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REGISTERED OFFICE:

8th Floor,
Revenue Tower, Park Avenue,
Kochi – 682011
Kerala, India.
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Fax No: +91 484 2360 686
www.kochimetro.org

STATUTORY AUDITORS

M/s. K Varghese & Co.,
Chartered Accountants,
Market Road,
Ernakulam.

INTERNAL AUDITORS

M/s. J R S & Co.,
Chartered Accountants,
2nd Floor, The Monarch,
P. T. Usha Road, Kochi – 682011

COMPANY SECRETARY

B. Anilkumar

OUR BANKS

Canara Bank
State Bank of India
State Bank of Travancore
Indian Bank
HDFC Bank Ltd.
Axis Bank Ltd.
IDBI Bank Ltd.
Federal Bank Ltd.
Dhanalaxmi Bank Ltd.

BOARD OF DIRECTORS

- | | | |
|--------------------------|---|--|
| Shri Shankar Aggarwal | - | Chairman, KMRL
Secretary, Ministry of Urban Development,
Room No.122 C, Nirman Bhavan,
New Delhi. |
| Shri M. K. Sinha | - | Joint Secretary (UT)
Ministry of Urban Development,
Room No.138 C
Nirman Bhavan, New Delhi. |
| Shri V. K. Jain | - | Additional Member
Railway Board, Ministry of Railways,
Rail Bhavan, New Delhi. |
| Shri Jitendra Tyagi | - | Director (Works),
DMRC Ltd., Metro Bhavan,
Fire Brigade Lane,
Barakhamba Road, New Delhi. |
| Shri L. Narasim Prasad | - | Director (Systems & Operations),
Chennai Metro Rail Limited,
Harini Towers, Gopalapuram, Chennai. |
| Shri E.K. Bharat Bhushan | - | Chief Secretary
Government of Kerala, Government
Secretariat,
Thiruvananthapuram. |
| Dr K. M. Abraham | - | Additional Chief Secretary, Finance
Government of Kerala, Government
Secretariat,
Thiruvananthapuram. |

- | | | |
|-----------------------|---|---|
| Shri V. J. Kurian | - | Additional Chief Secretary,
Water Resources & CSIN,
Government of Kerala,
Government Secretariat,
Thiruvananthapuram. |
| Dr M. G. Rajamanickam | - | District Collector
Collectorate, Kakkanad, Ernakulam. |
| Shri Elias George | - | Managing Director
Kochi Metro Rail Ltd., 8 th Floor,
Revenue Tower, Kochi. |
| Shri Mahesh Kumar | - | Director (Projects)
Kochi Metro Rail Ltd., 8 th Floor,
Revenue Tower, Kochi. |
| Shri Abraham Oommen | - | Director (Finance)
Kochi Metro Rail Ltd., 8 th Floor,
Revenue Tower, Kochi. |
| Shri Ved Mani Tiwari | - | Director (Systems)
Kochi Metro Rail Ltd., 8 th Floor,
Revenue Tower, Kochi. |

NOTICE

Notice is hereby given that the Third Annual General Meeting of the Shareholders of the Company will be held on Tuesday, the 30th day of September, 2014 at 12.30 P.M at the Registered Office of the Company at Revenue Tower, 8th Floor, Opposite Park Avenue, Kochi - 682011, to transact the following businesses:

Ordinary Business:

1. Adoption of Annual Accounts.
To receive, consider and adopt the Balance Sheet of the Company as on 31st March 2014, the Profit and Loss Account of the Company for the year ending on that date and other statements along with the Report of the Board of Directors, the Statutory Auditors thereon and comments of the Comptroller and Auditor General of India.
2. Fixation of remuneration for the financial year 2013-14 to the Statutory Auditors, M/s. K. Varghese & Co., Chartered Accountants appointed by the Comptroller and Auditor General of India.

By Order of the Board of Directors

B. Anilkumar
Company Secretary

Place : Kochi

Date : 18/09/2013

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The form of proxy duly stamped and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholders,

It is my privilege to welcome you to the third Annual General Meeting of your Company. At the outset, may I place on record our gratitude for the distinguished leadership provided to your Company by Dr Sudhir Krishna, the previous Chairman.

I am pleased to inform you that due to the diligent efforts of your Company, the Kochi Metro project is progressing well. Despite the challenges emerging in reconciling the land acquisition process initiated by your Company under the Land Acquisition Act 1894 with the provisions of the newly enacted Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013; your Company has taken possession of 85% of the total land required for the project.

Your Company has successfully achieved financial closure for the Project by concluding financing agreements with the lenders. The financing agreement with Agence Française de Développement (French Agency for Development – AFD) was executed on February 9, 2014 and that with Canara Bank was executed on July 20, 2014. With the execution of these financing agreements, your Company has successfully mobilized the debt component of Rs.2170 crore.

The project execution arrangement with DMRC is working well, with appreciable progress in the civil engineering works. The project execution schedule is being broadly adhered to, with successful completion of around 24% of the physical works.

I am happy to inform you that the procurement process for the Systems component of the project is progressing well and is likely to be completed by October 2014. Due to proactive initiatives, your Company could conclude the Rolling Stock procurement at the lowest unit price for similar Rolling Stock procured anywhere in the Country, despite the fact that the fleet size under procurement is relatively small. I am confident that your Company will obtain very competitive prices in the procurement of the other components of Metro systems.



The Project Management Committee constituted by the Board and the Project Steering Committee constituted pursuant to the Agreement between KMRL and DMRC, both headed by the Managing Director, KMRL meet regularly to review project progress and to overcome possible impediments. The Board of your Company also reviews project progress at its periodic meetings.

Your Company accords very high priority to the quality of project execution and safety at the work sites. In pursuance of these objectives, your Company has appointed a consortium of consulting companies, led by the internationally renowned DB International GmbH as the Independent Safety and Quality Consultant.

As you may recall, your Company had appointed reputed and experienced consultants to assess the impact of the Kochi Metro Project on the environment during the construction and operation phases. Your Company has finalized the mitigation measures for any adverse environmental impacts arising from implementation of the project, and these measures are being actively monitored. With a view to evolve a resettlement and rehabilitation framework for the project-affected families, your Company had appointed a consultant. I am glad to inform you that your Company has finalized a 'best-in-class' resettlement and rehabilitation framework.

Your Company believes that the implementation of the Kochi Metro Project provides a unique opportunity to alter the development paradigm for the city of Kochi. With these objectives in view, your Company has finalized a Transit Oriented Development (TOD) plan, which seeks to spur densification within a 500 m corridor of the project. The implementation of the TOD plan will place Kochi Metro at the core of city life; encouraging walkability and adoption of public transport as means of commuting, for fulfilling the social, economic and recreational needs of the people of Kochi. The successful implementation of the TOD plan will also help your Company capture land value appreciation consequent upon successful implementation of the project. The additional revenue potential from the TOD plan will help improve financial viability of the operations of your Company.

Your Company believes that harmonized and integrated development of all modes of public transport has the potential to change the life of the Kochites. The Government of Kerala has constituted an Urban Metropolitan Transport Authority (UMTA) with the Managing Director of your Company as the Chairman of UMTA to realize this objective. Your Company has submitted a draft UMTA Bill, for according statutory status to the UMTA committee, for consideration by the State Legislature. Your Company has also appointed Ernst & Young (E&Y) as Consultant to suggest modalities for implementation of a Common Smart Card for all modes of public transport. Your Company is also commissioning studies to evolve a framework for multimodal feeder network integrated with Kochi Metro.

It is my pleasure to inform you that your Company is exploring the feasibility of extensions to the Metro corridor under construction. Your Company has already approved extension from Petta to SN Junction and from Jawaharlal Nehru Stadium to Infopark.

You will be happy to know that your Company pursues the goals of transparency and openness in all its operations by ensuring active participation of all the stakeholders and a wide section of the public in its endeavours. The Company makes use of all the available means of communication, including emerging interactive modes of communication like new social media, to establish a dialogue with all concerned. With these initiatives in place, I hope your Company will facilitate the transformation of Kochi into a vibrant, modern and smart city.

The Audited Accounts, the Reports of the Directors and Auditors and the comments of the Comptroller and Auditor General of India, as well as the notice to the shareholders have already been circulated to you and with your permission, we will formally transact the business specified in the notice calling the Annual General Meeting.

Thanking you,

(Sd/-)

Shankar Aggarwal
Chairman

DIRECTORS' REPORT

Dear Members,

It gives me immense pleasure in presenting on behalf of the Board of Directors, the third Annual Report of your Company along with the Audited Annual Accounts for the year ending 31st March 2014, the Report of the Statutory Auditors and the comments of the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956. The year under review has been very crucial for Kochi Metro Rail Limited; since the project activities were set in motion and the civil works were flagged off on 7th June 2013; followed by many project execution initiatives.

About the Project

The Kochi Metro Rail project corridor has a total length of 25.612 KM with 22 stations. The corridor is divided into four reaches based on which the civil contract for the viaduct and the stations was awarded as KC2, KC3, KC4 and KC5 packages. The depot for the Kochi Metro corridor is located at Muttom. The entire Metro is elevated with a viaduct of double pre-stressed concrete U girders with pile foundation. For certain stretches with space restrictions, the viaduct is designed as pre-stressed concrete I-girder. The Metro tracks are of standard gauge (1435mm). The width of the viaduct portion is 10.45m. The minimum overhead clearance for the roads is 5.5m, to give proper clearance for free vehicular movement. The signaling is based on Communication Based Train Control (CBTC). The stations are access friendly for elderly and differently abled persons. The length of the platform in the station area is 71 m to 81 m to accommodate a 3 coach train.

Project status

The work has been progressing at the required pace, in all the reaches except the fourth reach, in respect of which the contract originally awarded was descope and amended by Delhi Metro Rail Corporation (DMRC). The physical progress of the civil works is elucidated as follows:-

Activity	KC 2	KC 3	KC 4	KC 5
PILES 80.94%	75.06%	65.82%	19.32%	
PILECAPS 58.45%	52.34%	30.00%	2.00%	
PIERS 40.11%	46.56%	24.58%	-	
PIERCAPS 30.48%	28.05%	29.73%	-	
U GIRDER CASTING	14.10%	17.80%	26.79%	-
U GIRDER ERECTION	42 numbers of girders erected			
CUMULATIVE PROGRESS	32.62%	30.43%	25.16%	3.44%

Status of Land Acquisition

Out of 40.409 hectare of land required for the project, an extent of 34.5289 hectare (85%) has been taken into possession so far. The process of acquisition is in progress for the remaining land under a fast track procedure, through negotiated purchase by the District Administration. While Land Acquisition was progressing under the erstwhile Land Acquisition Act 1894, the Government of India promulgated the Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARRA, 2013), leading to delays in acquisition due to the absence of enabling State Rules. This has been surmounted by obtaining permission from the Government of Kerala for undertaking direct purchase of land by the District Collector.

The technology involved and the status of Systems contracts

During the year, your Company is engaged with DMRC in the procurement of Rolling Stock, Signaling, Telecommunications, Traction & Power Supply, and other Electrical and Mechanical Systems. The Systems selected for the Kochi Metro Project are the best-in-class and will help your Company set up a world class Metro system in the city of Kochi.

The award for procurement processes for all the system components has entered the final phase and is expected to be concluded before the end of September 2014. Your Company could ensure a transparent and competitive bidding process for all the System tenders, which may result in optimum cost and quantity.

Your Company is committed to deliver an environmentally sustainable Metro system. In pursuance of this objective, your Company has selected energy efficient systems, which will help reduce energy consumption and will also help reduce carbon foot print for the city of Kochi.

Transit Oriented Development (TOD) Plan

Transit Oriented Development (TOD) is a mechanism for densification near the Metro corridor with high-quality walking environments. The TOD plan envisages a comprehensive framework for urban spaces for enhanced access to the transit network for various income groups in all the strata through increased walking and cycling, enabling the people to live and work closer to the transit, making it the governing principle for development. Your Company commissioned the TOD study to ascertain the applicability of TOD principles along the Metro corridor and for identifying streams of revenue by leveraging the value addition accrued due to the Metro infrastructure on the identified Metro transit oriented corridor.



Towards this end, the National Transportation Planning and Research Centre (NATPAC), in association with Urban Mass Transit Company (UMTC) was appointed as the consultant for developing a TOD plan for Kochi Metro. The consultant has submitted the strategic TOD Plan and Revenue Estimation and Implementation Plan.

The strategic TOD plan developed for the Metro corridor envisages densification along the Metro corridor so as to achieve a target population of 672656 in 2034 from the present population of 116041. This is planned to be implemented by amending the regulation applicable within the TOD notified area which will eventually result in higher Floor Area Ratio(FAR), mixed land use, integrated street network, enhanced pedestrian facilities and better multi modal integration. The TOD Plan is proposed to be implemented in a phased manner with regular interaction between various officials and the stakeholders.

Environmental Impact Assessment & Social Impact Assessment and Rehabilitation & Resettlement Study

During the year, your Company had commissioned studies to assess the Environment Impact as well the Social Impact and Rehabilitation and Resettlement on account of the Kochi Metro Rail Project.

As per the extant guidelines of the Ministry of Environment and Forest (MoEF), Environment Impact Assessment (EIA) study is not required for Metro works. Nevertheless, commissioning this study is one of the sanction conditions for the long-term loan of 180 million Euro from Agence Francaise de Developpement (AFD), the external funding agency.

The EIA study covers collection of secondary data, conducting baseline survey & census, environmental field survey, environmental impact identification, Environmental Impact Unit (EIU) quantification in the pre and post Metro scenario, and formulation of mitigation measures to minimize the impacts, preparation of EIA Report, organizing public consultation meetings for EIA, implementation of EIA Study and information disclosure of the EIA Report.

The main objective of the Social Impact Assessment (SIA) study was to conduct a survey of Project Affected People (PAP), formulate an R&R Policy framework for Kochi Metro and prepare an R&R Action Plan. Both these studies have reached the final stage. A total of 595 households have been surveyed wherein the total R&R package is estimated to be approximately Rs 25.5 crore for the affected families based on the entitlements provided in the RFCTLARRA.

Status of Property Development initiatives

The approved financing plan for the Kochi Metro project envisages mobilization of Rs.98 crore by way of proceeds from Property Development. It is also an established fact that very few Metro networks, globally, are viable from the perspective of meeting their financial liabilities towards debt repayment and operating expenses. A few Metro companies like MTR Hong Kong are able to meet their financial obligations out of cash flows emanating from lucrative property rentals.

Kochi Metro, being the first urban transport project of its sort in the State of Kerala, has to bank upon other sources of revenue other than the fair box collection. With this objective in view, your Company approached the Government of Kerala to allocate commercially viable parcels of land, which are capable of being developed to leverage their market potential to generate additional capital and recurring revenues. The Government of Kerala has agreed to lease 17.315 acre of Government land in Kakkanad to KMRL.

With a view to assess the underlying market expectations and constraints impacting the commercial leverage of the land parcel, your Company organized an Investors' Conference on 17th June 2014. Based on inputs received during the conference, your Company is in the process of engaging a Consultancy firm for 'go-to-market' advisory for optimal monetization of the Kakkanad land parcel.

Project Funding and Financial highlights

Share Capital and Subordinate debts

Your Company received Rs. 334 crore (previous year Rs.127.8 crore) towards equity during the year. Out of this, an amount of Rs. 100 crore (previous year Rs. 22.8 crore) was received from the Government of India and Rs.234 crore (previous year Rs.105 crore) from the Government of Kerala. The total paid up Share Capital as on 31st March 2014 is Rs. 215 crore and the share application money pending allotment is Rs. 249.30 crore. Apart from this, the Government of India provided Rs.25 crore (previous year NIL) as interest free subordinate debt towards Central Taxes. The total subordinate debt received till 31st March 2014 from both the Governments are Rs. 234.25 crore (up to the previous year Rs. 209.25 crore).

During the current financial year, the project has achieved financial closure. The Company had signed an agreement with Agence Francaise de Development (AFD) for an external borrowing of 180 million Euro as Pass Through Assistance (PTA). Canara Bank had sanctioned Rs. 1170 crore as long-term loan for the project during the year. The loan agreement with Canara Bank was executed on 20th July 2014. The Company has received around 16.29% & 45.31% of the proposed equity-funding share from the Government of India and the Government of Kerala respectively till the end of the financial year 2013-14.



The total income, consisting mainly of interest on short term deposits is Rs. 6.37 crore and the total expenditure, including prior period adjustments is Rs. 10.27 crore, leaving a net loss of Rs. 3.90 crore before tax. After providing for current and deferred tax the net loss is Rs.2.70 crore for the financial year 2013-14.

Prime Consultancy for Kerala Monorail Corporation Limited

Your Company accords special emphasis on capability development within the organization. With this objective in view, your Company has secured a consultancy contract from Kerala Monorail Corporation Ltd (KMCL). Your company will help KMCL execute the Monorail projects in the cities of Thiruvananthapuram and Kozhikode.

Human resource

Your Company has been laying strong emphasis on acquiring the best talent and also on efficient deployment of manpower on the right jobs as per the organizational requirement. As on the date of this report, the manpower position of the Company stands at 73 as against the sanctioned strength of 122.

In order to develop its human resources for harnessing their potential to the fullest and for according ample opportunity for realizing individual as well as organizational goals, your Company has been making sustained efforts through various training and development activities with focus on upgradation of skills, transfer of skills and knowledge, and training in specialized/advanced skills. Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities is always a major thrust. Twenty four employees were sent for various training programmes conducted nationally and internationally. With the objective of knowledge sharing within the organization, KLASS (KMRL Learning And Sharing Sessions) are organized almost every week.

Your Company works towards building positive employer-employee relationship through nurturing initiatives, innovations and providing professional work environment. The Board of your Company has constituted a Human Resource Development Committee with a mandate to review and recommend HR policies, manuals, training activities, labour law compliance and matters incidental thereto. Keeping in pace with the changing needs and welfare of employees, policies and rules were implemented during the year.

There were no employees drawing remuneration in excess of the limits specified in Section 217(2A) of the Companies Act 1956 during the year under report.

Directors' Responsibility Statement

As required under section 217 (2AA) of the Companies Act 1956, your Directors hereby confirm –

- i. That in the preparation of the Annual Accounts for the year ended 31st March 2014, applicable accounting standards had been followed along with proper explanation relating to material departures, wherever necessary.
- ii. That the Directors had 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, for the year ended 31st March 2014.
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors had prepared the annual accounts on a going concern basis.

As your Company has not bought back any shares during the period under report, the information relating to Section 217(2B) of the Companies Act 1956, is not applicable to the Company.

Directors

The Company has 13 Directors, out of whom 5 Directors are nominees of the Union Government and 5 are the nominees of the State Government with 3 full-time Functional Directors. The Chairman of the Board is a nominee of the Union Government and the Managing Director is a nominee of the Government of Kerala. The present structure of the Board of Directors is as follows:

1.	Shri Shankar Aggarwal	-	Chairman
2.	Shri M. K. Sinha	-	Director
3.	Shri V. K. Jain	-	Director
4.	Shri Jitendra Tyagi	-	Director
5.	Shri L. Narasim Prasad	-	Director
6.	Shri E. K. Bharat Bhushan	-	Director
7.	Dr K. M. Abraham	-	Director
8.	Shri V. J. Kurian	-	Director
9.	Dr M. G. Rajamanickam	-	Director
10.	Shri Elias George	-	Managing Director
11.	Shri Mahesh Kumar	-	Director (Projects)
12.	Shri Abraham Oommen	-	Director (Finance)
13.	Shri Ved Mani Tiwari	-	Director (Systems)

After the last Annual General Meeting, the following Directors were inducted, based on nominations received from both the Governments;

1. Shri M. K. Sinha, Nominee Director, Government of India
2. Shri Jitendra Tyagi, Nominee Director, Government of India
3. Shri L. Narasim Prasad, Nominee Director, Government of India
4. Shri V. Somasundaran, Nominee Director, Government of Kerala
5. Dr M. G. Rajamanickam, Nominee Director, Government of Kerala
6. Shri V. K. Jain, Nominee Director, Government of India
7. Dr K. M. Abraham, Nominee Director, Government of Kerala

Note of Appreciation

The Board places on record its appreciation for the valuable services rendered and the expert advice provided by Dr Sudhir Krishna, Chairman, who demitted his office consequent upon superannuation as Secretary, MoUD and the following Directors whose tenure ceased during the year under review;

1. Dr V. P. Joy (up to 11.09.2013)
2. Shri C. K. Khaitan (up to 23.12.2013)
3. Shri S. D. Sharma (up to 11.02.2014)
4. Shri Sheik Pareeth (up to 28.02.2014).
5. Shri D. D. Pahuja (up to 31.03.2014)
6. Shri Sudhir Mital (up to 16.09.2014)
7. Shri V. Somasundaran (up to 16.09.2014)

Statutory Auditors of the Company

M/s. K. Varghese & Company, Chartered Accountants, Ernakulam have been appointed as Auditors of the Company by the Comptroller and Auditor General of India, and they will continue in office till the conclusion of the ensuing Annual General Meeting.

Share Capital

The authorized share capital of your Company remains Rs.2,000 crore and the paid up share capital as on 31st March 2014 is Rs.215.00 crore.

Conservation of energy, technology upgradation and foreign exchange transaction

Your Company does not fall within the list of industries, which have to compulsorily disclose the steps taken for conservation of energy, technology upgradation, etc. However, all steps are being taken to adopt latest technologies in the construction of civil engineering structures and system components, with emphasis on energy efficiency. While there was no foreign exchange inflow, an outflow equivalent to Rs.8.19 lakh incurred for foreign travel, was made during the period under report.

Acknowledgement

Your Directors wish to place on record their sincere appreciation and thanks for the assistance rendered by the Central / State Government and local body authorities, Office of C&AG, Statutory Auditors, AFD and Canara Bank and other Commercial Banks, Delhi Metro Rail Corporation Ltd, both Print and Visual Media, Company's Vendors, Advisors, customers and all others connected with the affairs of the Company. The Board also places on record its sincere appreciation for the whole-hearted co-operation extended by the officers and other staff members of the Company.

For and on Behalf of the Board of Directors

Place : Kochi
Date : 16.09.2014

(Sd/-)
Chairman

REPORT ON CORPORATE GOVERNANCE

The Corporate Governance policy of Kochi Metro Rail Limited (KMRL) is evolved from the philosophy of adherence to impeccable Corporate Governance practices by ensuring transparency, accountability and standards of fair dealing and ethics for attaining its corporate objective of providing a safe, reliable, efficient, viable and customer-friendly Metro system for the city of Kochi. KMRL pursues the highest standards of ethics and maintains core values of integrity and trust in all the arena in which it operates.

In the performance of its functions, KMRL is guided by the CVC guidelines, the Articles of Association (AoA) of the Company, the provisions of the Companies Act 2013, applicable accounting standards, regulations prescribed by authorities like the C&AG, provisions of the Right to Information Act 2005 and Rules made thereunder. In addition, all the applicable statutes governing the functioning of the organization in respect of safety, health, environment, welfare of the employees and those engaged through contractors, provision for fair compensation, rehabilitation and resettlement of project affected persons etc., are appropriately complied with.

1. Board of Directors

(a) Composition of the Board of Directors

In accordance with Article 116 of the AoA of the Company, the Board shall comprise a minimum of 3 Directors and may have a maximum of 15 Directors. With the presence of 13 professionals possessing the required administrative and executing capabilities on board, the KMRL Board is optimally structured with 3 Functional Directors appointed by the Company and 10 Directors, nominated by the GoI and GoK equally, with the Chairman being nominated by the GoI and the Managing Director by the GoK.

The Composition of the Board as on the date of this Report is as follows:

1.	Shri Shankar Aggarwal	-	Chairman
2.	Shri M. K. Sinha	-	Director
3.	Shri V. K. Jain	-	Director
4.	Shri Jitendra Tyagi	-	Director
5.	Shri L. Narasim Prasad	-	Director
6.	Shri E.K. Bharat Bhushan	-	Director
7.	Dr K. M. Abraham	-	Director
8.	Shri V. J. Kurian	-	Director

- | | | | |
|-----|-----------------------|---|---------------------|
| 9. | Dr M. G. Rajamanickam | - | Director |
| 10. | Shri Elias George | - | Managing Director |
| 11. | Shri Mahesh Kumar | - | Director (Projects) |
| 12. | Shri Abraham Oommen | - | Director (Finance) |
| 13. | Shri Ved Mani Tiwari | - | Director (Systems) |

The KMRL Board upholds the values and corporate mission by steering the Company towards the right direction in fulfilling its objectives and achieving stakeholders' satisfaction, and enables the Company to pursue its objectives through appropriate delegation of powers.

Board Meetings are conducted regularly for critical evaluation and review of the performance of the Company and for ensuring effective implementation of management decisions. The Company has streamlined a procedure for holding the Board and the Board Sub-Committee Meetings, as explained below:-

- a) Scheduling and selection of Agenda items for Board/Committee Meetings:
- i. The meetings are convened by giving appropriate notice after obtaining approval of the Chairman of the Board. To address specific urgent needs, meetings are also called at shorter notice. The Board also passes Resolutions by Circulation, but only for such matters, which are of utmost urgency and which are permissible in terms of the provisions of the Companies Act 2013.
 - ii. The agenda papers are prepared by the Heads of Departments concerned and submitted to the Managing Director. Duly approved detailed agenda notes, management reports and other explanatory statements, backed by comprehensive background information, are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions at the meetings.
 - iii. In special and exceptional circumstances, additional or supplementary item(s), not on the agenda are taken up for discussion with the permission of the Chair.
 - iv. The Board is also informed of major events/items of approvals taken whenever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.
 - v. A review of the status of actions taken on the directives of the Board in earlier meetings also forms a part of the Agenda.
 - vi. The members of the Board have complete access to all information of the Company.
 - vii. Also, the Board meetings are conducted in line with the applicable Secretarial Standards.

b) Briefing by the Managing Director:

At the beginning of each meeting of the Board, the Managing Director briefs the Board members about the key developments including the status of the project and other important achievements/developments relating to the Company in various areas.

c) Recording minutes of proceedings at the Board meeting:

Minutes of the proceedings of each Board are recorded and are entered in the Minutes Book. The minutes of the Board Meetings are submitted for confirmation at its next meeting after these are signed by the Chairman. The minutes of the meetings of the Sub-committees of the Board are placed before the Board for its information.

d) Compliance:

The Heads of Departments, while preparing agenda notes ensure adherence to all the applicable statutory requirements including the provisions of the Companies Act 2013, the AoA and the CVC guidelines.

The employees of the Company pursue the tenets of the Code of Conduct approved and adopted by the Company, while discharging the duties and responsibilities entrusted to them. They always maintain high moral standards and values in contributing towards corporate functioning, and the appropriate and timely guidance from the management, helps them ensure better governance practices.

2. Meeting of shareholders

An Extra ordinary General Meeting of the shareholders was held on 30thMay, 2013 at the Registered Office of the Company for obtaining necessary approval to borrow money in excess of the paid up capital and free reserves of the Company as required under the Companies Act, 1956.

The Second Annual General Meeting of the shareholders of the Company was held on 26thSeptember, 2013 at the Registered Office of the Company.

3. Risk Management Policy of the Company

The Company's Risk Management Policy encompasses maintaining and following appropriate internal control measures which are regularly reviewed by the Audit Committee. The Internal Auditors appointed by the Company conduct the Audit regularly every quarter, and their report is reviewed by the Audit Committee and the remedial actions taken wherever required. The practice of pre-audit of any payment of Rupees One Lakh and above is in vogue in the Company as a measure to mitigate the risk. As the project execution envisages considerable risk with respect to safety, health and environment the Company has engaged a Consultant for ensuring monitoring of the execution activities and mitigate the

risk related to Quality and Safety, wherever possible. Also, the Company ensures insurance coverage of the property of the Company, wherever required.

4. Committees of the Board

The Board has constituted seven sub committees which commensurate with the size and nature of operation of the Company. These are Audit Committee, Human Resource Committee, Operation and Maintenance Committee, Project Management Committee, Investment Committee, Procurement Committee and Property Development Committee. Each of these committees has clearly spelt out Terms of Reference duly approved by the Board. These Committees meet according to the requirements of the Company from time to time.

a. Audit Committee:

The composition of the Audit Committee of the company is as follows as on date.

- | | | | |
|----|------------------------|---|----------|
| 1. | Dr K. M. Abraham | - | Chairman |
| 2. | Shri M. K. Sinha | - | Member |
| 3. | Dr M. G. Rajamanickam | - | Member |
| 4. | Shri Ved Mani Tiwari | - | Member |
| 5. | Shri L. Narasim Prasad | - | Member |

The Committee met three times viz., on 21.05.2013, 24.08.2013 and 27.12.2013 during the year under review. In addition, two meetings of the Audit Committee were held during the current year on 22.04.2014 and 30.07.2014. The Director, Finance of the Company and the Internal Auditors and the Statutory Auditors are invited to attend and participate in the meetings.

b. Project Management Committee:

The composition of the Project Management Committee of the Company is as follows as on date.

- | | | | |
|----|----------------------|---|----------|
| 1. | Shri Elias George | - | Chairman |
| 2. | Shri M. K. Sinha | - | Member |
| 3. | Shri Jitendra Tyagi | - | Member |
| 4. | Shri Mahesh Kumar | - | Member |
| 5. | Shri Abraham Oommen | - | Member |
| 6. | Shri Ved Mani Tiwari | - | Member |

The Committee met three times viz; on 03.01.2014, 14.03.2014 and 10.07.2014.

c. Investment Committee:

The composition of the Investment Committee of the Company is as follows as on date.

- | | | | |
|----|----------------------|---|----------|
| 1. | Shri Elias George | - | Chairman |
| 2. | Dr K. M. Abraham | - | Member |
| 3. | Shri V. J. Kurian | - | Member |
| 4. | Shri Jitendra Tyagi | - | Member |
| 5. | Shri Abraham Oommen | - | Member |
| 6. | Shri Ved Mani Tiwari | - | Member |

The Investment Committee met once on 24.04.2014.

d. Procurement Committee:

The composition of the Procurement Committee of the Company is as follows as on date.

- | | | | |
|----|----------------------|---|----------|
| 1. | Shri Elias George | - | Chairman |
| 2. | Shri Jitendra Tyagi | - | Member |
| 3. | Shri Abraham Oommen | - | Member |
| 4. | Shri Mahesh Kumar | - | Member |
| 5. | Shri Ved Mani Tiwari | - | Member |

The Procurement Committee met once on 14.03.2014.

e. Operation and Maintenance Committee:

The composition of the Operations and Maintenance Committee of the Company is as follows as on date.

- | | | | |
|----|------------------------|---|----------|
| 1. | Shri Elias George | - | Chairman |
| 2. | Dr K. M. Abraham | - | Member |
| 3. | Shri L. Narasim Prasad | - | Member |
| 4. | Shri Ved Mani Tiwari | - | Member |
| 5. | Shri Abraham Oommen | - | Member |
| 6. | Shri Mahesh Kumar | - | Member |

f. Property Development Committee:

The composition of the Property Development Committee of the Company is as follows as on date.

- | | | | |
|----|-----------------------|---|----------|
| 1. | Shri Elias George | - | Chairman |
| 2. | Shri V. J. Kurian | - | Member |
| 3. | Dr M. G. Rajamanickam | - | Member |
| 4. | Shri Abraham Oommen | - | Member |
| 5. | Shri Mahesh Kumar | - | Member |
| 6. | Shri Ved Mani Tiwari | - | Member |

g. Human Resources Development Committee

The composition of the Human Resources Development Committee of the Company is as follows as on date.

- | | | | |
|----|----------------------|---|----------|
| 1. | Shri Elias George | - | Chairman |
| 2. | Shri V. K. Jain | - | Member |
| 3. | Shri V. J. Kurian | - | Member |
| 4. | Shri Abraham Oommen | - | Member |
| 5. | Shri Mahesh Kumar | - | Member |
| 6. | Shri Ved Mani Tiwari | - | Member |

5. Board Meetings

During the financial year ended 31st March 2014, six board meetings were convened and held. The attendance of each of the previous Directors and current Directors of the Company at the Board meetings held during their tenure is as given below:

Sl.No.	Name	Meetings held in 2013-14 during the tenure of their Directorship	No. of Board meetings attended
1.	Dr Sudhir Krishna	6	6
2.	Shri C. K. Khaitan	5	4
3.	Shri D. D. Pahuja	6	6
4.	Shri V. P. Joy	4	4
5.	Shri Sheikh Pareeth	6	4
6.	Shri S. D. Sharma	5	4
7.	Shri E K Bharat Bhushan	5	4
8.	Shri V Somasundaran	2	Nil
9.	Shri Elias George	6	6
10.	Shri M. K. Sinha	1	1
11.	Shri V. J. Kurian	6	4
12.	Shri Sudhir Mital	5	4
13.	Shri Jitendra Tyagi	Nil	Nil
14.	Dr M. G. Rajamanickam	Nil	Nil
15.	Shri L. Narasim Prasad	Nil	Nil
16..	Shri Mahesh Kumar	6	6
17.	Shri Abraham Oommen	6	6
18.	Shri Ved Mani Tiwari	5	5
19.	Shri Shankar Aggarwal	Nil	Nil

6. Disclosures

- a) There have been no materially significant related party transactions, i.e., transactions of the Company of a material nature with its promoters, the directors or the management, subsidiaries or relatives etc. That may have potential conflict of interest with the interest of the Company at large.
- b) There were no cases of any statutory non-compliances by the Company or any instances of penalties imposed or strictures against the Company by any statutory authority.
- c) There were no items of expenditure debited in the books of accounts, which were not for the purpose of the business of the Company.

7. Company's Website

The Company's website is www.kochimetrorail.org. All major information pertaining to the Company, including the project, contracts, job recruitment processes etc., are given on the website.

Address for correspondence:

Registered Office:

Kochi Metro Rail Limited (CIN U60100KL2011SGC029003),

8th Floor, Revenue Tower,

Park Avenue,

Kochi-682 011.

(Sd/-)
Chairman

FINANCIAL STATEMENTS FOR THE YEAR 2013-14

KOCHI METRO RAIL LIMITED

BALANCE SHEET AS AT 31st MARCH, 2014

Amount (in Rs. Lakh)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share capital	3	21,500.00	500.00
(b) Reserves and surplus	4	(270.11)	-
(c) Money received against share warrants		-	-
(2) Share Application Money Pending Allotment	5	24,930.00	12,530.00
(3) Non-Current Liabilities			
(a) Long-term borrowings	6	23,425.00	20,925.00
(b) Deferred tax liabilities (net)	12	-	12.96
(c) Other long term liabilities		-	-
(d) Long term provisions	7	31.11	-
(4) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	8	6,829.01	2,029.33
(d) Short-term provisions	9	0.39	-
Total		76,445.40	35,997.29
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	10.A	12,023.19	204.79
(ii) Intangible assets	10.B	29.11	15.23
(iii) Capital work-in-progress	11	25,064.12	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	12	130.83	-
(d) Long term loans and advances	13	30,886.24	19.99
(e) Other non-current assets		-	-
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	14	8,133.30	35,110.06
(e) Short-term loans and advances	15	178.61	647.22
(f) Other current assets		-	-
Total		76,445.40	35,997.29
Significant accounting policies	2		
Notes on financial statements	21		
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For K. Varghese & Co.

Chartered Accountants

For and on behalf of the Board of Directors

(Sd/-)

Sam Varghese
Partner

(Sd/-)

B. Anil Kumar
Company Secretary

(Sd/-)

Abraham Oommen
Director (Finance)

(Sd/-)

Elias George
Managing Director

Place : New Delhi
Date : 16th September 2014

Place : New Delhi
Date : 16th September 2014

KOCHI METRO RAIL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	Amount (in Rs. Lakh)	
		For the year ended 31 st March 2014	For the year ended 31 st March 2013
I. Income			
1. Revenue from operations		-	-
2. Other income	16	637.40	-
Total Revenue		637.40	-
II. Expenses			
1. Employee benefits expense	17	223.94	-
2. Finance costs		-	-
3. Depreciation and amortization expense	18	26.54	-
4. Other expenses	19	323.47	-
5. Prior period adjustments (Net)	20	454.01	-
Total Expenses		1027.96	-
III. Profit/(Loss) before exceptional and extraordinary items and tax (I-II)		(390.56)	-
IV. Exceptional Items		-	-
V. Profit/(Loss) before extraordinary items and tax		(390.56)	-
VI. Extraordinary Items		-	-
VII. Profit/(Loss) before tax (V - VI)		(390.56)	-
VIII. Tax expense:			
(1) Current tax		23.34	-
(2) Deferred tax		(143.79)	-
IX. Profit/(Loss) for the year (VII-VIII)		(270.11)	0.00
X. Earning per equity share(in Rs.):			
(1) Basic		(1.66)	0.00
(2) Diluted		(0.66)	0.00
See accompanying notes forming part of the financial statements			

In terms of our report attached.
For K. Varghese & Co.
Chartered Accountants

For and on behalf of the Board of Directors

(Sd/-)
Sam Varghese
Partner

(Sd/-)
B. Anil Kumar
Company Secretary

(Sd/-)
Abraham Oommen
Director (Finance)

(Sd/-)
Elias George
Managing Director

Place : New Delhi
Date : 16th September 2014

Place : New Delhi
Date : 16th September 2014



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Kochi Metro Rail Limited (KMRL) is incorporated under the Companies Act, 1956 and is a Government Company within the meaning of Section 617 of the Companies Act, 1956. The Company was set up as a Joint venture between Government of India (GOI) and Government of Kerala (GOK), with equal equity shareholding, to implement the Metro Rail Project in Kochi city. KMRL is also entrusted with the tasks of subsequent expansion of the Metro network, its operation, maintenance and allied activities to ensure sustainable operations.

Significant accounting policies

2. Basis of preparation of Financial Statements

a. Basis of Accounting and preparation of Financial Statements

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3)(c) of the Companies Act, 1956 which continues to be applicable in respect of section 133 of the Companies Act, 2013 in terms of a general circular no.15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs. The said financial statements comply with the relevant provisions of the Companies Act, 1956 and as notified by the Central Government under Companies (Accounting Standards) Rules. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for the accounting of the fixed assets costing less than Rs. 5000. All expenditure directly attributable to the cost of the project is capitalized and the remaining expenditure is charged off as revenue expenditure in the Statement of Profit and Loss.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make some estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

Some of the estimations require higher degrees of judgment to be applied than others. Management continually evaluates all of its estimates and judgments based on available information and its experience and believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may differ from these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialized.

c. Revenue Recognition

- i. Interest on deposits is recognized on time proportion basis taking into account the outstanding amount and the rate applicable.
- ii. Other incomes are recognized on receipt basis.
- iii. Items of revenue and expenditure incurred in the current financial year that are not directly related to creation of a capital asset is charged off as revenue expenditure in the Statement of Profit and Loss.

d. Fixed Assets (Tangible / Intangible)

Fixed assets are stated at historical cost less accumulated depreciation and impairment, if any. The cost of fixed asset comprises its purchase price, including any import duties and other taxes net of recoverable taxes and any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and net of any trade discounts and rebates.

Assets under construction as at balance sheet date are shown as Capital Work in Progress (CWIP). Expenditure directly related to construction activity has been capitalized. All direct expenditure attributable to the various components of the project are accounted as CWIP under respective heads. Common expenses which are directly related to the construction activities, but attributable to more than one components of the works are grouped under CWIP as expenses during construction, to be allocated to various assets on completion.



Interest earned on short-term deposits attributable to the subordinate debt is deducted from the total CWIP. Interest received on project funds provided to DMRC is reduced from CWIP.

Work in progress is booked based on the expenditure statement and management certificate provided by DMRC as verified by the KMRL project directorate.

e. Land

The value of parcels of land handed over by the landowners and taken over by the Company through the District Collector has been capitalized at the time of taking the possession of the land by the Company without waiting for the registration of title deeds in the name of the Company. The value of land handed over for construction, which belongs to various government bodies and departments has not been capitalized since the amount payable and other terms are yet to be finalized. Land purchased directly is capitalized on registration of the land in favour of the Company.

Enhanced compensation, if any, shall be booked as and when the payment is due. The cost of acquisition of structures in the land are charged to the cost of land. Sale proceeds of such structures demolished are reduced from the cost of acquisition.

f. Impairment of Assets

The carrying values of assets at each Balance Sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized. The impairment loss recognized is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

g. Depreciation and Amortization

Depreciation on tangible assets of the Company has been provided on the Straight Line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro rata basis on the assets purchased during the year, for the period the assets are used.

Individual assets costing less than Rs. 5000 are charged to revenue at the time of purchase itself. Up to the previous year these assets were carried in the assets register with 100% depreciation.

Intangible assets are amortized over their useful life or five years whichever is lower.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and amortization methodology is revised to reflect the changed pattern.

h. Provisions, Contingent Liabilities and Contingent Asset

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability is recognized when a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liabilities are disclosed in notes to accounts.

Contingent asset are not recognized in the financial statement.

i. Taxes on Income

Current tax is the tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized, if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income to realize such assets. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.



j. Foreign exchange transaction/translations

Transactions in foreign currency entered into by the Company are accounted at the exchange rate prevailing on the date of the transactions.

Monetary items denominated in foreign currencies are translated at exchange rates as at the reporting date.

Foreign exchange difference arising in respect of monetary item relating to acquisition of fixed assets are adjusted to the carrying cost of related fixed assets/capital work in progress prior to capitalization. Other exchange differences are recognized as income or expense in the period in which they arise.

k. Employee benefits

a. Provident Fund: The eligible employees of the Company are entitled to receive benefits under provident fund schemes in which both employees and the Company make monthly contributions at a specified percentage of the covered employees salary. The contributions are paid to the Regional Provident Fund Account.

b. Gratuity: Provision towards Gratuity, as per actuarial valuation is provided for during the current year for eligible employees.

c. Earned and half-pay Leave: The Company provides earned leave benefits and half-pay leave to the employees. The liability on this account is recognized on the basis of actuarial valuation.

d. LTC: The Company provides financial assistance to the employee in meeting expenses of actual travel involved to their hometown as well as any place in India as per the approved policy.

l. Borrowing cost

Borrowing costs include interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the

interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset are added to the cost of the assets.

m. Segment reporting

The Company has only one reportable business segment, which is developing, running and maintaining of Kochi metro rail system. Accordingly, the amounts appearing in the financial statements are related to the Company's single business segment.

n. Cash and Cash equivalents (for purpose of Cash Flow Statement).

Cash and Cash equivalents for purpose of Cash Flow Statement comprises cash at bank, government treasury and short term deposits with banks.

o. Cash Flow Statement

Cash flows are reported using the indirect method as per AS 3, whereby profit or loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

p. Current Assets, loans and advances

The current assets, loans and advances have values at which they are stated in the balance sheet, if realized in the ordinary course of business.

q. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period should be adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH 2014

NOTE No. 3 - Share Capital

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Authorised 200,000,000 equity shares of Rs. 100 each (200,000,000 equity shares of Rs. 100 each in the pervious year)	200,000.00	200,000.00
b)	Issued, subscribed and fully paid up: 21,500,000 equity shares of Rs. 100 each (5,00,000 equity shares of Rs. 100 each in the pervious year)	21,500.00	500.00
c)	Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		

Particulars	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares	Amount in Rs. (Lakhs)	No. of Shares	Amount in Rs. (Lakhs)
At the beginning of the year	500.00	500.00	250.00	250.00
Allotted during the year	21,000.00	21,000.00	250.00	250.00
Outstanding at the end of the year	21,500.00	21,500.00	500.00	500.00

d) **Number of Equity Shares in the company held by each shareholder holding more than 5 percent Equity Shares**

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Government of India	10,750.00	50	250,000	50
Government of Kerala	10,750.00	50	250,000	50

The Company has one class of equity shares having a par value of Rs.100/- per share. Each shareholder is entitled to receive dividends as declared from time to time and entitled for one vote per share in the meeting of the Company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to the number of shares held by them after distribution of all preferential amounts, if any.

NOTE No. 4 - Reserves and Surplus

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Surplus/(Deficit) in the Statement of Profit & Loss		
	Opening Balance	-	-
	Add: Profit/(Loss) for the year	(270.11)	-
	Closing Balance	(270.11)	-

NOTE No. 5 - Share application money received, pending allotment **Amount (in Rs. Lakh)**

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Share application money pending allotment		
a)	Government of India	1,530.00	2,030.00
b)	Government of Kerala	23,400.00	10,500.00
		24,930.00	12,530.00

- 5.1 Kochi Metro Rail Limited is a Joint venture Company by Government of India (GOI) and Government of Kerala (GOK), with both the governments holding 50% equity shares each. The equity contribution is being released in phases and in order to maintain equal share holding of the governments, the excess releases are held as share application money until matching contribution is received from the other governments. Share allotments will be made in the immediately following Board meetings after such matching contributions are received.
- 5.2 Equity shares of Rs. 100 each at par shall be issued to the shareholders having all rights similar to the existing shares, issued in such manner that the proportion of equity holding of both the governments are equal.
- 5.3 The company has sufficient authorized share capital to cover the share capital amount resulting from allotment of shares against share application money.

NOTE No. 6 - Long term borrowings **Amount (in Rs. Lakh)**

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Interest Free Sub Ordinate Debt (unsecured)		
a)	Government of India	2,500	—
b)	Government of Kerala	20,925	20,925
		23,425	20,925

- 6.1 Vide approval No. K-14011/37/2005-MRTS-IV dated 12th July 2012 from Ministry of Urban Development, Government of India, for the Kochi Metro Rail Project, Government of India and Government of Kerala shall equally share the central taxes included in the total project cost. The amount shall be released as interest free subordinate debt and the share of GOK & GOI shall be Rs. 248.50 crore each. As per the same order, the cost of land acquisition for the project, estimated at Rs.672 crore has also to be provided by GOK as interest free subordinate debt.
- 6.2 During the year, the company has received an interest free subordinate debt from GOI for an amount of Rs. 25 crore. The company had also received an amount of Rs. 209.25 crore from GOK as interest free subordinate debt in the financial year 2012-13 towards meeting the land acquisition cost. The said amounts are outstanding at the end of the year.

6.3 The subordinate debt is repayable after the repayment of senior term debts. The repayment schedule and other terms and conditions of these loans are yet to be issued by GOI & GOK.

NOTE No. 7 - Long Term Provisions

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Provision for employee benefits		
a)	Provision for gratuity	6.59	-
b)	Provision for earned leave	14.78	-
c)	Provision for half pay leave	9.74	-
		31.11	

NOTE No. 8 - Other Current Liabilities

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Unsecured		
a)	Statutory payments	9.89	1.48
b)	Trade/security deposit	33.37	1.34
c)	Purchase of fixed assets	1.72	-
d)	Land acquisition & structural valuation	4,619.43	-
e)	Others		
	1. Project related liabilities	481.71	14.57
	2. Kerala road fund board	1,493.02	-
	3. Government of Kerala	98.82	1,979.00
	4. Others	91.05	32.94
		6,829.01	2,029.33

NOTE No. 9 - Short-term Provisions

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Provision for employee benefits		
a)	Provision for gratuity	0.08	-
b)	Provision for earned leave	0.19	-
c)	Provision for half pay leave	0.12	-
		0.39	

FIXED ASSETS SCHEDULE											
Note No. 10.A Tangible Fixed Assets											
Particulars	Gross Block					Depreciation / Amortization			Net Block		
	Balance as at 01-04-2013	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Balance as at 31-03-2014	Balance as at 01-04-2013	Depreciation for the year	Additions/ Other Adjustments	Adjustments on asset sold/ adjusted	Accumulated Depreciation as at 31-03-2014	Balance as at 31-03-2014	Balance as at 31-03-2013
Land	-	11,789.31	-	11,789.31	-	-	-	-	-	11,789.31	-
Computers	53.22	19.49	11.19	61.52	10.47	8.80	-	2.35	16.92	44.60	42.75
Electrical Appliances	5.65	3.11	0.05	8.71	0.39	0.34	-	0.05	0.68	8.03	5.21
Electrical Equipments	7.28	0.24	-	7.52	0.46	0.35	-	-	0.81	6.71	6.82
Electrical Installations	54.90	9.09	-	63.99	3.38	2.68	-	-	6.06	57.93	51.52
Fire equipment	0.51	-	-	0.51	0.51	-	-	-	0.51	-	-
Furniture & Fixtures	86.07	7.41	8.34	85.14	15.55	4.97	-	8.34	12.18	72.96	70.52
Office Equipment	9.68	13.48	0.07	23.09	0.85	0.95	0.51	0.07	2.24	20.85	8.83
Traffic Equipments	5.15	-	5.15	-	5.15	-	-	5.15	-	-	-
Vehicles	21.76	16.21	13.29	24.68	2.67	2.12	-	2.91	1.88	22.80	19.09
Total	244.22	11,858.34	38.09	12,064.47	39.43	20.21	0.51	18.87	41.28	12,023.19	204.74
Previous year	232.85	25.51	14.14	244.22	7.07	32.36	-	-	39.44	204.79	-

Note No. 10.B Intangible Fixed Assets

Software	20.04	20.22	0.04	40.22	4.81	6.34	-	0.04	11.11	29.11	15.23
Total	20.04	20.22	0.04	40.22	4.81	6.34	-	0.04	11.11	29.11	15.23
Previous year	19.52	0.52	-	20.04	1.17	3.64	-	-	4.81	15.23	-

Notes:

- The company has taken over possession of 19.07 hectares of Land during the year.
- The Land value capitalized is the purchase price agreed between the landowners and the District Level Purchase Committee. The registration cost and stamp duty is not taken into consideration, since the company has already approached Government of Kerala for waiver of these charges. The government order in this regard is awaited/
- Registration of Land in the name of the company is under process.
- Metro works are going on in an extent of 1.63 hectares of land belonging to various government bodies/departments. Pending finalisation of the price, transfer formalities and other terms and conditions, these parcels of lands are not included in the fixed assets.
- Individual asset costing less than Rs. 5000/- are charged to revenue at the time of purchase itself. During the previous year these assets were carried in the assets register with 100% depreciation. There is no material impact on the financial statements due to this change in accounting policy.

NOTE No. 11 - Capital work-in-progress

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Kochi metro rail project	24,756.90	-
b)	Office furnishing WIP	98.79	-
c)	Phase II Extension	208.43	-
		25,064.12	-

NOTE No. 12 - Deferred Tax Asset (Net)

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Deferred Tax Liability Tax effect of items consisting deferred tax liabilities on difference between book balance and tax balance of fixed assets	(19.57)	12.96
b)	Deferred Tax Asset Tax effect of items consisting deferred tax assets: Preliminary expenditure and provisions	150.40	-
		130.83	12.96

NOTE No. 13 - Long term loans and advances

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Capital Advances (unsecured and considered good)		
a)	Project Advance to DMRC	21,561.60	-
b)	District Collector-Land Acquisition	8,948.13	-
	Security Deposits (unsecured and considered good)		
a)	Telephone Deposit	0.41	0.17
b)	Security Deposit- Rent	32.87	14.13
c)	Security Deposit- Casting yard	310.13	-
	Others (unsecured and considered good)		
a)	Taxation (net of provisions)	33.10	5.69
		30,886.24	19.99

NOTE No. 14 - Cash and Cash Equivalents

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Balances with banks(in current account)	56.70	469.13
b)	Balance in Sub Treasury account	5,700.70	32,441.70
c)	Term Deposits (with maturity less than twelve months)	2,375.40	2,198.61
d)	Earmarked balances with banks	0.50	0.50
e)	Cash on hand	-	0.12
		8,133.30	35,110.06

NOTE No. 15 - Short-term loans and advances

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
	Others (unsecured and considered good)		
a)	Mobilization Advance	39.42	-
b)	Prepaid Expense	119.41	0.02
c)	Interest accrued	16.39	14.13
d)	Travel advance	0.81	1.40
e)	Other Employee advances	1.85	0.90
f)	Others	0.73	1.39
g)	Preliminary & pre-operative expense	0.00	629.38
		178.61	647.22

NOTE No. 16 - Other Income

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
a)	Interest from bank deposits	625.86	-
b)	Other non-operative income Application fees - Recruitment, tender & RTI	11.54	-
		637.40	-

NOTE No. 17 - Employee benefits expense

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
a)	Salaries and wages	184.54	-
b)	Contributions to provident and other funds	17.01	-
c)	Gratuity	3.76	-
d)	Staff welfare expenses	18.63	-
		223.94	-

NOTE No. 18 - Depreciation and amortization expenses

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
a)	Tangible assets	20.21	-
b)	Intangible assets	6.34	-
		26.54	-

NOTE No. 19 - Other expenses

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Advertisement	44.91	-
b)	Power and fuel	17.43	-
c)	Rent, Rates and taxes	33.08	-
d)	Repairs and maintenance	4.39	-
e)	Insurance	0.06	-
f)	Travelling and conveyance	94.73	-
g)	Printing and stationery	10.44	-
h)	Events and promotion	25.79	-
i)	Legal and professional	31.36	-
j)	Payment to auditors (refer note 19.1)	1.12	-
k)	Loss on sale of fixed asset	3.96	-
l)	Office Expense	42.12	-
m)	Miscellaneous	14.08	-
		323.47	-

19.1 Payment to auditors

i.	Audit fees (inclusive of service tax)	1.12	-
ii.	Out of pocket expenses	-	-

NOTE No. 20 - Prior period adjustment

Amount (in Rs. Lakh)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	Preliminary Expenses	200.52	-
b)	Pre operative expenditure (Net after capitalisation)	254.72	-
c)	Depreciation	(1.23)	-
		454.01	-

Preliminary Expenditure and pre-operative expenditure pertaining to the year 2011-12 and 2012-13 amounting to Rs. 200.52 and Rs. 254.72 Lakh respectively are written off in the current financial year in the Statement of Profit and Loss.

NOTE No. 21

1. Expenditure in Foreign Currency

Amount (in Rs. Lakh)

Particulars	As at 31.03.2014	As at 31.03.2013
Tours and Travels	8.19	-

2. Capital work in Progress (CWIP)

Construction of the capital asset i.e. the Metro Rail system is progressing. As per the agreement dated 23rd May 2013, DMRC shall execute all the works related to the project and commission the system within 48 months from the date of release of mobilization fee, i.e., on or before 02-06-2017.

Sale proceeds of buildings and other structures demolished for the construction are reduced from the cost of acquisition of such structures. The amount so reduced in the reporting year is Rs. 0.58 Lakh.

The DMRC fee for executing the works amounting to Rs. 62.03 crore for the current financial year is grouped under CWIP as expenses during construction pending capitalization.

As per the agreement with DMRC, project cost is paid as quarterly advance. Interest received on the deposit of these funds is reduced from CWIP. The interest so accounted during the year is Rs.6.63 crore.

3. Preparatory works

Five preparatory works are undertaken by DMRC as per the Government of Kerala (GOK) order GO Number 34/2010/Tran Dated 19-3-2010. The ownership of these assets rests with the Government. After formation of KMRL, the funds for this works are routed through KMRL and hence the entire expenses on this account have been set off against the funds received from the Government of Kerala. The total expenditure in the current financial year towards these works was Rs. 18.80 crore. KMRL had directly done 25 works covering road works, canal works etc. at a cost of Rs 21.52 crore as preparatory works for the project during the years 2011-12 and 2012-13. GoK had ratified this expenditure vide administrative approval No. G. O. (MS.) NO. 39/2014/Trans dated 02-06-2014. The expenditure was met out of the funds provided by GoK for the preparatory works.

4. Edappally Flyover

Government of Kerala vide order No. G. O (Rt) No. 714/2013/PWD dated 13/05/2013 has entrusted the works of construction of Edappally flyover to KMRL through DMRC, along with the construction of metro rail viaduct. An amount of Rs. 25 crore has been released by Kerala Road Fund Board (KRFB) to KMRL for this work in the current financial year. An MoU delineating the terms of execution is under finalization. A portion of these cost of the works is attributable to KMRL since metro structures are also involved.

The total amount paid by KMRL in the current financial year towards flyover construction was Rs. 10.07 crore .Out of which Rs. 10 crore was released to DMRC as advance for undertaking the construction activity. All expenditure attributable to the above works is met out of the funds provided by KRFB.

5. Disclosure in respect of AS-15 (Revised)- Employee Benefits

- i. **Provident Fund:** The eligible employees of the Company are entitled to receive benefits under provident fund schemes in which both employees and the Company make monthly contributions at a specified percentage of the covered employees salary. The contributions are paid to the Regional Provident Fund Account.
- ii. **Gratuity:** Gratuity is payable as per Payment of Gratuity Act, 1972 to every employee who has rendered continuous service of five years or more. KMRL being at its project phase and none of the employees have completed the eligibility period for gratuity. However, provisions as per actuarial valuations are made in the books of accounts for the gratuity.
- iii. **Earned Leave and half pay leave:** The Company provides for earned leave benefits and half pay leave to the employees as per the HR policy. The liability on this account is recognized on the basis of actuarial valuation.
- iv. **LTC:** The Board approved the LTC policy in January 2014. So far none of the employees has availed this benefit. No liability is provided in the accounts towards LTC since the period involved in the reporting year is not significant.
- v. **Insurance:** The Company has also taken Medical Insurance Policy and Life Insurance Policy for all its eligible employees during the current year.

vi. **The summarized position of various defined benefits recognized in the Statement of Profit and Loss and Balance Sheet is as under:**

a) Expenses recognized in the Statement of Profit and Loss

Amount (in Rs. Lakh)

Particulars	Year	Gratuity	Earned Leave	Half pay leave
Current service cost	2013-14	6.67	14.97	9.86
	2012-13	NIL	NIL	NIL
Amount recognized in Profit and Loss	2013-14	3.76	8.44	5.55
	2012-13	NIL	NIL	NIL

b) Amount recognized in the Balance Sheet.

Amount (in Rs. Lakh)

Particulars	Year	Gratuity	Earned Leave	Half pay leave
Present value of the obligation	2013-14	6.67	14.97	9.86
	2012-13	NIL	NIL	NIL
Net asset/(liability) recognized in the balance sheet	2013-14	6.67	14.97	9.86
	2012-13	NIL	NIL	NIL

c) Actuarial Assumptions

Particulars	2013-14	2012-13
Funding mechanism	Unfunded	NIL
Discount rate	9.10%	NIL
Salary escalation as per para 83-91 and 120 of AS 15R	3 %	NIL
Attrition rate fixed by enterprise	1 %	NIL
Proportion of leave availment and encashment during service	10 %	NIL
Proportion of encashment on separation	10%	NIL

6. Disclosure in respect of AS-17 (Segment Reporting)

The Company has only one reportable business segment, which is developing, running and maintaining of Koch Metro rail project. Accordingly, the amounts appearing in the financial statements are related to the Company's single business segment.

7. Disclosure in respect of AS-19 (Leases)

The Company has taken premises for the accommodation of the employees and for the office on lease. These lease arrangements are usually renewable on mutually agreed terms. During the year the Company has paid lease rent (net of recoveries) on behalf of the employee amounting to Rs. 14.33 Lakh and Rs. 76.18 Lakh towards office.

8. Disclosure in respect of Earnings per share AS-20 (Earnings Per Share)

Particulars	2013-14	2012-13
Net Profit /(Loss) for the year (Rs. in Lakh)	(270.11)	-
Weighted average number of equity shares outstanding during the year		
- Basic	16,232,164	
- Diluted	41,162,164	
Basic Earnings Per Share (Face value of Rs. 100/-per share) (Rs.)	(1.66)	-
Diluted Earnings Per Share (Face value of Rs. 100/-per share) (Rs)	(0.66)	-

9. Disclosure in respect of AS-18 (Related Parties Disclosures)

a. Key Management persons:

- i. Shri Elias George (Managing Director)
- ii. Shri Mahesh Kumar (Director-Projects)
- iii. Shri Abraham Oommen (Director-Finance)
- iv. Shri Ved Mani Tiwari (Director- System)

b. Disclosure of transactions with related parties

Amount (in Rs. Lakh)

Particulars	As at 31.03.2014	As at 31.03.2013
Salaries & Allowances	58.04	1.87
Contributions to Provident Fund and others	4.00	0.17
Other benefits	16.79	0.58

- i. The Managing Director is drawing his salary from Government of Kerala, in his capacity as Additional Chief Secretary to the government.
- ii. The whole time Directors have been allowed to use the Company hired vehicle for private journeys subject to recovery as per the Company's policy.
- iii. The provisions for contributions to gratuity, leave encashment are as ascertained on actuarial valuation.

10. Disclosure in respect of AS-22 (Accounting for Taxes on Income)

Deferred tax has been taken into account pursuant to the provisions of AS – 22 issued by the Institute of Chartered Accountants of India.

11. Disclosure in respect of AS-28 (Impairment of Assets)

Presently, no indication exists for the impairment of assets and hence no impairment loss of asset is considered in the financial year.

12. Information in respect of Micro, Small and Medium Enterprises as at 31st March 2014.

No amount is due to micro, small and medium enterprises as at 31st March 2014.

13. Capital commitments, Contingent liabilities and Contingent Asset

A. Contingent liabilities not provided for are NIL.

B. Capital and other commitments

Amount (in Rs. Lakh)

Capital Commitments	As at 31.03.2014	As at 31.03.2013
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	1,57,509.08	NIL

C. Contingent Asset

Contingent Assets, which are significant and material, are NIL (Previous year – NIL)

14. Previous year's figures have been regrouped /rearranged/ reclassified, wherever necessary, to make them comparable to the current year's presentation.

For and on behalf of the Board of Directors

(Sd/-)
B. Anil Kumar
Company Secretary

(Sd/-)
Abraham Oommen
Director (Finance)

(Sd/-)
Elias George
Managing Director

Place : New Delhi

Date : 16th September 2014

In terms of our report of even date attached.

For K. Varghese & Co.
Chartered Accountants

(Sd/-)
Sam Varghese
Partner.

Place : New Delhi

Date : 16th September 2014

KOCHI METRO RAIL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31. 03. 2014

Amount (in Rs. Lakh)

Particulars	As at 31 st March 2014	As at 31 st March 2013
I. Cash Flow from Operating activities		
Net Profit/(Loss) before tax	(390.56)	-
Adjustment for		
Loss on sale of asset	3.96	-
Depreciation	26.54	-
Prior period adjustment	454.01	-
Interest earned	(625.86)	-
Operating Profit before working capital changes	(531.91)	-
Adjustment for		
Direct taxes paid	(23.34)	-
Long term and other provisions	31.50	-
Net Cash from Operating activities	(523.75)	-
II. Cash Flow from Investing activities		
Purchase of Fixed assets	(7,242.12)	(25.76)
Capital WIP	(24,890.25)	-
Others		(8,374.73)
Interest earned	625.86	-
Other non current assets	(30,866.25)	-
Short-term loans and advances	(160.50)	-
Other current liabilities	180.25	-
Net Cash used in investing activities	(62,353.01)	(8,400.49)
III. Cash flow from Financing activities		
Advance from Transport Department, GOK	-	9,142.10
Sub Debt from Government of Kerala	-	20,925.00
Sub Debt from Government of India	2,500.00	-
Share Capital and Share Application money	33,400.00	12,780.00
Net Cash used in financing activities	35,900.00	42,847.10
Net Increase in cash and cash equivalents	(26,976.76)	34,446.61
Cash and cash equivalents at the beginning of the period	35,110.06	663.45
Cash and cash equivalents at the end of the period	8,133.30	35,110.06
Comprising of		
Cash in hand	-	0.12
Cash at bank	8,133.30	35,109.94

In terms of our report attached.

For K. Varghese & Co.

Chartered Accountants

(Sd/-)

Sam Varghese
Partner

(Sd/-)

B. Anil Kumar
Company Secretary

(Sd/-)

Abraham Oommen
Director (Finance)

(Sd/-)

Elias George
Managing Director

Place : New Delhi
Date : 16th September 2014

Place : New Delhi
Date : 16th September 2014

INDEPENDENT AUDITORS' REPORT

**The Members of
Kochi Metro Rail Limited,
Revenue Tower,
Park Avenue,
Kochi – 682011,
Kerala, India.**

Report on the Financial Statements

We have audited the accompanying financial statements of **Kochi Metro Rail Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (“the Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Companies Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.

For K. VARGHESE & Co.

Chartered Accountants

(Firm Registration No. 004525S)

(Sd/-)

Sam Varghese

Partner

(Membership No. 216979)

New Delhi

16th September 2014



ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (1) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

1. In respect of its fixed assets:

- a) The Company is generally maintaining proper records showing full particulars including the quantitative details and situation of fixed assets.
- b) As per the information and explanations given to us, the fixed assets have not been physically verified by the management during the year. As per the explanations given to us, the fixed assets additions has been verified by the management. In our opinion the physical verification procedure needs to be strengthened.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

2. In respect of its inventory:

The Company's construction activities are in progress. Accordingly, it does not hold any physical inventories. Hence, this clause is not applicable.

3. The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence reporting requirement under clauses (iii) (a) to (g) of this clause does not apply.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. The activities of the company for the current year do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, during the year there are no transactions in pursuance of contracts/ arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating to rupees five lacs or more in respect of any party.
6. According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year.
7. In our opinion, the internal audit functions were carried out by the Company by firms of Chartered Accountants has been generally commensurate with the size of the Company and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for the Company. Hence the clause is not applicable.
9.
 - a) According to the information and explanations given to us the company has been generally regular in depositing its undisputed statutory dues including Provident Fund, Employees State Insurance Fund, Income Tax, Sales Tax, Service Tax, Cess and any other material statutory dues as applicable with the appropriate authorities during the year. However there was minor delay in remittance of Provident Fund in certain instances.
 - b) According to the information and explanation given to us, no material undisputed amounts payable in respect of Provident Fund, Employees State Insurance Fund, Income Tax, Sales Tax, Service Tax, Cess and any other statutory dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- 
- c) According to the information and explanation given to us, there are no dues to Income Tax, Sales Tax, Service Tax, Cess and any other statutory dues that have not been deposited as on 31st March 2014 on account of disputes.
- 10.** The company has been in existence for a period of less than five Years. The accumulated losses of the company are less than 50% of its networth. The company has not incurred cash losses in the current financial year or in immediate preceding financial year.
- 11.** In our opinion and according to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to Financial Institutions / Banks.
- 12.** According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13.** In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 13 of Para 4 of the Companies (Auditor's Report) Order are not applicable to the Company.
- 14.** According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 14 of para 4 of the Companies (Auditor's Report) Order are not applicable to the Company.
- 15.** According to the information and explanations given to us, the company has not given any guarantee for the Loans taken by others from Financial Institutions / Banks.
- 16.** In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purpose for which they were obtained.
- 17.** In our Opinion and according to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.

18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of Companies Act, 1956.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issues during the year.
21. To the best of our knowledge and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year

For K. VARGHESE & Co.

Chartered Accountants
(Firm Registration No. 004525S)

(Sd/-)

Sam Varghese

Partner
(Membership No. 216979)

New Delhi
16th September 2014

Comments of the Comptroller and Auditor General of India



भारतीय लेखा तथा लेखापरीक्षा विभाग
प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं
पदेन सदस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF
COMEMRCIAL AUDIT AND EX-OFFICIO MEMBER,
AUDIT BOARD, HYDERABAD

No. PDCA/Hyd/A/c Desk/KMRL/2013-14/1.04/266

दिनांक :

Date : 25.09.2014

To

The Managing Director
Kochi Metro Rail Limited
Kochi

Sub: Comments of the C&AG of India under Section 619(4) of the Companies Act, 1956 on the accounts of Kochi Metro Rail Limited, Kochi for the year ended on 31 March 2014.

Sir,

I forward herewith the 'Nil Comments' Certificate of Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Kochi Metro Rail Limited Kochi for the year ended on 31 March 2014.

2. The date of placing the comments along with Annual Accounts and Auditor's Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting may be furnished.

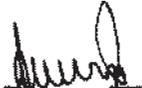
3. The date of forwarding the Annual Report and Annual Accounts of the Company together with Auditor's Report and comments of the Comptroller and Auditor General of India to the Central Government for being placed before the Parliament may please be intimated.

4. Ten copies of the Annual Report for the year 2013-2014 may please be furnished in due course.

The receipt of this letter along with the enclosures may please be acknowledged.

Encl:- As above

Yours faithfully


(Arabinda Das)
Principal Director

महालेखाकर का कार्यालय परिसर, सैफाबद, हैदराबाद-500 004
A.G.'s Office Complex, Saifabad, Hyderabad-500 004
e-mail: mabhyderabad@cag.gov.in

Grams: DIRCOMIT Fax: 040-23231318
Phone: 23233315, 23230415

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KOCHI METRO RAIL LIMITED, KOCHI FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Kochi Metro Rail Limited, Kochi for the year ended on 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 September 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Kochi Metro Rail Limited, Kochi for the year ended on 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India



(Arabinda Das)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place : Hyderabad
Date : 25 September 2014







