driving factors which have been / should have been considered for the impairment analysis. 2. Verified the future traffic considered by the management for the cash flow projections with the future traffic estimated by the external professional and the consequential reduction in the estimated traffic for the next few years due to the Covid-19 pandemic and its aftermath. 3. Also evaluated the appropriateness of underlying assumptions considered, including discount rate, tax rates etc.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control system in place and the operating effectiveness of such control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future event or condition may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statement, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Ind AS financial statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirement regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence , and where application, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's reports unless law or regulation preclude public disclosure about the matters or when, in extreme rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, 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 March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 Ind AS financial statements – Refer “Note 16 - Contingent Liabilities” to the Ind AS 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 Regn. No. 000679S)**

Sd/-

UDIN: 21223754AAAADM8286
Date: Apr 23, 2021
Place: Chennai

**S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754**

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets:
 - b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties are held in the name of the Company.
2. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification between physical stock and book records.
3. The Company has not granted unsecured loans which are repayable on demand to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. The terms of such loans are not prejudicial to company's interest.
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, goods and services 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, no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of dispute.
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 Company has not taken any term loans or raised any money by way of initial public offer or further Public offer during the year. 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/-

UDIN: 21223754AAAADM8286

Date: Apr 23, 2021

Place: Chennai

S. Poosaidurai

Partner

Chartered Accountants

Membership No. 223754

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, 2021 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, 2021, 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. Dandekar & Co.,
(ICAI Regn. No. 000679S)**

Sd/-

**S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754**

UDIN: 21223754AAAADM8286

Date: Apr 23, 2021

Place: Chennai

L&T Metro Rail (Hyderabad) Limited		₹ Crore	
Balance Sheet as at March 31, 2021		As at March 31, 2021	As at March 31, 2020
Particulars	Note No		
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	1	115.06	131.98
b) Investment property	2	1,355.08	1,251.54
c) Intangible assets	3	15,696.52	15,820.16
d) Intangible assets under development	4	13.41	-
e) Other financial assets	5	13.59	10.55
f) Other non-current assets	6	38.18	48.15
		17,231.84	17,262.38
Current assets			
a) Inventories	7	14.46	8.45
b) Financial Assets			
i) Trade receivables	8	30.94	29.30
ii) Cash and cash equivalents	9	158.98	253.74
iii) Bank balances other than ii above	9	498.18	500.12
iv) Other financial assets	5	0.56	0.45
c) Other current assets	6	11.80	8.56
		714.92	800.62
TOTAL ASSETS		17,946.76	18,063.00
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	10	2,439.00	2,439.00
b) Other equity	11	(2,363.03)	(596.29)
		75.97	1,842.71
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	12	13,213.33	12,994.37
ii) Other financial liabilities	13	23.40	63.63
b) Provisions	14	66.86	28.54
		13,303.59	13,086.54
Current liabilities			
a) Financial liabilities			
i) Borrowings	12	2,364.99	1,072.80
ii) Other financial liabilities	13	2,176.83	2,031.18
b) Other current liabilities	15	22.10	25.36
c) Provisions	14	3.28	4.41
		4,567.20	3,133.75
TOTAL EQUITY AND LIABILITIES		17,946.76	18,063.00
Contingent liabilities	16		
Commitments	17		
Notes forming part of the Financial Statements	1 to 24		
Significant accounting policies	25		
As per our report attached		For and on behalf of the Board of Directors of L&T Metro Rail (Hyderabad) Limited	
For M.K.Dandekar & Co.,			
Firm registration number : 000679S			
Chartered Accountants			
by the hand of			
Sd/-			
S.Poosaidurai			
Partner			
Membership No : 223754			
Place : Chennai		Place : Hyderabad	
Date : 23.04.2021		Date : 23.04.2021	

L&T Metro Rail (Hyderabad) Limited			₹ Crore
Statement of Profit and loss for the year ended March 31, 2021			
Particulars	Note No	2020-21	2019-20
INCOME			
Revenue from operations	18	189.61	587.28
Construction contract revenue		158.08	772.37
Other income	19	38.33	10.92
Total Income		386.02	1,370.57
EXPENSES			
Construction contract expenses		158.08	772.37
Operating expenses	20	211.93	236.89
Employee benefit expenses	21	28.31	24.25
Administration and other expenses	22	34.89	30.91
Finance costs	23	1,421.07	542.79
Depreciation and amortisation		298.49	145.56
Total Expenses		2,152.77	1,752.77
Profit/(loss) before tax for the period		(1,766.75)	(382.20)
Tax Expense:			
Current tax		-	-
Deferred tax		-	-
		-	-
Profit/(loss) after tax for the period		(1,766.75)	(382.20)
Other Comprehensive Income			
Items that will be reclassified to Profit & Loss			
Changes in fair value of cash flow hedges		-	4.86
Total Comprehensive Income for the period		(1,766.75)	(377.34)
Earnings per equity share	24.9		
Basic & Diluted		(7.24)	(1.57)
Face value per equity share		10.00	10.00
Notes forming part of the Financial Statements	1 to 24		
Significant accounting policies	25		
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/-		Sd/-	Sd/-
S.Poosaidurai		K.V.B.Reddy	Ajit Rangnekar
Partner		[Managing Director & Chief Executive Officer]	[Director]
Membership No : 223754		DIN No: 01683467	DIN No: 01676516
		Sd/-	Sd/-
		J.Ravi Kumar	Chandrachud D Paliwal
		[Chief Financial Officer]	[Company Secretary]
		Membership No. 023240	Membership No: F5577
Place : Chennai		Place : Hyderabad	
Date : 23.04.2021		Date : 23.04.2021	

L&T Metro Rail (Hyderabad) Limited**Statement of Cash Flows for the year ended March 31, 2021**

S. No.	Particulars	₹ Crore	
		2020-21	2019-20
A	Net profit / (loss) before tax	(1,766.74)	(382.21)
	Adjustment for	-	-
	Depreciation and amortisation expense	298.50	145.55
	Finance Cost	1,421.07	542.79
	Interest income	(37.17)	(1.96)
	(Profit)/loss on sale of current investments(net)	-	(2.89)
	(Profit)/loss on sale of fixed assets	0.02	-
	Other non cash items	-	4.85
	Operating profit before working capital changes	(84.32)	306.13
	Adjustments for:		
	Increase / (Decrease) in long term provisions	38.32	22.03
	Increase / (Decrease) in other current liabilities	(3.26)	151.20
	Increase / (Decrease) in other current financial liabilities	860.51	9.53
	Increase / (Decrease) in other non-current financial liabilities	(61.00)	17.45
	Increase / (Decrease) in short term provisions	(1.12)	0.03
	(Increase) / Decrease in other non-current financial assets	(3.04)	(0.00)
	(Increase) / Decrease in other non-current assets	20.76	(3.11)
	(Increase) / Decrease in Inventories	(6.00)	(14.09)
	(Increase) / Decrease in Trade Receivables	(1.64)	(4.12)
	(Increase) / Decrease in other current financial assets	(0.11)	(4.98)
	(Increase) / Decrease in other current assets	(1.30)	(462.77)
	Net cash generated from/(used in) operating activities	757.80	17.30
	Direct taxes refunds (net of payments)	20.76	(14.60)
	Net Cash(used in)/generated from Operating Activities	778.56	2.70
B	Cash flow from investing activities		
	Purchase of fixed assets	(324.45)	(1,541.05)
	Sale of fixed assets	(0.02)	-
	Purchase of current investments	-	(1,035.03)
	Sale of current investments	-	1,037.93
	Interest received	37.17	1.96
C	Net cash (used in)/generated from investing activities	(287.30)	(1,536.19)
	Cash flow from financing activities		
	Proceeds from issue of Equity Share Capital	(0.00)	11.82
	Proceeds from long term borrowings	1,227.97	2,285.66
	Interest paid	(1,814.00)	(542.79)
	Net cash (used in)/generated from financing activities	(586.03)	1,754.69
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(94.77)	222.38
	Cash and cash equivalents as at the beginning of the year	253.75	31.37
	Cash and cash equivalents as at the end of the year	158.98	253.75

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.,

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]

DIN No: 01683467

Sd/-

Ajit Rangnekar

[Director]

DIN No: 01676516

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 : Chennai

Date : 23.04.2021

Place : Hyderabad

Date : 23.04.2021

L&T Metro Rail (Hyderabad) Limited Statement of changes in Equity for the year ended 31 March, 2021					
Particulars	As at March 31, 2021		As at March 31, 2020		
	No. of shares	₹ Crore	No. of shares	₹ Crore	
At the beginning of the year	2,43,90,00,000	2,439.00	2,42,71,75,965	2,427.18	
Issued during the year as fully paid	-	-	1,18,24,035	11.82	
At the end of the year	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00	
B. Other Equity					
Other Equity as on 31.03.2020					₹ Crore
Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance as at 1.4.2019	-	(4.85)	2.82	(216.90)	(218.93)
Profit/(loss) for the year	-	-	-	(382.21)	(382.21)
Other comprehensive income	-	4.85	-	-	4.85
Issue of Share Capital	-	-	-	-	-
Balance as at 31.03.2020	-	-	2.82	(599.11)	(596.29)
Other Equity as on 31.03.2021					
					₹ Crore
Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance as at 1.4.2020	-	-	2.82	(599.11)	(596.29)
Profit/(loss) for the year	-	-	-	(1,766.74)	(1,766.74)
Other comprehensive income	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Balance at the end of the reporting period	-	-	2.82	(2,365.85)	(2,363.03)
As per our report attached For M.K.Dandekar & Co., Firm registration number : 000679S Chartered Accountants by the hand of Sd/- S.Poosaidurai Partner Membership No : 223754 Place : Chennai Date : 23.04.2021					
For and on behalf of the Board of Directors of L&T Metro Rail (Hyderabad) Limited <div> Sd/- K.V.B.Reddy [Managing Director & Chief Executive Officer] DIN No: 01683467 </div> <div> Sd/- J.Ravi Kumar [Chief Financial Officer] Membership No.: 023240 </div> <div> Sd/- Ajit Rangnekar [Director] DIN No: 01676516 </div> <div> Sd/- Chandrachud D Paliwal [Company Secretary] Membership No:F5577 </div> Place : Hyderabad Date : 23.04.2021					

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

1 Property, Plant and Equipment

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Tangible Assets										
Plant and Machinery										
Leased out	134.91	-	-	134.91	20.89	12.20	-	33.09	101.81	114.02
Computers	2.57	0.07	0.52	2.12	2.07	0.22	0.50	1.79	0.33	0.50
Furniture & Fixtures	28.11	-	-	28.11	13.17	4.36	-	17.53	10.58	14.94
Office Equipment	14.58	1.18	0.53	15.23	12.07	1.33	0.51	12.90	2.33	2.51
Vehicles	0.14	-	-	0.14	0.12	-	-	0.12	0.01	0.01
Total	180.31	1.25	1.05	180.51	48.32	18.11	1.01	65.43	115.06	131.98

2 Investment Property

A) Completed property

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Lease Out										
Buildings	638.16	1.37	-	639.53	20.42	10.24	-	30.65	608.88	617.75
Land License rights	67.95	-	-	67.95	2.35	1.09	-	3.44	64.50	65.60
Others										
Land License rights	-	429.64	-	429.64	-	0.61	-	0.61	429.03	-
Total	706.11	431.01	-	1,137.12	22.77	11.94	-	34.70	1,102.41	683.35

B) Amounts recognised in profit or loss for investment properties

₹ Crore

Particulars	31.03.2021	31.03.2020
Rental Income	27.12	89.56
Direct operating expenses from property that generated rental income	2.25	-

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

C) Capital work in Progress

Particulars	₹ Crore		
	As at April 01, 2020	Additions	As at March 31, 2021
Free hold land	0.16	-	0.16
<i>Transit oriented development</i>			
Work in progress	750.01	99.40	849.40
Land license rights	489.54	-	489.54
Salaries and wages	25.63	2.21	27.84
Interest expenses	136.15	13.11	149.27
Other expenses	7.72	0.77	8.50
	1,409.21	115.49	1,524.71
Transfer to Building	(638.16)	(1.37)	(639.53)
Transfer to Land license rights*	(67.95)	(429.64)	(497.59)
Transfer to Property, Plant & Equipment	(134.90)	-	(134.90)
Total	568.20	(315.52)	252.69

*Note 1: Includes excavation and other costs of Rs.35.07 Crs.

Note 2: The balance value of land license rights lying in Capital Work in Progress above as on 31.03.2021 is Rs.27.02 Crs

Particulars	₹ Crore	
	As at March 31, 2021	As at March 31, 2020
Contractual obligations to construct / develop the investment property	47.56	112.72

Amount shown under Investment property	₹ Crore	
	As at March 31, 2021	As at March 31, 2020
Completed property	1,102.41	683.34
Capital work in progress	252.67	568.20
TOTAL	1,355.08	1,251.54

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

ii) The investment property comprises of various independent components for Transit Oriented Development having total development potential of about 18.5 million sq ft. Each Transit Oriented Development component is capable of independent exploitation and constitute independent business activities / undertakings and are currently in various stages of development.

iii) The fair value of the investment properties have been determined with the help of internal architectural department based on government rates, market research and comparable values as considered appropriate. Fair value of the investment property consisting of Buildings and land license rights as at 31.03.2021 is Rs.668.21 Crs and Rs.724.18 Crs respectively

3 Intangible Assets

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Intangible Assets	15,979.21	144.67	-	16,123.88	160.40	267.85	-	428.25	15,695.63	15,818.81
Specialised Software	5.57	0.13	-	5.70	4.22	0.58	-	4.81	0.89	1.35
Total	15,984.78	144.80	-	16,129.58	164.62	268.43	-	433.06	15,696.52	15,820.16

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

4 Intangible Assets under development

₹ Crore

Particulars	As at April 01, 2020	Additions	As at March 31, 2021
<i>Fare collection rights</i>			
Construction work in progress	12,736.61	158.08	12,894.69
Salaries and wages	209.38	-	209.38
Staff welfare and other expenses	17.93	-	17.93
Managerial Remuneration	11.90	-	11.90
Concession fees	0.00	0.00	0.00
Travelling & conveyance	19.64	-	19.64
Facility management, communication and other expenses	125.31	-	125.31
Interest expenses	4,509.66	-	4,509.66
Depreciation/ amortization	27.54	-	27.54
Other expenses	14.98	-	14.98
Total	17,672.95	158.08	17,831.03
Less:			
Transfer to Intangible asset	(15,979.21)	(144.67)	(16,123.88)
Transfer to Investment property capital work in progress	(489.54)	-	(489.54)
Viability Gap Fund	(1,204.20)	-	(1,204.20)
Total	-	13.41	13.41

5 Other financial assets

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non-current	Current	Non-current
Security deposits	0.01	11.22	0.01	7.88
Financial Guarantee Assets	0.40	2.27	0.44	2.67
Others	0.15	0.10	0.00	-
Total	0.56	13.59	0.45	10.55

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

6 Other non-current and current assets

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non-current	Current	Non-current
Capital advances				
Related parties	-	0.16	-	14.14
Others	-	33.60	-	8.83
Advance recoverable other than in cash	-	-	-	-
Prepaid Expenses	9.52	-	6.96	-
Others	2.28	-	1.60	-
Income tax (net)	-	4.42	-	25.18
Total	11.80	38.18	8.56	48.15

7 Inventories

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Stores and spares	14.46	8.45
Total	14.46	8.45

8 Trade receivables

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
Unsecured, Considered good	32.26	-	41.48	-
Less : Allowance for doubtful debts	1.32	-	12.18	-
Total	30.94	-	29.30	-

No trade or other receivables 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.

9 Cash and Bank Balances

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
(i) Cash and cash equivalents				
a) Balances with banks in current accounts	13.56		113.37	
b) Cash on hand	0.37		0.35	
c) Deposits with maturity of less than three months including interest accrued thereon.*	145.05	158.98	140.02	253.74
(ii) Other bank balances	-		-	
a) Earmarked deposit for DSCR support	497.41		497.57	
b) Balances with banks held as margin money deposits	0.77	498.18	2.55	500.12
Total		657.16		753.86

* Time deposits which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

10 Equity Share Capital

(i) Authorised, issued, subscribed and paid up	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ Crore	No. of shares	₹ Crore
Authorised:				
Equity shares of ₹ 10 each	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00
Issued, subscribed and fully paid up	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00
Equity shares of ₹ 10 each	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ Crore	No. of shares	₹ Crore
At the beginning of the year	2,43,90,00,000	2,439.00	2,42,71,75,965	2,427.18
Issued during the year as fully paid	-	-	1,18,24,035	11.82
At the end of the year	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00

(iii) Terms / rights attached to shares

Equity shares

- a) 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.
- b) 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.
- c) The company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.
- d) The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.
- e) 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, 2021		As at March 31, 2020	
	No. of shares	₹ Crore	No. of shares	₹ Crore
Larsen and Toubro Limited (including nominee holding)	2,43,89,99,999	2,439.00	2,43,89,99,999	2,439.00
Total	2,43,89,99,999	2,439.00	2,43,89,99,999	2,439.00

(v) Details of Shareholders holding more than 5% shares in the company:	As at March 31, 2021		As at March 31, 2020	
	No. of shares	%	No. of shares	%
Larsen and Toubro Limited (including nominee holding)	2,43,89,99,999	99.999%	2,43,89,99,999	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 period ended March 31, 2021****11 Other Equity****As on 31.03.2021****₹ Crore**

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	-	-	2.82	(599.11)	(596.29)
Profit for the year	-	-	-	(1,766.74)	(1,766.74)
Other comprehensive income	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Balance at the end of the reporting period	-	-	2.82	(2,365.85)	(2,363.03)

As on 31.03.2020**₹ Crore**

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	-	(4.85)	2.82	(216.90)	(218.93)
Profit for the year	-	-	-	(382.21)	(382.21)
Other comprehensive income	-	4.85	-	-	4.85
Issue of share capital	-	-	-	-	-
Balance at the end of the reporting period	-	-	2.82	(599.11)	(596.29)

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

12.Borrowings

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non current	Current	Non current
Secured borrowings				
Term loans				
From banks	-	12,216.42	-	11,724.56
Unsecured borrowings	-	-	-	-
a) Debentures	-	996.91	-	996.82
Loans from related parties				
a) Subordinate debt for shortfall in cost overrun rupee facility	-	-	-	272.99
b) Inter Corporate Deposits	2,364.99	-	1,072.80	-
Total	2,364.99	13,213.33	1,072.80	12,994.37

a) Term loans

Particulars	Details
Interest Rate-Term Loan	Interest rate @ 150 basis points above the base rate of State Bank of India (floating).
Interest Rate- COR Term Loan	Interest rate @ 210 basis points above the one year MCLR of State Bank of India (floating).
Repayment	Repayable in 38 quarterly unequal instalments beginning from September 30, 2020 and ending on December 31, 2029.

b) Loans from related parties

Particulars	Details
Inter Corporate Deposits	Interest @ 7.50 % p.a.

Security

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

c) 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	> 9.81% p.a. payable semi Annually until the maturity date.	-Redeemable at Face value at the end of 20th Year from the Date of Allotment.
9.81% L&T MRHL November 2035	2,500	10,00,000	2nd November, 2015	> 9.81% p.a. payable semi Annually until the maturity date.	
9.85% L&T MRHL January 2036	2,500	10,00,000	28th January, 2016	> 9.85% p.a. payable semi Annually until the maturity date.	-Put & Call option available to Debenture Holders & Company respectively on expiry of 10th & 15th Year from the Date of allotment
9.55% L&T MRHL September 2030	1,000	10,00,000	28th September, 2018	> 9.55% p.a. payable Annually from the Date of allotment.	>Redeemable at Face value at the end of 12th Year from the Date of Allotment. ->Put & Call option available to Debenture Holders & Company respectively on expiry of 3rd, 5th & 7th Year from the Date of allotment
9.50% L&T MRHL November 2030	1,500	10,00,000	26th November, 2018	9.50% p.a. payable Annually from the Date of allotment.	>Redeemable at Face value at the end of 12th Year from the Date of Allotment. ->Put & Call option available to Debenture Holders & Company respectively on expiry of 3rd, 5th & 7th Year from the Date of allotment

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

13 Other financial liabilities

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non current	Current	Non current
a) Security deposits	45.29	19.38	2.55	57.89
b) Premium payable on Financial guarantee contracts	0.40	2.27	0.44	2.67
c) Current maturities of long term borrowings	1,009.01	-	521.08	-
d) Interest accrued	31.08	-	424.01	-
e) Other liabilities	-	-	-	-
i) Creditors for capital supplies- Related parties	733.77	-	701.61	-
ii) Creditors for capital supplies-others*	186.83	-	180.23	-
iii) Retention money	69.01	-	120.31	-
iv) Other payables	101.44	1.75	80.95	3.07
Total	2,176.83	23.40	2,031.18	63.63

*The principal amount of outstanding dues to Micro, small and medium enterprises under MSMED Act 2006 as at 31 March 2021 is Rs. 0.002 Cr. (PY. Rs 0.18 Cr.) and the interest payable thereon is Nil. (PY Nil).

14 Provisions

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non current	Current	Non current
Provision for employee benefits	3.28	-	4.41	-
Provision for major maintenance and overhaul expenses*	-	66.86	-	28.54
Total	3.28	66.86	4.41	28.54

* 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.

15 Other current liabilities

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non current	Current	Non current
Statutory payables	22.10	-	25.36	-
Total	22.10	-	25.36	-

16 Contingent liabilities

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Claims against the company not acknowledged as debts	-	77.30
(ii) Liability for duties, Cess and taxes that may arise in respect of matters in appeal /under dispute	9.00	21.06
Total	9.00	98.36

Notes:

1. The company expects reimbursements of Rs.0.42 Cr. (PY Rs.11.25 Cr.) in respect of contingent liabilities
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters.

17 Commitments

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Commitments	197.78	295.77
Total	197.78	295.77

18 Revenue from operations

₹ Crore

Particulars	2020-21	2019-20
Fare revenue	83.98	370.04
Lease rentals	37.76	109.42
Advertising revenue	19.46	52.74
Consultancy and training	7.40	4.12
Other revenue	41.01	50.96
Total	189.61	587.28

19 Other Income

₹ Crore

Particulars	2020-21	2019-20
Interest income	37.17	1.96
Dividend/Income from Mutual Funds	-	2.89
Miscellaneous income	1.16	6.07
Total	38.33	10.92

20 Operating expenses

₹ Crore

Particulars	2020-21	2019-20
Power & fuel	38.88	59.44
Operations and maintenance expenses	141.02	155.85
Provision for major maintenance and overhaul expenses	31.68	20.50
Others	0.35	1.10
Total	211.93	236.89

21 Employee benefit expenses

₹ Crore

Particulars	2020-21	2019-20
Salaries and wages	26.39	22.50
Contribution to provident and other funds	0.86	0.69
Staff welfare expenses	1.06	1.06
Total	28.31	24.25

22 Administration and other expenses

₹ Crore

Particulars	2020-21	2019-20
Advertisement and publicity	0.28	4.56
MTM/Exchange gain/ loss on derivatives	0.94	1.36
Office maintenance and other expenses	26.62	12.79
Allowance for doubtful debts	-	8.90
Insurance	6.96	3.20
Audit Fees*	0.09	0.10
Total	34.89	30.91

*Auditors remuneration(excluding GST)

₹ Crore

Particulars	2020-21	2019-20
a) As auditor	0.07	0.07
b) For other services	0.01	0.01
Total	0.08	0.08

23 Finance costs

₹ Crore

Particulars	2020-21	2019-20
Finance Cost		
Interest expenses	1,421.07	542.79
Total	1,421.07	542.79

Notes forming part of the Financial Statements

24.1 Disclosure in pursuant to Ind AS 107- Financial Instruments:

24.1.1 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

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.

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 the Financial Statements

24.1.1 Financial Risk Management contd....

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: ₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Floating rate		
Expiring beyond one year (bank loans)		
Fund Based limits	-	681.03
Non Fund Based limits	-	-
Total	-	681.03
Fixed rate		
Expiring beyond one year (Non Convertible Debentures)	-	-
Total	-	-

Contractual maturities of financial liabilities including estimated interest payments on borrowings

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Non- derivative liabilities:				
Borrowings	3,611.04	24,389.31	893.69	20,661.64
Trade payables	989.61	-	1,002.15	-
Other financial liabilities	178.20	23.40	83.94	63.64
Total	4,778.85	24,412.71	1,979.78	20,725.28

Notes forming part of the Financial Statements

24.1.1 Financial Risk Management contd....

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 2021 and 31 March 2020, 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

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	13,225.43	12,518.62
Fixed rate borrowings	2,364.99	2,072.80
Total borrowings	15,590.42	14,591.42

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

₹ Crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans						
Fund Based Limits	8.93%	13,225.43	100%	10.60%	12,518.62	100%
Net exposure to cash flow interest rate risk		13,225.43			12,518.62	

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.

₹ Crore

Particulars	Impact on profit before tax	
	March 31, 2021	March 31, 2020
Interest rates – increase by 25 basis points	33.06	11.22
Interest rates – decrease by 25 basis points	(33.06)	(11.22)

Notes forming part of the Financial Statements

24.1.2 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), Mezzanine debt for cost overrun equity, Subordinate debt for shortfall in cost overrun rupee facility.

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.

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Total Debt	13,225.43	12,518.62
Total equity	73.15	1,839.89
Add Non convertible debentures (Subordinated debt instruments)	996.91	996.82
Add Inter Corporate deposits	2,364.99	253.80
Add Viability Grant Fund	1,204.20	1,204.20
Adjusted capital	4,639.25	4,294.71
Debt-to-adjusted capital	2.85	2.91

Notes forming part of the Financial Statements

24.1.3 Foreign Currency Exposure

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 ₹ Crore

Particulars	As at March 31,2021			As at March 31,2020		
	USD	Euro	Total	USD	Euro	Total
Financial Liabilities						
Payables - Creditors on account of Capital Expenditure	-	-	-	7.13	-	7.13
Less : Derivatives taken to hedge the above Exposure						
Currency and Interest Rate Swaps	-	-	-	-	-	-
Forward Contracts	-	-	-	-	-	-
Options contracts	-	-	-	-	-	-
Net Exposure	-		-	7.13		7.13

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.

₹ Crore

Particulars	Impact on other components of equity	
	As at March 31, 2021	As at March 31, 2020
USD sensitivity		
INR/USD -Increase by 5% (31 March 2021-5%)	-	(0.36)
INR/USD -Decrease by 5% (31 March 2021-5%)	-	0.36

Notes forming part of the Financial Statements

24.1.4 Fair value measurements

(a) Financial instruments by category

₹ Crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Mutual funds	-	-	-	-	-	-
Security deposits	-	-	11.23	-	-	7.90
Financial Guarantee Assets	-	-	2.67	-	-	3.11
Others	-	-	0.10	-	-	-
Other Receivables	-	-	30.94	-	-	29.30
Cash and cash equivalents	-	-	656.39	-	-	253.75
Earmarked deposit for DSCR support	-	-	497.41	-	-	497.57
Balances with Banks held as margin money deposits	-	-	0.77	-	-	2.55
Total financial assets	-	-	1,199.51	-	-	794.18
Financial liabilities						
Borrowings	-	-	16,618.41	-	-	15,012.26
other payables	-	-	105.86	-	-	87.13
Security deposits	-	-	64.67	-	-	60.45
Creditors for capital expenditure	-	-	989.61	-	-	1,002.15
Total financial liabilities	-	-	17,778.54	-	-	16,161.99

Notes forming part of the Financial Statements

24.1.4 Fair value measurements Contd...

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ Crore				
Assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2021	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	-	-	-	-

₹ Crore				
Assets and liabilities for which fair values are disclosed at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative asset - Foreign exchange forward contracts	-	-	-	-
Derivative asset - Options contracts	-	-	-	-
Derivative asset - Currency and Interest rate swap	-	-	-	-
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	-	-	-	-
Derivative liability - Currency and Interest rate Swap	-	-	-	-
Derivative liability - Options	-	-	-	-

₹ Crore				
Assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2020	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	-	-	-	-

₹ Crore				
Assets and liabilities for which fair values are disclosed At March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative asset - Foreign exchange forward contracts	-	-	-	-
Derivative asset - Options contracts	-	-	-	-
Derivative asset - Currency and Interest rate swap	-	-	-	-
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	-	-	-	-
Derivative liability - Currency and Interest rate Swap	-	-	-	-
Derivative liability - Options contracts	-	-	-	-

Notes forming part of the Financial Statements

24.1.4 Fair value measurements Contd...

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level 3.

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts, Currency Interest Rate Swaps is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(d) Valuation processes

The finance department of the company obtains assistance of independent and competent third party values to perform the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. These experts report to the financial risk management team, chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the company's quarterly reporting periods.

The main level 3 inputs used by the company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the company's internal credit risk management company.
- For unlisted equity securities, their fair values are estimated based on the book values of the companies.

Notes forming part of the Financial Statements

24.1.4 Fair value measurements Contd...

(e) Fair value of financial assets and liabilities measured at amortised cost

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	11.23	11.23	7.90	7.90
Others	0.10	0.10	-	-
Financial Guarantee Assets	2.67	2.67	3.11	3.11
Other Receivables	30.94	30.94	29.30	29.30
Cash and Cash Equivalents	656.39	656.39	253.75	253.75
Earmarked deposit for DSCR support	497.41	497.41	497.57	497.57
Balances with Banks held as margin money deposits	0.77	0.77	2.55	2.55
Financial liabilities				
Term Loan Borrowings	16,618.41	16,618.41	15,012.26	15,012.26
Security deposits	64.67	64.67	60.45	60.45
Creditors for capital expenditure and other paybles	1,095.46	1,095.46	1,089.28	1,089.28

The carrying amounts of trade receivables, trade payables, advances receivable in cash, short term security deposits, bank deposits with more than 12 months maturity, capital creditors and cash and cash equivalents are considered to be the same as their fair values. The fair values for security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(f) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
<i>First charge</i>		
Freehold land	0.16	0.16
Receivables	30.94	29.30
Total assets pledged as security	31.10	29.46

Notes forming part of the Financial Statements

24.2 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.

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Revenue		
Metro Rail System	242.06	1,142.41
Others	143.97	228.16
Total	386.03	1,370.57
Expenditure		
Metro Rail System	651.77	1,104.07
Others	79.94	105.91
Total	731.71	1,209.98
Operating Profit (PBIT)		
Metro Rail System	(409.71)	38.34
Others	64.03	122.25
Interest expense		
Metro Rail System	1,361.09	486.60
Others	59.97	56.20
PAT		
Metro Rail System	(1,770.81)	(448.25)
Others	4.06	66.05

(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.

₹ Crore

Particulars	As at March 31, 2021		As at March 31, 2020	
	Segment Assets	Additions to non-current assets	Segment Assets	Additions to non-current assets
Metro Rail System	15,748.61	(124.00)	15,872.60	1,413.89
Others	1,541.76	102.69	1,439.08	(28.07)
Total segment assets	17,290.37	(21.31)	17,311.68	1,385.82
<i>Unallocated:</i>				
Deferred tax assets	-	-	-	-
Investments	-	-	-	-
Cash and cash equivalents	158.98	(94.77)	253.75	222.38
Other bank balances	497.41		497.57	
Total assets as per the balance sheet	17,946.76	(116.08)	18,063.00	1,608.20

Notes forming part of the Financial Statements

24.2 Disclosure pursuant to Ind AS 108 - Segment information Contd...

(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.

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Metro Rail System	17,127.28	15,524.40
Others	743.51	695.89
Total segment liabilities	17,870.79	16,220.29
<i>Unallocated:</i>		
Deferred tax liabilities	-	-
Current tax liabilities	-	-
Total liabilities as per the balance sheet	17,870.79	16,220.29

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

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

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components) (b) whose operating results are regularly reviewed by CODM to make decisions about the resource allocation and performance assessment. (c) For which discrete financial information is available

(ii) Reportable segments :

An operating segment 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) Segment profit :

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

24.3 Disclosure Under Appendix D to Ind AS 115

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 35 years and extendable by another 25 years at the option of the concessionaire subject to fulfilment of certain conditions under concession agreement. Considered further extension of initial concession period by 7 years in terms of Article 29 of 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	
	Investment Grant from grantor	Viability Gap Fund of Rs. 1458 Crores
	Infrastructure return at the end of the concession period	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 C to Ind AS 115- Revenue from contracts with customers. Accordingly construction revenues and expenses are accounted during construction phase and intangible asset is recognised towards rights to charge the users of the system.

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Construction revenue	158.08	772.37
Profit	-	-

Notes forming part of the Financial Statements

24.4 Disclosure Under Ind AS 12-Income Taxes

(i) component of deferred tax (asset)/liability recognised in the Balance Sheet and Statement of Profit and Loss account –

₹ Crore

Sr No	Particulars	Balance Sheet		Profit & Loss	
		31.3.2021	31.3.2020	FY 20-21	FY 19-20
1	Difference in book depreciation and income tax depreciation (tax amount)	1,627.46		761.21	588.71
2	Carried forward tax loses (tax amount)	(421.90)	(57.10)	(364.80)	(29.35)
3	Unabsorbed depreciation (tax amount)	(1,205.56)	(809.15)	(396.41)	(559.36)
	Net deferred tax (assets)/liabilities	-	-	-	-

(ii) Unused tax losses for which no deferred tax asset (DTA) is recognised in Balance Sheet –

₹ Crore

Sr No	Particulars	31.3.2021		31.3.2020	
		Rs.	Expiry Year	Rs.	Expiry Year
1	Tax losses (Business loss and unabsorbed depreciation)	-	-	-	-
2	Amount of losses having expiry (Base amount)	-	-	-	-
3	Amount of losses having no expiry (base amount)	2,198.27	-	451.87	-

a. Deferred tax asset on unabsorbed losses/depreciation has been recognised to the extent the same can be set off against deferred tax liability arising on timing difference between book depreciation and tax depreciation.

b. Other deferred tax assets have not been recognised considering the concept of reasonable certainty of future taxable income.

Notes forming part of the Financial Statements**24.5 Disclosure pursuant to Ind AS 116-"Leases"****a) Assets taken on operating Lease**

The Company has not entered into any finance lease. The Company has taken vehicles under cancellable operating leases for short term. These lease agreements are normally renewed for a period of one year upon expiry. There are no exceptional/restrictive covenants in the lease agreements. The lease expenses in respect of these operating leases have been included in Office maintenance and other expenses. Current Year: ₹ 0.41 Cr. (Previous Year ₹ 1.26 Cr.) .

b) Assets given under operating Lease

The company has entered into Agreements 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:

		₹ Crore
Sl no	Particulars	As at 31.03.2021
1	Receivable not later than 1 year	46.44
2	Receivable not later than 1 year and not later than 2 years	28.60
3	Receivable not later than 2 years and not later than 3 years	16.22
4	Receivable not later than 3 years and not later than 4 years	7.13
5	Receivable not later than 4 years and not later than 5 years	0.21
6	Receivable later than 5 years	0.64
	Total (1+2+3+4+5+6)	99.24

24.6 Disclosure pursuant to Ind AS 19 -Employee benefits**(i) Defined contribution plan:**

An amount of ₹ 0.94 Cr. (previous year :₹ 1.10 Cr.) 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 actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk

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

Notes forming part of the Financial Statements

24.6 Disclosure pursuant to Ind AS 19 -Employee benefits Contd....

c) Amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
A) Present value of defined benefit obligation				
- Wholly funded	3.34	3.74		
- Wholly unfunded	-	-	2.73	3.87
	3.34	3.74	2.73	3.87
Less : Fair value of plan assets	2.77	3.20		
Amount to be recognised as liability or (asset)	0.57	0.54	2.73	3.87
B) Amounts reflected in the Balance Sheet				
Liabilities	0.57	0.54	2.73	3.87
Assets				
Net Liability / (asset)	0.57	0.54	2.73	3.87

d) Amounts recognised in the Financials are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
1. Current service cost	0.52	0.32	0.47	0.56
2. Interest on Defined benefit obligation	0.23	0.26	0.22	0.27
3. Interest income on plan assets	(0.20)	(0.20)		
4. Actuarial losses/(gains)				
Remeasurement - Due to financial assumptions	(0.04)	0.27	(0.02)	0.15
Remeasurement - Due to demographic assumptions				
Remeasurement - Due to experience adjustments	(0.21)	(0.41)	(0.52)	(0.30)
Total (1 to 4)	0.30	0.24	0.15	0.68
I Amount included in financials	0.30	0.24	0.15	0.68
II Amount included as part of "finance costs"	-	-	-	-
Total (I + II)	0.30	0.24	0.15	0.68
Actual return on plan assets	-	-	-	-

Notes forming part of the Financial Statements

24.6 Disclosure pursuant to Ind AS 19 -Employee benefits Contd....

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

₹ Crore

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Opening balance of the present value of defined benefit obligation	3.75	3.52	3.87	3.85
Add: Current service cost	0.39	0.46	0.47	0.56
Add: Interest cost	0.23	0.26	0.22	0.27
Add: Contribution by plan participants				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add : Remeasurements due to experienced adjustments	(0.21)	(0.41)	(0.52)	(0.30)
Less: Benefits paid	0.78	0.35	1.29	0.66
Add: 'Remeasurements due to financial assumptions	(0.04)	0.27	(0.02)	0.15
Add: Past service cost				-
Closing balance of the present value of defined benefit obligation	3.34	3.75	2.73	3.87

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

₹ Crore

Particulars	Gratuity plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of fair value of plan assets	3.21	2.99
Add: Expected return on plan assets	0.20	0.20
Add: Remeasurements- return on assets	(0.12)	0.14
Add: Contribution by employer	0.31	0.23
Add: Contribution by plan participants	-	-
Less: Adjustment to opening balance & others	0.04	-
Less: Benefits paid	0.78	0.35
Closing balance of fair value of plan assets	2.78	3.21

g) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2021	As at March 31, 2020
1) Discount rate	6.86%	6.72%
2) Salary growth rate	10.00%	10.00%
3) Expected rate of return	6.86%	6.72%
4) Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
5) Attrition rate	5.00%	5.00%

Notes forming part of the Financial Statements

24.6 Disclosure pursuant to Ind AS 19 -Employee benefits Contd....

h) A quantitative sensitivity analysis for significant assumption as at 31 March 2021

₹ Crore

Particulars	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
1) Discount rate	1.00%	1.00%	3.08	3.45	3.63	4.08
2) Salary growth rate	1.00%	1.00%	3.56	4.00	3.11	3.49
3) Attrition rate	1.00%	1.00%	3.30	3.70	3.38	3.79

i) Major component of plan assets as a percentage of total plan assets :

Particulars	As at March 31, 2021	As at March 31, 2020
Insurer managed funds	100%	100%

j) Weighted average duration of the defined benefit obligation at the end of the reporting period :

Particulars	As at March 31, 2021	As at March 31, 2020
1. Gratuity	12.79	12.9
2. Compensated absences	6.56	6.58

24.7 Disclosure pursuant to Ind AS 23 -Borrowing Costs

Additions during the year to capital work-in-progress/intangible assets under development include ₹ 13.11 Cr. (previous year: ₹ 7,66 Cr.) being borrowing cost capitalised in accordance with Ind AS 23 “Borrowing Costs” Asset wise break-up of borrowing costs capitalised is as follows:

₹ Crore

Asset Class	As at March 31, 2021	As at March 31, 2020
Tangible - Capital work in progress	13.11	5.39
Intangible - Intangible Assets under development	-	760.76
TOTAL	13.11	766.15

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements

24.8 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 Realty Developers Limited |
| | 3) L&T Technology Services Limited |

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 |
| | 2) Mr.J. Ravi Kumar, Chief Financial Officer |
| | 3) Mr. Chandrachud D Paliwal, Head - Legal & Company Secretary |

III) Disclosure of related party transactions:

₹ Crore

Name/Relationship/ Nature of transaction	2020-21	2019-20
1. Holding Company		
Larsen & Toubro Limited		
(a) Pay roll & TEMS Processing fees	0.08	0.05
(b) Cost of Services by	0.72	0.82
(c) Cost of services to	1.15	3.69
(d) Subscription to Equity Shares	-	11.82
(e) Inter Corporate Deposit received	1,292.19	146.95
(f) Subordinate debt received for shortfall in cost overrun	-	272.99
(g) Repayment of Subordinate debt	272.99	
(h) Mezzanine debt for cost overrun equity	-	819.00
(i) Interest on Inter corporate deposits	105.63	33.38
(j) Corporate Financial Guarantee Charges	0.53	0.57
(k) Mobilisation advance paid	-	14.14
(l) Intangible Assets /Construction work in progress	141.41	373.31
(m) Overheads charged by	5.72	5.00
(n) Overheads charged to	-	0.06
2. Fellow Subsidiaries		
(i) L&T Infotech Limited		
(a) Purchase of services and products	2.95	2.20
(ii) L&T Technology Services Ltd		
Cost of services provided by	-	0.17

IV) Key Management Personnel Compensation

₹ Crore

Particulars	2020-21	2019-20
Short Term Employee Benefits	4.38	4.73
Post-Employee Benefits	0.11	0.11
Total	4.49	4.84

Notes forming part of the Financial Statements

24.8 Disclosure pursuant to Ind AS 24 -Related party disclosures Contd....

V) Due to / from related parties

₹ Crore

Name/Relationship	As at March 31, 2021		As at March 31, 2020	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Holding company)	647.82		672.65	-
Larsen and Toubro Limited (Holding company-Mobilisation advance)		-	-	14.14
Larsen & Toubro Ltd (LTHCIC)	0.01			0.19
Inter Corporate Deposit	2,364.99		1,072.80	-
Subordinate debt for shortfall in cost overrun rupee facility	-		272.99	-
Interest on Intercompany Deposit	85.50		27.04	-
(iii) Fellow subsidiaries				
(a) L&T Infotech Limited	0.45		0.74	-
(b) L&T Realty Developers Limited			1.89	-
(c) Larsen and Toubro Limited Construction-Faridabad		0.03	-	0.37
(d) L&T Technology Services Ltd	-		0.20	-
(iv) Joint Ventures:				
(a) L&T Transportation Infrastructure Ltd		0.01		

VI) Commitment with Related Parties

₹ Crore

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	As at March 31, 2021	As at March 31, 2020
Larsen & Toubro Limited	146.62	173.25
Larsen & Toubro Infotech Limited	1.01	1.97

Note:

1. All the related party contracts/ arrangements have been entered on arms' length basis.
2. No amount pertaining to the related parties have been written off / written back during the year
3. 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

L&T Metro Rail (Hyderabad) Limited**Notes forming part of the Financial Statements****24.9 Disclosure pursuant to Ind AS 33 -Earnings per share**

Particulars	₹ Crore / Nos	2020-21	2019-20
Profit after Tax	₹ Crore	(1,766.74)	(382.21)
Number of equity shares outstanding	Nos	2,43,90,00,000	2,43,90,00,000
Weighted average number of equity shares	Nos	2,43,90,00,000	2,43,67,32,377
Earnings Per Share			
Basic & Diluted	₹ Crore	(7.24)	(1.57)
Nominal value per equity share	₹ Crore	10.00	10.00

24.10 Disclosure pursuant to Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"**Movement in Provisions: Major Maintenance and overhaul expenses.**

Particulars	₹ Crore
Balance as at 01.04.2020	28.54
Additional provision during the year (including unwinding of interest)	38.32
Provision used during the year	-
Provision reversed during the year	-
Balance as at 31.03.2021	66.86

24.11 Expenditure in Foreign Currency

₹ Crore

Particulars	As at March 31, 2021	As at March 31, 2020
On overseas contracts	105.20	347.25
Professional/Consultancy Fees	2.02	-
Travelling expenses	-	0.01
Total	107.22	347.26

24.12 Impact of Covid on Financials :

The Company has taken into account the possible impact of Covid 19 while preparation of the financial statements including assessment of liquidity and going concern assumption, recoverable values of the financial and non-financial assets and impact on revenue recognition in the light of certain changes in real estate market conditions, work from home practices being followed by corporates etc. The Company has carried out this assessment based on longer period of the concession, entitlement for force majeure compensation and other available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets.

24.13 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 ₹ 4,91 Cr. The same is being recovered from the company over the period of vesting by the holding Company. Accordingly, cost of ₹ 4.58 Cr. (P.Y. ₹ 4.01 Cr.) has been recovered by the holding Company upto current year, out of which, ₹ 0.57 Cr/- (P.Y. ₹ 0.88 Cr.) was recovered during the year. Balance of ₹ 0.30 Cr. will be recovered in future periods

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

24.15 Figures have been rounded off to the nearest rupee.

L&T Metro Rail (Hyderabad) Limited

Notes forming part of the Accounts

Note 25. Significant Accounting Policies

I. Corporate Information:

L&T Metro Rail (Hyderabad) Limited was incorporated on 24th August 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriented 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 Public Private Partnership mode. The concession period of the project is for 35 years commencing from the Appointed Date including the construction period which is extendable for a further period of 25 years subject to fulfilment of certain conditions by the Company and the company does not foresee any challenge in complying with such conditions. The Government had declared Appointed Date as 5th July 2012.

The construction work in three corridors of the Project namely Corridor-1: Miyapur to LB Nagar (29.55 KM), Corridor-2: JBS to MGBS (10.65 KM) and Corridor-3: Nagole to Raidurg (29.00 KM) further divided in stage-wise manner is complete and the same were opened for public use by various dates starting from 29th November,2017 to 8th February 2020.

The Company also completed construction of 1.28 million sft space of Transit oriented development(TOD) consisting of 4 malls and an office block at Punjagutta, Errum Manzil, Hitec City and Moosarambagh locations and commenced commercial operations on various dates starting from 29.11.2017 to 09.08.2019, The construction work for an office block of 0.5 Million sft at Raidurg site is under progress.

The project has been funded by promoters' share capital, viability gap fund and term loans from a consortium of banks with State Bank of India, as lead bank.

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 and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 of the Companies Act, 2013.

2. Basis of accounting

The Company maintains its accounts on accrual basis following historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

Fair Value measurements are categorized as below, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities that the company can access at measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability and ;

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

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.

3. 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 as amended.

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

4. 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.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

5. Revenue recognition

The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” effective April 1, 2018. Ind AS 115 supersedes Ind AS 11 “Construction Contracts” and Ind AS 18 “Revenue”

The company recognizes revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. The revenue is recognized to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (goods or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation.

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.

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 and commercially explore 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 (9) 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

Interest income: Interest income on investments and loans is accrued on a time basis by reference to the principal outstanding and the effective interest rate including interest on investments classified as fair value through profit and loss account or fair value through Other comprehensive income. Interest receivable on customer dues is recognized as income in the Statement of profit and loss on accrual basis provided there is no uncertainty towards its realization.

Dividend income: Dividends income is accounted in the period in which the right to receive the payment is established.

Consulting & Training Income: Income from Consulting & Training is recognized over time as and when the customer receives the benefit of the company's performance and the

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

company has enforceable right to payment for services rendered.

6. 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 capitalized as a part of the cost of the PPE.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized 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
Desktop and laptop Computers	3 years
Vehicles	5 years
Office Equipment	4-5 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

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

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 recognized in the income statement on the date of retirement or disposal.

7. Investment property

The Transit Oriented Development business activities consist of various independent components provided through separate joint memorandum with the Government under License basis. Each of the properties/components constitute separate business activities/undertakings and are being developed/ commercially exploited in phased manner independently into Retail Malls /Office space/Mixed Use Commercial etc, after obtaining necessary statutory approvals for construction and development including approvals for monetization.

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 recognized 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.

Subsequent expenditure is capitalized 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 derecognized.

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

8. 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.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

The intangible assets are amortized 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 derecognized 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.

Intangible assets comprising specialized Software is amortized over a period of 6 years on straight line method.

9. 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

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.

10. 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 recognized in previous periods, if any,

Impairment loss is recognized 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).

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

11. 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 recognized 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 recognized 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 recognized in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognized in the Statement of Profit and loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs.

In the case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

c) Long term employee benefits:

The present value of the obligation under the long term employee benefit plans such as compensated absences 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 the defined benefit plans, is based on the market yield on government securities of a maturity period

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

equivalent to the weighted average maturity profile of the related obligations at the Balance sheet date.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, remeasurements including actuarial gains and losses are recognized in the statement of profit and loss as employee benefit expenses. Interest cost implicit in long term employee benefit cost is recognized in the Statement of Profit and loss under the finance cost

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

12. 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.

The Company as a Lessee

Leases are accounted as per Ind AS 116 which has become mandatory from April 1,2019.

Assets taken on lease are accounted as right of use assets and the corresponding lease liability is accounted at the lease commencement date.

Initially the right of use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments, discounted using the company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the estimate of the guaranteed residual value or a change in the assessment of purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The right of use asset is measured by applying cost model i.e right of use asset at cost less accumulated depreciation/impairment losses. The right of use asset is depreciated using the straight line method from the commencement date to the end of the lease term or useful life of the underlying asset whichever is lower. Carrying amount of lease liability is increase interest on lease liability and reduced by lease payments made.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

Lease payments associated with following leases are recognized as expense on straight line basis

- (i) Low value leases, and
- (ii) Leases which are short term.

The Company as a lessor

Assets given on lease are classified either as operating lease or as finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognized in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognized over the lease term, based on a pattern reflecting a constant periodic rate of return on company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. The group recognizes lease payment in case of assets given on operating leases as income on a straight line basis. The company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

13. Inventories

Inventories comprise of stores, spares and consumables. Inventories are stated at the lower of cost or net realizable 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 realizable 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

14. Financial instruments

Financial assets and financial liabilities are recognized 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 amortized cost or fair value. Investments in debt Instruments that meet the following conditions are subsequently measured at amortized 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)

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

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 recognized 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 recognized in profit or loss and other changes in fair value are recognized 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 derecognized 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 recognizing impairment loss on financial assets measured at amortized 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 recognized 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 recognized less cumulative amortization. All other financial liabilities including

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

loans and borrowings are measured at amortized cost using Effective Interest Rate (EIR) method.

Financial liability is derecognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing 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 recognized assets or liabilities or a firm commitment (fair value hedge);
- (b) hedges of a particular risk associated with a recognized 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

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

hedged item arising from the hedged risk is amortized 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 recognized in other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit and loss and is included in the other expenses.

Amounts previously recognized 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 recognized 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 recognized 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 recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized 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 recognized immediately in the statement of profit and loss.

(c) Hedges of net investments in foreign operations

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 recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized 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.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized 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 recognized 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 recognized 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

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief operating decision making body in the company to make decisions for performance assessment and resource allocation.

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.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

- 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 recognized 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 recognized 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 realized.

Other deferred tax assets are recognized 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 realized.

Transaction or event which is recognized 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 realize the asset and settle the liability simultaneously.

20. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

- a) the company 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

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

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

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.

21. 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.

22. Statement of Cash Flows

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

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

Cash and cash equivalents (including bank balances) shown in the Statement of Cash flows exclude items which are not available for general use as at the date of Balance Sheet.

Notes forming part of the Accounts (contd.)

Significant Accounting Policies (contd.)

23. 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.

24. 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 include useful lives of property, plant and equipment, intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

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

For and on behalf of the Board of Directors of
L&T Metro Rail (Hyderabad) Limited

Sd/-
KVB Reddy
[Managing Director & CEO]
DIN No: 01683467

Sd/-

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

Sd/-
Ajit Rangnekar
[Director]
DIN No: 01676516

Sd/-

Chandrachud D Paliwal
[Company Secretary]
Membership No: F5577

Place: Chennai
Date: 23.04.2021

Place: Hyderabad
Date: 23.04.2021