

# L&T Metro Rail (Hyderabad) Ltd

## Credit rating report

March 2022

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## Instruments and ratings

Rs 8,616.00 crore Non-convertible debentures	CRISIL AAA (CE) /Stable (Converted from Provisional Rating to Final Rating)
Rs 34 crore Non-Convertible debentures	Provisional AAA (CE) /Stable (reaffirmed)
Rs 4,500.00 crore Commercial Paper	CRISIL A1+ (reaffirmed)

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**CRISIL**  
An S&P Global Company

**Rating history**

Date	Long Term	Fixed Deposit	Short Term	Rating Watch/Outlook
January 18, 2022	CRISIL AAA (CE) /Stable	-	CRISIL A1+	Stable
November 30, 2021	Provisional CRISIL AAA (CE) /Stable	-	CRISIL A1+	Stable

& A prefix of 'Provisional' indicates that the rating centrally factors in the strength of specific structures, and is contingent upon occurrence of certain steps or execution of certain documents by the issuer, as applicable, without which the rating would either have been different or not assigned ab initio. This is in compliance with a May 6, 2015 directive 'Standardizing the term, rating symbol, and manner of disclosure with regards to conditional/ provisional/ in-principle ratings assigned by credit rating agencies' by Securities and Exchange Board of India (SEBI) and April 27, 2021 circular 'Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments' respectively by SEBI

**Analytical approach and adjustments**

	Analytical treatment
Parent support	For arriving at the rating on the NCDs, CRISIL Ratings has applied its criteria on rating instruments backed by guarantees. The suffix (CE) reflects the payment structure which is designed to ensure full and timely payments to lenders. For arriving at the rating on the CP, CRISIL Ratings has applied its parent notch-up framework to factor in the extent of distress support the company will receive from its parent.

## **Rationale**

CRISIL Ratings has converted its 'Provisional' rating on Rs 8,616 crore of non-convertible debentures of L&T Metro Rail (Hyderabad) Ltd (LTMRHL) to a 'Final' rating of 'CRISIL AAA (CE)/Stable' and ratings on Rs 34 crore of proposed non-convertible debentures has been reaffirmed at Provisional CRISIL AAA (CE)/Stable. The rating on the commercial paper programme has been reaffirmed at CRISIL A1+.

CRISIL Ratings has received the final executed documents for this transaction. These documents are in line with terms of the transaction when the provisional rating was assigned. Hence, CRISIL Ratings has converted the provisional rating to a final rating.

The ratings continue to reflect strong financial support from parent, Larsen and Toubro Ltd (L&T; 'CRISIL AAA/Stable/CRISIL A1+'), reflected in the corporate guarantee (CG) and letter of comfort (LoC) extended to the NCDs and CP programme, respectively. It also factors in the revenue potential owing to its natural monopoly position, long concession life and transit-oriented development (TOD) opportunities. These strengths are partially offset by susceptibility to volatility in passenger traffic and timely implementation of tariff revisions.

## **Rating drivers**

<b>Supporting factors</b>	<b>Constraining factors</b>
<ul style="list-style-type: none"><li>• Strong financial support from L&amp;T</li><li>• Revenue potential owing to monopoly, long concession life and TOD</li></ul>	<ul style="list-style-type: none"><li>• Exposure to traffic risk</li><li>• Susceptibility to tariff revisions</li></ul>
<b>Outlook: Stable</b>	

LTMRHL will continue to receive strong financial support from the parent over the medium term.

## **Rating sensitivity factors**

### **Downward factor**

- Downgrade in the rating of the parent by a notch or more
- Significant delay in traffic recovery and TOD monetization leading to sizeable parent support
- Inadequate or delayed tariff hikes

### Company overview

LTMRHL, a 99.99% subsidiary of L&T, was set up to enter into concession agreement with the government of Telangana State to execute the project on DBFOT basis for a term of 35 years, which can be extended by 25 years. The total length of the stretch is 69.2 km spread over three corridors. The project ran into time and cost overruns owing to delay in getting right of way. **The metro-line was successfully commissioned in a phased manner from November, 2017 and the final leg of the project was commissioned in February 2020.**

### About the guarantor

Set up in 1938 by Mr H H Larsen and Mr S K Toubro, L&T was incorporated in 1946 and reconstituted as a public limited company in 1950. It is one of Asia's largest vertically integrated EPC conglomerates, with a strong market position across segments such as infrastructure, power, hydrocarbons, heavy engineering, defense engineering, electrical and automation, IT, IT&TS, metallurgical and material handling, and machinery and industrial products. L&T undertakes infrastructure development projects (roads, metro rail, power and transmission lines) through its SPVs: L&T IDPL, L&T PDL and LTMRHL.

### Key credit factors

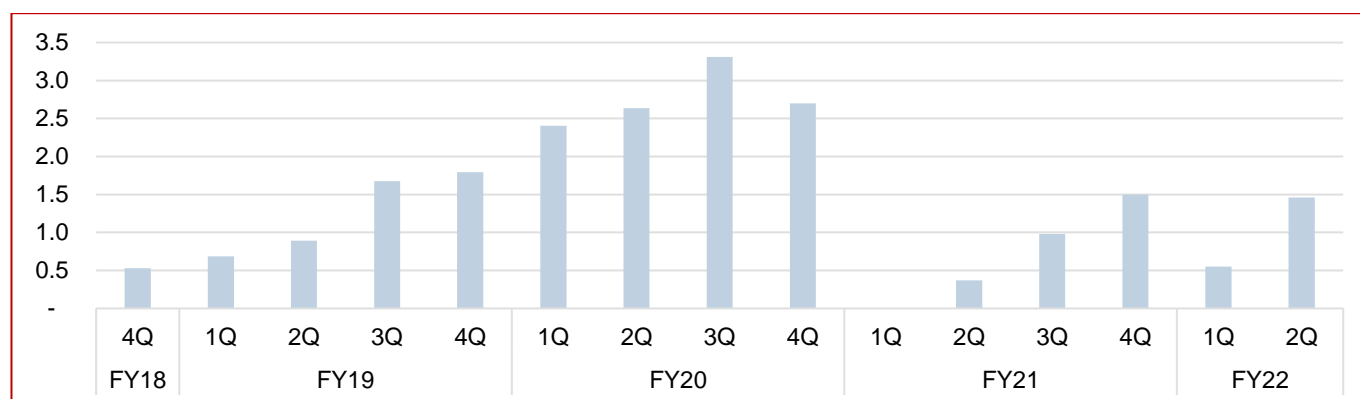
#### Business risk profile

**Revenue potential owing to monopoly, long concession life and TOD:** The project was awarded to LTMRHL for a term of 35 years, which can be extended by 25 years, leading to a natural monopoly. Cash flow of the company reflects stability because of sticky demand as the metro is a safe, convenient and punctual mode of transport, and has strong edge over competing modes of transport within its catchment area.

Furthermore, the company received around 18.5 million sq ft (MSF) of TOD rights, of which ~12.5 MSF belongs to depot land, 3.5 MSF is in Raidurg and the balance in small parcels adjacent to the metro route. As of September 2021, it had developed and leased out 1.3 MSF across four prime retail properties. Timely monetization of these developed assets and certain other areas can lead to improvement in project viability.

**Exposure to traffic risk:** Average daily traffic (ADT) was impacted by the two waves of Covid-19 infections in April 2020 and May 2021. Post abatement of the second wave, ADT has been recovering and is currently around 2.5 lakh per day, albeit below the pre-Covid level of over 3.5 lakh in February 2020. The ADT will likely increase sharply in fiscal 2023 driven by resumption of personal mobility, improved vaccination and increase in office-goers. However, given the total investment of around Rs 18,000 crore including debt of over Rs 13,500 crore, the company needs to achieve passenger traffic of around 9 lakh per day to attain profit after tax (PAT) breakeven. Thus, it will continue to rely on parent support for servicing debt.

#### Exhibit 1: Average daily traffic (ADT) trend in Lacs



**Susceptibility to tariff revisions:** The Company is vulnerable to timely and adequate tariff increases over the life of its assets. The formation of the fare fixation committee (FFC) is pending, thus tariff revision risks persist. Timely implementation of adequate tariff increases on a regular basis, in line with rising operating cost, is critical and will be a key monitorable.

## Financial risk profile

**Strong financial support from L&T:** The parent has extended an unconditional, irrevocable and continuing CG for the NCDs and LoC for the CP programme. Additionally, a cross-default clause on the NCDs ensures L&T's support to all existing debt and any incremental debt. The company was set up to execute the metro project in Hyderabad on design, build, fund, operate and transfer (DBFOT) basis. Starting from project commissioning, the company has received cash support from the parent on an ongoing basis. With only a gradual increase in traffic expected over the medium term, the parent's support will be critical and is likely to continue despite the low strategic importance of the project.

### **Liquidity: Superior**

Net cash loss is expected at Rs 1,000-1,200 crore in fiscal 2022 and Rs 700-800 crore in the next fiscal owing to weak traffic and high interest outgo. However, any shortfalls in cash flow will be met by the parent by way of inter-corporate deposits.

Furthermore, the unconditional and irrevocable guarantee and letter of comfort strengthen liquidity. The parent has strong financial flexibility, indicated by robust unencumbered cash and equivalent (excluding financial services) of around Rs 35,000 crore as of September 2021. Moreover, value of unencumbered investment in listed subsidiaries also adds to the financial flexibility.

### **Assumptions to projections\***

Particulars	Unit	FY22	FY23	FY24	FY25
Annual Average daily traffic (AADT)	Lacs	2.5-2.75	4.25-4.5	6.25-6.75	7-7.5
Debt	Rs crore	Around 13,150			

\*Being CRISIL Ratings estimates which may vary from company's projection

### **Adequacy of credit enhancement structure**

The rating on the NCDs reflects the unconditional, irrevocable and continuing guarantee from L&T and strong payment mechanism. As per the mechanism, if LTMRHL does not deposit the requisite amount in a designated account two days before the due date, the guarantee shall be invoked. On invocation of the guarantee, L&T will fund the account within two days of the demand raised by the debenture trustees (DTs). The rating thus reflects the credit strength of the guarantor, L&T. CRISIL Ratings has also considered multiple scenarios to test the adequacy of the credit enhancement structure, including stress scenarios where the performance of LTMRHL weakens. CRISIL Ratings believes the instruments will have the highest degree of safety regarding timely servicing of debt in the most-likely stress scenario.

### **Unsupported ratings: CRISIL A+**

CRISIL Ratings has introduced the suffix CE for instruments having explicit credit enhancement feature in compliance with the Securities and Exchange Board of India's (SEBI) circular dated June 13, 2019.

### **Key drivers for unsupported ratings**

For arriving at the unsupported rating, CRISIL Ratings has considered the standalone business and financial risk profiles of LTMRHL. It has also factored in the strong financial support that LTMRHL will receive from L&T.

### **Additional disclosures for the provisional rating**

The provisional rating is contingent upon occurrence of the following:

- Financing agreements and signed term sheet in line with terms assessed are executed
- The provisional rating shall be converted into a final rating after receipt of transaction documents duly executed and on confirmation of completion of pending steps within 90 days from the date of issuance of proposed NCDs.

The final rating assigned after conversion shall be consistent with the available documents and completed steps. In case of non-completion of steps or non-receipt of the duly executed transaction documents within the specified timelines, the rating committee of CRISIL Ratings may grant an extension of up to another 90 days in line with its policy on provisional ratings.

**Rating that would have been assigned in the absence of the pending documentation**

In the absence of pending steps/documentation considered while assigning the provisional rating as mentioned above, CRISIL Ratings would have assigned the 'CRISIL A+/Stable' rating.

**Key drivers for the rating in the absence of pending documentation**

For arriving at the rating, CRISIL Ratings has considered the standalone business and financial risk profiles of LTMRHL. It has also factored in the strong financial support that LTMRHL will receive from L&T.

**Risks associated with the provisional rating**

A prefix of 'Provisional' indicates that the rating centrally factors in the strength of specific structures, and is contingent upon occurrence of certain steps or execution of certain documents by the issuer, as applicable, without which the rating would either have been different or not assigned ab initio. This is in compliance with a May 6, 2015 directive 'Standardizing the term, rating symbol, and manner of disclosure with regards to conditional/ provisional/ in-principle ratings assigned by credit rating agencies' by Securities and Exchange Board of India (SEBI) and April 27, 2021 circular 'Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments' respectively by SEBI.

**Other information**

**Contingent liabilities and commitments:** Mentioned-below table shows the contingent liabilities and commitments reported in the company's financial statements. CRISIL Ratings believes these pertain to regular business operations of the company and are not likely to have an adverse impact.

Particulars (Rs crore)	Fiscal 2021	Fiscal 2020
Duties, taxes, cess in appeal /under dispute	9	21
Capital Commitments	198	296

## Financial summary

(Consolidated; CRISIL-adjusted numbers)

As on/ for the year ended March 31		As on/ For the year ended March 31		
		2021	2020	2019
Particulars	Unit	Actual	Actual	Actual
Operating Income	Rs Billion	3.5	13.7	16.3
OPBDIT	Rs Billion	(0.8)	3.0	1.3
PAT	Rs Billion	(17.7)	(3.8)	(1.5)
Net Cash Accruals (NCA)	Rs Billion	(14.7)	(2.4)	(0.9)
Adjusted Networth	Rs Billion	32.7	40.1	31.4
Adjusted Debt	Rs Billion	133.9	124.1	112.2
OPBDIT Margins	%	(23.9)	22.2	7.7
PAT Margins	%	(506.4)	(28.0)	(9.1)
Return on capital employed (RoCE)	%	(2.1)	1.1	0.5
Adjusted interest cover ratio (ICR)	Times	(0.03)	0.57	0.61
Net Cash Accruals / Adjusted Debt	Times	(0.09)	(0.02)	(0.01)
Adjusted Debt / Adjusted Networth	Times	4.10	3.09	3.57
TOL/ ANW	Times	4.49	3.50	4.08
Current Ratio	Times	0.19	0.50	0.12
Gross Current Assets (GCA)	Days	222	73	13
Debtor Days	Days	32	8	5
Inventory Days	Days	12	3	1
Creditor Days	Days	159	57	29

Above reflects analytical adjustments made by CRISIL Ratings.



## India Ratings Assigns L&T Metro Rail (Hyderabad)'s NCDs 'Final IND AAA(CE)'/Stable; Affirms CPs at 'IND A1+'; Withdraws Other Ratings

Ind-Ra-Chennai- XX January 2022: India Ratings and Research (Ind-Ra) has taken the following actions on the debt facilities of L&T Metro Rail (Hyderabad) Limited (LTMRHL):

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs) <sup>^</sup>					INR86,160 (reduced from 86,500)	IND AAA(CE)/Stable	Assigned
Commercial paper (CP)					INR45,000	IND A1+	Affirmed
Unsecured NCDs*	-	-	-	-	INR7,500 (reduced from 10,000)	IND AAA(CE)/Stable	Affirmed
Unsupported Rating <sup>#</sup>	-	-	-	-		IND AA-/Stable	Assigned
Bank loans <sup>§</sup>	-	-	-	-	INR1,28,350 (reduced from INR1,34,710)	WD	Withdrawn
Bank guarantee <sup>§</sup>	-	-	-	-	INR20	WD	Withdrawn
Derivative facility <sup>§</sup>	-	-	-	-	INR200	WD	Withdrawn

\*Details in Annexure

<sup>#</sup>The unsupported rating assigned is in compliance with the Securities Exchange Board of India's circular dated 13 June 2019, which requires credit rating agencies to disclose unsupported ratings without factoring in the explicit credit enhancement.

<sup>^</sup>Details in Annexure. The final rating has been assigned following the execution of the debenture trustee agreement, debenture trust deed and information memorandum, in line with the terms considered while assigning the provisional rating.

<sup>§</sup>The current ratings on the bank facilities are withdrawn following the receipt of no due certificates from all the lenders.

**Analytical Approach:** Ind-Ra has equated the final rating of the NCDs with those of its sponsor Larsen & Toubro Limited (L&T; '[IND AAA'/Stable](#)), as they are backed by an unconditional, irrevocable and continuing pre-default corporate guarantee from the sponsor. The CP ratings reflect the letter of comfort from L&T addressed to Ind-Ra confirming sponsor's timely support to the project.

Ind-Ra has adopted a top-down approach to arrive at the unsupported ratings of LTMRHL according to its Parent Subsidiary Rating Linkage Criteria. While arriving at the unsupported rating, Ind-Ra has factored in L&T's capability and intent to provide strong financial support to meet the project's debt service obligations. Furthermore, L&T's board resolution dated 14 May 2021 expresses the approval to provide support worth INR133 billion to LTMRHL through guarantee or in any other form for LTMRHL's NCDs and CP. This provides comfort to the rating.

The proceeds from the NCDs and CP were utilised to fully prepay the existing bank facilities.

## KEY RATING DRIVERS

**Strong Linkages with Sponsor:** Ind-Ra takes comfort from the strong legal linkages, demonstrated through the extent of support being provided through the board resolution and L&T's intention to improve LTMRHL's capital structure. Also, Ind-Ra considers the operational linkages between the entities to be strong due to the high degree of management control and commonality. L&T owns 99.99% of the project's shareholding and the directors are appointed by L&T. The strategic linkages are reasonably strong due to project's size and the balance concession life making it a key project for the sponsor. The quantum of demonstrated tangible supports affirms the strategic linkages. Any weakening of the links with the sponsor will impact the ratings.

**Demonstrated Sponsor Support:** L&T has extended its name to the legal entity. The sponsor has remained committed to the project, as demonstrated by timely equity infusion towards a cost overrun in FY20 and continued to meet LTMRHL's debt servicing obligations in a timely manner. The cash support provided till end-2021 was INR25.96 billion (which includes INR5.28 billion of support towards the existing NCDs). However, pandemic-related issues and delays in real estate monetisation have exerted additional pressure on the project's cash flows, which has led to increased reliance on the sponsor.

**Experienced O&M Contractor:** Keolis is a leading global operators of automated metros. Keolis is carrying out the operations and maintenance (O&M) of the project's metro trainsets, stations, track, signaling, telecommunications and ticketing system since November 2017.

**NCDs Backed By Guarantee:** The NCDs rating is driven by the unconditional and irrevocable pre-default guarantee provided by L&T. The debt structure of the NCDs includes annual coupons, and NCDs principal repayable as bullet at the end of the tenor with a delineated payment structure. The NCDs have provisions for a) optional redemption in case of any change in the management control/shareholding of promoter group falling below a stipulated level and b) mandatory redemption in case of a termination of the concession agreement. The NCD terms also provide early redemption rights to the issuer, on a pro-rata basis in the event of the monetisation of transit-oriented development, investment by a new investor or grant from a government agency. Furthermore, a cross-default clause on the NCDs ensures L&T's support to the current and incremental debt. The CP rating is backed by a letter of comfort from L&T.

**Unconditional and Irrevocable Undertaking for Unsecured NCDs:** As per the agreed terms with the lenders, the company had raised funds through NCDs in the past to part-fund equity. The rating is driven by the unconditional and irrevocable undertaking, and an option agreement extended by L&T for the rated instruments. The sponsor undertaking covers any shortfall in the debt servicing during the tenor of the instrument, put option and bullet principal payment. According to the debenture trust deed of unsecured NCDs, the obligations of the unsecured NCDs will be subordinate to all secured debt in LTMRHL.

**Liquidity Indicator - Adequate:** In the event of delays in asset monetisation, LTMRHL will majorly rely on the sponsor for its initial coupon payments. The unconditional and irrevocable guarantee and letter of comfort from the financially strong parent strengthens the liquidity.

**Moderate Cost Flexibility Affecting Margins:** LTMRHL has the ability to vary operating costs with any fluctuation in demand, but not at the same pace, thus impacting operating margins. The project's EBITDA was positive, but turned negative in FY21 due to the suspension of service for around six months due to the COVID-19 outbreak. With the ridership reaching pre-pandemic levels now, Ind-Ra expects FY22 EBITDA to be positive.

**Regulated Fare Fixation:** As per Metro Rail (O&M) Act 2002, the metro railway administration, from time to time, on the recommendation of the Fare Fixation Committee, shall fix the metro fare. Ind-Ra believes the committee will ensure a fine balance between the affordability for riders and the financial sustainability of the metro system.

**Ridership reaching Pre-COVID Levels but Volume Risk Continues:** The COVID-19 outbreak had an unprecedented impact on intra-city mobility with a significant decline in ridership in FY21. The ridership began

to recover from October 2020; however, it plunged again during the second COVID wave and has been followed by a V-shaped recovery since then. The December 2021 ridership of around 0.24 million per day was 65% of the pre-COVID level. With the current restoration to normalcy and the economic revival in place, the ridership is reaching towards pre-COVID-19 levels. Although the project's long-term strong economic rationale remains intact, the impact of the short-term challenges cannot be ruled out.

## RATING SENSITIVITIES

### For CE Rating

**Negative:** A downgrade in the rating of L&T and any deviation in the mechanism proposed in the pre-default guarantee could lead to a rating downgrade for LTMRHL.

### For unsupported rating

**Positive:** Strengthening of the linkages with L&T could lead to a positive rating action.

**Negative:** Developments that could, individually or collectively, lead to a negative rating action are:

- a weakening of the linkages with L&T
- a downgrade in the rating of L&T

## ESG ISSUES

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on LTMRHL either due to their nature or the way in which they are being managed by the entity and sponsor. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

## RATING CRITERIA

'Rating Criteria for Infrastructure and Project Finance', dated 17 May 2019, is available at [www.indiaratings.co.in](http://www.indiaratings.co.in)

'Parent and Subsidiary Rating Linkage' dated 2 April 2019, is available at [www.indiaratings.co.in](http://www.indiaratings.co.in)

'Short-Term Ratings Criteria for Non-Financial Corporates' dated 20 April 2020, is available at [www.indiaratings.co.in](http://www.indiaratings.co.in)

"Evaluating Corporate Governance" dated 21 January 2020, is available at [www.indiaratings.co.in](http://www.indiaratings.co.in)

## COMPANY PROFILE

LTMRHL (a 99.99% subsidiary of L&T) is a special purpose vehicle set up to design-build-finance-operate and transfer a three-line elevated metro line, under a 35-year concession, extendable by 25 years. The project also includes transit-oriented development in the earmarked parking and circulation areas and depots. The metro-line was successfully commissioned in a phased manner from November 2017 and the final leg of the project was commissioned on February 2020 with an operational 69.2km and 57 stations.

## FINANCIAL SUMMARY

Particulars (INR million)	FY21	FY20
Revenue from operations	612.8	5,872.8

Operational expenses	737.0	2,920.7
EBITDA	-124.3	2,952.1
Cash & cash equivalents	6,672.8	7,538.7
Source: LTMRHL		

### Key Terms of Proposed NCDs

Sr. no.	Key Terms / Covenants
1	<b>Funding Shortfall Event:</b> It shall be deemed to have occurred if the designated account is not funded with interest, redemption proceeds & any other amount due under the NCDs by 4.00 pm, two business days before the respective due date.
2	<b>Invocation of Corporate Guarantee:</b> In case of 'funding shortfall event', the debenture trustee will invoke the corporate guarantee by communicating to guarantor on the same day as the 'funding shortfall event'. The guarantor will then fund the designated account within two business days of receiving such notice.

### RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook							
	Rating Type	Rated Limits (million)	Rating	13 December 2021	21 May 2021	22 May 2020	16 September 2019	9 May 2019	13 December 2018	17 October 2018	26 September 2018
NCDs	Long-term	INR86,160	IND AAA(CE)/Stable	Provisional IND AAA(CE)/Stable	-	-	-	-	-	-	-
CP	Short-term	INR45,000	IND A1+	IND A1+	-	-	-	-	-	-	-
Bank loans	Long-term	INR1,28,350	WD	IND AA-/Stable	IND BBB+/Negative	IND BBB+/Negative	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable
Bank guarantee	Long-term	INR20	WD	IND AA-/Stable	IND BBB+/Negative	IND BBB+/Negative	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable
Derivative facility	Long-term	INR200	WD	IND AA-/Stable	IND BBB+/Negative	IND BBB+/Negative	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable	IND BBB+/Stable
Unsecured NCDs	Long-term	INR7,500	IND AAA(CE)/Stable	IND AAA(CE)/Stable	IND AAA(CE)/Stable	IND AAA(CE)/Stable	IND AAA(CE)/Stable	IND AAA(SO)/Stable	IND AAA(SO)/Stable	IND AAA(SO)/Stable	IND AAA(SO)/Stable
Unsupported Rating	Long-term	-	IND AA-/Stable	-	-	-	-	-	-	-	-

### ANNEXURE

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCDs	INE128M08060	30 December 2021	6.37	30 April 2025	INR28,720	IND AAA(CE)/Stable
NCDs	INE128M08078	30 December 2021	6.58	30 April 2026	INR28,720	IND AAA(CE)/Stable
NCDs	INE128M08086	30 December 2021	6.68	30 April 2027	INR28,720	IND AAA(CE)/Stable
<b>Total</b>					<b>INR86,160</b>	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
Unsecured NCDs	INE128M08011	18 June 2015	9.81	18 June 2035	INR2,500	IND AAA(CE)/Stable
Unsecured NCDs	INE128M08029	2 November 2015	9.81	2 November 2035	INR2,500	IND AAA(CE)/Stable
Unsecured NCDs	INE128M08037	28 January 2016	9.85	28 January 2036	INR2,500	IND AAA(CE)/Stable
Unsecured NCDs	INE128M08045	28 September 2018	9.55	28 September 2030	INR1,000	WD (Paid in full)
Unsecured NCDs	INE128M08052	26 November 2018	9.50	26 November 2030	INR1,500	WD (Paid in full)
<b>Total</b>					<b>INR7,500</b>	

#### COMPLEXITY LEVEL OF THE INSTRUMENTS

Instrument Type	Complexity Indicator
NCDs	Low
CPs	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>

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Mr. Rahul Nilosey  
Chief Financial Officer  
L&T Metro Rail (Hyderabad) Limited  
Administrative Building, Uppal Main Road, Nagole,  
Hyderabad, Telangana- 500039  
Tel: +91 40 2208 0000-01 Fax: +91 40 2208 0771

December 13, 2021

*Dear Sir/Madam,*

**Re: Rating of Commercial Paper programme of L&T Metro Rail (Hyderabad) Limited**

India Ratings and Research (Ind-Ra) has assigned the rating of L&T Metro Rail (Hyderabad) Limited's (LTMRHL) proposed commercial paper programme as follow:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Proposed commercial paper	INR45,000	IND A1+	Assigned

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings, India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings' reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. The rating detailed above is valid for 12 months from the date of this letter. Notwithstanding the above, the rating is subject to review on a continuing basis, with formal reviews being

undertaken at regular intervals of no more than 12 months. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch at any time due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. And any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

Sincerely,

India Ratings



**Abhishek Bhattacharya**  
**Senior Director**



RL/LTMRHL/282521/CP/1221/22273  
December 07, 2021

**Mr. Rahul Nilosey**  
Chief Financial Officer  
**L&T Metro Rail (Hyderabad) Limited**  
LB Nagar - Uppal Rd,  
Laxmi Narayan Nagar Colony,  
Nagole,  
Hyderabad - 500039

Dear Mr. Rahul Nilosey,

**Re: CRISIL Rating on the Rs. 4500 Crore Commercial Paper of L&T Metro Rail (Hyderabad) Limited**

We refer to your request for a rating for the captioned Debt Programme.

CRISIL Ratings has, after due consideration, assigned a CRISIL A1+ (pronounced as CRISIL A one plus rating) rating to the captioned Debt Programme. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.


For the purpose of issuance of captioned commercial paper programme, this letter is valid for 30 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid (unless revised) throughout the life of the captioned Commercial Paper Programme with a maximum maturity of one year.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL Ratings believes, may have an impact on the rating.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

  
Naveen Vaidyanathan  
Director - CRISIL Ratings

  
Nivedita Shibu  
Associate Director - CRISIL Ratings



**Disclaimer:** A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, [www.crisil.com](http://www.crisil.com). CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com) or at 1800-267-1301.

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