

DEVELOPMENT PROJECTS SEGMENT



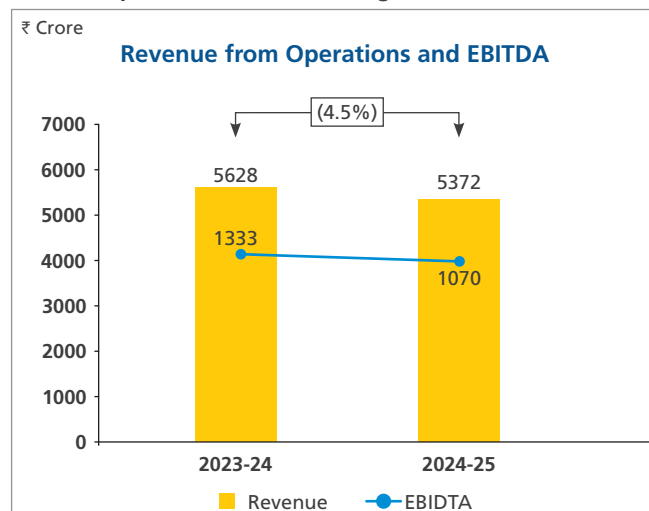
Hyderabad Metro Rail system typically sees an average daily ridership of round 4.75 to 5 lakh passengers

The Development Projects segment comprises of:

- Hyderabad Metro Rail project, through a wholly owned subsidiary, L&T Metro Rail (Hyderabad) Limited
- Thermal power plant, through Nabha Power Limited, a subsidiary of L&T Power Development Limited

The Company, on April 10, 2024, concluded the sale of its entire stake in L&T Infrastructure Development Projects Limited (L&T IDPL), a joint venture, primarily engaged in the development and operation of toll roads and power transmission assets. The stake was sold to Infrastructure Yield Plus II, an infrastructure fund managed by Edelweiss Alternative Asset Advisors Limited.

Financial performance of the segment



The segment recorded revenue of ₹ 5,372 crore for the year ended March 31, 2025, lower by 4.5% over the previous year. The decline in revenue is due to monetisation of a high value commercial property of Hyderabad Metro SPV in the previous year.

The segment reported an operating profit of ₹ 1,070 crore for FY 2024-25, lower than the ₹ 1,333 crore reported in FY 2023-24. As mentioned earlier, the decrease is mainly due to the monetisation of a high value commercial property in Hyderabad Metro SPV in the previous year.

The funds employed by the segment as on March 31, 2025, is lower at ₹ 18,063 crore, mainly due to the annual amortisation of intangible assets and sale of commercial property.

L&T Metro Rail (Hyderabad) Limited

Overview

L&T Metro Rail (Hyderabad) Limited (L&TMRHL) is a special purpose vehicle (SPV) created to undertake the business of constructing, operating and maintaining a metro rail system, including transit oriented development (TOD) in Hyderabad on a Design-Build-Finance-Operate-Transfer (DBFOT) basis under a concession agreement signed between the SPV and



Hyderabad Metro extends ~70 km across three lines, easing commuting woes, Telangana

the Government of Telangana. The remaining period in the concession is approximately 47 years, with further extensions available as per the conditions set out in the concession agreement signed with the Government of Telangana.

The Hyderabad metro rail system consists of three elevated corridors from Miyapur to L. B. Nagar, Jubilee Bus Station to Mahatma Gandhi Bus Station and Nagole to Raidurg, covering a total network of 69.2 km. The metro rail system was commissioned in phases, with the final stretch being commissioned in February 2020.

The concession agreement includes real estate development rights of 18.5 million sq.ft. in the form of TOD, of which 4.74 million sq.ft. has been monetised till March 2025. Further, L&TMRHL has developed and operationalised four retail malls aggregating to 1.20 million sq.ft. of leaseable area. On an ongoing basis, the company continues to pursue opportunities to monetise TOD rights from third party investors.

Business Environment

Hyderabad Metro is the safest, cleanest, fastest and most reliable urban public transport in the city of Hyderabad. Additional benefits like reserved seats for senior citizens and ladies, WhatsApp-complaint services and various promotional schemes have also been introduced to incentivise commuters to shift their transport preferences.

The average daily ridership in FY 2024-25 was 4,44,000 as against 4,42,000 in FY 2023-24. The highest recorded single-day ridership was of 5,63,000 on August 14, 2024.

With a view to enhancing the vibrancy of L&TMRHL's 4 malls, the company has undertaken an upgrade of its visitor conveniences, improvement of ambience and aesthetics viz., wall panelling, public seating, horticulture, entry and exit areas, and more.

Major Achievements

- ▣ The Fifth Report on Key Performance Indicators (KPI) published by I-Metro - an accredited body created by Ministry of Housing and Urban Affairs - saw L&TMRHL as a top performing metro service on several parameters.
- ▣ Non-fare revenue generation through innovative measures are being actively pursued.
- ▣ Advertisement space on project assets offer a revenue potential by way of launching various innovative services, including digital advertisements. Telecom sector services, like optic fiber and tower space leasing, also contribute to non-fare revenue majorly.
- ▣ Rental income opportunities are also a focus area for L&TMRHL. The business has created 3.74 lakh sq.ft. of retail / commercial space across all 57 stations. Station retail occupancy levels reached 87% with close to 3.24 lakh sq.ft. under trading. The company has also undertaken various initiatives to improve the occupancy in station retail.



Hyderabad Metro Rail Stabling Yard at Uppal Depot, Telangana

- With a view to increasing the use of green energy, the business has replaced 12% of its grid power requirements for metro rail operations with captive solar power of 10.0 MWp, since commissioning. Solar panels have been installed over the rooftop of metro stations and in depot areas. Another 2 MWp of solar capacity addition is under progress. Further, the business has also created 155 rainwater harvesting pits at various stations and depots, in which approximately 64 million litres of water get harvested annually.

Significant Initiatives

All 57 stations of Hyderabad Metro Rail are now Indian Green Building Council (IGBC) Platinum-certified making it the first metro in India to have all their stations certified as Platinum-rated.

L&TMRHL is working towards upgrading its ticketing system through the introduction of the open-loop ticketing system (OTS) in FY 2025-26. This will aid digital payments by commuters.

Robust and affordable last-mile connectivity for commuters enhances ridership on the metro system. In this regard, L&TMRHL has added exclusive shuttle services from metro stations to corporate offices and has partnered with the Telangana State Road Transport Corporation (TSRTC) for feeder services.

Periodic overhauling (POH) of trains has been initiated in FY 2024-25. POH of 14 train sets out of 57 have been completed.

The business is exploring additional non-fare revenue opportunities through various measures such as consultancy services to other metros, leasing out of optical fiber networks, letting out spaces for erecting mobile towers, setting up of electric vehicle (EV) charging stations (55 charging points already available), royalty earnings from QR ticketing and OTS partners, and more.

L&TMRHL strongly believes in safety and has put mechanisms in place to achieve this objective. The Automatic Train Protection (ATP) system continuously monitors trains for safe operations. The station equipment, the Computer-Based Interlocking (CBI) and wayside ATP are arranged to ensure safe and uninterrupted train operations. Further, Passenger Emergency Stop Plungers are provided on each platform and in station control rooms to stop a train immediately in case of an emergency.

Outlook

Sustained focus on bringing employees 'back-to-office' by various companies, as well as an increase in the overall workforce, should support increased ridership in FY 2025-26. Implementation of OTS is expected to ease metro travel and thereby enhance passenger experience.

Collaboration with various feeder services for first and last mile connectivity is expected to further strengthen the ridership and fare revenue. To enhance commuter convenience, improving the number of parking areas across the network continues to be a priority along with addition of feeder bays, elevators and escalators.



2x700 MW Supercritical Thermal Power Plant, Rajpura, Punjab

In line with the updated positioning, attracting top-end retail players to the 4 malls, remains a pivot area for FY 2025-26. Leasing activity in the retail industry is constantly evolving. Further, revenue share agreements for an initial period - for retailers to derive confidence - followed by minimum guaranteed rental plus revenue share on stabilisation, are now a common practice.

Retail stores may have a significant component of online sales and billing, especially in areas like food and beverage. This requires the creation of an infrastructure to support the logistics needs for the outlets' channel partners. The business recognises the need to be flexible, while tracking new trends and supporting retailers in a manner that is value accretive.

The sale of advertisement contracts into sizeable packages and the selection of partners who have the strengths to grow the business and enlarge occupancy, have also resulted in an increase in revenues.

Hyderabad Metro Rail is seen as an environment-friendly, safe, fast and reliable mode of transport. With the proposed Phase-2 expansion of the metro by the Government of Telangana, the reach of metro rail system is expected to improve. This would lead to an increase in the average ridership in the medium to long term.

Nabha Power Limited

Overview

Nabha Power Limited (NPL) owns and operates a 2x700 MW supercritical thermal power plant at Rajpura, Punjab. The sale of power generated is entirely tied up with the state's distribution company - Punjab State Power Corporation Limited (PSPCL), under a 25-year power purchase agreement (PPA), which is effective up to 2039.

The plant sources its fuel from the subsidiaries of Coal India Limited, under a 20-year fuel supply agreement (FSA), with a total annual contracted quantity of 52.4 lakh million tonnes (MT). The company has secured approvals to arrange coal from alternate sources to make up for any shortfall in supply of coal. The Bhakra-Nangal distributary is a perennial source of water for the plant, under an allocation from the state government. The plant is operated by an in-house team of experienced operations and maintenance (O&M) professionals.

The plant has been running successfully for over 11 years with an availability of over 85%. The plant has been the most reliable source of power for the state of Punjab and has consistently supported the state's requirements with uninterrupted power supply during peak seasons. NPL is also the lowest cost thermal power producer in Punjab.



2x700 MW Supercritical Thermal Power Plant, Rajpura, Punjab

Business Environment

India's average electricity demand has risen by 5% in FY 2024-25. This growth is primarily attributable to increased economic activity, increase in rural electrification and rise in residential power consumption.

Meanwhile, Punjab's power sector has witnessed a sharp rise in electricity demand, outpacing the national average. Electricity demand in Punjab increased by ~11% from 8,041 MW in FY 2023-24 to 8,951 MW in FY 2024-25, driven by early onset of summer and an increased agricultural load.

Despite multiple challenges, NPL was able to source coal from entirely domestic sources ensuring adequate and uninterrupted power supply at an affordable cost to the state of Punjab throughout the year.

Major Achievements

- ▣ Annual plant availability factor (PAF): ~95% (highest ever for NPL) and ~98% during the critical paddy sowing season
- ▣ Annual plant load factor (PLF): 82% vs all India thermal average of 69%
- ▣ Successfully achieved the 3% biomass co-firing compliance target
- ▣ Robust fuel management with zero reliance on alternate/imported coal

Outlook

Grid India has projected peak demand to touch around 273 GW in the upcoming summer season. Coal stocks at thermal plants are at an all-time high of 54 MT, ensuring reliable fuel supply to support thermal power generation in meeting the anticipated peak demand.

In FY 2025-26, the peak power demand in Punjab is expected to rise to ~17 GW. As a result, NPL is expected to operate at high PLF while seeking to maintain its position at the top of the merit order among thermal power producers within the state.

NPL expects to commission Flue Gas De-sulphurisation (FGD) systems for both units during FY 2025-26, thereby complying with the new environmental norms, ahead of the mandated deadline. To ensure compliance with Ministry of Environment, Forest and Climate Change biomass co-firing norms, NPL has successfully achieved the 3% co-firing target for FY 2024-25. The biomass co-firing target has been increased to 5% for FY 2025-26.

The areas of focus for NPL during FY 2025-26 are compliance with HSE (health, safety and environment) norms, maximising plant availability, improving plant efficiency - especially during part-load conditions, commissioning of FGD, ensuring fuel adequacy and pursuing multiple digitalisation initiatives to improve operational efficiency.