



L & T METRO RAIL (HYDERABAD) LIMITED

14th ANNUAL REPORT

FY 2023-24

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

KEY MANAGERIAL PERSONS

Mr. KVB Reddy	Managing Director & Chief Executive Officer
Mr. Chandrachud D Paliwal	Head- Legal & Company Secretary
Mr. Rahul Nilosey	Chief Financial Officer



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, 2nd 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 Fourteenth Annual General Meeting of the Company is scheduled to be held on Monday the 1st day of July 2024 at 5:00 p.m. (IST) through video conferencing (VC) medium or other audio-visual means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Financial Statements for the year ended 31st March 2024 together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R Shankar Raman (DIN- 00019798), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D K Sen (DIN- 03554707), who retires by rotation and being eligible, offers himself for re-appointment.

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

Sd/-

Place : Hyderabad
Date : 05.06.2024

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

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 28th December 2022 and September 25, 2023 ("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 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 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.
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.

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 Monday, 24th June 2024 through email on 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. Monday, 24th June 2024.

Registered Office:

L&T Metro Rail (Hyderabad) Limited

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

Tel: +91 40 22080000-01, Fax: +91 40 22080771, Web: www.ltmetro.in

CIN: U45300TG2010PLC070121

BOARD'S REPORT (SECTION 134)

Dear Members,

Your Directors have pleasure in presenting their Fourteenth report and Audited Accounts for the year ended 31st March, 2024.

1. Financial Results / Financial Highlights:

Particulars	FY 2023-24	FY 2022-23
	Rs. in Cr.	Rs. in Cr.
Profit / (Loss) Before Depreciation, exceptional items & Tax	(245.74)	(1001.51)
Less: Depreciation, amortization, impairment and obsolescence	309.30	314.43
Profit / (Loss) before exceptional items and tax	(555.04)	(1315.94)
Add: Exceptional Items	-	-
Profit / (Loss) before tax	(555.04)	(1315.94)
Less: Provision for tax	-	-
Profit / (Loss) after Tax	(555.04)	(1315.94)
Add: Other Comprehensive Income	0.05	(0.05)
Total Comprehensive Income	(554.99)	(1315.99)
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 Rs. 1399.31 crore as against Rs. 682.53 crore for the previous financial year registering an increase of 105%. The loss before and after tax was at Rs. 555.04 crore for the financial year under review as against loss before and after tax of Rs.1315.94 crore for the previous financial year registering a decrease of 58%.

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 31st March 2024 was Rs. 611.48 crore (including construction revenue of Rs.8.50 crore) and Rs. 796.33 crore respectively.

During the year there was steady rise in passenger journeys at gross level as the metro rail system offers advantage to commuters in terms of safety, reliability, and reduction in travel time. As a next level upgrade of its ticketing system, the Company is working towards introducing the open-loop ticketing system (OTS) in Hyderabad Metro in FY25. This will add further convenience by aiding digital payments by commuters. The Company undertook various initiatives during the year in review to further boost ridership viz. more last mile connectivity, promotional schemes, extending operating hours during festivals, setting up helpdesk kiosks at major IT parks, etc.

Due to effective control over operating costs and high utilization of our rolling stock, our operating ratio ranks one of the best in among all metro in India. Intermediated Overhauling (IOH) of all 57 train sets was completed successfully, during the year without any disruptions to operations. Periodic Overhauling (POH) of trains shall be initiated in FY 2024-25.

In its TOD business, the Company saw the successful completion of the proposed transfer of to Raidurg business undertaking to a joint venture of K Raheja Corp and Brookfield Corporation after the receipt of necessary approvals from the Government of Telangana and the Company's shareholders. This transaction helped provide upfront cash flow to the Company to partially meet its fund requirements and/or reduce its interest-bearing liabilities. As part of TOD business operations, repositioning of two malls – Erramanzil Mall as a Premium Mall, and HITEC City Mall as an electronic and entertainment destination have attracted important retail brands to it.

Station retail occupancy levels also saw significant improvement during the year in review, reaching more than 60% from the below 20% levels during the Covid-19 pandemic.



The Advertisement area saw the Company succeeding in securing several new contracts for station naming rights from large corporates such as SBI, LIC, NMDC, Apollo Hospitals, etc.

With a view to increasing the use of green energy, the Company has replaced 11% of its grid power requirements for Metro operations with captive solar power of 9.0 MWp. The solar panels have been installed over the rooftop of Metro stations and in the depot areas. Another 3 MWp of solar capacity is expected to be commissioned during FY 2024-25. Further, the Company has created 155 rainwater harvesting pits at various stations & depots, in which approximately 58 million liters of water is harvested per year.

The Company was a special recognition award by UITP (International Association of Public Transport), which is amongst three other prestigious awards received by the Company during the year.

3. Capital & Finance:

During the year under review, the Company increased its authorized share capital to Rs.7413 crore.

Pursuant to the rights issue of 220,00,00,000 partly paid equity shares of Rs.10/- each which were allotted on 28 March 2023, the Company called the balance amount of Rs.4/- per share aggregating to Rs.880 Cr during the year. The Company used part of the proceeds of this balance call amount for the early redemption of unsecured non-convertible debentures of Rs.700.9 crore and the remainder for reduction of other interest-bearing liabilities.

The Company offered, issued and allotted 277,40,00,000 equity shares of ₹10/- each for cash at par pursuant to rights issue amounting to Rs.2774 crore in three tranches on 1st February 2024, 2nd February 2024 and 3rd February 2024. The subscription amount received for the rights issue was utilized by the Company for reduction of its interest-bearing liabilities.

The Company received Rs.800 crore of financial assistance in the form of interest-free soft loan during the year from the Government of Telangana pursuant to its

Supplemental Concession Agreement executed with the Government of Telangana. The soft loan is repayable on the 16th 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.

The Company has listed its debentures and commercial papers on BSE Limited. As on 31st March 2024, the Company's senior non-convertible debentures and unsecured non-convertible debentures amounted to Rs.8616 crore and Rs.49.10 crore respectively, and the outstanding amount of commercial papers was Rs.3600 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 2023-24. The NCDs and CPs are rated AAA(CE) and A1+ respectively by both the agencies.

The Company has not defaulted on payment of any dues to the financial lenders.

4. Capital Expenditure:

As at March 31, 2024 the gross fixed assets comprising of Property, Plant and Equipment, Investment Property and Intangible Assets (including assets under development) was at Rs.17,407.51 crore and the net fixed assets at Rs.15,970.06 crore. The total additions to Property and Plant and Equipment, Investment Property and Intangible Assets during the year amounted to Rs.28.24 crore.

5. Deposits:

During the year under review, 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 2022-23 with respect to amount(s) not considered as deposits has been filed. The Company does not have any unclaimed deposits as on date.

6. Depository System:

As on March 31, 2024, 99.99% of the Company's total paid up capital representing 7,41,29,99,999 equity shares of Rs.10/- each fully paid up are in dematerialized form.

The Company has filed requisite e-form, Reconciliation of Share Capital Audit Report, for FY 2022-23 on half yearly basis with Registrar of Companies, Ministry of Corporate Affairs.

7. Subsidiary/Associate/Joint Venture Companies:

The Company does not have any material subsidiary as on the date of this report.

8. Particulars of Contracts or Arrangements with related parties:

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

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the Financial Year 2023-24 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 (note 25.7 of the financial statements).

9. Amount to be carried to general reserve:

The Company has not transferred any amount to general reserve during the year under review.

10. Dividend:

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

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

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.

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

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

13. Risk Management Policy:

Risk Management Committee: 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 II** – Report on Corporate Governance forming part of this Report.

14. Corporate Social Responsibility:

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

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

- Mr. Sekharipuram Narayanan Subrahmanyam (DIN: 02255382), Non-executive Director of the Company who retired by rotation and being eligible was re-appointed in the Annual General Meeting held on 21st June 2023.
- Mr. Shrikant Prabhakar Joshi (DIN- 02278471), Non-executive Director of the Company who retired by rotation and being eligible was re-appointed in the Annual General Meeting held on 21st June 2023.
- Mr. KVB Reddy (DIN- 01683467) was reappointed as Managing Director & Chief Executive Officer of the Company with effect from 24th January 2024 to 31st July 2025. The appointment of Mr. KVB Reddy has been made on the basis of performance evaluation carried out by the Nomination and Remuneration Committee (NRC) in its meeting held on 30th September 2023.

The terms and conditions of appointment/re-appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations and are placed on the website of the Company www.ltmetro.in.

The Company has also disclosed on its website details of the familiarization programs formulated to 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.

16. Number of Meetings of the Board of Directors:

The Meetings of the Board are held at regular intervals. Additional Meetings of the Board of Directors are held when necessary. During the year under review, five meetings of the Board of Directors were held on 20th April 2023, 11th July 2023, 10th October 2023, 27th November 2023 and 10th January 2024.

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.

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

17. Audit Committee:

The Company had 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 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 31st March 2024 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 II – Report on Corporate Governance** forming part of this report.

18. Vigil Mechanism / Whistle Blower Policy:

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013 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.ltmetro.in

19. Company's Policy on Director Appointment and Remuneration/ Nomination & Remuneration Committee:



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 provided as Annexure III forming part of this report and disclosed on the Company's website at www.ltmetro.in.

The members of the Nomination & Remuneration Committee are Mr. Ajit Rangnekar (Chairperson), Mr. M R Prasanna and Mr. Shrikant Joshi as on 31st March 2024 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 II** – Report on Corporate Governance forming part of this report.

The Company has formulated a policy on Board Diversity.

20. Stakeholders' Relationship Committee:

The Board of Directors of the Company had 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 and Mr. KVB Reddy as on 31st March 2024 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 meetings are provided in **Annexure II** – Report on Corporate Governance forming part of this report.

21. Declaration of Independence:

The Company has received Declaration 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.

22. 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, 2024 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.

23. 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 and
- e) 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.

24. 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 19th July 2023.

The performance evaluation inputs of the Board, Committees, Chairman and Directors and the areas of improvement including the actions taken on basis of the previous year's assessment were also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

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' as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which is applicable to all group companies located in India. 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 four members.

No complaints were lodged with the IC during Financial Year 2023-24.

Three awareness workshops/ training programs/ communications were conducted/ sent across the Company to sensitize employees to uphold the dignity of their colleagues at workplace and create awareness on prevention of sexual harassment.

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 2023-24, 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 Rs.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:

As per the provisions of section 92(3) of the Companies Act, 2013, the Annual Return of the Company for the financial year 2023-24 is available on our website www.ltmetro.in

32. Designated person for furnishing information and extending co-operation to ROC in respect of beneficial interest in shares of the company:

Your Board of Directors of the Company has appointed Mr. Chandrachud D Paliwal, Head- Legal & Company Secretary, as designated person, for furnishing information and extending co-operation to ROC in respect of beneficial interest in shares of the company.

33. 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 4.41 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 and **two (2) depots** have Rainwater harvesting pits with a total count of **155** 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 CO2e savings. With its **9.5 MWp** Captive Solar Power Plant in 2 Depots & on **32** 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 FY2023-24, a glimpse into the activities channelised by your Company to stay committed to Environment:

- Approx. 38 million litres of fuel saved.
- Approx. 109 million Kgs of CO2 emission saved.
- Total 11.4 million units are generated through solar plant viz. 10% of total power consumption.
- Total 47 million units of energy regenerated by regenerative braking system of Rolling Stock viz. approx. 40% of total traction power consumption.

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.

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.

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.

34. Other Disclosures:

Pursuant to Regulation 34 of the Regulations 2015, a Report on Corporate Governance along with a certificate obtained from the Practicing Company Secretary confirming compliance, is provided in **Annexure II** 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.

Corporate Insolvency Resolution process initiated under the Insolvency and Bankruptcy Code, 2016 (IBC):

The Company has neither filed any application nor any proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016, during FY 2023-24.

35. 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 Rs.49.19 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 Rs.8,616 crore.

36. 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.

Place: Hyderabad
Date : 17.04.2024

For and on behalf of the Board

Sd/-

Sd/-

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

NVS Reddy
Director
(DIN:01414254)



ANNEXURE I

INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013, REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Conservation of Energy

The operations of the Company are energy-intensive. However, energy conservation is a priority for the Company. Appropriate methodologies have been implemented for effective energy utilization. Further, the rolling stock and lifts have inbuilt energy regeneration technology and effective methodologies have been adopted to achieve reduction in energy consumption. Various steps are being taken for conservation of energy on a continuous basis.

Rainwater harvesting pits are created at stations & depots. Total 155 rainwater harvesting pits are available at depots & stations of the Company. About 58 million liters of water is harvested per year. The Company's depots are water and power surplus.

Solar Energy

The Company has installed solar panels at thirty-two Metro Stations and two depots with capacity of 9.48 MWp 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 Rs.25.33 crore.

ANNEXURE II 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.

Following officers comprise of the senior management of the Company besides Mr. KVB Reddy, Managing Director & Chief Executive Officer of the Company:

1. Mr. Sudhir Chiplunkar, Chief Operating Officer- Rail Systems
2. Mr. P Ravishankar, Vice-President & Head-TOD, Project Planning, Control and Contracts
3. Mr. Murali Varadarajan, Chief Strategy Officer
4. Mr. Bino Mathew Jose, Head- Human Resource
5. Mr. Chandrachud Paliwal, Head- Legal & Company Secretary
6. Mr. Rahul Nilosey, Chief Financial Officer

There were no changes in the senior management during the year 2023-24.

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 2024, the Board comprised the Non-Executive 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 Women Independent Directors. The composition of the Board, as on 31st March 2024, 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) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') 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 or via 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 20th April 2023, 11th July 2023, 10th October 2023, 27th November 2023 and 10th January 2024.

The Independent Directors met on 19th July 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, details of the Board of Directors as on 31st March 2024 and their attendance at the Meetings during the year and at the last Annual General Meeting along with the skills/ expertise/ competencies of the Board of Directors as identified by the Board of Directors in the context of Company's business are as under:

Name of Director	Category	Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM	Skills/ Expertise/ Competencies
Mr. S N Subrahmanyam	Chairman (Non-	5	1	No	Leadership, Strategy,

DIN: 02255382	Executive Director)				Governance, Corporate Finance, Audit, Risk Management, Regulatory Affairs, Legal, Business Development, International Exposure and Global Experience.
Mr. K V B Reddy DIN: 01683467	Managing Director & Chief Executive Officer	5	5	Yes	Leadership, Strategy, Governance, Legal, Project Execution, Regulatory Affairs, Business Development, Finance and Risk Management.
Mr. R Shankar Raman DIN: 00019798	Non-Executive Director	5	5	No	Leadership, Strategy, Governance, Accounting & Audit, Financial Reporting, Corporate Finance, Treasury and Risk Management.
Mr. Ajit Rangnekar	Independent Director	5	3	Yes	Leadership, Strategy,

DIN: 01676516					Governance, Administration, Consulting, Audit, Risk Management, International Exposure and Global Experience.
Mr. M R Prasanna DIN: 00010264	Independent Director	5	4	Yes	Leadership, Strategy, Audit, Risk Management, Legal, Administration, Dispute Resolution and Regulatory Affairs.
Mr. NVS Reddy DIN: 01414254	Nominee Director	5	5	Yes	Leadership, Strategy, Project Planning, Project Management, Governance, Administration and Regulatory Affairs.
Mr. Shrikant Joshi DIN: 02278471	Non-Executive Director	5	5	No	Leadership, Strategy, Real Estate Development, Diverse Consumer Businesses, Transit Oriented Development and

					International Exposure and Global Experience.
Mrs. Vijayalakshmi Iyer DIN: 05242960	Independent Director	5	5	No	Leadership, Governance, Finance, Audit, Risk Management, Treasury, Credit, Retail Banking, Banking Operations, International Exposure and Global Experience.
Mr. Sujit Varma DIN: 09075212	Independent Director	5	5	Yes	Leadership, Strategy, Governance, Corporate Finance, Risk Management, Treasury, Credit, Banking Operations, International Exposure and Global Experience.
Mr. D K Sen DIN: 03554707	Non-Executive Director	5	5	No	Leadership, Strategy, Construction, Designing, Business Development,

					International Exposure and Global Experience.
Mrs. Deepa Gopalan Wadhwa DIN: 07862942	Independent Director	5	4	Yes	Leadership, Strategy, Corporate Governance, Environmentally Sustainable Development, Investments, Energy Security and International Relations.

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.

None of the Directors hold shares or convertible securities of the Company.

As on 31st March 2024, the number of other Directorships & Memberships / Chairpersonships 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 Directorship in public limited Companies	No. of Committee Membership*	No. of Committee Chairpersonship*	Names of other equity Listed entities where he/she holds Directorship	Category of Directorship
Mr. S N Subrahmanyam	7	0	0	Larsen & Toubro Ltd.	Chairman & MD

DIN: 02255382				L&T Technology Services Ltd.	Non-executive Vice Chairman
				LTIMindtree Ltd.	Non-executive Vice Chairman
				L&T Finance Ltd.	Non-executive Chairman
Mr. K V B Reddy DIN: 01683467	1	0	0	Nil	Nil
Mr. R Shankar Raman DIN: 00019798	7	3	0	Larsen & Toubro Ltd.	Whole Time Director
				L&T Finance Ltd.	Non-executive Director
				LTIMindtree Ltd.	Non-executive Director
Mr. Ajit Rangnekar DIN: 01676516	2	1	0	Nil	Nil
Mrs. Vijayalakshmi Iyer DIN: 05242960	9	5	3	Glenmark Pharmaceuticals Ltd.	Independent Director
				Aditya Birla Capital Ltd.	Independent Director
				CG Power And Industrial Solutions Ltd.	Independent Director
				Computer Age Management Services Ltd.	Independent Director

				ICICI Securities Ltd.	Independent Director
Mr. NVS Reddy DIN: 01414254	4	0	0	Nil	Nil
Mr. M R Prasanna DIN: 00010264	2	0	0	Nil	Nil
Mr. Shrikant Joshi DIN: 02278471	3	0	0	Nil	Nil
Mr. Sujit Varma DIN: 09075212	7	2	2	Uflex Limited	Independent Director
				Prime Securities Ltd.	Non-executive Non-Independent Director
Mr. D K Sen DIN: 03554707	4	0	0	Nil	Nil
Mrs. Deepa Gopalan Wadhwa DIN: 07862942	8	6	0	J K Cement Ltd.	Independent Director
				J K Paper Ltd.	Independent Director
				Bengal & Assam Company Ltd.	Independent Director
				NDR Auto Components Ltd.	Independent Director
				Artemis Medicare Services Ltd.	Independent Director
				Sapphire Foods India Ltd.	Independent Director

Company Directorships includes directorships in all public limited companies and excludes private limited companies, foreign companies and Section 8 companies.

*Only Audit Committee and Stakeholders' Relationship Committee are considered as per requirement of Regulation 26 of the SEBI LODR Regulations.

E. BOARD COMMITTEES

The Board currently has four 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. To review the functioning of the whistle blower/vigil mechanism.
 14. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 15. Approval or any subsequent material modification of transactions of the Company with related parties;
 16. Scrutiny of inter-corporate loans and investments;
 17. Valuation of undertakings or assets of the Company, wherever it is necessary;
 18. Evaluation of internal financial controls and risk management systems;
 19. 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

20. 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 19th April 2023, 10th July 2023, 8th October 2023 and 10th January 2024.

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

Name	Category	No. of meetings held during the year	No. of meetings attended
Mr. M R Prasanna	Independent Director	4	4
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.

The Managing Director & Chief Executive Officer and 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 by the Committee.

- (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). Recommend 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 2024, two meetings of the Nomination and Remuneration Committee were held on 20th April 2023 and 30th September 2023.

The attendance of Members at the Meetings was as follows:

Name	Category	No. of meetings held during the year	No. of meetings attended
Mr. Ajit Rangnekar	Independent Director	2	2
Mr. M R Prasanna	Independent Director	2	2

Mr. Shrikant Joshi	Non-Executive Director	2	1
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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 11th October 2023.

The Independent Directors and Nominee Director are paid remuneration by way of sitting fees. The Company paid sitting fees of Rs.50,000/- per meeting of the Board to Independent Directors and Nominee Director and Rs.25,000/- per meeting for Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Risk Management Committee meetings to the Independent Directors. The sitting fees for the Board meetings and Committee meetings was increased by the Board of Directors in their meeting held on 20th April 2024 effective from 1st April 2023.

As required by the provisions of Regulation 62 of the SEBI LODR Regulations, the criteria for payment to Independent Directors and Nominee Director is made available on the investor page of our company website www.ltm metro.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 to the Directors for the year ended 31st March 2024:**

The Company does not pay any remuneration to its Non-executive non-Independent Directors. The details of remuneration paid to the Directors for the financial year 2023-24 is as follows:

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Salary	Total for FY 2023-24 (Rs.)
Mr. Ajit Rangnekar	1,50,000	1,50,000	0	3,00,000
Mr. M R Prasanna	2,00,000	1,50,000	0	3,50,000
Mrs. Vijayalakshmi Iyer	2,50,000	0	0	2,50,000
Mr. NVS Reddy	2,50,000	0	0	2,50,000
Mr. Sujit Varma	2,50,000	2,00,000	0	4,50,000
Mrs. Deepa Wadhwa	2,00,000	25,000	0	2,25,000
Mr. KVB Reddy*	0	0	459,48,775	459,48,775

* Shareholders of the Company in extra-ordinary general meeting held on 11th October 2023 approved the appointment of Mr. KVB Reddy, MD & CEO of the Company till 31st July 2025. Notice period is 3 months. His aforesaid remuneration includes bonus (Rs.45,00,000/- p.a.), retention pay (Rs.1 crore p.a.) and medical expenses, Company's contribution to provident fund and gratuity as per the rules of the Company. He is also provided with car and driver for official use and communication facilities for Company's business.

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 requested by the security holders.

Composition:

As on 31st March 2024 as well as on the date this report, the Committee comprises of one Independent Director (Chairperson), one Executive Director and one Non-Executive Director (Non-Independent category) of the Company.

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

Meetings:

One meeting of the Committee was held during FY 2023-24 on 10th January 2024.

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 31st March 2024 as well as on the date this report, the Committee comprises of one Independent Director (Chairperson), one Executive Director, one Non-Executive Director (Non-Independent category), 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"> 1. Mr. Sujit Varma, Independent Director (Chairperson) 2. Mr. Dip Kishore Sen, Non-executive Director 3. Mr. KVB Reddy, MD & CEO 4. Mr. Sudhir Chiplunkar, COO (Rail System) 5. Mr. Rahul Nilosey, CFO <p>Permanent Invitee: Mr. R Govindan, Executive Vice President - Corporate Finance, Larsen & Toubro Ltd.</p>

Meetings:

During the year ended 31st March 2024, four Committee meetings were held on 1st June 2023, 1st September 2023, 14th December 2023 and 13th March 2024.

F. GENERAL BODY MEETINGS

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

Financial Year	Date	Venue	Time
2023-24 EGM	27 th November 2023	Via videoconferencing medium	12:30 PM
2023-24 EGM	11 th October 2023	Via videoconferencing medium	11:30 AM
2023-24 EGM	16 th August 2023	Via videoconferencing medium	11:00 AM
2023-24 AGM	21 st June 2023	At the registered office address of the Company	5:00 PM
2023-24 EGM	26 th April 2023	At the registered office address of the Company	11:26 AM
2022-23 EGM	27 th March 2023	At the registered office address of the Company	8:20 PM
2021-22 AGM	10 th August 2022	At the registered office address of the Company	11.30 AM
2021-22 EGM	21 st January 2022	At the registered office address of the Company	11.00 AM
2021-22 EGM	3 rd November 2021	At the registered office address of the Company	12 Noon
2021-22 EGM	12 th August 2021	At the registered office address of the Company	11.00 AM

The following Special Resolutions were passed by the Members during the General Meetings:

Extra-ordinary General Meeting held on 11th October 2023:

- Increase in Variable Pay (PLR) To Mr. KVB Reddy, MD & CEO of the Company for FY 2022-23.
- Fixing of Variable Pay (PLR) For FY2023-24 and Increase in Special Pay with effect from 1st July 2023 to Mr. KVB Reddy, MD & CEO of the Company.
- Reappointment of Mr. K V B Reddy as Managing Director and Chief Executive Officer of the Company with effect from 24th January 2024 to 31st July 2025.

Extra-ordinary General Meeting held on 16th August 2023:

- Approval for the consummation of the proposed sale of the Raidurg business undertaking of the Company ("Concessionaire") as a going concern.

Extra-ordinary General Meeting held on 27th 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 27th 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 25th April 2022 as per the requirements of SEBI LODR Regulations, 2015.

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

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

Extra-ordinary General Meeting held on 12th August 2021:

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

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

- Temporary increase in the borrowing limits of the Company from Rs.18,000 crore to Rs.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 Rs.13,150 crore
- Creation of security for non-convertible debentures forming part of refinance debt within the overall borrowing limit of Rs.26,300 crore

Resolution(s) passed through Postal Ballot:

No postal ballot was conducted during FY 2023-24. 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 Director's Familiarization program during the year was held on 19th July 2023.

The Company holds Board meetings with videoconferencing facility.

Presentations are made regularly to the Board/ Nomination & Remuneration Committee (NRC)/ Audit Committee (AC)/ Risk Management Committee (RMC) (minutes of AC, NRC, Stakeholders' Relationship Committee and RMC 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.

The details of the familiarisation programmes imparted to Independent Directors is also available on the Company's website <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 SEBI 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.ltm metro.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: 17th April 2024

Place: Hyderabad

H. DISCLOSURES

- i. During the year, there were no transactions of material nature with the Directors or the Management or their relatives or any other related party 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 Rs.1,34,000/- 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 Rs.57,000/- plus applicable taxes after due representation was made to this effect to BSE.

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.
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.
- v. As required under the provisions of SEBI LODR Regulations, a certificate on the non-disqualification of the Directors 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.ltm metro.in

Website

The Company's website www.ltm metro.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 BSE Limited.

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 2023-24.

Listing Fees to Stock Exchanges:

The Company has paid the all the Listing Fees for the year 2023-24 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 2023-24.

J. GENERAL SHAREHOLDERS’ INFORMATION

a) Annual General Meeting:

The Annual General Meeting of the Company will be convened at any time before/ during the month of September 2024 at the registered office address.

b) Financial calendar:

1. Annual results of 2023-24	17 th April 2024
2. E-mailing of Annual Reports	Before first week of September 2024
3. Annual General Meeting	On or before September 2024
4. First quarter results	During second week of July 2024*
5. Second quarter results	During second week of October 2024*
6. Third quarter results	During second week of January 2025*

* 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).

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 2023-24. The NCDs and CPs are rated AAA(CE) and A1+ respectively by both the agencies.

e) Distribution of Shareholding as on 31st March 2024:

Sr. No	Name of the share holder	No. of Equity shares held
1.	Larsen and Toubro Limited	741,29,99,994
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.	Rahul Nilosey jointly with Larsen And Toubro Limited	1
6.	Chandrachud Durlabh Paliwal jointly with Larsen And Toubro Limited	1
7.	Government of Telangana, Secretariat, Hyderabad	1
	Total	741,30,00,000

There are no outstanding convertible securities of the Company.

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 31st March 2024 is as under:

	No. of shares	% of total capital issued
Held in dematerialized form in NSDL	741,29,99,999	99.9999
Physical	1	0.0001
Total	741,30,00,000	100.00

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, GoTS shall not be entitled to transfer the Golden Share except for the instance mentioned in the Shareholders Agreement.

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 Rs.49.10 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 Rs.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 8th February 2019, the Company has obtained annual secretarial compliance report for FY 2022-23 from M/s. Kota & Associates, Company Secretaries and has submitted the same to BSE Ltd. on 29th May 2023. The Company shall submit the annual secretarial compliance report for FY 2023-24 within the prescribed timelines.

Annexure III

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

In terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and amendments thereof, this Nomination and Remuneration (NRC) Policy has been formulated to act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel (KMP) and Senior Management.

2. OBJECTIVE

The Key Objectives of the Policy are:

- 2.1.** To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management, KMP positions and to determine their remuneration.
- 2.2.** That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMPs and Senior Management.
- 2.3.** To determine remuneration based on the Company's size and financial position.
- 2.4.** To specify the manner for evaluation of the performance of Board, its Committees and Directors individually by NRC or an external independent agency.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee.

3. DEFINITIONS

- 3.1.** "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

- 3.2. “Listing Regulation” means SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and amendments thereof.
- 3.3. “Board of Directors” or “Board”, in relation to the Company, means the collective body of the directors of the Company.
- 3.4. “Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Obligations and Disclosure Requirements, Regulations 2015 ('LODR Regulations')
- 3.5. “Company” means L&T Metro Rail (Hyderabad) Limited.
- 3.6. “Directors” mean Directors of the Company including Independent Director referred in Section 149 (6) of the Companies Act, 2013 and Nominee Director (Section 149(7) of Companies Act, 2013) on behalf of Government of Telangana State.
- 3.7. “Key Managerial Personnel” (KMP) means
 - (a). Chief Executive Officer and/or the Managing Director or the Manager;
 - (b). Whole-time director;
 - (c). Chief Financial Officer;
 - (d). Company Secretary; and
 - (e). such other officer as may be prescribed.
- 3.8. “Senior Management” means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional/Vertical Heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. NOMINATION & REMUNERATION COMMITTEE:

- 4.1. The Policy envisages the constitution of Nomination and Remuneration Committee, roles and responsibilities of Independent Directors, term of appointment, remuneration and evaluation of Directors.
- 4.2. The Nomination and Remuneration Committee will consist of three or more non-

executive directors, out of which at least two-thirds shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

- 4.3. Chairperson of the Nomination and Remuneration Committee shall be an Independent Director.
- 4.4. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013, Listing Regulations and the Rules made thereunder.
- 4.5. The Committee shall meet at least once in a year and at such regular intervals as may be required to carry out the objectives set out in the Policy. The Committee members may attend the meeting physically or through video conference or through permitted audio –visual mode, subject to the provisions of the Companies Act, 2013 and the Rules made thereunder.
- 4.6. Quorum for the meeting shall be 2 members or 1/3rd of the members of the committee, whichever is greater, with atleast 1 independent director present.
- 4.7. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 4.8. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- 4.9. A member of the Committee is not entitled to take part in the proceedings of such business in which he/she is interested or concerned.
- 4.10. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- 4.11. The Company Secretary shall act as Secretary to the Committee.

5. ROLE AND POWERS OF THE COMMITTEE:

- 5.1. The Role and Powers of the Committee shall be as under:

- (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.

6. APPOINTMENT CRITERIA AND QUALIFICATIONS

- 6.1** The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- 6.2** Appointment and remuneration of person at Senior Management level to be decided in accordance with qualification, expertise and experience and the position requirement by the HR department with the approval of the Managing Director of the Company.

6.3 The Company shall not appoint or continue the employment of any person as Whole- time Director/Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

6.4 Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and amendments thereof.

7. TERM / TENURE

7.1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person Managing Director or Whole-time Director for a term not exceeding three years in case of nil/inadequate profits and five years in other cases. No re-appointment shall be made earlier than one year before the expiry of term.

7.2. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

7.3. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

7.4. Retirement

(a). The Director, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company.

(b). The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining

the retirement age, for the benefit of the Company.

8. REMUNERATION OF MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT:

- 8.1** The remuneration/ compensation/ commission etc. to the Managing Director/ Whole- time Director will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.
- 8.2** Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- 8.3** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- 8.4** If any Managing Director/ Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.
- 8.5** Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/ Whole-time Director.
- 8.6** Where any insurance is taken by the Company on behalf of its Managing Director/ Whole-time Director, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- 8.7** Remuneration or performance evaluation of other KMP or person at Senior

Management level shall be as per Company policy based on the prevailing grade structure in the Company.

9. REMUNERATION TO NON- EXECUTIVE/ INDEPENDENT DIRECTOR:

9.1 Remuneration / Profit Linked Commission:

The remuneration / profit linked commission, if payable, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

9.2 Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or any Committee of the Board.

10. MONITORING, EVALUATION AND REMOVAL:

10.1 Evaluation

The Committee shall itself or through Board or through an independent agency carry out evaluation of performance of every Director, Committee(s), Board and Chairman on yearly basis.

10.2 Removal

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

11. AMENDMENT TO THE POLICY:

11.1 The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

11.2 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions

hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

12. DISCLOSURE

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein.

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, 2024 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

*Mr. Venkatsatyanarayan Reddy Nallamilli(DIN: 01414254) is the director of ACTIVE Non-compliant company.

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: 16-04-2024

UDIN: F010597F000144126

**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 2024, 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 2024. The Company is required to appoint sufficient Independent Director/s to meet the requirement.

However, initially, the SEBI in its meeting held on 29.03.2023 (PR No.6/2023) decided to extend the ‘comply or explain’ period for the HVDLEs in respect of corporate governance norms (i.e. regulation 16 to 27 of LODR Regulations) till March 31, 2024 and again in its 204th meeting held on 15th March, 2024 has approved the proposal to extend the timeline for mandatory applicability of listing norms (i.e. Regulation 16 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and compliance thereof for High Value Debt Listed entities till 31st March, 2025.

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

Place: Hyderabad
Date: 16.04.2024
UDIN: F010597F000144269

Sd/-
Kota Srinivas
M.No.F10597;CP No.14300
Peer Review Cert No. 1736/2022

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 31st March 2024 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 : 15th April 2024

Place : Hyderabad

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
M/s. L&T METRO RAIL (HYDERABAD) LIMITED,
CIN: U45300TG2010PLC070121
5th Floor, Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole,
Hyderabad - 500 039.

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **L&T METRO RAIL (HYDERABAD) LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company which was made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

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

- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) viz:-

- a) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;
- b) The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- v) The laws that are specifically applicable to the Company are listed in Annexure B:

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- ii) Listing agreement entered into with BSE Limited, Mumbai, for listing of Debt Securities.

Further, it has been informed to us that, in the opinion of the management of the Company, all the related party transactions entered by the Company during the period under review have been entered on Arm's length basis and in the ordinary course of business and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise. However, all the related party transactions have been approved by the Audit Committee from time to time.

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

As per Regulation 17(1) of SEBI (LODR), 2015, - where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half

of the board of directors of the listed entity shall consist of independent directors. Since the Chairperson of the company is a regular non-executive Chairman of the Company and related to promoter, the Board of the company should comprise of 50% of Independent Directors. The Company is required to appoint sufficient Independent Director/s to meet the requirement.

However, initially, the SEBI in its meeting held on 29.03.2023 (PR No.6/2023) decided to extend the 'comply or explain' period for the HVDLEs in respect of corporate governance norms (i.e. regulation 16 to 27 of LODR Regulations) till March 31, 2024 and again in its 204th meeting held on 15th March, 2024 has approved the proposal to extend the timeline for mandatory applicability of listing norms (i.e. Regulation 16 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and compliance thereof for High Value Debt Listed entities till 31st March, 2025.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and the company has obtained the consent of the board members for short notice wherever applicable, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

I further report that during the audit period there have been enlisted major actions or events undertaken by the Company which may have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, etc.. The Company has
- *increased its Authorized Share capital from INR.4639,00,00,000/- to INR. 7413,00,00,000/- during the year under review.*

- has issued and allotted on rights issue basis to its holding company Larsen and Tourbro Limited and the fully paid up capital as at 31st March, 2024 is Rs.7413 Crores. The allotment on rights issue was made in three tranches through circular resolution dated 1st, 2nd and 3rd February, 2024, based on the board resolution dated 27th November, 2023.

- altered its Memorandum of Association for increase in the Authorized share capital ”.

Further;

-The Structured Digital Database is being duly maintained internally and the audit trail is being maintained.

-The Company is a High Value Debt listed entity (HVDLE) and its Equity share are not listed.

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

Place: Hyderabad

Date: 17th April, 2024.

UDIN: F010597F000151749

Kota Srinivas
Company Secretary in Practice
FCS 10597CP No.14300
Peer Review No.1736/2022

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

To

The Members

L&T METRO RAIL (HYDERABAD) LIMITED,

CIN: U45300TG2010PLC070121

5th Floor, Hyderabad Metro Rail Administrative Building,

Uppal Main Road, Nagole,

Hyderabad - 500 039.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company.
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

Place: Hyderabad

Date: 17-04-2024

Sd/-

Kota Srinivas

Company Secretary in Practice

M.No.F10597; CP No.14300

List of Applicable Acts

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
3. The Securities and Exchange Board of India (Issue and listing of Debit securities) Regulations, 2008.
4. The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client.
5. The Metro Railways (Operation & Maintenance) Act, 2002 and the Rules made thereunder.
6. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment or external commercial borrowings;
7. The Minimum Wages Act, 1948 read with the Telangana Minimum Wages Rules, 1960;
8. The Payment of Gratuity Act, 1972 read with the Payment of Gratuity (Central) Rules, 1972;
9. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
10. The Contract Labour (Regulation & Abolition) Act, 1970 read with the Contract Labour (Regulation and Abolition) Rules, 1971;
11. Income Tax Act, 1961 read with Income Tax Rules;
12. The Central Sales Tax Act, 1956 read with the Central Sales Tax (Registration & Turnover) Rules, 1957;

13. Service Tax Provisions under Finance Act, 1994 read with the Service Tax Rules, 1994 and the Service Tax (Registration of Special Category of Persons) Rules, 2005 and the Cenvat Credit Rules, 2004;
14. The Personal Injuries (Compensation) Insurance Act, 1963;
15. The Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008);
16. The Maternity Benefit Act, 1961;
17. The Indian Telegraph Act, 1885 & the Indian Telegraph Rules, 1951;
18. The Indian Wireless Telegraphy Act, 1933;
19. The Registration Act, 1908;
20. Indian Stamp Act, 1899;
21. Motor Vehicles Act, 1988;
22. The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998;
23. The Building and Construction Workers Welfare Cess Act, 1996 and the Building and Construction Workers Welfare Cess Rules, 1998;
24. Multi-Storeyed Buildings Regulations, 1981;
25. The Telangana Rules for Construction and Regulation of Multiplex Complexes, 2007;
26. The Telangana Building Rules, 2012;

27. Telangana Fire Services Act, 1999 and the Andhra Pradesh Fire and Emergency Operations and Levy of Fee Rules, 2006;
28. The Greater Hyderabad Municipal Corporations Act, 1955;
29. The Telangana Motor Vehicles Rules, 1989;
30. The Telangana Motor Vehicles Taxation Act, 1963 and the Rules made thereunder;
31. The Telangana Tax on Professions, Trades, Callings and Employments Act, 1987 and the Rules made thereunder;
32. The Telangana Shops and Establishments Act, 1988;
33. The Telangana State Electricity Board (Recovery of Dues) Act, 1984 and the Telangana State Electricity Board (Recovery of Debts) Rules, 1985;
34. The Telangana Compulsory Gratuity Insurance Rules, 2011;
35. The Telangana Contract Labour (Regulation and Abolition) Rules, 1971;
36. Telangana Value Added Tax Act, 2005 and the Rules made thereunder;
37. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 and the Rules made thereunder;
38. Telangana Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;

Independent Auditor's Report

To the Members of

L&T Metro Rail (Hyderabad) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, 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 material 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 2024, its loss and total comprehensive loss, 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 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matters	Auditor's Response
1	<p>Intangible assets - Impairment Assessment</p> <p>The operation and maintenance of the Metro Rail System involves a long concession period. The project commissioning was delayed as against the originally estimated completion date as mentioned in the concession agreement resulting in cost overrun.</p> <p>The passenger traffic is lower than the initial projections, partially due to Covid 19 pandemic.</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 the carrying value of the assets is fairly stated.</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"> • Understanding the process followed by the Company in respect of the annual impairment assessment for intangible assets. • 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. • Reviewing the reasonableness of the assumptions, particularly estimation of passenger traffic based on our 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. • Enquired with the management and gained understanding of various strategic initiatives taken by the company to improve its capital structure. • Evaluating the impairment model used and assumptions (including discount rate and long-term sales growth rate applied by the Company). • Reviewing the sensitivity analysis to evaluate the impact of change in key assumptions individually or collectively to the recoverable value.

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 upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of financial statements for the year ended 31 March 2024 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 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of all pending litigations on its financial position in its financial statements - Refer note 17 to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts. The Company does not have any derivative contracts as on 31 March 2024; 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 2024.
 - 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. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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

Sd/-
M V Ramana Murthy
Partner
Membership No.206439
UDIN: 24206439BKACXA9268

Hyderabad, 17 April 2024

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 2024 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 12.5 and 12.6 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs.5 crore during the year. However, there is no requirement of submission of statements to respective banks; 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 2024 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 allotment of equity shares on rights basis to existing shareholders 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) The Company has one Core Investment Company as part of the Group.
- (xvii) The Company has incurred cash losses of Rs.199.02 Crores in the current financial year and Rs.960.23 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 25.11 to the financial statements, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion, the Company is not required to spend amount on corporate social responsibility activities as provisions of section 135 of the Act are not applicable at present.
- (xxi) The Company does not have subsidiaries, accordingly paragraph 3(xxi) of the Order is not applicable.

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

Sd/-
M V Ramana Murthy
Partner
Membership No.206439
UDIN: 24206439BKACXA9268

Hyderabad, 17 April 2024

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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company") as of 31 March 2024, 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 with reference to financial statements 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 with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control with reference to financial statements 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: 24206439BKACXA9268

Hyderabad, 17 April 2024

L&T Metro Rail (Hyderabad) Limited			₹ Crore
Balance Sheet as at March 31, 2024			
Particulars	Note No	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
a) Property, plant and equipment	1	73.43	111.16
b) Investment property	2	908.30	1,349.12
c) Intangible assets	3	15,017.49	15,301.51
d) Intangible assets under development	4	0.45	4.50
e) Other financial assets	5	61.02	66.17
f) Other non-current assets	6	17.20	9.00
Sub-total - Non-current assets		16,077.89	16,841.46
Current assets			
a) Inventories	7	19.09	13.52
b) Financial Assets			
i) Trade receivables	8	17.16	28.69
ii) Cash and cash equivalents	9	33.10	8.79
iii) Bank balances other than ii above	9	4.00	0.71
iv) Other financial assets	5	353.85	27.76
c) Other current assets	6	17.06	16.34
Sub-total - Current assets		444.26	95.81
TOTAL ASSETS		16,522.15	16,937.27
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	10	7,413.00	3,759.00
b) Other equity	11	(5,979.36)	(5,424.37)
Total equity		1,433.64	(1,665.37)
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	12	8,977.74	9,391.10
ii) Other financial liabilities	13	42.50	67.81
b) Other non current liabilities	15	581.91	64.63
c) Provisions	16	238.40	170.18
Sub-total - Non-current liabilities		9,840.55	9,693.72
Current liabilities			
a) Financial liabilities			
i) Borrowings	12	4,081.12	7,733.98
ii) Trade payables	14		
- Due to Micro Enterprises and small enterprises		2.19	1.28
- Due to others		58.78	73.19
iii) Other financial liabilities	13	1,096.76	1,084.98
b) Other current liabilities	15	7.47	13.11
c) Provisions	16	1.64	2.38
Sub-total - Current liabilities		5,247.96	8,908.92
TOTAL EQUITY AND LIABILITIES		16,522.15	16,937.27
Contingent liabilities	17		
Commitments	18		
Notes forming part of the Financial Statements	1 to 25		
Material accounting policies	26		
As per our audit 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/-	Sd/-	Sd/-	
M.V.Ramana Murthy	K.V.B.Reddy	Nallamilli Venkat Satyanarayan Reddy	
Partner	[Managing Director & Chief Executive Officer]	[Director]	
Membership No : 206439	DIN No: 01683467	DIN No:01414254	
	Sd/-	Sd/-	
	Rahul Nilosey	Chandrachud D Paliwal	
	[Chief Financial Officer]	[Company Secretary]	
		Membership No: F5577	
Place : Hyderabad		Place : Hyderabad	
Date : 17-04-2024		Date : 17-04-2024	

L&T Metro Rail (Hyderabad) Limited			
Statement of Profit and loss for the year ended 31 March 2024			₹ Crore
Particulars		2023-24	2022-23
INCOME			
Revenue from operations	19	1,389.14	677.21
Construction contract revenue		8.50	20.67
Other income	20	10.17	5.32
Total Income		1,407.81	703.20
EXPENSES			
Construction contract expenses		8.50	20.67
Operating expenses	21	400.06	350.35
Employee benefit expenses	22	35.85	31.93
Administration and other expenses	23	36.03	28.40
Finance costs	24	1,173.11	1,273.36
Depreciation and amortisation expenses	3.1	309.30	314.43
Total Expenses		1,962.85	2,019.14
Profit/(loss) before tax for the year		(555.04)	(1,315.94)
Tax Expense:			
Current tax		-	-
Deferred tax		-	-
		-	-
Profit/(loss) after tax for the year		(555.04)	(1,315.94)
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Gain/(loss) on remeasurement of defined benefit plans		0.05	(0.05)
Total Comprehensive Income for the year		(554.99)	(1,315.99)
Earnings per equity share	25.8		
Basic & Diluted		(1.11)	(5.36)
Face value per equity share		10.00	10.00
Notes forming part of the Financial Statements	1 to 25		
Material accounting policies	26		
As per our audit 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	Sd/- K.V.B.Reddy	Sd/- Nallamilli Venkat	
Partner	[Managing Director &	Satyanarayan Reddy	
Membership No.206439	Chief Executive Officer]	[Director]	
	DIN No: 01683467	DIN No:01414254	
	Sd/- Rahul Nilosey	Sd/- Chandrachud D Paliwal	
	[Chief Financial Officer]	[Company Secretary]	
		Membership No: F5577	
Place : Hyderabad		Place : Hyderabad	
Date : 17-04-2024		Date : 17-04-2024	

L&T Metro Rail (Hyderabad) Limited			
Statement of Cash Flows for the year ended March 31, 2024			
			₹ Crore
S. No.	Particulars	2023-24	2022-23
A	Cash flow from operating activities		
	Net profit / (loss) before tax	(555.04)	(1,315.94)
	Adjustment for		
	Depreciation and amortisation expense	309.30	314.43
	Exchange difference on items grouped under financing/investing activities	0.59	0.66
	Finance cost	1,104.19	1,211.72
	Interest income	(2.27)	(2.03)
	(Profit)/loss on sale of current investments(net)	(6.51)	(1.95)
	(Profit)/loss on sale of fixed assets	-	0.22
	Income/loss (net) on transfer of real estate undertaking	(511.73)	-
	Operating profit before working capital changes	338.53	207.11
	Adjustments for:		
	Increase / (Decrease) in long term provisions	68.22	56.61
	Increase / (Decrease) in other current liabilities	(5.59)	(1.82)
	Increase / (Decrease) in Trade Payables	(13.50)	30.16
	Increase / (Decrease) in other current financial liabilities	38.23	9.00
	Increase / (Decrease) in other non-current financial liabilities	(25.83)	(21.67)
	Increase / (Decrease) in short term provisions	(0.74)	(0.19)
	(Increase) / Decrease in other non-current financial assets	25.15	22.18
	(Increase) / Decrease in other non-current assets	(14.22)	-
	(Increase) / Decrease in Inventories	(5.57)	(1.36)
	(Increase) / Decrease in Trade Receivables	11.53	(9.46)
	(Increase) / Decrease in other current financial assets	(1.13)	1.15
	(Increase) / Decrease in other current assets	(2.50)	1.26
	Net cash generated from operating activities	412.58	292.97
	Direct taxes refunds (net of payments)	3.18	7.93
	Net Cash generated from Operating Activities	415.76	300.90
	B Cash flow from investing activities		
	Purchase of fixed assets	(52.42)	(64.60)
	Sale of fixed assets	-	0.03
	Net Proceeds from transfer of real estate undertaking	651.32	-
	Sale/(Purchase) of current investments	6.51	1.95
	Interest received	2.27	2.03
	Net cash (used in)/generated from investing activities	607.68	(60.59)
	C Cash flow from financing activities		
	Proceeds from issue of equity share capital	3,654.00	1,320.00
	Proceeds from non-current borrowings (refer Note 25.12)	800.00	100.00
	Repayment of non-current borrowings (refer Note 25.12)	(700.90)	-
	Proceeds/(repayment) of current/other borrowings (refer Note 25.12)	(3,287.22)	(950.00)
	Interest paid	(1,465.01)	(812.78)
	Net cash (used in)/generated from financing activities	(999.13)	(342.78)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	24.31	(102.47)
	Cash and cash equivalents as at the beginning of the year	8.79	111.26
	Cash and cash equivalents as at the end of the year (Refer below for break-up)	33.10	8.79
Components of Cash and cash equivalents (refer note 9)			
		As at March 31, 2024	As at March 31, 2023
a) Cash on hand		1.12	0.66
b) Balance with banks in current accounts		19.91	3.17
c) Deposits with maturity of less than three months including interest accrued thereon		12.07	4.96
Total Cash and cash equivalents (as per Ind AS 7)		33.10	8.79
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 and (b) intangible assets under development during the year and adjusted with (a) capital advances given & (b) retention amounts			
As per our audit 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	Sd/- K.V.B.Reddy	Sd/- Nallamilli Venkat Satyanarayan Reddy	
Partner	[Managing Director & Chief Executive Officer]	[Director]	
Membership No.206439	DIN No: 01683467	DIN No:01414254	
	Sd/- Rahul Nilosey [Chief Financial Officer]	Sd/- Chandrachud D Paliwal [Company Secretary] Membership No: F5577	
Place : Hyderabad		Place : Hyderabad	
Date : 17-04-2024		Date : 17-04-2024	

L&T Metro Rail (Hyderabad) Limited
Statement of Changes in Equity for the period ended March 31, 2024

A. Equity share capital

Particulars	No. of shares	₹ Crore
Balance as at March 31,2022	2,439,000,000	2,439.00
Changes in equity share capital during the year	2,200,000,000	1,320.00
Balance as at March 31,2023	4,639,000,000	3,759.00
Changes in equity share capital during the year	2,774,000,000	3,654.00
Balance as at March 31,2024	7,413,000,000	7,413.00

B. Other Equity

₹ Crore

Particulars	Reserves and Surplus		Other comprehensive income	Total
	Debenture Redemption Reserve	Retained earnings		
Balance as at March 31,2022	2.82	(4,111.71)	0.51	(4,108.37)
(Loss) for the year	-	(1,315.95)	-	(1,315.95)
Gain/(loss) on remeasurement of defined benefit	-	-	(0.05)	(0.05)
Balance as at March 31,2023	2.82	(5,427.66)	0.46	(5,424.37)
(Loss) for the year	-	(555.04)	-	(555.04)
Gain/(loss) on remeasurement of defined benefit	-	-	0.05	0.05
Balance as at March 31,2024	2.82	(5,982.70)	0.51	(5,979.36)

As per our audit 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/-
Nallamilli Venkat Satyanarayan Reddy
[Director]
DIN No:01414254

Sd/-
Rahul Nilosey
[Chief Financial Officer]

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

Place : Hyderabad
Date : 17-04-2024

Place : Hyderabad
Date : 17-04-2024

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

1 Property, Plant and Equipment

As at March 31, 2024

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2023	Additions	deductions	As at March 31, 2024	Up to March 31, 2023	For the year	deductions	Up to March 31, 2024	As at March 31, 2024	As at March 31, 2023
Tangible Assets										
Plant and Machinery										
Leased out	162.09	-	26.54	135.55	60.27	13.38	3.86	69.79	65.76	101.83
Computers	1.97	0.55	0.10	2.42	1.52	0.26	0.08	1.70	0.72	0.45
Furniture & Fixtures	28.40	1.30	0.09	29.61	24.58	2.50	-	27.08	2.53	3.82
Office Equipment	14.00	0.37	0.03	14.34	8.94	1.01	0.03	9.92	4.42	5.06
Total	206.46	2.22	26.76	181.92	95.31	17.15	3.97	108.49	73.43	111.16

As at March 31, 2023

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2022	Additions	deductions	As at March 31, 2023	Up to March 31, 2022	For the year	deductions	Up to March 31, 2023	As at March 31, 2023	As at March 31, 2022
Tangible Assets										
Plant and Machinery										
Leased out	161.46	0.63	-	162.09	45.50	14.77	-	60.27	101.82	115.96
Computers	2.11	0.32	0.46	1.97	1.86	0.09	0.44	1.51	0.46	0.24
Furniture & Fixtures	28.11	0.29	-	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	8.95	5.05	4.53
Total	209.54	2.90	5.98	206.46	82.51	18.48	5.68	95.31	111.15	127.03

2 Investment Property

2.1 Completed property

As at March 31, 2024									₹ Crore	
Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2023	Additions	deductions	As at March 31, 2024	Up to March 31, 2023	For the year	deductions	Up to March 31, 2024	As at March 31, 2024	As at March 31, 2023
Free hold land	0.16	-	-	0.16	-	-	-	-	0.16	0.16
Lease Out										
Buildings	895.11	13.47	249.79	658.79	55.77	12.60	6.86	61.51	597.28	839.33
Land License rights	94.96	-	27.01	67.95	6.14	0.24	0.75	5.63	62.32	88.82
Others										
Land License rights	429.64	-	196.89	232.76	15.33	6.76	8.71	13.38	219.38	414.32
Total	1,419.87	13.47	473.69	959.66	77.24	19.60	16.32	80.52	879.14	1,342.63

As at March 31, 2023 ₹ Crore										
Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2022	Additions	deductions	As at March 31, 2023	Up to March 31, 2022	For the year	deductions	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
Leased Out										
Buildings	887.42	7.69	-	895.11	41.21	14.56		55.77	839.34	846.22
Land License rights	94.96			94.96	4.57	1.57		6.14	88.82	90.39
Others										
Land License rights	429.64			429.64	7.97	7.36		15.33	414.32	421.67
Total	1,412.18	7.69	-	1,419.87	53.75	23.49	-	77.24	1,342.64	1,358.44

2.2 Amounts recognised in profit or loss for investment properties

Particulars	₹ Crore	
	2023-24	2022-23
Rental Income	85.51	78.81
Direct operating expenses from property that generated rental income	3.47	5.96

2.3 Capital work in Progress

₹ Crore			
Particulars	As at April 01, 2023	Additions	As at March 31, 2024
<i>Transit oriented development</i>			
Free hold land	0.16	-	0.16
Work in progress	897.26	36.13	933.39
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
	1,587.84	36.13	1,623.97
Transfer to Building	(895.12)	(13.47)	(908.58)
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)
Total	6.49	22.66	29.16

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

₹ Crore		
Particulars	As at March 31, 2024	As at March 31, 2023
Contractual obligations to construct / develop the investment property	32.84	4.22

2.5 Amount shown under Investment property

₹ Crore		
Particulars	As at March 31, 2024	As at March 31, 2023
Completed property	879.14	1,342.63
Capital work in progress	29.16	6.49
Total	908.30	1,349.12

2.6 Ageing of CWIP -Investment property as on 31.03.24

Particulars	Amount in CWIP for a period of				₹ Crore
	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	28.51	0.65	0.00	0.00	29.16
Total	28.51	0.65	0.00	0.00	29.16

Ageing of CWIP -Investment property as on 31.03.23

Particulars	Amount in CWIP for a period of				₹ Crore
	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	6.49	0.00	0.00	0.00	6.49
Total	6.49	0.00	0.00	0.00	6.49

- There are no restrictions on realisation of income from investment property.
- 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.
- As per terms of the Concession Agreement, Government of Telangana had allotted land parcel of one acre to the Concessionaire in Erramanzil colony of Hyderabad district. During the year, the Government requested the Concessionaire to surrender this land parcel to facilitate access for the ongoing expansion project of the adjoining Nizam Institute of Medical Sciences (NIMS), in lieu of allotting an alternate land parcel of similar value and potential for real estate development by the Concessionaire. The Company has surrendered the said land to the Government in the interest of public at large. As at the year end, the allotment of the alternate land to the Concessionaire is pending though it is recommended to the Government by HMRL. The carrying value of said one acre land was Rs.6.71 Cr as at the year end and in the opinion of management, the fair value of alternative land parcel that will be allotted will not be significantly different from the land surrendered. Hence, no adjustments have been made to carrying value of the investment property in the financial statements.
- 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 (excluding the real estate undertaking transferred) as at 31.03.2024 is ₹ 759 Crores (PY ₹ 813 Crores) and ₹ 996 Crores (PY ₹ 996 Crores) respectively.

3 Intangible Assets

As at March 31, 2024

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2023	Additions	deductions	As at March 31, 2024	Up to March 31, 2023	For the year	deductions	Up to March 31, 2024	As at March 31, 2024	As at March 31, 2023
Intangible Assets- Metro	16,271.70	12.55	24.02	16,260.23	970.48	272.39	-	1,242.87	15,017.36	15,301.22
Specialised Software	5.70	-	-	5.70	5.41	0.16	-	5.57	0.13	0.29
Total	16,277.40	12.55	24.02	16,265.93	975.89	272.55	-	1,248.44	15,017.49	15,301.51

As at March 31, 2023

₹ Crore

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2022	Additions	deductions	As at March 31, 2023	Up to March 31, 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
Total	16,261.23	16.17	-	16,277.40	703.41	272.47	-	975.89	15,301.51	15,557.82

3.1 Depreciation and amortisation expenses

₹ Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Property, Plant and Equipment	17.15	18.48
Investment Property	19.60	23.49
Intangible Assets	272.55	272.47
Total	309.30	314.44

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

4 Intangible Assets under development

₹ Crore

Particulars	As at March 31, 2023	Additions	As at March 31, 2024
<i>Fare collection rights</i>			
Construction work in progress	13,033.60	8.50	13,042.10
Salaries and wages	209.38	0.00	209.38
Staff welfare and other expenses	17.93	0.00	17.93
Managerial Remuneration	11.90	0.00	11.90
Concession fees	0.00	0.00	0.00
Travelling & conveyance	19.64	0.00	19.64
Facility management, communication and other expenses	125.31	0.00	125.31
Interest expenses	4,509.66	0.00	4,509.66
Depreciation/ amortization expenses	27.54	0.00	27.54
Other expenses	14.98	0.00	14.98
Total	17,969.94	8.50	17,978.44
Less:			
Transfer to Intangible asset	(16271.70)	(12.55)	(16284.25)
Transfer to Investment property capital work in progress	(489.54)	0.00	(489.54)
Viability Gap Fund	(1204.20)	0.00	(1204.20)
Total	4.50	(4.05)	0.45

4.1 Ageing of CWIP -Intangible assets as on 31.03.24

₹ 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	0.45	0.00	0.00	0.00	0.45
Total	0.45	0.00	0.00	0.00	0.45

Ageing of CWIP -Intangible assets as on 31.03.23

₹ Crore

Particulars	Amount in CWIP for a period of				Total
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
Projects in progress	4.50	-	-	-	4.50
Total	4.50	-	-	-	4.50

5 Other financial assets

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Security deposits	2.14	15.87	0.02	15.89
Other receivables	324.96	20.00	0.00	0.00
Financial Guarantee Assets	25.13	24.90	26.85	50.03
Others	1.62	0.25	0.89	0.25
Total	353.85	61.02	27.76	66.17

6 Other assets ₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Advances				
Capital Advances	-	2.24	-	5.08
Others	1.51	-	-	-
Advance recoverable other than in cash				
Prepaid Expenses	11.27	-	12.11	-
Others	4.28	-	4.23	-
Income tax (net)	-	14.96	-	3.92
Total	17.06	17.20	16.34	9.00

7 Inventories ₹ Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Stores and spares	19.09	13.52
Total	19.09	13.52

8 Trade receivables ₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non Current	Current	Non Current
Unsecured, Considered good	17.16	-	28.96	-
Less : Allowance for expected credit loss	-	-	0.27	-
Total	17.16	-	28.69	-

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

Trade Receivables as on 31.03.24

Particulars	Outstanding for following perios from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i)Undisputed Trade Receivables - Considered good	15.20	0.18	0.01	0.00	0.00	15.39
(ii)Undisputed Trade Receivables - which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
(iii)Undisputed Trade Receivables - credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
(iv)Disputed Trade Receivables - considered good	0.00	0.00	0.01	0.00	0.33	0.34
	1.43	0.00	0.00	0.00	0.00	1.43
Total	16.63	0.18	0.02	0.00	0.33	17.16
Less : Allowance for expected credit loss						0.00
Total						17.16

Trade Receivables as on 31.03.23

Particulars	Outstanding for following perios from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i)Undisputed Trade Receivables - Considered good	20.81	6.91	0.04	0.01	0.00	27.77
(ii)Undisputed Trade Receivables - which have significant increase in credit risk	0.00	0.27	0.00	0.00	0.00	0.27
(iii)Undisputed Trade Receivables - credit impaired	0.00	0.00	0.00	0.14	0.17	0.31
(iv)Disputed Trade Receivables - considered good	0.00	0.00	0.00	0.00	0.00	0.00
(v)Unbilled dues	0.61	0.00	0.00	0.00	0.00	0.61
Total	21.42	7.18	0.04	0.15	0.17	28.96
Less : Allowance for expected credit loss						0.27
Total						28.69

Particulars	As at March 31, 2024		As at March 31, 2023	
(i) Cash and cash equivalents				
a) Cash on hand	1.12		0.66	
b) Balances with banks in current accounts	19.91		3.17	
c) Deposits with maturity of less than three months including interest accrued thereon.*	12.07	33.10	4.96	8.79
(ii) Other bank balances				
Balances with banks held as margin money deposits		4.00		0.71
Total		37.10		9.50

* 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, 2024		As at March 31, 2023	
	No. of shares	₹ Crore	No. of shares	₹ Crore
Authorised:				
Equity shares of ₹ 10 each	7,413,000,000	7,413.00	4,639,000,000	4,639.00
Issued Capital				
Equity shares of ₹ 10 each	7,413,000,000	7,413.00	4,639,000,000	4,639.00
Subscribed and Paid Up Capital				
Equity shares of ₹ 10 each fully paid	7,413,000,000	7,413.00	2,439,000,000	2,439.00
Equity shares of ₹ 10 each partly paid (₹ 6 paid up)	-	-	2,200,000,000	1,320.00
	7,413,000,000	7,413.00	4,639,000,000	3,759.00

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ Crore	No. of shares	₹ Crore
Equity shares of ₹ 10 each				
At the beginning of the year	4,639,000,000	3,759.00	2,439,000,000	2,439.00
Issued during the year	2,774,000,000	3,654.00	2,200,000,000	1,320.00
At the end of the year	7,413,000,000	7,413.00	4,639,000,000	3,759.00

Note : Pursuant to approval by the Share holders at their extraordinary general meeting during the previous financial year, 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 previous 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 during the previous financial year and the balance of Rs.4 i.e 40% of the issue price per rights equity share received during the current financial year.

Pursuant to the approval by the Shareholders at their extraordinary general meeting held on 27th November 2023, the authorised capital of the Company was increased to 741,30,00,000 shares of Rs.10/- each, aggregating to Rs.7413 Crores. Subsequently, the Board of Directors of the Company approved the issuance of fully paid-up equity shares on rights basis to the existing shareholders of the Company. The Company issued 277,40,00,000 equity shares of face value of Rs.10/- each on rights basis to the existing shareholders in three tranches during the current year and in accordance with the terms of issue, the Company received application money in full against which equity shares were allotted during the fiscal year in review.

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, 2024		As at March 31, 2023	
	No. of shares	₹ Crore	No. of shares	₹ Crore
Larsen and Toubro Limited (including nominee holding)	7,412,999,999	7,413.00	4,638,999,999	3,759.00
Total	7,412,999,999	7,413.00	4,638,999,999	3,759.00

Note :Refer note 10.2 above

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	%	No. of shares	%
Larsen and Toubro Limited (including nominee holding)	7,412,999,999	99.999%	4,638,999,999	99.999%

10.6 Shares held by promotes at the end of the year

Promoter's Name	As at March 31, 2024		
	No. of shares	% of shares	% Change during the year
Larsen and Toubro Limited (including nominee holding)	7,412,999,999	99.999%	Nil
Total	7,412,999,999		

10.7 Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding Financial year ended March 31,2024: Nil (Previous period of Financial year ended March 31, 2023: Nil)**10.8** Calls unpaid : Nil (PY: Nil) ; Forfeited Shares : Nil (PY: Nil)

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11 Other Equity

₹ Crore

Particulars	Reserves & Surplus		Other comprehensive income	Total
	Debenture Redemption Reserve	Retained earnings		
Balance as at March 31,2022	2.82	(4,111.71)	0.51	(4,108.37)
(Loss) for the year	-	(1,315.95)	-	(1,315.95)
Gain/(loss) on remeasurement of defined benefit plans	-	-	(0.05)	(0.05)
Balance as at March 31,2023	2.82	(5,427.66)	0.46	(5,424.37)
(Loss) for the year	-	(555.04)	-	(555.04)
Gain/(loss) on remeasurement of defined benefit plans	-	-	0.05	0.05
Balance as at March 31,2024	2.82	(5,982.70)	0.51	(5,979.36)

L&T Metro Rail (Hyderabad) Limited
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12 Borrowings

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non current	Current	Non current
Secured borrowings				
Senior, Listed, Rated, Redeemable Non Convertible Debentures* [Refer Note 12.1]	519.10	8,610.85	518.98	8,608.61
Unsecured borrowings				
Commercial paper [Refer Note 12.2]	3,561.09	-	4,358.05	-
Listed, Rated, Redeemable Non Convertible Debentures** [Refer Note 12.3]	0.93	48.80	21.11	747.12
Working Capital Demand Loan [Refer Note 12.4]	-	-	-	-
Interest free loan from Government of Telangana[Refer Note 12.5]	-	318.09	-	35.37
Loans from related parties				
Inter Corporate Deposits [Refer Note 12.6]	-	-	2,835.84	-
Total	4,081.12	8,977.74	7,733.98	9,391.10

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	1,000,000	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	1,000,000	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	1,000,000	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 31.03.2024 The interest accrued there on as on 31.03.24 is Rs.25.96 Crores. (Interest accrued as on 31.03.23 is Rs.25.95 Crores)

12.2 Commercial papers

The Company has outstanding commercial papers of varying maturities aggregating to Rs.3600 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	66	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	10	10,00,000	2nd November, 2015	9.81% p.a. payable semi Annually until the maturity date.	
9.85% L&T MRHL January 2036	415	10,00,000	28th January, 2016	9.85% p.a. payable semi Annually until the maturity date.	

- a) The Company has repurchase offer during the year given to the NCD holders and the Repurchase transaction was concluded on 2nd May, 2023. The offer given by the Company was accepted by holders 7009 Debentures against the total 7500 Debentures.
- 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 Working Capital Demand Loan

- a) The Company has been sanctioned Unsecured working capital demand loan facility by a scheduled commercial bank of Rs 1000 Crores.
- b) The holding company Larsen & Toubro limited has provided Corporate Guarantee for availing this facility.

12.5 Working capital facilities

The Company has been sanctioned working capital facilities by a scheduled commercial bank of Rs 100 Crores which is now brought down to Rs. 25 Crs non fund based facility. The facility is secured by way of a Deed of Hypothecation in favour of the 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 ended.

12.6 Interest free loan from Government of Telangana

In terms of agreement with Government of Telangana, the Company is in receipt of Rs.900 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.

12.7 Loans from related parties

Particulars	Details
Inter Corporate Deposits	Interest @ 7.50 % p.a. compounded annually with maturity date 30 June 2030

13 Other financial liabilities

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non current	Current	Non current
a) Security deposits	133.98	15.42	76.82	16.84
b) Premium payable on Financial guarantee contracts	25.13	24.90	26.85	50.03
c) Other liabilities				
i) Creditors for capital supplies- Related parties	732.87	-	728.47	-
ii) Creditors for capital supplies-others*	67.20	-	95.94	-
iii) Retention money	13.84	-	19.09	-
iv) Revenue received in advance	123.74	2.18	137.81	0.94
Total	1,096.76	42.50	1,084.98	67.81

*The principal amount of outstanding dues to Micro, small and medium enterprises under MSMED Act 2006 as at 31 March 2024 is Nil (PY. Rs Nil/-) and the interest payable thereon is Nil (PY Nil).

14 Trade payables

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non current	Current	Non current
Due to micro enterprises and small enterprises	2.19	-	1.28	-
Due to Others	58.78	-	73.19	-
Total	60.97	-	74.47	-

*The principal amount of outstanding dues to Micro, small and medium enterprises under MSMED Act 2006 as at 31 March 2024 is Nil (PY. Rs Nil/-) and the interest payable thereon is Nil (PY Nil).

14.1 Trade Payables as on 31.03.24

₹ 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 (Undisputed)	2.19	-	-	-	-	2.19
(ii) Others (Undisputed)	57.28	1.28	0.12	0.09	0.01	58.78
(iii) Disputed dues-MSME	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
Total	59.47	1.28	0.12	0.09	0.01	60.97

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 (Undisputed)	1.27	-	-	-	-	1.27
(ii) Others (Undisputed)	10.92	60.63	0.27	1.26	0.12	73.20
(iii) Disputed dues-MSME	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
Total	12.19	60.63	0.27	1.26	0.12	74.47

15 Other liabilities

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non current	Current	Non current
Statutory payables	7.20	-	12.90	-
Provision for employee benefits	0.27	-	0.21	-
Government Grant [Refer Note 12.6]	-	581.91	-	64.63
Total	7.47	581.91	13.11	64.63

16 Provisions

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non current	Current	Non current
Provision for employee benefits	1.64	-	2.38	-
Provision for major maintenance and overhaul expenses *	-	238.40	-	170.18
Total	1.64	238.40	2.38	170.18

* The Company is required to operate and maintain the Project assets in a serviceable condition which requires periodical replacement and overhaul of certain components. 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, 2024	As at March 31, 2023
(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	16.46	17.70
Total	16.46	17.70

Notes:

1. The Company expects reimbursements of ₹ 1.91 Crore in respect of above contingent liabilities as on 31.03.2024
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, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account(net of advances)		
(i) Estimated amount of contracts remaining to be executed on Intangible Assets	30.65	26.06
(ii) Estimated amount of contracts remaining to be executed on Investment Property	32.84	4.22
Total	63.49	30.28

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19 Revenue from operations

₹ Crore

Particulars	2023-24	2022-23
Fare revenue	602.98	458.20
Rental income	110.42	96.50
Advertising revenue	81.06	67.28
Consultancy and training	0.18	0.44
Income (net) on transfer of real estate undertaking*	511.73	-
Other revenue**	82.77	54.79
Total	1,389.14	677.21

*Represents income (net) on transfer of real estate undertaking on slump sale basis as part of the Company's inherent business model.

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

20 Other income

₹ Crore

Particulars	2023-24	2022-23
Interest income	2.27	2.03
Income from Mutual Funds (realised)	6.51	1.95
Profit/(Loss) of sale of Property, plant & equipment	-	(0.22)
Miscellaneous income	1.39	1.56
Total	10.17	5.32

21 Operating expenses

₹ Crore

Particulars	2023-24	2022-23
Power & fuel	90.36	82.19
Operations and maintenance	259.91	225.06
Major maintenance and overhaul	46.71	41.04
Others	3.08	2.06
Total	400.06	350.35

22 Employee benefits expense

₹ Crore

Particulars	2023-24	2022-23
Salaries and wages	32.72	30.43
Contribution to provident and other funds	1.18	0.89
Staff welfare expenses	1.95	0.61
Total	35.85	31.93

23 Administration and other expenses

₹ Crore

Particulars	2023-24	2022-23
Advertisement and publicity	0.38	0.93
Exchange gain/ loss (net)	0.59	0.66
Office maintenance and other expenses	23.32	14.80
Allowance for expected credit loss	-	0.27
Insurance	11.62	11.63
Audit Fees*	0.12	0.11
Total	36.03	28.40

*Auditors remuneration (exclduing GST)

₹

Particulars	2023-24	2022-23
a) As auditor	0.09	0.09
b) For other services	0.03	0.02
Total	0.12	0.11

24 Finance costs

₹ Crore

Particulars	2023-24	2022-23
Interest expenses	1,104.19	1,211.72
Other borrowing cost	68.92	61.64
Total	1,173.11	1,273.36

L&T Metro Rail (Hyderabad) Limited
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25.1 Disclosure in pursuant to Ind AS 107- Financial Instruments:
25.1.1 Financial Risk Management

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

The activities of Finance, Treasury & Investment Committee of the Company are designed to:

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

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

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

Credit risk

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

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
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25.1.1 Financial Risk Management contd.....

Contractual maturities of financial liabilities including estimated interest payments on borrowings

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Less than 12 Months	More than 12 Months	Less than 12 Months	More than 12 Months
Non- derivative liabilities:				
Borrowings(refer note below)	3,831.10	9233.70	7727.93	10003.45
Trade payables	60.97	-	74.47	-
Creditors for capital supplies	813.91	-	843.51	-
Other financial liabilities	159.11	40.32	103.67	66.87
Total	4865.09	9274.02	8749.58	10070.32

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

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 are as follows:

₹ Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Variable rate borrowings	-	-
Fixed rate borrowings	12201.67	16535.42
Total	12201.67	16535.42

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
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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

Particulars	As at March 31, 2024	As at March 31, 2023
Total Debt	13,591.04	13,585.64
Total equity	1,433.64	(1,665.37)
Add Non convertible debentures	49.73	768.23
Add Inter Corporate deposits	-	2,835.84
Add Viability Gap Fund	1,204.20	1,204.20
Total	2,687.57	3,142.90
Debt-to-adjusted capital	5.06	4.32

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, 2024			As at March 31, 2023		
	USD	Euro	Total	USD	Euro	Total
Financial Liabilities:						
Payables - Creditors on account of Capital Expenditure	5.48	9.22	14.70	6.62	9.04	15.66
Less : Derivatives taken to hedge the above Exposure	-	-	-	-	-	-
Currency and Interest Rate Swaps	-	-	-	-	-	-
Forward Contracts	-	-	-	-	-	-
Options contracts	-	-	-	-	-	-
Net Exposure	5.48	9.22	14.70	6.62	9.04	15.66

Sensitivity

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

₹ Crore

Particulars	Impact on other components of equity	
	As at March 31, 2024	As at March 31, 2023
USD sensitivity		
INR/USD -Increase by 5% (31 March 2024-5%)	0.74	0.78
INR/USD -Decrease by 5% (31 March 2024-5%)	0.74	0.78

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, 2024			As at March 31, 2023		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Mutual funds	0.00	0.00	0.00	0.00	0.00	0.00
Security deposits	0.00	0.00	18.01	0.00	0.00	15.91
Financial Guarantee Assets	0.00	0.00	50.03	0.00	0.00	76.88
Others	0.00	0.00	1.87	0.00	0.00	1.14
Other Receivables	0.00	0.00	362.12	0.00	0.00	28.69
Cash and cash equivalents	0.00	0.00	33.10	0.00	0.00	9.50
Balances with Banks held as margin money deposits	0.00	0.00	4.00	0.00	0.00	0.71
Total financial assets	0.00	0.00	469.13	0.00	0.00	132.83
Financial liabilities						
Borrowings	0.00	0.00	13058.86	0.00	0.00	17125.08
Other payables	0.00	0.00	50.03	0.00	0.00	76.88
Security deposits	0.00	0.00	149.40	0.00	0.00	93.66
Trade Payables	0.00	0.00	60.97	0.00	0.00	74.47
Creditors for capital expenditure	0.00	0.00	813.91	0.00	0.00	843.51
Total financial liabilities	0.00	0.00	14133.17	0.00	0.00	18213.60

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.

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

₹ Crore

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Security deposits	18.01	18.01	15.91	15.91
Financial Guarantee Assets	50.03	50.03	1.14	1.14
Others	1.87	1.87	76.88	76.88
Other Receivables	362.12	362.12	28.69	28.69
Cash and cash equivalents	33.10	33.10	9.50	9.50
Balances with Banks held as margin money deposits	4.00	4.00	0.71	0.71
Financial liabilities:				
Borrowings	13058.86	13058.86	17125.08	17125.08
Security deposits	149.40	149.40	93.66	93.66
Trade Payables	60.97	60.97	74.47	74.47
Creditors for capital expenditure	863.94	813.91	920.39	920.39

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, 2024	As at March 31, 2023
Non-current		
<i>First charge</i>		
Freehold land	-	-
Receivables	17.16	28.69
Total assets pledged as security	17.16	28.69

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

25.2 Disclosure pursuant to Ind AS 108 - Segment information

(a) Information about reportable segment

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

₹ Crore		
Particulars	2023-24	2022-23
Revenue		
Metro Rail System	611.48	478.87
Others	796.33	224.33
Total	1407.81	703.20
Expenditure		
Metro Rail System	622.47	634.30
Others	167.27	111.51
Total	789.74	745.80
Operating Profit (PBIT)		
Metro Rail System	-10.99	-155.42
Others	629.06	112.82
Total	618.07	-42.60
Interest expense		
Metro Rail System	1116.58	1231.27
Others	56.53	42.08
PAT		
Metro Rail System	-1127.57	-1386.69
Others	572.53	70.74

(b) Segment Assets

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

₹ Crore				
Particulars	As at March 31, 2024		As at March 31, 2023	
	Segment Assets	Additions to non-current assets	Segment Assets	Additions to non-current assets
Metro Rail System	15,101.36	(285.18)	15,386.54	(236.08)
Others	1,383.69	(157.54)	1,541.23	(82.99)
Total segment assets	16,485.05	(442.72)	16,927.77	(319.06)
<i>Unallocated:</i>				
Deferred tax assets	-	-	-	-
Investments	-	-	-	-
Cash and cash equivalents	33.10	-	8.79	-
Other bank balances	4.00	-	0.71	-
Total assets as per the balance sheet	16,522.15	(442.72)	16,937.27	(319.06)

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.

Particulars	As at March 31, 2024		As at March 31, 2023	
	Segment Liabilities	Additions to non-current liabilities	Segment Liabilities	Additions to non-current liabilities
Metro Rail System	14,106.48	(4,385.54)	18,492.01	(236.08)
Others	982.03	(156.40)	1,138.43	(82.99)
Total segment liabilities	15,088.51	(4,541.93)	19,630.44	(319.06)
<i>Unallocated:</i>				
Deferred tax liabilities	-	-	-	-
Current tax liabilities	-	-	-	-
Total liabilities as per the balance sheet	15,088.51	(4,541.93)	18,602.64	(319.06)

₹ Crore

(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, 2024	As at March 31, 2023
Construction revenue	8.50	20.67
Profit	0.00	0.00

L&T Metro Rail (Hyderabad) Limited
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25.4 Disclosure Under Ind AS 12-Income Taxes

- i) Reconciliation of tax expense and the accounting profit multiplied by Indian domestic tax rate for the year ended March 31,2024 and March 31,2023

Particulars	As at March 31, 2024	As at March 31, 2023
Profit before tax (PBT)	(555.04)	(1,315.94)
<i>Applicable Tax rate</i>	25.17%	25.17%
PBT * Applicable Tax rate	(139.69)	(331.20)
Tax Effect of loss of current year on which no deferred tax benefit is recognised	(139.69)	(331.20)

- ii) Component of deferred tax (asset)/liability recognised in the Balance Sheet and Statement of Profit and Loss account:

Particulars	Balance Sheet		Profit & Loss	
	31.03.2024	31.03.2023	FY 23-24	FY 22-23
Difference in book depreciation and income tax depreciation (tax amount)	2,913.35	2,680.41	246.72	453.49
Carried forward tax losses (tax amount)				
Unabsorbed depreciation (tax amount)	(2,913.35)	(2,680.41)	(246.72)	(453.49)
Net deferred tax (assets)/liabilities	-	-	-	-

₹ Crore

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

Particulars	31.03.2024		31.03.2023	
	Amount	Expiry year	Amount	Expiry year
Tax losses (Business loss and unabsorbed depreciation)	5,799.70	-	5,267.19	-
Amount of losses having expiry (Base amount)	4,286.00	2025-26 to 2031-32	4,116.67	2025-26 to 2030-31
Amount of losses having no expiry (base amount)	1,513.70	-	1,150.52	-

₹ Crore

- iv) Deferred tax asset on unabsorbed 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.
- v) Other deferred tax assets have not been recognised considering the concept of reasonable certainty of future taxable income.

L&T Metro Rail (Hyderabad) Limited
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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: ₹ 0.45 Crores (Previous Year ₹ 0.36 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, Station Retail and Naming Rights

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

Sl no	Particulars	₹ Crore	
		As at March 31, 2024	As at March 31, 2023
1	Receivable not later than 1 year	25.21	34.64
2	Receivable later than 1 year and not later than 2 years	11.34	13.04
3	Receivable later than 2 years and not later than 3 years	3.87	1.27
4	Receivable later than 3 years and not later than 4 years	0.06	0.22
5	Receivable later than 4 years and not later than 5 years	0.00	0.22
6	Receivable later than 5 years	0.00	0.18
	Total (1+2+3+4+5+6)	40.48	49.57

25.6 Disclosure pursuant to Ind AS 19 -Employee benefits

i) Defined contribution plan:

An amount of ₹ 1.18 Crores (Previous Year : ₹ 0.89 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 longevity risk

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

L&T Metro Rail (Hyderabad) Limited
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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, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
A) Present value of defined benefit obligation				
- Wholly funded	2.92	2.91	-	-
- Wholly unfunded		-	1.64	2.38
	2.92	2.91	1.64	2.38
Less : Fair value of plan assets	2.66	2.69		
Amount to be recognised as liability or (asset)	0.27	0.22	1.64	2.38
B) Amounts reflected in the Balance Sheet				
Liabilities	0.27	0.22	1.64	2.38
Assets				
Net Liability / (asset)	0.27	0.22	1.64	2.38

d) Amounts recognised in the Financials are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
1. Current service cost	0.34	0.33	0.28	0.34
2. Interest on Defined benefit obligation	0.20	0.20	0.12	0.16
3. Interest income on plan assets	(0.19)	(0.19)		
4. Actuarial losses/(gains)				
Remeasurement - Due to financial assumptions	0.05	(0.03)	0.01	(0.01)
Remeasurement - Due to demographic assumptions				
Remeasurement - Due to experience adjustments	(0.10)	0.08	0.46	0.08
Total (1 to 4)	0.30	0.39	0.87	0.57
I Amount included in financials	0.30	0.39	0.87	0.57
II Amount included as part of "finance costs"	-	-	-	-
Total (I + II)	0.30	0.39	0.87	0.57
(i) Amount included in "Employee Benefit Expenses"	0.34	0.33		
(ii) Amount included in "Finance Cost"	0.01	0.01		
(iii) Amount included in "Other Comprehensive Income"	(0.05)	0.05		
Total (i+ii+iii)	0.30	0.39		
Actual return on plan assets	0.21	0.24	-	-

L&T Metro Rail (Hyderabad) Limited
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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:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Opening balance of the present value of defined benefit obligation	2.92	3.09	2.38	2.57
Add: Current service cost	0.34	0.33	0.28	0.34
Add: Interest cost	0.20	0.20	0.12	0.16
Add: Contribution by plan participants				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add : Remeasurements due to experienced adjustments	(0.11)	0.13	0.46	0.08
Less: Benefits paid	(0.46)	(0.80)	(1.61)	(0.76)
Add: Remeasurements due to financial assumptions	0.05	(0.03)	0.01	(0.01)
Add: Past service cost				
Closing balance of the present value of defined benefit obligation	2.93	2.92	1.64	2.38

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

Particulars	Gratuity plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of fair value of plan assets	2.69	2.66
Add: Interest income on plan assets	0.19	0.19
Add: Remeasurements- return on assets	0.02	0.05
Add: Contribution by employer	0.25	0.59
Add: Contribution by plan participants		-
Less: Adjustment to opening balance & others		
Less: Benefits paid	(0.46)	(0.80)
Closing balance of fair value of plan assets	2.69	2.69

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

Particulars	As at March 31, 2024	As at March 31, 2023
1) Discount rate	7.21%	7.48%
2) Salary growth rate	6.00%	6.00%
3) Expected rate of return	7.21%	7.48%
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 2024 - Impact on defined benefit obligation (Gratuity Plan)

₹ Crore

Particulars	Discount rate	
	31-Mar-24	31-Mar-23
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	2.76	2.76
3) Decrease in assumptions	3.11	3.07

₹ Crore

Particulars	Salary growth rate	
	31-Mar-24	31-Mar-23
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	3.09	3.06
3) Decrease in assumptions	2.77	2.77

₹ Crore

Particulars	Attrition rate	
	31-Mar-24	31-Mar-23
1) Change in assumptions	1.00%	1.00%
2) Increase in assumptions	2.94	2.92
3) Decrease in assumptions	2.91	2.89

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

₹ Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Insurer managed funds	100%	100%

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

₹ Crore

Particulars	As at March 31, 2024	As at March 31, 2023
1. Gratuity	7.00	6.39
2. Compensated absences	4.00	4.96

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

25.7 Disclosure pursuant to Ind AS 24 -Related party disclosures

I) List of related parties where control exists

- | | |
|-------------------------|--|
| (a) Holding Company | 1) Larsen & Toubro Limited |
| (b) Fellow Subsidiaries | 1) LTI Mind Tree Limited
2) L&T Infrastructure Development Projects Limited
3) L&T Technology Services 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
2) Mr.Rahul Nilosey, Chief Financial Officer
3) Mr. Chandrachud D Paliwal, Head - Legal & Company Secretary |
| (b) Related Parties | 1) Mr. Ajit Pandurang Rangnekar, Independent Director
2) Mr. N V S Reddy , Independent Director
3) Mr. R Prasanna , Independent Director
4) Mrs. Vijaya Lakshmi Iyer, Independent Director
5) Mr.Sujit Varma, Independent Director
6) Mrs. Deepa Gopalan Wadhwa, Independent Director |

III) Disclosure of related party transactions:

₹ Crore		
Name/Relationship/ Nature of transaction	2023-24	2022-23
1. Holding Company		
Larsen & Toubro Limited		
(a) Pay roll & TEMS Processing fees	0.03	0.03
(b) Cost of Services by	1.29	0.75
(c) Cost of services to	0.74	-
(d) Subscription to Equity Shares	3,654.00	1,320.00
(e) Inter Corporate Deposit received	564.00	168.00
(f) Inter Corporate Deposit repaid	3,059.03	1,094.97
(g) Repayment of NCD	584.00	-
(h) Interest on NCD	87.17	85.62
(i) Interest on Inter corporate deposits	190.38	285.20
(j) Corporate Financial Guarantee Charges	30.31	30.16
(k) Intangible Assets /Construction work in progress	0.26	0.86
(l) Overheads charged by	4.18	2.82
2. Fellow Subsidiaries		
(i) LTI Mind Tree Limited (Formerly known as L&T Infotech Limited)		
(a) Rent charged to	5.28	3.22
(b) Security Deposit received	3.94	3.63
(c) Overheads Charged to	1.80	1.19
(d) Purchase of services and products	1.67	1.88
(ii) L&T Infrastructure Development Projects Limited		
(a) Lease rent Charged by	0.05	0.01
(b) Security Deposit paid	-	0.02
(iii) L&T Technology Services Limited		
(a) Rent charged to	0.05	-
3. Other Related Parties		
(i) L&T (KANSBAHAL) Staff and Workmen Provident Fund.		
(a) repayment of NCD	0.50	0.50
(b) interest on NCD	0.04	0.05

IV) Key Management Personnel Compensation

₹ Crore

Particulars	2023-24	2022-23
Short Term Employee Benefits	5.83	5.62
Post-Employee Benefits	0.17	0.16
Sitting fees paid to Independent Directors	0.20	0.09
Total	6.20	5.87

V) Due to / from related parties

₹ Crore

Name/Relationship	As at March 31, 2024		As at March 31, 2023	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Holding company)				
Construction works	732.87		728.47	-
Non Convertible Debentures(NCD)	422.00		1,006.00	-
Accrued Interest on NCD	25.96		43.50	-
Inter Corporate Deposit	-		2,495.03	-
Larsen & Toubro Ltd (for other services)	9.80	0.41	25.96	-
Interest on Intercompany Deposit	-		340.81	-
(iii) Fellow subsidiaries				
(a) L&T Infrastructure Development Projects Limited	-	0.02	-	0.02

VI) Commitment with Related Parties

₹ Crore

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	As at March 31, 2024	As at March 31, 2023
Larsen & Toubro Limited	0.61	0.61

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 and Rs.1,000 Crores of Working Capital Demand Loan sanctioned by ICICI.
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.49.1 Crores unsecured non convertible debentures

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

25.8 Disclosure pursuant to Ind AS 33 -Earnings per share

Particulars	₹ Crore/ Nos	2023-24	2022-23
Profit/(Loss) after Tax	₹ Crore	(555.04)	(1,315.95)
Weighted average number of equity shares used as denominator for calculating Basic EPS	Nos	5,021,846,995	2,453,465,753
Weighted average number of equity shares used as denominator for calculating Diluted EPS	Nos	5,021,846,995	2,453,465,753
Earnings Per Share			
Basic	₹	(1.11)	(5.36)
Diluted	₹	(1.11)	(5.36)
Nominal value per equity share	₹	10.00	10.00

25.9 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 01.04.2023	170.18
Additional provision during the year (including unwinding of interest)	68.22
Provision used during the year	-
Prvision reversed during the year	-
Balance as at 31.03.2024	238.40

25.10 Expenditure in Foreign Currency

Particulars	As at March 31, 2024	As at March 31, 2023
On overseas contracts	24.74	39.24
Professional/Consultancy Fees	0.59	0.08
Total	25.33	39.31

- 25.11** The Company is into construction, operation, and maintenance of the infrastructure facility (metro rail system) which involves large capital investments and long gestation period. The project is at an early stage compared to the remaining concession period of about 55 years as on 31.03.2024. The operations of the Company were adversely impacted by the Covid-19 pandemic. During the fiscal year ended 31 March 2024, the Company received multiple tranches of equity share capital which was used by the Company to reduce its borrowings to that extent. As at the year end, while the Company's net worth has turned positive, the 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, etc. Considering the status of initiatives taken, the management considers preparation of financial statements on a going concern basis is appropriate.

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

25.12 Disclosure with regard to changes in liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows"

₹ Crore				
Particulars	Non-current borrowings (Note 12 & 15)	Current borrowings (Note 12)	Current maturities of long term borrowings	Total
Balance as at April 01, 2022	9,353.53	8,287.24	-	17,640.78
Changes from financing cash flows	-	(850.00)	-	(850.00)
Interest accrued (net of interest paid)	2.20	396.74	-	398.94
Other changes (transfer within categories)	100.00	(100.00)	-	-
Balance as at March 31, 2023	9,455.73	7,733.98	-	17,189.71
Changes from financing cash flows	(700.90)	(2,487.22)	-	(3,188.12)
Interest accrued (net of interest paid)	4.82	(365.62)	-	(360.80)
Other changes (transfer within categories)	800.00	(800.00)	-	-
Balance as at March 31, 2023	9,559.65	4,081.14	-	13,640.79

Amounts reported in statement of cash flows under financing activities:

₹ Crore		
Particulars	2023-24	2022-23
Proceeds from non-current borrowings (refer Note 25.12)	800.00	100.00
Repayment of non-current borrowings (refer Note 25.12)	(700.90)	-
Proceeds/(repayment) of current/other borrowings (refer Note 25.12)	(3,287.22)	(950.00)
Total changes from financing cash flows	(3,188.12)	(850.00)

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

25.13 Ratios

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Particulars	Numerator	Denominator	31-Mar-24	31-Mar-23	Variance	Remarks
Current Ratio	Current Assets	Current Liabilities	0.26	0.05	446%	Note - a
Debt-Equity Ratio	Total Debt	Share holder's Equity	5.06	4.32	17%	Note - b
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	0.75	NM	-	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	2.48	3.58	-31%	Note - e
Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables	11.97	9.14	31%	Note - f
Trade Payables turnover ratio	Purchase of services and other expenses	Average Trade Payables	5.75	5.69	1%	-
Net capital turnover ratio	Revenue from operations	Average working capital:	(1.10)	(0.35)	-	Note - a
Net Profit ratio	Net Profit	Revenue from operations	(0.40)	(1.94)	-	-
Return on Capital Employed	Earnings before interest and taxes	Capital Employed	0.04	(0.00)	-1427%	-
Return on investment	Income generated from Investments	Time weighted Average investments	0.21	0.03	504%	Note - g

Note:

- Current liabilities excludes borrowings (CP's, ICD's and current maturities of long term borrowings)
- The NCD & Sub-ordinate debt(ICD) forming part of promoter contribution for the project are considered as equity
- Numerator for these ratios include all relevant operational cash support provided by the promoters and Cash available in books
- Not meaningful, since average 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.

L&T Metro Rail (Hyderabad) Limited

Notes forming part of the Accounts

Note 26. Material 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 construction, operation and maintenance of the Metro Rail System (including Transit Oriental Development) in Hyderabad under Public Private Partnership model.

The Company signed the 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. The Government had declared Appointed Date for the project as 5th July 2012. 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 22nd July, 2022.

The construction work in the 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) is complete and the project was opened for public use in various stages starting from 29th November, 2017 to 7th February 2020.

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

II. Material Accounting Policies:

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 of the Companies Act, 2013.

2. Basis of accounting

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

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

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

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

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

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

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

3. Presentation of financial statements

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

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

4. Operating cycle for current and non-current classification

An asset shall be classified as current when it satisfies any of the following criteria:

- a. it is expected to be realized within twelve months after the reporting date; or
- b. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:

- a. it is due to be settled within twelve months after the reporting date; or
- b. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.

5. Revenue recognition

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

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

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.

Rental Income:

The TOD business activities consist of various independent components provided through separate joint memorandum with the Government on 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. Under this business activity, the company earns rental income from the developments which are completed and operationalized. Such rental incomes are recognized on accrual basis as per terms of each rental arrangement with customers. Furthermore, as part of the company's inherent business model, income (net) on transfer of real estate undertaking(s) is recognized upon completion of each such transaction as per the terms and conditions as provided in the transaction documents.

The company has also created retail areas at each of its station on the Hyderabad Metro project, which are let out in small parcels, including kiosks, for earning rental incomes. In addition, small sites at the stations are made available to telecom operators to erect their network towers for mobile and data connectivity infrastructure for earning rental incomes. The buildings constructed by the company at the depot areas on the land provided by the government as part of the concession agreement is also sub-licensed to customers for earning rental incomes. The company has also laid out optic fibre cables along with its rail tracks which is also rented out to customers. The rental income from each of these arrangements is recognized on accrual basis as per the terms of each such rental arrangement with customers.

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

Advertising Income:

Given the high visibility of the metro rail system across key parts of the city of Hyderabad and also the footfalls within the trains and stations, advertisers are keen to showcase their products and services on the metro rail network. The company allows the advertisers to utilize the spaces earmarked inside and outside trains & stations and also on the piers, portals, etc for a fee. The income from such arrangements are recognized on accrual basis as per the terms of each such advertising contract.

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 revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the performance obligation is satisfied and the right to receive the income is established as per the term of the contract.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

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.

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

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' in the notes to the Balance Sheet.

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

The following asset category has useful life different from the life specified in Schedule II of the Companies Act, 2013 based on the management's assessment

Category of Asset	Useful Life
Furniture & Fixtures	6- 10 years
Plant & Machinery and Electrical Installations	10-12 years
Desktops 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 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

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

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.

Specialized Software comprised within the Intangible assets 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 or at least annually, 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:

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

- 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:

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

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

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

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.

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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

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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.

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(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

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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 (CODM) 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.

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- 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

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

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

24. Key sources of estimation

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment, intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

As per our report attached
For M. 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/-
Nallamilli Venkat
Satyanarayan Reddy

[Director]
DIN No: 01414254

Sd/-
Rahul Nilosey
[Chief Financial Officer]

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

Place: Hyderabad
Date: 17-04-2024

Place: Hyderabad
Date: 17-04-2024