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**L & T METRO RAIL (HYDERABAD)  
LIMITED**

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**13<sup>th</sup> ANNUAL REPORT**

**FY 2022-23**

## **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
Mr. D K Sen	Non-Executive Director
Mrs. Deepa Gopalan Wadhwa	Independent Director

### **AUDIT COMMITTEE**

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

### **NOMINATION AND REMUNERATION COMMITTEE**

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

### **RISK MANAGEMENT COMMITTEE**

Mr. Sujit Varma	Chairperson
Mr. D K Sen	Member
Mr. K.V.B. Reddy	Member
Mr. Sudhir Chiplunkar	Member
Mr. Rahul Nilosey	Member

### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

Ms. Deepa Gopalan Wadhwa	Chairperson
Mr. D K Sen	Member
Mr. K.V.B. Reddy	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

### **SECURITY TRUSTEE**

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

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

### **ISSUING & PAYING AGENT**

State Bank of India  
Mistry Bhavan, 4th Floor,  
122 Dinshaw Vachha Road,  
Churchgate, Mumbai - 400 020

## **NOTICE**

Notice is hereby given to the Members of M/s. L&T Metro Rail (Hyderabad) Limited that the Thirteenth Annual General Meeting of the Company is scheduled to be held on Wednesday, the 21<sup>st</sup> day of June 2023 at 5:00 PM (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 31<sup>st</sup> March 2023 together with the reports of the Board and the Auditor thereon.
2. To appoint a Director in place of Mr. Shrikant Prabhakar Joshi (DIN- 02278471), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sekharipuram Narayanan Subrahmanyam (DIN: 02255382), who retires by rotation and being eligible, offers himself for re-appointment.

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

Date: 23<sup>rd</sup> May 2023  
Place: Hyderabad

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

### **NOTES:**

1. The Ministry of Corporate Affairs (“MCA”) has vide its circulars dated April 8, 2020; April 13, 2020; May 5, 2020, January 13, 2021, May 5, 2022 and 28<sup>th</sup> December 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. Since this General Meeting also provides the facility of video conferencing (VC) medium or other audio visual means (OAVM) no proxies would be accepted by the Company.
3. Members attending the Meeting through VC/OAVM will be counted for the purposes of reckoning of Quorum under Section 103 of the Companies Act, 2013.

4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the ensuing Annual General Meeting.
5. The IP address/meeting invite for attending the meeting shall be circulated separately.
6. 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](mailto:chandrachud.paliwal@ltmetro.com) or message/ whatsapp on +91 9223902102.
7. In line with the MCA Circular, the recorded transcript of the AGM will be made available on the website of the Company at [www.ltmetro.in](http://www.ltmetro.in).
8. Members can join the AGM 15 minutes before the commencement of the AGM i.e at 4:45 P.M and till the time of the conclusion of the Meeting.
9. In terms of the MCA Circulars and in the view of the Board of Directors, all matters included in this Notice are unavoidable and hence are proposed for seeking approval at this AGM. All documents relevant to the discussions during AGM will be available for inspection electronically without any fee from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to [chandrachud.paliwal@ltmetro.com](mailto:chandrachud.paliwal@ltmetro.com).  
The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.
10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Friday, June 16, 2023 through email on [chandrachud.paliwal@ltmetro.com](mailto:chandrachud.paliwal@ltmetro.com). The same shall be replied by the Company suitably. Please note that members queries/ questions will be responded to only if the Shareholder continues to hold the shares as on the cut-off date i.e Friday, June 16, 2023.

**BOARD'S REPORT (SECTION 134)**

Dear Members,

Your Directors have pleasure in presenting their Thirteenth report and Audited Accounts for the year ended 31<sup>st</sup> March, 2023.

**1. Financial Results / Financial Highlights:**

Particulars	FY 2022-23	FY 2021-22
	₹ in Cr.	₹ in Cr.
Profit / (Loss) Before Depreciation, exceptional items & Tax	(1001.51)	(1439.58)
Less: Depreciation, amortization, impairment and obsolescence	314.43	306.63
Profit / (Loss) before exceptional items and tax	(1315.94)	(1746.21)
Add: Exceptional Items	-	-
Profit / (Loss) before tax	(1315.94)	(1746.21)
Less: Provision for tax	-	(0.36)
Profit / (Loss) after Tax	<b>(1315.95)</b>	<b>(1745.85)</b>
Add: Other Comprehensive Income	(0.05)	0.51
Total Comprehensive Income	(1315.99)	(1745.34)
Balance available for disposal (which the Directors appropriate as follows)	-	-
Debenture Redemption Reserve		-

**2. State of Company Affairs:**

The revenue from operations and other income for the financial year under review was at ₹682.53 crore as against ₹357.14 crore for the previous financial year. The loss before tax and after tax were both at ₹1315.95 crore respectively for the financial year under review as against loss before and after tax of ₹1746.21 crore and 1745.85 crore for the previous financial year.

The Company operates in two Business segments namely Fare Collection Rights (Metro Rail System) and others, which includes revenue from operation of the



Company's operational Transit Oriented Development (TOD) assets, advertising, retail activities at stations, rentals of optic fibre cables, right of way for telecom towers, etc. Revenue from Metro Rail System and others for the financial year ended 31<sup>st</sup> March 2023 was ₹478.87 crore (including construction revenue of ₹20.67 crore) and ₹224.33 crore respectively.

The financial year 2022-23 began with easing of Covid-19 situation which aided improvement in mobility and since metro services are one of the preferred modes of transport, this benefitted the Company in the form of increased ridership. Higher petrol and diesel prices encouraged commuters to use public transport rather than own vehicles which further favored Metro traffic. The partial resumption of work-from-office at large IT companies and in-person academic sessions in colleges and universities also aided the recovery in ridership during FY2022-23.

The Company undertook various initiatives to further boost ridership viz. promotional schemes, extending operating hours during festivals, set up helpdesk kiosks at major IT parks, etc. During the year, the Company entered into MoU with Telangana State Road Transport Corporation (TSRTC) for improving last mile connectivity for its customers.

QR ticketing (Digital & Paper) introduced by the Company is making travel contactless, easy and hassle free for commuters. In addition, the Company is working towards introducing open loop ticketing system in FY 2023-24. This will add further convenience for digital payments for commuters.

The Company has also become India's first metro rail to rollout WhatsApp e-ticketing System in September 2022.

With recovery in retail business operations, the occupancy levels in TOD malls saw improvement during the year. Over the last 12-18 months, the Company repositioned 2 of its retail malls viz. 'Erramanzil Mall' as a Premium Mall and 'HITEC City Mall' as an Electronic & Entertainment destination, which is expected to accrue benefits in the long term.

The Company has activated newer media viz. audio advertisements, station exteriors and viaduct parapet branding during the year. The Company is exploring additional



non-fare revenue opportunities through various measures such as consultancy services for other metros, royalty from QR & open loop ticketing partners, tie ups with cab aggregators, leasing out space for setting up EV charging stations, etc.

Driving towards digitalization, the Company has implemented business intelligence tools like Alteryx and Tableau for both business & passenger data analysis/interpretation which will improve management decision making and customer experience.

The Company has successfully submitted the application to Global Carbon Council (GCC) during the year for monetizing the carbon credits generated from the project. With a view to enhance its green footprint, further capacity expansion of the Company's solar power generation is under implementation. Accordingly, the Company has awarded a contract for setting up of 5.5 MW solar electric capacity during the year.

### **3. Capital & Finance:**

During the year under review, the Company increased its authorized share capital to INR 4639 crore.

The Company allotted 220,00,00,000 equity shares of ₹10/- each at par (with ₹6/- per share payable upon acceptance of offer and balance ₹4/- per share payable upon call) pursuant to rights issue amounting to ₹2200 crore on 28<sup>th</sup> March 2023. The Company received ₹1,320 crore towards application money upon acceptance of offer on 28<sup>th</sup> March 2023 and the call money of ₹880 crore is yet to be received.

The Company received ₹100 crore of financial assistance in the form of interest-free soft loan from the Government of Telangana pursuant to its Supplemental Concession Agreement executed with the Government of Telangana. The soft loan is repayable on the 16<sup>th</sup> anniversary from the date of receipt by the Company. The entire proceeds of the financial assistance were applied towards repayment of the outstanding Commercial Papers of the Company to that extent, in line with the stated objective of debt reduction.

During the year, the Company continued to refinance its outstanding Commercial Papers on the respective maturity dates. The Company has listed its Commercial

Papers on BSE Limited. As on date, the outstanding amount of Commercial Papers is ₹4400 crore.

The Company has obtained rating from CRISIL Limited and India Ratings and Research Private Limited (India Ratings) for NCDs and CPs during the financial year 2022-23. The NCDs and CPs are rated AAA(CE) and A1+ respectively by both the agencies.

The Company has Unsecured Debentures amounting to ₹ 750 Cr and Senior, Listed, Rated, Redeemable, Non-Convertible Debentures of ₹ 8616 Cr as on 31st March, 2023.

**4. Capital Expenditure:**

As at March 31, 2023 the gross fixed assets comprising of Property, Plant and Equipment, Investment Property and Intangible Assets (including assets under development) was at ₹17,914.74 crore and the net fixed assets at ₹16,766.30 crore. The total additions to Property and Plant and Equipment, Investment Property and Intangible Assets during the year amounted to ₹26.77 crore.

**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. The requisite return for FY 2022 with respect to amount(s) not considered as deposits has been filed.

**6. Depository System:**

As on March 31, 2023, 99.99% of the Company's total paid up capital representing 2,43,89,99,999 equity shares of INR.10/- each fully paid up and 2200,00,00,000 equity shares of face value of INR10/- each (INR 6/- per share paid-up) are in dematerialized form. Further, the Ministry has prohibited the physical transfer of securities. Hence, members holding shares in physical mode are 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](http://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 2022-23 as required under the provisions of Section 177 of the Companies Act, 2013 and/or Regulation 23 of the SEBI LODR Regulations, 2015.

A Statement containing details of all material transactions/ contracts/ arrangements is forming part of the financial statements under related party disclosures 25.8 of the financial statements.

**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, your 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:**

Other than stated elsewhere in this report, there are no material changes and commitments affecting the financial position of the company between the end of the financial year and the date of this report.

**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 Board of Directors of the Company has constituted a Risk Management Committee comprising of Mr. Sujit Varma (Independent Director) as Chairperson of the Committee and Mr. D K Sen (Non-executive Director), Mr. KVB Reddy (Managing Director & Chief Executive Officer), Mr. Sudhir Chiplunkar (Chief Operating Officer-Rail System) and Mr. Rahul Nilosey (Chief Financial Officer) 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 mitigates 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 23<sup>rd</sup> April 2021 for the time being and the CSR Committee will be formed and constituted as and when the CSR threshold requirements are triggered.

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

- Mr. R Shankar Raman (DIN- 00019798), Non-executive Director of the Company who retired by rotation and being eligible was re-appointed in the Annual General Meeting held on 10<sup>th</sup> August 2022.
- Mr. Sujit Kumar Varma (DIN-09075212) was appointed as Non-executive Director (Independent Director category) with effect from 25<sup>th</sup> April 2022 for a period of five years.
- Mr. Dip Sen Kishore (DIN-03554707) was appointed as Non-executive Director with effect from 9<sup>th</sup> January 2023.
- Ms. Deepa Gopalan Wadhwa (DIN-07862942) was appointed as Non-executive Director (Independent Director category) with effect from 27<sup>th</sup> March 2023 for a period of five years.



Mr. Sujit Varma holds rich experience in project financing and commercial banking. A career banker, with a strong grasp of financing models can contribute significantly in optimizing the capital structure of the Company.

Mr. D K Sen held the position of Whole-time Director and Senior Executive Vice President (Development Projects) of Larsen & Toubro Ltd. (L&T) until 7<sup>th</sup> April 2023. He had been on the Board of various group companies of L&T. Mr. Sen has rich and varied experience in the fields of construction and infrastructure.

Ms. Deepa Gopalan Wadhwa has been a distinguished career diplomat in the Indian Foreign Service (IFS). She was the first Indian woman to be appointed Ambassador to the Gulf State of Qatar and later Japan. She has also been India's Ambassador to Sweden, Latvia and Republic of Marshall Islands. She had worked extensively on issues relating to human rights, disarmament and environment, and continues to have an abiding interest in these subjects in addition to trade, technology and energy security.

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 (SEBI Listing Regulations 2015 wherever applicable) and are placed on the website of the Company [www.ltm metro.in](http://www.ltm metro.in).

The Company has also disclosed on its website details of the familiarization programs formulated to brief 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 25<sup>th</sup> April 2022, 11<sup>th</sup> July 2022, 11<sup>th</sup> October 2022, 9<sup>th</sup> January 2023 and 27<sup>th</sup> March 2023.

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 constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 18 of the SEBI Listing 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 Listing Regulations 2015.

The current members of the Audit Committee are Mr. M R Prasanna (Chairperson), Mr. Ajit Rangnekar, Mr. Sujit Kumar Varma and Mr. R Shankar Raman as on 31<sup>st</sup> March 2023 and as on the date of this Report. The Chairperson of the Committee is an Independent Director of the Company.

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 SEBI Listing 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.ltm metro.in](http://www.ltm metro.in)

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

The Board of Directors of 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 SEBI Listing Regulations 2015.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and senior management personnel and the criteria for determining qualifications, positive attributes and independence of a director. The Nomination and Remuneration Policy is disclosed on the Company's website at <https://www.ltmetro.in/investors/corporate-governance/>.

The members of the Nomination & Remuneration Committee are Mr. Ajit Rangnekar (Chairperson), Mr. M R Prasanna and Mr. Shrikant Joshi as on 31<sup>st</sup> March 2023 and as on the date of this report. The Chairperson of the Committee is an Independent Director of the Company.

The details relating to the Committee Members 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 Board of Directors of 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 members of the Stakeholders' Relationship Committee are Ms. Deepa Gopalan Wadhwa (Chairperson), Mr. D K Sen, Mr. KVB Reddy and Mr. Rahul Nilosey as on 31<sup>st</sup> March 2023 and as on the date of this report.

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

**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). All the Independent Directors of the Company are exempted from passing proficiency self-assessment test.

**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, 2023 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:**

Your 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 and Regulation 25(3) of SEBI Listing Regulations 2014 on 16<sup>th</sup> March 2023. 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 information in respect of the Company required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time is provided in **Annexure II** forming part of this report. None of the employees listed in the said Annexure is related to any Director of the Company.

**25. Compliance with Secretarial Standards on Board Meetings and 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 complaint received by the IC during Financial Year 2022-23 which did not fall under the ambit of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and accordingly, the complaint was referred to the Management for redressal.

**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:**

The Auditors, M/s M Bhaskara Rao & Co. (Firm registration number 000459S) 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 2022-23, the total audit fees paid by the Company 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 ₹8.50 lakhs + GST.

**29. Secretarial Audit Report:**

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

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

**30. Details of Significant & Material Orders Passed by the Regulators or Courts or**



**Tribunals:**

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

**31. Extract of Annual Return:**

The Annual Return to be filed with MCA is available on the Company's website at <https://www.ltmetro.in/investors/annual-reports/>

**32. Environment, Social And Governance (ESG)/ Business Responsibility & Sustainability**

Your Company has been aligned with the overall L&T group's vision for ESG to promote an eco-friendly growth and promote a culture of sustainability and innovation.

Your Company is the largest metro project in the world in a PPP model i.e. Private Public Partnership model. The salient features of Hyderabad Metro Rail include:

- Green eco-friendly mode of travel – reduces carbon emission and pollution, both from technology and mass transport perspectives
- Regenerative braking technology and modal shift from high emission road transport
- Faster, safer, and comfortable air-conditioned travel with reduced travel time
- Seamless commuting with ultra-modern coaches
- Connects major offices with an average daily ridership of 4.25 lakhs commuters.

**Commitment to sustainability:**

**A. Environment dimension:**

Your Company is committed to achieve L&T's overall goal of Carbon Neutrality by 2040 and Water Neutrality by 2035. All its 57 stations have Rainwater harvesting pits with a total count of 150 nos. to recharge the water table. With more than 1000+ saplings planted at the depots & dividers in between stations. Your Company has been promoting green cover through its focused plantation drives. It is also committed to regenerate 40% of its traction energy through regenerative braking, which results in 30,890 tCO<sub>2</sub>e savings. With its 8.35 MWp Captive Solar Power Plant in 2 Depots & on 28 Station Rooftops where more than 10% of energy requirement is met from solar capability. Out of 57 stations, Hyderabad Metro Rail has its 23 stations IGBC Platinum certified.

In FY2022-23, a glimpse into the activities channelised by your Company to stay committed to Environment:

- Approx. 38 million litres of fuel saved.
- Approx. 88 million Kgs of CO2 emission saved; equivalent to planting approx. 1,750 trees
- Total 11 million units are generated through solar plant viz. 10% of total power consumption.
- Total 36 million units of energy regenerated by regenerative braking system of Rolling Stock viz. approx. 40% of total traction power consumption, equivalent to powering 6,500 no of Indian homes/ annum.

#### B. Social dimension:

Your Company stands committed to its Sustainability through various Employee Welfare & Healthcare initiatives, Social Welfare programs and DEI interventions. The organization ensures that all its employees undergo Annual Health checks and various free health care programs / camps are also organised not only for employees but also for metro commuters in collaboration with reputed hospitals.

In Social welfare measures, few prominent ones that were celebrated was the Louis Braille's Birth Anniversary on 4th January'23 with the differently abled persons with visibility disorder and the organization also observed the International Day of Persons with disabilities. More than 100 no. of people participated in both the programmes, respectively. The Hyderabad metro also transported live organ as an emergency that still stands as a testament to its commitment for social welfare. The stations have all facilities such as ramps, lifts, crutches etc. for differently abled people. The tactile pathways available in all stations helps the needy to navigate easily in stations.

In view of strengthening the organization's commitment to enhance the DEI, wellness rooms have been earmarked at the office premises, with ergonomic chairs & sanitary product vending machine in place, your Company ensures the women colleagues are given the facilities and safe and secure work environment to function well while at workplace.

#### C. Governance dimension:

With prescribed policies in place, your Company is guided by the strong working ethics and governance. It is governed by the Board of Directors, and at the unit level, governed by the Core Group Committee led by the MD & CEO and by Subject Matter Experts (SMEs). Although being an independent company, your Company continuously seeks guidance from L&T corporate functions and abides by the guidelines in the discharge of organizational commitments.

For sustainable initiatives, your Company has been the proud recipient of the:

- Prestigious Gold Award in the “Best Sustainability Practices” by GoTS Dept. of Industries & Commerce 2021
- “The Excellence in Green & Sustainable Metro System” by The Rail Analysis of India organization.
- Economic times Infra focus award 2022 in transportation sector (Metro) category.

**Future ESG plans: Way Forward:**

Going forward, your Company plans to increase contribution of Solar Energy from current 10% of total energy requirement and to get the IGBC platinum certificate for its rest 34 stations in a phased manner. Also, it will start working on new areas such as Circular Economy, Sustainable Supply Chain Management, Biodiversity protection etc.

**33. Other Disclosures:**

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 Company **has registered** itself on Trade Receivables Discounting System Platform through one of the service providers.

The Company complies with the requirement of submitting half yearly returns to the Ministry of Corporate Affairs within the prescribed timelines.

**34. Debenture Trustees:**

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

**35. 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 : 20.04.2023

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

Sd/-  
**Ajit Rangnekar**  
Director  
(DIN: 01676516)

## 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 ₹39.31 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 2023**

Name of the employee	DOJ	Designation	Actual/ CTC in Rupees	Highest Qualification and experience	Nature of employment (Contractual or otherwise)	Age (yrs.)	Last employment held before the Company	% equity share held	Whether any relation with Director/ Manager
KVB Reddy	24-01-2018	MD & CEO	4,49,07,571	BE, PGDBM 39 yrs.	Permanent	61y9m	Essar Power	0	No
Murali Varadarajan	07-02-2022	Chief Strategy Officer	1,25,00,151	MDP (Aviation Mgt.), M.Tech (Civil) 20 yrs.	Permanent	45y2m	AEON	0	No
Sudhir Chiplunkar	16-03-2021	Chief Operating Officer - Railway Systems	1,05,07,534	M. Tech in Microelectronics, 34 yrs.	Permanent	57y3m	AECOM India Pvt. Ltd.	1 share jointly with L&T Limited	No
Sanjay Kumar	10-10-2016	Head - Human Resource	1,00,89,970	B. Tech, 31 yrs.	Permanent	58yrs.	Reliance Power	0	No
P Ravishankar	01-10-1994	VP & Head - TOD, Project Planning, Control & Contract	88,88,156	MCS & B. Tech 27 yrs.	Permanent	52y5m	L&T Limited	1 share jointly with L&T Limited	No
KV Nagendra Prasad	16-05-2020	Head-TOD Opr& Retail Leasing & Advt Busi	77,99,459	PGDM in Business Administration, 25 yrs.	Permanent	49y7m	Hyderabad international trade exposition Ltd ( HITEX)	1 share jointly with L&T Limited	No
Ashutosh Kumar Das	07-12-2016	Head - Supply Chain Management	65,23,123	MBA & B. E, 23 yrs.	Permanent	53y8m	GMR Hyderabad International Airport	0	No
Rahul Nilosey	01-04-2021	Chief Financial Officer	57,41,174	MBS in Financial Mgt. 21 yrs.	Permanent	45y2m	Larsen & Toubro Ltd	1 share jointly with L&T Limited	No
Chandrachud D Paliwal	02-05-2018	Head - Legal & Company Secretary	55,57,074	FCS, LLB, PGDLL & ACIS (UK), 25 yrs.	Permanent	46y4m	Essar Power	1 share jointly with L&T Limited	No
Bibhudatta Mishra	03-03-2014	Joint General Manager - AFC	51,22,342	B. Tech, 23 yrs.	Permanent	44y9m	Mumbai Metro One	0	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 2023, the Board comprised the Chairman, the Managing Director & Chief Executive Officer, 3 Non-Executive Directors, 1 Nominee Director (representing Government of Telangana State) and 5 Independent Directors, including two Independent Women Directors. The composition of the Board, as on 31st March 2023, is in conformity with the provisions of the Companies Act, 2013. The Company is in process of compliance with Regulation 17 (composition of the Board) and Regulation 34 (Board skill matrix related thereto) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations'). The Company is in the process of compliance of the same within the prescribed time limit.

##### **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 with video conferencing facility. 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 25<sup>th</sup> April 2022, 11<sup>th</sup> July 2022, 11<sup>th</sup> October 2022, 9<sup>th</sup> January 2023 and 27<sup>th</sup> March 2023.

The Independent Directors met on 16<sup>th</sup> March 2023 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 with video conference facility 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 2023 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	4	Yes
Mr. NVS Reddy	Nominee Director	5	5	Yes
Mr. Shrikant Joshi	Non-Executive Director	5	3	No
Mrs. Vijayalakshmi Iyer	Independent Director	5	4	No
Mr. Sujit Varma	Independent	5	5	No

	Director			
Mr. D K Sen*	Non-Executive Director	5	2	No
Ms. Deepa Gopalan Wadhwa**	Independent Director	5	0	No

\* Mr. D K Sen was appointed as Non-executive Director with effect from 9<sup>th</sup> January 2023 and two board meetings were held post his appointment.

\*\*Ms. Deepa Wadhwa was appointed as Independent Director with effect from 27<sup>th</sup> March 2023 and no board meetings were held post her appointment.

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 2023, the number of other Directorships & Memberships / Chairmanships of Committees of the Board of Directors along with the names of the listed entities (whose equity securities are listed) wherein the Director holds directorships are as follows:

Name of Director	No. of Directors in listed entity	No. of Committee Memberships*	No. of Committee Chairmanships*	Names of other equity Listed entities where he/she holds Directorship	Category of Directorship
Mr. S N Subrahmanyam	5	0	0	Larsen & Toubro Ltd.	CEO & MD
				Larsen & Toubro Infotech Ltd.	Non-executive Vice Chairman
				L&T Technology Services Ltd.	Non-executive Vice Chairman
				Mindtree Ltd.	Non-executive Vice Chairman
				L&T Finance Holdings Ltd.	Non-executive Chairman

Mr. K V B Reddy	1	1	0	Nil	Nil
Mr. R Shankar Raman	4	4	0	Larsen & Toubro Ltd. Larsen & Toubro Infotech Ltd. L&T Finance Holdings Ltd. Mindtree Ltd.	Whole Time Director Non-executive Director Non-executive Director Non-executive Director
Mr. Ajit Rangnekar	1	2	0	Nil	Nil
Mrs. Vijayalakshmi Iyer	6	6	3	Poonawala Fincorp Ltd. Aditya Birla Capital Ltd. ICICI Securities Ltd. Computer Age Management Services Ltd.	Non-executive Director Non-executive Director Non-executive Director Non-executive Director
Mr. NVS Reddy	1	0	0	Nil	Nil
Mr. M R Prasanna	1	1	1	Nil	Nil
Mr. Shrikant Joshi	2	0	0	Nil	Nil
Mr. Sujit Varma	2	2	2	Uflex Limited Prime Securities Ltd.	Independent Director Non-executive Director
Mr. D K Sen	2	2	0	Nil	Nil
Mrs. Deepa Gopalan Wadhwa	7	1	0	J K Cement Ltd. J K Paper Ltd. Bengal & Assam	Independent Director Independent Director Independent

				Company Ltd.	Director
				NDR Auto	Independent
				Components Ltd.	Director
				Artemis Medicare	Independent
				Services Ltd.	Director
				Sapphire Foods	Independent
				India Ltd.	Director

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

\*Only Audit Committee and Stakeholders' Relationship Committee are considered as required under 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, four Audit Committee meetings were held on 22<sup>nd</sup> April 2022, 11<sup>th</sup> July 2022, 11<sup>th</sup> October 2022 and 9th January 2023.

The attendance of Members at the Audit Committee Meetings was as follows:

<b>Name</b>	<b>Category</b>	<b>No. of meetings held during the year</b>	<b>No. of meetings attended</b>
Mr. M R Prasanna	Independent Director	4	3
Mr. Ajit Rangnekar	Independent Director	4	4
Mr. Sujit Varma	Independent Director	4	4
Mr. R Shankar Raman	Non-Executive Director	4	4

Mr. M R Prasanna, Independent Director of the Company is the Chairperson of the Audit Committee. One meeting was chaired by Mr. Ajit Rangnekar, Independent Director of the Company.

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 22<sup>nd</sup> April 2022, 26<sup>th</sup> September 2022, 19<sup>th</sup> December 2022, 9<sup>th</sup> January 2023 and 27<sup>th</sup> March 2023.

The attendance of Members at the Meetings was as follows:

<b>Name</b>	<b>Category</b>	<b>No. of meetings held during the year</b>	<b>No. of meetings attended</b>
Mr. Ajit Rangnekar	Independent Director	5	5
Mr. M R Prasanna	Independent Director	5	5
Mr. Shrikant Joshi	Non-Executive Director	5	4

Mr. Ajit Rangnekar, Independent Director of the Company is the Chairperson of the Nomination and Remuneration Committee.

The Company Secretary is the Secretary to the Committee.

**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 remuneration of the MD & CEO of the Company is approved by the shareholders of the Company vide special resolution dated 22<sup>nd</sup> February 2021.

The Independent Directors and Nominee Director are paid remuneration by way of sitting fees. The Company paid sitting fees of INR.25,000/- per meeting of the Board to Independent Directors and Nominee Director and INR. 15,000/- per meeting for Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Risk Management 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](http://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. Nomination and Remuneration Committee Chairperson is requested to receive the responses of the Directors and consolidate/analyze the responses. This is done through a software platform.

- **Details of remuneration paid / payable to Directors for the year ended 31<sup>st</sup> March 2023:**

The Company does not pay any remuneration to its Non-executive non-Independent Directors. The details of remuneration paid / payable to the Directors for the year 2022-23 is as follows:

<b>Names</b>	<b>Sitting Fees for Board Meeting</b>	<b>Sitting Fees for Committee Meeting</b>	<b>Salary</b>	<b>Total</b>
Mr. Ajit Rangnekar	1,25,000	1,80,000	0	3,05,000
Mr. M R Prasanna	1,00,000	1,65,000	0	2,65,000
Ms. Vijayalakshmi Iyer	1,00,000	0	0	1,00,000
Mr. NVS Reddy	1,25,000	0	0	1,25,000
Mr. Sujit Varma	1,25,000	75,000	0	2,00,000
Ms. Deepa Wadhwa	50,000	0	0	50,000
Mr. KVB Reddy	0	0	<b>449,07,571</b>	<b>449,07,571</b>

### **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 31<sup>st</sup> March 2023 as well as on the date this report, the Committee comprises of one Executive Director, one Non-Executive Director (Non-Independent category), one Independent Director and Chief Financial Officer of the Company.

<b>Particulars</b>	<b>Composition of Committees</b>
Stakeholders' Relationship Committee	<ol style="list-style-type: none"> <li>1. Ms. Deepa Gopalan Wadhwa, Independent Director (Chairperson)</li> <li>2. Mr. Dip Kishore Sen, Non-executive Director</li> <li>3. Mr. KVB Reddy, MD &amp; CEO</li> <li>4. Mr. Rahul Nilosey, CFO</li> </ol>

**Meetings:**

The meeting of the Committee was held on 12<sup>th</sup> December 2022.

**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 31<sup>st</sup> March 2023 as well as on the date this report, the Committee comprises of one Executive Director, one Non-Executive Director (Non-Independent category), one Independent Director, Chief Operating Officer–Rail System and Chief Financial Officer of the Company.

Particulars	Composition of Committees
Risk Management Committee	<ol style="list-style-type: none"> <li>1. Mr. Sujit Varma, Independent Director (Chairperson)</li> <li>2. Mr. Dip Kishore Sen, Non-executive Director</li> <li>3. Mr. KVB Reddy, MD &amp; CEO</li> <li>4. Mr. Sudhir Chiplunkar, COO (Rail System)</li> <li>5. Mr. Rahul Nilosey, CFO</li> </ol> Permanent Invitee: Mr. R Govindan, Executive Vice President - Corporate Finance, Larsen & Toubro Ltd.

**Meetings:**

The Committee meetings were held on 21<sup>st</sup> June 2022 and 12<sup>th</sup> December 2022.

**F. GENERAL BODY MEETINGS**

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

Financial Year	Date	Venue	Time
2022-23 EGM	27 <sup>th</sup> March 2023	At the registered office address of the Company	8:20 PM
2021-22 AGM	10 <sup>th</sup> August 2022	At the registered office address of the Company	11.30 AM
2021-22 EGM	21 <sup>st</sup> January 2022	At the registered office address of the Company	11.00 AM
2021-22 EGM	3 <sup>rd</sup> November 2021	At the registered office address of the Company	12 Noon
2021-22 EGM	12 <sup>th</sup> August 2021	At the registered office address of the Company	11.00 AM
2020-21 AGM	21 <sup>st</sup> May 2021	Through video conferencing or other audio visual means	11.00 AM
2019-20	14 <sup>th</sup> August 2020	Through video conferencing	11.00 AM

AGM		or other audio visual means	
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The following Special Resolutions were passed by the Members during the General Meetings:

Extra-ordinary General Meeting held on 12<sup>th</sup> 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 3<sup>rd</sup> 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 21<sup>st</sup> 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.

Extra-ordinary General Meeting held on 27<sup>th</sup> March 2023:

- Approval for appointment of Ms. Deepa Gopalan Wadhwa as an Independent Director of the Company for a period of five years with effect from 27<sup>th</sup> March 2023.
- Alteration in the Articles of Association of the Company by modifying article "Calls on Shares".
- Approval for appointment of Mr. Sujit Varma as an Independent Director of the Company for a period of five years with effect from 25<sup>th</sup> April 2022 as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Resolution(s) passed through Postal Ballot:**

No postal ballot was conducted during FY 2022-23. There is no immediate proposal for passing any resolution through postal ballot.

## G. OTHER INFORMATION

### a) Directors' Familiarization Program:

All our directors are aware and are also updated as and when required, of their role, responsibilities & liabilities.

The Company holds Board meetings with videoconferencing facility.

Presentations are made regularly to the Board / Nomination & Remuneration Committee(NRC) / Audit Committee (AC) (minutes of AC, NRC, Stakeholders' Relationship Committee and Risk Management Committee are circulated to the Board), where Directors get an opportunity to interact with senior management. Presentations, inter alia, cover business strategies, management structure & development, quarterly and annual results, budgets, review of internal audit, risk management framework, etc.

Independent Directors have the freedom to interact with the Company's Management. Interactions happen during Board / Committee meetings, when senior company personnel are asked to make presentations to the Board.

These details of the familiarisation programmes imparted to Independent Directors is also available on the website of the Company <https://www.ltmetro.in/investors/corporate-governance/>

### b) Vigil Mechanism / Whistle Blower Policy:

The Vigil Mechanism 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 and provides for direct access to the Chairperson of the Audit Committee. The Audit Committee of the Company oversees the functioning of the Whistle Blower Policy.

Members can view the details of the whistle blower policy of the Company on its website <https://www.ltmetro.in/investors/corporate-governance/>

### c) Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the Company <https://www.ltmetro.in/investors/corporate-governance/>. The declaration of the Managing Director & Chief Executive Officer is given below:

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

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and Senior Management Personnel.

KVB Reddy  
MD & CEO

Date: 20<sup>th</sup> April 2023

Place: Hyderabad

## H. DISCLOSURES

- i. 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.
- ii. 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.
- iii. The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.
- iv. 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 except for the following:
  1. The company was levied with a fine of INR.1,34000/- plus applicable tax under Reg.52(7) for non-submission of statement indicating the utilization of issue proceeds/material deviation in the use of proceeds vide their mail dated 27.09.2022. The utilization of issue proceeds was completed on the very first day of receipt of issue proceeds and hence there was no amount pending for utilization and also, there was no deviation in the use of proceeds. Since

there was no amount pending for utilization even for one day and there was no deviation in the use of proceeds at all, no end use certificate was required to be filed on quarterly basis. However, BSE Ltd. informed that NIL certificate was required to be filed. Due to the aforesaid interpretation difference, the NIL certificate has not been submitted and also the fine so imposed was wrongly calculated by BSE and it was further reduced to INR. 57,000/- plus applicable taxes after due representation was made to this effect to BSE. Further representation has been made for reversal of the fines.

2. The BSE imposed fines under Reg.60(2) – one day delay (BSE non-working day in between) in the notice period for Record date intimation during FY 2021-22 amounting to Rs.60,000/- plus tax vide their email dated 28.09.2022. Representation has been made for reversal of the fines.
  3. The Company received an email dated 28.09.2022 from BSE levying a fine of Rs.2000/- plus tax under Reg.57(1) – (Non-disclosure of information related to payment obligations). The receipt of payment confirmation from State Bank of India regarding credit of interest payment to the debenture holders was delayed by one day and hence, intimation to the Stock Exchange under this Regulation was delayed accordingly. Representation has been made for reversal of the fines.
- v. 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.
- vi. 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.

## **I. 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](http://www.ltmetro.in)

### **Website**

The Company's corporate website [www.ltmetro.in](http://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 is available on our Company's website 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 filed online on BSE Listing portal.

#### **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/ Depository Participant. The Annual Report would also be made available on the website of the Company. The Chairman suitably responds to the queries raised by the Members 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 2022-23.

#### **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 Ltd.

#### **Custodial Fees to Depositories:**

The fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) has been paid for the year 2022-23.

### **J. GENERAL SHAREHOLDERS' INFORMATION**

#### **a) Annual General Meeting:**

The Annual General Meeting of the Company will be convened during the month of September 2023 at the registered office address.



**b) Financial calendar:**

1. Annual results of 2022-23	20 <sup>th</sup> April 2023
2. E-mailing of Annual Reports	Before first week of September 2023
3. Annual General Meeting	On or before September 2023
4. First quarter results	During second week of July 2023*
5. Second quarter results	During second week of October 2023*
6. Third quarter results	During second week of January 2024*

\* 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 (India Ratings) for NCDs and CPs during the financial year 2022-23. The NCDs and CPs are rated AAA(CE) and A1+ respectively by both the agencies.

**e) Distribution of Shareholding as on 31st March 2023:**

Sr. No	Name of the share holder	No. of Equity shares held
1.	Larsen and Toubro Limited	463,89,99,994*
2.	Venkata Nagendra Prasad Koganti jointly with Larsen And Toubro Limited	1
3.	Sudhir Chiplunkar jointly with Larsen And Toubro Limited	1
4.	Pullela Ravishankar jointly with Larsen And Toubro Limited	1
5.		1

	Rahul Nilosey jointly with Larsen And Toubro Limited	
6.	Chandrachud Durlabh Paliwal jointly with Larsen And Toubro Limited	1
7.	Government of Telangana, Secretariat, Hyderabad	1
	<b>Total</b>	463,90,00,000

\*Out of 463,89,99,994 equity shares, 220,00,00,000 equity shares are partly paid (INR.6/- paid-up)

**f) Dematerialization of shares & Liquidity:**

The Company's Shares are required to be in dematerialized form.

The number of shares held in dematerialized and physical mode as on 31<sup>st</sup> March 2023 is as under:

	No. of shares	% of total capital issued
Held in dematerialized form in NSDL	4638999999	99.9999
Physical	1	0.0001
<b>Total</b>	4639000000	<b>100.00</b>

The physical share (Golden Share) is held by the Government of Telangana State (GoTS). As per the shareholders agreement executed between the Company and GoTS, the Golden share is non-transferable in nature.

**K. 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 are continuing as Debenture Trustee for Senior, Listed, Rated, Redeemable, Non Convertible Debentures amounting to ₹8,616 crore.

**L. 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, conducted 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 8<sup>th</sup> February 2019, the Company has obtained annual secretarial compliance report for FY 2021-22 from M/s. Kota & Associates, Company Secretaries and has submitted the same to BSE Ltd. on 27<sup>th</sup> May 2022. The Company shall submit the annual secretarial compliance report for FY 2022-23 within the prescribed timelines.

ANNEXURE TO CORPORATE GOVERNANCE REPORT  
**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to clause C of Schedule V of the SEBI(Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

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

I have examined the relevant registers, records, forms and disclosures received from the directors of L&T METRO RAIL (HYDERABAD) LIMITED ( CIN U45300TG2010PLC070121) having its registered office at 5th Floor, Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad-500039, Telangana, India (hereinafter referred to as “ the Company”) , produced before me by the Company for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V , Para-C of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal ‘www.mca.gov.in’ as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending 31st March, 2023 has been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory authority.

SNO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
1	PRASANNA RANGACHARYA MYSORE	00010264	18/02/2016
2	RAMAMURTHI SHANKAR RAMAN	00019798	08/12/2015
3	VENKATSATYANARAYAN REDDY NALLAMILLI	01414254	31/03/2012
4	AJIT PANDURANG RANGNEKAR	01676516	11/02/2011

5	VIJAYABHASKARA REDDY KALAKOTA	01683467	24/01/2018
6	SEKHARIPURAM NARAYANAN SUBRAHMANYAN	02255382	08/12/2015
7	SHRIKANT PRABHAKAR JOSHI	02278471	02/05/2018
8	VIJAYALAKSHMI IYER	05242960	12/05/2020
9	SUJIT KUMAR VARMA	09075212	25/04/2022
10	DIP KISHORE	03554707	09/01/2023
11	DEEPA GOPALAN WADHWA	07862942	27/03/2023

Ensuring eligibility of for appointment /continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KOTA & ASSOCIATES,

Company Secretaries,

Sd/-

KOTA SRINIVAS

Practicing Company Secretary,

M.No. F10597-CP No.14300

Peer Review Cert No.1736/2022

Place:Hyderabad

Date: 19-04-2023

UDIN: F010597E000138901

**CERTIFICATE ON COMPLIANCE WITH THE REGULATIONS OF CORPORATE  
GOVERNANCE**

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

1. I, Kota Srinivas, Company Secretary in Practice, the Secretarial Auditor of L&T Metro Rail (Hyderabad) Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time(the “Listing Regulations”).

**MANAGEMENT’S RESPONSIBILITY**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**AUDITORS’ RESPONSIBILITY**

3. My responsibility is limited to examining the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

**OPINION**

5. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31st March 2023. *However,*

*there were three instances where the company was imposed with penalties for the inadvertent delay in compliance.*

6. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company Reporting of internal auditor directly to the Audit Committee.

**For KOTA & ASSOCIATES**

Company Secretaries

Sd/-

Kota Srinivas

M.No.F10597;CP No.14300

Place: Hyderabad

Date: 20.04.2023

UDIN: F010597E000157062

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

### **CEO/ CFO Certificate – Compliance Certificate**

In our capacity as Managing Director & Chief Executive Officer and Chief Financial Officer of L&T Metro Rail (Hyderabad) Limited (“the Company”), we hereby certify to the best of our knowledge that the Company has:

1. Reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2023 and that to the best of their knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  
2. There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
  
3. Accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
  
4. Indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



This certificate is given with full knowledge that, on its faith and strength, full reliance can be placed by the Board of Directors of the Company.

**Sd/-**

K V B Reddy

Managing Director & Chief Executive Officer

(DIN: 01683467)

**Sd/-**

Rahul Nilosey

Chief Financial Officer

Date : 19<sup>th</sup> April 2023

Place : Hyderabad

## **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 2023, 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 ended on that date 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its loss and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### **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 2023. 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.

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>Auditor's Response</b>
1	<p><b>Intangible assets - Impairment Assessment</b></p> <p>The operation and maintenance of the Metro Rail System involves a long concession period. The project commissioning was delayed as against the originally estimated completion date as mentioned in the concession agreement resulting in cost overruns.</p> <p>It is therefore necessary to test the assets for impairment to ensure that the carrying value of the assets does not exceed their recoverable amount. The recoverable value of intangible assets is determined on the basis of projections which involve technical estimations and management judgements. Therefore, impairment assessment is necessary atleast on an annual basis to ensure that</p>	<p>Designed and performed following audit procedures with respect to impairment assessment by the management including the assumptions and estimates used in evaluation of carrying value of intangible assets where there is an indication of impairment:</p> <ul style="list-style-type: none"><li>• Understanding the process followed by the Company in respect of the annual impairment assessment for intangible assets.</li><li>• Evaluating the design and implementation and testing the operating effectiveness of key internal controls related to the Company's process relating to review of the annual impairment assessment, including controls over determination of discount rate, near and long-term revenue growth rate.</li><li>• Reviewing the reasonableness of the assumptions, particularly estimation of passenger traffic based on our</li></ul>

	<p>the carrying value of the assets is fairly stated.</p>	<p>knowledge of the Company. Assessing historical accuracy by comparing past forecasts to actual results achieved. We had discussions with the management of the Company to understand the driving factors which have been / should have been considered for the impairment analysis.</p> <ul style="list-style-type: none"> <li>• Enquired with the management and gained understanding of various strategic initiatives taken by the company to improve its capital structure.</li> <li>• Involving internal valuation expert in evaluating the impairment model used and assumptions (including discount rate and long-term sales growth rate applied by the Company).</li> <li>• Reviewing the sensitivity analysis to evaluate the impact of change in key assumptions individually or collectively to the recoverable value.</li> </ul>
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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 significance in the audit of financial statements for the year ended 31 March 2023 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.

### **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 2023, and taken on record by the Board of Directors, none of the directors

is disqualified as on 31 March 2023, 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 derivate contracts as on 31 March 2023; 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 2023.

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.
- vi. With respect to maintenance of books of account using accounting software which has a feature of recording audit trail (edit log) facility, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable since Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable with effect from 1 April 2023.

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

Sd/-

**M V Ramana Murthy**  
*Partner*  
Membership No.206439  
UDIN: 23206439BGSWUW3799

Hyderabad, 20 April 2023

## **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 phased 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 2023 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) As disclosed in note 12.6 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs.5 crore during the year. As at the year end, the Company is in the process of execution of documents and no amounts have been drawn by the Company against the facility sanctioned; hence reporting under this paragraph is not applicable at present.
- (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 not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties specified in the Sections 185 and 186 of the Companies Act, 2013.
- (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 2023 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 12.2 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 private placement of shares or fully or partly convertible debentures during the year. In respect of preferential allotment of equity shares on rights basis made during the year, in our opinion, the Company has complied with the requirements of Section 62 of the Act. The proceeds from issue of equity shares have been used for the purposes for which the funds were raised.
- (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.  
  
(d) We have been informed that the Company has one Core Investment Company as part of the Group.
  
- (xvii) The Company has incurred cash losses of Rs.960.23 Crores in the current financial year and Rs.1400.00 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, 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(xxii) 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: 23206439BGSWUW3799

Hyderabad, 20 April 2023

## **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 2023, 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 2023, 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: 23206439BGSWUW3799

Hyderabad, 20 April 2023

**L&T Metro Rail (Hyderabad) Limited**  
**Balance Sheet as at March 31, 2023** ₹ Crore

Particulars	Note No	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, Plant and Equipment	1	111.16	127.03
b) Investment property	2	1,349.12	1,359.17
c) Intangible assets	3	15,301.51	15,557.82
d) Intangible assets under development	4	4.50	-
e) Other financial assets	5	66.17	88.35
f) Other non-current assets	6	9.00	35.87
		<b>16,841.46</b>	<b>17,168.24</b>
<b>Current assets</b>			
a) Inventories	7	13.52	12.17
b) Financial Assets			
i) Trade receivables	8	28.69	19.24
ii) Cash and cash equivalents	9	8.79	111.26
iii) Bank balances other than ii above	9	0.71	2.61
iv) Other financial assets	5	27.76	28.90
c) Other current assets	6	16.34	15.68
		<b>95.81</b>	<b>189.86</b>
<b>TOTAL ASSETS</b>		<b>16,937.27</b>	<b>17,358.10</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	10	3,759.00	2,439.00
b) Other equity	11	(5,424.37)	(4,108.37)
		<b>(1,665.37)</b>	<b>(1,669.37)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12	9,391.10	9,353.53
ii) Other financial liabilities	13	67.81	89.48
b) Other non current liabilities	15	64.63	-
c) Provisions	16	170.18	113.58
		<b>9,693.72</b>	<b>9,556.59</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12	7,733.98	8,287.24
ii) Trade payables	14		
- Due to Micro Enterprises and small enterprises		1.28	0.03
- Due to others		73.19	44.28
iii) Other financial liabilities	13	1,084.98	1,121.88
b) Other current liabilities	15	13.11	14.88
c) Provisions	16	2.38	2.57
		<b>8,908.92</b>	<b>9,470.88</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,937.27</b>	<b>17,358.10</b>
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/-  
**Ajit Rangnekar**  
[Director]  
DIN No: 01676516

Sd/-  
**Rahul Nilosey**  
[Chief Financial Officer]

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

Place : Hyderabad  
Date : 20.04.2023

Place : Hyderabad  
Date : 20.04.2023

L&T Metro Rail (Hyderabad) Limited		₹ Crore	
Statement of Profit and loss for the year ended March 31, 2023			
Particulars	Note No	2022-23	2021-22
<b>INCOME</b>			
Revenue from operations	19	677.21	338.64
Construction contract revenue		20.67	118.23
Other income	20	5.32	18.50
<b>Total Income</b>		<b>703.20</b>	<b>475.37</b>
<b>EXPENSES</b>			
Construction contract expenses		20.67	118.23
Operating expenses	21	350.35	259.64
Employee benefit expenses	22	31.93	27.30
Administration and other expenses	23	28.40	33.22
Finance costs	24	1,273.36	1,476.56
Depreciation and amortisation expenses	3.1	314.43	306.63
<b>Total Expenses</b>		<b>2,019.14</b>	<b>2,221.58</b>
<b>Profit/(loss) before tax for the year</b>		<b>(1,315.94)</b>	<b>(1,746.21)</b>
Tax Expense:			
Current tax		-	-
Adjustments relating to earlier years		-	(0.36)
Deferred tax		-	-
		-	<b>(0.36)</b>
<b>Profit/(loss) after tax for the year</b>		<b>(1,315.94)</b>	<b>(1,745.85)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to Profit & Loss			
Gain/(loss) on remeasurement of defined benefit plans		(0.05)	0.51
<b>Total Comprehensive Income for the year</b>		<b>(1,315.99)</b>	<b>(1,745.34)</b>
Earnings per equity share	25.9		
Basic		(5.36)	(7.16)
Diluted		(5.34)	(7.16)
Face value per equity share		10.00	10.00
Notes forming part of the Financial Statements	1 to 25		
Significant accounting policies	26		
<b>As per our report attached</b>			
<b>For M.Bhaskara Rao &amp; Co.,</b>		<b>For and on behalf of the Board of Directors of</b>	
<b>Chartered Accountants</b>		<b>L&amp;T Metro Rail (Hyderabad) Limited</b>	
Firm registration number : 000459S			
Sd/-	Sd/-	Sd/-	
<b>M.V.Ramana Murthy</b>	<b>K.V.B.Reddy</b>	<b>Ajit Rangnekar</b>	
Partner	[Managing Director &	[Director]	
Membership No : 206439	Chief Executive Officer]	DIN No: 01676516	
	DIN No: 01683467		
	Sd/-	Sd/-	
	<b>Rahul Nilosey</b>	<b>Chandrachud D Paliwal</b>	
	[Chief Financial Officer]	[Company Secretary]	
		Membership No: F5577	
Place : Hyderabad		Place : Hyderabad	
Date : 20.04.2023		Date : 20.04.2023	

L&T Metro Rail (Hyderabad) Limited		₹ Crore	
Statement of Cash Flows for the year ended March 31, 2023			
S. No.	Particulars	2022-23	2021-22
<b>A</b>	<b>Net profit / (loss) before tax</b>	(1,315.95)	(1,746.21)
	<b>Adjustment for</b>		
	Depreciation and amortisation expense	314.43	306.64
	Finance Cost	1,211.72	1,476.56
	Interest income	(2.03)	(16.00)
	(Profit)/loss on sale of current investments(net)	(1.95)	(2.14)
	(Profit)/loss on sale of fixed assets	0.22	(0.01)
	<b>Operating profit before working capital changes</b>	<b>206.44</b>	<b>18.84</b>
	<b>Adjustments for:</b>		
	Increase / (Decrease) in long term provisions	56.61	46.72
	Increase / (Decrease) in other current liabilities	(1.82)	(7.26)
	(Increase) / Decrease in Trade Payables	30.16	7.85
	Increase / (Decrease) in other current financial liabilities	(52.73)	145.01
	Increase / (Decrease) in other non-current financial liabilities	(21.67)	66.08
	Increase / (Decrease) in short term provisions	(0.19)	(0.16)
	(Increase) / Decrease in other non-current financial assets	22.18	(74.76)
	(Increase) / Decrease in other non-current assets	15.87	(14.87)
	(Increase) / Decrease in Inventories	(1.36)	2.29
	(Increase) / Decrease in Trade Receivables	(9.46)	11.70
	(Increase) / Decrease in other current financial assets	1.15	(28.35)
	(Increase) / Decrease in other current assets	1.26	491.68
	<b>Net cash generated from/(used in) operating activities</b>	<b>246.44</b>	<b>664.77</b>
	Direct taxes refunds (net of payments)	(7.93)	7.79
	<b>Net Cash(used in)/generated from Operating Activities</b>	<b>238.51</b>	<b>672.56</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of fixed assets	(2.21)	(198.77)
	Sale of fixed assets	0.03	0.03
	Sale/(Purchase) of current investments	1.95	2.14
	Interest received	2.03	16.00
	<b>Net cash (used in)/generated from investing activities</b>	<b>1.79</b>	<b>(180.60)</b>
<b>C</b>	<b>Cash flow from financing activities</b>		
	Proceeds from equity share capital	1,320.00	-
	Proceeds from long term borrowings	100.00	8,616.00
	Repayment of long term borrowings	-	(12,737.86)
	Proceeds/(repayment) of short term borrowings	(950.00)	4,552.29
	Interest paid	(812.78)	(970.12)
	<b>Net cash (used in)/generated from financing activities</b>	<b>(342.79)</b>	<b>(539.69)</b>
	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(102.48)</b>	<b>(47.72)</b>
	<b>Cash and cash equivalents as at the beginning of the year</b>	<b>111.26</b>	<b>158.98</b>
	<b>Cash and cash equivalents as at the end of the year (Refer below for break-up)</b>	<b>8.79</b>	<b>111.26</b>
<b>Components of Cash and cash equivalents (refer note 9)</b>			
		<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
	a) Cash on hand	0.66	0.56
	b) Balance with banks in current accounts	3.17	1.70
	c) Deposits with maturity of less than three months including interest accrued thereon	4.96	109.00
	<b>Total Cash and cash equivalents (as per Ind AS 7)</b>	<b>8.79</b>	<b>111.26</b>
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 including movement of (a) capital work in progress for property plant and equipment and investment property & (b) intangible assets under development during the year and adjusted with (a) capital advances given & (b) retention amounts			
3. Previous year's figures have been regrouped/reclassified wherever applicable.			
<b>As per our report attached</b>		<b>For and on behalf of the Board of Directors of</b>	
<b>For M.Bhaskara Rao &amp; Co.,</b>		<b>L&amp;T Metro Rail (Hyderabad) Limited</b>	
Chartered Accountants		Firm registration number : 000459S	
Sd/-	Sd/-	Sd/-	
<b>M. V. Ramana Murthy</b>	<b>K.V.B.Reddy</b>	<b>Ajit Rangnekar</b>	
Partner	[Managing Director & Chief Executive Officer]	[Director]	
M.No.: 206439	DIN No: 01683467	DIN No: 01676516	
	Sd/-	Sd/-	
	<b>Rahul Nilosey</b>	<b>Chandrachud D Paliwal</b>	
	[Chief Financial Officer]	[Company Secretary]	
		Membership No: F5577	
Place : Hyderabad		Place : Hyderabad	
Date : 20.04.2023		Date : 20.04.2023	

**L&T Metro Rail (Hyderabad) Limited****Statement of changes in Equity for the year ended 31 March, 2023****A. Equity share capital**

<b>Particulars</b>	<b>No. of shares</b>	<b>₹ Crore</b>
Balances as at March 31,2021	2,43,90,00,000	2,439.00
Changes in equity share capital during the year	-	-
<b>Balances as at March 31,2022</b>	<b>2,43,90,00,000</b>	<b>2,439.00</b>
Changes in equity share capital during the year	2,20,00,00,000	1,320.00
<b>Balances as at March 31,2023</b>	<b>4,63,90,00,000</b>	<b>3,759.00</b>

**B. Other Equity**

₹ Crore

<b>Particulars</b>	<b>Debenture Redemption Reserve</b>	<b>Retained earnings</b>	<b>Other comprehensive income</b>	<b>Total</b>
Balance as at March 31,2021	2.82	(2,365.85)	-	(2,363.03)
Profit/(loss) for the year	-	(1,745.85)	-	(1,745.85)
Gain/(loss) on remeasurement of defined benefit plans	-	-	0.51	0.51
<b>Balance as at March 31,2022</b>	<b>2.82</b>	<b>(4,111.71)</b>	<b>0.51</b>	<b>(4,108.37)</b>
Profit/(Loss) for the year	-	(1,315.95)	-	(1,315.95)
Gain/(loss) on remeasurement of defined benefit plans	-	-	(0.05)	(0.05)
<b>Balance as at March 31,2023</b>	<b>2.82</b>	<b>(5,427.66)</b>	<b>0.46</b>	<b>(5,424.37)</b>

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

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

Firm registration number : 000459S

Sd/-

**M.V.Ramana Murthy**  
Partner  
Membership No : 206439

Sd/-

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

Sd/-

**Ajit Rangnekar**  
[Director]  
DIN No:  
01676516

Sd/-

**Rahul Nilosey**  
[Chief Financial Officer]

Sd/-

**Chandrachud D Paliwal**  
[Company Secretary]  
Membership No: F5577

Place : Hyderabad  
Date : 20.04.2023

Place : Hyderabad  
Date : 20.04.2023

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

**1 Property, Plant and Equipment**

As at March 31, 2023

₹ Crore

Particulars	Cost				Depreciation				Net Book Value	
	As at April 01, 2022	Additions	Deletions	As at March 31, 2023	Up to April 01, 2022	For the year	On deletions	Up to March 31,2023	As at March 31, 2023	As at March 31, 2022
<b>Tangible Assets</b>										
Plant and Machinery										
Leased out	161.46	0.63	-	162.09	45.50	14.77	-	60.27	101.83	115.96
Computers	2.11	0.33	0.46	1.97	1.86	0.09	0.44	1.52	0.45	0.24
Furniture & Fixtures	28.11	0.30	-	28.40	21.81	2.77	-	24.58	3.82	6.30
Office Equipment	17.86	1.66	5.52	14.00	13.34	0.85	5.24	8.94	5.06	4.53
<b>Total</b>	<b>209.54</b>	<b>2.92</b>	<b>5.98</b>	<b>206.46</b>	<b>82.51</b>	<b>18.48</b>	<b>5.68</b>	<b>95.31</b>	<b>111.16</b>	<b>127.03</b>

As at March 31, 2022

₹ Crore

Particulars	Cost				Depreciation				Net Book Value	
	As at April 01, 2021	Additions	Deductions	As at March 31, 2022	Up to April 01, 2021	For the year	On Deletions	Up to March 31, 2022	Up to March 31, 2022	As at March 31, 2021
<b>Tangible Assets</b>										
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	2.32
Vehicles	0.14	-	0.14	-	0.12	-	0.12	-	-	0.01
<b>Total</b>	<b>180.51</b>	<b>29.24</b>	<b>0.19</b>	<b>209.54</b>	<b>65.43</b>	<b>17.24</b>	<b>0.17</b>	<b>82.51</b>	<b>127.03</b>	<b>115.05</b>

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

**2 Investment Property**

**2.1 Completed property**

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2022	Additions	Deletions	As at March 31, 2023	Up to April 01, 2022	For the year	On deletions	Up to March 31,2023	As at March 31, 2023	As at March 31, 2022
Free hold land	0.16	-	-	0.16	-	-	-	-	0.16	0.16
<b>Lease Out</b>										
Buildings	887.42	7.68	-	895.11	41.21	14.56	-	55.77	839.34	846.22
Land License rights	94.96	-	-	94.96	4.57	1.56	-	6.14	88.82	90.39
<b>Others</b>										
Land License rights	429.64	-	-	429.64	7.97	7.36	-	15.33	414.32	421.66
<b>Total</b>	<b>1,412.18</b>	<b>7.68</b>	<b>-</b>	<b>1,419.87</b>	<b>53.75</b>	<b>23.48</b>	<b>-</b>	<b>77.24</b>	<b>1,342.64</b>	<b>1,358.43</b>
<b>Previous Year</b>	<b>1,137.12</b>	<b>275.06</b>	<b>-</b>	<b>1,412.18</b>	<b>34.71</b>	<b>19.04</b>	<b>-</b>	<b>53.75</b>	<b>1,358.43</b>	<b>1,102.41</b>

**2.2 Amounts recognised in profit or loss for investment properties**

₹ Crore

Particulars	31.03.2023	31.03.2022
Rental Income	78.81	51.19
Direct operating expenses from property that generated rental income	5.96	(0.09)



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

**2.3 Capital work in Progress**

₹ Crore

Particulars	Up to April 01, 2022	Additions	As at March 31, 2023
<i>Transit oriented development</i>			
Free hold land	0.16	-	0.16
Work in progress	883.82	13.44	897.26
Land license rights	489.54	-	489.54
Salaries and wages	29.74	-	29.74
Interest expenses	161.90	-	161.90
Other expenses	9.24	-	9.24
	<b>1,574.39</b>	<b>13.44</b>	<b>1,587.84</b>
Transfer to Building	(887.42)	(7.68)	(895.10)
Transfer to completed property	(0.16)	-	(0.16)
Transfer to Land license rights*	(524.61)	-	(524.61)
Transfer to Property, Plant & Equipment	(161.46)	-	(161.46)
<b>Total</b>	<b>0.75</b>	<b>5.74</b>	<b>6.49</b>

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

₹ Crore

2.4

Particulars	As at March 31, 2023	As at March 31, 2022
Contractual obligations to construct / develop the investment property	4.22	10.13

**2.5 Amount shown under Investment property**

₹ Crore

	As at March 31, 2023	As at March 31, 2022
Completed property	1,342.63	1,358.43
Capital work in progress	6.49	0.74
<b>TOTAL</b>	<b>1,349.12</b>	<b>1,359.17</b>

**L&T Metro Rail (Hyderabad) Limited**  
**Notes forming part of the Financial Statements**  
**2.6 CWIP -Investment property as on 31.03.23**

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.74	0.75	-	-	6.49
<b>Total</b>	<b>5.74</b>	<b>0.75</b>			<b>6.49</b>

**CWIP -Investment property as on 31.03.22**

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.75	-	-	-	0.75
<b>Total</b>	<b>0.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.75</b>

- 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 31.03.2023 is ₹ 1042 Crores (PY ₹ 965 Crores ) and ₹ 1291 Crores (PY ₹ 1134 Crores) respectively.

**3 Intangible Assets**

₹ Crore

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2022	Additions	Deductions	As at March 31, 2023	Up to April 01, 2022	For the year	Deductions	Up to March 31, 2023	As at March 31, 2023	As at March 31, 2022
Intangible Assets- Metro	16,255.53	16.17	-	16,271.70	698.30	272.18	-	970.48	15,301.22	15,557.23
Specialised Software	5.70	-	-	5.70	5.11	0.29	-	5.41	0.29	0.59
<b>Total</b>	<b>16,261.23</b>	<b>16.17</b>	<b>-</b>	<b>16,277.40</b>	<b>703.41</b>	<b>272.47</b>	<b>-</b>	<b>975.89</b>	<b>15,301.51</b>	<b>15,557.82</b>
<b>Previous Year</b>	<b>16,129.58</b>	<b>131.65</b>	<b>-</b>	<b>16,261.23</b>	<b>433.06</b>	<b>270.35</b>	<b>-</b>	<b>703.41</b>	<b>15,557.81</b>	<b>15,696.52</b>

**3.1 Depreciation and amortisation expenses**

₹ Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Property, Plant and Equipment	18.48	17.24
Investment Property	23.48	19.04
Intangible Assets	272.47	270.35
	<b>314.43</b>	<b>306.63</b>

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

**4 Intangible Assets under development**

₹ Crore

Particulars	Up to	Additions	As at
	April 01, 2022		March 31, 2023
Fare collection rights			
Construction work in progress	13,012.92	20.67	13,033.60
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
<b>Total</b>	<b>17,949.26</b>	<b>20.67</b>	<b>17,969.94</b>
Less:			
Transfer to Intangible asset	(16,255.53)	(16.17)	(16,271.70)
Transfer to Investment property capital work in progress	(489.54)	-	(489.54)
Viability Gap Fund	(1,204.20)	-	(1,204.20)
<b>Total</b>	<b>-</b>	<b>4.50</b>	<b>4.50</b>

**4.1 CWIP -Intangible assets as on 31.03.23**

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.50	-	-	-	4.50
<b>Total</b>	<b>4.50</b>				<b>4.50</b>

**CWIP -Intangible assets as on 31.03.22**

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**5 Other financial assets**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non-current	Current	Non-current
Security deposits	0.02	15.89	0.01	11.22
Financial Guarantee Assets	26.85	50.03	28.53	76.88
Others	0.89	0.25	0.36	0.25
<b>Total</b>	<b>27.76</b>	<b>66.17</b>	<b>28.90</b>	<b>88.35</b>



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

**9 Cash and Bank Balances**

₹ Crore

Particulars	As at		As at	
	March 31, 2023		March 31, 2022	
(i) Cash and cash equivalents				
a) Cash on hand	0.66		0.56	
b) Balances with banks in current accounts	3.17		1.70	
c) Deposits with maturity of less than three months including interest accrued thereon.*	4.96	8.79	109.00	111.26
(ii) Other bank balances				
Balances with banks held as margin money deposits		0.71		2.61
<b>Total</b>		<b>9.49</b>		<b>113.87</b>

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

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

**10 Equity Share Capital**

**10.1 Authorised, issued, subscribed and paid up**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ Crore	No. of shares	₹ Crore
<b>Authorised:</b>				
Equity shares of ₹ 10 each	4,63,90,00,000	4,639.00	2,43,90,00,000	2,439.00
<b>Issued Capital</b>				
Equity shares of ₹ 10 each	4,63,90,00,000	4,639.00	2,43,90,00,000	2,439.00
<b>Subscribed and Paid Up Capital</b>				
Equity shares of ₹ 10 each fully paid	2,43,90,00,000	2,439.00	2,43,90,00,000	2,439.00
Equity shares of ₹ 10 each partly paid ( ₹ 6 paid up)	2,20,00,00,000	1,320.00	-	-
	<b>4,63,90,00,000</b>	<b>3,759.00</b>	<b>2,43,90,00,000</b>	<b>2,439.00</b>

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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
Issued during the year	2,20,00,00,000	1,320.00	-	-
At the end of the year	<b>4,63,90,00,000</b>	<b>3,759.0000</b>	<b>2,43,90,00,000</b>	<b>2,439.00</b>

Note : Pursuant to appeal by the Share Holders at their extraordinary general meeting, the Company increased its Authorised Capital to 463,90,00,000 shares of Rs.10/- aggregating to Rs. 4639 Crores. Further, the Company had issued 220,00,00,000 equity shares of face value of Rs.10/- each on rights basis to the shareholders during the current financial year. In accordance with the terms of issue Rs. 6 i.e 60% of the issue price per rights equity share was received from the shareholders upon acceptance of offer and shares were allotted. The remaining amount payable on first and final call by the Company.

**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.
- 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 holder of the equity shares is entitled to dividend right and voting right in the same proportion as the capital paid up on such equity shares bears to the total paid up equity share capital of the company. In the event of liquidation of the Company, the holders of equity shares are entitled to receive the remaining assets of the Company in the same proportion as the capital paid-up on the equity shares held by them bears to the total paid-up equity share capital of the Company.
- 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:**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ Crore	No. of shares	₹ Crore
Larsen and Toubro Limited (including nominee holding)	4,63,89,99,999	3,759.00	2,43,89,99,999	2,439.00
<b>Total</b>	<b>4,63,89,99,999</b>	<b>3,759.00</b>	<b>2,43,89,99,999</b>	<b>2,439.00</b>

Note :Refer foot note at 10.2 above

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

**10 Equity Share Capital**

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

<b>Particulars</b>	<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
Larsen and Toubro Limited (including nominee holding)	4,63,89,99,999	99.999%	2,43,89,99,999	99.999%

**10.6 Shares held by promoters at the end of the year**

<b>Promoter's Name</b>	<b>As at March 31, 2023</b>		
	<b>No. of shares</b>	<b>% of shares</b>	<b>% Change during the year</b>
Larsen and Toubro Limited (including nominee holding)	4,63,89,99,999	99.999%	0%
<b>Total</b>	<b>4,63,89,99,999</b>		

**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**  
**Statement of Changes in Equity for the period ended March 31, 2023**

**11 Other Equity**

₹ Crore

Particulars	Debenture Redemption Reserve	Retained earnings	Other comprehensive income	Total
<b>Balance as at March 31,2021</b>	2.82	(2,365.85)	-	(2,363.03)
Profit/(Loss) for the year	-	(1,745.85)	-	(1,745.85)
Gain/(loss) on remeasurement of defined benefit plans	-	-	0.51	0.51
<b>Balance as at March 31,2022</b>	<b>2.82</b>	<b>(4,111.71)</b>	<b>0.51</b>	<b>(4,108.37)</b>
Profit/(Loss) for the year	-	(1,315.95)	-	(1,315.95)
Gain/(loss) on remeasurement of defined benefit plans	-	-	(0.05)	(0.05)
<b>Balance as at March 31,2023</b>	<b>2.82</b>	<b>(5,427.66)</b>	<b>0.46</b>	<b>(5,424.37)</b>



**12. Borrowings**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
Secured borrowings				
Senior, Listed, Rated, Redeemable Non Convertible Debentures* [Refer Note 12.1]	518.98	8,608.61	140.62	8,606.52
Unsecured borrowings				
Commercial paper [Refer Note 12.2]	4,358.05	-	4,398.67	-
Listed, Rated, Redeemable Non Convertible Debentures** [Refer Note 12.3]	21.11	747.12	21.25	747.01
Interest free loan from Government of Telangana [Refer Note 12.4]	-	35.37	-	-
Loans from related parties				
Inter Corporate Deposits [Refer Note 12.5]	2,835.84	-	3,726.70	-
<b>Total</b>	<b>7,733.98</b>	<b>9,391.10</b>	<b>8,287.24</b>	<b>9,353.53</b>

**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

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

These debentures are unsecured from Companies Act and SEBI guidelines perspective. However, the Company has provided additional comfort 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 31.03.2023. The interest accrued there on as on 31.03.22 is Rs.25.95 Crores.

**12.2 Commercial papers**

The Company has outstanding commercial papers of varying maturities aggregating to Rs.4400.00 Crores maturity value. 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

**12.3 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.	

- a) \*\* 5,840 NCDs of face value of Rs. 10,00,000 each are held by Larsen & Toubro Limited as on 31.03.2023. The interest accrued there on as on 31.03.2023 is Rs. 17.55 Crores.
- 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.

**12.4 Interest free loan from Government of Telangana**

In terms of agreement with Government of Telangana, the Company is in receipt of Rs.100 Crores interest free financial assistance which is repayable on 16th Anniversary from date of receipt. This assistance is accounted in accordance with Effective Interest rate Method.

**12.5 Loans from related parties**

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

**12.6 Working capital facilities**

The Company has been sanctioned working capital facilities by a scheduled commercial bank of Rs 100 Crores fund based facilities with sub limit of Rs.25 Crores are non fund based facilities. The facilities shall be secured by a charge in favour of bank which shall rank pari passu to the Senior NCD holders. As at the year end, the documentation for the facility is in progress and no amount are outstanding as at the year end.

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

**13 Other financial liabilities**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Security deposits	76.82	16.84	70.60	11.66
b) Premium payable on Financial guarantee contracts	26.85	50.03	28.53	76.88
c) Other liabilities				
i) Creditors for capital supplies- Related parties	728.47	-	734.93	-
ii) Creditors for capital supplies-others*	95.94	-	105.31	-
iii) Retention money	19.09	-	49.17	-
iv) Revenue received in advance	137.81	0.94	133.34	0.94
<b>Total</b>	<b>1,084.98</b>	<b>67.81</b>	<b>1,121.88</b>	<b>89.48</b>

\*The principal amount of outstanding dues to Micro, small and medium enterprises under MSMED Act 2006 as at 31 March 2023 is Rs. Nil Cr. (PY. Rs Nil.) and the interest payable thereon is Nil. (PY Nil).

**14 Trade payables**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
Due to micro enterprises and small enterprises	1.28	-	0.03	-
Due to Others	73.19	-	44.28	-
<b>Total</b>	<b>74.47</b>	<b>-</b>	<b>44.31</b>	<b>-</b>

\*The principal amount of outstanding dues to Micro, small and medium enterprises under MSMED Act 2006 as at 31 March 2023 is Rs. Nil.(PY. Rs Nil) and the interest payable thereon is Nil. (PY Nil).

**14.1 Trade Payables as on 31.03.23**

₹ 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	1.28	-	-	-	-	1.28
(ii) Others	10.92	60.63	0.27	1.26	0.12	73.19
<b>Total</b>	<b>12.20</b>	<b>60.63</b>	<b>0.27</b>	<b>1.26</b>	<b>0.12</b>	<b>74.47</b>

**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	-	-	-	-	<b>0.03</b>
(ii) Others	10.83	32.36	0.73	0.30	0.06	<b>44.28</b>
<b>Total</b>	<b>10.86</b>	<b>32.36</b>	<b>0.73</b>	<b>0.30</b>	<b>0.06</b>	<b>44.31</b>

**15 Other liabilities**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
Statutory payables	12.90		14.46	
Provision for employee benefits	0.21		0.42	
Government Grant [Refer Note 12.4]	-	64.63	-	-
<b>Total</b>	<b>13.11</b>	<b>64.63</b>	<b>14.88</b>	<b>-</b>

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

**16 Provisions**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
Provision for employee benefits	2.38	-	2.57	-
Provision for major maintenance and overhaul expenses [Refer Note 16.1]	-	170.18	-	113.58
<b>Total</b>	<b>2.38</b>	<b>170.18</b>	<b>2.57</b>	<b>113.58</b>

16.1 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.

**17 Contingent liabilities**

₹ Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(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	17.70	10.60
<b>Total</b>	<b>17.70</b>	<b>10.60</b>

**Notes:**

1. The Company expects reimbursements of ₹ 5.77 Crore in respect of above contingent liabilities as on 31.03.2023.
2. 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, 2023	As at March 31, 2022
<b>Estimated amount of contracts remaining to be executed on capital account(net of advances)</b>		
(i) Estimated amount of contracts remaining to be executed on Intangible Assets	26.06	24.98
(ii) Estimated amount of contracts remaining to be executed on Investment Property	4.22	10.13
<b>Total</b>	<b>30.28</b>	<b>35.12</b>

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

**19 Revenue from operations**

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Fare revenue	458.20	201.39
Rental income	96.50	65.66
Advertising revenue	67.28	17.81
Consultancy and training	0.44	6.93
Other revenue*	54.79	46.85
<b>Total</b>	<b>677.21</b>	<b>338.64</b>

\*Revenue in respect of common area maintenance services and reimbursement of utility charges

**20 Other Income**

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Interest income	2.03	16.00
Income from Mutual Funds (realised)	1.95	2.14
Profit/(Loss) of sale of Property, Plant & Equipment	(0.22)	0.01
Miscellaneous income	1.56	0.35
<b>Total</b>	<b>5.32</b>	<b>18.50</b>

**21 Operating expenses**

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Power & fuel	82.19	54.07
Operations and maintenance	225.06	168.31
Major maintenance and overhaul	41.04	36.05
Others	2.06	1.21
<b>Total</b>	<b>350.35</b>	<b>259.64</b>

**22 Employee benefits expense**

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Salaries and wages	30.43	25.35
Contribution to provident and other funds	0.89	0.79
Staff welfare expenses	0.61	1.16
<b>Total</b>	<b>31.93</b>	<b>27.30</b>

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

**23 Administration and other expenses**

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Advertisement and publicity	0.93	0.05
Exchange gain/ loss (net)	0.66	3.02
Office maintenance and other expenses	14.80	20.10
Allowance for doubtful debts	0.27	0.25
Insurance	11.63	9.71
Audit Fees*	0.11	0.09
<b>Total</b>	<b>28.40</b>	<b>33.22</b>

\*Auditors remuneration(excluding GST)

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
a) As auditor	0.09	0.07
b) For other services	0.02	0.02
<b>Total</b>	<b>0.11</b>	<b>0.09</b>

**24 Finance costs**

₹ Crore

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Interest expenses	1,211.72	1,393.92
Other borrowing cost	61.64	82.64
<b>Total</b>	<b>1,273.36</b>	<b>1,476.56</b>

**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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
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.

**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, 2023		As at March 31, 2022	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
<b>Non- derivative liabilities:</b>				
Borrowings(refer note below)	7,727.93	10,003.45	8,627.01	9,990.13
Trade payables	74.47	-	44.31	-
Creditors for capital supplies	843.51	-	889.41	-
Other financial liabilities	103.67	66.87	232.48	89.48
<b>Total</b>	<b>8,749.58</b>	<b>10,070.32</b>	<b>9,793.21</b>	<b>10,079.61</b>

Note: Interest on commercial papers included in the borrowings are based on estimates of future rollovers. Amounts may vary based on actuals.



**L&T Metro Rail (Hyderabad) Limited**  
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**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 interest rate risk.

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. However variation in market interest rates may impact future cashflows at the time of rollover/refinancing of the fixed rate borrowings of the Company.

**Interest rate risk exposure**

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

₹ Crore

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Variable rate borrowings	-	-
Fixed rate borrowings	16,535.42	17,478.91
<b>Total borrowings</b>	<b>16,535.42</b>	<b>17,478.91</b>

**Sensitivity**

Since the Company's borrowings carry a fixed rate of interest, the profit/loss is not impacted on account of interest rate changes.

**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 manage capital:

1. Total equity – retained profit, general reserves and other reserves, share capital, viability gap fund, Mezzine funds and promoters funding.
2. Term Loan borrowings , Senior Non-convertible debentures and Commercial Papers.

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 structure.

**₹ Crore**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Total Debt</b>	<b>13,585.64</b>	<b>13,145.82</b>
Total equity	(1,665.38)	(1,669.37)
Add Non convertible debentures (Subordinated debt instruments)	768.23	747.01
Add Inter Corporate deposits	2,835.84	3,421.99
Add Viability Gap Fund	1,204.20	1,204.20
Adjusted capital	<b>3,142.89</b>	<b>3,703.83</b>
Debt-to-adjusted capital	4.32	3.55

**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 Euro. 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.

The Company undertakes hedging of its foreign currency exposures from time to time based on timing and visibility of exposure in accordance with its risk management policy.

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 31,2023			As at March 31,2022		
	USD	Euro	Total	USD	Euro	Total
<b>Financial Liabilities</b>						
Payables - Creditors on account of Capital Expenditure	6.62	9.04	15.66	11.86	20.99	32.85
Less : Derivatives taken to hedge the above Exposure						
Currency and Interest Rate Swaps	-	-		-	-	
Forward Contracts	-	-	-	-	-	-
Options contracts	-	-	-	-	-	-
<b>Net Exposure</b>	<b>6.62</b>	<b>9.04</b>	<b>15.66</b>	<b>11.86</b>	<b>20.99</b>	<b>32.85</b>

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated contracts.

Particulars	Impact on other components of equity	
	As at March 31, 2023	As at March 31, 2022
<b>USD sensitivity</b>		
INR/USD -Increase by 5% (31 March 2023-5%)	0.78	1.64
INR/USD -Decrease by 5% (31 March 2023-5%)	0.78	1.64

**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, 2023			As at March 31, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Mutual funds	-	-	-	-	-	-
Security deposits	-	-	15.91	-	-	11.23
Financial Guarantee Assets	-	-	76.88	-	-	105.42
Others	-	-	1.14	-	-	0.25
Other Receivables	-	-	28.69	-	-	19.24
Cash and cash equivalents	-	-	9.50	-	-	111.26
Balances with Banks held as margin money deposits	-	-	0.71	-	-	2.61
<b>Total financial assets</b>	-	-	<b>132.82</b>	-	-	<b>250.01</b>
<b>Financial liabilities</b>						
Borrowings	-	-	17,125.08	-	-	17,640.79
Other payables	-	-	76.88	-	-	239.69
Security deposits	-	-	93.66	-	-	82.26
Trade Payables	-	-	74.47	-	-	44.31
Creditors for capital expenditure	-	-	843.51	-	-	889.41
<b>Total financial liabilities</b>	-	-	<b>18,213.61</b>	-	-	<b>18,896.46</b>

**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.

**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.

**L&T Metro Rail (Hyderabad) Limited**  
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**(c) Fair value of financial assets and liabilities measured at amortised cost**

₹ Crore

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Security deposits	15.91	15.91	11.23	11.23
Others	1.14	1.14	0.25	0.25
Financial Guarantee Assets	76.88	76.88	105.42	105.42
Other Receivables	28.69	28.69	19.24	19.24
Cash and Cash Equivalents	9.50	9.50	111.26	111.26
Balances with Banks held as margin money deposits	0.71	0.71	2.61	2.61
<b>Financial liabilities</b>				
Term Loan Borrowings	17,125.08	17,125.08	17,640.79	17,640.79
Security deposits	93.66	93.66	82.26	82.26
Trade payables	74.47	74.47	44.31	44.31
Creditors for capital expenditure and other paybles	920.39	920.39	1,129.10	1,129.10

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.

**(d) 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, 2023	As at March 31, 2022
<b>Non-current</b>		
<i>First charge</i>		
Freehold land	-	-
Receivables	28.69	19.24
<b>Total assets pledged as security</b>	<b>28.70</b>	<b>19.24</b>

**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.

Particulars	₹ Crore	
	2022-23	2021-22
<b>Revenue</b>		
Metro Rail System	478.87	319.62
Others	224.33	155.76
<b>Total</b>	703.20	475.38
<b>Expenditure</b>		
Metro Rail System	634.30	660.56
Others	111.51	84.48
<b>Total</b>	745.81	745.04
<b>Operating Profit (PBIT)</b>		
Metro Rail System	(155.43)	(340.94)
Others	112.82	71.28
<b>Total</b>	(42.60)	(269.66)
<b>Interest expense</b>		
Metro Rail System	1,231.27	1,428.83
Others	42.08	47.73
<b>PAT</b>		
Metro Rail System	(1,386.69)	(1,769.40)
Others	70.74	23.55

**(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.

Particulars	As at		As at	
	March 31, 2023		March 31, 2022	
	Segment Assets	Additions to non-current assets	Segment Assets	Additions to non-current assets
Metro Rail System	15,386.54	(236.08)	15,622.62	(125.98)
Others	1,541.23	(82.99)	1,624.22	82.45
<b>Total segment assets</b>	<b>16,927.78</b>	<b>(319.06)</b>	<b>17,246.84</b>	<b>(43.53)</b>
<i>Unallocated:</i>				
Deferred tax assets	-	-	-	-
Investments	-	-	-	-
Cash and cash equivalents	9.49	-	111.26	-
Other bank balances	-	-	-	-
<b>Total assets as per the balance sheet</b>	<b>16,937.27</b>	<b>(319.06)</b>	<b>17,358.10</b>	<b>(43.53)</b>

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

**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.

<b>Particulars</b>	₹ Crore	
	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Metro Rail System	18,492.01	18,925.29
Others	110.62	102.18
<b>Total segment liabilities</b>	<b>18,602.64</b>	<b>19,027.47</b>
<i>Unallocated:</i>		
Deferred tax liabilities	-	-
Current tax liabilities	-	-
<b>Total liabilities as per the balance sheet</b>	<b>18,602.64</b>	<b>19,027.47</b>

(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



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

**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	60 years from the Appointed Date. 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
	Termination	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, 2023	As at March 31, 2022
Construction revenue	20.67	118.23
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	
	31.3.2023	31.3.2022	FY 22-23	FY 21-22
Difference in book depreciation and income tax depreciation (tax amount)	2,680.41	2,226.92	453.49	581.69
Carried forward tax losses (tax amount)				
Unabsorbed depreciation (tax amount)	(2,680.41)	(2,226.92)	(453.49)	(581.69)
Net deferred tax (assets)/liabilities	-	-	-	-

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

₹ Crore

Particulars	31.3.2023		31.3.2022	
	Amount	Expiry Year	Amount	Expiry Year
Tax losses (Business loss and unabsorbed depreciation)	5,267.19	-	3,913.26	-
Amount of losses having expiry (Base amount)	4,116.67	2025-26 to 2030-31	3,077.33	2025-26 to 2029-30
Amount of losses having no expiry (base amount)	1,150.52	-	835.94	-

- 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 short term leases**

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: ₹ 0.36 Crores (Previous Year ₹ 0.37 Crores) .

**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 31.03.2023	As at 31.03.2022
1	Receivable not later than 1 year	34.64	25.93
2	Receivable not later than 1 year and not later than 2 years	13.04	25.42
3	Receivable not later than 2 years and not later than 3 years	1.27	11.91
4	Receivable not later than 3 years and not later than 4 years	0.22	0.19
5	Receivable not later than 4 years and not later than 5 years	0.22	0.19
6	Receivable later than 5 years	0.18	0.40
	<b>Total (1+2+3+4+5+6)</b>	<b>49.57</b>	<b>64.04</b>

**25.6 Disclosure pursuant to Ind AS 19 -Employee benefits**

**i) Defined contribution plan:**

An amount of ₹ 0.89 Crores (Previous Year : ₹ 0.79 Crores) 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 longetivity 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 he defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

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

c) Amounts recognised in Balance Sheet are as follows:

₹ Crore

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
A) Present value of defined benefit obligation				
- Wholly funded	2.91	3.08	-	-
- Wholly unfunded	-	-	2.38	2.57
	2.91	3.08	2.38	2.57
Less : Fair value of plan assets	2.69	2.66		
Amount to be recognised as liability or (asset)	0.22	0.42	2.38	2.57
B) Amounts reflected in the Balance Sheet				
Liabilities	0.22	0.42	2.38	2.57
Assets				
Net Liability / (asset)	<b>0.22</b>	<b>0.42</b>	<b>2.38</b>	<b>2.57</b>

d) Amounts recognised in the Financials are as follows:

₹ Crore

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1. Current service cost	0.33	0.35	0.34	0.21
2. Interest on Defined benefit obligation	0.20	0.22	0.16	0.17
3. Interest income on plan assets	(0.19)	(0.18)		
4. Actuarial losses/(gains)				
Remeasurement - Due to financial assumptions	(0.03)	(0.90)	(0.01)	(0.50)
Remeasurement - Due to demographic assumptions				
Remeasurement - Due to experience adjustments	0.08	0.39	0.08	(0.49)
Total (1 to 4)	0.39	(0.12)	0.57	(0.61)
I Amount included in financials	0.39	(0.12)	0.57	(0.61)
II Amount included as part of "finance costs"	-	-	-	-
<b>Total (I + II)</b>	<b>0.39</b>	<b>(0.12)</b>	<b>0.57</b>	<b>(0.61)</b>
(i) Amount included in "Employee Benefit Expenses"	0.33	0.35		
(ii) Amount included in "Finance Cost"	0.01	0.04		
(iii) Amount included in "Other Comprehensive Income"	0.05	(0.51)		
<b>Total (i+ii+iii)</b>	<b>0.39</b>	<b>(0.12)</b>		
Actual return on plan assets	0.24	0.19	-	-

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

**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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Opening balance of the present value of defined benefit obligation	3.09	3.34	2.57	2.73
<i>Add: Current service cost</i>	0.33	0.35	0.34	0.21
<i>Add: Interest cost</i>	0.20	0.22	0.16	0.17
<i>Add: Contribution by plan participants</i>				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
<i>Add : Remeasurements due to experienced adjustments</i>	0.13	0.40	0.08	0.49
<i>Less: Benefits paid</i>	(0.80)	(0.32)	(0.76)	(0.50)
<i>Add: Remeasurements due to financial assumptions</i>	(0.03)	(0.90)	(0.01)	(0.53)
<i>Add: Past service cost</i>		-	-	-
Closing balance of the present value of defined benefit obligation	2.92	3.09	2.38	2.57

- 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, 2023	As at March 31, 2022
Opening balance of fair value of plan assets	2.66	2.77
<i>Add: Expected return on plan assets</i>	0.19	0.18
<i>Add: Remeasurements- return on assets</i>	0.05	0.01
<i>Add: Contribution by employer</i>	0.59	0.02
<i>Add: Contribution by plan participants</i>	-	-
<i>Less: Adjustment to opening balance &amp; other</i>	-	-
<i>Less: Benefits paid</i>	(0.80)	(0.32)
Closing balance of fair value of plan assets	2.69	2.66

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

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

g) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
1) Discount rate	7.48%	7.29%
2) Salary growth rate	6.00%	6.00%
3) Expected rate of return	7.48%	7.29%
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 2023 - Impact on defined benefit obligation (Gratuity Plan)

₹ Crore

Particulars	Discount rate	
	31 March 2023	31 March 2022
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	2.76	2.91
3) Decrease in assumptions	3.07	3.26

₹ Crore

Particulars	Salary growth rate	
	31 March 2023	31 March 2022
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	3.06	3.25
3) Decrease in assumptions	2.77	2.92

₹ Crore

Particulars	Attrition rate	
	31 March 2023	31 March 2022
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	2.92	3.09
3) Decrease in assumptions	2.89	3.06

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
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	As at
	March 31, 2023	March 31, 2022
1. Gratuity	6.39	6.7
2. Compensated absences	4.96	5.21

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

**25.7 Disclosure pursuant to Ind AS 23 -Borrowing Costs**

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

<b>Asset Class</b>	₹ Crore	
	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Tangible - Capital work in progress	-	12.63
Intangible - Intangible Assets under development	-	-
<b>Total</b>	-	<b>12.63</b>

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

**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) LTI Mind Tree Limited (Formerly known as L&T Infotech Limited)<br>2) L&T Infrastructure Development Projects Limited |

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

- |                                |  |
|--------------------------------|--|
| (a) Key Management Personnel : | 1) Mr. K.V.B Reddy, Managing Director and CEO<br>2) Mr.Rahul Nilosey, Chief Financial Officer<br>3) Mr. Chandrachud D Paliwal, Head - Legal & Company Secretary  |
| (b) Related Parties            | 1) Mr. Ajit Pandurang Rangnekar,Independent Director<br>2) Mr. N.V.S.Reddy,Independent Director<br>3) Mr.M.R.Prasanna, Independent Director<br>4) Mrs. Vijayalakshmi Iyer, Independent Director<br>5) Mr. Sujit Varma, Independent Director<br>6) Ms. Deepa Gopalan Wadhwa, Independent Director |

**III) Disclosure of related party transactions:**

Name/Relationship/ Nature of transaction	2022-23	2021-22
₹ Crore		
<b>1. Holding Company</b>		
<b>Larsen &amp; Toubro Limited</b>		
(a) Pay roll & TEMS Processing fees	0.03	0.08
(b) Cost of Services by	0.75	1.04
(c) Cost of services to	-	0.07
(d) Subscription to Equity Shares	1,320.00	-
(e) Inter Corporate Deposit received	168.00	1,554.00
(f) Inter Corporate Deposit repaid	1,094.97	497.00
(g) Repayment of NCD	-	250.00
(h) Interest on NCD	85.62	23.80
(i) Interest on Inter corporate deposits	285.20	243.57
(j) Corporate Financial Guarantee Charges	30.16	9.15
(k) Intangible Assets /Construction work in progress	0.86	147.28
(l) Overheads charged by	2.82	3.82
<b>2. Fellow Subsidiaries</b>		
<b>(i) LTI Mind Tree Limited (Formerly known as L&amp;T Infotech Limited)</b>		
(a) Rent charged to	3.22	-
(b) Security Deposit received	3.63	-
(c) Overheads Charged to	1.19	-
(d) Purchase of services and products	1.88	1.97
<b>(i) L&amp;T Infrastructure Development Projects Limited</b>		
(a) Lease rent Charged by	0.01	
(b) Security Deposit paid	0.02	



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

**25.8 Disclosure pursuant to Ind AS 24 -Related party disclosures**

**IV) Key Management Personnel Compensation**

₹ Crore

Particulars	2022-23	2021-22
Short Term Employee Benefits	5.62	5.48
Post-Employee Benefits	0.16	0.11
Sitting fees paid to Independent Directors	0.09	0.10
<b>Total</b>	<b>5.87</b>	<b>5.69</b>

**V) Due to / from related parties**

₹ Crore

Name/Relationship	As at March 31, 2023		As at March 31, 2022	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Holding company)				
Construction works	754.43	-	734.93	-
Non Convertible Debentures(NCD)	1,006.00	-	1,006.00	-
Accrued Interest on NCD	43.50	-	24.71	-
Inter Corporate Deposit	2,495.03	-	3,421.99	-
Interest on Intercorporate Deposit	340.81	-	304.71	-
<b>(iii) Fellow subsidiaries</b>				
(a) L&T Infrastructure Development Projects Limited		0.02	-	-
(b) LTI Mind Tree Limited (formerly known as L&T Infotech Limited )	0.08	0.07	0.13	0.16
<b>Other Related Party Transactions:</b>				
(a) L&T (Kansbahal) Staff and Workmen Provident Fund.				
(1) Non Convertible Debentures	0.50			
(2) Interest on NCD	0.05			

**VI) Commitment with Related Parties**

₹ Crore

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	As at March 31, 2023	As at March 31, 2022
Larsen & Toubro Limited	0.61	7.59

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 Crores 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 Crores 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	2022-23	2021-22
Profit/(Loss) after Tax	₹ Crore	(1,315.95)	(1,745.85)
Weighted average number of equity shares used as denominator for calculating Basic EPS	Nos	2,45,34,65,753	2,43,90,00,000
Weighted average number of equity shares used as denominator for calculating Diluted EPS*	Nos	2,46,31,09,589	2,43,90,00,000
<b>Earnings Per Share</b>			
Basic	₹	(5.36)	(7.16)
Diluted	₹	(5.34)	(7.16)
Nominal value per equity share	₹	10.00	10.00

\* Dilutive impact of Partly paid Rights Issue Shares (refer note 10.2)

**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 01.04.2022	113.58
Additional provision during the year (including unwinding of Provision used during the year	56.61
Prvosion reversed during the year	-
Balance as at 31.03.2023	170.18

**25.11 Expenditure in Foreign Currency**

₹ Crore

Particulars	As at March 31, 2023	As at March 31, 2022
On overseas contracts	39.24	27.08
Professional/Consultancy Fees	0.08	2.47
<b>Total</b>	<b>39.31</b>	<b>29.56</b>

**25.12** 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 56 years as on 31.03.2023. The operations of the Company have been adversely impacted by the Covid-19 pandemic. As at the year end, the Company's network is eroded due to continued losses and current liabilities exceeded the current assets. The management has taken initiatives which inter alia includes reduction of cost of debt through refinancing the term loans, monetizing the TOD assets, financial assistance from Government of Telangana, infusion of further equity, etc. Considering the status of initiatives taken, the management considers preparation of financial statements on a going concern basis is appropriate.

**25.13** Pursuant to the Employees Stock Options Scheme of 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 Crores. The same is being recovered from the company over the period of vesting by the holding Company. Accordingly, cost of ₹ 4.91 Crores (P.Y. ₹ 4.91 Crores) has been recovered by the holding Company upto current year, out of which, ₹ Nil (P.Y. ₹ 0.32 Crores) was recovered during the year.

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

**25.14 Ratios**

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	31 March 2023	31 March 2022	Variance	Remarks
Current Ratio	Current Assets	Current Liabilities	0.05	0.12	-142%	Note - a
Debt-Equity Ratio	Total Debt	Share holder's Equity	4.32	3.53	18%	Note - b
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	(0.16)	0.39	343%	Note - c
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	NM	NM	-	Note - d
Inventory turnover Ratio	Cost of goods sales	Inventory	3.58	2.59	28%	Note - e
Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables	9.14	5.47	40%	Note - f
Trade Payables turnover ratio	Purchase of services and other expenses	Average Trade Payables	5.69	6.36	-12%	-
Net capital turnover ratio	Revenue from operations	Average working capital:	(0.35)	(0.11)	70%	Note - a
Net Profit ratio	Net Profit	Revenue from operations	(1.94)	(5.16)	-165%	-
Retrun on Capital Employed	Earnings before interest and taxes	Capital Employed	(0.00)	(0.02)	-508%	-
Return on investment	Income generated from Investments	Time weighted Average investments	0.03	0.05	-39%	Note - g

**Note:**

- Current liabilities excludes borrowings (CP's, ICD's and current maturities of long term borrowings)
- The 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
- Not meaningful, since networth is negative
- Being a infra company, this ratio is linked to maintenance cost instead of cost of goods sold
- Revenue from operations excludes fare revenue, since receivables pertains to other businesses of the company
- Excludes returns from mutual funds.

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

**25.16** Figures have been rounded off to the nearest rupee.

## **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 60 years commencing from the Appointed Date plus any extension granted thereof in accordance with the provisions of the Concession Agreement read with the Supplemental Concession Agreement entered into by the Company with the Government of Telangana dated 22<sup>nd</sup> July, 2022. 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 7<sup>th</sup> February 2020.

The Company has also completed construction of 1.80 million sft space of Transit oriented development (TOD) consisting of 4 malls at Punjagutta, Errum Manzil, Hitec City and Moosarambagh locations and office blocks at Panjagutta and Raidurg.

## **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.

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 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.

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

<b>Category of Asset</b>	<b>Useful Life</b>
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.

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.

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 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.

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.

### **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.

**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).

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.

**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.

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.

## **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.

## **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 standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

##### **Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

## **Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the initial recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that give rise to equal and offsetting temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

## **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between changes in accounting policies and changes in accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

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

**Sd/-**  
**Rahul Nilosey**  
[Chief Financial Officer ]

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

Place: Hyderabad  
Date: 20.04.2023

Place: Hyderabad  
Date: 20.04.2023