



# **ANNUAL REPORT 2015-2016**



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**REGISTERED OFFICE:**

8<sup>th</sup> Floor, Revenue Tower,  
Park Avenue, Kochi – 682011  
Kerala, India.  
Phone : +91 484 2350 455  
Fax No: +91 484 2360 686  
[www.kochimetro.org](http://www.kochimetro.org)

**STATUTORY AUDITORS**

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

**SECRETARIAL AUDITORS**

M/s Gopimohan Satheesan & Associates  
Company Secretaries,  
M. G. Road, Ravipuram,  
Cochin – 682 016.

**INTERNAL AUDITORS**

M/s. J R S & Co.  
Chartered Accountants  
2<sup>nd</sup> 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.  
The Ernakulam District Co-operative Bank Ltd.

## **BOARD OF DIRECTORS**

Shri Rajiv Gauba	-	Chairman, KMRL Secretary, Ministry of Urban Development, Room No.122 C, Nirman Bhawan, New Delhi.
Shri Mukund Kumar Sinha	-	OSD (UT) & Ex-officio Joint Secretary, Ministry of Urban Development, Room No.138 C Nirman Bhawan, New Delhi.
Shri Jitendra Tyagi	-	Director (Works), DMRC Ltd., Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi.
Shri S.S. Narayanan	-	Additional Member (Works), Railway Board, Room No.125, Rail Bhavan, Raisina Road, New Delhi
Shri L. Narasim Prasad	-	Director (Systems & Operations), Chennai Metro Rail Limited.
Shri S.M. Vijayanand	-	Chief Secretary Government of Kerala, Government Secretariat, Thiruvananthapuram.
Shri Elias George	-	Managing Director Kochi Metro Rail Ltd., 8 <sup>th</sup> Floor, Revenue Tower, Kochi.
Shri Abraham Oommen	-	Director (Finance) Kochi Metro Rail Ltd., 8 <sup>th</sup> Floor, Revenue Tower, Kochi.
Shri Praveen Goyal	-	Director (Systems) Kochi Metro Rail Ltd., 8 <sup>th</sup> Floor, Revenue Tower, Kochi.
Shri Thiruman Archunan	-	Director (Projects) Kochi Metro Rail Ltd., 8 <sup>th</sup> Floor, Revenue Tower, Kochi.

## **KOCHI METRO RAIL LIMITED**

Registered Office: 8<sup>th</sup> Floor, Revenue Tower, Park Avenue, Kochi – 682011, Kerala,  
India.

Tel: +91 484 2380 980, Fax: +91 484 2380 686, Website: [www.kochimetro.org](http://www.kochimetro.org)

CIN: U60100KL2011SGC029003

### **NOTICE OF THE FIFTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifth Annual General Meeting of the Shareholders of the Company will be held on Tuesday, the 27<sup>th</sup> of September 2016 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. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2016 along with the Report of the Board of Directors, the Statutory Auditors thereon and the comments of the Comptroller and Auditor General of India.
2. To fix the remuneration to the Statutory Auditors M/s K. Varghese & Co., Chartered Accountants appointed by the Comptroller and Auditor General of India (for the financial year 2015-16).

#### **Special Business:**

3. **Appointment of Shri Thiruman Archunan, Director, Projects (Whole Time Functional Director) of the Company.**

**Consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:**

**"RESOLVED THAT** pursuant to Section 196, 203 and all other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act and the Rules made thereunder, Shri Thiruman Archunan be and is hereby appointed as Director, Projects (Whole Time Functional Director) of the Company for a period of Five years or till the age of superannuation (60 years) with effect from 29.08.2016."

**“RESOLVED FURTHER THAT** Shri B. Anilkumar, Company Secretary be and is hereby authorized to file necessary statutory forms with the Registrar of Companies.”

By Order of the Board of Directors  
For Kochi Metro Rail Limited

**B. Anilkumar**  
Company Secretary

Place: Kochi

Date: 03<sup>rd</sup> September, 2016

Notes:

1. The explanatory statement pursuant to section 102 of the Companies Act, 2013, in respect of the business under item No. 3 above is annexed hereto.
2. 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.
3. The form of proxy duly stamped and signed must be deposited at the Registered Office of the Company in not less than 48 hours before the meeting. A proxy form is enclosed.
4. Comments from the Comptroller and Auditor General of India pursuant to section 139 (5) of the Companies Act, 2013 will be sent soon after the same is received.

## **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES, ACT 2013**

### **Item No. 3**

Shri Mahesh Kumar, Director, Projects, KMRL was relieved from the services of the Company on 31<sup>st</sup> December, 2015 consequent on the acceptance of his resignation by the Competent Authority.

A Board Sub-Committee consisting of MD/KMRL as Chairman and Shri Mukund Kumar Sinha, OSD/MoUD as member was constituted vide a Resolution of the Board of Directors, for selection of Director (Projects). Shri D.S Mishra, Additional Secretary, MoUD and Shri A.P. Mishra, former Member Engineering/Railway Board were invited as external experts to assist the Board Sub-Committee.

The Committee after interviewing the candidates and assessing their suitability recommended Shri Thiruman Archunan, Chief General Manager, Chennai Metro Rail Limited to the post of Director, Projects in KMRL.

In view of the above, Resolution at Item No.3 is recommended for approval by the shareholders.

Except Shri Thiruman Archunan, no other Director or Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution at Item No.3 of the Notice.



## **KOCHI METRO RAIL LIMITED**

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+91 484 2380 980, Fax: +91 484 2380 686, Website: [www.kochimetro.org](http://www.kochimetro.org)  
CIN: U60100KL2011SGC029003

### **ATTENDANCE SLIP**

Please fill attendance slip and hand it over at the entrance of the meeting venue.

Name

Address

Folio No

No. of Shares held

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the fifth Annual General Meeting of the Company held on September 27, 2016 at 12.30 p.m. at Kochi Metro Rail Limited, 8th Floor, Revenue Tower, Park Avenue, Kochi – 682011, Kerala, India.

Signature of Member / Proxy

# KOCHI METRO RAIL LIMITED

Registered Office: 8<sup>th</sup> Floor, Revenue Tower, Park Avenue, Kochi – 682011, Kerala, India Tel:  
+91 484 2380 980, Fax: +91 484 2380 686, Website: [www.kochimetro.org](http://www.kochimetro.org)  
CIN: U60100KL2011SGC029003

**Form No. MGT-11**

## Proxy form

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

Name of the member(s):

Registered address:

E-mail id:

Folio No/ Client ID:

DP ID:

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature: \_\_\_\_\_, or failing him

2. Name:

Address:

E-mail Id:

Signature: \_\_\_\_\_, or failing him

3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the fifth Annual general meeting of the company, to be held on the 27<sup>th</sup> day of September, 2016 at 12.30 p.m. at the Registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

**No.**

**Resolution**

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2016 along with the Report of the Board of Directors, the Statutory Auditors thereon and the comments of the Comptroller and Auditor General of India.
2. To fix the remuneration to the Statutory Auditors M/s K. Varghese & Co., Chartered Accountants appointed by the Comptroller and Auditor General of India (for the financial year 2015-16)
3. Appointment of Shri Thiruman Archunan, Director, Projects (Whole Time Functional Director) of the Company.

Signed this      day of                      20

Signature of shareholder

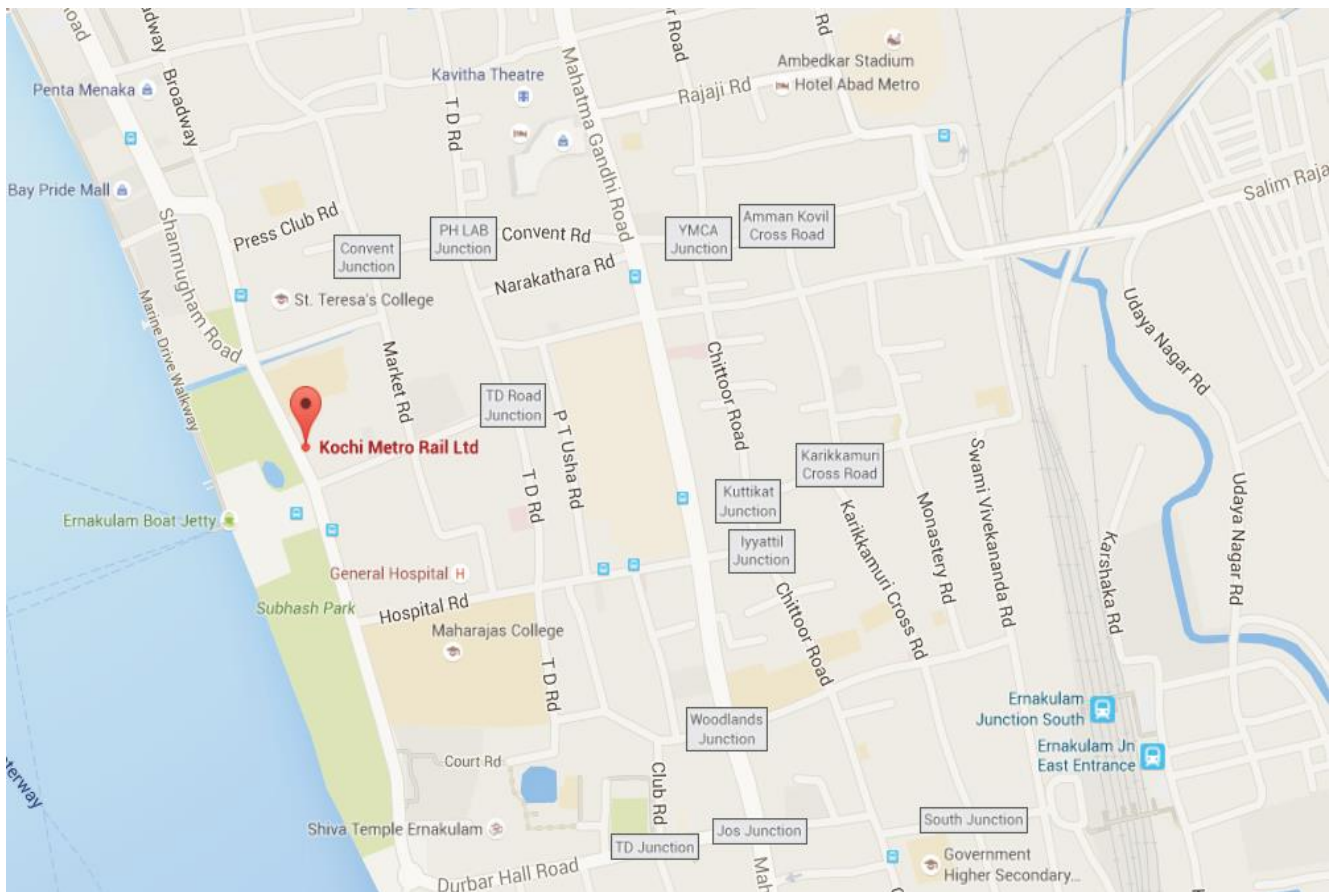
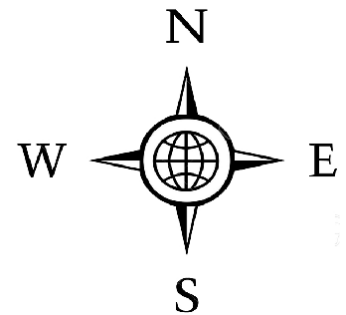
Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

Note:

1. A Proxy need not be a Member of the Company.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# ROUTE MAP



## **DIRECTORS' REPORT**

Dear Members,

Your Company's Directors are pleased to present the Fifth Annual Report of the Company, along with the Audited Financial Statements, for the financial year ending 31st March, 2016.

### **About the Project**

The Kochi Metro Rail Project was originally envisaged as having a total length of 25.612 km with 22 stations at an estimated completion cost of Rs. 5181.79 crore. The Board of Directors of KMRL decided to extend the metro corridor by a length of 2 km from Petta to S.N. Junction with an additional investment of Rs. 359 crore, as Phase IA. To further augment the passenger carrying capacity and improve the economic viability of the project, the Board has also approved Phase II of the project from JLN station to Info Park via Kakkanad. The total length of Phase II is 11.2 km, with 11 stations. It will connect Info Park, Smart City, Special Export Processing Zone (SEPZ), Kakkanad and many State / Central Govt. offices along the route. It will be constructed at an additional investment of Rs. 2017.46 crore. The metro network will provide a safe, convenient, and comfortable public transport option for the people of Kochi and especially help in improving connectivity to Kerala's prime IT Hub at Kakkanad.

In terms of its project sanction conditions, your Company has also been mandated to pursue the integration of various modes of transport and the establishment of a Unified Metropolitan Transport Authority (UMTA) for Kochi City. To realize this vision, your Company has initiated several steps and conceived projects well beyond the construction of the Metro Rail.

In view of the fact that the city of Kochi also encompasses the backwaters, your Company has conceptualized an Integrated Water Transport project, with passenger ferries connecting thirty-eight jetties across ten islands and the mainland. The project has 16 defined routes with a total length of 76 km. The project also includes the development of 100 km of island roads. The Board of Kochi Metro Rail Limited (KMRL) has approved the project with an investment of Rs. 747 crore, of which Rs. 579 crore will be availed as loan from KfW, Rs. 66 crore will be funded through private investments and the Government of Kerala will fund the balance Rs.102 crore. The Government of Kerala and the Government of India have approved the Project, and the Loan Agreement and the Project Agreement have been signed on 17.06.2016 and 18.06.2016 respectively. Your Company would soon appoint a General Consultant to assist in project implementation.

Your Company is also implementing an open-loop ticketing solution, which will be valid across various modes of urban public transport that will enable customers to purchase tickets for transit as well as to effect other non-transit payments.

Your Company is also planning to develop a City App for Kochi, which would be similar to mobility apps available in some cities in the developed world. This will provide a digital environment driven by transportation systems where passengers can avail customized value-added services during their commute.

Your Company has also engaged a consultant to prepare a Non-Motorized Transportation (NMT) Master Plan, which has been separately elucidated in this report, with the objective of improving accessibility of public transport and improving the overall passenger experience. The recommendations of the NMT Consultant will be taken up in a phased manner and will be implemented along the metro corridor from Aluva to Petta. Your Company has also identified Aluva, Edappally and Vytilla junctions for development as multimodal transport hubs, as these junctions attract heavy traffic.

Your Company has also implemented the following programmes:

- Around 30 roads have been rebuilt to best standards with a 2-year maintenance warranty.
- More than 3500 saplings have been planted across Kochi under the Green Kochi initiatives.
- Modern street signages have been installed at multiple places in the city.
- A 'Happy Streets' programme called 'Raahgiri' - a regular event held in more than 15 Indian cities, has been conducted in Kochi.

With these initiatives, your Company is moving towards establishing itself as a total transport solution provider, and is helping Kochi city to achieve seamless, integrated public transportation comprising of the metro, ferries, buses and non-motorized transport, with features like single ticketing, a single network and a single timetable for all public transport modes across the city.

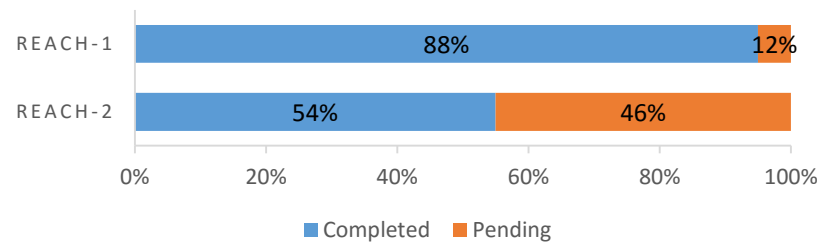
## **Project status**

Phase I of the project is planned to be commissioned in stages. The first stage - Reach-1, covering the Aluva-Palarivattom corridor with a total length of 13.4 km and including 11 stations, is expected to be commissioned during the year 2016-17. The second stage - Reach-2, covers the Palarivattom-Petta corridor comprising of a total length of 12.1 km, and includes 11 stations.

The year under report was a crucial one for the Kochi Metro Rail Project. It is imperative to speed up the civil works of the project to complete the project on schedule. The Civil and System contracts including the viaducts, station buildings, rolling stock, traction, track, signal and telecommunication have progressed well during the financial year ending 31.03.2016. The Independent Quality and Safety Consultant (IQSC) of KMRL played a vital role in quality and safety assurance as well as in project monitoring at the work sites as the work gained momentum. The Civil works have shown substantial progress as compared to that during the previous year.

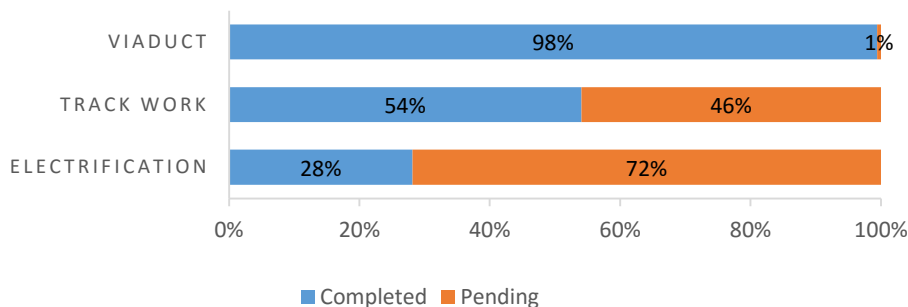
Your Directors are proud to inform you that 71 % of the civil part of the overall Phase-I of the project has been completed as on 31.05.2016.

The progress achieved for the respective Reaches of Kochi Metro Rail Phase-I project as on 31.05.2016, is as follows:

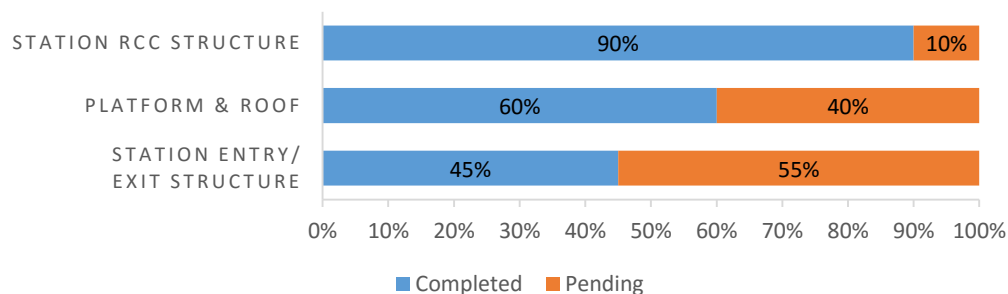


The work of Reach-1 is progressing well and 98% of the viaduct work for Reach-1 has been completed as on 31.05.2016. The work of track linking & third rail installation is also progressing at a good speed. The structure work of the stations has been completed, while work at the platform level and roof structure is progressing well. The progress of key elements for Reach-I as on 31.05.2016 is given below.

#### a. Work on viaduct for Reach-1



#### b. Work on stations for Reach-1



Your Directors are proud to inform you that the entire metro system is being themed around Kerala's natural heritage and the Western Ghats, with individual themes for 6 stations as under:

- Aluva : Western Ghats
- CUSAT : Maritime History
- Edappally : Spices of Kerala
- Changampuzha : Kerala's Cultural and Artistic Heritage
- JLN Stadium : Sports
- M.G. Road : Local History of Ernakulam Town

All the major equipment of signaling & telecom, power sub-stations, other electrical works, lighting, lifts, escalators, and fire safety systems have been received at the site and their installation works are under progress.

The Rolling Stock is being manufactured at Sri City, Andhra Pradesh. The first train of Kochi Metro was received in January 2016, and is being tested in the Muttom Depot.

Your Company achieved an important milestone on 23.01.2016, when the then Chief Minister of Kerala flagged off the trial run of the train in the depot. The mainline trial run of the first train was also conducted on 21.03.2016.

Your Company has also completed the construction of the Pachalam Rail Over Bridge (ROB) under preparatory works, and the ROB was opened to traffic on 11.01.2016 by the then Chief Minister of Kerala. The other preparatory works viz. widening of Banerji Road, M.G. Road, Vytilla–Petta Road and the construction of the Edappally flyover are also progressing well.

To expedite the civil work for Reach-2, the existing contracts have been restructured by the project executing agency, DMRC, as under:

- KC-4 package to focus on construction of 3.60 km of viaduct & 4 stations between JLN Stadium station and Maharajas College station.
- KC-5 package to focus on construction of 1.159 km of viaduct & 1 station between Vytilla Junction and Kunnara Park.
- KC-5A package to construct balanced cantilever of 0.330 km at the Ernakulam Junction railway station track crossing.
- KC-5B & KC-5C packages to construct 2.718 km of viaduct & 2 stations between Manorama Junction and Vytilla Junction.



- Open tender to be invited for construction of the stretch, between Maharajas College station and Ernakulam Junction station (1.15 km) with 1 station, and from Kunnara Park to Petta Station (1.59 km) with 2 stations, along with the road widening works from Jose Junction to Ernakulam Junction station.

A separate tender is proposed to be invited by DMRC for the construction of a four-lane bridge along with the metro viaduct for a length of 300 meters for crossing the Chambakara canal.

The Government of Kerala has approved your Company's Phase II Project and it is currently under the consideration of the Government of India for its approval. The administrative approval for preparatory works has been received from the Government of Kerala and survey, marking and other preliminary works related to land acquisition have commenced. The Phase II Project is expected to be completed in 4 years after obtaining all approvals and from the commencement of work.

The preparedness for the Operation & Maintenance (O&M) is in full swing. The selection for all the categories of non-executive O&M staff has been successfully conducted. The date of joining of the O&M staff is being staggered based on the training duration and the date of commencement of commercial operations. As of now, 96 Station Controllers & Train Operators and 57 Maintenance staff have already joined and have undergone part of their training in Bangalore Metro Rail Corporation Ltd. Your Company will ensure that adequate trained staff are available before the commencement of commercial operations. The O&M manuals have been prepared and are under review.

Your Company also believes in social & economic inclusion and has involved Kudumbashree, a major non-profit organization for women, in selected aspects of its operations & management like housekeeping & ticketing. Your Company is also taking up many initiatives to make its station facilities gender and disabled-friendly.

## **Rolling Stock and System Contracts**

### **A. Rolling Stock**

With the objective of acquiring state-of-the-art coaches equipped with technologically advanced modern sub-systems that are energy efficient and reliable, the contract for the procurement of 25 trains was awarded to M/s. Alstom Transport, through an International Competitive Bidding (ICB) process. Each train for Kochi Metro consists of three coaches, with a passenger carrying capacity of 975, and maximum speed of 80 Km/h with CBTC signalling. During 2014, the design of the Rolling Stock was finalized with state-of-the-art passenger amenities along with necessary safety features. On 02.01.2016, the Hon'ble Union Minister for Urban Development, Housing & Urban Poverty Alleviation, and Parliamentary Affairs flagged off the first train set of

Kochi Metro from the manufacturing plant of Alstom at Sri City, Andhra Pradesh; it was delivered at Muttom Depot on 10.01.2016.

## B. Signalling & Telecom

The works for Signalling & Train Control and Telecommunication for Phase I had been awarded to M/s Alstom Transport India Ltd. led consortium. The preliminary design for the entire phase and the detailed design for Reach 1 have been finalized. All the major materials and signalling & telecom equipment have been received. Installation activities at the depot and the viaduct have commenced.

M/s Bureau Veritas Italia S.p.A has been appointed as the Independent Safety Assessor (ISA) for the Signalling & Train Control System.

The following critical statutory approvals with respect to the Signalling, Train Control and Telecommunication systems have been received:

- License agreement for provision of Captive Mobile Radio Trunking Service (CMRTS).
- License for establishing Wireless Telegraph (WT) station by Department of Telecommunication.
- Approval of the Standing Advisory Committee on Radio Frequency Allocation (SACFA).
- Approval of the Railway Board for the Signalling & Train Control System with some comments to be addressed at the time of testing & commissioning.

The Certificate for Infrastructure Provider Category-I (IP-I) has also been received. IP-1 Provider Status will enable your Company to establish & maintain assets such as dark fibers, Right of Way, duct space & tower and your Company will be able to grant them on lease/rent/sale basis to licensed telecom service providers.

## C. Traction, Power Supply and Electrical & Mechanical

The works of Power Supply, Traction and Third Rail for Phase I had been awarded to M/s Alstom Transport SA & M/s Alstom Transport India Pvt. Ltd. The detailed design verification is almost complete and all the major equipment has been delivered at the site. The Auxiliary Sub-Station and Traction Sub-Station were commissioned at Muttom Depot on 01.01.2016 and 09.01.2016 respectively. About 8.0 km of Third Rail on the Main Line & Third Rail on the Test Track have been installed & commissioned. The civil works excluding the finishing work, and installation of all equipment, except the 110/33 kV power transformer (standby) have been completed. The piling works at Thykoodam RSS had also commenced in March 2016. The Kerala State Electricity Regulatory Commission (KSERC) has also sanctioned the Railway traction tariff to the electric connection for Kochi Metro.

The works of the Electrical & Mechanical systems had been awarded to M/s. Jackson Pvt. Ltd. The detailed design has been completed and all the major equipment has been delivered at the site; the installation at the Muttom depot and the stations is progressing well. Consent from the Pollution Control Board for the operation of the DG sets at Muttom depot has been obtained. Discussions with the Fire Inspectorate are in progress and the checklist for metro station fire approval is being finalized.

The works for the supply and installation of Lifts had been awarded to M/s Johnson Pvt Ltd. Post design and factory acceptance, 18 numbers of Lifts have been delivered, and their installation at the stations have commenced.

The works for the supply and installation of Escalators had been awarded to the Consortium of M/s Johnson (P) Ltd & SJEC, China. After design and factory acceptance 20 Nos. of Escalators have been delivered at the site and their installation at the stations have commenced.

#### **D. Solar Plant**

The works for the installation of the roof top solar plant at stations with a capacity of 2 MW and 2 MW from the Depot have been awarded to M/s Hero Solar Energies (P) Ltd. The project will be constructed as per the Renewable Energy Service Company (RESCO) Model. The Power Sale Agreement at a fee of Rs. 5.51 per unit for 25 years has been signed. Financial assistance of 15% of the project cost has been approved under Central Financial Assistance (CFA) from the Ministry of New and Renewable Energy (MNRE), Government of India.

#### **Automated Fare Collection System**

Your Company has introduced a unique, technologically advanced Automated Fare Collection System (AFC) under an innovative implementation model. Under this model, a financial company shall lead a consortium consisting of an AFC supplier and an integrator. The work has been awarded to a consortium led by M/s Axis Bank, which was selected following due process, and an Agreement was signed in the presence of the Hon'ble Union Minister for Urban Development, Housing & Urban Poverty Alleviation and Parliamentary Affairs on 10.06.2015 in New Delhi.

The Consortium led by M/s Axis Bank will bear the capital and maintenance cost for 10 years for the implementation of the AFC system and will also pay a royalty of Rs. 208 crore to KMRL over the same period. M/s Axis Bank will issue co-branded smart cards of EMV standards, which can be used as tickets for Kochi Metro and as stored value cards at other Points of Sale (PoS). A percentage of the fare box revenue will be shared with Axis Bank.

The designs of the major equipment of the AFC system have almost been completed. Prototypes of key components have been successfully tested and are under manufacture.

## **Non-Motorized Transport and pedestrian-friendly initiatives**

In accordance with the guidelines of the MoUD that MRTS projects shall facilitate public bike sharing and pedestrian friendly facilities in the influence zone of the stations, your Company is preparing a Non-Motorized Transportation (NMT) Master Plan that envisages multiple projects for the improvement of NMT infrastructure (Phase I).

- Development of an NMT corridor (of 250m width) along the entire length of the metro network from Aluva to Petta.
- Two pedestrianization projects, which are common in European cities but will be first of their kind here.
  - M.G. Road project to pedestrianize the western side of M.G. Road for 2 km between the two metro stations, viz. M.G. Road station and Maharajas College station.
  - Hospital Road walkway project, to integrate the busiest boat jetty in Kochi (Ernakulam Boat Jetty) with the Maharajas College Metro station (located on MG Road) through a 3.5m wide walkway.
- Three junctions - Aluva, Edappally and Vytilla, to be developed as multi-modal transport hubs and NMT corridors.

The improvement plans are being designed by UMTC, CODATU and Egis Rail. The cost estimate for these NMT initiatives is Rs. 100 crore and is expected to be funded by AFD.

## **Alternate Revenue Initiatives**

Public transport is typically a low-margin business. The dependency on Public Authorities for funding may not be sustainable and revenue from direct beneficiaries is insufficient. However, public transport companies can capitalize on their existing assets and know-how for developing secondary revenue streams.

Thus, your Company is also exploring ways to leverage the indirect beneficiaries & other sources for alternate incomes. The following avenues for secondary revenues are being explored:

- Advertisements
- Commercial Development & Rentals
- Property Development
- Leasing of Fibers

## **Integrated Water Transport Project**

As mentioned in the initial part of this report, KMRL has come up with an initiative to develop a modern water transport system for the Greater Cochin region under the Unified Metropolitan Transport Authority (UMTA). This will bring substantial and dynamic improvement in the water transport scenario of Kochi. The water metro project comprises the introduction of modern

vessels, renovation of boat jetties, redevelopment of access roads with street light and the provision of better connectivity between the jetties and the bus and the metro stations. All the financial and operational risks of the project will vest with the Government of Kerala as the de-jure owner of the project, and your Company will be the agency responsible for the execution and operation of the project. For this initiative, a tripartite agreement between the Government of Kerala, KfW, the German funding agency, and your Company was executed on 18<sup>th</sup> June 2016 in the presence of the Chief Minister of Kerala, Shri. Pinarayi Vijayan in New Delhi. This initiative of your Company envisages a capital outlay of Rs. 747 crore on behalf of the Government of Kerala.

A special Water Metro wing is proposed to be set up in KMRL to institutionalize and operationalize the water metro system in a phased manner by 2020. There is expected to be a tremendous improvement in the connectivity between the metro rail stations and the island and waterside communities, once the water metro system becomes fully operational.

### **Enterprise Resource Planning**

Enterprise Resource Planning (ERP) under implementation in your Company intends to integrate applications to manage the business and automate many back office functions related to technology, services and human resources. It envisages centralized data storage in order to bring about efficiency in data processing with defined security policies, better company-wide visibility and faster collaboration across all the departments. Your Company has embarked on setting up a cloud based ERP system in a phased manner, which would subsume core business processes into one single application, eliminating avoidable costs and redundancies. The procurement was initiated through an open tender and SAP has been selected as the ERP solution.

SAP has been implemented since April 2015 for finance and human resource management. Other Modules for materials management, payroll, performance management, MIS report, etc. are being implemented in phases. The implementation of the e-Procurement (SRM) is currently in progress. During the financial year 2015-16, the legacy systems and the SAP were run in parallel and from 1<sup>st</sup> April 2016, the SAP system is fully operational.

### **Financial Highlights and Project Funding**

During the financial year 2015-16 the Company made a net loss after tax of Rs.19.82 crore against the previous year's loss of Rs.0.18 crore.

## **Share Capital and Subordinate debts**

KMRL received Rs.468.68 crore (previous year, Rs.462.25 crore) towards equity during the year. Out of this, an amount of Rs. 318.68 crore (previous year, Rs. 312.25 crore) was received from the Government of India and Rs.150 crore (previous year, Rs.150 crore) from the Government of Kerala. The total paid up Share Capital as on 31<sup>st</sup> March 2016 is Rs.1283 crore (previous year, Rs.870.10 crore) and the share application money pending allotment is Rs.112.23 crore as on that date (previous year, Rs.56.45 crore). Apart from this, during the year the Government of India provided Rs.60.64 crore (previous year, Rs.66.95 crore) as interest free subordinate debt towards central taxes. The total subordinate debt received till 31<sup>st</sup> March 2016 from both the Governments is Rs.458.84 crore (up to the previous year, Rs.398.20 crore).

Your Company has received 100 % and around 85 % of the approved equity-funding share from the Government of India and the Government of Kerala respectively till the end of the financial year 2015-16.

## **Term Loans**

During the year, an amount of Rs.264.64 crore was drawn as Pass Through Assistance from the Government of India against the Agence Française de Développement (AFD) loan. A loan amount of Rs.30 crore was drawn during the year from Canara Bank. Further, an amount of Rs.470 crore was drawn from the Ernakulam District Cooperative Bank as long-term loan for which the Government of Kerala has undertaken the debt servicing on a back-to-back basis. Of this, Rs.366 crore was drawn during the financial year 2014-15 for land acquisition for the metro project, while the balance amount of Rs. 104 crore was drawn during the year for land acquisition for widening of the road between Vyttila and Petta on behalf of the Government of Kerala.

## **Human Resource**

The Human Resources Department of your Company has attempted to strike a balance between the business needs of your Company and individual aspirations. Your Company follows the value - “Employee Empowerment”. It focuses on improving the work culture, employee engagement, productivity, efficiency and effectiveness.

Keeping the Mission and Vision statements of your Company in sight, the manpower required for its operation & maintenance was recruited and training was imparted to the new recruits. As on 31<sup>st</sup> March 2016, KMRL had a team of dedicated personnel, 66 in the Projects wing and 118 in the Operation & Maintenance wing. In view of the imminent revenue operations, the intake of manpower and their competency building is in progress. Virtual classroom training

programmes using centralized training infrastructure and resources were imparted to the newly recruited technical manpower for building up a competent workforce to meet our future operational and functional requirements. With the dual objective of addition of quality resources for metro operations and catalyzing social advancement, your Company has initiated cooperation with the Kudumbashree (a women's self-help group), for providing services including housekeeping, crowd management at stations etc. which would be an impetus to women empowerment.

The guidelines issued by the Government of India from time to time with regard to the reservation of posts for SCs/STs/PH/OBCs etc. are followed in KMRL.

The Management of your Company believes that a motivated and contented workforce is essential to achieve organizational goals. KMRL endeavors to develop its human resources to realize its true potential. The employer-employee relationship has been cordial throughout the year.

### **Board of Directors**

As on the date of this report, the Board of your Company comprises of 11 Directors, of whom 4 Directors are nominees of the Government of India, 5 Directors are nominees of the Government of Kerala and 2 are Functional Directors. The Secretary, Ministry of Urban Development, Government of India is the Chairman, while the Managing Director is a nominee of the Government of Kerala. A detailed note on the Board of Directors is provided under the section 'Corporate Governance Report'.

### **Number of Meetings of the Board**

During the financial year 2015-16, the Board of Directors of your Company met three times, on the 24<sup>th</sup> April 2015, the 18th August 2015 and the 18th January, 2016.

### **Committees of the Board**

The Board has constituted eight sub-committees commensurate with the size and nature of the operations of KMRL. These are the Audit Committee, the Corporate Social Responsibility Committee, the Human Resource Development Committee, the Operation and Maintenance Committee, the Project Management Committee, the Investment Committee, the Procurement Committee and the Property Development Committee. Each of these sub-committees has clearly spelt out Terms of Reference duly approved by the Board. These sub-committees meet according to the requirements of your Company from time to time. The details of the sub-committees of the Board are provided under the section 'Corporate Governance Report'.

## **Directors' Responsibility Statement**

In compliance with section 134(5) of the Companies Act, 2013, the Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations for material departures;
- 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 your Company at the end of the financial year and of the profit and loss of your Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going-concern basis;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

## **Declaration by Independent Directors**

Your Company has no Independent Directors on its Board presently, but action is being taken to address the lacuna.

Also, a woman Director is yet to be appointed on the Board pursuant to Section 149 (1) of the Companies Act, 2013. However, the Board has constituted a Committee for the selection of an Independent Director and a woman Director.

## **Extract of the Annual Return**

The extract of the Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed form, MGT 9 is annexed to this Report.

## **Particulars of loans, guarantees and investments**

During the year under Report, your Company has not

- a. given any loan to any person or other body corporate;
- b. given any guarantee or provided security in connection with any loan to any other body corporate or person; and
- c. acquired by way of subscription, purchase or otherwise, the securities of any other body corporate, as prescribed under section 186 of the Companies Act, 2013.

## **Related Party Transactions**

During the year under report, your Company has not entered into any contracts or arrangements with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013.



## **Material changes and commitments**

There have been no material changes and commitments, affecting the financial position of your Company, that have occurred between the end of the financial year of the Company and the date of this Report.

## **Conservation of energy and technology absorption**

Your Company proposes to use state-of-the-art technology systems for the operation and running of energy efficient metro trains. Your Company is considering to put in place various alternate sources of energy like solar power, which will help reduce dependence on conventional non-renewable energy sources.

To ensure energy efficiency the following systems are being incorporated in the metro coaches and stations:

- VVVF drive for the train's propulsion system, which uses optimized energy during the powering of the train and regenerates the power during the braking period.
- VVVF drive for the lifts & escalators, which will provide sleep and idling mode for the lifts and escalators when not in service. Fans and lights in the lifts will be on operating mode only on passenger's call.
- Energy efficient LED lights are used in the trains.
- LED lights will be used for all the lighting works in the Stations and the Depot including High Mast sensors in the Stations and the Depot.
- The HVAC system used has a high COP value of 2.5, which is reliable and efficient under all weather conditions.

## **Corporate Communication Management and presence in Social Media**

The Corporate Communications Department of your Company is continuously ensuring your Company's vibrant presence through all the social media platforms. The active interaction with the public through the digital media has enabled your Company to elicit valuable suggestions from the public and keep them abreast of the work-in-progress, the various initiatives undertaken by your Company and the milestones achieved in making the metro a reality. It is a matter of gratification to note that the Facebook page of your Company has attained 330000 likes, registering the average number of people reached at 269690 per week and the total average engagement per post at 85438 Facebook users. Your Company regularly posts events and updates and highlights the progress of work

in all social media platforms. To further improve your Company's presence in the social media platform, the Instagram App was added so that the images of work in progress are uploaded to the App. The inaugural test run of Kochi Metro coaches on January 23<sup>rd</sup>, 2016 was live streamed on the Facebook page and blog and was viewed by nearly 300000 people around the

world. Regular updates, news, work progress images, videos, vox populis (citizen speaks) and event postings have helped develop good rapport with the public, giving the people a space to post their comments, ideas and reviews.

Your Company attained an image makeover by imbibing a new logo embracing a new thought of multi modal transportation on September 3<sup>rd</sup> 2015. The new logo was unveiled along with the interior and exterior designs of the metro coach by the then Chief Minister, Shri. Oommen Chandy and the former Minister for Power and Railways, Shri. Aryadan Mohammed. The thought of interlinking various modes of transport in Kochi to put forward an integrated transport system by connecting water, road and rail ultimately led to the logo change. With this, your Company took a step further and moved forward from being a mere rail transport project to one that facilitates seamless transportation catering to all the different modes of transport.

In order to strengthen web-based communication with stakeholders, KMRL introduced in its website pages for careers, employees and tenders, in a structured and user-friendly manner. The careers page enables candidates to apply on line for the posts advertised. The tenders' page launched recently is being integrated with SAP e-Procurement.

## **Foreign Exchange Earnings and Outgo**

During the year there was no foreign exchange earnings. However, an amount equivalent to Rs.28.01 lakh was incurred towards foreign travel.

## **Risk Management Policy**

Your Company is committed to identify potential risks before they occur so that the risk management activities may be planned and invoked as and when needed across the life of the project and to mitigate its adverse impacts on achieving the larger objectives.

Keeping this in view your Company has identified the following specific objectives:

1. to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed;
2. to ensure that high priority risks are aggressively managed and eliminated;
3. to ensure that all risks are cost-effectively managed throughout the project;
4. to promote information sharing at all levels of the management to make informed decisions on issues critical to the success of the project;
5. to ensure compliance with the appropriate regulations, wherever applicable.

Your Company has adopted the following measures to achieve the specific objectives:

- Constitution of an internal team consisting of the Company Secretary, the Addl. General Manager (HR and Training) and the Legal Officer to ensure compliance with the various statutes applicable to the Company.

- Conducting quarterly internal audit by independent auditors; their observations are reviewed by the Audit Committee and corrective actions taken wherever found appropriate.
- Physical verification of assets at regular intervals by a team constituted for the purpose and by the internal auditors.
- Use of data encryption technology for communication and storage of data which ensures safety and data security.
- Insure the assets of the Company.

## **Fixed Deposits**

Your Company has not accepted any fixed deposits from the public under Chapter V of the Companies Act, 2013.

## **Corporate Social Responsibility**

Being a responsible and responsive corporate citizen, your Company is committed to its stakeholders viz., the shareholders, the employees, the management, the suppliers, the customers and the community at large. As an environment friendly metro organization, your Company has been undertaking initiatives from its inception to improve the standard of living and to enhance the quality of life of the people in Kochi, acknowledging the Company's responsibility towards the society.

Your Company has complied with the provisions of the Companies Act, 2013 in letter and spirit and has constituted a Corporate Social Responsibility Committee comprising of:

- |                            |   |          |
|----------------------------|---|----------|
| 1. Shri Elias George       | - | Chairman |
| 2. Shri Mukund Kumar Sinha | - | Member   |
| 3. Shri L. Narasim Prasad  | - | Member   |
| 4. Shri Abraham Oommen     | - | Member   |
| 5. Shri Praveen Goyal      | - | Member   |

Although there was no statutory requirement to expend towards Corporate Social Responsibility, your Company voluntarily undertook the following initiatives during the year under report.

Under the 'Go Green' Initiative your Company planted 2159 trees last year in and around Kochi city. To improve the road travelling experience in Kochi, 34 roads for a total stretch of about 25 kms were strengthened using the latest available technology at a cost of Rs. 26.66 crore.

Your Company also helped the panchayats and municipalities in Kochi to clean the drainages to mitigate the hardships of the people during the monsoon.

### **Directors and Key Managerial Personnel**

During the year under report the following Directors were appointed in the place of the named Directors who retired/superannuated:

<b>Sl No.</b>	<b>Name of the Director Ceased</b>	<b>Date of cessation</b>	<b>Name of the Director appointed</b>	<b>Date of appointment</b>
1.	Shri Ved Mani Tiwari	30.06.2015	Shri Praveen Goyal	11.09.2015
2.	Shri Mahesh Kumar	31.12.2015	-	
3.	Shri Jiji Thomson	29.02.2016	Shri S.M. Vijayanand	23.05.2016
4.	Shri Madhusudan Prasad	31.03.2016	Shri Rajiv Gauba	01.04.2016
5.	Shri Laj Kumar	31.05.2016	-	

The office of the following Directors remained unaltered during the year:

- Shri Elias George, Managing Director
- Shri Mukund Kumar Sinha
- Shri Jitendra Tyagi
- Shri V. J. Kurian
- Dr. K.M. Abraham
- Dr. M. G. Rajamanickam
- Shri L. Narasim Prasad
- Shri Abraham Oommen,

Directorial changes that occurred before 31<sup>st</sup> March, 2016:

- On 30<sup>th</sup> June, 2015 Shri Ved Mani Tiwari, Director System, has resigned from his office as Director.
- On 31<sup>st</sup> December, 2015 Shri Mahesh Kumar, Director Projects, has resigned from his office as Director.
- On 29<sup>th</sup> February, 2016 Shri Jiji Thomson, Chief Secretary, Government of Kerala has demitted office consequent on his superannuation.
- On 31<sup>st</sup> March, 2016 Shri Madhusudan Prasad, Secretary, Ministry of Urban Development demitted office consequent on his superannuation.

Directorial changes that occurred after 31<sup>st</sup> March, 2016 but before the date of this report:

- On 1<sup>st</sup> April, 2016 Shri Rajiv Gauba, Secretary, Ministry of Urban Development took charge as Chairman (Government of India nominee) on the Board.
- On 23<sup>rd</sup> May, 2016 Shri S.M. Vijayanand, Chief Secretary, Government of Kerala took charge as Director (Government of Kerala nominee) on the Board.
- On 31<sup>st</sup> May, 2016, Shri Laj Kumar, Addl. Member, Works/Railway Board has demitted office consequent on his superannuation.

Your Company has the following Key Managerial Personnel as on the date of this report:

- Shri Elias George, Managing Director,
- Shri Abraham Oommen, Director, Finance,
- Shri Praveen Goyal, Director, Systems,
- Shri B. Anilkumar, Company Secretary.

### **Presentation of financial statements**

The financial statements of your Company for the year ended 31<sup>st</sup> March, 2016 have been disclosed as per Schedule III to the Companies Act, 2013.

### **Significant and Material orders**

No significant and material orders were passed by the regulators or any courts or tribunals impacting the going-concern status of the Company and affecting its operations.

### **Internal Financial Control**

The Board has adopted robust policies and procedures to ensure the orderly and efficient conduct of the your Company's business by safeguarding its assets, preventing and detecting errors and frauds, ensuring the accuracy and completeness of the accounting records and the timely preparation and submission of reliable financial statements.

## **Corporate governance**

Your Company adheres to impeccable Corporate Governance standards and pursues transparency, integrity and accountability in all its activities. A separate section entitled 'Corporate Governance Report' has been annexed to this report.

## **Secretarial Standards of ICSI**

Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has on 23<sup>rd</sup> April, 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective 1st July, 2015. The Company is complying with the same.

## **Auditors**

### **Statutory Auditor**

Pursuant to section 139 of the Companies Act, 2013 M/s K. Varghese & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG) who shall continue in office till the conclusion of the next Annual General Meeting.

The Report of the Statutory Auditors forming a part here of has been annexed suitably.

### **Secretarial Auditor**

Pursuant to the provisions of section 204 of the Companies Act, 2013, M/s Gopimohan Satheesan & Associates, Practicing Company Secretaries, were appointed to conduct the secretarial audit of your Company for the year 2015-16. The report from the secretarial auditor and the explanations or comments to every qualification made by the Company Secretary in practice in his secretarial audit report is annexed to this Report.

### **Internal Auditor**

M/s. JRS & Co., Chartered Accountants, Kochi, were appointed as the Internal Auditors of your Company to conduct internal audit and oversee the duties of the internal auditors of the Company and their report is reviewed by the Audit Committee from time to time.

## **Other Disclosures**

The Company has a policy on prevention of sexual harassment at workplace. The Company

has constituted an Internal Complaints Committee in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consisting of the following members to look into the cases pertaining to sexual harassment of women and to facilitate a safe working environment free from sexual harassment.

Composition of the Internal Complaints Committee:

- Ms. Susan Solomon Thomas - Presiding Officer
- Dr. Lizamma Koshy, Retd HoD (Chem)  
Maharajas College, Ernakulam - External Member
- Ms. Lilly Kutty Raju - Member
- Dr. A. J. Augustine - Member & Convener

There has been no case of sexual harassment reported during the year under review.

## **Acknowledgement**

Your Directors wish to place on record their sincere appreciation of the assistance rendered by the Central / State Government and local authorities, Office of the C&AG, Statutory Auditors, Secretarial Auditors, Internal Auditors, AFD, KfW, Canara Bank, Ernakulum District Cooperative Bank and other Commercial Banks, Delhi Metro Rail Corporation Ltd, Bangalore Metro Rail Corporation Ltd., both the print and the visual media, your Company's vendors, advisors, customers and various stakeholders connected with the affairs of the Company and thank each one of them. The Board also places on record its sincere appreciation of the commitment and the whole-hearted co-operation extended by the officers and other staff members of your Company.

For and on Behalf of the Board of Directors

(Sd/-)

Chairman

Place: New Delhi

Date: 19<sup>th</sup> July, 2016

## EXTRACT OF THE ANNUAL RETURN (FORM MGT 9)

As on the Financial Year ended on 31<sup>st</sup> March, 2016

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

### I. REGISTRATION AND OTHER DETAILS

- |  |   |   |
|--|---|---|
| i. Corporate Identity Number, CIN  | : | U60100KL2011SGC029003   |
| ii. Registration Date  | : | 02/08/2011  |
| iii. Name of the Company   | : | KOCHI METRO RAIL LIMITED  |
| iv. Category/ Sub Category of the Company                                      | : | PUBLIC COMPANY  |
| v. Address of the Registered office and Contact Details                        | : | REVENUE TOWER, 8 <sup>TH</sup> FLOOR,<br>OPPOSITE SUBHASH PARK,<br>KOCHI, KERALA, INDIA,<br>PIN – 682 011.<br>Tel: +91 484 2380 980,<br>Fax: +91 484 2380 686,<br>E-mail: <a href="mailto:anilkumar.b@kmrl.co.in">anilkumar.b@kmrl.co.in</a><br>Website: <a href="http://www.kochimetro.org">www.kochimetro.org</a> |
| vi. Whether listed Company   | : | No  |
| vii. Name, Address and Contact details of Registrar and Transfer Agent, if any | : | NA  |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL. No.	Name and Description of the main products/ services	NIC Code of the product/ service	% to total turnover of the company
---------	---	----------------------------------	------------------------------------

Not Applicable since the Company is in project stage and yet to start its operations.

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any holding, subsidiary and associate companies.



#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	4,35,05,000	4,35,05,000	50	-	6,41,50,000	6,41,50,000	50	47.45
c) State Govt.(s)	-	4,35,05,000	4,35,05,000	50	-	6,41,50,000	6,41,50,000	50	47.45
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	-	<b>8,70,10,000</b>	<b>8,70,10,000</b>	<b>100</b>	-	<b>12,83,00,000</b>	<b>12,83,00,000</b>	<b>100</b>	<b>47.45</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-

d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	-	<b>8,70,10,000</b>	<b>8,70,10,000</b>	<b>100</b>	-	<b>12,83,00,000</b>	<b>12,83,00,000</b>	<b>100</b>	<b>47.45</b>
<b>B. PUBLIC SHAREHOLDIN G</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	-	-	-	-	-	-	-	-	-
<b>(2) Non Institutions</b>									

a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>8,70,10,000</b>	<b>8,70,10,000</b>	<b>100</b>	-	<b>12,83,00,000</b>	<b>12,83,00,000</b>	<b>100</b>	<b>47.45</b>

**ii) Shareholding of Promoters**

SL No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	President of India	4,35,05,000	50	-	6,41,50,000	50	-	47.45
2	Governor of Kerala	4,35,05,000	50	-	6,41,50,000	50	-	47.45
	<b>Total</b>	<b>8,70,10,000</b>	<b>100</b>	<b>-</b>	<b>12,83,00,000</b>	<b>100</b>	<b>-</b>	<b>47.45</b>

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SL. No.	Name of Promoters	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	President of India	4,35,05,000	50	-	-
	Governor of Kerala	4,35,05,000	50	-	-
	<b>Total</b>	<b>8,70,10,000</b>	<b>100</b>	<b>-</b>	<b>-</b>
	Change in share holding				
1.	President of India 18 <sup>th</sup> August, 2015 (Allotment)	56,45,000	5.74	4,91,50,000	50
2.	Governor of Kerala 18 <sup>th</sup> August, 2015 (Allotment)	56,45,000	5.74	4,91,50,000	50
3.	President of India 18 <sup>th</sup> January, 2016 (Allotment)	1,50,00,000	11.69	6,41,50,000	50
4.	Governor of Kerala 18 <sup>th</sup> January, 2016 (Allotment)	1,50,00,000	11.69	6,41,50,000	50
	At the end of the year				
	President of India	-	-	6,41,50,000	50
	Governor of Kerala	-	-	6,41,50,000	50
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,83,00,000</b>	<b>100</b>

**iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

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

**v) Shareholding of Directors and Key Managerial Personnel:**

SL. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Directors and KMP</b>				
1.	Shri Madhusudan Prasad				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
2.	Shri Mukund Kumar Sinha				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
3.	Shri Elias George				
	At the beginning of the year	2	-	-	-
	At the end of the year	2	-	-	-

4.	Shri V. J. Kurian				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
5.	Shri Jiji Thomson				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
6.	Shri L. Narasim Prasad				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
7.	Dr. M. G. Rajamanickam				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
8.	Dr K. M. Abraham				
	At the beginning of the year	1	-	-	-
	At the end of the year	1	-	-	-
10.	Shri Abraham Oommen				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
11.	Shri Praveen Goyal				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
12.	B. Anilkumar				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-

Note: The Directors hold shares as nominees of the Government.

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/ accrued but not due for payment**

(Rs. in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	74,779.00	39,820.00	-	1,14,599.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	101.59	-	-	101.59
<b>Total (i+ii+iii)</b>	<b>74,880.59</b>	<b>39,820.00</b>	<b>-</b>	<b>1,14,700.59</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	39,864.00	6,064.00	-	45,928.00
• Reduction	-	-	-	-
<b>Net Change</b>			-	
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
i) Principal Amount	11,463.00	45,884.00	-	1,60,527.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,857.15	-	-	4,857.15
<b>Total (i+ii+iii)</b>	<b>119500.15</b>	<b>45,884.00</b>	<b>-</b>	<b>16,538.15</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakh)

SL.No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Shri Elias George (MD)	Shri Abraham Oommen (WTD)	Shri Praveen Goyal (WTD)	
1	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	-	26.76	14.81	41.57
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	1.82	1.82
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	-	<b>26.76</b>	<b>16.63</b>	<b>43.39</b>
	<b>Ceiling as per the Act</b>	<b>Not Applicable</b>			

Notes: Salary of the Managing Director is paid by the Government of Kerala.

Salary and perquisites include all elements of remuneration i.e, salary, allowances and benefits.

No bonus, pension or performance linked incentive is paid to any of the Directors.

The Company has not issued any stock options to any of the Directors.

### B. Remuneration to other Directors:

During the year the Company has not paid any remuneration to the non-executive Directors.



C. Remuneration of Key Managerial Personnel other than MD/Manager/WTM:

(Rs. in Lakh)

SL. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary B. Anilkumar	CFO	Total
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	14.29	-	14.29
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>14.29</b>	-	<b>14.29</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

During the year 2014-15, there were no penalties/punishment/compounding of offences under Companies Act, 2013.

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

To,  
The Members,  
KOCHI METRO RAIL LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KOCHI METRO RAIL LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, We report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March, 2016 complied with the statutory provisions and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

The Company is not a listed entity and therefore, the Securities and Exchanges Board of India Act, 1992 and various rules and regulations made there under are not applicable to the Company.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KOCHI METRO RAIL LIMITED for the financial year ended on 31 March, 2016 according to the provisions of the Companies Act, 2013 (hereinafter called the Act) and the rules made there under and the other laws applicable to the Company;

During the period under review the Company has complied with the provisions of the Act, Rules, Guidelines, etc. mentioned above subject to the following observations:

- 1 . The company has not appointed Independent Directors as required under the section 149(6) of the Act and not reconstituted audit committee with independent directors as required under section 177(3) of the Companies Act, 2013.
2. The company has not complied with the provisions of section 173(1) as the company has not held any Board meeting during the third Quarter ended 31<sup>st</sup> December, 2015.

In respect of other laws like Acts relating to employee and labour regulations, welfare and connected activities, specifically applicable to the Company, we have relied on information/ records produced by the Company during the course of our audit and the reporting is limited to that extent.

We further report that:

The following Rules issued under the Companies Act, 2013 are not applicable to the Company during the financial year 2015- 16:

1. Companies (Issue of Global Depository Receipts) Rules, 2014 as the Company has not issued any Global Depository Receipts.
2. Companies (Prospectus and Allotment of Securities) Rules, as the company has not allotted equity shares through the issue of prospectus.
3. Companies (Acceptance of Deposits) Rules, 2014 as the Company has not accepted any deposits.
4. Companies (Inspection, investigation and inquiry) Rules, 2014 as no inspection or investigation were ordered on the affairs of the Company.
5. Companies (Declaration and Payment of Dividend) Rules, 2014 as the company has not declared dividend during the period.

The Company has complied with the following Rules, issued under the Companies Act, 2013 subject to the observations mentioned above:

1. Companies (Management and Administration) Rules, 2014.
2. Companies (Accounts) Rules, 2014.
3. Companies (Appointment and Qualification of Directors) 2014
4. Companies (Meeting of Board and its Powers) Rules 2014.
5. Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
6. Companies (Share Capital and Debentures) Rules, 2014
7. Companies (Audit and Auditors) Rules, 2014

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking

and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions taken at the Board Meetings were properly captured and recorded in the minutes.

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

Place: Ernakulam  
Date: 16-07-2016

For Gopimohan Satheesan & Associates

(Sd/-)

K. P. Gopimohan,

Partner  
FCS No. : 7110  
CP No.: 2912

**Explanations or comments on every qualification made by the company secretary in practice in his secretarial audit report.**

- 1) Appointment of Independent Directors as required under the section 149(6) of the Act and not reconstituted audit committee with Independent Directors as required under section 177(3) of the Companies Act, 2013.

The Company has constituted a Sub Committee for the Selection of an Independent Director and a woman Director in its 24<sup>th</sup> Board Meeting held on 19<sup>th</sup> July, 2016.

- 2) Non-compliance with the provisions of section 173(1) of the Companies Act, 2013.  
It has been endeavor of management to convene and hold the Board Meetings in the manner required under the relevant provisions of Companies Act 2013. Owing to administrative reason and unavoidable official preoccupation of senior level government officials who are on the Board of Directors, the meeting could not be held. However, it is noted for compliance in the future.

## **Corporate Governance Report**

Kochi Metro Rail Limited (KMRL) is an unlisted Public Limited Company, and is pursuing the underlying principles of Corporate Governance, based on the canons of financial propriety of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision-making and avoiding conflicts of interest. Kochi Metro Rail Limited believes in stakeholder satisfaction, financial prudence and commitment to values. Therefore, the Board will continue to seek to identify and formalise best practices for adoption by the Company. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance philosophy.

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. During the year under review, the Company has implemented clear policies for the rehabilitation and resettlement of project affected persons.

### **Board of Directors**

As on the date of this report, the Board of Directors of Kochi Metro Rail Limited comprises 11 Directors, of whom 4 Directors are nominees of the Government of India, 5 Directors are nominees of the Government of Kerala and 2 are Functional Directors. The Chairman is also the Secretary, Ministry of Urban Development, Government of India, and the Managing Director is a nominee of the Government of Kerala.

**Composition of the KMRL Board as on the date of this Report:-**

1. Shri Rajiv Gauba	-	Chairman
2. Shri Mukund Kumar Sinha	-	Director
3. Shri Jitendra Tyagi	-	Director
4. Shri L. Narasim Prasad	-	Director
5. Shri S.M. Vijayanand	-	Director
6. Shri Elias George	-	Managing Director
7. Dr. K. M. Abraham	-	Director
8. Shri V. J. Kurian	-	Director
9. Dr. M. G. Rajamanickam	-	Director
10. Shri Abraham Oommen	-	Director (Finance)
11. Shri Praveen Goyal	-	Director (Systems)

During the period under report, the following Directors were inducted, based on nominations received from both the Governments;

1. Shri Rajiv Gauba, Nominee Director & Chairman, Government of India
2. Shri S.M. Vijayanand, 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 Shri Madhusudan Prasad, Chairman, who demitted office consequent on his superannuation as Secretary, MoUD and the following persons who ceased to be Directors during the year under review;

1. Shri Ved Mani Tiwari (up to 30.06.2015)
2. Shri Mahesh Kumar (up to 31.12.2015)
3. Shri Jiji Thomson (up to 29.02.2016)
4. Shri Laj Kumar (up to 31.05.2016)

The Board of Directors of the Company comprises professionals with proven administrative and execution capability committed to the objectives of the Company and who also collectively direct the Company's affairs.

#### Attendance record of Directors:

SL. No.	Name of the Director	Meetings held in 2015-16 during the tenure of their Directorship	Meetings attended	Attended AGM
1.	Shri Rajiv Gauba	0	0	No
3.	Shri Madhusudan Prasad	3	3	No
4.	Shri Mukund Kumar Sinha	3	3	Yes
6.	Shri Jitendra Tyagi	3	2	No
7.	Shri L. Narasim Prasad	3	2	No
8.	Shri Laj Kumar	2	1	No
10.	Shri Jiji Thomson	3	0	No
11.	Shri Elias George	3	3	Yes
12.	Dr. K. M. Abraham	3	0	No
12.	Shri V. J. Kurian	3	1	Yes
13.	Dr. M. G. Rajamanickam	3	0	No
14.	Shri Abraham Oommen	3	3	Yes
15.	Shri Mahesh Kumar	2	2	Yes
16.	Shri Ved Mani Tiwari	1	1	No
17.	Shri Praveen Goyal	1	1	Yes

#### Information supplied to the Board

The Board is presented before each meeting with relevant information and proposals, which require the Board's consideration in various matters related to the working of the Company, especially those that require deliberations at the highest level. Presentations are also made to the Board by the functional Directors on the progress of the project, legal compliance and other important matters from time to time.

#### Board procedures

Board Meetings are conducted regularly for critical evaluation and review of the performance of the Company and for ensuring effective implementation of management decisions. During the financial year 2015-16, the Board of Directors of the Company met thrice; on 24th April 2015, 18th August 2015 and 18th January, 2016.

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/Board Sub-Committee Meetings

- The meetings are convened by giving appropriate notice after obtaining the 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;
- 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;
- In special and exceptional circumstances, additional or supplementary item(s), which are not on the agenda, are taken up for discussion with the permission of the Chair;
- The Board is also informed of major events/items and approvals taken whenever necessary. The Managing Director keeps the Board apprised of the overall performance of the Company at the Board Meetings;
- A review of the status of actions taken on the directives of the Board in earlier meetings also forms a part of the Agenda;
- The members of the Board have complete access to all the information of the Company;
- 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 meetings are circulated in accordance with the provisions of the Companies Act, 2013 and the applicable Secretarial Standards. 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 also 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 Articles of Association 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.

### **Committees of the Board**

The Board has constituted eight sub-committees, which are commensurate with the size and nature of the operation of the Company. These are the Audit Committee, the Corporate Social Responsibility Committee, the Human Resource Committee, the Operation and Maintenance Committee, the Project Management Committee, the Investment Committee, the Procurement Committee and the 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. The details regarding the Board sub-committees are given below.

#### **1. Audit Committee**

Composition:

1. Dr. K. M. Abraham	-	Chairman
2. Shri Mukund Kumar Sinha	-	Member
3. Shri V.J. Kurian	-	Member
4. Dr. M. G. Rajamanickam	-	Member
5. Shri Praveen Goyal	-	Member

During 2015-16, the Audit Committee met twice viz., 15<sup>th</sup> July, 2015 and 8<sup>th</sup> December, 2015. In addition to the members of the Audit Committee, these meetings were attended by the Director, Finance and those executives who were considered necessary for providing inputs to

the Committee. The Terms of Reference of the Audit Committee, as approved by the Board are in accordance with the Companies Act, 2013.

The Company Secretary acted as the Secretary to the Audit Committee.

Attendance record of Members:

<b>SL. No.</b>	<b>Name of the Member</b>	<b>Meetings held in 2015-16 during the tenure of their Membership</b>	<b>Meetings attended</b>
1.	Dr. K. M. Abraham	2	2
2.	Shri Mukund Kumar Sinha	2	Nil
3.	Dr. M. G. Rajamanickam	2	1
4.	Shri L. Narasim Prasad	1	1
5.	Shri V.J. Kurian	1	Nil
6.	Shri Praveen Goyal	1	1

## **2. Corporate Social Responsibility (CSR) Committee**

Composition:

- |                            |   |          |
|----------------------------|---|----------|
| 1. Shri Elias George       | - | Chairman |
| 2. Shri Mukund Kumar Sinha | - | Member   |
| 3. Shri L. Narasim Prasad  | - | Member   |
| 4. Shri Abraham Oommen     | - | Member   |
| 5. Shri Praveen Goyal      | - | Member   |

No meetings of the CSR Committee were held during the year.

## **3. Project Management Committee**

Composition:

- |                            |   |          |
|----------------------------|---|----------|
| 1. Shri Elias George       | - | Chairman |
| 2. Shri Mukund Kumar Sinha | - | Member   |
| 3. Shri Jitendra Tyagi     | - | Member   |
| 4. Shri Abraham Oommen     | - | Member   |
| 5. Shri Praveen Goyal      | - | Member   |

The Committee met once on 24<sup>th</sup> September, 2015.

Attendance record of Members:

<b>SL. No.</b>	<b>Name of the Member</b>	<b>Meetings held in 2015-16 during the tenure of their Membership</b>	<b>Meetings attended</b>
1.	Shri Elias George	1	1
2.	Shri Mukund Kumar Sinha	1	1
3.	Shri Jitendra Tyagi	1	1
4.	Shri Abraham Oommen	1	1
5.	Shri Praveen Goyal	1	1

#### **4. Investment Committee**

Composition:

- |                        |   |          |
|------------------------|---|----------|
| 1. Shri Elias George   | - | Chairman |
| 2. Dr K. M. Abraham    | - | Member   |
| 3. Shri V. J. Kurian   | - | Member   |
| 4. Shri Abraham Oommen | - | Member   |
| 5. Shri Praveen Goyal  | - | Member   |

The Committee met once on 8<sup>th</sup> December, 2015.

Attendance record of Members:

<b>SL. No.</b>	<b>Name of the Member</b>	<b>Meetings held in 2015-16 during the tenure of their Membership</b>	<b>Meetings attended</b>
1.	Shri Elias George	1	1
2.	Dr K. M. Abraham	1	1
3.	Shri V. J. Kurian	1	NIL
4.	Shri Abraham Oommen	1	1
5.	Shri Praveen Goyal	1	1

## 5. Procurement Committee

Composition:

- |                        |   |          |
|------------------------|---|----------|
| 1. Shri Elias George   | - | Chairman |
| 2. Shri Jitendra Tyagi | - | Member   |
| 3. Shri Abraham Oommen | - | Member   |
| 4. Shri Praveen Goyal  | - | Member   |

No meetings of the Procurement Committee were held during the year.

## 6. Operation and Maintenance Committee

Composition:

- |                          |   |          |
|--------------------------|---|----------|
| 1. Shri Elias George     | - | Chairman |
| 2. Dr K. M. Abraham      | - | Member   |
| 3. Shri L Narasim Prasad | - | Member   |
| 4. Shri Abraham Oommen   | - | Member   |
| 5. Shri Praveen Goyal    | - | Member   |

The Committee met once on 22<sup>nd</sup> December, 2015.

Attendance record of Members:

SL. No.	Name of the Member	Meetings held in 2015-16 during the tenure of their Membership	Meetings attended
1.	Shri Elias George	1	1
3.	Dr K. M. Abraham	1	NIL
4.	Shri L Narasim Prasad	1	1
6.	Shri Abraham Oommen	1	1
7.	Shri Praveen Goyal	1	1

## 7. Property Development Committee

Composition:

- |                           |   |          |
|---------------------------|---|----------|
| 1. Shri Elias George      | - | Chairman |
| 2. Dr M. G. Rajamanickam  | - | Member   |
| 3. Shri Abraham Oommen    | - | Member   |
| 4. Shri Praveen Goyal     | - | Member   |
| 5. Shri L. Narasim Prasad | - | Member   |

No meetings of the Property Development Committee were held during the year.

## 8. Human Resources Development Committee

Composition:

- |    |                     |   |          |
|----|---------------------|---|----------|
| 1. | Shri Elias George   | - | Chairman |
| 2. | Shri V. J. Kurian   | - | Member   |
| 3. | Shri Abraham Oommen | - | Member   |
| 4. | Shri Praveen Goyal  | - | Member   |

The Committee met once on 22<sup>nd</sup> December, 2015.

Attendance record of Members:

SL. No.	Name of the Member	Meetings held in 2015-16 during the tenure of their Membership	Meetings attended
1.	Shri Elias George	1	1
2.	Shri V. J. Kurian	1	NIL
3.	Shri Abraham Oommen	1	1
4.	Shri Praveen Goyal	1	1

Note: The composition of Committees given above is as on the date of this report.

## 6. Disclosures

- 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 a potential conflict of interest with the interests of the Company at large;
- There were no instances of penalties imposed or strictures passed against the Company by any statutory authority;
- There were no items of expenditure debited in the books of accounts, which were not for the purpose of the business of the Company;
- The Company has separate persons to the post of Chairman and Managing Director.

## 7. Company's Website

The Company's website is [www.kochimetro.org](http://www.kochimetro.org). All major information pertaining to the Company, including the project, contracts, job recruitment processes etc., are published on the website. Moreover, the Company hosts all its tenders on the Website to disseminate timely information about all procurements of goods and services. The Website also provides information on all important events, activities and progress of the Metro Rail Project and other significant developments, and is continuously updated.

Registered Office	Company Secretary
CIN U60100KL2011SGC029003 Kochi Metro Rail Limited 8 <sup>th</sup> Floor, Revenue Tower, Park Avenue, Kochi-682 011. Ph: +91-484-2380980, Fax: +91-484-2380686	B. Anilkumar Kochi Metro Rail Limited 8 <sup>th</sup> Floor, Revenue Tower, Park Avenue, Kochi-682 011. Ph: +91-484-2380980, +91-8129270036 E-Mail – <a href="mailto:anilkumar.b@kmrl.co.in">anilkumar.b@kmrl.co.in</a>

Chairman

**KOCHI METRO RAIL LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2016**

Amount (in Rs. Lakh)

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share capital	3	1,28,300.00	87,010.00
(b) Reserves and surplus	4	(2,269.84)	(287.98)
<b>(2) Share Application Money Pending Allotment</b>	5	11,223.00	5,645.00
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	6	1,60,527.00	1,14,599.00
(b) Deferred tax liabilities (net)	7	-	2.06
(c) Other long-term liabilities	8	5,087.99	115.88
(d) Long-term provisions	9	112.09	70.40
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	10	15,796.04	13,339.52
(d) Short-term provisions	11	34.06	10.87
<b>Total</b>		<b>3,18,810.33</b>	<b>2,20,504.75</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	12.A	55,536.82	40,508.33
(ii) Intangible assets	12.B	2,930.98	2,805.09
(iii) Capital work-in-progress	13	2,00,601.76	1,05,953.76
(iv) Intangible assets under development		7.68	93.30
(b) Non-current investments		-	-
(c) Long-term loans and advances	14	29,550.64	31,849.28
(d) Other non-current assets	15	4,742.29	19.95
<b>(2) Current Assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	16	23,313.91	39,134.10
(e) Short-term loans and advances	17	2,126.25	140.94
(f) Other current assets		-	-
<b>Total</b>		<b>3,18,810.33</b>	<b>2,20,504.75</b>

Significant accounting policies 2  
See accompanying notes forming part of the financial statements 1,3-24

**In terms of our report attached.**

**For K. Varghese & Co.**  
**Chartered Accountants**  
**FRN 0045255**

**For and on behalf of the Board of Directors**

**Sam Varghese**  
**Partner**  
**M.No.216979**  
**Place : New Delhi**  
**Date : 19.07.2016**

**Elias George**  
**Managing Director**  
**Place : New Delhi**  
**Date : 19.07.2016**

**Abraham Oommen**  
**Director ( Finance)**

**Praveen Goyal**  
**Director ( Systems)**

**B. Anil Kumar**  
**Company Secretary**



**KOCHI METRO RAIL LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016**

		Amount (in Rs. Lakh)	
Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>Income</b>			
1. Revenue from operations		-	-
2. Other income	18	452.26	946.55
<b>3.Total Revenue ( 1 + 2 )</b>		<b>452.26</b>	<b>946.55</b>
<b>4. Expenses</b>			
a.Employee benefits expense	19	358.93	303.13
b.Finance costs	20	-	-
c.Depreciation and amortization expense	21	144.77	98.12
d.Other expenses	22	1934.12	634.11
e.Prior period adjustments (Net)	23	1.70	(180.35)
<b>Total Expenses</b>		<b>2439.52</b>	<b>855.01</b>
<b>5. Profit/(Loss) before exceptional and extraordinary items and tax ( 3 - 4 )</b>		<b>(1,987.26)</b>	<b>91.54</b>
6. Exceptional Items ( 5 - 6 )		(1,987.26)	-
<b>7. Profit/(Loss) before extraordinary items and tax ( 5 - 6 )</b>		<b>(1,987.26)</b>	<b>91.54</b>
8. Extraordinary Items		-	-
<b>9. Profit /(Loss) before tax ( 7 - 8 )</b>		<b>(1,987.26)</b>	<b>91.54</b>
<b>10. Tax expense / (benefit)</b>			
(a) Current tax expense		-	16.94
(b) (Less): MAT credit		-	(16.94)
(c) (Less): MAT credit to prior years		(0.50)	-
(d) Short / (Excess) provision for tax relating to prior years		(2.84)	(23.49)
(e) Deferred tax		(2.06)	132.90
<b>Net tax expense / (benefit)</b>		<b>(5.40)</b>	<b>109.41</b>
<b>11. Profit/(Loss) for the year ( 9 - 10 )</b>		<b>(1,981.86)</b>	<b>(17.87)</b>
12. Earning per equity share(of Rs. 100 each):			
(a) Basic		(1.98)	(0.04)
(b) Diluted		(1.78)	(0.03)

Significant accounting policies 2  
See accompanying notes forming part of the financial statements 1,3-24

**In terms of our report attached.**

**For K. Varghese & Co.**  
**Chartered Accountants**  
**FRN0045255**

**For and on behalf of the Board of Directors**

**Sam Varghese**  
**Partner**  
**M.No.216979**

**Place : New Delhi**  
**Date : 19.07.2016**

**Elias George**  
**Managing Director**

**Place : New Delhi**  
**Date : 19.07.2016**

**Abraham Oommen**  
**Director ( Finance)**

**Praveen Goyal**  
**Director ( Systems)**

**B. Anil Kumar**  
**Company Secretary**

# **NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

## **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 2(45) of the Companies Act, 2013. 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 specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies(Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statement are consistent with those followed in the previous year.

### **b. Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the management to make some estimates and assumptions affecting 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 continuously 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 recognised in the periods in which the results are known or materialized.

**c. Revenue Recognition**

**Other Income**

- 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.

**e. Capital work in Progress (CWIP)**

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 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.

Income pertaining to construction period such as interest earned on short term deposits, other than from temporary deployment of funds received by way of equity and interest free subordinate debt, sale of tender documents etc are reduced from CWIP.

Sale proceeds of buildings and other structures demolished for the construction by KMRL and amount received from sale of tender etc. is adjusted against the expenditure during construction .

**f. 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 capitalised since the amount payable and other terms are yet to be finalised.

Enhanced compensation, if any, under The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation & Resettlement Act, 2013 shall be booked as and when the payment is due since the amount cannot be estimated. The costs of acquisition of structures in the land are charged to the cost of land.

**g. 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.

## **h. Depreciation and Amortization**

- (i) Depreciation is charged on Fixed Assets based on the useful lives of assets, prescribed under the Schedule II of the Companies Act 2013.
- (ii) Effective from 1st April, 2014, the Company has reassessed the useful life of its existing fixed assets and has charged depreciation over the remaining useful lives, after retaining residual value, in accordance with the transitional provisions contained in the Schedule II of the Companies Act 2013.
- (iii) Residual value of 5% has been retained for all the Fixed Assets, which is in line with the provisions of the Schedule II.
- (iv) Individual assets costing less than Rs. 5,000 are charged to expense at the time of purchase itself.
- (v) Intangible assets are amortized on a systematic basis over the best estimate of its useful life.
- (vi) Way leave charges paid to Railways is recognized as intangible assets and amortised on a straight-line method over a period of 70 years.
- (vii) The useful life of mobile phone, which is grouped under office equipment, is estimated at three years.

## **i. 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 recognised 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.

**j. 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 recognised 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 recognised, if there is virtual certainty that there will be sufficient future taxable income available to realise 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

**k. 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.

#### **I. Employee benefits**

a. **Provident Fund and pension 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.

The company's pension scheme is linked with provident fund scheme. All eligible employees of the company under provident fund schemes are also covered under employee pension scheme (EPS), except for those employees of the company becoming provident fund (PF) member after 1<sup>st</sup> September 2014 and whose pay is more than Rs. 15,000/- per month is not being covered under the EPS scheme. The said benefit is being extended only, if the employee, while joining KMRL was an existing member of PF .

Under the above pension scheme, no contribution is collected from the employees and is paid from the employer contribution

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. The liability on this account is recognized on the basis of actuarial valuation.

#### **m. 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 capitalisation of such asset are added to the cost of the assets.

**n. 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.

**o. Cash and Cash equivalents**

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

**p. 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.

**q. 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.

**r. 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 FOR THE YEAR ENDED 31st MARCH 2016**

**NOTE 3 - Share capital**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31st March, 2015</b>
a) <b>Authorised</b> 20,00,00,000 equity shares of Rs. 100 each (20,00,00,000 equity shares of Rs. 100 each in the previous year)	2,00,000.00	2,00,000.00
b) <b>Issued, subscribed and fully paid up:</b> 12,83,00,000 equity shares of Rs. 100 each (previous year 8,70,10,000 equity shares of Rs. 100 each)	1,28,300.00	87,010.00
<b>3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2016</b> <b>No. of shares</b> <b>Amount in Rs.(Lacs)</b>	<b>As at 31st March, 2015</b> <b>No. of shares</b> <b>Amount in Rs.(Lacs)</b>
At the beginning of the year	8,70,10,000 87,010.00	2,15,00,000 21,500.00
Allotted during the year	4,12,90,000 41,290.00	6,55,10,000 65,510.00
Outstanding at the end of the year	12,83,00,000 1,28,300.00	8,70,10,000 87,010.00

3.2 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.

**3.3 Number of equity shares in the Company held by each shareholder holding more than 5 percent shares**

<b>Name of Shareholder</b>	<b>Equity Shares</b>		<b>Equity Shares</b>	
	<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
	<b>No. of Shares held</b>	<b>% of Holding</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
President of India	6,41,50,000	50	4,35,05,000	50
Governor of Kerala	6,41,50,000	50	4,35,05,000	50

**NOTE 4 - Reserves and surplus**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31st March, 2015</b>
a) <b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening Balance	(287.98)	(270.11)
Add: Profit / (Loss) for the year	(1981.86)	(17.87)
Closing Balance	(2269.84)	(287.98)

**NOTE 5 - Share application money received, pending allotment**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Share application money pending allotment</b>		
a) President of India	11,223.00	-
b) Governor of Kerala	-	5,645.00
	11,223.00	5,645.00

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 share application money will be held as share application money until matching contribution are received from the other respective Governments. Share allotments will be made in the immediately following Board meetings after such matching contributions were 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

**NOTE 6 - Long-term borrowings**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>a) Term loans (secured)</b>		
1) Pass Through Assistance - Government of India	42643.00	16179.00
2) Canara Bank	25000.00	22000.00
3) Ernakulam District Cooperative Bank ( land acquisition )	36600.00	36600.00
4) Ernakulam District Cooperative Bank ( Vytilla petta land acquisition )	10400.00	-
<b>b) Interest Free Sub Ordinate Debt (unsecured)</b>		
1) Government of India	15,259.00	9,195.00
2) Government of Kerala	30,625.00	30,625.00
	<u>1,60,527.00</u>	<u>1,14,599.00</u>

6.1 The Pass Through Assistance ( PTA ) provided by Government of India is based on the credit facility agreement between Agence Francaise De Development (AFD) , a French public funding agency and Government of India(GOI) as the borrower. The loan is secured by sovereign guarantee by the GOI. The loan shall be disbursed in several tranches as per budgetary provisions of Government of India. The rate of interest applicable is 6 monthly EURIBOR plus the margin of 155 basis point .Interest is due on each payment date i.e on 15th March and 15th September of each year. Repayment of the principal amount shall be in forty equal half yearly installments after the moratorium period of five years and the first installment is due on 15th September 2019 and the last installment shall be payable on 15th March 2039. During the year, the company has received an amount of Rs. 264.64 crore as Pass through Assistance from GOI. The company has paid interest of Rs. 4.51 crore to GOI during the year

6.2 During the previous year, the Company has entered into a term loan agreement with Canara Bank for an amount of Rs.1,170 crore. Moratorium for repayment of the principal amount is upto June 2020. The loan shall be repaid in fifty two quarterly installments starting from the financial year 2020-21. The rate of interest applicable is 0.60% above the base rate of Canara Bank ,compounded at monthly rests and secured by paripassu charge on all assets of the company. During the year the company has withdrawn Rs. 30 crore and paid interest of Rs. 24.82 crore.

6.3 While approving the Kochi Metro Rail project vide order No. K-14011/37/2005-MRTS-IV dated 12th July 2012 of Ministry of Urban Development, Government of India, it was indicated that Rs. 672 crore towards cost of land acquisition shall be provided as Interest free Sub Debt by Government of Kerala. Against this, the Government of Kerala has released Rs. 306.25 crore till 31st March 2016. For the balance amount, Government of Kerala had decided that KMRL shall avail loan on behalf of Government of Kerala towards the balance sub debt contribution to be provided by Government of Kerala.

Vide G.O.(Ms)No.20/2015/Trans dated 25.03.2015 of Government of Kerala has accorded approval for availing of term loan of Rs. 366 crore from Ernakulam District Co-operative Bank Ltd (EDC) towards land acquisition. Accordingly, the company has entered into term loan agreement with EDC as approved in its 19th Board meeting. Total tenure of the loan shall be 12 years with two year moratorium and repayment in ten years on annuity basis secured by paripassu charge on all assets of the company. The rate of interest is 0.05% below the base rate of the State bank of India compounded on quarterly rest. The interest rate shall be reset every three years. The repayment of the loan with interest has been undertaken by the Government of Kerala on back-to-back basis.

The company has withdrawn the entire loan amount of Rs. 366 crore during the previous year 2014-15 as per the directions of the Government of Kerala.

Vide G.O.(Ms)No.24/2015/Trans dated 30.04.2015 of Government of Kerala has accorded approval for availing of term loan of Rs. 104 crore from Ernakulam District Co-operative Bank Ltd (EDC) towards land acquisition for widening of Vytilla Petta road. Accordingly, the company has entered into term loan agreement with EDC as approved in its 19th Board meeting. Total tenure of the loan shall be 12 years with two year moratorium and repayment in ten years on annuity basis secured by paripassu charge on all assets of the company. The rate of interest is 0.05% below the base rate of the State bank of India compounded on quarterly rest. The interest rate shall be reset every three years. The repayment of the loan with interest has been undertaken by the Government of Kerala on back-to-back basis.

The company has withdrawn the entire loan amount of Rs. 104 crore during the year as per the directions of the Government of Kerala.

6.4 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 Sub ordinate 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.

6.5 During the year, the Company has received an interest free sub ordinate debt from GOI for an amount of Rs. 60.64 crore towards central taxes.

6.6 The sub ordinate 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

**NOTE 7 - Deferred Tax liability / asset (Net)**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) Deferred Tax Liability		
Tax effect of items consisting deferred tax liabilities:		
On difference between book balance and tax		
balance of fixed assets	(2.06)	(141.97)
b) Deferred Tax Asset		
Tax effect of items consisting deferred tax assets:		
Unabsorbed depreciation and losses	2.06	139.91
<b>Deferred Tax liability / asset (net)</b>	<b>-</b>	<b>(2.06)</b>

**NOTE 8 - Other long-term liabilities**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) Retention	114.00	95.93
b) Interest on EDC loan	4742.28	-
c) Subsidy received - MNRE	144.00	-
d) Others	87.71	19.95
	<b>5087.99</b>	<b>115.88</b>

**NOTE 9 - Long-term provisions**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) <b>Provision for employee benefits</b>		
i) Provision for gratuity	28.55	17.06
ii) Provision for earned leave	50.87	33.71
iii) Provision for half pay leave	28.35	19.63
iv) Provision for leave travel concession	4.32	-
	<b>112.09</b>	<b>70.40</b>

**NOTE 10 - Other current liabilities**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Unsecured</b>		
a) Interest accrued but not due on borrowing	114.87	81.64
b) other payables		
i) Statutory payments	70.53	17.26
ii) Trade/security deposit received	244.67	136.27
iii) Land acquisition & structural valuation	9267.83	6773.27
iv) Others		
1. Project related liabilities	3463.11	4294.61
2. Kerala road fund board	-	1471.79
3. Government Of Kerala	1761.26	376.06
4. Road works	149.30	-
5. Preparatory works	355.89	-
6. Others	368.58	188.62
	<b>15,796.04</b>	<b>13,339.52</b>

**NOTE 11 - Short-term provisions**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) <b>Provision for employee benefits</b>		
i) Provision for gratuity	0.34	0.14
ii) Provision for earned leave	15.51	6.98
iii) Provision for half pay leave	13.47	3.75
iv) Provision for leave travel concession	4.74	-
	<b>34.06</b>	<b>10.87</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

<b>FIXED ASSETS</b>											
<b>Note 12.A Tangible Fixed Assets</b>											
<b>Particulars</b>	<b>Gross Block</b>				<b>Depreciation/Amortization</b>					<b>Amount (in Rs. Lakh)</b>	
	<b>Balance as at 01.04.2015</b>	<b>Additions / Adjustments during the year</b>	<b>Deductions / Adjustments during the year</b>	<b>Balance as at 31.03.2016</b>	<b>Balance as at 01.04.2015</b>	<b>Depreciation/ amortization for the year</b>	<b>Additions / Other Adjustments</b>	<b>Adjustments on asset sold/ adjusted</b>	<b>Accumulated Depreciation as at 31.03.2016</b>	<b>Balance as at 31.03.2016</b>	<b>Balance as at 31.03.2015</b>
Freehold Land	40,190.09	15,055.89	-	55,245.98	-	-	-	-	-	55,245.98	40,190.09
Computers	72.37	14.55	2.74	84.18	43.24	14.71	-	1.54	56.41	27.77	29.14
Electrical Appliances	33.51	3.39	0.22	36.68	3.94	3.41	-	0.01	7.34	29.34	29.57
Electrical Equipments	7.52	-	-	7.52	1.63	0.82	-	-	2.45	5.07	5.89
Electrical Installations	100.67	0.20	-	100.87	16.38	10.33	-	-	26.71	74.16	84.28
Fire equipment	0.51	-	-	0.51	0.51	-	-	-	0.51	-	-
Furniture and Fixtures	150.40	8.06	-	158.46	26.98	15.02	-	-	42.00	116.46	123.42
Office Equipment	39.39	6.99	3.01	43.37	13.25	10.43	-	1.55	22.13	21.24	26.14
Vehicles	24.68	-	-	24.68	4.88	3.01	-	-	7.89	16.79	19.80
<b>Total</b>	<b>40,619.14</b>	<b>15,089.08</b>	<b>5.97</b>	<b>55,702.25</b>	<b>110.81</b>	<b>57.73</b>	<b>-</b>	<b>3.10</b>	<b>165.44</b>	<b>55,536.82</b>	<b>40,508.33</b>
<b>Previous year</b>	<b>12,064.47</b>	<b>28,560.64</b>	<b>5.97</b>	<b>40,619.14</b>	<b>41.28</b>	<b>69.76</b>	<b>1.75</b>	<b>1.97</b>	<b>110.81</b>	<b>40,508.33</b>	
<b>Note 12.B Intangible Fixed Assets</b>											
Software	68.34	151.33	-	219.67	24.02	40.30	-	-	64.32	155.35	44.32
Branding-Kochi metro	-	61.60	-	61.60	-	7.09	-	-	7.09	54.51	-
Way leave charges to railways	2,776.22	-	-	2,776.22	15.45	39.65	-	-	55.10	2,721.12	2,760.77
<b>Total</b>	<b>2,844.56</b>	<b>212.93</b>	<b>-</b>	<b>3,057.49</b>	<b>39.47</b>	<b>87.04</b>	<b>-</b>	<b>-</b>	<b>126.51</b>	<b>2,930.98</b>	<b>2,805.09</b>
<b>Previous year</b>	<b>40.22</b>	<b>2,804.34</b>	<b>-</b>	<b>2,844.56</b>	<b>11.11</b>	<b>28.36</b>	<b>-</b>	<b>-</b>	<b>39.47</b>	<b>2,805.09</b>	

**Notes:**

12.1. The Company has taken over possession of 30.65 hectares of private Land till 31st March 2016 ( previous year 27.42 hectares).

12.2. 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, the Government of Kerala has exempted these charges vide Government order no.G.O.(P) No. 164/2014/TD/2353 & 2354 dated 25th September 2014.

12.3. Registration of Land in the name of the Company is under process.

12.4. Metro works are going on in an extent of 4.03 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.

12.5. The Government of Kerala (GoK) vide G.O. (MS) No.91/13/RD dt. 12-3-2013 had allotted an area of 17.315 acres of land which is in the possession of Kerala Public Works Department to KMRL for the purpose of property development. Value of these parcel of land is not included in Fixed assets, since the land is not yet assigned on registry to KMRL .Hence not yet taken possession of this land.

12.6. The Company had paid an amount of Rs.27.76 crore during the financial year 2014-15 towards way leave charges to Southern railways for the construction of via duct for Kochi Metro Rail Project railway land. The permission has been taken for an initial period of 35 years against one time lump sum payment equivalent to 99% of the current market vale of land .The tenure can be further extended for a period of 35 years on payment of a nominal fees per annum. The amount is shown under intangible asset and amortized for a period of 70 years.The agreement with railways is yet to be executed.

12.7. In case of mobile phone, grouped under office equipment, the useful life is estimated at three years.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

**NOTE 13 - Capital work-in-progress**

<b>Particulars</b>	<b>Amount (in Rs. Lakh)</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) Kochi metro rail project - phase I	1,99,812.61	1,05,296.51
b) Phase II ( Extension )	789.15	657.25
	<u>2,00,601.76</u>	<u>1,05,953.76</u>

**NOTE 14 - Long-term loans and advances**

<b>Particulars</b>	<b>Amount (in Rs. Lakh)</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) <b>Capital Advances (unsecured and considered good)</b>		
i) Project Advance to Delhi Metro Rail Corporation	18,125.31	17,536.44
ii) District Collector-Land Acquisition	4,678.59	13,783.74
iii) District Collector-Land Acquisition(petta extension)	6,000.00	-
b) <b>Security Deposits (unsecured and considered good)</b>		
i) Telephone Deposit	0.61	0.41
ii) Security Deposit	86.54	31.99
iii) Security Deposit- Casting yard	310.98	310.98
iv) Nominal charges- southern railways	68.15	70.18
v) Signage boards	119.07	45.73
c) <b>Taxation (net of provisions)</b>	161.39	69.81
	<u>29,550.64</u>	<u>31,849.28</u>

**NOTE 15 - Other non-current assets**

<b>Particulars</b>	<b>Amount (in Rs. Lakh)</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) Receivable from Government of Kerala(interest on EDC loan)	4,742.28	19.95
b) Others	0.01	-
	<u>4,742.29</u>	<u>19.95</u>

15.1 The interest on EDC loan is recoverable from Government of Kerala as per G.O.(Ms)No.20/2015/Trans dated 25.03.2015 of Government of Kerala

**NOTE 16 -Cash and cash equivalents**

<b>Particulars</b>	<b>Amount (in Rs. Lakh)</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) Balances with banks(in current account)	1,360.39	85.10
b) Balance in Sub Treasury account	21,368.70	37,500.70
c) Term Deposits (with maturity less than twelve months)	584.32	1,547.81
d) Earmarked balances with banks	0.50	0.50
	<u>23,313.91</u>	<u>39,134.10</u>

**NOTE 17 - Short-term loans and advances**

<b>Particulars</b>	<b>Amount (in Rs. Lakh)</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a) <b>Others (unsecured and considered good)</b>		
i) Prepaid Expense	251.49	104.01
ii) Interest accrued	2.90	2.08
iii) Travel advance	0.54	1.55
iv) Other Employee advances	2.95	2.84
v) Work deposits	15.51	-
vi) Balance with government authorities	0.77	-
vii) Receivable from Government of Kerala(preparatory works)	1,815.19	-
viii) Others	36.90	30.47
	<u>2126.25</u>	<u>140.94</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

**NOTE 18 - Other income**

**Amount (in Rs. Lakh)**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Interest from bank deposits	350.09	519.74
b) Other non-operative income	102.17	426.81
	<u>452.26</u>	<u>946.55</u>
18.1 Other non operating income comprises of		
i) Application/tender processing fees	5.06	25.29
ii) Gain on sale of asset	0.01	-
iii) Interest on income tax refund	0.58	2.82
iv) Other income-DMRC	96.52	398.38
v) Liquidated Damages	-	0.09
vi) Others	-	0.23

**NOTE 19 - Employee benefits expense**

**Amount (in Rs. Lakh)**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Salaries and wages	257.15	219.03
b) Contributions to provident and other funds	23.37	18.77
c) Gratuity expense	4.68	4.21
d) Staff welfare expenses	73.73	61.12
	<u>358.93</u>	<u>303.13</u>

**NOTE 20 - Finance costs**

**Amount (in Rs. Lakh)**

Particulars	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	2015-16			2014-15		
	Gross interest (A)	Expense during construction (B)	Total transfer to P&L A/c (A - B)	Gross interest (A)	Expense during construction (B)	Total transfer to P&L A/c (A - B)
a) Interest on Pass through assistance - Government of India	471.97	471.97	-	88.69	88.69	-
b) Interest on Canara bank loan	2,566.30	2,566.30	-	129.61	129.61	-
	<u>3038.27</u>	<u>3038.27</u>	<u>-</u>	<u>218.30</u>	<u>218.30</u>	<u>-</u>

**NOTE 21 - Depreciation and amortization expenses**

**Amount (in Rs. Lakh)**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Tangible assets	57.73	69.76
b) Intangible assets	87.04	28.36
	<u>144.77</u>	<u>98.12</u>

**NOTE 22 - Other expenses**

**Amount (in Rs. Lakh)**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Advertisement	37.54	25.84
b) Power and fuel	11.16	23.49
c) Rent, Rates and taxes	43.93	31.63
d) Repairs and maintenance	28.07	10.11
e) Insurance	0.51	0.58
f) Travelling and conveyance	102.47	82.29
g) Printing and stationery	11.43	11.64
h) Events and promotion	36.97	10.30
i) Legal and professional	117.04	31.40
j) Payment to auditors (refer note 22.1)	4.76	4.06
k) Loss on sale of fixed asset	0.15	0.26
l) Office expense	97.19	77.92
m) Signage boards	20.99	5.99
n) Road works	1,221.23	219.76
o) Bank charges	47.29	9.03
p) Donation	-	7.50
q) Social media and perception management	54.38	49.24
r) Recurment/training expense	4.20	-
s) Tree planting expense	53.88	5.42
t) Miscellaneous expense	40.93	27.65
	<u>1,934.12</u>	<u>634.11</u>
22.1 Payment to auditors		
i. Audit fees (inclusive of service tax)	3.48	2.99
ii. Other services	0.69	0.57
iii. Reimbursement of expenses	0.60	0.50

**NOTE 23 - Prior period adjustment**

**Amount (in Rs. Lakh)**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Other income from DMRC	-	(123.70)
b) Survey charges written back	-	(9.81)
c) Interest income	-	(46.84)
d) Loss on sale of asset	0.98	-
e) Other expense	1.02	-
f) Excess depreciation written/back	(0.30)	-
Prior period Expense/(Income) - Net	<u>1.70</u>	<u>(180.35)</u>

**NOTE No. 24 ADDITIONAL INFORMATION TO THE FINANCIAL  
STATEMENTS**

**1. Expenditure in Foreign Currency**

<b>Amount (in Rs.Lakh)</b>		
<b>Particulars</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
Tours and Travels	28.01	8.11
Expenditure by DMRC on contracts (see note below)	9640.74	6169.19

The capital expenditure is incurred by DMRC in foreign currency as per their statement of accounts out of the payment made to them in Indian rupee by KMRL.

**2. Capital work in Progress (CWIP)**

Construction of the capital asset i.e the Metro Rail system is under progress. As per the agreement dated 23<sup>rd</sup> May 2013, Delhi Metro Rail Corporation Limited (DMRC) shall execute all the works related to the project and commission the system. CWIP is recorded in the books of accounts based on the fund utilization statement furnished by DMRC as on 31<sup>st</sup> March 2016.

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. 0.81 crore .

The DMRC fee for executing the works amounting to Rs. 64.64 crore for the current financial year (till date Rs. 187.94 crore) is grouped under CWIP as expenses during construction pending capitalization.

As per the agreement with DMRC, project cost is paid as advance. Interest received on the deposit of these funds is reduced from CWIP. The interest so accounted during the year is Rs. 7.65 crore (till date Rs. 20.19 crore). Also the

amount received from sale of tender by DMRC is reduced from the CWIP. The amount so accounted during the year is Rs. 0.13 crore (till date Rs. 0.55 crore).

The interest earned on short-term deposits made out of Pass through assistance (PTA) funds towards Agence Francaise De Development (AFD) loan is reduced from CWIP in accordance with Accounting Standard(AS) 16 , Borrowing cost amounts to Rs. 5.62 crore.

Government of Kerala (GOK) vide G.O.(Ms) No. 72/2015/Trans dated 16<sup>th</sup> November 2015 has accorded administrative sanction for the new metro line for a distance of 11.2 km from Jawaharlal Nehru stadium to Kakkanad with an estimated cost of Rs. 2024 crore. The project is under approval of Government of India. Expenditure on account of detailed project report and traffic study undertaken by KMRL is grouped under CWIP- Phase II.

### **3. Preparatory works**

Preparatory works are undertaken by DMRC as per the Government of Kerala (GOK) order vide GO Number 34/2010/Tran Dated 19-3-2010 with an estimated cost of Rs. 242.47 crore. The ownership of these assets rests with the Government of Kerala (GOK). After formation of Kochi Metro Rail Limited (KMRL), the funds for these 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.

Funds received from GOK are released to DMRC based on their requisition. Total expenditure incurred by DMRC till 31<sup>st</sup> March 2016, out of these funds is Rs.126.86 crore (till previous year Rs. 84.16 crore). KMRL has transferred an cumulative funds of Rs. 96.20 crore to DMRC towards these works.

During the financial year 2015-16, DMRC has raised a claim of Rs. 7.98 crore towards remuneration for the preparatory works @ 6% on the project cost.



#### **4. City road improvement works**

The Board of Directors in its 18<sup>th</sup> meeting held on 16<sup>th</sup> September 2014 has approved undertaking works for the improvement of arterial roads of the project area at an estimated cost of Rs. 31.10 crore with the proviso that 50% of the amount expended shall be borne by Government of Kerala. Vide G.O.(Ms)No.14/2015/Plg dated 28.02.2015 , Government of Kerala has accorded approval for Rs. 15.55 crore for improvements of the city roads, being 50% of the estimated cost. The company has incurred an amount of Rs. 22.27 crore (previous year Rs. 4.39 crore ) during the year and Rs. 11.13 crore (previous year Rs. 2.19 crore) has been set off against the funds received from the Government of Kerala. Balance expenditure is charged to revenue, since the assets are not belonging to KMRL and the works are of a maintenance nature done for the smooth traffic flow during construction of the metro. Government of Kerala has released Rs. 15.55 crore towards this work.

#### **5. Edapally 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, to be executed through DMRC at an estimated cost of RS. 108.77 crore. An amount of Rs. 25 crore has been released by Kerala Road Fund Board (KRFB) to KMRL for this work in the financial year 2013-14. However, the MoU delineating the terms of execution was executed on 23<sup>rd</sup> May 2016 i.e after the balance sheet date.

Total expenditure incurred by KMRL towards flyover construction is Rs. 23.30 crore including funds transferred to DMRC totaling to Rs. 20.83. All expenditure attributable to the above work is met out of the funds provided by KRFB. DMRC has spent an amount of Rs. 23.26 crore till 31<sup>st</sup> March 2016 towards construction of the Edapally flyover.

#### **6. Pachalam Rail Over Bridge (ROB)**

Government of Kerala vide order No. G.O(Ms) No. 23/2014/Trans dated 05/03/2014 has entrusted the works of construction of Pachalam ROB to KMRL for executing the works, through DMRC for reducing the traffic block due to civil construction from Aluva to Petta with an approved cost of Rs. 52.59 crore. An

amount of Rs. 25 crore ( Rs. 10 crore is towards land acquisition and Rs. 15 crore for works ) has been released by Government of Kerala to KMRL for this work during the financial year 2015-16 vide G.O(Ms) No. 43/2015/Trans dated 23/07/2015. An amount of Rs. 7 crore has been paid to District Collector towards the cost of land acquisition and Rs. 14.83 crore to DMRC towards works. DMRC has spent an amount of Rs. 17.51 crore towards construction of the rail over bridge till 31<sup>st</sup> March 2016.

## **7. Vytilla Petta road widening**

Government of Kerala vide order No. G.O(Ms) No. 22/2014/Trans dated 04/03/2014 has accorded administrative sanction for widening of Vytilla Petta road at an estimated cost of Rs. 120 crore. Since there was a delay in acquiring the land and on the request by KMRL, administrative sanction was accorded vide G.O(Ms) No. 13/2015/Trans dated 10/03/2015 for widening of 1.5 KM of Vytilla Petta road from Kunnara park to Petta. Government has also released an amount of Rs. 22.35 crore for the works and an amount of Rs. 7.74 crore has been incurred by KMRL during the financial year 2015-16.

Vide G.O.(Ms)No.24/2015/Trans dated 30.04.2015 of Government of Kerala has accorded approval for availing term loan of Rs. 104 crore from Ernakulam District Co-operative Bank Ltd (EDC) towards land acquisition for widening of Vytilla Petta road. Accordingly, the company has entered into term loan agreement with EDC as approved in its 19th Board meeting held on 9<sup>th</sup> May ,2014.

Out of the funds withdrawn from EDC, an amount of Rs. 60 crore has been transferred during the year to District Collector as advance towards land acquisition for the road widening works.

## **8. Integrated water transport system**

Government of Kerala (GOK) vide G.O(Ms) No. 73/2015/Trans dated 19/11/2015 has accorded approval for the integrated water transport system in Kochi with an estimated cost of Rs. 682.01 crore. The project is being mainly financed by the German funding agency “Kreditanstalt fur Wiederaufbau” (Kfu) under the Indo-German Bilateral Cooperation as part of the “Climate Friendly Urban Mobility” initiative and balance by GOK. KMRL shall be the executing and operating

agency on behalf of GOK. Expense incurred till date on this account is shown as amount receivable from GOK.

#### **9. Financial Institutions (FI) led consortium for open loop contactless smart card based automatic fare collection system**

During the year, KMRL has entered into an agreement with Axis Bank Limited lead consortium on 10<sup>th</sup> June 2015 for open loop contactless smart card based automatic fare collection system for the Kochi Metro Rail project. The prime intention is to implement automatic ticketing system, which comprises of the Automatic Fare Collection (AFC) system and the Europay, MasterCard and Visa (EMV) standards based contactless smart card system. The EMV card is capable of using not only in the metro system, but also for the commercial non fare box transactions.

As per the terms of agreement with the consortium, an amount of Rs. 208.80 crore towards royalty shall be paid to KMRL over a period of 10 years from the date of opening of the last station. On signing of the contract, an amount of Rs. 1 crore has been released to KMRL as advance towards royalty payment. The amount is grouped under “Other long term liabilities”.

#### **10. Central Financial Assistance (CFA)**

During the year an amount of Rs. 4.80 crore (being 15% of the estimated project cost of Rs. 32 crore) has been approved as Central Financial Assistance (CFA) by the Ministry of New and Renewable Energy (MNRE) , Government of India for installation of grid connected Solar Photo Voltaic (SPV) power plants of total aggregate capacity of 4.0 MW under the “National Clean Energy Fund”.

KMRL has received an amount of Rs. 1.44 crore being the 1<sup>st</sup> installment of the CFA and grouped under “Other long term liabilities”. Release of further installments shall be considered after submission of requisite claims, project completion reports, utilization certificate and audited statements of expenditure.

The supply, installation ,testing and commissioning of the Solar PV power plants has been awarded to M/s Hero Solar Energy Private Limited (the developer) by DMRC. The contract is based on RESCO (Renewable Energy Service Company) model, where in the project cost is borne by the developer and PPA (Power

Purchase Agreement) for 25 years at a mutually agreed tariff is being signed by the KMRL.

The subsidy amount received from MNRE shall be disbursed to the developer on submission of the audited certificate of the project cost.

#### **11. Disclosure in respect of AS-15 (Revised)- Employee Benefits**

- i. **Fund and pension fund:** The eligible employees of the Company are entitled to receive benefits under provident fund ( PF) 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.

The company's pension scheme is linked with provident fund scheme. All eligible employees of the company under provident fund schemes are also covered under employee pension scheme (EPS), except for those employees of the company becoming provident fund (PF) member after 1<sup>st</sup> September 2014 and whose pay is more than Rs. 15,000/- per month is not being covered under the EPS scheme. The said benefit is being extended only, if the employee, while joining KMRL was an existing member of PF.

Under the above pension scheme, no contribution is collected from the employees and is paid from the employer contribution

- ii. **Gratuity:** Gratuity is payable as per Payment of Gratuity Act, 1972 to every employee who has rendered continuous services of five years or more. 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 Company provides financial assistance to the employee for meeting expenses of actual travel involved to their hometown as well as any place in India as per the approved policy. The liability on this account is recognized on the basis of actuarial valuation.

v. **Insurance:** The Company has also taken Medical Insurance Policy and Life Insurance Policy for all its eligible employee 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	LTC
Current service cost	2015-16	28.89	66.38	41.82	9.06
	2014-15	17.19	40.69	23.38	-
Amount recognized in Profit and Loss	2015-16	4.68	10.89	7.38	5.96
	2014-15	4.21	10.29	5.40	-

b) Amount recognized in the Balance Sheet.

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>Year</b>	<b>Gratuity</b>	<b>Earned Leave</b>	<b>Half pay Leave</b>	<b>LTC</b>
Present value of the obligation	2015-16	28.89	66.38	41.82	9.06
	2014-15	17.19	40.69	23.38	-
Net asset/(liability) recognized in the balance sheet	2015-16	28.89	66.38	41.82	9.06
	2014-15	17.19	40.69	23.38	-

c) Actuarial Assumptions

Particulars	2015-16	2014-15
Funding mechanism	Unfunded	Unfunded
Discount rate		
(a) Gratuity, earned leave, half pay leave	7.80%	9.10%
(b) Leave travel concession	7.35%	-
Salary escalation as per para 83-91 and 120 of AS 15R	3 %	3 %
Attrition rate fixed by enterprise	13.60 %	1 %
Proportion of leave availment and encashment during service		
(a) Gratuity, earned leave, half pay leave	10 %	10 %
(b) Leave travel concession	20%	-
Proportion of encashment on separation	80%	10%

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

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

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

**a. Key Management persons:**

- i. Shri. Elias George (Managing Director)
- ii. Shri. Abraham Oommen (Director-Finance)
- iii. Shri. Praveen Goyal (Director- System) from 08.09.2015
- iv. Shri. Ved Mani Tiwari (Director- System) upto 30.06.2015

- v. Shri. Mahesh Kumar (Director-Projects) upto 31.12.2015
- vi. Shri. Anil Kumar B (Company Secretary)

**b. Disclosure of transactions with related parties**  
**(Key managerial persons)**

**Amount (in Rs. Lakh)**

<b>Particulars</b>	<b>Shri. Elias George (Managing Director)</b>	<b>Shri. Abraham Oommen (Director-Finance)</b>	<b>Shri. Praveen Goyal (Director-System)</b>	<b>Shri. Ved Mani Tiwari (Director-System)</b>	<b>Shri. Mahesh Kumar (Director-Projects)</b>	<b>Shri. Anil Kumar B (Company Secretary)</b>
<b>Salaries &amp; Allowances</b>						
Current year	-	26.77	14.81	6.45	18.99	14.30
Previous year	-	24.30	-	25.68	22.22	13.20
<b>Contributions to Provident Fund and others</b>						
Current year	-	2.42	1.42	-	1.73	1.31
Previous year		2.23	-	-	2.16	1.22
<b>Other benefits</b>						
Current year	6.96	2.87	3.62	4.09	7.18	0.21
Previous year	7.93	2.02	-	9.21	6.09	0.15

- 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 above amounts does not include provisions towards contributions to gratuity, leave encashment , leave travel concession as ascertained on actuarial valuation

**14. 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 Rs. 61.05 Lakh (previous year Rs. 53.23 Lakh) towards lease rent (net of recoveries) on behalf of the employee and Rs.99.63 Lakh towards office (previous year Rs. 77.32 Lakh).

#### **15. Disclosure in respect of Earnings per share AS-20 (Earnings Per Share)**

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Net Profit /(Loss) for the year (Rs. in Lakh)	(1981.86)	(17.87)
Weighted average number of equity shares outstanding during the year		
- Basic	99,965,027	47,262,696
- Diluted	111,188,027	52,907,696
Basic Earnings Per Share (Face value of Rs. 100/-per share) (Rs.)	(1.98)	(0.04)
Diluted Earnings Per Share (Face value of Rs. 100/-per share) (Rs)	(1.78)	(0.03)

#### **16. Disclosure in respect of AS-22 (Accounting for Taxes on Income)**

The Company has deferred tax asset of Rs. 752.71 lakh (previous year Rs. 6.15 lakh) as on 31.03.2016 because of unabsorbed depreciation and accumulated losses. The deferred tax liability as on 31.03.2016 is Rs. 322.74 lakh (previous year Rs. 139.05 lakh). Though there is a net deferred tax asset of Rs. 429.97 lakh (previous year net deferred tax liability Rs. 2.06 lakh), in the absence of virtual certainty and as a matter of prudence, the deferred tax asset is considered in the accounts only to the extent of existing deferred tax liability of Rs. 2.06 lakh. Hence, the net deferred tax in the accounts is NIL. (previous year net deferred tax liability Rs. 2.06 lakh).

#### **17. 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 recognised in the accounts for the financial year.

#### **18. Some debit/credit balances of parties are subject to confirmation and reconciliation, consequential impact thereof, if any, remains unascertained.**

**19. Information in respect of Micro, Small and Medium Enterprises as at 31st March 2016.**

No amount is due to micro, small and medium enterprises as at 31st March 2016.

**20. Capital commitments, Contingent liabilities and Contingent Asset**

**a) Contingent liabilities**

**Amount (Rs. in lakh)**

<b>Contingent liabilities</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
Claims against company not acknowledged as debt		
• Towards Kochi metro rail project	435.12	1029.26
• Towards preparatory works under taken by KMRL on behalf of Government of Kerala (GOK )	187.15	187.15

**b) Capital and other commitments**

**Amount (Rs. in lakh)**

<b>Capital and other commitments</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
Estimated amount of tangible asset contracts entered into by DMRC on behalf of KMRL (including foreign currency contracts net of advances) remaining to be executed and not provided for	125,296.43	195,372.06

<b>Capital and other commitments</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
Estimated amount of contracts entered into by KMRL including consultancy contracts (net of advances) remaining to be executed and not provided for		
a. Tangible asset	6886.81	14931.78
b. Intangible asset	66.63	115.64
<b>Total amount</b>	<b>132,249.88</b>	<b>2,10,419.48</b>

**c) Contingent Asset**

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

**21.** Previous years figures have been regrouped / reclassified, wherever necessary, to correspond with the current years classification/disclosures.

**In terms of our report of even date attached. For and on behalf of the Board of Directors  
For K. Varghese & Co.  
Chartered Accountants**

**Sam Varghese**

**Partner.**

**Place:**

**Date:**

**Elias George**

**Managing Director**

**Abraham Oommen**

**Director (Finance)**

**Praveen Goyal**

**Director (Systems**

**Place:**

**Date:**

**B. Anil Kumar**

**Company Secretary**

**KOCHI METRO RAIL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.16**

Particulars	Amount (in Rs. Lakh)	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>A. Cash Flow from Operating activities</b>		
Net Profit/(Loss) before tax	(1,987.26)	91.54
<b>Adjustment for</b>		
(Profit) / Loss on sale of asset ( net )	1.13	0.26
Depreciation and amortization expense	144.77	98.12
Prior period adjustment	0.72	(180.35)
Interest income	(350.09)	(519.74)
Prepaid expense	12.93	-
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(2,177.80)</b>	<b>(510.17)</b>
<b>Adjustments for (increase) / decrease in operating assets</b>		
Taxes	(88.24)	60.20
Employee benefit provisions	21.54	19.91
<b>Net Cash flow from Operating activities ( A )</b>	<b>(2,244.50)</b>	<b>(430.06)</b>
<b>B. Cash Flow from Investing activities</b>		
Capital expenditure on fixed assets including capital advance	(3,699.98)	(28,488.51)
Capital WIP	(92,046.81)	(80,641.49)
Others		
Other long term liabilities	249.77	95.93
Interest earned	909.23	517.66
Long term loans and advances	(6,126.06)	(1,629.85)
Short-term loans and advances	(1,995.34)	39.75
Other current liabilities	(657.47)	4,275.03
<b>Net Cash flow from / (used in) investing activities ( B )</b>	<b>(1,03,366.66)</b>	<b>(1,05,831.48)</b>
<b>C. Cash flow from Financing activities</b>		
Long term loan from Canara Bank	3,000.00	22,000.00
Pass through assistance from Agence Francaise de Development (AFD)	26,464.00	16,179.00
Long term loan from Ernakulam District Cooperative Bank	10,400.00	36,600.00
Sub Debt from Government of Kerala	-	9,700.00
Sub Debt from Government of India	6,064.00	6,695.00
Share Application money received	46,868.00	46,225.00
Interest on loans taken	(3,005.03)	(136.66)
<b>Net Cash flow from / (used in) financing activities ( C )</b>	<b>89,790.97</b>	<b>1,37,262.34</b>
Net Increase / (decrease) in cash and cash equivalents	(15,820.19)	31,000.80
Cash and cash equivalents at the beginning of the year	39,134.10	8,133.30
Cash and cash equivalents at the end of the year	23,313.91	39,134.10
<b>Comprising of</b>		
Cash at bank	23,313.91	39,134.10

In terms of our report attached.

For K. Varghese & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Sam Varghese  
Partner

Elias George  
Managing Director

Abraham Oommen  
Director ( Finance)

Praveen Goyal  
Director ( Systems)

B.Anil Kumar  
Company Secretary

Place :  
Date :

Place :  
Date :

## **INDEPENDENT AUDITOR'S REPORT**

To The Members of Kochi Metro Rail Limited

### **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 31<sup>st</sup> March, 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2016, and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (5) of the Act, we give in Annexure C, on the basis of such checks of the books and the records of the Company as we considered appropriate and according to the informations and explanations

given to us, in the annexure on the directions issued by the Comptroller and Auditor-General of India.

3. As required by section 143(3) of the Companies Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. The Company is a Government Company and therefore provision of section 164(2) of the Companies Act, 2013 are not applicable vide Notification GSR 463 (E) dated 5<sup>th</sup> June, 2015;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”, our report express an unmodified opinion on the adequacy and the operating effectiveness of the Company’s internal financial control over financial reporting; and
  - g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- refer note. 24 sub point 20 of notes forming part of financial statements.

*ii.* The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

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

For K. VARGHESE & Co.  
Chartered Accountants  
(Firm Registration No. 004525S)

Sam Varghese  
Partner  
(Membership No. 216979)

Place  
Date



## **ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report to the members of Kochi Metro Rail Limited on the accounts for the year ended 31<sup>st</sup> March, 2016

**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) The company has a regular programme of physical verification of its fixed assets by which fixed assets were verified in a phased manner over a period of three years. In our Opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with book records.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for 25.57 hectares of land amounting to Rs. 39012.16 Lakhs for which Title Deeds are not available. As informed by the management, the documentation in progress and the same is handled by Revenue Department of Kerala State Government.

**2. In respect of inventories**

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

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year.
6. The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the Company. Hence, the clause is not applicable.
7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanation given to us, no material undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Cess and any other material statutory dues were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us, there are no dues to Sales Tax, Value Added Tax, Income Tax, Customs Duty, Service Tax etc. which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes.
- 
8. 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 loans or borrowings to Financial Institutions, Banks, Government or dues to debenture holders.

- 9.** The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year were applied for the purpose for which those are raised.
- 10.** According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- 11.** As the Company is a Government Company, the provisions of Section 197 of the Companies Act, 2013 is not applicable vide Notification GSR 463 (E) dated 5<sup>th</sup> June, 2015.
- 12.** In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 13.** According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14.** According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year which requires the compliance of section 42 of the Companies Act, 2013.
- 15.** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For K. VARGHESE & Co.  
Chartered Accountants  
(Firm Registration No. 004525S)

Sam Varghese  
Partner  
(Membership No. 216979)

Place  
Date

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph (f) under the heading of “Report on Other Legal and Regulatory Requirements” of our report to the members of Kochi Metro Rail Limited on the accounts for the year ended 31<sup>st</sup> March, 2016

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Kochi Metro Rail Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For K. VARGHESE & Co.  
Chartered Accountants  
(Firm Registration No. 004525S)

Sam Varghese  
Partner  
(Membership No. 216979)

Place  
Date

## **ANNEXURE 'C' TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our report to the members of Kochi Metro Rail Limited on the accounts for the year ended 31<sup>st</sup> March, 2016

### **AUDIT REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016 AS PER DIRECTIONS OF C&AG UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013**

<b>Sl.No.</b>	<b>C&amp;AG Directions</b>	<b>Comments of Statutory Auditor</b>
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	As per the information and explanation given to us, the Company is having Land of 30.65 hectares. The title deeds available for verification are to the extent of 5.08 hectares of Land value amounting to Rs. 14833.19 lakhs. The balance 25.57 hectares of land amounting to Rs. 39012.16 lakhs are not available for verification. As informed by the management, the documentation in progress and the same is handled by Revenue Department of Kerala State Government.
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc. if yes, the reasons therefore and the amount involved".	As per the information and explanations given to us, there are no cases of waiver of debts/loans /interest etc.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities	As per the information and explanations given to us, there are no inventories lying with third parties. No gift of assets was received from Government or other agencies

For K. VARGHESE & Co.  
Chartered Accountants  
(Firm Registration No. 004525S)

Sam Varghese  
Partner  
(Membership No. 216979)

Place  
Date



