



L & T METRO RAIL (HYDERABAD) LIMITED

12th ANNUAL REPORT

FY 2021-22

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. S.N. Subrahmanyam	Non-Executive 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
Mr. Sujit Varma	Independent Director

AUDIT COMMITTEE

Mr. R. Shankar Raman	Member
Mr. Ajit Rangnekar	Member
Mr. M.R. Prasanna	Member
Mr. Sujit Varma	Member

NOMINATION AND REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Mr. Ajit Rangnekar	Member
Mr. M R Prasanna	Member
Mr. K.V.B. Reddy	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ajit Rangnekar	Member
Mr. Sujit Varma	Member
Mr. K.V.B. Reddy	Member
Mr. Rahul Nilosey	Member

Mr. Rahul Nilosey	Chief Financial Officer
Mr. Chandrachud D Paliwal	Head- Legal & Company Secretary

STATUTORY AUDITOR

M/s M. Bhaskara Rao & Co.,
Chartered Accountants, Hyderabad.

REGISTRAR & TRANSFER AGENT

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

DEBENTURE TRUSTEE

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

Axis Trustee Services Limited
The Ruby, 2nd Floor, SW 29,
Senapati Bapat Marg
Dadar West, Maharashtra - 400028

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 Twelfth Annual General Meeting of the Company is scheduled to be held on Wednesday, the 10th day of August 2022 at 11.30 AM (IST) at the registered office of the Company at Hyderabad Metro Rail (Hyderabad) Limited, Uppal Main Road, Nagole, Hyderabad – 500039 with the facility of attending the meeting 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 2022 together with the reports of the Board and the Auditor thereon.
2. To appoint a Director in place of Mr. R Shankar Raman (DIN- 00019798), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

1. Appointment of Mr. Sujit Varma as Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Sujit Kumar Varma (DIN- 09075212), who was appointed as an Additional Director with effect from 25th April 2022 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and Article 41 of Article of Association of the Company and who holds office up to the date of the ensuing General Meeting, be and is hereby appointed as a Director of the Company.”

2. Approval for appointment of Mr. Sujit Varma as an Independent Director of the Company for a period of five years with effect from 25th April 2022:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of sections 149 read with Rule 3 and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time and placing reliance on the declaration received from Mr. Sujit Varma that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for appointment as an Independent Director, Consent of the Members of the Company be and is hereby accorded to the appointment of Mr. Sujit Kumar Varma (DIN- 09075212) as an Independent Director of the Company, to hold office as such for a period of 5 (five) consecutive years with effect from 25th April 2022 and that he shall not be liable to retire by rotation.”

**By order of the Board
L&T Metro Rail (Hyderabad) Limited**

Date: 16th July 2022
Place: Hyderabad

Sd/-

**Chandrachud D. Paliwal
Head - Legal & Company Secretary**

NOTES:

1. 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, January 13, 2021 and May 5, 2022 (“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.

EXPLANATORY STATEMENT**(As required by Section 102 of the Companies Act, 2013)****ITEM NO. 1**

Mr. Sujit Kumar Varma (DIN- 09075212), on the recommendations of the Nomination and Remuneration Committee, has been appointed as an Additional and Independent Director by the Board w.e.f. 25th April 2022 in accordance with Regulation 17(1)(a) & (b) of SEBI (LODR) Fifth Amendment Regulations, 2021 read with Article 41 of Article of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 he holds office up to the date of ensuing Annual General Meeting.

Mr. Sujit Varma has an illustrious career in the field of Banking with proven track record of leading diverse business departments. He is highly experienced in Corporate and Retail Credit, Trade Finance, International Banking, Risk Management and Compliance.

Your Directors recommend passing of this resolution set out at Item No.1 as an Ordinary Resolution.

Except Mr. Sujit Varma, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 1.

ITEM NO. 2

The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Sujit Kumar Varma (DIN- 09075212), as an Independent Director of the Company with effect from 25th April 2022 for a period of five consecutive years in accordance with Section 149 read with Rule 3 and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and other relevant provisions of the Companies Act, 2013.

Mr. Sujit Varma has given a declaration under Section 149(7) of the Companies Act, 2013 to the Board that he meets the criteria of independence as provided under section 149(6) of the

Companies Act, 2013. In the opinion of the Board, Mr. Sujit Varma fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and he is independent of the management. The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

Your Directors recommend passing of this resolution set out at Item No. 2 as an Ordinary Resolution.

Except Mr. Sujit Varma, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 2.

**By order of the Board
L&T Metro Rail (Hyderabad) Limited**

Date: 16.07.2022
Place: Hyderabad

**Sd/-
Chandrachud D. Paliwal
Head - Legal & Company Secretary**

BOARD'S REPORT (SECTION 134)

Dear Members,

Your Directors have pleasure in presenting their Twelfth report and Audited Accounts for the year ended 31st March, 2022.

1. Financial Results / Financial Highlights:

Particulars	2021-22	2020-21
	₹ in Cr.	₹ in Cr
Profit / (Loss) Before Depreciation, exceptional items & Tax	(1439.58)	(1468.26)
Less: Depreciation, amortization, impairment and obsolescence	306.63	298.49
Profit / (Loss) before exceptional items and tax	(1746.21)	(1766.75)
Add: Exceptional Items	-	-
Profit / (Loss) before tax	(1746.21)	(1766.75)
Less: Provision for tax	(0.36)	-
Profit / (Loss) after Tax	(1745.85)	(1766.75)
Add: Other Comprehensive Income	0.51	-
Total Comprehensive Income	(1745.34)	(1766.75)
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 ₹ 357.15 Cr (including fare and non-fare revenue) as against ₹ 227.95 Cr for the previous financial year. The loss before tax and after tax were ₹ 1746.21 Cr and ₹ 1745.85 Cr respectively for the financial year under review as against loss before and after tax of ₹ 1766.75 Cr for the previous financial year.

The Company operates in two Business segments namely Fare Collection Rights (Metro Rail System) and others. Revenue from Metro Rail System and others for the financial year ended 31st March 2022 was ₹ 319.62 Cr (including construction revenue of Rs.118.23 Cr) and ₹ 155.76 Cr respectively.

During majority of the period under review, all segments of operations of the Company were impacted due to the Government-imposed restrictions on account of the COVID-19 pandemic. As a result, ridership on the Metro Rail System and footfalls in the retail malls operated by the Company were low, whereas the Company also incurred some additional costs to ensure the health and safety of all employees. However, the Company offered incentive schemes to its patrons, which was positively received and helped support ridership to some extent. In the real estate portfolio, the Company had to extend support to retailers by adopting revenue sharing model of lease rentals in the place of fixed rentals.

The Company continues to monitor Covid-19 related reports and guidelines received from authorities, and accordingly implements its health and safety protocols so that the safety of all employees as well as business continuity are not adversely impacted.

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 Rail System. All efforts are being put in to make Hyderabad Metro the safest & cleanest transportation mode keeping in view current pandemic situation.

CMRS sanction was received on 31st March 2022, for software modification which allowed maximum train speeds to be increased from 70 kmph to 80 kmph across all the corridors. This is another benefit to the commuters as it helps reduce travel times on the Metro Rail System.

During the year under report and amidst the 2nd and 3rd waves of COVID-19 pandemic, the Company received encouraging revenues from non-fare revenue viz. train wrapping services, telecom sector (Optical Fiber & Tower), training and consultancy to other metros.

3. Capital & Finance:

During the financial year under review the Company successfully executed the refinancing of the entire term loans from banks by raising ₹ 12,975 Cr through Non-

Convertible Debentures (NCDs) and Commercial Papers (CPs). The NCDs and CPs are rated AAA (CE) and A1+ respectively by Crisil Limited and India Ratings and Research Private Limited. This was the largest single-day fund-raise by any corporate in the Indian debt capital markets. The transaction also helps reduce the interest rate for the Company on this borrowing by more than 2.5% per annum.

During the year, the Company exercised its call option to redeem ₹ 250 crore of its Unsecured Debentures issued in 2018.

4. Capital Expenditure:

As at March 31, 2022 the gross fixed assets comprising of Property, Plant and Equipment, Investment Property and intangible assets stood at ₹ 17,882.95 Cr and the net fixed assets comprising of Property, Plant and Equipment, Investment Property and intangible assets stood at ₹ 17,043.29 Crs. The total additions to Property and Plant and Equipment, Investment Property and Intangible assets during the year amounted to ₹ 435.95 Cr.

5. Deposits:

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

6. Depository System:

As on March 31, 2022, 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.

7. Particulars of Contracts or Arrangements with related parties:

In terms of the provisions of Regulation 23 of Listing Obligations and Disclosure Requirements, Regulations 2015 ('SEBI LODR Regulations 2015') the Audit Committee and the Board of Directors have reviewed and approved the Related Party Transactions Policy and the same has been uploaded on the Company's website www.ltmetro.in

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 2021-22 as required under the provisions of Section 177 of the Companies Act, 2013 and/or Regulation 23 of the SEBI LODR Regulations, 2015.

8. Amount to be carried to general reserve:

The Company has not transferred any amount to general reserve.

9. Dividend:

In the absence of distributable profits, the Board of Directors do not recommend any dividend on its equity shares.

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

NIL

11. 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.

12. Risk Management Policy:

The Company has constituted a Risk Management Committee comprising of Mr. Ajit Rangnekar, Mr. M R Prasanna and Mr. KVB Reddy as members.

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment, including cyber security and ESG risks and minimization initiatives undertaken. It also periodically reviews the risk to ensure that executive management controls risk by means of a properly designed framework.

The details of the same are given in **Annexure III** – Report on Corporate Governance forming part of this Report.

13. 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.

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

- Mr. J Ravikumar superannuated from the position of Chief Financial Officer of the Company with effect from 30th April 2021.
- Mr. Rahul Nilosey was appointed as the Chief Financial Officer of the Company with effect from 1st May 2021.
- Mr. Sujit Kumar Varma was appointed as Non-executive Director (Independent Director category) with effect from 25th April 2022 for a period of five years.

The terms and conditions of appointment of Chief Financial Officer of the Company are in compliance with the provisions of the Companies Act, 2013.

Nomination and Remuneration Committee considers the appointment of Independent Directors after evaluating the skills, knowledge and experience required on the Board as per the approved skill matrix.

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 (LODR Regulations 2014 wherever applicable) and are placed on the website of the Company www.ltmetro.in

The Company has also disclosed on its website details of the familiarization programs formulated to educate the independent directors regarding their roles, rights and responsibilities in the Company and the nature of the industry in which the company operates, the business model of the Company, etc.

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

15. 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 23rd April 2021, 12th July 2021, 8th September 2021, 11th October 2021 and 10th January 2022.

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.

16. Audit Committee:

The Company has an Audit Committee in compliance with the requirements of the Companies Act, 2013 and Regulation 18 of the SEBI LODR Regulations 2015.

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 and Regulation 18 of the SEBI LODR Regulations 2015.

The current members of the Audit Committee are Mr. R Shankar Raman, Mr. M R Prasanna, Mr. Ajit Rangnekar and Mr. Sujit Kumar Varma as on the date of this Report.

The details relating to the same are provided in **Annexure III** – Report on Corporate Governance forming part of this report.

17. 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 and Regulation 22 of LODR Regulations 2015. This policy provides for adequate safeguards against victimization of persons who complain under the mechanism. The Audit Committee oversees the functioning of the Whistle Blower Policy / Vigil Mechanism framework.

Members can view the details of the whistle blower policy of the Company on its website www.ltmetro.in

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

The Company has 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 and Regulation 19 of the LODR Regulations 2015.

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.

The details relating to the same are provided in **Annexure III** – Report on Corporate

Governance forming part of this report.

The Company has formulated a policy on Board Diversity.

19. Stakeholders' Relationship Committee:

The Company has constituted a Stakeholders' Relationship Committee having terms of reference in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 20 of the LODR Regulations 2015. The Committee comprises of one Executive Director, one Non-Executive Director one Independent Director and Chief Financial Officer of the Company. The current members of the Stakeholders' Relationship Committee are Mr. KVB Reddy, Mr. Ajit Rangnekar, Mr. Sujit Kumar Varma and Mr. Rahul Nilosey.

Since the Committee is recently constituted, the committee meetings will be conducted in FY 2022-23.

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 and Regulation 25(8) of LODR Regulations 2015 confirming that he/she is not disqualified from appointing/re-appointing/continuing as an Independent Director as per the criteria laid down in section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of LODR Regulations, 2015. 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).

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, 2022 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 has 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 12th July 2021. 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;	25.82:1
b. Percentage increase in remuneration of the following KMPs in the financial year;	
i. Directors	0.93%
ii. CEO or Manager	-
iii. CFO	Joined during present financial year
iv. CS	5.75%
c. Percentage increase in the median remuneration of employees in the financial year;	2%
d. Number of permanent employees on the rolls of company as on 31 st March 2022;	107
e. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	-
f. Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

The information in respect of the Company required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time is provided in **Annexure II** forming part of this report. 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. Protection of Women at Workplace:

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

The Company has complied with the requirement of Internal Committee (IC) as stipulated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consisting of five members

There was one case of sexual harassment reported to the Company during Financial Year 2021-22, which was transferred from IC to Disciplinary Committee with the consent of the Complainant due to lack of relevant findings and hence the complaint was dismissed.

27. Auditor's Report:

The Auditor's 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:

M/s M K Dandeker & Co., Chartered Accountants completed its ten years as Statutory Auditors of the Company at the end of the conclusion of the 11th Annual General Meeting of the Company. In view of the mandatory rotation of auditor and in accordance with the provisions of the Companies Act, 2013, M/s M Bhaskara Rao & Co. were appointed as Statutory Auditor 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.

For the financial year 2021-22, the total audit fees paid by the Company and its subsidiaries, on a consolidated basis, to the Auditors and all entities in the network firm/entity of which the Auditors are a part thereof for all the services provided by them is Rs. 7 lakhs + GST.

29. Secretarial Audit Report:

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

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 and is available on our website www.ltmetro.in

32. Other Disclosures:

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

Pursuant to Regulation 34 of the Regulations 2015, a Report on Corporate Governance along with a certificate obtained from the Statutory Auditors confirming compliance, is provided in **Annexure III** forming part of this Report.

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 Trustees:

The Company has Unsecured Debentures amounting to ₹ 750 Cr and Senior, Listed, Rated, Redeemable, Non Convertible Debentures of ₹ 8616 Cr as on 31st March, 2022.

M/s SBICAP Trustee Company Limited, having their office at 202, Marker Tower, 'E', Cuffe Parade, Colaba, Mumbai - 400005 are continuing as the Debenture Trustee for Tranche I, II and III Unsecured Debentures amounting to ₹ 750 crore

Axis Trustee Services Limited, having their office at The Ruby, 2nd Floor, SW 29, Senapati Bapat Marg, Dadar West, Maharashtra – 400028 were appointed as Debenture Trustee for Senior, Listed, Rated, Redeemable, Non Convertible Debentures amounting to ₹ 8,616 crore

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 Trustees and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Hyderabad
Date : 25.04.2022

Sd/-
K V B Reddy
Managing Director &
Chief Executive Officer
(DIN:01683467)

Sd/-
N V S Reddy
Director
(DIN: 01414254)

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 ₹ 29.55 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 2022

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	437,96,658	BE, PGDBM, 38 years	Essar Power	60	-	No
Sudhir Chiplunkar	16-03-2021	Regular	Chief Operating Officer – Railway Systems	1,00,00,000	M. Tech in Microelectronics, 33 yrs	AECOM India Pvt. Ltd.	56	1 share jointly with L&T Limited	No
Sanjay Kumar	10-10-2016	Regular	Head - Human Resource	96,90,248	B. Tech & PGDBA, 30 years	Reliance Power	58	-	No
P Ravishankar	01-08-2011	Regular	VP & Head - TOD, Project Planning, Control & Contract	84,75,000	MCS & B. Tech, 26 years	L&T Limited	52	1 share jointly with L&T Limited	No
KV Nagendra Prasad	16-05-2020	Regular	Head-TOD Operation & Retail Leasing & Advt. Business	74,36,910	PGDM in Business Administration, 24 yrs.	Hyderabad international trade exposition Ltd (HITEX)	48	1 share jointly with L&T Limited	No
Chandrachud D. Paliwal	02-05-2018	Regular	Head - Legal & Co. Secretary	63,49,962	CS, LLB PGDLL & ACIS (UK), 24 yrs.	Essar Power	45	1 share jointly with L&T Limited	No
Ashutosh Kumar Das	07-12-2016	Regular	Head - Supply Chain Management	62,64,704	MBA & B. E, 22 years	GMR Hyderabad International Airport	53	-	No
Rahul Nilosey	01-04-2021	Regular	CFO	50,23,303	MBS in Financial Mgt., 20 years	Larsen & Toubro Ltd.	44	1 share jointly with L&T Limited	No
Bibhudatta Mishra	03-03-2014	Regular	Sr. Dy. General Manager- AFC	48,06,890	B. Tech, 22 years	Mumbai Metro One	44	-	No
Anindita Sinha	07-05-2018	Regular	Head - Corporate Communications	47,89,411	B.A., 30 years	GMR Hyderabad International Airport	53	-	No

ANNEXURE III TO THE BOARD REPORT

A. CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a company. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company has always worked towards building trust with investors, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

C. THE GOVERNANCE STRUCTURE

The Corporate Governance structure of the Company comprises of the Board of Directors, various committees of the Board and the Senior Management.

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensuring its effectiveness and enhancement of securityholder value. The Board also provides strategic direction, reviews and approves management's business objectives, plans and oversees risk management including review of financials, quarterly/yearly performance, revenue and capital budget, etc.

The Non-Executive Directors / Independent directors play a critical role in enhancing balance to the Board processes with their independent judgment on issues of performance, resources, standards of conduct, safety, etc., besides providing the Board with valuable inputs.

The Committees constituted by the Board provide focused attention and in-depth attention to certain specific matters in accordance with the terms of reference of the respective

Committee. The details of the various Board Committees and their roles and functions are provided in subsequent paragraphs of this report.

The Senior Management Personnel contribute to the strategic management of the Company's businesses within Board approved direction and framework. They assume overall responsibility for strategic management of business and functions including its governance processes and top management effectiveness. The Chief Executive Officer is fully accountable to the Board for the Company's business development, operational excellence, business results, leadership development and other related responsibilities.

The governance structure, besides ensuring greater management accountability and credibility, facilitates performance discipline and development of business leaders, leading to increased public confidence.

D. BOARD OF DIRECTORS

Composition of the Board:

The Company's policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors. As on 31st March 2022, the Board comprised the Chairman, the Managing Director & Chief Executive Officer, 2 Non-Executive Directors, 1 Nominee Director (representing Government of Telangana State) and 3 Independent Directors, including one Independent Woman Director. The composition of the Board, as on 31st March 2022, is in conformity with the provisions of the Companies Act, 2013. The Company is in process of compliance of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations').

Meetings of the Board:

The Meetings of the Board are generally held at the Registered Office of the Company at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad – 500039. However, in view of the COVID 19 pandemic during FY 2022 Board Meetings were held through video conferencing. The Meetings of the Board have been held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 5 meetings were held on 23rd April 2021, 12th July 2021, 8th September 2021, 11th October 2021 and 10th January 2022.

The Independent Directors met on 12th July 2021 to discuss, inter alia, the performance evaluation of the Board as a whole and assess the quality, quantity and timeliness of flow of

information between the management and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Managing Director & Chief Executive Officer and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once every quarter, inter alia, to review the quarterly results. Additional meetings are held, whenever necessary. The meetings were conducted through video conference during the year. Presentations are made on business operations to the Board. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The respective Chairman of the Board Committees apprise the Board Members of the important issues and discussions in the Committee Meetings. Minutes of Committee meetings are also circulated to the Board.

The composition of the Board of Directors as on 31st March 2022 and their attendance at the Meetings during the year and at the last Annual General Meeting is as under:

Name of Director	Category	Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM
Mr. S N Subrahmanyam	Chairman (Non-Executive Director)	5	2	No
Mr. K V B Reddy	Managing Director & Chief Executive Officer	5	5	Yes
Mr. R Shankar Raman	Non-Executive Director	5	5	No
Mr. Ajit Rangnekar	Independent Director	5	5	Yes
Mr. M R Prasanna	Independent Director	5	5	Yes
Mr. NVS Reddy	Nominee Director	5	4	Yes
Mr. Shrikant Joshi	Non-Executive Director	5	5	No
Mrs. Vijayalakshmi Iyer	Independent Director	5	4	No

None of the above Directors are related inter se.

None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 17A of the SEBI LODR Regulations. As on 31st March 2022, the number of other Directorships and Memberships / Chairmanships of Committees of the Board of Directors are as follows:

Name of Director	No. of Directorship in listed entity	No. of Independent Directorship in listed entity	No. of Committee Membership	No. of Committee Chairmansh ip
Mr. S N Subrahmanyam	5	0	0	0
Mr. K V B Reddy	1	0	0	0
Mr. R Shankar Raman	4	0	6	0
Mr. Ajit Rangnekar	1	1	2	0
Mr. M R Prasanna	2	2	3	0
Mr. NVS Reddy	1	0	0	0
Mr. Shrikant Joshi	2	0	0	0
Mrs. Vijayalakshmi Iyer	7	2	10	4

Company Directorships includes directorships in all public limited companies and excludes private limited companies, foreign companies and Section 8 companies along with directorship of L&T Metro Rail (Hyderabad) Ltd.

The details of Committee Chairmanships / Memberships are disclosed as per Regulation 26 of the SEBI LODR Regulations.

E. BOARD COMMITTEES

The Board currently has 4 Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders' Relationship Committee and 4) Risk Management Committee. The terms of reference of the Board Committees are in compliance with the provisions of the Companies Act, 2013, SEBI LODR Regulations and are also reviewed by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

1. AUDIT COMMITTEE

Terms of reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors, other than for certification of certain statements as may be required by the Company.
4. Recommendation for appointment, remuneration and terms of appointment of cost auditors of the Company.
5. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
6. Reviewing, with the management, the annual financial statements and the audit report before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Modified opinion(s) in the draft audit report.
7. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
9. Discussion with internal auditors of any significant findings and follow up there on.
10. Approval of appointment of Chief Financial Officer after assessing the qualifications,

experience and background, etc. of the candidate.

11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
12. To look into the reasons for substantial defaults in the payment to, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
14. To review the functioning of the whistle blower/vigil mechanism.
15. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
16. Approval or any subsequent modification of transactions of the Company with related parties;
17. Scrutiny of inter-corporate loans and investments;
18. Valuation of undertakings or assets of the Company, wherever it is necessary;
19. Evaluation of internal financial controls and risk management systems;
20. Monitoring the end use of funds raised through public offers and related matters. The statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter; and
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company.

Composition

As on date of this report, the Audit Committee comprises of three Independent Directors and 1 Non-executive Director.

During the year under review, five meetings were held on 23rd April 2021, 12th July 2021, 8th September 2021, 11th October 2021 and 10th January 2022.

The attendance of Members at the Meetings was as follows:

Name	Category	No. of meetings held during the year	No. of meetings attended
Mr. R Shankar Raman	Non-Executive Director	5	4

Mr. Ajit Rangnekar	Independent Director	5	5
Mr. M R Prasanna	Independent Director	5	5
Mrs. Vijayalakshmi Iyer*	Independent Director	5	4

* Ceased to be a member of the committee after the Audit Committee Meeting held on 11th October 2021.

During the year the Committee did not have a regular Chairperson and the Chairperson was elected at every meeting.

The Managing Director & Chief Executive Officer & Chief Financial Officer of the Company are permanent invitees to the Meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

2. NOMINATION & REMUNERATION COMMITTEE

Terms of reference

- (a). Identify persons who are qualified to become Director and persons who may be appointed in KMPs in accordance with the criteria laid down in this policy.
- (b). To formulate the criteria for determining the qualifications, positive attributes and independence of a director.
- (c). To formulate criteria for evaluation of Independent Directors, Chairman, Board and the Board Committees.
- (d). Recommend to the Board, appointment and removal of Director and KMP.
- (e). The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorised by him, shall be present at the General meetings of the Company, to answer the shareholders queries, if any.
- (f). The Nomination and Remuneration Committee shall set up a mechanism, if required, to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.
- (g). Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended shall have the capabilities identified in such description.
- (h). Devise a policy on Diversity of Board of Directors.

- (i). Extension or continuation of the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.

Composition:

As on the date of this report, the Committee comprises of 2 Independent Directors and 1 Non-Executive Director.

Meetings:

During the year ended 31st March 2022, 5 meetings of the Nomination and Remuneration Committee were held on 21st April 2021, 12th July 2021, 11th October 2021, 3rd November 2021 and 7th March 2021.

The attendance of Members at the Meetings was as follows:

Name	Category	No. of meetings held during the year	No. of meetings attended
Mr. Ajit Rangnekar	Independent Director	5	5
Mr. M R Prasanna	Independent Director	5	5
Mr. Shrikant Joshi	Non-Executive Director	5	3

During the year the Committee did not have a regular Chairperson and the Chairperson was elected at every meeting.

Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic & financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance.

The Independent Directors and Nominee Director are paid remuneration by way of sitting fees. The Company paid sitting fees of Rs. 25,000/- per meeting of the Board and Rs. 15,000/- for Audit Committee and Nomination and Remuneration Committee meetings during the year to the Independent Directors.

As required by the provisions of Regulation 62 of the SEBI LODR Regulations, the criteria for payment to Independent Directors is made available on the investor page of our corporate website www.ltmetro.in

- **Performance Evaluation Criteria for Independent Directors:**

The performance evaluation questionnaire covers qualitative/ subjective criteria's with respect to the structure, effectiveness of the Board and Committees, strategic decision making, functioning of the Board and Committees, Committee composition, information availability, adequate participation, etc. It also contains specific criteria for evaluating the Chairman and individual Directors. An external consultant is engaged to receive the responses of the Directors and consolidate/analyze the responses. This is done through a software platform of the external consultant.

- **Details of remuneration paid / payable to Directors for the year ended 31st March 2022:**

The Company does not pay any remuneration to its Non-executive non-Independent Directors. The details of remuneration paid / payable to the Independent Directors and Nominee Director for the year 2021-22 is as follows:

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. Ajit Rangnekar	1,25,000	1,50,000	0	2,75,000
Mr. M R Prasanna	1,25,000	1,50,000	0	2,75,000
Ms. Vijayalakshmi Iyer	1,00,000	60,000	0	1,60,000
Mr. NVS Reddy	1,00,000	0	0	1,00,000

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

Terms of Reference:

1. Resolving the grievances of the security holders of the Company.
2. Review of various measures taken for timely payment of interest on debentures and redemption amount of debentures.
3. Review of measures taken by the Company for timely dispatch of annual report, notices and other information by the security holder.

Composition:

As on the date of this report, the Committee comprises of one Executive Director, one Non-Executive Director one Independent Director and Chief Financial Officer of the Company.

Meetings:

Since the Committee is recently constituted, the committee meetings will be conducted in FY 2022-23.

Number of Requests / Complaints:

During the year, the Company did not receive any investor grievances.

4. RISK MANAGEMENT COMMITTEE**Terms of Reference:**

1. To formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the Company, in particular, financial, operational, sectoral, sustainability (particularly, ESG related risks), information, or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
2. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
3. Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
4. Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
5. Evaluate risks related to cyber security and ensure appropriate measures are taken to mitigate these risks.
6. The appointment, removal and terms of remuneration of the Chief Risk Officer.

Composition:

As on the date of this report, the Committee comprises of one Executive Director and two Independent Directors of the Company.

Meetings:

Since the Committee is recently constituted, the committee meetings will be conducted in FY 2022-23.

F. GENERAL BODY MEETINGS

The last three Annual General Meeting (AGM) / Extra-ordinary General Meeting (EGM) of the Company were held as under:

Financial Year	Date	Venue	Time
2020-21 AGM	21 st May 2021	Through video conferencing or other audio visual means	11.00 AM
2021-22 EGM	12 th August 2021	At the registered office address of the Company	11.00 AM
2021-22 EGM	3 rd November 2021	At the registered office address of the Company	12 Noon
2021-22 EGM	21 st January 2022	At the registered office address of the Company	11.00 AM
2019-20 AGM	14 th August 2020	Through video conferencing or other audio-visual means	11.00 AM
2018-19 AGM	6 th August 2019	At the registered office address of the Company	11.00 AM

The following Special Resolutions were passed by the Members during the General Meetings:
Extra-ordinary General Meeting held on 12th August 2021:

- Increase in borrowing limits of the Company from INR 17,000 crore to INR 18,000 crore

Extra-ordinary General Meeting held on 3rd November 2021:

- Temporary increase in the borrowing limits of the Company from INR 18,000 crore to INR 26,300 crore
- Offer to debenture holders for redemption of outstanding NCDs at premium
- Issuance of non-convertible debentures on private placement basis and commercial paper for an amount not exceeding INR 13,150 crore
- Creation of security for non-convertible debentures forming part of refinance debt within the overall borrowing limit of INR 26,300 crore

Extra-ordinary General Meeting held on 21st January 2022:

- Continuation of directorship of Mr. Ajit Rangnekar as Non-Executive Director (Independent Director category) beyond seventy five years of age

- Continuation of directorship of Mr. M R Prasanna as Non-Executive Director (Independent Director category) beyond seventy five years of age

Annual General Meeting held on 6th August 2019:

- Borrowings in excess of paid-up share capital and free reserves to the extent of INR 17,000 crore.

Resolution(s) passed through Postal Ballot:

No postal ballot was conducted during FY 2021. There is no immediate proposal for passing any resolution through postal ballot.

G. DISCLOSURES

- During the year, there were no transactions of material nature with the Directors or the Management or relatives or the subsidiaries that had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the accounts as required under IND AS 24 and the same are given in Notes forming part of the financial statements.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.
- There were no instances of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges on any matter related to the capital markets, during the last three years.
- As required under the provisions of SEBI LODR Regulations, a certificate confirming that none of the Directors on the Board have been debarred or disqualified by the Board/Ministry of Corporate Affairs or any such statutory authority obtained from M/s Kota & Associates, Company Secretaries is a part of the Corporate Governance report.
- Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 form a part of the Board Report. Please refer to Point 26 of the Board Report.

H. MEANS OF COMMUNICATION

Financial Results and other Communications

Quarterly and Annual Results are published in prominent daily newspaper viz. The Financial Express. The results are also posted on the Company's website www.ltmetro.in

Website

The Company's corporate website www.ltmetro.in provides comprehensive information about nature of activities and business. Section on "Investors" serves to inform and service the security holders allowing them to access information at their convenience. The entire Annual Report including Accounts of the Company are available in downloadable formats. The entire Annual Report including Accounts of the Company would also be made available on the websites of the Stock Exchanges.

Filing with Stock Exchanges

Information to Stock Exchanges is now being also filed online on BSE Online for BSE Ltd. Stock exchange.

Annual Report and Annual General Meeting

Annual Report is circulated to all the members and all others like auditors, debenture trustees etc. The Annual Report is e-mailed to all members who have registered their email ids with the Company. The Annual Report would also be made available on the website of the Company. The Chairman suitably responds to the queries raised by the shareholders during the AGM.

SEBI Complaints Redress System (SCORES)

Investor complaints are processed at SEBI in a centralized web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaints and their status. The Company did not receive any complaint on SCORES during FY 2021-22.

Management Discussion & Analysis

This is not applicable on the Company.

Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2022-23 to BSE in April 2022.

Custodial Fees to Depositories:

The fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) shall be paid on the receipt of their invoice.

I. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting:

The Annual General Meeting of the Company will be convened during the month of September 2022 at the registered office address.

b) Financial calendar:

1. Annual results of 2021-22	25 th April 2022
2. E-mailing of Annual Reports	Second week of September 2022
3. Annual General Meeting	September 2022
4. First quarter results	During second week of July 2022*
5. Second quarter results	During second week of October 2022*
6. Third quarter results	During second week of January 2023*

* Tentative

c) Listing of debentures and commercial papers on Stock Exchange:

The debentures and commercial papers of the Company are listed on BSE Limited (BSE) with scrip code 952316.

d) Registrar and Transfer Agents (RTA):

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

Credit Rating:

The Company has obtained rating from CRISIL Limited and India Ratings and Research Private Limited during the financial year 2021-22. The NCDs and CPs are rated AAA(CE) and A1+ respectively.

J. DEBENTURE TRUSTEE

M/s SBICAP Trustee Company Limited, having their office at 202, Marker Tower, 'E', Cuffe Parade, Colaba, Mumbai - 400005 are continuing as the Debenture Trustee for Tranche I, II and III Unsecured Debentures amounting to ₹ 750 crore

Axis Trustee Services Limited, having their office at The Ruby, 2nd Floor, SW 29, Senapati Bapat Marg, Dadar West, Maharashtra – 400028 were appointed as Debenture Trustee for Senior, Listed, Rated, Redeemable, Non Convertible Debentures amounting to ₹ 8,616 crore.

K. ADDRESS FOR CORRESPONDANCE

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

Debenture holders' correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose address is given below:

NSDL Database Management Limited
4th Floor, A Wing, Trade World ,
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai - 400013.
Tel : (022) 4914 2700
Email: info_ndml@nsdl.co.in
Website: www.nsdl.co.in

a) Investor Grievances:

The investors may register their complaints, if any on chandrachud.paliwal@ltmetro.com.

b) Secretarial Audit as per Companies Act, 2013:

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013, M/s. Kota & Associates, Company Secretaries, conduct the secretarial audit of the compliance of applicable statutory provisions and the adherence of good corporate practices by the Company.

Pursuant to the SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8th February 2019, the Company has obtained an annual secretarial compliance report from M/s. Kota & Associates, Company Secretaries and shall submit the same to the Stock Exchanges within the prescribed timelines.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. of the Company : U45300TG2010PLC070121

Nominal Capital : Rs.24390000000.00

To

The Members of
L&T METRO RAIL (HYDERABAD) LIMITED
Hyderabad.

I have examined all relevant records of L&T Metro Rail(Hyderabad) Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended 31st March, 2022.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate 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.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with

(a) all the mandatory conditions of Clause 49 of the Listing Agreement.

(b) the Company has adopted the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

(c) As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 which was made effective 7th September, 2021, Corporate Governance Report under Reg.27 to be filed with Stock Exchange within 21 days from the end of the quarter i.e. for the 3rd Quarter (October, November and December, 2021) report is to be filed by 21st January, 2022 but it was filed on 1st of February, 2022 by making a delay of 10 days. This was duly communicated with Stock Exchange by the Company as the delay was due to technical issues of the reporting procedure. Further, as per the Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021, that these provisions shall be applicable to a 'high value debt listed entity' on a 'comply or explain' basis until March 31, 2023 and on a mandatory basis thereafter.

For Kota & Associates,
Company Secretaries.

Sd/-
Kota Srinivas
Practicing Company Secretary
M.No.F10597
CPNo.14300
UDIN: F010597D000208905

Date: 26.04.2022
Place : Hyderabad

ANNEXURE - IV
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March 2022
[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 and Commercial Papers issued by the Company aggregating 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	70%
2	Real Estate, Renting and Business Activities	7010	30%

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

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt. (s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	2438999999	-	2438999999	100	2438999999	-	2438999999	100	0
Banks / FI									-
Any Other									-
Sub-total (A) (1):-	2438999999	-	2438999999	100	2438999999	-	2438999999	100	0
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2438999999	-	2438999999	100	2438999999	-	2438999999	100	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	1	1	-		1	1	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	1	1	-		1	1	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 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%	-	0
	Total:	2438999999	99.99%	51%	2438999999	99.99%	-	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	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP *				
	<i>At the beginning of the year</i>	-	-	-	-
	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. Rahul Nilosey, Chief Financial Officer and Mr. Chandrachud D Paliwal, Company Secretary each hold one Equity Share of face value ₹ 10 each fully paid up Jointly with M/s. Larsen And Toubro Limited.

V. INDEBTEDNESS ACCOUNTS:

		Secured Loans/Borrowings excluding deposits (Rs.)	Unsecured Loans *	Deposits	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year					
i).	Principal Amount	1,32,25,42,88,569	9,96,91,19,399	23,64,99,33,098	1,65,87,33,41,065
ii).	Interest due but not paid	-	-	-	-
iii).	Interest accrued but not due	-	31,07,67,129	85,50,11,285	116,57,78,414
Total (i+ii+iii)		1,32,25,42,88,569	10,27,98,86,528	24,50,49,44,383	1,67,03,91,19,479
Change in Indebtedness during the financial year					
Addition		86,16,00,00,000 *	56,94,79,13,500	15,54,00,00,000	1,58,64,79,13,500
Reduction		1,32,25,42,88,569	15,85,02,17,500	4,97,00,00,000	1,53,07,45,06,069
Net Change		46,09,42,88,569	41,09,76,96,000	10,57,00,00,000	5,57,34,07,431
Indebtedness at the end of the financial year					
i).	Principal Amount	86,16,00,00,000	51,06,68,15,399	34,21,99,33,098	1,71,44,67,48,497
ii).	Interest due but not paid	-	-	-	-
iii).	Interest accrued but not due	1,31,14,71,449	60,25,26,680	3,04,71,07,018	4,96,11,05,147
Total (i+ii+iii)		87,47,14,71,449	51,66,93,42,079	37,26,70,40,116	1,76,40,78,53,644

*Even though these debentures are unsecured from Companies Act and SEBI guidelines perspective, additional comfort has been provided to the investors of these debentures by way of following securities:

- Charge on the Company's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, all other moveable assets and current assets, both present and future, save and except the Project Assets and rights and assets of the Company in relating to Real Estate Development segment of the Project.
- Charge on the Company's escrow accounts and permitted investments.
- Charge on rights, interest under/in respect of project documents, approvals, insurance contracts and escrow accounts to the extent permitted to the lenders under escrow agreement together with permitted investments etc. and

- d) Charge on all rights, title, interest, benefits, claims and demands of the Company into and under the project agreements.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.no.	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	295,19,449	295,19,449
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	142,77,209	142,77,209
	(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)		4,37,96,658*	4,37,96,658*

* As per 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	1,60,000	2,75,000	2,75,000	7,10,000
	➤ Commission	-	-	-	-
	➤ Others, please specify	-	-	-	-
	Total (1)	1,60,000	2,75,000	2,75,000	7,10,000
2.	Other Non-Executive Directors / Nominee Director	Mr. N V S Reddy		-	-
	➤ Fee for attending board / committee meetings	1,00,000	-	-	1,00,000
	➤ Commission	-	-	-	-
	➤ Others, please specify	-	-	-	-
	Total (2)	1,00,000	-	-	1,00,000
	Total (B)= (1+2)				8,10,000
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. Rahul Nilosey	
1.	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63,49,962	50,23,303	113,73,265
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-	-
2.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission				
		- as % of profit	-	-	-
		- others, specify...	-	-	-
5.	Others, please specify		-	-	-
	Total (A)		63,49,962	50,23,303	113,73,265

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	-	-	-	-	-

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022
[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, 2022, 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, 2022 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.

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.

-Members' Approval has been obtained for continuation of Sri Ajit Rangnekar Pandurang (DIN:01676516) & Mr. Prasanna Rangacharya Mysore (DIN-00010264) who are Non-Executive Directors (Independent Category) as Independent Directors beyond their attaining Seventy Five years of age, as required under the Act.

- Mr. Rahul Nilosey has been appointed as CFO on superannuation of existing CFO of the Company.

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, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there have been enlisted major actions or events undertaken by the Company which may have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, etc.,. The company has

- *Issued 86,160 Non-Convertible Debentures of face value Rs.10,00,000 each, by creating charge on all tangible/ or intangible assets for debentures and these NCDs of the Company are listed on Bombay Stock Exchange.*
- *Appointed Axis Trustee Services Limited , as Debenture Trustee for the aforesaid NCDs.*
- *The Charge with SBICAP Trustee Company Limited (for the total financial assistance of Rs.13840.39 Crores was satisfied during the reporting period.*
- *Issued 27,000 Commercial Paper on private placement basis with a face value of Rs.5,00,000/- and the same was listed on BSE Debt Segment.*
- *The Board of Directors at its meeting held on 8th September, 2021 have inter alia have approved increase in the Authorized Share capital but not increased, as proposed.*
- *As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 which was made effective 7th September, 2021, Corporate Governance Report under Reg.27 to be filed with Stock Exchange within 21 days from the end of the quarter i.e. for the 3rd Quarter (October, November and December, 2021) report is to be filed by 21st January, 2022 but it was filed on 1st of February, 2022 by making a delay of 10 days. This was duly communicated with Stock Exchange by the Company as the delay was due to technical issues of the reporting procedure. Further, as per the Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021, that these provisions shall be applicable to a 'high value debt listed entity' on a 'comply or explain' basis until March 31, 2023 and on a mandatory basis thereafter.*

I further report that the audit was conducted as per the CSAS standards prescribed.

Place: Hyderabad

Date: 21st April, 2022.

UDIN: F010597D000180162

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: 21.04.2022

Sd/-
Kota Srinivas
Company Secretary in Practice
FCS 10597
CP No.14300

List of Applicable Acts

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
3. The Securities and Exchange Board of India (Issue and listing of Debit securities) Regulations, 2008.
4. The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client.
5. The Metro Railways (Construction of Works) Act, 1978.
6. The Metro Railways (Operation & Maintenance) Act, 2002 and the Rules made thereunder.
7. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
8. The Minimum Wages Act, 1948 read with the Telangana Minimum Wages Rules, 1960;
9. The Payment of Gratuity Act, 1972 read with the Telangana Payment of Gratuity Rules 1972;
10. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
11. The Contract Labour (Regulation & Abolition) Act, 1970 read with the Contract Labour (Regulation and Abolition) Rules, 1971;
12. Income Tax Act, 1961 read with Income Tax Rules;

13. The Central Sales Tax Act, 1956 read with the Central Sales Tax (Registration & Turnover) Rules, 1957;
14. Service Tax Provisions under Finance Act, 1994 read with the Service Tax Rules, 1994 and the Service Tax (Registration of Special Category of Persons) Rules, 2005 and the Cenvat Credit Rules, 2004;
15. The Personal Injuries (Compensation) Insurance Act, 1963;
16. The Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008);
17. The Maternity Benefit Act, 1961;
18. The Indian Telegraph Act, 1885 & the Indian Telegraph Rules, 1951;
19. The Indian Wireless Telegraphy Act, 1933;
20. The Registration Act, 1908;
21. Indian Stamp Act, 1899;
22. Motor Vehicles Act, 1988;
23. The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998;
24. The Building and Construction Workers Welfare Cess Act, 1996 and the Building and Construction Workers Welfare Cess Rules, 1998;
25. Multi-Storeyed Buildings Regulations, 1981;
26. The Telangana Rules for Construction and Regulation of Multiplex Complexes, 2007;

27. The Telangana Building Rules, 2012;
28. Telangana 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. The Telangana Motor Vehicles Rules, 1989;
31. The Telangana Motor Vehicles Taxation Act, 1963 and the Rules made thereunder;
32. The Telangana Tax on Professions, Trades, Callings and Employments Act, 1987 and the Rules made thereunder;
33. The Telangana Shops and Establishments Act, 1988;
34. The Telangana State Electricity Board (Recovery of Dues) Act, 1984 and the Telangana State Electricity Board (Recovery of Debts) Rules, 1985;
35. The Telangana Compulsory Gratuity Insurance Rules, 2011;
36. The Telangana Contract Labour (Regulation and Abolition) Rules, 1971;
37. Telangana Value Added Tax Act, 2005 and the Rules made thereunder;
38. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 and the Rules made thereunder;
39. Telangana Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (here after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March 2022, its loss and total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Act and the Rules issued 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 judgement, were of most significance in our audit of the financial statements for the year ended on 31 March 2022. These matters were addressed in the context of our audit of the 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. No.	Key Audit Matters	Auditor's Response
1	<p>Intangible assets - Impairment Assessment</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</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> <p>1) We had discussions with the</p>

	<p>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>management of the company to understand the driving factors which have been/ should have been considered for the impairment analysis.</p> <p>2) We had made enquiries with the management and gained understanding of various strategic initiatives taken by the company to improve its capital structure.</p> <p>3) Reviewed the future traffic considered by the management for the cashflow projections and the consequential reduction in the estimated traffic for the next few years due to the Covid-19 pandemic and its aftermath.</p> <p>4) Also evaluated the appropriateness of underlying assumptions considered including discount rate, tax rates etc.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), 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 read with the Rules issued thereunder. 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures 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 controls system in place and the operating effectiveness of such controls.
- 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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any 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 requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of financial statements for the year ended 31 March 2022 and are therefore the key audit matters. We describe these matters in our auditor's report 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.

Other Matters

The financial statements of the company for the year ended 31 March 2021 were audited by the predecessor auditor, who had expressed an unmodified opinion on those financial statements vide their report dated 23 April 2021. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the rules issued thereunder;
 - e. on the basis of written representations received from the directors as on 31 March 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022, from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, 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 all pending litigations on its financial position in its financial statements - Refer note 17 to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts. The Company does not have any derivative contracts as on 31 March 2022; and
 - iii. there are no amounts which were required to be transferred to the Investor Education

and Protection Fund during the year ended 31 March 2022.

- iv. (i) the management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) the management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material mis-statement.
- v. The Company has not declared or paid any dividend during the year.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm’s Registration No.000459S

Sd/-

M V Ramana Murthy
Partner
Membership No.206439
UDIN : 22206439AHTFUW3677

Hyderabad, 25 April 2022

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of L&T Metro Rail (Hyderabad) Limited)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of Investment Property.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The fixed assets have been physically verified during the year by the Management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of their assets, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) The title deeds of immovable properties (other than buildings and land lease rights under Investment Properties) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year and accordingly, paragraph 3(i)(d) of the Order is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the management at reasonable intervals. The coverage and procedures of verification are appropriate and reasonable considering the size of the Company and nature of its business and no material discrepancies were noted on physical verification between physical stock and book records.
- (b) The Company has not been sanctioned working capital limits in excess of Rs.5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties during the year and accordingly paragraph 3(iii) of the Order is not applicable, at present.
- (iv) The Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, investments made and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits to which the directions issued by the Reserve Bank of India and provisions of Section 73 to Section 76 or any other relevant provision of the Act and the Rules made there under, where applicable. Further no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal and accordingly paragraph 3(v) of the Order is not applicable, at present.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act 2013 in respect of the Company's services and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained.

However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

- (a) The Company is generally regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year;

There were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess which were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable; and

- (b) According to the information and explanation given to us, no dues of income tax, sales tax, service tax, customs duty, excise duty, value added tax and any other statutory dues which have not been deposited on account of dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

- (ix) (a) The Company has not defaulted in repayment of term loans and other borrowings or in payment of interest thereon to banks, financial institutions or any other lenders. There are no dues to debenture holders at the year end.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The company has not availed any term loans during the year and reporting under paragraph 3(ix)(c) of the Order is not applicable.

- (d) On an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company, considering Company's expectation of roll over of commercial paper, refer Note 12.3 to the financial statements.

- (e) The Company does not have any subsidiaries, associates or joint ventures, accordingly the reporting under paragraph 3(ix) (e) and (f) of the Order is not applicable.

- (x) (a) The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3(x)(a) of the Order is not applicable.

- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year, and accordingly, paragraph 3(x)(b) of the Order is not applicable.

- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

- (xii) The Company is not a Nidhi Company; accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion the Company is in compliance with Sections 177 and 188 of the Act with respect of applicable transactions with related parties and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) The Company has not entered into non-cash transactions with directors or persons connected with Directors and hence provisions of Section 192 of the Act, are not applicable.
- (xvi) (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities.
- (c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India,
- (xvii) The Company has incurred cash losses of Rs.1400.00 Crores in the current financial year and Rs.1437.00 Crores in the preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and the Company's initiatives as detailed in Note 25.13 to the financial statements, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion, the Company is not required to spend amount on corporate social responsibility activities as provisions of section 135 of the Act are not applicable at present.
- (xxi) The Company does not have subsidiaries, accordingly paragraph 3(xxi) of the Order is not applicable.

for M. Bhaskara Rao & Co.,
Chartered Accountants
 Firm Registration No. 000459S

Sd/-
M V Ramana Murthy
Partner
 Membership No.206439
 UDIN: 22206439AHTFUW3677

Hyderabad, 25 April 2022

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **L&T Metro Rail (Hyderabad) Limited**)

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 31 March 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March 2022, 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 ICAI.

for M.Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No.000459S

Sd/-

M V Ramana Murthy
Partner
Membership No. 206439
UDIN: 22206439AHTFUW3677

Hyderabad, 25 April 2022

L&T Metro Rail (Hyderabad) Limited
Balance Sheet as at March 31, 2022

₹ Crore

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	1	127.03	115.06
b) Investment property	2	1,359.17	1,355.08
c) Intangible assets	3	15,557.82	15,696.52
d) Intangible assets under development	4	-	13.41
e) Other financial assets	5	88.35	13.59
f) Other non-current assets	6	35.87	38.18
		17,168.24	17,231.84
Current assets			
a) Inventories	7	12.17	14.46
b) Financial Assets			
i) Trade receivables	8	19.24	30.94
ii) Cash and cash equivalents	9	111.26	158.98
iii) Bank balances other than ii above	9	2.61	498.18
iv) Other financial assets	5	28.90	0.56
c) Other current assets	6	15.68	11.80
		189.86	714.92
TOTAL ASSETS		17,358.10	17,946.76
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	10	2,439.00	2,439.00
b) Other equity	11	(4,108.37)	(2,363.03)
		(1,669.37)	75.97
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	12	9,353.53	13,213.33
ii) Other financial liabilities	13	89.48	23.40
b) Provisions	15	113.58	66.86
		9,556.59	13,303.59
Current liabilities			
a) Financial liabilities			
i) Borrowings	12	8,287.25	3,490.58
b) Trade payables	14		
i) Due to Micro Enterprises and small enterprises		0.03	0.82
ii) Due to others		44.28	35.63
c) Other financial liabilities	13	1,121.88	1,014.78
d) Other current liabilities	16	14.88	22.65
e) Provisions	15	2.56	2.73
		9,470.88	4,567.20
TOTAL EQUITY AND LIABILITIES		17,358.10	17,946.76
Contingent liabilities	17		
Commitments	18		
Notes forming part of the Financial Statements	1 to 25		
Significant accounting policies	26		

As per our report attached

For M.Bhaskara Rao & Co.,
Chartered Accountants

Firm registration number : 000459S

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

Sd/-
M.V.Ramana Murthy
 Partner
 Membership No : 206439

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

Sd/-
N.V.S.Reddy
 [Director]
 DIN No:01414254

Sd/-
Rahul Nilosey
 [Chief Financial Officer]

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

Place : Hyderabad
 Date : 25.04.2022

Place : Hyderabad
 Date : 25.04.2022

L&T Metro Rail (Hyderabad) Limited
Statement of Profit and loss for the year ended March 31, 2022
₹ Crore

Particulars	Note No	2021-22	2020-21
INCOME			
Revenue from operations	19	338.64	189.61
Construction contract revenue		118.23	158.08
Other income	20	18.50	38.33
Total Income		475.37	386.02
EXPENSES			
Construction contract expenses		118.23	158.08
Operating expenses	21	259.64	211.93
Employee benefit expenses	22	27.30	28.31
Administration and other expenses	23	33.22	31.48
Finance costs	24	1,476.56	1,424.48
Depreciation and amortisation		306.63	298.49
Total Expenses		2,221.58	2,152.77
Profit/(loss) before tax for the year		(1,746.21)	(1,766.75)
Tax Expense:			
Current tax		-	-
Adjustments relating to earlier years		(0.36)	-
Deferred tax		-	-
		(0.36)	-
Profit/(loss) after tax for the year		(1,745.85)	(1,766.75)
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Gain/(loss) on remeasurement of defined benefit plans		0.51	-
Total Comprehensive Income for the year		(1,745.34)	(1,766.75)
Earnings per equity share	25.9		
Basic & Diluted		(7.16)	(7.24)
Face value per equity share		10.00	10.00

Notes forming part of the Financial Statements

1 to 25

Significant accounting policies

26

As per our report attached
For M.Bhaskara Rao & Co.,
Chartered Accountants

Firm registration number : 000459S

For and on behalf of the Board of Directors of
L&T Metro Rail (Hyderabad) Limited
Sd/-
M.V.Ramana Murthy

Partner

Membership No.206439

Sd/-
K.V.B.Reddy

[Managing Director &
Chief Executive Officer]

DIN No: 01683467

Sd/-
N.V.S.Reddy

[Director]

DIN No: 01414254

Sd/-
Rahul Nilosey

[Chief Financial Officer]

Sd/-
Chandrachud D Paliwal

[Company Secretary]

Membership No: F5577

Place : Hyderabad

Date : 25.04.2022

Place : Hyderabad

Date : 25.04.2022

L&T Metro Rail (Hyderabad) Limited			
Statement of Cash Flows for the year ended March 31, 2022			
			₹ Crore
S. No.	Particulars	2021-22	2020-21
A	Net profit / (loss) before tax	(1,746.21)	(1,766.75)
	Adjustment for		
	Depreciation and amortisation expense	306.64	298.50
	Finance Cost	1,476.56	1,421.07
	Interest income	(16.00)	(37.17)
	(Profit)/loss on sale of current investments(net)	(2.14)	-
	(Profit)/loss on sale of fixed assets	(0.01)	0.02
	Operating profit before working capital changes	18.84	(84.33)
	Adjustments for:		
	Increase / (Decrease) in long term provisions	46.72	38.32
	Increase / (Decrease) in other current liabilities	(7.26)	(3.26)
	(Increase) / Decrease in Trade Payables	7.85	13.10
	Increase / (Decrease) in other current financial liabilities	145.01	76.30
	Increase / (Decrease) in other non-current financial liabilities	66.08	(40.24)
	Increase / (Decrease) in short term provisions	(0.16)	(1.12)
	(Increase) / Decrease in other non-current financial assets	(74.76)	(3.04)
	(Increase) / Decrease in other non-current assets	(14.87)	(0.00)
	(Increase) / Decrease in Inventories	2.29	(6.00)
	(Increase) / Decrease in Trade Receivables	11.70	(1.64)
	(Increase) / Decrease in other current financial assets	(28.35)	(0.11)
	(Increase) / Decrease in other current assets	491.68	(1.30)
	Net cash generated from/(used in) operating activities	664.77	(13.31)
	Direct taxes refunds (net of payments)	7.79	20.76
	Net Cash(used in)/generated from Operating Activities	672.56	7.45
B	Cash flow from investing activities		
	Purchase of fixed assets	(198.77)	(324.51)
	Sale of fixed assets	0.03	0.03
	Sale/(Purchase) of current investments	2.14	-
	Interest received	16.00	37.17
C	Net cash (used in)/generated from investing activities	(180.60)	(287.31)
	Cash flow from financing activities		
	Proceeds from long term borrowings	8,616.00	957.24
	Repayment of long term borrowings	(12,737.86)	(521.07)
	Proceeds/(repayment) of short term borrowings	4,552.29	1,562.92
	Interest paid	(970.12)	(1,814.00)
	Net cash (used in)/generated from financing activities	(539.69)	185.09
	Net increase / (decrease) in cash and cash equivalents	(47.72)	(94.77)
	Cash and cash equivalents as at the beginning of the year	158.98	253.75
	Cash and cash equivalents as at the end of the year	111.26	158.98
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 and on behalf of the Board of Directors of	
For M.Bhaskara Rao & Co.,		L&T Metro Rail (Hyderabad) Limited	
Chartered Accountants			
Firm registration number : 000459S			
Sd/-		Sd/-	
M.V.Ramana Murthy		K.V.B.Reddy	
Partner		[Managing Director &	
Membership No.206439		Chief Executive Officer]	
		DIN No: 01683467	
		Sd/-	
		N.V.S.Reddy	
		[Director]	
		DIN No: 01414254	
		Sd/-	
		Rahul Nilosey	
		[Chief Financial Officer]	
		Sd/-	
		Chandrachud D Paliwal	
		[Company Secretary]	
		Membership No: F5577	
Place : Hyderabad		Place : Hyderabad	
Date : 25.04.2022		Date : 25.04.2022	

L&T Metro Rail (Hyderabad) Limited
Statement of changes in Equity for the year ended 31 March, 2022

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ Crore	No. of shares	₹ Crore
At the beginning of the year	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00
Issued during the year as fully paid	-	-	-	-
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 31.03.2021

₹ Crore

Particulars	Debenture Redemption Reserve	Retained earnings	Total
Balance as at 1.4.2020	2.82	(599.11)	(596.29)
Loss for the year	-	(1,766.74)	(1,766.74)
Balance as at 31.03.2021	2.82	(2,365.85)	(2,363.03)

Other Equity as on 31.03.2022

₹ Crore

Particulars	Debenture Redemption Reserve	Retained earnings	Total
Balance as at 1.4.2021	2.82	(2,365.85)	(2,363.03)
Loss for the year	-	(1,745.85)	(1,745.85)
Other comprehensive income			
Gain/(loss) on remeasurement of defined benefit plans	-	0.51	0.51
Balance as at 31.03.2022	2.82	(4,111.20)	(4,108.37)

As per our report attached
For M.Bhaskara Rao & Co.,
Chartered Accountants

Firm registration number : 000459S

For and on behalf of the Board of Directors of
L&T Metro Rail (Hyderabad) Limited
Sd/-
M.V.Ramana Murthy

Partner

Membership No.206439

Sd/-
K.V.B.Reddy

[Managing Director &

Chief Executive Officer]

DIN No: 01683467

Sd/-
N.V.S.Reddy

[Director]

DIN No:01414254

Sd/-
Rahul Nilosey

[Chief Financial Officer]

Sd/-
Chandrachud D Paliwal

[Company Secretary]

Membership No:F5577

Place : Hyderabad

Date : 25.04.2022

Place : Hyderabad

Date : 25.04.2022

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, 2021	Additions	Deductions	As at March 31, 2022	As at April 01, 2021	For the year	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Tangible Assets										
Plant and Machinery										
Leased out	134.91	26.56	-	161.46	33.09	12.41	-	45.50	115.96	101.81
Computers	2.12	0.04	0.05	2.11	1.79	0.12	0.05	1.86	0.24	0.33
Furniture & Fixtures	28.11	-	-	28.11	17.53	4.28	-	21.81	6.30	10.58
Office Equipment	15.23	2.64	-	17.86	12.90	0.43	-	13.34	4.53	2.33
Vehicles	0.14	-	0.14	-	0.12	-	0.12	-	-	0.01
Total	180.51	29.24	0.19	209.54	65.43	17.24	0.17	82.51	127.03	115.06

2 Investment Property

2.1 Completed property

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2021	Additions	Deductions	As at March 31, 2022	As at April 01, 2021	For the year	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Free hold land	-	0.16	-	0.16	-	-	-	-	0.16	-
Lease Out										
Buildings	639.53	247.89	-	887.42	30.65	10.56	-	41.21	846.22	608.88
Land License rights	67.95	27.01	-	94.96	3.44	1.13	-	4.57	90.39	64.50
Others										
Land License rights	429.64	-	-	429.64	0.61	7.36	-	7.97	421.67	429.03
Total	1,137.13	275.06	-	1,412.18	34.70	19.05	-	53.75	1,358.44	1,102.41

2.2 Amounts recognised in profit or loss for investment properties

₹ Crore

Particulars	31.03.2022	31.03.2021
Rental Income	51.19	27.12
Direct operating expenses from property that generated rental income	(0.09)	2.25

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

2.3 Capital work in Progress

₹ Crore

Particulars	As at April 01, 2021	Additions	As at March 31, 2022
Free hold land	-	-	-
<i>Transit oriented development</i>			
Free hold land	0.16	-	0.16
Work in progress	849.40	34.42	883.82
Land license rights	489.54	-	489.54
Salaries and wages	27.84	1.89	29.74
Interest expenses	149.27	12.63	161.90
Other expenses	8.50	0.74	9.24
	1,524.70	49.68	1,574.39
Transfer to Building	(639.53)	(247.89)	(887.42)
Transfer to completed property		(0.16)	(0.16)
Transfer to Land license rights*	(497.59)	(27.01)	(524.61)
Transfer to Property, Plant & Equipment	(134.90)	(26.56)	(161.46)
Total	252.67	(251.95)	0.75

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

₹ Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Contractual obligations to construct / develop the investment property	10.13	47.56

2.5 Amount shown under Investment property

₹ Crore

	As at March 31, 2022	As at March 31, 2021
Completed property	1,358.43	1,102.41
Capital work in progress	0.74	252.66
TOTAL	1,359.17	1,355.08

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Financial Statements
2.6 CWIP -Investment property as on 31.03.22

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
Projects in progress	0.74	-	-	-	0.74
Total	0.74				0.74

CWIP -Investment property as on 31.03.21

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
Projects in progress	56.36	95.23	79.67	21.25	252.51
Total	56.36	95.23	79.67	21.25	252.51

- i) There are no restrictions on realisation 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 which are based on government rates, market research, market trend and comparable values as considered appropriate. Fair value of the investment property consists of Buildings and land license rights as at 31.03.2022 is Rs.965.38 Crs (PY -Rs.668.21 Cr) and Rs.1134 Crs (PY- Rs.724.18 Cr) respectively.

3 Intangible Assets

₹ Crore

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2021	Additions	Deductions	As at March 31, 2022	Up to April 01,2021	For the year	Deductions	Up to March 31, 2022	As at March 31, 2022	As at March 31, 2021
Intangible Assets	16,123.88	131.65	-	16,255.53	428.25	270.05	-	698.30	15,557.23	15,695.63
Specialised Software	5.70	-	-	5.70	4.81	0.31	-	5.11	0.59	0.89
Total	16,129.58	131.65	-	16,261.23	433.06	270.36	-	703.41	15,557.82	15,696.52

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

4 Intangible Assets under development

₹ Crore

Particulars	As at April 01, 2021	Additions	As at March 31, 2022
Fare collection rights			
Construction work in progress	12,894.69	118.23	13,012.92
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	17,831.03	118.23	17,949.26
Less:			
Transfer to Intangible asset	(16,123.88)	(131.65)	(16,255.53)
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)	-

4.1 CWIP -Intangible assets as on 31.03.22

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
Projects in progress	-	-	-	-	-
Total					

CWIP -Intangible assets as on 31.03.21

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
Projects in progress	13.41	-	-	-	-
Total	13.41	-	-	-	

5 Other financial assets

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Security deposits	0.01	11.22	0.01	11.22
Financial Guarantee Assets	28.53	76.88	0.40	2.27
Others	0.36	0.25	0.15	0.10
Total	28.90	88.35	0.56	13.59

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

6 Other Assets		₹ Crore			
Particulars	As at March 31, 2022		As at March 31, 2021		
	Current	Non-current	Current	Non-current	
Capital advances					
Related parties	-	-	-		0.16
Others	-	24.02	-		33.60
Advance recoverable other than in cash					
Prepaid Expenses	11.64	-	9.52		-
Others	4.04	-	2.28		-
Income tax (net)	-	11.85	-		4.42
Total	15.68	35.87	11.80		38.18

7 Inventories		₹ Crore	
Particulars	As at March 31, 2022	As at March 31, 2021	
Stores and spares	12.17	14.46	
Total	12.17	14.46	

8 Trade receivables		₹ Crore			
Particulars	As at March 31, 2021		As at March 31, 2021		
	Current	Non Current	Current	Non Current	
Unsecured, Considered good	19.51	-	32.26		-
Less : Allowance for doubtful debts	0.27	-	1.32		-
Total	19.24	-	30.94		-

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

8.1 Trade Receivables as on 31.03.22		₹ Crore					
Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months-1 year	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i)Undisputed Trade Receivables - Considered good		10.68	2.95	2.14	0.12	0.02	15.90
(ii)Undisputed Trade Receivables - which have significant increase in credit risk		-	-	-	0.27	-	0.27
(iii)Disputed Trade Receivables - considered good		-	-	0.14	0.17	-	0.32
(iv)Unbilled dues	3.02	-	-	-	-	-	3.02
Total	3.02	10.68	2.95	2.28	0.56	0.02	19.51
Less; Allowance for doubtful debts							0.27
Total	-	-	-	-	-	-	19.24

Trade Receivables as on 31.03.21		₹ Crore					
Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months-1 year	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i)Undisputed Trade Receivables - Considered good	-	21.37	3.95	3.93	-	-	29.25
(ii)Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	1.32	-	-	1.32
(iii)Disputed Trade Receivables - considered good	-	-	-	0.32	-	-	0.32
(iv)Unbilled dues	1.37	-	-	-	-	-	1.37
Total	1.37	21.37	3.95	5.57	-	-	32.26
Less; Allowance for doubtful debts							1.32
Total	-	-	-	-	-	-	30.94

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

9 Cash and Bank Balances

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
(i) Cash and cash equivalents				
a) Balances with banks in current accounts	1.70		13.56	
b) Cash on hand	0.56		0.37	
c) Deposits with maturity of less than three months including interest accrued thereon.*	109.00	111.26	145.05	158.98
(ii) Other bank balances				
a) Earmarked deposit for DSCR support	-		497.41	
b) Balances with banks held as margin money deposits	2.61	2.61	0.77	498.18
Total		113.87		657.16

* 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

10.1 Authorised, issued, subscribed and paid up

	As at March 31, 2022		As at March 31, 2021	
Particulars	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				
Equity shares of ₹ 10 each	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00
	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00

10.2 Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at March 31, 2022		As at March 31, 2021	
Particulars	No. of shares	₹ Crore	No. of shares	₹ Crore
Equity shares of ₹ 10 each				
At the beginning of the year	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00
Change during the year	-	-	-	-
At the end of the year	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00

10.3 Terms / rights attached to shares

Equity shares

- The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.
- The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.
- The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.
- The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.
- The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Telangana (Government) having a par value of ₹ 10 in pursuance of the Shareholders Agreement entered into with the Government and others. In terms of the said agreement, the Government shall be entitled to appoint a nominee director on the Board of Directors of the company and so long as the Government holds the Golden Share, an affirmative vote of the Government or the director appointed by the government shall be required for passing of, by the general meeting of the company or the meeting of Board of Directors thereof, as the case may be, any resolution on all the reserved matters as specified in the said agreement.

10.4 Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at March 31, 2022		As at March 31, 2021	
Particulars	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

10.5 Details of Shareholders holding more than 5% shares in the company:

	As at March 31, 2022		As at March 31, 2021	
Particulars	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%

10.6 Shares held by promoters at the end of the year

	As at March 31, 2022		
Promoter's Name	No. of shares	% of shares	% Change during the year
Larsen and Toubro Limited (including nominee holding)	2,43,89,99,999	99.999%	Nil
Total	2,43,89,99,999		

10.7 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

10.8 Calls unpaid : Nil; Forfeited Shares : Nil

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

11 Other Equity

As on 31.03.2022

₹ Crore

Particulars	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the year	2.82	(2,365.85)	(2,363.03)
Profit/(Loss) for the year	-	(1,745.85)	(1,745.85)
Other comprehensive income	-	0.51	0.51
Balance at the end of the year	2.82	(4,111.20)	(4,108.37)

As on 31.03.2021

₹ Crore

Particulars	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the year	2.82	(599.11)	(596.29)
Profit/(Loss) for the year	-	(1,766.74)	(1,766.74)
Other comprehensive income	-	-	-
Balance at the end of the year	2.82	(2,365.85)	(2,363.03)

12. Borrowings

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non current	Current	Non current
Secured borrowings				
Senior, Listed, Rated, Redeemable Non Convertible Debentures* [Refer Note 12.1]	140.62	8,606.52	-	-
Term loans From banks [Refer Note 12.2]	-	-	1,009.01	12,216.42
Unsecured borrowings				
Commercial paper [Refer Note 12.3]	4,398.67	-	-	-
Listed, Rated, Redeemable Non Convertible Debentures** [Refer Note 12.4]	21.25	747.01	31.08	996.91
Loans from related parties				
Inter Corporate Deposits [Refer Note 12.5]	3,726.70	-	2,450.49	-
Total	8,287.25	9,353.53	3,490.58	13,213.33

12.1 Senior, Listed, Rated, Redeemable Non Convertible Debentures

Series	No of Debentures	Face Value of Each Debenture (₹)	Date of Allotment	Coupon Rate	Terms of Repayment
SERIES A INE128M08060	28,720	10,00,000	30-Dec-21	Coupon rate is 6.37% P.a. payable Annually	Redeemable at Face value on 30-04-2025
SERIES B INE128M08078	28,720	10,00,000	30-Dec-21	Coupon rate is 6.58% P.a. payable Annually.	Redeemable at Face value on 30-04-2026
SERIES C INE128M08086	28,720	10,00,000	30-Dec-21	Coupon rate is 6.68% P.a. payable Annually.	Redeemable at Face value on 30-04-2027

Note: The Company has issued 86,160 debentures @ Rs.10,00,000/- each aggregating to Rs.8,616 Crs during the current financial year and the same has been utilised for repayment of Term Loans

Security for Senior, Listed, Rated, Redeemable Non Convertible Debentures:

Even though these debentures are unsecured from Companies Act and SEBI guidelines perspective, additional comfort has been provided to the Investors of these debentures by way of following security:

- Charge on the Company's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, all other movable assets and current assets, both present and future, save and except the Project Assets and rights and assets of the Company in relating to Real Estate Development segment of the Project.
- Charge on the Company's escrow accounts and permitted investments;
- 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 all rights, title, interests, benefits, claims and demands of the Company in, to and under the Project Agreements
- The holding company Larsen & Toubro limited has provided financial guarantee against the series A,B & C NCD's issued by the Company.

* 4,220 series C NCDs of face value of Rs. 10,00,000 each are held by Larsen & Toubro Limited as on 31.03.2022. The interest accrued there on as on 31.03.22 is Rs. 140.56 Cr..

12.2 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.

Term Loans: 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.

12.3 Commercial papers

The Company has issued commercial papers of varying maturities aggregating to Rs.4500.00 Crores during the current financial year as part of refinancing of its long-term project loans and the proceeds of commercial papers have been utilized for repayment of Term Loans from Banks / Financial Institutions. The Company expects to continue to roll over the commercial papers on maturity beyond the original tenor. However, keeping the tenor of the documents, these have been classified and presented as current.

12.4 Listed, Rated, Redeemable Non Convertible 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. '-Put & Call option available to Debenture Holders & Company respectively on expiry of 10th & 15th Year from the Date of allotment
9.81% L&T MRHL November 2035	2,500	10,00,000	2nd November, 2015	> 9.81% 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.	
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

- a) ** 5,840 NCDs of face value of Rs. 10,00,000 each are held by Larsen & Toubro Limited as on 31.03.2022. The interest accrued there on as on 31.03.2022 is Rs. 21.32 Cr.
- b) The holding company Larsen & Toubro Limited has furnished promoters support undertaking to fund any coupon short fall for every coupon period during the tenure of Non Convertible Debentures.

12.5 Loans from related parties

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

13 Other financial liabilities

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non current	Current	Non current
a) Security deposits	70.60	11.66	45.29	19.38
b) Premium payable on Financial guarantee contracts	28.53	76.88	0.40	2.27
c) Other liabilities				
i) Creditors for capital supplies- Related parties	734.93	-	647.18	-
ii) Creditors for capital supplies-others	105.31	-	155.15	-
iii) Retention money	49.17	-	65.32	-
iv) Other payables	133.34	0.94	101.44	1.75
Total	1,121.88	89.48	1,014.78	23.40

14 Trade payables

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non current	Current	Non current
Due to micro enterprises and small enterprises	0.03	-	0.82	-
Due to Others	44.28	-	35.63	-
Total	44.31	-	36.45	-

*The principal amount of outstanding dues to Micro, small and medium enterprises under MSMED Act 2006 as at 31 March 2022 is Rs. Nil/- (PY. Rs 23,625/-) and the interest payable thereon is Nil. (PY Nil).

14.1 Trade Payables as on 31.03.22

₹ Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) MSME	0.03	-	-	-	-	0.03
(ii) Others	39.83	3.36	0.73	0.30	0.06	44.28
Total	39.87	3.36	0.73	0.30	0.06	44.31

Trade Payables as on 31.03.21

₹ Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) MSME	0.82	0.00	-	-	-	0.82
(ii) Others	1.93	27.12	5.42	0.04	1.11	35.63
Total	2.75	27.12	5.42	0.04	1.11	36.45

15 Provisions

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non current	Current	Non current
Provision for employee benefits	2.56	-	2.73	-
Provision for major maintenance and overhaul expenses [Refer Note 15.1]	-	113.58	-	66.86
Total	2.56	113.58	2.73	66.86

- 15.1 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.

16 Other current liabilities

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non current	Current	Non current
Statutory payables	14.46	-	22.10	-
Provision for employee benefits	0.42	-	0.55	-
Total	14.88	-	22.65	-

17 Contingent liabilities

₹ Crore

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Claims against the company not acknowledged as debts	-	-
(ii) Liability for duties, Cess and taxes that may arise in respect of matters in appeal /under dispute	10.60	9.00
Total	10.60	9.00

Notes:

1. It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters.

18 Commitments

₹ Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account(net of advances)		
(i) Estimated amount of contracts remaining to be executed on Intangible Assets	24.98	150.22
(ii) Estimated amount of contracts remaining to be executed on Investment Property	10.13	47.56
Total	35.12	197.78

19 Revenue from operations

₹ Crore

Particulars	2021-22	2020-21
Fare revenue	201.39	83.98
Lease rentals	65.66	41.11
Advertising revenue	17.81	16.11
Consultancy and training	6.93	7.40
Other revenue	46.85	41.01
Total	338.64	189.61

20 Other Income

₹ Crore

Particulars	2021-22	2020-21
Interest income	16.00	37.17
Income from Mutual Funds	2.14	-
Profit of sale of Property, Plant & Equipment	0.01	-
Miscellaneous income	0.35	1.16
Total	18.50	38.33

21 Operating expenses

₹ Crore

Particulars	2021-22	2020-21
Power & fuel	54.07	38.88
Operations and maintenance expenses	168.31	141.02
Provision for major maintenance and overhaul expenses	36.05	31.68
Others	1.21	0.35
Total	259.64	211.93

22 Employee benefit expenses

₹ Crore

Particulars	2021-22	2020-21
Salaries and wages	25.35	26.39
Contribution to provident and other funds	0.79	0.86
Staff welfare expenses	1.16	1.06
Total	27.30	28.31

23 Administration and other expenses

₹ Crore		
Particulars	2021-22	2020-21
Advertisement and publicity	0.05	0.28
Exchange gain/ loss	3.02	0.94
Office maintenance and other expenses	20.10	23.21
Allowance for doubtful debts	0.25	-
Insurance	9.71	6.96
Audit Fees*	0.09	0.09
Total	33.22	31.48

*Auditors remuneration(excluding GST)

₹ Crore		
Particulars	2021-22	2020-21
a) As auditor	0.07	0.07
b) For other services	0.00	0.01
c) Reimbursement of expenses	-	0.00
Total	0.07	0.08

24 Finance costs

₹ Crore		
Particulars	2021-22	2020-21
Interest expenses	1,393.92	1,403.63
Other borrowing cost	82.64	20.85
Total	1,476.56	1,424.48

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

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

25.1.1 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 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.	Ageing 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, 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.

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

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.

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

25.1.1 Financial Risk Management contd....

Contractual maturities of financial liabilities including estimated interest payments on borrowings

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Non- derivative liabilities:				
Borrowings	8,627.01	9,990.13	3,611.04	24,389.31
Trade payables	44.31	-	36.45	-
Creditors for capital supplies	889.41	-	989.61	-
Other financial liabilities	232.48	89.48	178.20	23.40
Total	9,793.21	10,079.61	4,815.30	24,412.71

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

25.1.1 Financial Risk Management contd....

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the company to cash flow interest rate risk. During 31 March 2022 and 31 March 2021, the Company's borrowings at variable rate were mainly denominated in INR.

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.

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, 2022	As at March 31, 2021
Variable rate borrowings	-	13,225.43
Fixed rate borrowings	17,478.91	2,364.99
Total borrowings	17,478.91	15,590.41

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, 2022			As at March 31, 2021		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans Fund Based Limits	0.00%	-	0%	8.93%	13,225.43	100%
Net exposure to cash flow interest rate risk		-			13,225.43	

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

₹ Crore

Particulars	Impact on profit before tax	
	March 31, 2022	March 31, 2021
Interest rates – increase by 25 basis points	-	33.06
Interest rates – decrease by 25 basis points	-	(33.06)

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

25.1.2 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
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 will take appropriate steps in order to maintain, or if necessary adjust, its capital
₹ Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Total Debt	13,145.82	13,225.43
Total equity	(1,669.37)	73.15
Add Non convertible debentures (Subordinated debt instruments)	747.01	996.91
Add Inter Corporate deposits	3,421.99	2,364.99
Add Viability Grant Fund	1,204.20	1,204.20
Adjusted capital	3,703.82	4,639.25
Debt-to-adjusted capital	3.55	2.85

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

25.1.3 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 31,2022			As at March 31,2021		
	USD	Euro	Total	USD	Euro	Total
Financial Liabilities						
Payables - Creditors on account of Capital Expenditure	11.86	20.99	32.85	-	-	-
Less : Derivatives taken to hedge the above Exposure						
Currency and Interest Rate Swaps	-	-		-	-	
Forward Contracts	-	-	-	-	-	-
Options contracts	-	-	-	-	-	-
Net Exposure	11.86	20.99	32.85	-		-

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, 2022	As at March 31, 2021
USD sensitivity		
INR/USD -Increase by 5% (31 March 2021-5%)	34	-
INR/USD -Decrease by 5% (31 March 2021-5%)	31	-

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

25.1.4 Fair value measurements

(a) Financial instruments by category

₹ Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Mutual funds	-	-	-	-	-	-
Security deposits	-	-	11.23	-	-	11.23
Financial Guarantee Assets	-	-	105.42	-	-	2.67
Others	-	-	0.25	-	-	0.10
Other Receivables	-	-	19.24	-	-	30.94
Cash and cash equivalents	-	-	111.26	-	-	158.98
Earmarked deposit for DSCR support			-			497.41
Balances with Banks held as margin money deposits	-	-	2.61	-	-	0.77
Total financial assets	-	-	250.01	-	-	702.10
Financial liabilities						
Borrowings	-	-	17,640.79	-	-	16,618.41
Other payables	-	-	239.69	-	-	105.86
Security deposits	-	-	82.26	-	-	64.67
Trade Payables			44.31			36.45
Creditors for capital expenditure	-	-	889.41	-	-	989.61
Total financial liabilities	-	-	18,896.46	-	-	17,815.00

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

25.1.4 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.

Assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2022

₹ Crore

	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	-	-	-	-

Assets and liabilities for which fair values are disclosed at March 31, 2022

₹ Crore

	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	-	-	-	-

Assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2021

₹ Crore

	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	-	-	-	-

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

Assets and liabilities for which fair values are disclosed at March 31, 2021

₹ Crore

	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	-	-	-	-

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.

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

(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

25.1.4 Fair value measurements Contd...

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

₹ Crore

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	11.23	11.23	11.23	11.23
Others	0.25	0.25	0.10	0.10
Financial Guarantee Assets	105.42	105.42	2.67	2.67
Other Receivables	19.24	19.24	30.94	30.94
Cash and Cash Equivalents	111.26	111.26	158.98	158.98
Earmarked deposit for DSCR support	-	-	497.41	497.41
Balances with Banks held as margin money deposits	2.61	2.61	0.77	0.77
Financial liabilities				
Term Loan Borrowings	17,640.79	17,640.79	16,618.41	16,618.41
Security deposits	82.26	82.26	64.67	64.67
Trade payables	44.31	44.31	36.45	36.45
Creditors for capital expenditure and other payables	1,129.10	1,129.10	1,095.46	1,095.46

The carrying amounts of trade receivables, trade payables, advances receivable in cash, short term security deposits, 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, 2022	As at March 31, 2021
Non-current		
First charge		
Freehold land	-	0.16
Receivables	19.24	30.94
Total assets pledged as security	19.24	31.10

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

25.2 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, 2022	As at March 31, 2021
Revenue		
Metro Rail System	319.62	242.06
Others	155.76	143.97
Total	475.38	386.03
Expenditure		
Metro Rail System	660.56	651.77
Others	84.48	79.94
Total	745.04	731.71
Operating Profit (PBIT)		
Metro Rail System	(340.94)	(409.71)
Others	71.28	64.03
Interest expense		
Metro Rail System	1,428.83	1,361.09
Others	47.73	59.97
PAT		
Metro Rail System	(1,769.40)	(1,770.81)
Others	23.55	4.06

(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, 2022		As at March 31, 2021	
	Segment Assets	Additions to non-current assets	Segment Assets	Additions to non-current assets
Metro Rail System	15,622.62	(125.98)	15,748.61	(124.00)
Others	1,624.22	82.45	1,541.76	102.69
Total segment assets	17,246.84	(43.53)	17,290.37	(21.31)
<i>Unallocated:</i>				
Deferred tax assets	-	-	-	-
Investments	-	-	-	-
Cash and cash equivalents	111.26	(47.72)	158.98	(94.77)
Other bank balances	-	-	497.41	-
Total assets as per the balance sheet	17,358.10	(91.25)	17,946.76	(116.08)

25.2 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, 2022	As at March 31, 2021
Metro Rail System	18,925.29	17,127.28
Others	102.18	743.51
Total segment liabilities	19,027.47	17,870.79
<i>Unallocated:</i>		
Deferred tax liabilities	-	-
Current tax liabilities	-	-
Total liabilities as per the balance sheet	19,027.47	17,870.79

(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

25.3 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	Provision of 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, 2022	As at March 31, 2021
Construction revenue	118.23	158.08
Profit	-	-

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

25.4 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

Particulars	Balance Sheet		Profit & Loss	
	31.3.2022	31.3.2021	FY 21-22	FY 20-21
Difference in book depreciation and income tax depreciation (tax amount)	2,226.92	1,645.41	581.69	779.09
Carried forward tax losses (tax amount)				
Unabsorbed depreciation (tax amount)	(2,226.92)	(1,645.41)	(581.69)	(779.09)
Net deferred tax (assets)/liabilities	-	-	-	-

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

₹ Crore

Particulars	31.3.2022		31.3.2021	
	Rs.	Expiry Year	Rs.	Expiry Year
Tax losses (Business loss and unabsorbed depreciation)	3,913.26	-	2,199.39	-
Amount of losses having expiry (Base amount)	3,077.33	2025-26 to 2029-30	1,669.91	2025-26 to 2028-29
Amount of losses having no expiry (base amount)	835.94	-	529.49	-

- iii) 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.
- iv) Other deferred tax assets have not been recognised considering the concept of reasonable certainty of future taxable income.

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

25.5 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: ₹ 0.37 Cr. (Previous Year ₹ 0.41 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 31.03.2022
1	Receivable not later than 1 year	25.93
2	Receivable not later than 1 year and not later than 2 years	25.42
3	Receivable not later than 2 years and not later than 3 years	11.91
4	Receivable not later than 3 years and not later than 4 years	0.19
5	Receivable not later than 4 years and not later than 5 years	0.19
6	Receivable later than 5 years	0.40
	Total (1+2+3+4+5+6)	64.04

25.6 Disclosure pursuant to Ind AS 19 -Employee benefits

i) Defined contribution plan:

An amount of ₹ 0.79 Cr. (Previous Year : ₹ 0.94 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 raterisk, 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.

25.6 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	As at	As at	As at
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
A) Present value of defined benefit obligation				
- Wholly funded	3.08	3.34	-	-
- Wholly unfunded	-	-	2.57	2.73
	3.08	3.34	2.57	2.73
Less : Fair value of plan assets	2.66	2.77		
Amount to be recognised as liability or (asset)	0.42	0.57	2.57	2.73
B) Amounts reflected in the Balance Sheet				
Liabilities	0.42	0.57	2.57	2.73
Assets				
Net Liability / (asset)	0.42	0.57	2.57	2.73

₹ Crore

d) Amounts recognised in the Financials are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at	As at	As at	As at
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
1. Current service cost	0.35	0.39	0.21	0.47
2. Interest on Defined benefit obligation	0.22	0.23	0.17	0.22
3. Interest income on plan assets	(0.18)	(0.20)		
4. Actuarial losses/(gains)				
Remeasurement - Due to financial assumptions	(0.90)	(0.04)	(0.50)	(0.02)
Remeasurement - Due to demographic assumptions				
Remeasurement - Due to experience adjustments	0.39	(0.05)	(0.49)	(0.52)
Total (1 to 4)	(0.12)	0.34	(0.61)	0.15
I Amount included in financials	(0.12)	0.34	(0.61)	0.15
II Amount included as part of "finance costs"	-	-	-	-
Total (I + II)	(0.12)	0.34	(0.61)	0.15
(i) Amount included in "Employee Benefit Expenses"	0.35			
(ii) Amount included in "Finance Cost"	0.04			
(iii) Amount included in "Other Comprehensive Income"	(0.51)			
Total (i+ii+iii)	(0.12)			
Actual return on plan assets	-	-	-	-

₹ Crore

25.6 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Opening balance of the present value of defined benefit obligation	3.34	3.75	2.73	3.87
Add: Current service cost	0.35	0.39	0.21	0.47
Add: Interest cost	0.22	0.23	0.17	0.22
Add: Contribution by plan participants				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add : Remeasurements due to experienced adjustments	0.40	(0.21)	0.49	(0.52)
Less: Benefits paid	(0.32)	0.78	(0.50)	1.29
Add: Remeasurements due to financial assumptions	(0.90)	(0.04)	(0.53)	(0.02)
Add: Past service cost			-	-
Closing balance of the present value of defined benefit obligation	3.09	3.34	2.57	2.73

- 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, 2022	As at March 31, 2021
Opening balance of fair value of plan assets	2.77	3.20
Add: Expected return on plan assets	0.18	0.20
Add: Remeasurements- return on assets	0.01	(0.16)
Add: Contribution by employer	0.02	0.31
Add: Contribution by plan participants	-	-
Less: Adjustment to opening balance & other	-	-
Less: Benefits paid	(0.32)	0.78
Closing balance of fair value of plan assets	2.66	2.77

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

- g) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2022	As at March 31, 2021
1) Discount rate	7.29%	6.86%
2) Salary growth rate	6.00%	10.00%
3) Expected rate of return	7.29%	6.86%
4) Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
5) Attrition rate	5.00%	5.00%

- h) A quantitative sensitivity analysis for significant assumption as at 31 March 2022 - Impact on defined benefit obligation

₹ Crore

Particulars	Discount rate	
	31 March 2022	31 March 2021
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	2.91	3.08
3) Decrease in assumptions	3.26	3.63

₹ Crore

Particulars	Salary growth rate	
	31 March 2022	31 March 2021
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	3.25	3.56
3) Decrease in assumptions	2.92	3.11

₹ Crore

Particulars	Attrition rate	
	31 March 2022	31 March 2021
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	3.09	3.30
3) Decrease in assumptions	3.06	3.38

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

Particulars	As at March 31, 2022	As at March 31, 2021
Insurer managed funds	100%	100%

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

₹ Crore

Particulars	As at March 31, 2022	As at March 31, 2021
1. Gratuity	6.7	12.79
2. Compensated absences	5.21	6.56

25.7 Disclosure pursuant to Ind AS 23 -Borrowing Costs

Additions during the year to capital work-in-progress/intangible assets under development include ₹ 12.63 Cr. (previous year: ₹ 13.11 Cr.) being borrowing cost capitalised in accordance with Ind AS 23 “Borrowing Costs”
 Asset wise break-up of borrowing costs capitalised is as follows:

Asset Class	₹ Crore	
	As at March 31, 2022	As at March 31, 2021
Tangible - Capital work in progress	12.63	13.11
Intangible - Intangible Assets under development	-	-
Total	12.63	13.11

25.8 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 |

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 up to 30.04.21 |
| | 3) Mr.Rahul Nilosey, Chief Financial Officer from 01.05.21 |
| | 4) Mr. Chandrachud D Paliwal, Head - Legal & Company Secretary |
| | 5) Mr. Ajit Pandurang Rangnekar,Independent Director |
| | 6) Mr. N.V.S.Reddy,Independent Director |
| | 7) Mr.M.R.Prasanna, Independent Director |
| | 8) Mrs. Vijayalakshmi Iyer, Independent Director |

III) Disclosure of related party transactions:

₹ Crore

Name/Relationship/ Nature of transaction	2021-22	2020-21
1. Holding Company		
Larsen & Toubro Limited		
(a) Pay roll & TEMS Processing fees	0.08	0.08
(b) Cost of Services by	1.04	0.72
(c) Cost of services to	0.07	1.15
(d) Inter Corporate Deposit received	1,554.00	1,292.19
(e) Inter Corporate Deposit repaid	497.00	-
(f) Repayment of NCD	250.00	-
(g) Interest paid on NCD	23.80	-
(h) Repayment of Subordinate debt	-	272.99
(i) Interest on Inter corporate deposits	243.57	105.63
(j) Corporate Financial Guarantee Charges	9.15	0.53
(k) Intangible Assets /Construction work in progress	147.28	141.41
(l) Overheads charged by	3.82	5.72
2. Fellow Subsidiaries		
L&T Infotech Limited		
(a) Purchase of services and products	1.97	2.95

25.8 Disclosure pursuant to Ind AS 24 -Related party disclosures

IV) Key Management Personnel Compensation

₹ Crore

Particulars	2021-22	2020-21
Short Term Employee Benefits	5.48	4.38
Post-Employee Benefits	0.11	0.11
Sitting fee to independent directors	0.10	0.08
Total	5.69	4.57

V) Due to / from related parties

₹ Crore

Name/Relationship	As at March 31, 2022		As at March 31, 2021	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Holding company)	734.93		647.17	-
Larsen & Toubro Ltd (LTHCIC)	-		0.01	
Non Convertible Debentures(NCD)	1,006.00		400.00	
Accrued Interest on NCD	24.71		14.30	
Inter Corporate Deposit	3,421.99		2,364.99	-
Interest on Intercompany Deposit	304.71		85.50	-
(iii) Fellow subsidiaries				
(a) L&T Infotech Limited	0.13	0.16	0.45	-

VI) Commitment with Related Parties

₹ Crore

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	As at March 31, 2022	As at March 31, 2021
Larsen & Toubro Limited	7.59	146.62
Larsen & Toubro Infotech Limited	-	1.01

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 provided financial guarantee against Rs.8,616 Cr debentures issued by the company.
4. The holding company Larsen & Toubro Limited has furnished promoter support undertaking to fund any coupon shortfall for every coupon period during the tenure of the Rs.750 Cr unsecured non convertible debentures

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

25.9 Disclosure pursuant to Ind AS 33 -Earnings per share

Particulars	₹ Crore / Nos	2021-22	2020-21
Profit/(Loss) after Tax	₹ Crore	(1,745.85)	(1,766.74)
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	2,43,90,00,000
Earnings Per Share			
Basic & Diluted	₹	(7.16)	(7.24)
Nominal value per equity share	₹	10.00	10.00

25.10 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 01.04.2021	66.86
Additional provision during the year (including unwinding of interest)	46.72
Provision used during the year	-
Provision reversed during the year	-
Balance as at 31.03.2022	113.58

25.11 Expenditure in Foreign Currency

₹ Crore

Particulars	As at March 31, 2022	As at March 31, 2021
On overseas contracts	27.08	105.20
Professional/Consultancy Fees	2.47	2.02
Total	29.55	107.22

25.12 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.

25.13 The Company is into construction, operation, and maintenance of the infrastructure facility (metro rail system) which involves huge capital investments and long gestation period. The project is at an early stage compared to the remaining concession period of about 57 years as on 31.03.2022. The operations of the Company have been adversely impacted by the Covid-19 pandemic. The management is implementing specific programs to help increase the Company's revenues. To reduce the finance cost, the company successfully repaid entire its term loans availed from consortium of banks through refinancing by way of lower cost debentures and commercial papers on 30th December 2021. In addition, the Company is taking various strategic initiatives to improve the capital structure of the Company

25.14 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 ₹ 4.91 Cr. (P.Y. ₹ 4.58 Cr.) has been recovered by the holding Company upto current year, out of which, ₹ 0.32 Cr (P.Y. ₹ 0.57 Cr.) was recovered during the year.

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

25.15 Ratios

The following are analytical ratios for the year ended 31 March 2022 and 31 March 2021

Particulars	Numerator	Denominator	31 March 2022	31 March 2021	Variance	Remarks
Current Ratio	Current Assets	Current Liabilities	0.12	0.60	-421%	Note - a
Debt-Equity Ratio	Total Debt	Share holder's Equity	3.55	2.85	20%	Note - b
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	0.39	1.30	-229%	Note - c
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	NM	-184%	-	Note - d
Inventory turnover Ratio	Cost of goods sales	Inventory	2.59	2.03	21%	Note - e
Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables	5.47	3.51	36%	Note - f
Trade Payables turnover ratio	Purchase of services and other expenses	Average Trade Payables	6.36	7.08	-11%	-
Net capital turnover ratio	Revenue from operations	Average working capital:	(0.11)	(0.31)	-191%	Note - a
Net Profit ratio	Net Profit	Revenue from operations	-516%	-932%	-81%	-
Retrun on Capital Employed	Earnings before interest and taxes	Capital Employed	-2%	-2%	-32%	-
Return on investment	Income generated from Investments	Time weighted Average investments	5%	6%	-21%	-

Note:

- Current liabilities excludes borrowings (CP's, ICD's and current maturities of long term borrowings)
- The Unsecured NCD & Sub-ordinante debt(ICD) forming part of promoter contribution for the project are considered as equity
- Numenator for these ratios include DSCR support, all relevant operational cash support provided by the promoters and Cash available in books
- Not meaningful, since network is negative
- Being a infra company, this ratio is linked to maintenance cost instead of cost of goods sales
- Revenue from operations excludes fare revenue, since receivables pertains to other businesses of the company

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

25.17 Figures have been rounded off to the nearest rupee.

L&T Metro Rail (Hyderabad) Limited

Notes forming part of the Accounts

Note 26. 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 and 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 7th 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 completed during the year.

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.

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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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.

5. Revenue recognition

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

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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.

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 company has enforceable right to payment for services rendered.

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.

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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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 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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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.

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

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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).

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

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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 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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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 increased by interest on lease liability and reduced by lease payments made.

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

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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)

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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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 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).

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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

(a) Fair value hedges

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

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

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

15. Cash and bank balances

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

16. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

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

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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

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

19. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is 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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

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

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.

L&T Metro Rail (Hyderabad) Limited
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.

25. Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 - Property Plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other

L&T Metro Rail (Hyderabad) Limited
Notes forming part of the Accounts (contd.)
Significant Accounting Policies (contd.)

costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

As per our report attached
For M. Bhaskara Rao & Co.,
Chartered Accountants
Firm registration No: 000459S

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

Sd/-

M.V.Ramana Murthy
Partner
Membership No: 206439

Sd/-

K.V.B.Reddy
[Managing Director &
Chief Executive Officer]
DIN No: 01683467

Sd/-

N.V.S.Reddy
[Director]
DIN No: 01414254

Sd/-

Rahul Nilosey
[Chief Financial Officer]

Sd/-

Chandrachud D Paliwal
[Company Secretary]
Membership No: F5577

Place: Hyderabad
Date: 25.04.2022

Place: Hyderabad
Date: 25.04.2022