L & T METRO RAIL (HYDERABAD) LIMITED

7th ANNUAL REPORT

FY 2016-17

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. S.N.Subrahmanyan	Chairman
Mr. Shivanand Nimbargi	Managing Director and Chief Executive Officer
Mr. R. Shankar Raman	Director
Mrs. Sheela Bhide	Independent Director
Mr. Ajit Rangnekar	Independent Director
Mr. N.V.S.Reddy	Nominee Director
Mr. M.R.Prasanna	Independent Director

AUDIT COMMITTEE

Mrs. Sheela Bhide	Chairperson
Mr. R.Shankar Raman	Member
Mr. Ajit Rangnekar	Member
Mr. M.R.Prasanna	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Ajit Rangnekar	Chairman
Mr. S.N. Subrahmanyan	Member
Mrs. Sheela Bhide	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Shivanand Nimbargi	Chairman
Mr. Ajit Rangnekar	Member
Mr. N.V.S.Reddy	Member

J Ravikumar	Chief Financial Officer
Ashish Malhotra	Company Secretary

BANKERS
State Bank of India

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

STATUTORY AUDITORS
M/s M.K. Dandeker & Co.,
Chartered Accountants, Chennai.

DEBENTURE TRUSTEE
SBICAP Trustee Company Ltd.,
Apeejay House, 6th Floor, 3 Dinshaw Wachha Road,
Churchgate, Mumbai – 400 020.

REGISTERED OFFICE
Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole,
Hyderabad – 500039, Telangana, India.

NOTICE

Notice is hereby given to the members of L&T Metro Rail (Hyderabad) Limited that the Seventh Annual General Meeting of the Company will be held on Friday the 22nd day of September, 2017 at 11.00 A.M. at the registered office of the Company at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad- 500 039 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Financial Statements for the year ended on 31st March 2017 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 ratify the appointment of Statutory Auditors for the Financial Year 2017-18.

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), M/s. M. K. Dandeker & Co., Chartered Accountants (Firm registration no. 000679S), be and are hereby ratified as Statutory Auditors for the Financial Year 2017-18 to hold the office from the conclusion of Seventh Annual General Meeting till the conclusion of the Eighth Annual General Meeting on such terms and conditions and at such remuneration as may be decided by the Board of Directors from time to time."

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. 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.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company up to the date of the Annual General Meeting.

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

Sd/-
Ashish Malhotra
Head- Legal & Company Secretary
(Membership No - 18393)

Place : Hyderabad
Date : 18.07.2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Seventh report and Audited Accounts for the year ended 31st March, 2017.

1. Financial Highlights:

The Financial Statements of the Company for the Financial Year ended on 31st March 2017 have been drawn to comply with the provisions of the Companies Act, 2013. The highlights of the financial results are as under:

Particulars	2016-17	2015-16
	Rs. in lakhs	**Rs. in lakhs**
Profit Before Depreciation, exceptional and extra ordinary items & Tax	513.63	291.11
Less: Depreciation, amortization and obsolescence	160.05	-
Profit before exceptional and extraordinary items and tax	353.58	291.11
Add: Exceptional Items	-	-
Profit before extraordinary items and tax	353.58	291.11
Add: Extraordinary items	-	-
Profit / (Loss) before tax	353.58	291.11
Less: Provision for tax	71.49	-
Profit after tax from continuing operations	**282.09**	**291.11**
Balance available for disposal (which directors appropriate as follows)		
Debenture Redemption Reserve	282.09	-

A. Finance:

During the year under report the Company has raised an amount of Rs. 31.53 Crores by way of issue of equity shares of Rs. 10 each fully paid-up ranking pari passu with the existing equity shares on rights issue basis. Further the company has drawn long term rupee loans of Rs.1849.97 Crores from Banks during the year under report. The Company has also received an amount of Rs. 296.30 Crore as Viability Gap funding under Financial Support to Public Private Partnerships in Infrastructure 2006 Scheme from Government of India.

B. Capital Expenditure:

As at 31st March 2017 the fixed tangible, intangible assets, capital work in progress including intangible assets under development stood at Rs. 11371.08 Crores. The Capital Expenditure during the year under report amounted to Rs. 2239.89 Crores.

C. Project Progress:

During the year under report, the Company obtained the safety certificate from the Commissioner of Metro Railway Safety for commercial opening of the stretch from Nagole to Mettuguda (about 8 kms) and Miyapur to S R Nagar (12 KMs) for the commuters. With regard to remaining project works, the construction is progressing at brisk pace.

During the year under report, the Company made a request to the Government of Telangana for the extension of Scheduled Completion Date and Project Completion Schedule beyond 4th July 2017 and the same is under the consideration of the Government of Telangana.

2. **Particulars of Contracts or Arrangements with related parties:**

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the Financial Year 2016-17.

3. **State of Company Affairs:**

The other income for the financial year under review were Rs.19.18 crore (which include advertisement revenue of Rs.9.39 crores) as against Rs.14.27 crore for the previous financial year registering an increase of about 35%.
The Company is yet to commence operations of Hyderabad Metro Rail Project.

4. **Deposits:**

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

5. **Amount to be carried to reserve:**

The Company has transferred an amount of Rs. 2.82 Crore to Debenture Redemption Reserve during the current financial year.

6. **Dividend:**

Since, the project is under implementation stage and yet to commence its commercial operations and also considering the capital requirement for completion of project, the Board of Directors do not recommend any dividend on its equity shares.

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

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

8. **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 Board Report.

9. **Risk Management Policy:**

The Company has formulated a risk management policy and has in place a Risk Management Committee and mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

10. **Corporate Social Responsibility:**

Since the average net profits for the preceding three financial years is negative, the Company is not required to spend any amount towards Corporate Social Responsibility activities.

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

Mr. V B Gadgil retired as Chief Executive & Managing Director of the Company with effect from 31st May, 2016 pursuant to his superannuation from the services of the Company.

Mr. Shivanand Nimbargi was appointed as Managing Director and Chief Executive Officer with effect from 1st June 2016.

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

12. Number of Meetings of the Board of Directors:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four (4) meetings were held on 26th April 2016, 18th August 2016, 5th November 2016 and 19th January 2017.

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 perusal.

13. Audit Committee:

The Company has an Audit Committee in terms of the requirements of the Companies Act, 2013. The Committee comprises of one Non-Executive Director and three Independent Directors.

The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013 read with the rules made thereunder.
The current members of the Audit Committee are Mrs. Sheela Bhide, Mr. R. Shankar Raman, Mr. Ajit Rangnekar and Mr. M R Prasanna.

During the year under review, four (4) meetings were held on 26th April 2016, 18th August 2016, 5th November 2016 and 19th January 2017.

The vigil mechanism framework established by the Company pursuant to the requirements of the Companies Act, 2013 is functioning effectively.

14. **Company Policy on Director Appointment and Remuneration:**

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The Nomination and Remuneration Committee of the Board comprises of two Independent Directors and two Non-Executive Directors.
During the year under review, one (1) meeting was held on 18th August, 2016. The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.

The members of the Nomination and Remuneration Committee are Mr. S N Subrahmanyan, Mr. K Venkatesh, Mrs. Sheela Bhide and Mr. Ajit Rangnekar. The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

15. **Declaration of Independence:**

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 confirming that he/she is not disqualified from continuing as an Independent Director.

16. **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, 2017, 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.

17. **Directors Responsibility Statement:**

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) The Directors have prepared the Annual Accounts on a going concern basis;
e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively; and
f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

18. **Performance Evaluation of the Board, its Committees and Directors:**

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

19. **Disclosure of Remuneration:**

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are as below:

a.	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	16600:1487
b.	Percentage increase in remuneration of the following KMPs in the financial year: i. Directors ii. CEO iii. CFO iv. CS	 - - 8% 8%
c.	Percentage increase in the median remuneration of employees in the financial year;	8.69%
d.	Number of permanent employees on the rolls of company;	163
e.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	8%
f.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 197(12) of the Companies Act, 2013 and the Rules made thereunder, is provided in **Annexure II** forming part of this Board Report.

20. Compliance with Secretarial Standards on Board and Annual General Meetings:

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

21. Protection of Women At Workplace:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the Financial Year 2016-17.

22. Auditors:

Pursuant to Section 139 of the Companies Act, 2013, the Shareholders at their Sixth Annual General Meeting held on 29th September 2016 appointed M/s. M. K. Dandeker & Co., Chartered Accountants, as Statutory Auditors of the Company for five Financial Years 2016-17 to 2021-22 and to hold the office until the conclusion of the Eleventh Annual General Meeting. Pursuant to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the appointment is required to be ratified by the Shareholders at every Annual General Meeting. A certificate from the Auditors had been received to the effect that they are eligible to act as Statutory Auditors of the Company under Section 141 of the Companies Act, 2013.

The Board recommends the ratification of the appointment of M/s. M. K. Dandeker & Co., Chartered Accountants, Chennai as Statutory Auditors for the Financial Year 2017-18.

23. Secretarial Audit Report:

The Secretarial Audit Report issued by M/s. Rajanish Sekhar T Tonpe, Practicing Company Secretary is attached as **Annexure III** to this Annual Report.

The Secretarial Auditors' report to the shareholders does not contain any qualification.

24. Details of Significant and 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.

25. Extract of Annual Return:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is attached as **Annexure IV** to this Report.

26. Other Disclosures:

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations. The Company has received credit rating of "IND AA(SO); Outlook Stable" from India Ratings & Research for its Rs. 750 Crores Non-Convertible Un-secured Redeemable Debentures.

27. Debenture Trustee:

M/s SBICAP Trustee Company Limited, having their office at 6th Floor, Apeejay House, Dinshaw Wachcha Road, Churchgate, Mumbai – 400 020 have been acting as Debenture Trustees in respect of the 7500 Non-Convertible Un-secured Redeemable Debentures of Rs. 10,00,000 each fully paid-up aggregating to Rs. 750 Crores.

28. Acknowledgement:

Your Directors take this opportunity to thank the Promoters, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges, Debenture Trustee and all the stakeholders for their continued co-operation and support to the Company

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
Shivanand Nimbargi	**Ajit Pandurang Rangnekar**
Managing Director and Chief Executive Officer	**Director**
(DIN: 01419304)	**(DIN: 01676516)**

Place : Hyderabad
Date : 5th May 2017

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 yet to commence. The operations of the Company are energy-intensive. However energy conservation is a priority for the Company. Appropriate methodologies are planned and adopted to achieve reduction in energy consumption. Various steps are being taken for conservation of energy on a continuous basis

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. 83.32 Crores.

ANNEXURE II

ANNEXURE TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the period ended 31st March, 2017

S.No	PS.No.	Name of Employee	DOJ	Department	Designation	Cadre	CTC p.a. FY: 2016-17 (INR Lacs)	Highest Qualification	Experience in years	Age Years
1	20068623	K. M. Rao	12-May-14	Rail Over Bridge	General Manager - ROB	FTC	40.73	B. E.	33:06	56
2	20079065	M.V. Krishna Rao	1-Jan-17	TOD-Leasing	Head- Leasing (Retail & Commercial)	M3-B	51.14	M.B.A.	28:06	51
3	20106409	Sreehari K P	2-Jan-16	EHS & QMS	Head - Quality & EHS	FTC	55.23	M.S.	38:10	62
4	20061095	Manoj Agarwal	1-Feb-17	TOD - Operations	Head of Operations (TOD) - Hyderabad	M3-C	72.41	Diploma in Hotel Mgt	29:11	53
5	20019038	Anil Kumar	3-Jan-11	Railway Systems	Chief Operating Officer- Railway Systems	M4-B	82.81	MBA & B. Tech.	25:05	47
6	20015239	KM Manoj	22-Oct-10	Project Control & Contracts	Head - PC & Contracts	M4-A	66.69	B. Tech. & M.B.A.	24:11	48
7	20091872	Iyengar Venkatesh	1-Jan-16	TOD Project Execution	Head-Project Execution,Hyd Metro(Clus-1)	M3-C	64.56	B. Tech.	28:02	51
8	20120531	Sanjay Kumar	10-Oct-16	Human Resource	Head - Human Resource	M4-A	22.76	B. Tech., PGDBA	25:07	52
9	20123690	Ashutosh Kumar Das	7-Dec-16	TOD	Head - Supply Chain Management	M3-A	12.00 *	M.B.A., B.E.	18:04	42
10	15796	P Ravishankar	1-Aug-11	TOD	General Manager - TOD	M4-A	44.55	MCS, B.Tech.	22:07	46

* The remuneration pertains to the part of the Financial Year

ANNEXURE III
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[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, 2017, 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, 2017 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 there under;
iv) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) viz:-
   a) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;
   b) The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;
v) The laws that are specifically applicable to the Company are listed in Annexure B:

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

i) Secretarial Standards issued by The Institute of Company Secretaries of India.
ii) Listing agreement entered into with BSE Limited, Mumbai, for listing of Debt Securities.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above except to the extent that in the Letter of offer dated 17th June, 2016, the time given to the shareholders is only till 23rd June, 2016

which is less than minimum of 15 days stipulated under the act and few statutory forms were filed with the Registrar of Companies with additional fees.
Further, it has been informed to us that, in the opinion of the management of the Company, all the related party transactions entered by the Company during the period under review have been entered on Arm's length basis and in the ordinary course of business and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

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

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

I further report that during the audit period the company has sought the approval of its members for the following major items:

- The following personnel were appointed as Directors in the 6th Annual General Meeting during the period under review:
    - Mr. Sekharipuram Narayanan Subrahmanyan, Director
    - Mr. Ramamurthi Shankar Raman, Director
    - Mr. Prasanna Rangacharya Mysore, Independent Director
    - Mr. V B Gadgil, Chief Executive and Managing Director upto 31st May, 2016.
    - Mr. Shivanand Nimbargi, Managing Director & Chief Executive Officer with effect from 1st June, 2016.

  And the following personnel ceased to be the Directors during the period under review:

    - Mr. V B Gadgil retired from services and consequently his term as Chief Executive and Managing Director concluded with effect from 31st May, 2016.

- The term of Mr. Vivek Bhaskar Gadgil as the Chief Executive and Managing Director of the Company was extended upto 31st May 2016 during the 6th Annual General Meeting dated 29th September, 2016.

- Mr. Shivanand Nimbargi was appointed as Whole-time Director with effect from 10th March 2016 and as Managing Director and Chief Executive Officer with effect from 1st June, 2016 during the 6th Annual General Meeting dated 29th September, 2016.

- M/S. M. K. Dandeker & Co., Chartered Accountants, is appointed as statutory auditors for a period of five years upto 31st March, 2021 for a second term of 5 years.

- 3,15,31,293 number of equity shares of Rs.10 each were allotted during the period under review to M/S. L&T Infrastructure Development Projects Limited and M/S. Larsen & Toubro Limited who are the existing shareholders of the company.

- The Shareholders have accorded their consent for Issuance of Non-Convertible Debentures worth Rs.250 Crores during the 6th Annual General Meeting held on 29th September, 2016.

- M/S. L&T Infrastructure Development Projects Limited, a shareholder of the Company, has transferred 204,15,71,240 equity shares of Rs.10 each in favour of M/S. Larsen & Toubro Limited, another shareholder, in dematerialised form on 29th March, 2017.

- Company has changed its Registered office within the city during the year under review.

I further report that our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

Place : Chennai
Date : 2nd May, 2017

Sd/-
Rajanish Sekhar. T. Tonpe
Company Secretary in Practice
ACS 17451: CP No.15785

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

Annexure A

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

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

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.,

5. The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

Place : Chennai
Date : 2nd May, 2017

Sd/-
Rajanish Sekhar. T. Tonpe
Company Secretary in Practice
ACS 17451: CP No.15785

Annexure B

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 Metro Railways (Construction of Works) Act, 1978.
4. The Metro Railways (Operation & Maintenance) Act, 2002 and the Rules made thereunder.
5. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
6. The Minimum Wages Act, 1948 read with the Minimum wages (central) Rules, 1950;
7. The Payment of Gratuity Act,1972 read with the Payment of Gratuity (Central) Rules 1972;
8. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
9. The Contract Labour (Regulation & Abolition) Act, 1970 read with the Contract Labour (Regulation and Abolition) Rules, 1971;
10. Income Tax Act, 1961 read with Income Tax Rules;
11. The Central Sales Tax Act, 1956 read with the Central Sales Tax (Registration & Turnover) Rules, 1957;
12. 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;
13. The Personal Injuries (Compensation) Insurance Act, 1963;
14. The Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008);
15. The Maternity Benefit Act, 1961;
16. The Indian Telegraph Act, 1885 & the Indian Telegraph Rules, 1951;
17. The Indian Wireless Telegraphy Act, 1933;
18. The Registration Act, 1908;
19. Indian Stamp Act, 1899;
20. Motor Vehicles Act, 1988;

21. The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998;

22. The Building and Construction Workers Welfare Cess Act, 1996 and the Building and Construction Workers Welfare Cess Rules, 1998;

23. Multi-Storeyed Buildings Regulations, 1981;

24. The Andhra Pradesh Rules for Construction and Regulation of Multiplex Complexes, 2007;

25. The Andhra Pradesh Building Rules, 2012;

26. Andhra Pradesh Fire Services Act, 1999 and the Andhra Pradesh Fire and Emergency Operations and Levy of Fee Rules, 2006;

27. The Greater Hyderabad Municipal Corporations Act, 1955;

28. Andhra Pradesh Minimum Wages Rules, 1960,

29. The Andhra Pradesh Motor Vehicles Rules, 1989;

30. The Andhra Pradesh Motor Vehicles Taxation Act, 1963 and the Rules made thereunder;

31. The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987 and the Rules made thereunder;

32. The Andhra Pradesh Shops and Establishments Act, 1988;

33. The Andhra Pradesh State Electricity Board (Recovery of Dues) Act, 1984 and the Andhra Pradesh State Electricity Board (Recovery of Debts) Rules, 1985;

34. The Andhra Pradesh Compulsory Gratuity Insurance Rules, 2011;

35. The Andhra Pradesh Contract Labour (Regulation and Abolition) Rules, 1971;

36. The Employment exchanges (Compulsory notification of vacancies) Act, 1959;

37. Andhra Pradesh Value Added Tax Act, 2005 and the Rules made thereunder;

38. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 and the Rules made thereunder;

39. Andhra Pradesh Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;

ANNEXURE - IV
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March 2017

[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	U45300TG2010PLC070121
(ii)	Registration Date	24th August, 2010
(iii)	Name of the Company	L&T Metro Rail (Hyderabad) Limited
(iv)	Category / Sub-Category of the Company	Public Limited/ Non-government Company
(v)	Address of the Registered office and contact details	Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad, Telangana- 500039 Tel: 040-22080000
(vi)	Whether listed company Yes / No	No*
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4th Floor, Trade World A Wing Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013 Ph. No. – 022 2499 4720; Email – info_ndml@nsdl.co.in

* The Un-secured, Non-convertible Debentures issued by the Company aggregating to Rs. 750 Crore are listed on BSE Limited.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
The Project is under implementation stage.			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of The Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	LARSEN AND TOUBRO LIMITED L & T House, Ballard Estate Mumbai, Maharashtra- 400001	L99999MH1946PLC004768	Holding Company	99.99%	2(87)

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

i. *Category-wise Share Holding*

Category of Shareholders	***No. of shares held at the beginning of the year***				***No. of shares held at the end of the year***				**% Change during the year**
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt. (s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	2030661879	5*	2030661884	100	2062193172	5*	2062193177	100	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**2030661879**	**5***	**2030661884**	**100**	2062193172	**5***	**2062193177**	**100**	-

(2) **Foreign**									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**2030661879**	**5***	**2030661884**	**100**	2062193172	**5***	**2062193177**	**100**	**-**
B. **Public Shareholding**									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	1	1	-		1	1	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**1**	**1**	**-**		**1**	**1**	**-**	**-**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2030661879**	**6**	**2030661885**	**100**	**2062193172**	**6**	**2062193178**	**100**	**-**

* Shares held by the individuals jointly with L&T Infrastructure Development Projects Limited.

ii. ***Shareholding of Promoters:***

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1.	Larsen & Toubro Limited	20306623	1%	51%	2062193172	100	51%	99.00
2.	L&T Infrastructure Development Projects Limited	2010355256	99%	51%	-	-	-	(99.00)
	Total:	**2030661879**	**100%**	**51%**	**2062193172**	**100**	**51%**	

iii. Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Larsen & Toubro Limited	20306623	1%	20306623	1%
L&T Infrastructure Development Projects Limited	2010355256	99%	2010355256	99%
24th June 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	125915	1%	20432538	1%
L&T Infrastructure Development Projects Limited	12465981	99%	2022821237	99%
18th August 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	62787	1%	20495325	1%
L&T Infrastructure Development Projects Limited	6215913	99%	2029037150	99%
5th November 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	63477	1%	20558802	1%
L&T Infrastructure Development Projects Limited	6284220	99%	2035321370	99%
19th January 2017 – Allotment – Rights Issue				
Larsen & Toubro Limited	63130	1%	20621932	1%
L&T Infrastructure Development Projects Limited	6249870	99%	2041571240	99%
29th March 2017 – Transfer				
Larsen & Toubro Limited	2041571240	1%	2062193172	100%
L&T Infrastructure Development Projects Limited	(2041571240)	99%	0	0%
At the End of the year				
Larsen & Toubro Limited	2062193172	100%	2062193172	100%
L&T Infrastructure Development Projects Limited	0	0%	0	0%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):NIL

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP *	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year	-	-	-	-

* 1 Equity Share of value Rs. 10 each fully paid up is held by Mr. K. Venkatesh, Director Jointly with L&T Infrastructure Development Projects Limited.

V. INDEBTEDNESS ACCOUNTS:

		Secured Loans excluding deposits **(Rs.)**	Unsecured Loans *	Deposits	Total Indebtedness **(Rs.)**
Indebtedness at the beginning of the financial year					
i).	Principal Amount	6036,94,90,659	746,54,11,782	-	6783,49,02,441
ii).	Interest due but not paid	-	-	-	-
iii).	Interest accrued but not due	38,03,61,091	16,58,89,726	-	54,62,50,817
Total (i+ii+iii)		**6074,98,51,750**	**763,13,01,508**	**-**	**6838,11,53,258**
Change in Indebtedness during the financial year					
Addition		1849,97,76,854	4309,81,163	-	1893,07,58,018
Reduction				-	
Net Change		**1849,97,76,854**	**4309,81,163**	**-**	**1893,07,58,018**
Indebtedness at the end of the financial year					
i).	Principal Amount	7816,93,54,795	746,60,14,370	-	8563,53,69,165
ii).	Interest due but not paid	-	-	-	-
iii).	Interest accrued but not due	108,02,73,810	59,62,68,301	-	167,65,42,111
Total (i+ii+iii)		**7924,96,28,605**	**806,22,82,671**	**-**	**8731,19,11,276**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	**Particulars of Remuneration**		**(Rs.)**	**(Rs.)**	**Total Amount (Rs.)**
	Name		**Mr. Shivanand Nimbargi**	**Mr. V B Gadgil**	
	Designation		**MD & CEO (w.e.f. 1st June '16)**	**CEO & MD (upto 31st May '16)**	
1.	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,66,44,157	3,03,61,530	4,70,05,687
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option		-		-
3.	Sweat Equity		-		-
4.	Commission		-		-
		- as % of profit	-	-	-
		- others, specify	-	-	-
5.	Others, please specify		-		-
	Total (A)		**1,66,44,157**	**3,03,61,530**	
	***Ceiling as per the Act**		**4,11,15,000**	**4,11,15,000**	**8,22,30,000**

**** Maximum permissible Limit as per Schedule V of the Companies Act, 2013***

(B). Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	***Mrs. Sheela Bhide***	***Mr. Ajit Rangnekar***	***Mr. M R Prasanna***	
	➢ Fee for attending board / committee meetings	Rs. 1,75,000	Rs. 70,000	Rs. 1,45,000	Rs. 3,90,000
	➢ Commission	-	-	-	-
	➢ Others, please specify	-	-	-	-
	Total (1)	**Rs. 1,75,000**	**Rs. 70,000**	**Rs. 1,45,000**	**Rs. 3,90,000**
2.	Other Non-Executive Directors	**Mr. N V S Reddy**	**-**	-	-
	➢ Fee for attending board / committee meetings	Rs. 1,15,000	**-**	-	Rs. 1,15,000
	➢ Commission	-	-	-	-
	➢ Others, please specify	-	-	-	-
	Total (2)	Rs. 1,15,000	-	-	Rs. 1,15,000
	Total (B)=(1+2)	**Rs. 2,90,000**	**Rs. 70,000**	**Rs. 1,45,000**	**Rs. 5,05,000**
Total Managerial Remuneration		-	-	-	-
Overall Ceiling as per the Act		-	-	-	-

(C). REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl.no	Particulars of Remuneration		Key Managerial Personnel		
			Company Secretary	**CFO**	**Total**
	Name		**Mr. Ashish Malhotra**	**Mr. J. RaviKumar**	
1.	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41,43,000	58,23,050	99,66,050
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-	-
2.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission		-	-	-
		- as % of profit	-	-	-
		- others, specify	-	-	-
5.	Others, please specify		-	-	-
	Total (A)		**41,43,000**	**58,23,050**	**99,66,050**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

INDEPENDENT AUDITORS' REPORT

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **L&T Metro Rail (Hyderabad) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income**,** changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 19 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 including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 25.13to the Ind AS financial statements.

For M.K. Dandeker & Co.,
(ICAI Reg. No. 000679S)

Sd/-
S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

Date: May 05, 2017
Place: Hyderabad

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has the following statutory dues which have not been deposited on account of disputes.

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount Relates	Forum where dispute is Pending
Customs Act,1962	Customs Duty	27,21,30,885	May 2014 to March 2015	Madras High Court

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The money's raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.K. Dandeker & Co.,
(ICAI Regn. No.000679S)

Sd/-
S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 05, 2017
Place: Hyderabad

ANNEXURE - B

TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **L&T Metro Rail (Hyderabad) Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. K. Dandeker & Co.,
(ICAI Regn. No.000679S)

Sd/-
S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 5, 2017
Place: Hyderabad

L&T Metro Rail (Hyderabad) Limited

Balance Sheet as at March 31, 2017

Particulars	Note No	March 31, 2017 ₹	March 31, 2016 ₹	April 01, 2015 ₹
ASSETS				
Non-current assets				
a) Property, plant and equipment	1	246,009,159	185,977,356	43,912,372
b) Capital work-in-progress	2	38,418,286	20,249,244	3,078,238
c) Investment property	3	5,929,554,565	3,793,936,970	1,667,950,856
d) Intangible assets	4	27,215,853	23,677,307	29,081,367
e) Intangible assets under development	5	107,469,630,346	87,288,082,265	62,633,246,913
f) Deferred tax assets (net)	6	123,200,422	-	440,820
g) Other non-current assets	7	1,531,174,824	3,642,024,932	5,121,827,098
		115,365,203,455	**94,953,948,073**	**69,499,537,665**
Current assets				
a) Financial Assets				
i) Investments	8	2,390,225,992	292,646,217	100,050,395
ii) Trade receivables	9	19,413,215	24,304,523	2,647,834
iii) Cash and cash equivalents	10	544,568,824	5,255,558,886	604,263,307
iv) Other financial assets	11	35,439,231	169,011,115	99,395,725
b) Current tax assets (net)	12	-	10,506,537	-
c) Other current assets	7	193,199,936	45,110,025	88,301,124
		3,182,847,198	**5,797,137,303**	**894,658,385**
TOTAL		**118,548,050,653**	**100,751,085,376**	**70,394,196,050**
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	13	20,621,931,780	20,306,618,850	19,813,976,060
b) Other equity	14	(245,012,554)	(77,557,208)	(121,030,554)
		20,376,919,226	**20,229,061,642**	**19,692,945,506**
Liabilitites				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	15	87,311,911,276	68,381,153,259	45,191,514,205
ii) Other financial liabilities	16	738,037,025	408,031,876	281,476,754
b) Provisions	17	17,697,232	16,836,708	13,102,843
c) Deferred tax liabilities (net)	6	-	6,653,066	-
		88,067,645,533	**68,812,674,908**	**45,486,093,802**
Current liabilities				
a) Financial liabilities				
i) Other financial liabilities	16	9,979,862,020	11,606,412,988	5,093,988,325
b) Current tax liabilities (net)	12	344,742	-	1,460,005
c) Other current liabilities	18	121,954,255	96,586,446	117,471,688
d) Provisions	17	1,324,877	6,349,392	2,236,725
		10,103,485,894	**11,709,348,826**	**5,215,156,743**
TOTAL		**118,548,050,653**	**100,751,085,376**	**70,394,196,050**
Contingent liabilities	19			
Commitments	20			
Other notes forming part of accounts	25			
Significant accounting policies	26			

As per our report attached
For M.K Dandeker & Co.,
Firm registration number : 000679S
Chartered Accountants
by the hand of

Sd/-
S.Poosaidurai
Partner
Membership No : 223754

Place : Hyderabad
Date : 05.05.2017

For and on behalf of the board of directors of L&T Metro Rail (Hyderabad) Limited

Sd/-
Shivanand Nimbargi
[Managing Director & Chief executive officer]
DIN No: 01419304

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

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

Sd/-
Ashish Malhotra
[Company Secretary]
Membership No: A18393

Place : Hyderabad
Date : 05.05.2017

L&T Metro Rail (Hyderabad) Limited

Statement of Profit and loss for the year ended March 31, 2017

Particulars	Note No		2016-17 ₹		2015-16 ₹
REVENUE					
Revenue from Operations			-		-
Construction contract revenue			15,629,387,902		25,246,750,420
Other income	21		191,818,336		142,661,680
Total Revenue			**15,821,206,238**		**25,389,412,100**
EXPENSES					
Construction contract expenses			15,629,387,902		25,246,750,420
Employee benefit expenses	22		22,017,143		4,233,347
Finance costs	23		14,651,375		-
Depreciation and amortisation			16,005,920		-
Administration and other expenses	24		103,786,554		109,316,764
Total Expenses			**15,785,848,895**		**25,360,300,531**
Profit/(loss) before tax			35,357,344		29,111,569
Tax Expense:					
Current tax		8,088,253		-	
Income tax of previous year		889,732		-	
Deferred tax		(18,28,707)		-	
			7,149,278		-
Profit/(loss) after tax for the year			**28,208,066**		**29,111,569**
Other Comprehensive Income					
Items that will be reclassified to Profit & Loss					
Changes in fair value of cash flow hedges			(259,189,873)		14,361,777
Total Comprehensive Income for the year			**(259,189,873)**		**14,361,777**
Earnings per equity share (Basic and Diluted)	25		0.014		0.014
Face value per equity share			10.00		10.00
Other notes forming part of accounts	25				
Significant accounting policies	26				

As per our report attached

For M.K Dandeker & Co.,

Firm registration number : 000679S

Chartered Accountants

by the hand of

Sd/-

S.Poosaidurai

Partner

Membership No : 223754

Place : Hyderabad

Date : 05.05.2017

For and on behalf of the board of directors of L&T Metro Rail (Hyderabad) Limited

Sd/-

Shivanand Nimbargi

[Managing Director & Chief executive officer]

DIN No: 01419304

Sd/-

Ajit Rangnekar

[Director]

DIN No: 01676516

Sd/-

J.Ravi Kumar

[Chief Financial Officer]

Membership No: 023240

Sd/-

Ashish Malhotra

[Company Secretary]

Membership No: A18393

Place : Hyderabad

Date : 05.05.2017

L&T Metro Rail (Hyderabad) Limited
Cash Flow Statement as on March 31, 2017

S. No.	Particulars	2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	35,357,344	29,111,569
	Adjustment for		
	Depreciation and amortisation expense	16,005,920	-
	Interest expense	14,651,375	-
	Interest income	(26,276,372)	(104,994,955)
	Dividend received	(60,674,103)	(26,707,753)
	(Profit)/loss on sale of current investments(net)	(225,992)	
	(Profit)/loss on sale of fixed assets	72,652	(17,984)
	Other non cash items	(259,189,873)	(122,209,131)
	Operating profit before working capital changes	**(280,279,049)**	**(224,818,254)**
	Adjustments for:		
	Increase / (Decrease) in long term provisions	860,524	10,386,931
	Increase / (Decrease) in other current liabilitites	25,367,809	(20,885,242)
	Increase / (Decrease) in other current financial liabilitites	(1,626,550,968)	6,512,424,663
	Increase / (Decrease) in other non-current financial liabilities	330,005,149	126,555,122
	Increase / (Decrease) in short term provisions	(11,829,051)	2,652,662
	(Increase) / Decrease in loan term loans and advances	1,899,229,564	1,423,304,130
	(Increase) / Decrease in other non-current assets	81,767,057	56,938,857
	(Increase) / Decrease in Trade Receivables	4,891,308	(21,656,689)
	(Increase) / Decrease in short term loans and advances	133,571,884	(69,615,390)
	(Increase) / Decrease in other current assets	(137,583,374)	32,684,562
	Net cash generated from/(used in) operating activities	**419,450,852**	**7,827,971,351**
	Direct taxes paid (net of refunds)	-	(200,000)
	Net Cash(used in)/generated from Operating Activities	**419,450,852**	**7,827,771,351**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(22,414,910,988)	(26,797,992,472)
	Sale of fixed assets	(72,652)	127,969
	Purchase of current investments	(2,097,579,775)	(192,595,822)
	(Purchase)/Sale of current investments	225,992	-
	Dividend received from current investments	60,674,103	26,707,753
	Interest received	26,276,372	104,994,955
	Net cash (used in)/generated from investing activities	**(24,425,386,948)**	**(26,858,757,616)**
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	378,839,392	492,642,790
	Proceeds from long term borrowings	18,930,758,017	23,189,639,054
	Interest paid	(14,651,375)	
	Net cash (used in)/generated from financing activities	**19,294,946,034**	**23,682,281,844**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(4,710,990,062)**	**4,651,295,579**
	Cash and cash equivalents as at the beginning of the year	5,255,558,886	604,263,307
	Cash and cash equivalents as at the end of the year	**544,568,824**	**5,255,558,886**

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
For M.K Dandeker & Co.,
Firm registration number : 000679S
Chartered Accountants
by the hand of

Sd/-
S.Poosaidurai
Partner
Membership No : 223754

Place : Hyderabad
Date : 05.05.2017

For and on behalf of the board of directors of L&T Metro Rail (Hyderabad) Limited

Sd/-
Shivanand Nimbargi
[Managing Director & Chief executive officer]
DIN No: 01419304

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

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

Sd/-
Ashish Malhotra
[Company Secretary]
Membership No: A18393

Place : Hyderabad
Date : 05.05.2017

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

1 Property, Plant and Equipment

₹

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets-Owned										
Computers	5,713,136	8,688,896	272,655	14,129,377	-	5,536,854	162,670	5,374,184	8,755,193	5,713,136
Furniture & Fixtures	17,162,160	40,760,666	-	57,922,826	-	3,847,557	-	3,847,557	54,075,269	17,162,160
Office Equipment	19,674,827	123,053,870	-	142,728,696	-	20,354,956	-	20,354,956	122,373,741	19,674,827
Vehicles	1,362,250	-	-	1,362,250	-	589,097	-	589,097	773,152	1,362,250
Total	**43,912,372**	**172,503,432**	**272,655**	**216,143,150**	**-**	**30,328,464**	**162,670**	**30,165,794**	**185,977,356**	**43,912,372**

₹

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Tangible Assets-Owned										
Computers	14,129,377	10,915,862	2,453,938	22,591,301	5,374,184	5,776,090	2,261,276	8,888,998	13,702,303	8,755,193
Furniture & Fixtures	57,922,826	101,628,346		159,551,173	3,847,557	19,848,780		23,696,337	135,854,835	54,075,269
Office Equipment	142,728,696	2,418,178	132,320	145,014,554	20,354,956	28,517,338	125,704	48,746,590	96,267,965	122,373,741
Vehicles	1,362,250			1,362,250	589,097	589,097		1,178,194	184,055	773,152
Total	**216,143,150**	**114,962,386**	**2,586,258**	**328,519,278**	**30,165,794**	**54,731,305**	**2,386,980**	**82,510,119**	**246,009,159**	**185,977,355**

2 Capital work-in-progress*

₹

Particulars	Cost			
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016
Capital work in progress	3,078,238	17,171,006	-	20,249,244
Total	**3,078,238**	**17,171,006**	**-**	**20,249,244**

₹

Particulars	Cost			
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017
Capital work in progress	20,249,244	18,169,042	-	38,418,286
Total	**20,249,244**	**18,169,042**	**-**	**38,418,286**

*Capital work in progress mainly comprises of advertisement boxes under installation.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

3 Investment Property

₹

Particulars	As at April 01, 2015	Additions	As at March 31, 2016
Free hold land	1,557,000	-	1,557,000
Transit oriented development			
Work in progress	148,52,17,514	185,57,10,931	334,09,28,445
Salaries and wages	4,98,30,410	3,07,78,265	8,06,08,675
Interest expenses	12,72,89,094	23,39,66,938	36,12,56,032
Other expenses	40,56,838	55,29,980	95,86,818
	166,79,50,856	**212,59,86,114**	**379,39,36,970**

₹

Particulars	As at April 01, 2016	Additions	As at March 31, 2017
Free hold land	1,557,000	-	1,557,000
Transit oriented development			
Work in progress	334,09,28,445	170,55,76,035	504,65,04,480
Salaries and wages	8,06,08,675	5,91,77,050	13,97,85,725
Interest expenses	36,12,56,032	35,94,81,476	72,07,37,509
Other expenses	95,86,818	1,13,83,033	2,09,69,851
	379,39,36,970	**213,56,17,595**	**592,95,54,565**

a The company has entered into Memorundum of Understanding with some of the interested parties to lease out space relating to Transit Oriented Development and Station Retail. Since the company is in construction phase, data with respect to furture lease rentals is unascertainable.

b There are no restrictions on realisability of income from investment property

₹

c	Particulars	As at March 31, 2017	As at April 01, 2016	As at April 01, 2015
	Contractual obligations to construct / develop the investment property	4,959,611,949	6,523,517,389	3,176,256,757

4 Intangible Assets

₹

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Specialised Software	29,081,367	-	-	29,081,367	-	5,404,060	-	5,404,060	23,677,307	29,081,367
Total	**29,081,367**	**-**	**-**	**29,081,367**	**-**	**5,404,060**	**-**	**5,404,060**	**23,677,307**	**29,081,367**

₹

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Specialised Software	29,081,367	14,933,600	-	44,014,967	5,404,060	11,395,054	-	16,799,114	27,215,853	23,677,308
Total	**29,081,367**	**14,933,600**	**-**	**44,014,967**	**5,404,060**	**11,395,054**	**-**	**16,799,114**	**27,215,853**	**23,677,308**

The aggregate depreciation has been included under intangible assets under development.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

5 Intangible Assets under development

₹

Particulars	As at April 01, 2015	Additions	As at March 31, 2016
Fare collection rights			
Construction work in progress	5426,38,27,018	2446,91,92,307	7873,30,19,325
Salaries and wages	86,00,28,954	31,95,09,382	117,95,38,336
Staff welfare and other expenses	8,20,57,326	1,91,41,376	10,11,98,702
Managerial Remuneration	1,62,90,219	1,84,20,561	3,47,10,780
Lease rent	30,33,44,589	6,62,73,079	36,96,17,668
Concession fees	3	1	4
Travelling & conveyance	11,45,97,972	1,38,58,684	12,84,56,656
Facility management, communication and other expenses	32,05,95,507	23,89,15,798	55,95,11,304
Project insurance	28,46,56,588	65,83,337	29,12,39,925
Interest expenses	618,80,49,402	605,31,69,710	1224,12,19,112
Depreciation/ amortization	10,28,82,476	3,57,32,523	13,86,14,999
Other expenses	9,69,16,859	2,63,84,158	12,33,01,017
Total	**6263,32,46,913**	**3126,71,80,916**	**9390,04,27,829**
Viability Gap Fund received	-	(661,23,45,564)	(661,23,45,564)
Total	**6263,32,46,913**	**2465,48,35,352**	**8728,80,82,265**

₹

Particulars	As at April 01, 2016	Additions	As at March 31, 2017
Fare collection rights			
Construction work in progress	7873,30,19,325	1498,35,41,600	9371,65,60,925
Salaries and wages	117,95,38,336	34,12,30,197	152,07,68,533
Staff welfare and other expenses	10,11,98,702	2,83,52,137	12,95,50,840
Managerial Remuneration	3,47,10,780	3,58,76,506	7,05,87,286
Lease rent	36,96,17,668	65,90,778	37,62,08,446
Concession fees	4	1	5
Travelling & conveyance	12,84,56,656	2,61,02,061	15,45,58,717
Facility management, communication and other expenses	55,95,11,304	14,51,45,732	70,46,57,037
Project insurance	29,12,39,925	26,26,139	29,38,66,064
Interest expenses	1224,12,19,112	751,51,83,250	1975,64,02,362
Depreciation/ amortization	13,86,14,999	5,01,20,440	18,87,35,439
Other expenses	12,33,01,017	98,02,311	13,31,03,328
Total	**9390,04,27,829**	**2314,45,71,152**	**11704,49,98,981**
Viability Gap Fund received	(661,23,45,564)	(296,30,23,071)	(957,53,68,635)
Total	**8728,80,82,265**	**2018,15,48,081**	**10746,96,30,346**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

6 Deferred tax Assets/Liabilities ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax assets	121,371,715	6,391,960	6,391,960
Deferred tax liabilities	1,828,707	(1,30,45,026)	(59,51,140)
	123,200,422	**(66,53,066)**	**440,820**

The major components of deferred tax assets and liabilities are as follows : ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(i) Deferred tax liability			
(a) Tax effect on account of cash flow hedges	-	13,045,026	5,951,140
	-	13,045,026	5,951,140
(ii) Deferred tax asset			
(a) Tax effect on account of difference between tax depreciati and book depreciation on fixed assets	1,605,740	-	-
(b) Tax effect on account of Preliminary and other expenses deductible u/s 35D	6,391,960	6,391,960	6,391,960
(c) Tax effect on account of capital gain on Land	222,967	-	-
(d) Tax effect on account of cash flow hedges	114,979,755	-	-
	123,200,422	6,391,960	6,391,960
Net Deferred tax liability [(i) - (ii)]	(123,200,422)	6,653,066	(440,820)
Net increase / (decrease) in deferred tax asset charged / (credited) to the Statement of Profit and Loss	(129,853,488)		
Less: Adjusted against Other Equity	128,024,781		
Net increase / (decrease) in deferred tax asset charged / (credited) to the Statement of Profit and Loss	(1,828,707)		

Disclosure pursuant to Ind AS 12 - "Income taxes"
The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are :

₹

Particulars	As at March 31, 2017	As at March 31, 2016
Current income Tax :		
Current income tax charge	8,088,253	889,732
Adjustments of current tax of previous year	889,732	-
Deferred Tax		
Relating to origination and reversal of temporary differences	-	-
Relating to rate change or imposition of new taxes	-	-
Arising due to a write down of a deferred tax asset	1,828,707	-
Income tax reported in the statement of profit and loss	**7,149,279**	**889,732**
Current Tax and Deferred Tax - Equity		
Tax effect on account of Hedging Reserve	128,024,780	7093885
	128,024,780	**7,093,885**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:

₹

Particulars		As at March 31, 2017	As at March 31, 2016
1. Profit before tax		**35,449,402**	**29,111,569**
2. Applicable tax rate		33.06%	30.90%
3. PBT * Applicable tax rate(1*2)		**11,720,636**	**8,995,475**
4.			
(a) Tax in respect of items exempt form tax		(27,435,625)	(38,156,671)
(b) Difference in tax for items which are not allowed as deduction		23,803,243	30,050,928
Sub Total 4		(3,632,382)	(8,105,743)
Tax expenses recognised during the year (3+4)		**8,088,253**	**889,732**

Deferred Tax
Major components of Deferred tax liabilities and assets

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Balance Sheet			
Tax effect on account of Hedging Reserve	121,371,715	6,391,960	6,391,960
Profit and Loss			
a) Tax effect on account of capital gain on Land	222,967	-	-
b) Tax effect on account of difference between tax depreciation and book depreciation on fixed assets	1,605,740	-	-
Net Deferred Tax Assets/ (Liabilities)	**123,200,422**	**6,391,960**	**6,391,960**

7 **Other non-current and current assets**

₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Capital advances						
Related parties	-	731,015,562	-	1,753,680,021	-	2,678,083,527
Others	-	752,448,086	-	1,628,910,772	-	2,143,927,897
Advances other than capital advances						
Others	6,121,341	37,054,082	7,782,599	37,156,500	32,586,173	21,040,000
Advance recoverable other than in cash						
Prepaid Expenses	187,078,595	-	37,327,426	221,328,712	55,714,951	278,441,601
Income tax (net)	-	10,657,094	-	948,926	-	334,074
	193,199,936	**1,531,174,824**	**45,110,025**	**3,642,024,932**	**88,301,124**	**5,121,827,098**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

8 Investments ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity Units	Current ₹	Quantity Units	Current ₹	Quantity Units	Current ₹
Investments in mutual funds						
L&T Mutual Fund	59111223	1,570,000,000	148703	150,448,609		
SBI Mutual Fund	322202	820,225,992	141737	142,197,608	99726	100,050,395
		2,390,225,992		**292,646,217**		**100,050,395**

9 Trade receivables ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
Unsecured, considered good						
Others						
Debts outstanding for a period exceeding six months	-	-	-	-	-	-
Others	19,413,215	-	24,304,523	-	2,647,834	-
	19,413,215	-	24,304,523	-	2,647,834	-
Less: Allowance for expected credit losses	-	-	-	-	-	-
	19,413,215	**-**	**24,304,523**	**-**	**2,647,834**	**-**

No trade or other receivable 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.

10 Cash and cash equivalents ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i) Cash and cash equivalents			
a) Balances with banks in current accounts	250,150,964	3,477,626,790	103,115,597
b) Cash on hand	-	-	-
c) Deposits with maturity of less than three months including interest accrued thereon	236,455,867	723,313,455	501,147,710
(ii)Other bank balances			
Balances with banks held as margin money deposits	57,961,993	1,054,618,641	-
	544,568,824	**5,255,558,886**	**604,263,307**

The deposits maintained by the Company with banks under 10(i)(c) above comprise of time deposits which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

11 Other financial assets ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Derivative assets	35,439,231	-	169,011,115	-	99,395,725	-
	35,439,231	**-**	**169,011,115**	**-**	**99,395,725**	**-**

12 Current tax (assets)/ liabilities ₹

Particulars	As at March 31,	As at March 31, 2016	As at April 01, 2015
Income tax net of provisions	344,742	(1,05,06,537)	1,460,005
	344,742	**(1,05,06,537)**	**1,460,005**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

13 Share Capital ₹

(i) Authorised, issued, subscribed and paid up	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**No. of shares**	**₹**	**No. of shares**	**₹**	**No. of shares**	**₹**
Authorised:						
Equity shares of ₹ 10 each	24,390,000,000	243,900,000,000	24,390,000,000	243,900,000,000	24,390,000,000	243,900,000,000
Issued, subscribed and fully paid up	2,062,193,178	20,621,931,780	2,030,661,885	20,306,618,850	1,981,397,606	19,813,976,060
Equity shares of ₹ 10 each	**2,062,193,178**	**20,621,931,780**	**2,030,661,885**	**20,306,618,850**	**1,981,397,606**	**19,813,976,060**

₹

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**No. of shares**	**₹**	**No. of shares**	**₹**	**No. of shares**	**₹**
At the beginning of the year	2,030,661,885	20,306,618,850	1,981,397,606	19,813,976,060	1,155,397,606	11,553,976,060
Issued during the year as fully paid	31,531,293	315,312,930	49,264,279	492,642,790	826,000,000	8,260,000,000
Others	-	-	-	-	-	-
At the end of the year	**2,062,193,178**	**20,621,931,780**	**2,030,661,885**	**20,306,618,850**	**1,981,397,606**	**19,813,976,060**

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.
The company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Telangana (Government) having a par value of Rs. 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.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

13. Share Capital

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	No. of shares	₹	No. of shares	₹	No. of shares	₹
L&T Infrastructure Development Projects Limited	-	-	2,010,355,256	20,103,552,560	1,961,583,620	19,615,836,200
Larsen & Toubro Limited	2,062,193,172	20,621,931,720	20,306,623	203,066,230	19,813,980	198,139,800
	2,062,193,172	**20,621,931,720**	**2,030,661,879**	**20,306,618,790**	**1,981,397,600**	**19,813,976,000**

₹

(vi) Details of Shareholders holding more than 5% shares in the company:	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	No. of shares	%	No. of shares	%	No. of shares	%
L&T Infrastructure Development Projects Limited (including nominee holding)	-	0%	2,010,355,256	99%	1,961,583,620	99%
Larsen and Toubro Limited (including nominee holding)	2,062,193,172	99.999%	20,306,623	1%	19,813,980	1%

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

(vii) Calls unpaid : Nil; Forfeited Shares : Nil

L&T Metro Rail (Hyderabad) Limited

Statement of Changes in Equity for the period ended March 31, 2017

14 Other Equity as on 31.03.2017 ₹

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	-	26,410,032	-	(10,39,67,240)	(7,75,57,208)
Changes in accounting policy					0
Debenture redemption reserve			28,208,066		28,208,066
Profit for the year				28,208,066	28,208,066
Other comprehensive income		(25,91,89,873)			(25,91,89,873)
Issue of share capital	63,526,462				63,526,462
Transfer from / (to) debenture redemption reserve				(2,82,08,066)	(2,82,08,066)
Balance at the end of the reporting period	**63,526,462**	**(23,27,79,841)**	**28,208,066**	**(10,39,67,240)**	**(24,50,12,554)**

Other Equity as on 31.03.2016 ₹

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	-	12,048,255		(13,30,78,809)	(12,10,30,554)
Changes in accounting policy					-
Profit for the year				29,111,569	29,111,569
Other comprehensive income		14,361,777			14,361,777
Transfer from / (to) debenture redemption reserve					-
Balance at the end of the reporting period	**-**	**26,410,032**	**-**	**(10,39,67,240)**	**(7,75,57,208)**

Statement of changes in equity ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Hedging Reserve						
As per last Balance sheet	2,64,10,032		12,048,255			
Addition during the year	-259,189,873		14,361,777		12,048,255	
		(232,779,841)		2,64,10,032		1,20,48,255
Surplus/(deficit) in the statement of profit and loss						
As per last Balance sheet	(10,39,67,241)		(13,30,78,810)		7,993,393	
Profit/(Loss) for the year	28,208,066	(7,57,59,175)	29,111,569	(10,39,67,241)	(14,10,72,203)	(13,30,78,810)
		(30,85,39,017)		**(7,75,57,209)**		**(12,10,30,555)**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

15 Borrowings ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non current	Current	Non current	Current	Non current
Secured borrowings						
a) Term loans						
i) From banks		79,249,628,605		60,749,851,751		45,191,514,205
ii) From others						
Unsecured borrowings						
a) Debentures		8,062,282,671		7,631,301,508		
	-	**87,311,911,276**	**-**	**68,381,153,259**	**-**	**45,191,514,205**

a) Term loans

Particulars	Details
Interest Rate	Interest rate @ 200 basis points above the base rate of State Bank of India (floating).
Repayment	Repayable in 36 quarterly unequal instalments beginning from September 30, 2018 and ending on June 30,2027.

Security

a) Mortgage of non-agricultural land bearing plot no. 19 forming part of land in survey nos. 332A+334A+338A, mouje zaap, sudhagad taluka, Dist. Raigad, Maharashtra.

b) Charge on all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc. as specified in Schedule II to Indenture of Mortgage, excluding project assets specified in concession agreement.

c) Charge on rights, interest under/in respect of project documents, approvals, insurance contracts and escrow accounts to the extent permitted to the lenders under escrow agreement together with permitted investments etc. and

d) Charge on right, interest etc. to/in respect of receivables, letter of credit, guarantee, performance bond, other amounts owing to/received by the company, all intangible assets of the company viz goodwill, trademark etc..

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

b) Debentures

Series	No of Debentures	Face Value of Each Debenture (`)	Date of Allotment	Coupon Rate	Terms of Repayment
9.81% L&T MRHL June 2035	2,500	10,00,000	18th June, 2015	- 5% p.a. payable Semi-Annually from the Date of allotment upto 3 years - One-time payment Rs.1,63,196 Payable on each	-Redeemable at Face value at the end of 20th Year from the Date of Allotment.
9.81% L&T MRHL November 2035	2,500	10,00,000	2nd November, 2015	-Coupon rate would be revised after 3 years to 9.81% p.a. payable Semi-Annually.	
9.85% L&T MRHL January 2036	2,500	10,00,000	28th January, 2016	-5% p.a. payable Semi-Annually from the Date of allotment upto 3 years -One-time payment Rs.1,64,635 Payable on each debenture at the end of 3rd Year. -Coupon rate would be revised after 3 years to 9.85% p.a. payable Semi-Annually.	-Put & Call option available to Debenture Holders & Company respectively on expiry of 10th & 15th Year from the Date of allotment

16 Other financial liabilities ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non current	Current	Non current	Current	Non current
a) Security deposits	279,286,651	-	190,193,274	-	64,819,088	-
b) Current maturities of long term borrowings	1,580,801,618	-	2,060,197,425		841,824,416	
c) Other liabilities						
i) Creditors for capital supplies- Related parties	621,216,671	-	2,348,616,646	-	996,686,610	-
ii) Creditors for capital supplies-others	6,804,752,952		6,554,186,071		3,028,516,409	
iii) Retention money	227,725,556	738,037,025	299,099,850	408,031,876	-	281,476,754
iv) Derivative Liabilities	426,427,421	-	152,151,187	-	162,363,141	-
v) Other payables	39,651,151	-	1,968,535	-	-221,339	-
	9,979,862,020	**738,037,025**	**11,606,412,988**	**408,031,876**	**5,093,988,325**	**281,476,754**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

17 Provisions ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non current	Current	Non current	Current	Non current
Provision for employee benefits	1,324,877	17,697,232	6,349,392	16,836,708	2,236,725	13,102,843
	1,324,877	**17,697,232**	**6,349,392**	**16,836,708**	**2,236,725**	**13,102,843**

18 Other current liabilities ₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non current	Current	Non current	Current	Non current
Statutory payables	121,954,255	-	96,586,446	-	117,471,688	-
	121,954,255	**-**	**96,586,446**	**-**	**117,471,688**	**-**

19 Contingent Liabilities ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i) Claims against the company not acknowledged as debts	5,215,192,163	5,102,831,207	329,862,404
(ii) Liability for duties , Cess and taxes that may arise in respect of matters in appeal /under dispute	6,617,299,096	6,503,931,703	-
	11,832,491,259	**11,606,762,910**	**329,862,404**

Notes:
1. The Company expects reimbursements of ` 34,00,91,378/- (PY ` 27,08,89,882/-) in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters.

20 Commitments ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital Commitments	34,041,029,283	37,521,630,935	77,788,451,741
	34,041,029,283	**37,521,630,935**	**77,788,451,741**

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

21 Other income ₹

Particulars	2016-17	2015-16
Interest income from Deposits	26,276,372	104,994,955
Dividend Income from Mutual Funds	60,674,103	26,707,753
Lease and Rental income:		
Advertising infrastructure	93,915,733	9,372,676
Others	3,993,014	283,797
Other income	6,959,114	1,302,499
	191,818,336	**142,661,680**

22 Employee benefit expenses ₹

Particulars	2016-17	2015-16
Salaries and wages	22,017,143	4,233,347
	22,017,143	**4,233,347**

23 Finance costs ₹

Particulars	2016-17	2015-16
Interest expenses	14,651,375	-
	14,651,375	**-**

24 Administration and other expenses ₹

Particulars	2016-17	2015-16
Rates and taxes	12,748,214	3,364,175
MTM/Premium/Exchange gain or loss on derivatives	67,064,339	97,265,007
Audit Fees*	1,011,950	876,874
CSR expenses	-	814,810
Other expenses	22,962,051	6,995,898
	103,786,554	**109,316,764**

*Auditors remuneration (excluding service tax) as follows: ₹

Particulars	2016-17	2015-16
a) As auditor	535,000	485,000
b) For other services	265,000	247,500
c) Reimbursement of expenses	92,058	111,039
Total	**892,058**	**843,539**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

25.1: First time adoption of Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet and the balance sheet as at 31st March, 2016, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP).

A. Exemptions and exceptions availed

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Ind AS optional exemptions

Deemed cost

"The company has elected to measure certain items of property, plant and equipment at deemed cost at the date of transition to Ind AS. Hence at the date of transition to Ind AS, measured as per the previous GAAP and use the same as deemed cost as on the date of transtion to Ind AS. "

Ind AS mandatory exceptions

Estimates

"The company's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP."

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

25.1: First time adoption of Ind AS
B. Reconciliations between previous GAAP and Ind AS

The following reconciliations provides the effect of trannsition to Ind AS from previous GAAP in accordance with Ind AS 101

1. Equity as at April 1 ,2015 and March 31, 2016
2. Net Profit for the year ended March 31,2016

1. Reconciliation of equity as previously reported under previous GAAP to Ind AS

L&T Metro Rail (Hyderabad) Limited							
Particulars	Note	IGAAP ₹	Effects of IND AS Transition ₹	April 01, 2015 ₹	IGAAP ₹	Effects of IND AS Transition ₹	March 31, 2016 ₹
ASSETS							
Non-current assets							
a) Property, Plant and Equipment	1	45,469,372	(1,557,000)	43,912,372	187,534,356	(1,557,000)	185,977,356
b) Capital work-in-progress		3,078,238	-	3,078,238	20,249,244	-	20,249,244
c) Investment Property	1	1,666,393,856	1,557,000	1,667,950,856	3,793,526,431	410,539	3,793,936,970
d) Intangible assets		29,081,367	-	29,081,367	23,677,307	-	23,677,307
e) Intangible assets under develop	2	63,109,629,614	(476,382,701)	62,633,246,913	87,801,472,499	(513,390,234)	87,288,082,265
f) Deferred tax assets (net)	3	6,391,960	(5,951,140)	440,820	6,391,960	(6,391,960)	-
g) Other non-current assets		4,842,922,440	278,570,584	5,121,493,024	3,419,747,294	221,328,712	3,641,076,006
		69,702,966,847	**(203,763,256)**	**69,499,203,591**	**95,252,599,091**	**(299,599,943)**	**94,952,999,147**
Current assets							
a) Financial Assets							
i) Investments		100,050,395	-	100,050,395	292,646,217	-	292,646,217
ii) Trade receivables		2,647,834	-	2,647,834	24,304,523	-	24,304,523
iii) Cash and bank balances		604,263,307	-	604,263,307	5,255,558,886	-	5,255,558,886
iv) Other assets		99,395,725	-	99,395,725	169,011,115	-	169,011,115
b) Current Tax Assets (net)			-	-	10,506,537	-	10,506,537
c) Other current assets		88,635,198	-	88,635,198	46,058,951	-	46,058,951
		894,992,459	-	**894,992,459**	**5,798,086,229**	-	**5,798,086,229**
TOTAL		**70,597,959,306**	**(203,763,256)**	**70,394,196,050**	**101,050,685,320**	**(299,599,943)**	**100,751,085,376**
EQUITY AND LIABILITIES							
EQUITY							
a) Equity Share capital		19,813,976,060	-	19,813,976,060	20,306,618,850	-	20,306,618,850
b) Other Equity		(115,386,448)	(5,644,106)	(121,030,554)	(64,819,216)	(12,737,992)	(77,557,208)
		19,698,589,612	**(5,644,106)**	**19,692,945,506**	**20,241,799,634**	**(12,737,992)**	**20,229,061,642**
LIABILITIES							
Non-current liabilities							
a) Financial liabilities							
i) Borrowings	2	45,389,672,201	(198,157,996)	45,191,514,205	68,674,820,272	(293,667,012)	68,381,153,259
ii) Other financial liabilities		281,476,754	-	281,476,754	408,031,876	-	408,031,876
b) Provisions		13,102,843	-	13,102,843	16,836,708	-	16,836,708
c) Deferred tax liabilities (net)	3	-	-	-	-	6,653,066	6,653,066
		45,684,251,798	**(198,157,996)**	**45,486,093,802**	**69,099,688,856**	**(287,013,946)**	**68,812,674,908**
Current liabilities							
a) Financial liabilities							
Other financial liabilities		5,093,988,325	-	5,093,988,325	11,606,412,988	-	11,606,412,988
d) Current tax liabilities (net)		1,460,005	-	1,460,005		-	-
b) Other current liabilities	4	117,432,841	38,847	117,471,688	96,434,450	151,996	96,586,446
c) Provisions		2,236,725	-	2,236,725	6,349,392	-	6,349,392
		5,215,117,896	**38,847**	**5,215,156,743**	**11,709,196,830**	**151,996**	**11,709,348,826**
Total Equity and Liabilities		**70,597,959,306**	**(203,763,256)**	**70,394,196,050**	**101,050,685,320**	**(299,599,943)**	**100,751,085,376**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

Note 1 : Investment Property

Under the previous GAAP, investment properties were presented as part of Propert, Plant and Equipment (PPE) and did not include properties which were held for capital appreciation. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2 : Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are capitalised under intangible assets under development. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 19,81,57,996. Consequently an amount of ₹ 47,62,92,565 has been derecognised from intangible assets under development. Further the transaction cost on undrawn portion of the borrowings has been recognised as prepaid expenses and included in other non current assets.

Note 3 : Deferred Tax

Deferred Tax asset/liability has been recognised on changes in fair valuation of cash flow hedges under Ind AS

Note 4: Change in valuation of Employee Stock Options
Due to change in valuation of Employee stock options from intrinsic valuation method to fair valuation method under Ind AS, the balance liability on account of fair vluation has been recognised in the books of accounts

Reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS

L&T Metro Rail (Hyderabad) Limited				
Particulars	**Note No**	**IGAAP 2015-16**	**Effects of IND AS Transition**	**Ind AS 2015-16**
		₹	₹	₹
REVENUE				
Revenue from Operations				-
Construction contract revenue	1	-	25,246,750,420	25,246,750,420
Other income		142,661,680	-	142,661,680
Total Revenue		**142,661,680**	**25,246,750,420**	**25,389,412,100**
EXPENSES				
Construction contract expenses	1	-	(25,246,750,420)	25,246,750,420
Employee benefit expenses		4,233,347	-	4,233,347
Administration and other expenses	2	209,790,692	100,473,928	109,316,764
Total Expenses		**214,024,039**	**(25,146,276,492)**	**25,360,300,531**
Profit/(loss) before tax		**(71,362,359)**	**50,393,026,912**	**29,111,569**
Tax Expense:				
Current tax		-		-
Deferred tax		-		-
Profit/(loss) after tax for the year		**(7,13,62,359)**	**50,393,026,912**	**29,111,569**
Other Comprehensive Income				
Items that will be reclassified to Profit & Loss				
Changes in fair value of cash flow hedges	2	-	14,361,777	14,361,777
Total Comprehensive Income for the year		**-**	**14,361,777**	**14,361,777**

Note 1. Recognition of Construction Revenue and Construction expenses as per Appendix A to Ind AS 11
The company is implementing the Metro Rail System under Design, Build, Finance, Operate and Transfer basis (DBFOT) basis under PPP model under a Concession Agreement entered into with the State Government of Telangana. Hence the provisions of Appendix A to Ind AS 11 on Service concession arrangements are applicable to the company. Accoridngly the construction revenue and construction expenses are recognised during the year in profit and loss account.

Note 2: Premium on off-balance sheet related forward contracts as per Ind AS 109
Under previous GAAP, the premium on off-balance sheet related forward contracts was charged off to Profit and Loss account. However, Ind AS 109 requires recognition of mark-to-market losses/gains on cashflow hedges in Hedging Reserve through Other Comprehensive Income. Accordingly necessary adjustments have been carried out in premium account and other comprehensive income.

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts
Disclousre in pursuant to Ind AS 107- Financial Instruments:

25.2.1 Financial Risk Management

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

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

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

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

(A) 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.

(i) Credit risk management

Credit risk is managed depending on the policy surrounding credit risk management. For investments into mutual funds only high rated funds and into fixed assets and Deposits only scheduled banks are accepted. The Company analyses and manages the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. For other financial assets, the Company assesses and manages credit risk based on the assumptions, inputs and factors specific to the class of financial assets and allocates internal credit rating which considers the quality of asset based on the risk associated with it.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

Disclousre in pursuant to Ind AS 107- Financial Instruments:

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at Company as per the practice and limits set by the Company.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period: **₹ Cr**

	March 31, 2017	March 31, 2016	April 1, 2015
Floating rate			
Expiring within one year (Term Loan facilities)	-	-	-
Expiring beyond one year (bank loans)			
Fund Based limits	3,531.20	5,496.20	6,833.85
Non Fund Based limits	1,704.27	2,503.02	3,419.95
	5,235.47	**7,999.22**	**10,253.80**
Fixed rate			
Expiring within one year (bank overdraft and other facilities)	-	-	-
Expiring beyond one year (Non Convertible Debentures)	250.00	250.00	-
	250.00	**250.00**	**-**

Contractual maturities of financial liabilities including estimated interest payments on borrowings

Heads	March 31, 2017		March 31, 2016		April 1, 2015	
	0-12 months	More than 12 months	0-12 months	More than 12 months	0-12 months	More than 12 months
Variable rate borrowings	8,212,041,250	132,115,330,842	6,318,624,000	103,691,273,835	5,204,017,940	84,688,202,952
Fixed rate borrowings	375,000,000	21,449,035,548	375,000,000	21,824,035,548	-	-
Other Financial Liabilities	2,553,892,397	738,037,025	2,703,610,272	408,031,876	1,068,785,306	281,476,754
Creditors for Capital Expenditure	9,401,336,217	-	8,902,802,716	-	4,025,203,019	-

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

Disclousre in pursuant to Ind AS 107- Financial Instruments:

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk. Company policy is to maintain most of its foreign currency borrowings at fixed rate using Cross Currency Interest Rate Swaps to achieve this when necessary. During 31 March 2017 and 31 March 2016, the Company's borrowings at variable rate were mainly denominated in INR and USD

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company manages its cash flow interest rate risk by using floating-to-fixed Currency interest rate swaps. Under these swaps, the Company agrees with other parties to exchange, at specified intervals , the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Company raises foreign currency borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly.

Interest rate risk exposure

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

₹ Crs

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Variable rate borrowings	7924.65	5,981.80	4592.16
Fixed rate borrowings	750.00	750.00	-
Total borrowings	**8674.65**	**6,731.80**	**4592.16**

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

Particulars	**March 31, 2017**			**March 31, 2016**			**April 1, 2015**		
	Weighted average interest rate	**Balance**	**% of total loans**	**Weighted average interest rate**	**Balance**	**% of total loans**	**Weighted average interest rate**	**Balance**	**% of total loans**
Bank overdrafts, bank loans	-	-	-	-	-	-	-	-	-
Fund Based Limits	11.81%	5,112	65%	11.95%	3,778	63%	12.13%	3,422	74.52%
Short Term Loans	8.75%	2,813	35%	9.30%	2,204	37%	9.38%	1,170	25.48%
Interest rate swaps (notional principal amount)	-	-	-	-	-	-	-	-	-
Net exposure to cash flow interest rate risl	**-**	**7,925**	**-**	**-**	**5,982**	**-**	**-**	**4,592**	**-**

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/ decrease in the fair value of the cash flow hedges related to borrowings.

₹ Crs

Particulars	**Impact on profit after tax**	
	March 31, 2017	**March 31, 2016**
Interest rates – increase by 25 basis points	19.81	14.95
Interest rates – decrease by 25 basis points	(19.81)	(14.95)

Since the company is in construction phase and the interest being capitalized under Intangible assets under development and there is no impact on Profit after tax

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts
25.2.2 Capital Management

The Company considers the following components of its Balance Sheet to be managed capital:
1. Total equity – retained profit, general reserves and other reserves, share capital and viability gap fund
2. Term Loan borrowings , Non-convertible debentures (subordinated debt instruments)

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

During FY 2016-17, the Company's strategy, which was unchanged from 2014-15 was to maintain the debt-to-adjusted capital ratio at 2.34:1, in order to secure finance at a reasonable cost and continue to comply with the norms laid down by the lenders under the financial agreements. The debt to adjusted capital ratios as at 31st March 2017, 31st March 2016 and 1st April 2015 were as follows:

₹

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Total Debt	79,468,000,000	59,818,000,000	46,441,500,000
Less: cash and cash equivalents	2,934,794,816	5,548,205,103	704,313,702
Net Debt	**76,533,205,184**	**54,269,794,897**	**45,737,186,298**
Total equity	20,621,931,720	20,306,618,790	19,813,976,000
Add Non convertible debentures (Subordinated debt instruments) *	7,500,000,000	7,500,000,000	-
Add Viability Grant Fund*	9,575,368,635	6,612,345,564	-
Less: amounts accumulated in equity as cash flow hedges	-	-	-
Adjusted capital	**37,697,300,355**	**34,418,964,354**	**19,813,976,000**
Debt-to-adjusted capital	2.03	1.58	2.31

* These items are permitted to be treated as equity by the senior lenders for the purpose of computation of debt-equity ratio

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts

25.2.3 Foreign Currency Exposure

Foreign currency risk

The Company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the Company is to minimize the volatility of the INR cash flows of highly probable forecast transactions.

As per the risk management policy, the company requires to hedge 30% to 100% of net currency risks based on forecasted cash flows and in the case of balance sheet exposures the company seeks to hedge 80% to 100% of its net balance sheet exposures

The exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Foreign Currency exposure of on-balance sheet items and related hedges ₹

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	USD	Euro	Total	USD	Euro	Total	USD	Euro	Total
Financial Liabilities									**(in USD)**
Payables - Creditors on account of Capital Expenditure	6,605,949,749	110,445,493	6,716,395,242	4,915,837,011	208,777,733	5,124,614,744	1,432,767,801	208,777,733	1,641,545,534
Less : Derivatives taken to hedge the above Exposure									
Currency and Interest Rate Swaps			5,480,587,707			4,401,648,950			1,055,894,693
Forward Contracts			853,002,179			268,255,006			118,828,563
Options contracts			215,024,766			219683360			207232813
Net Exposure			**382,805,356**			**454,710,788**			**466,822,278**

Foreign Currency exposure of off-balance sheet items and related hedges ₹

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	USD	Euro	Total	USD	Euro	Total	USD	Euro	Total
Financial Liabilities									
Payables - Creditors on account of Capital Expenditure	4,097,150,393	1,470,183,667	5,567,334,060	5,154,157,585	2,060,300,045	7,214,457,630	5,672,671,506	2,046,868,317	7,719,539,823
Less : Derivatives taken to hedge the above Exposure									
Forward Contracts			2,533,360,229			2,929,148,806			2,215,550,948
Options contracts			1,166,312,576			2,633,882,647			3,535,297,239
Net Exposure			**1,867,661,255**			**1,651,426,177**			**1,968,691,636**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments, Call option contracts, Currency Interest Rate Swaps and from foreign forward exchange contracts.

₹

Particulars	Impact on other components of equity	
	As at March 31, 2017	As at March 31, 2016
USD sensitivity		
INR/USD -Increase by 5% (31 March 2016-5%)	(541,199,674)	(489,857,397)
INR/USD -Decrease by 5% (31 March 2016-5%)	541,199,674	489,857,397

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

25.2.4 Fair value measurements

(a) Financial instruments by category ₹

	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets									
Investments									
- Mutual funds	2,390,225,992	-	-	-	-	-	100,050,395	-	-
Security deposits	-	-	37,054,082	-	-	37,156,500	-	-	21,000,000
Other advances			4,149,496			5,377,876	-		30,221,648
Derivative asset - Foreign exchange forward contracts	-	-	-	-	-	-		6,946,487	-
Derivative asset - Options	35,439,231	-	-	81,120,048	-	-	92,449,238	-	-
Derivative asset - Currency and Interest rate swap	-	-	-		87,891,067	-	-	-	-
Other Receivables	-	-	21,385,060	-	-	26,709,246	-	-	5,012,359.00
Cash and cash equivalents	-	-	486,606,831	-	-	4,138,826,790	-	-	604,263,307
Balances with Banks held as margin money deposits			57,961,993			1,116,732,092			-
Bank deposits with more than 12 months maturity	-	-		-	-	-	-	-	-
Total financial assets	**2,425,665,223**	**-**	**607,157,462**	**81,120,048**	**87,891,067.00**	**5,324,802,504**	**192,499,633**	**6,946,487**	**660,497,314**
Financial liabilities									
Term Loan Borrowings	-	-	79,249,628,605	-	-	60,749,851,751	-	-	45,191,514,205
Trade payables	-	-	-	-	-	-	-	-	-
Security deposits	-	-	279,286,651	-	-	190,193,274	-	-	64,819,088
Derivative liability - Foreign exchange forward contracts	-	185,705,652	-	-	36,785,253	-	-	-	-
Derivative liability - Currency and Interest rate Swap	-	206,027,431	-		-	-	-	15,928,943	-
Derivative liability - Options	34,694,338		-	115,365,934	-	-	146,434,198		-
Creditors for capital expendit	-	-	7,425,969,623	-	-	8,902,802,716	-	-	4,025,203,019
Total financial liabilities	**34,694,338**	**391,733,083**	**86,954,884,878**	**115,365,934**	**36,785,253**	**69,842,847,741**	**146,434,198**	**15,928,943**	**49,281,536,312**

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

(b) Fair value hierarchy

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

₹

Assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2017	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	2,390,225,992	-	-	2,390,225,992

₹

Assets and liabilities for which fair values are disclosed at March 31, 2017	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment property	-	-	5,929,554,565	5,929,554,565
Financial assets				-
Derivative asset - Foreign exchange forward contracts	-	-	-	-
Derivative asset - Options	35,439,231	-	-	35,439,231
Derivative asset - Currency and Interest rate swap	-	-	-	-
Financial liabilities	-	-	-	-
Derivative liability - Foreign exchange forward contracts	185,705,652	-	-	185,705,652
Derivative liability - Currency and Interest rate Swap	206,027,431			206,027,431
Derivative liability - Options	34,694,338			34,694,338

₹

Assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2016	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	292,646,217	-	-	292,646,217

₹

Assets and liabilities for which fair values are disclosed At March 31, 2016	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment property	-	-	3,793,936,970	3,793,936,970
Financial assets				
Derivative asset - Foreign exchange forward contracts			-	
Derivative asset - Options	81,120,048	-	-	81,120,048
Derivative asset - Currency and Interest rate swap	87,891,067	-	-	87,891,067
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	36,785,253	-		36,785,253
Derivative liability - Currency and Interest rate Swap	-	-	-	-
Derivative liability - Options	115,365,934	-		115,365,934

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts ₹

Assets and liabilities for which fair values are disclosed At April 1, 2015	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment property	-	-	1,667,950,856	1,667,950,856
Financial assets				
Derivative asset - Foreign exchange forward contracts	6,946,487	-		6,946,487
Derivative asset - Options	92,449,238	-		92,449,238
Derivative asset - Currency and Interest rate swap			-	-
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	-	-	-	-
Derivative liability - Currency and Interest rate Swap	15,928,943	-		15,928,943
Derivative liability - Options	146,434,198	-		146,434,198

There were no transfers between any levels during the year.

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

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

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

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

(d) Valuation processes

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

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

· Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market

· Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk

· For unlisted equity securities, their fair values are estimated based on the book values of the companies.

· Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Security deposits	37,054,082	37,054,082	37,156,500	37,156,500	21,000,000	21,000,000
Other advances	4,149,496	4,149,496	5,377,876	5,377,876	30,221,648	30,221,648
Other Receivables from related parties	21,385,060	21,385,060	26,709,246	26,709,246	5,012,359	5,012,359
Cash and Cash Equivalents	486,606,831	486,606,831	4,138,826,790	4,138,826,790	604,263,307	604,263,307
Balances with Banks held as margin money deposits	57,961,993	57,961,993	1,116,732,092	1,116,732,092	-	-
Financial liabilities		-				
Term Loan Borrowings	79,249,628,605	79,249,628,605	60,749,851,751	60,749,851,751	45,191,514,205	45,191,514,205
Security deposits	279,286,651	279,286,651	190,193,274	190,193,274	64,819,088	64,819,088
Creditors for capital expenditure	7,425,969,623	7,425,969,623	8,902,802,716	8,902,802,716	4,025,203,019	4,025,203,019

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

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

L&T Metro Rail (Hyderabad) Limited

Notes forming part of Accounts

25.3 Disclosure pursuant to Ind AS 108 - Segment information

(a) Description of segments and principal activities

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 CODM examines the Company's performance on service perspective. Segment accounting policies are in line with the accounting policies of the Company.

(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.

₹ crs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015
	Segment Assets	Additions to non-current assets	Segment Assets	Additions to non-current assets	Segment Assets
Metro Rail System	10,913.48	1,823.77	9,089.71	2,358.32	6,731.39
Others	635.53	204.95	430.58	193.02	237.56
Total segment assets	**11,549.01**	**2,028.72**	**9,520.29**	**2,551.34**	**6,968.94**
Unallocated:					
Deferred tax assets	12.32	-	-	(0.04)	0.04
Investments	239.02	209.76	29.26	19.26	10.01
Cash and Bank Balances	54.46	(471.10)	525.56	465.13	60.43
Total assets as per the balance sheet	**11,854.81**	**1,767.38**	**10,075.11**	**3,035.69**	**7,039.42**

(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.

₹ crs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Metro Rail System	9,348.77	7,534.82	4,851.78
Others	468.30	310.69	134.02
Total segment liabilities	**9,817.08**	**7,845.52**	**4,985.80**
Unallocated:			
Deferred tax liabilities	-	0.67	-
Current tax liabilities	0.03	-	0.15
Total liabilities as per the balance sheet	**9,817.11**	**7,846.18**	**4,985.94**

L&T Metro Rail (Hyderabad) Limited
Notes forming part of Accounts
25.4 Disclosure Under Appendix B to Ind AS 11

Description of the arrangement	Significant terms of the arrangement	
Construction, operation and maintenance of the Metro Rail System on Design, Build, Finance , operate and Transfer basis	Period of the Concession	Initial period of 35 years and extendable by another 25 years at the option of the concessionaire subject to fulfilment of certain conditions under concession agreement
	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	The concession agreement was entered into on 4th Sept 2010 between the parties under the Andhra Pradesh Municipal Tramways Act, 2008 and accordingly a notification of the initial fare was issued by the State Government. with subsequent increase in fare by 5% (five per cent) thereof for a period of 15 (fifteen) successive years commencing from April 1, 2014 (base rates).The first increase of 5% (five per cent) hereunder shall take effect on April 1, 2015, and the last and fifteenth such increase shall be affected on April 1, 2029. The applicable base rates shall be revised annually w.e.f. April 1 each year to reflect the variation in Wholesale Price Index (WPI) but such revision is restricted to 60% of the increase in WPI. Subsequently in January 2012 the Central Government extended the provisions of Metro Railways Acts to the Project under a gazette notification. Accordingly, as Metro Rail Authority (MRA), the company is exploring to fix the fare for the first year.
	Investment Grant from grantor	Viability Gap Fund of Rs. 1458 Crores
	Infrastructure return at the end of the concession period	Being DBFOT project , the project assets have to be transferred at the end of concession period
	Renewal and termination Options	The concession period will be extended for a further period of 25 years at the option of the concessionaire upon satisfaction of Key Performance Indicators by the concessionaire under the concession agreement. This option is to be exercised by the concessionaire during the 33rd year of the initial concession period. Termination of the Concession Agreement can either be due to a) Force Majeure b) Non Political event c) Indirect political event d) Political event. On occurrence of any of the above events, the obligations, dispute resolution, termination payments etc are as detailed in the Concession Agreement.
	Rights & Obligations	Major obligations of the concessionaire are a) obligations relating to project agreements b) obligation relating to change in ownership c) obligation relating to issuance of Golden Share to the Government d) Obligation relating to maintaining aesthetic quality of the Rail System e) Obligation to operate and maintain the rolling stock and equipment necessary and sufficient for handling Users equivalent to 110% of the Average PHPDT etc. Major obligations of the Government are a) providing required constructible right of way for construction of rail system and land required for construction of depots and transit oriented development. b) providing reasonable support and assistance in procuring applicable permits required for construction c) providing reasonable assistance in obtaining access to all necessary infrastructure facilities and utilities d) obligations relating to competing facilities e) obligations relating to supply of electricity etc
	Changes in the arrangement occurring during the period	Any changes in the arrangement like change in the Shareholding etc needs approval from the Government.
	Classification of Service Arrangement	The service arrangement has been classified as a Service Concession Arrangement for a PPP project as per Appendix A to Ind AS 11- Construction Contracts; accordingly construction revenues and expenses are accounted during construction phase and intangible asset is recognised towards rights to charge the users of the system.

Particulars	As at March 31, 2017	As at March 31, 2016
Construction revenue	15,629,387,902	25,246,750,420
Profit	-	-

L&T Metro Rail (Hyderabad) Limited

25 Notes forming part of Accounts

25.5 Disclosure pursuant to Ind AS 17 " Leases"

a) Assets taken on operating Lease

The Company has not entered into any finance lease. The Company has taken premises and vehicles under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no exceptional/restrictive covenants in the lease agreements. The lease expenses in respect of these operating leases have been recognized as an expense Current Year: ₹ 5,86,57,935 (Previous Year ₹ 8,29,97,770) and included in Intangible assets under development.

b) Assets given under operating Lease

The company has entered into Memorandum of Understanding with some of the interested parties for giving the space on lease related to Transit Oriented Development and Station Retail. However since the company is in construction phase and date of commencement of commercial operations is yet to be decided, data with respect to future lease rentals is unascertainable.

25.6 Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

An amount of ₹ 1,53,89,567 (*previous year : ₹ 1,05,71,565*) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense in Intangible Assets under development

(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 amounts recognised in Balance Sheet are as follows:

₹

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	**As at March 31, 2016**	**As at March 31, 2017**	**As at March 31, 2016**
A) Present value of defined benefit obligation				
- Wholly funded	20,016,840	18,754,303	-	-
- Wholly unfunded	-	-	19,021,912	18,100,986
	20,016,840	18,754,303	19,021,912	18,100,986
Less : Fair value of plan assets	22,057,546	13,669,190	-	-
Amount to be recognised as liability or (asset)	(2,040,706)	5,085,113	19,021,912	18,100,986
B) Amounts reflected in the Balance Sheet				
Liabilities	-	5,085,113	19,021,912	18,100,986
Assets*	2,040,706	-	-	-
Net Liability / (asset)		**(2,040,706)**	**5,085,113**	**19,021,912**

* The company has not recognised plan assets in the books of account.

c) The amounts recognised in the Intangible assets under development is as follows: ₹

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	**As at March 31, 2016**	**As at March 31, 2017**	**As at March 31, 2016**
1. Current service cost	2,021,821	1,747,853	274,436	1,187,637
2. Interest on Defined benefit obligation	1,500,344	1,037,219	1,448,079	1,129,250
3. Expected return on plan assets	(1,525,066)	(757,322)		
4. Actuarial losses/(gains)	1,331,001	3,805,144	5,235,433	6,229,550
From changes in demographic assumptions	-	-		
From changes in financial assumptions	1,331,001	3,805,144	5,235,433	6,229,550
5. Past service cost	-	-	-	-
6. Actuarial gain/(loss) not recognised in books	-	-	-	-
7. Premium expenses	55,006	-	-	-
Total (1 to 7)	3,383,106	5,832,894	6,957,948	8,546,437
I Amount included in "Intangible assets under developmen	3,383,106	5,832,894	6,957,948	8,546,437
II Amount included as part of "finance costs"	-	-	-	-
Total (I + II)	**3,383,106**	5,832,894	**6,957,948**	**8,546,437**
Actual return on plan assets	**(1,525,066)**	**(757,322)**	**-**	**-**

L&T Metro Rail (Hyderabad) Limited

25 Notes forming part of Accounts

d) The 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, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Opening balance of the present value of defined	18,754,303	12,965,242	18,100,986	14,115,627
Add: Current service cost	2,021,821	1,747,853	274,436	1,187,637
Add: Interest cost	1,500,344	1,037,219	1,448,079	1,129,250
Add: Contribution by plan participants				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add/(less): Actuarial losses/(gains)	1,331,001	3,805,144	5,235,433	6,229,550
Less: Benefits paid	3,590,629	801,155	6,037,022	4,561,078
Add: Past service cost	-	-	-	-
Closing balance of the present value of defined b	20,016,840	18,754,303	19,021,912	18,100,986

e) The 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, 2017	As at March 31, 2016
	₹	₹
Opening balance of fair value of plan assets	13,669,190	11,741,302
Add: Expected return on plan assets	1,525,066	757,322
Add/(less): Actuarial losses/(gains)	-	-
Add: Contribution by employer	10,508,925	1,971,721
Add: Contribution by plan participants	-	-
Less: Premium expenses	55,006	
Less: Benefits paid	3,590,629	801,155
Closing balance of fair value of plan assets	22,057,546	13,669,190

f) Principal actuarial assumptions at the Balance Sheet date:

₹

Particulars	As at March 31, 2017	As at March 31, 2016
1) Discount rate	8.00%	8.00%
2) Salary growth rate	10.00%	10.00%
3) Expected rate of return	8.25%	8.35%
4) Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
5) Attrition rate	5.00%	5.00%

g) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
1) Discount rate	1.00%	1.00%	8.67%	8.84%	-9.99%	-10.18%
2) Salary growth rate	1.00%	1.00%	-1.16%	-1.57%	1.43%	1.56%
3) Attrition rate	1.00%	1.00%	8.67%	8.84%	-9.99%	-10.18%

h) The average duration of the defined benefit plan obligations at the end of the reporting perioc ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at 01.04.2015
1) Gratuity Plan	27,670,399	24,604,461	12,965,242

25.7 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Additions during the year to capital work-in-progress/intangible assets under development include ₹ 787,46,64,726 (previous year: ₹ 628,71,36,648) being borrowing cost capitalised in accordance with Ind AS 23 "Borrowing Costs" Asset wise break-up of borrowing costs capitalised is as follows

₹

Asset Class	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Tangible			
-Capital work in progress	359,481,476	233,966,938	74,701,654
Intangible - Intangible Assets under	7,515,183,250	6,053,169,710	3,861,404,105
TOTAL	**7,874,664,726**	**6,287,136,648**	**3,936,105,759**

L&T Metro Rail (Hyderabad) Limited
Notes accompanying the financial statements

25.8 Disclosure pursuant to Ind AS 24 "Related party disclosures"

I) List of related parties where control exists

(a) Holding Company
1) Larsen & Toubro Limited (w.e.f 29th March, 2017)
2) L&T Infrastructure Development Projects Limited (upto 28th March , 2017)

(b) Fellow Subsidiaries
1) L&T Finance Holdings Limited
2) L&T Housing Finance Limited
3) L&T Technology Services Limited
4) L&T Infotech Limited
5) L&T Marketing Networks Limited

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

(a) Key Management Personnel :
1) Mr. Shivanand Nimbargi, Managing Director and CEO (w.e.f. 01.06.2016)
2) Mr. V.B.Gadgil, Chief Executive & Managing Director (up to 31.05.2016)
3) Mr. Mr.J. Ravi Kumar, Chief Financial Officer
4) Mr. Ashish Malhotra, Company Secretary

III) Disclosure of related party transactions:

Name/Relationship/ Nature of transaction	2016-17 ₹	2015-16 ₹
1. Holding Company		
Larsen & Toubro Limited		
(a) Pay roll & TEMS Processing fees	405,771	423,959
(b) Cost of Services	19,634,099	63,882,751
(c) Equity Share capital received	3,153,090	4,926,430
(d) Equity Share Capital Money Received	63,526,520	-
(e) Mobilisation advance paid	-	75,000,000
(f) Construction work in progress	9,209,336,590	14,872,245,602
(g) Overheads recovered by	4,642,186	4,986,490
(h) Overheads charged to	12,435,440	
(i) Sale of services		177,840
2. **Fellow Subsidiaries**		
(i) L&T Infrastructure Development Projects Limited		
(a) Equity Share Capital Money Received	312,159,840	487,716,360
(b) Rent Payment	904,332	977,433
(c) Reimbursement of expenses charged by	54,131	1,325,633
(d) Reimbursement of expenses charged to	343,516	-
(ii) L&T Infotech Limited		
(a) Purchase of services and products	40,921,643	61,302,420
(iii) L&T Marketing Networks Limited		
(a) Overheads charged by	307,023	-
(iv) L&T Finance Holdings Limited		
(a) Overheads charged to	147,125	1,68,313
(v) L&T Technology Services Limited		
(a) Sale of services		1,14,500

Key Management Personnel Compensation

Particulars	**2016-17**	**2015-16**
Short Term Employee Benefits	42,332,967	27,630,818
Post-Employee Benefits	14,961,455	-
Total	**57,294,422**	**27,630,818**

V) Due to / from related parties ₹

Name/Relationship	As at March 31, 2017		As at March 31, 2016	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Holding company) - Construction	612,009,790		188,03,04,551	
Larsen and Toubro Limited (Holding company-Mobilisation		731,015,561	-	129,39,76,
(iii) Fellow subsidiaries				
(a) L&T Infrastructure Development Projects Limited	91,910	1,80,000	43,03,946	1,80,000
(b)L&T Infotech Limited	646,593		2,97,53,881	
(c) L&T Marketing Networks	357,489			
(d) L&T Finance Holdings Limited	147,125			
(e) L&T Transportation Infrastructure Limited		68,400		68,400
(f) L&T Realty Limited	12,716,311	-	12,716,311	-

Commitment with Related Parties ₹

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Larsen & Toubro Limited	23,785,729,463	27,640,211,517	37,768,799,196
Larsen & Toubro Infotech Limited	63,782,130	95,513,782	186,176,040

Note:
1. No amount pertaining to the related parties have been written off / written back during the year
2. The holding company Larsen & Toubro Limited has furnished promoter support undertaking to fund any coupon shortfall for every coupon period during the tenure of Non-Convertible debentures

L&T Metro Rail (Hyderabad) Limited
Notes accompanying the financial statements

25.9 Disclosure pursuant to Ind AS 33 "Earnings per share"
Basic and Diluted earnings per share (EPS) computed in accordance with Ind AS 33

Particulars	₹ / Nos	2016-17 ₹	2015-16 ₹
Profit after Tax	₹	28,208,066	29,111,569
Number of equity shares outstanding	Nos	2,062,193,178	2,030,661,885
Weighted average number of equity shares	Nos	2,048,028,031	2,010,998,365
Earnings Per Share (Basic and Diluted)	₹	**0.014**	**0.014**
Nominal value per equity share	₹	10.00	10.00

25.10 Expenditure in Foreign Currency: ₹

Particulars	As at 31.03.2017	As at 31.03.2016
On overseas contracts	808,169,688	509,253,609
Professional/Consultancy Fees	11,184,750	6,070,810
Travelling expenses	733,256	1,093,262
Others	13,177,428	6,176,891
Total	**833,265,122**	**522,594,572**

25.11 Pursuant to the Employees Stock Options Scheme established by the holding Company (i.e. Larsen & Toubro Limited), stock options were granted to the deputed employees of the Company. Total cost incurred by the holding Company, in respect of the same is ₹ 2,46,78,888. The same is being recovered from the company over the period of vesting by the holding Company. Accordingly, cost of ₹ 1,37,09,208 (P.Y. ₹ 36,94,952) has been recovered by the holding Company upto current year, out of which, ₹ 98,62,630 (P.Y. ₹ 83,611) was recovered during the year. Balance of ₹ 1,09,69,680 will be recovered in future periods

25.12 There are no amounts due to Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise

25.13 Disclosure on Specified Bank Notes (SBNs)
During the year, the company had specified bank notes or other denomination note as defined in the MCA notification GSR 308 (E) dated March 31,2017 on the details of the Specified Bank Notes (SBN) held and transacted during the period from November 8 ,2016 to December 30,2016 the denomination wise SBNs and other notes as per the notification is given below:

Particulars	Specified Bank Notes		Other Denomination Notes (₹)	Total (₹)
	₹ 500 denomination	₹ 1000 Denomination		
Closing Cash in hand as on 08.11.2016	20,000		10,875	30,875
Permitted Receipts (+)				-
A)SBN: Only for agencies involved in Providing various items mentioned in exemptions notifications				
B.Other Denomination : No Restriction			256,056	256,056
Permitted Payments (-)				-
Other Denomination : No Restriction			195,956	195,956
Amount Deposited in Banks	20,000		13,500	33,500
Closing cash on hand as on 30.12.2016	**-**	**-**	**57,475**	**57,475**

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

25.15 Figures have been rounded off to the nearest rupee.

Note 26. Significant Accounting Policies

I. Corporate Information:

L&T Metro Rail (Hyderabad) Limited was incorporated on 24th August 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriental Development) in Hyderabad under Public Private Partnership model.

The Company signed Concession Agreement with the Government of erstwhile unified state of Andhra Pradesh (now the Government of Telangana State), on 04.09.2010 which granted the exclusive right, licence 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, Jubilee Bus Station to Falaknuma and from Nagole to Shilparamam in Hyderabad, covering a total distance of 71.16 Kms and the Transit oriented development(TOD) in accordance with the provisions of the Concession Agreement on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

In terms of Clause 3.1.1 and Schedule G of the Concession Agreement, the concession period of the project is for 35 years commencing from the Appointed Date including the construction period, which is extendable for a further period of 25 years subject to fulfilment of certain conditions by the Company.

The Company achieved financial closure on 1st March 2011 and satisfied all conditions precedent laid down in the concession agreement. The Government had declared Appointed Date as 5th July 2012. The project cost shall be funded by promoters' share capital, viability gap fund and term loans from a consortium of banks with State Bank of India, as lead bank. The Company commenced debt drawl during the financial year 2012-13 and the construction of the project is in progress

II. Significant Accounting policies:

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 25.1 for the details of first time adoption exemptions availed by the Company.

2. Basis of accounting

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- Assets held for sale — measured at fair value less cost to sell;
- Defined benefit plans — plan assets measured at fair value; and
- Share-based payments

3. Fair Value Measurement

The company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet dateAll assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. Derived from prices).

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4. 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 ofInd 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.

5. 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.

6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from services — consulting

Timing of recognition: Revenue from services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue: Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

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 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 (10) below, the right to consideration gives rise to an intangible asset and financial asset:

- Income from the concession arrangements earned under the intangible asset model consists of the fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset and payments actually received from the users.

Other Income

a. **Interest income**: Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.
b. **Dividend income**: Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.
c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

7. 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 capitalised as a part of the cost of the PPE.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

For transition to Ind AS, the carrying value of PPE under I-GAAP as on April 1,2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment. PPE not ready for the intended use on the date of the Balance Sheet are disclosed as 'capital work-in-progress'.

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

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

Category of Asset	Useful Life
Furniture & Fixture	6- 10 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 recognised in the income statement on the date of retirement or disposal.

8. 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 recognised 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 capitalised 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 derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

For transition to Ind AS, the carrying value of Investment properties under previous GAAP as on April 1, 2015 is regarded as its deemed cost.

9. 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. Intangible assets are amortized over their useful life.

10. 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 and transit oriented development (real estate development).

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.

The intangible asset is amortised over its expected useful life 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. Based on these principles, the intangible asset is amortised over the duration of the concession.

Any asset carried under concession arrangements is derecognised 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.

11. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and
b. the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use;

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

c) Long term employee benefits:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

13. 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.

Operating leases:

i). Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted under intangible assets under development on straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

ii). Assets leased out under operating leases are continued to be carried as part of Investment Property by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

14. Financial instruments
Financial assets and financial liabilities are recognised 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 assetsin their entirety are subsequently measured either at amortised cost or fair value. Investments in debt Instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (unless the same are designated as fair value through profit or loss)
- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments, if any, and all changes are recognised 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 recognised in profit or loss and other changes in fair value are recognised 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 derecognised when:
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 recognising impairment loss on financial assets measured at amortised 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 recognised 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 recognised less cumulative amortisation. All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

Financial liability is derecognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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 recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising 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 recognised assets or liabilities or a firm commitment (fair value hedge);
(b) hedges of a particular risk associated with a recognised 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 amortised to the consolidated statement of profit and loss from that date.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit and loss, and is included in the other expenses.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the consolidated statement of profit and loss in the periods when the hedged item affects the consolidated statement of profit and loss, in the same line as the recognised 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 recognised 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 recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated 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 recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated 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 consolidated 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 capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or lossin 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. On-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 recognised 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
The 'Managing Director and Chief Executive Officer' is the chief operating decision maker who assesses the financial performance and position of the company and makes strategic decisions. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

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

i. Segment revenue includes sales and other operational revenue directly identifiable with/ allocable to the segment including inter segment revenue.
ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.
iii. Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.
iv. Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.
v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.
vi. Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost [see Note xx] 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 recognised 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 recognised 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 realised.

Other deferred tax assets are recognised 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 realised.

Transaction or event which is recognised 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 realise the asset and settle the liability simultaneously.

20. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a) an entity 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 recognised only when it is virtually certain that the reimbursement will be received.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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 amount 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. Cash Flow Statement

Cash flow statement 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:

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

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

23. Contributed equity

Equity shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

25. Key sources of estimation uncertainty

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 are recognised in the period to which it affects.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:
- Estimation of current tax expense and payable
- Estimated useful life of intangible asset
- Estimation of defined benefit obligation
- Recognition of revenue
- Recognition of deferred tax assets for carried forward tax losses
- Impairment of trade receivables
- Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

III. Ind AS issued but not yet effective:

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 amending Ind AS 102, Share-based payment and Ind AS 7, Statement of cash flows. The company is in the process of studying the impact of said amendments.

As per our report attached
For M.K Dandeker & Co.,

Firm registration number : 000679S
Chartered Accountants
by the hand of

Sd/-
S. Poosaidurai
Partner
Membership No: 223754

Place : Hyderabad
Date : 05.05.2017

For and on behalf of the board of directors of
L&T Metro Rail (Hyderabad) Limited

Sd/-
Shivanand Nimbargi
[Managing Director & Chief executive officer]
DIN No: 01419304

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

Sd/-
J. Ravikumar
[Chief Financial Officer]
Membership No: 023240

Sd/-
Ashish Malhotra
[Company Secretary]
Membership No: A18393

Place : Hyderabad
Date : 05.05.2017

Form No. MGT-11
Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014*]*

L&T Metro Rail (Hyderabad) Limited

CIN: U45300TG2010PLC070121

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

Name of the Member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DP ID :

I/We, being the Member (s) of ………… shares of the above named company, hereby appoint

1. **Name : ……………………**
   Address :
   E-mail Id :
   Signature : or failing him/her

2. **Name : ……………………**
   Address :
   E-mail Id :
   Signature : or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7th Annual General Meeting of the Company, to be held on Friday the 22nd day of September, 2017 at 11:00 A.M. at the registered office of the Company situated at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad – 500 039, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements for the Financial Year 2016-17			
2.	Appointment of Mr. R Shankar Raman as a director liable to retire by rotation.			
3.	Re-appointment of M/s M K Dandeker & Co., as Statutory Auditors for the Financial year 2017-18.			

Signed this…………………..…… day of…………………………… 2017.

Signature of Shareholder

Signature of Proxy holder(s)

Affix revenue stamp of not less than ₹ 1/-

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the “for”, “against” or “abstain” column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Attendance Slip

L&T Metro Rail (Hyderabad) Limited
CIN: U45300TG2010PLC070121
Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole,
Hyderabad- 500 039, Telangana

Registered Folio no. /DP ID no. /Client ID no. :
Number of Shares held :

I certify that I am member/proxy/authorized representative of the Member of the Company.

I hereby record my presence at the 7th Annual General Meeting of the Company at the registered office of the Company situated at Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad – 500 039, Telangana, on Friday the 22nd September, 2017 at 11:00 A.M.

……………………………………….	……...
Name of the Member/Proxy:	Signature of the Member/Proxy

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting hall.