



## 23rd Annual Report 2022-2023 Pipavav Railway Corporation Limited

CIN: U45200DL2000PLC151199

### BOARD OF DIRECTORS AS ON 31.03.2023

Smt. Seema Kumar, Chairperson (Appointment as Director w.e.f. 14.02.2023)

Smt. Jaya Varma Sinha (Ceased to be Director w.e.f. 14.02.2023)

Shri Manoj Kumar Srivastava

Shri Priya Ranjan Parhi (Appointment as Director w.e.f. 13.05.2022)

Shri Abhijit Narendra (Ceased to be Director w.e.f. 13.05.2022)

Shri Dhananjay Singh

Shri Ajeet Kumar Srivastava

Shri Manoj Goyal

Shri Girish Aggarwal (Appointment as Director w.e.f. 14.02.2023)

Shri Jakob Friis Sorensen (Ceased to be Director w.e.f. 14.02.2023)

Shri Santosh Breed

Capt. Padminikant Mishra

Shri Sanjiv Garg, Managing Director

### Company Secretary

Smt. Leena Narwal

### Chief Financial Officer

Shri Vinod Kumar

### Statutory Auditor

M/s Kapoor Tandon & Company

Chartered Accountants, New Delhi

### C&AG

Principal Director of Audit

Railway Commercial, New Delhi

### Bankers

State Bank of India

IDBI Bank Limited

### Registered and Corporate Office:

B-1202, (B- wing), 12th Floor, Statesman House

148, Barakhamba Road

New Delhi- 110 001

### Branch Office:

Behind Divisional Railway Manager Office

Western Railway, Bhavnagar Para, Bhavnagar

Gujarat - 364003



## **23<sup>rd</sup> ANNUAL REPORT**

**REGISTERED OFFICE:  
B-1202, (B-WING), STATESMAN HOUSE, 148, BARAKHAMBA ROAD,  
12<sup>TH</sup> FLOOR, CONNAUGHT PLACE  
NEW DELHI-110001**

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**BOARD OF DIRECTORS AS ON 31.03.2023**

**Smt. Seema Kumar**  
Chairperson and Nominee Director  
(On behalf of Ministry of Railways)

Smt. Seema Kumar was posted as Additional Member (Tourism & Catering) in Railway Board. She has also held additional charge of the posts of Additional Member (Traffic), Additional Member (Marketing & Business Development), Railway Board. Ms. Seema Kumar has been entrusted with the additional charge of CMD/IRCTC w.e.f. 1st June 2023, in terms of Ministry of Railways letter No. 2016/E(O) II/40/11 dated 29th May 2023. She is an officer of Indian Railway Traffic Service (IRTS) of 1986 batch. She is a Gold Medalist in M.Sc. (Physics) from Chaudhary Charan Singh University, Meerut and an M. Tech. from IIT/Delhi. She has participated in the Leadership Program from SDA Bocconi Institute/ Milan, Italy and Leadership Management Executive Program from Indian Institute of Management/Bangalore. In her illustrious career in Indian Railways spanning over 35 years, she has worked in various senior capacities over Northern and West Central Railways and held posts like Principal Chief Safety Officer, Chief Commercial Manager/Passenger Services, Divisional Railway Manager, General Manager/Passenger Reservation System.

With her sound technical knowledge and leadership skills, she has successfully handled and completed various IT projects as General Manager/Passenger Reservation System Centre for Railway Information System (CRIS) and played a pivotal role in the design and development of Unreserved Ticketing System, design and conceptualization of Next Generation e-ticketing System and integration of the National Train Enquiry System Application. Under her able leadership and guidance as AM (T&C), two new innovative schemes viz; Bharat Gaurav Trains (BGT) and One Station One Product (OSOP) have been launched and policy guidelines issued. She is the recipient of various awards like Platinum Award for Web based Citizen Services in the year 2009, Silver Award for e-Governance 2010-2011 under the category 'Innovative Use of ICT by PSUs for Customer's Benefits' and National Tourism Award 2014-2015 for showcasing Cultural Heritage and Local Talent.





**Shri Sanjiv Garg**  
Managing Director/ PRCL


Shri Sanjiv Garg IRTS, Managing Director, Pipavav Railway Corporation Limited; former Additional Member, Railway Board. Earlier assignments: Chief Operations Manager & Chief Commercial Manager, Northern Railway; Advisor (Safety), Railway Board; Divisional Railway Manager, East Coast Railway; Executive Director, Rail Vikas Nigam Limited. Initiated large scale infrastructure expansion works which resulted in doubling of freight loading capacity on Khurda Road division, and implemented institution of "Gate Mitra" which drastically reduced unmanned level crossing accidents as also consequential accidents and casualties on Indian Railways.

MA Economics, Delhi School of Economics; MBA, MDI, Gurgaon; Diploma in Multimodal Transport Management, Belgium; Chevening Gurukul Scholar at London School of Economics and Political Science; M.Phil (Social Science). Fellow, Institute of Rail Transport; Secretary General, Chartered Institute of Logistics and Transport – India and earlier its Vice Chairman. Member, India International Centre, New Delhi, since 2008 and Member, House Committee, IIC (2009-11).

Author of research publications including articles in Railway Gazette International (2008), Rail Transport Journal (2017), and India Infrastructure Report- 2009 (OUP); speaker at international conferences (Singapore, Shanghai, Kuala Lumpur, London, Manila, Hong Kong, Mauritius, Montreal, Manchester, Shijiazhuang, etc.), and several international conferences within India. Recipient of Railway Minister's Gold Medal and General Manager's Award. Represented CILT-India at the CILT International Conventions at Mauritius (2009), Montreal (2016) and Manchester (2019).



 <p><b>Shri Manoj Kumar Srivastava</b> Nominee Director (on behalf of Ministry of Railways)</p>	<p>Shri Manoj Kumar Srivastava joined Indian Railway Traffic Service in 1988. Prior to his appointment as CTPM in HA-Grade in Northern Railway, he worked as Executive Director /Traffic Transportation /Freight. Executive Director (Perspective Planning) &amp; Director Co-ordination in Railway Board.</p> <p>As EDTT/F, he was instrumental in finalizing O&amp;M agreement for commissioning of new lines to Nepal. He oversaw the launch of Bandhan Express &amp; opening of new connectivities with Bangladesh. As EDPP he was involved in finalization of revised estimate of DFC. He along with ED/Bridges prepared a roadmap for removal of Level -Crossings over DFC routes which is being implemented.</p> <p>He has held various key positions in India Railways. He was worked a CFTM &amp; Dy. COM/Goods in Northern Railway. He was part of the team which conceptualized and implemented Freight Opening Information System (FOIS) on Indian Railways. He has attended Advanced Management Programme at INSEAD, Singapore. His specialization includes Operations, IT and Planning.</p>
 <p><b>Shri Dhananjaya Singh</b> Nominee Director (on behalf of Ministry of Railways)</p>	<p>Shri Dhananjaya Singh is an engineering graduate. He holds a bachelor's degree in civil engineering from the University of Lucknow.</p> <p>Shri Dhananjaya Singh (IRSE) has been appointed as the Government Nominee Director on the Board of Rail Vikas Nigam Limited (RVNL), a Miniratna PSU under the Ministry of Railways. Shri Singh is an Indian Railways Service of Engineers (IRSE) officer of 2015-batch. Currently, he is serving as Executive Director (Works) in the Indian Railways.</p>
 <p><b>Shri Priya Ranjan Parhi</b> Nominee Director (on behalf of Ministry of Railways)</p>	<p>Shri Priya Ranjan Parhi belongs to Indian Railway Traffic Service (IRTS) of 1996 Batch with an experience of 25 years in Railway Operations in various capacities as divisional operating heads at Railway Headquarters and Railway Board, in the areas of Freight operations and planning. He is currently Executive Director (Infra)-I, Railway Board.</p>
 <p><b>Shri Ajeet Kumar Srivastava</b> Nominee Director (on behalf of Ministry of Railways)</p>	<p>Shri Ajeet Kumar Srivastava is an IRAS officer of 1998 civil services examination batch. He is post graduate in Electronics from Banaras Hindu University and MBA (Finance and Marketing) from FMS, Delhi. He has experience of more than 23 years in field of Indian Railways finance and Accounts. He has worked in field, HQ and is presently working in Railway Board as Executive Director Finance Expenditure.</p>

 <p><b>Shri Manoj Goyal</b> Nominee Director (on behalf of Ministry of Railways)</p>	<p>Shri Manoj Goyal has taken over the charge of DRM, Bhavnagar on 10.08.2021. Earlier he was working as Chief Electrical Distribution Engineer (CEDE) at Churchgate, Headquarter of Western Railway. Prior to this, he has worked as CGM (System) in Gujarat Metro Rail Corporation - Ahmedabad and has contributed significantly in the commencement of metro train service in Apparel Park - Vastral Gam section there.</p> <p>Shri Manoj Goyal is a senior officer of 1990 batch of Indian Railway Electrical Service. He is a graduate in Electrical Engineering from Dayalbagh Educational Institute, Faculty of Engineering, Agra. In addition, he has done his post graduate MBA in Human Resource Management from the renowned Jamnalal Bajaj Institute (JBIMS), University of Mumbai. Apart from this, he has done MPHIL in Business Management from Mumbai.</p> <p>Shri Manoj Goyal has worked on important posts in Railways. He has worked in Electrical Engineering Department for 9 years in various divisions of Central Railway. From the year 2011, he is associated with Western Railway. During this, he has worked on many important posts in Western Railway.</p>
 <p><b>Shri Girish Aggarwal</b> Nominee Director (on behalf of Gujarat Pipavav Port Limited)</p>	<p>Shri Girish Aggarwal has worked in leadership roles in multiple industries such as logistics, IT, consultancy services, and FMCG. He is an experienced leader with proven track record in strategic planning, business performance, supply chain management, stakeholder management during the career spanning more than 25 years.</p> <p>In his previous stint as COO of APM Terminals Mumbai [GTI - Gateway Terminal of India], India's busiest gateway container terminal, he has delivered strategic and operational progress of the terminal delivering value for the stakeholders, building unified culture with utmost focus on customer satisfaction and safety at the terminal.</p> <p>An engineer and IIM-Bangalore pass out, he has worked in leadership roles with companies such as Unilever India, Ariba [part of SAP], Genpact, and Arvind Group prior to joining Maersk.</p>
 <p><b>Shri Santosh Breed</b> Nominee Director (on behalf of Gujarat Pipavav Port Limited)</p>	<p>Shri Santosh Breed has 28 years of Shipping &amp; Logistics industry experience. Worked with Leading Container Shipping Lines Maersk and SeaLand.</p> <p>Working with Maersk Group for last 23 years and currently with APM Terminals. Prior moving to APM Terminals worked with Maersk Line for 9 years as General Manager Finance and Accounting. He is currently Chief Financial Officer in Gujarat Pipavav Port Limited.</p> <p>Education – Commerce Graduate and Executive MBA from ESADE, Spain Business School.</p>



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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**Capt. Padminikant Mishra**  
Nominee Director  
(on behalf of Gujarat Pipavav Port  
Limited)

Capt Padmini Kant Mishra is the Chief Operating Officer of Gujarat Pipavav Port Limited (APM Terminals Pipavav) and has been with APM Terminals since 2015. He has over 28 years of experience in the Port, Shipping and Logistics Industry and has held leadership roles in organizations like Essar Ports Limited, National Institute for Smart Government, Fleet Management Limited and Shipping Corporation of India in the past.

A Master Mariner, he holds a degree in Nautical Sciences from T.S. Rajendra, University of Mumbai and Exec. Post Graduate Diploma in Management from IIM, Bangalore. He has also attended several Management Development Programme at ISB, Hyderabad and internal leadership development programme in AP Moller Maersk Group.

## NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Thursday, the 21st September, 2023 at 3:30 p.m. through Video Conferencing at PRCL corporate office located at B-1202, 12th Floor, Statesman House, New Delhi-110001** to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2023 and Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2023 together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Manoj Goyal, who retires by rotation, and being eligible, offers himself for reappointment.
3. To consider fixation of remuneration for the year ending 31st March, 2024 payable to the Statutory Auditors to be appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2023-24. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2023-24 will be made by C&AG. Section 142 of the Companies Act, 2013 provides that general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. The following resolution is placed before the shareholders for their approval:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** appointment of Statutory Auditors to be made by Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the financial year 2023-24 be and is hereby noted and the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013.”

### **SPECIAL BUSINESS:**

4. **To approve declaration of dividend to all the shareholders for the FY 2022-23**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 123 and 124 of the Companies Act, 2013

(“the Act”) and all other applicable provisions, if any, of the Act read with the Articles of Association of the Company, consent of Shareholders of the Company be and is hereby accorded to pay dividend for the FY 2022-23 @ 5% (Rs. 0.5 per share) Rs. 9,80,00,010 out of the profits of the Company to those shareholders whose names appear on the register of members of the Company on 20th September, 2023.

**RESOLVED FURTHER THAT** record date to ascertain the eligibility of members to receive dividend be fixed as 20th September, 2023.

**RESOLVED FURTHER THAT** a sum of Rs. 9,80,00,010/- being the total dividend amount, be deposited in the State Bank of India at its Branch at Rail Bhawan (the bank) within five days of the approval of shareholders.

**RESOLVED FURTHER THAT** Shri Sanjiv Garg, Managing Director (DIN:00682084) jointly with Smt. Leena Narwal, Company Secretary or Shri Vinod Kumar, Chief Financial Officer of the Company be and are hereby authorized to sign the cheque/ dividend warrants to be issued to the members and the bank be and is hereby authorized to honour the cheques/ dividend warrants jointly signed by the said authorized signatories, as and when presented for encashment.

**RESOLVED FURTHER THAT** Shri Sanjiv Garg, Managing Director (DIN:00682084) be and is hereby authorized to do all such necessary acts deeds and things as may be deemed necessary to give effect to the aforesaid resolution and to sub-delegate all or any powers hereby conferred as he may deem fit.”

**By order of the Board  
For Pipavav Railway Corporation Limited**

Sd/-  
Company Secretary  
Membership No.: A20516

**Place:** New Delhi  
**Date :** August, 29 2023



**Notes:**

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business as per Item No. 4 annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on poll on his behalf and the Proxy need not be a member of the Company. The instrument appointing proxy, in order to be effective, must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting. A blank proxy form is enclosed.
3. Member can attend the meeting through video conferencing by joining the webex meeting as per following details:

Meeting number access code: 2514 372 3760

Meeting Password: AGM210923

Meeting Link: <https://railtel.webex.com/railtel/j.php?MTID=mf567493562d06a4b170b51ffc2856e0f>

Day and Date: Thursday, September 21, 2023

Time: 3:30 PM

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4**

The Board of Directors in their meeting held on 27th June, 2023 accorded its consent to declare dividend for the FY 2022-2023 @ 5% (Rs. 0.5 per share) amounting to Rs. 9.80 crore out of profits of the Company. As per Articles of Association of the Company, approval of shareholders in general meeting is required for paying dividend to all members. Accordingly, approval of shareholder is being taken. Record date to ascertain the eligibility of members to receive dividend be fixed as 20th September, 2023. All the money towards dividend will be deposited in a separate bank account opened in the name of Company with Sate Bank of India at its Branch at Rail Bhawan.

The Board of Directors recommend passing of resolution as set out under Item no. 4.

None of the Directors, Key Managerial Personnel and their relatives is concerned / interested in the said resolution.

**By order of the Board  
For Pipavav Railway Corporation Limited**

**Place :** New Delhi

**Date :** August 29, 2023

Sd/-  
Company Secretary  
Membership No.: A20516



## DIRECTORS' REPORT

To

**The Members,**

Your Directors take pleasure in presenting the 23rd Annual Report on the working of your Company, along with Audited Financial Statements of the Company for the financial year ended 31st March, 2023.

**Financial SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF the COMPANY:**

(Amount Rs. in Lacs)

Particulars	2022-23	2021-22
Income from Operations (including Contract Revenue from Service Concession Arrangement and Other Operating Income)	<b>29,412.05</b>	<b>21,967.47</b>
Other Income	1,910.60	1,478.86
<b>Total Income</b>	<b>31,322.65</b>	<b>23,446.33</b>
Less: Employee benefits, Operating, CSR and Other expenses (including Contract Costs under Service Concession Arrangement)	(23,264.95)	(18,082.42)
Less: Impairment loss on Intangible assets	-	-
<b>Profit /(Loss) before Interest and Depreciation/ amortization</b>	<b>8,057.70</b>	<b>5,363.91</b>
Less: Interest and Financial Cost	(478.87)	(392.83)
Less: Depreciation and amortization	(3,440.09)	(3,191.03)
<b>Net Profit/ (Loss) before Tax and Exceptional items</b>	<b>4,138.74</b>	<b>1,780.05</b>
Add/(Less): Exceptional items	-	-
<b>Profit/ (Loss) before Tax</b>	<b>4,138.74</b>	<b>1,780.05</b>
Add/(Less): Taxes (net of credit)	1,369.69	(724.97)
<b>Net profit after tax</b>	<b>5,508.43</b>	<b>1,055.08</b>
Other Comprehensive Income (net of taxes)	0.64	(0.97)
<b>Total Comprehensive Income carried to Balance Sheet</b>	<b>5,509.07</b>	<b>1,054.11</b>

**DIVIDEND**

The Company propose to recommend payment of dividend for the FY 2022-23@ 5% (Rs. 0.5 per share) out of profits of the Company which may be treated as final dividend.

**OPERATIONS OF THE COMPANY DURING THE YEAR/ STATE OF COMPANY'S AFFAIRS**

During the financial year 2022-23, the Company has carried 8.65 MT of cargo on the PRCL line and earned revenue of Rs.257.21 crore from its freight operations as compared to 6.93 MT of cargo moved and revenue earned of Rs. 195.85 crore during 2021-22 indicating an increase of 31.33 % in revenue and 24.75% in volume respectively.

Main highlights of the Company operations during the year are as under:

1. During 2022-23, 687 rakes of Fertilizer have been loaded from Pipavav Port Siding as against 402 rakes during same period of last year.
2. Pipavav Port has made record highest loading of 407 rakes of Liquefied Petroleum Gas (LPG) from Pipavav Port Siding as against 245 rakes during same period of last year.
3. Total 3804 container trains have run on PRCL section in FY 2022-2023 as compared to 3632 container trains during 2020-21.
4. Total number of 460584 TEUs have been handled at Pipavav Port in FY 2022-2023 as compared to 430328 TUEs handled during 2021-22.

**RECENT ACHIEVEMENTS AND DEVELOPMENTS**

1. During the current year, a new circuit of Container Train Service was inaugurated from DICT Sonapat to Pipavav Port in association with M/s JM Baxi Ports and Logistics and M/s Maersk India Private Limited. The first train was flagged off between DICT Sonapat to Pipavav Port on 7th November, 2022. In order to expand the CTO business, PRCL initially placed an order for procurement of three (3) rakes and another two (2) Container Flat Rakes as and when required and it is also based on how the container business of the Company gets ramped up in the year 2023.
2. PRCL has operated 221 container trains in the FY 2022-2023. This also includes double stack container operations via SANAND (GUJARAT) through hub and spoke system.



### **SHARE CAPITAL:**

During the year under review, there is no change in the Capital Structure of the Company. The issued, subscribed and paid-up Equity Share capital of the Company on 31st March, 2023 is Rs. 1,96,00,00,200/-.

### **RESERVES**

No amount is proposed to be carried to Reserve.

### **FIXED DEPOSITS:**

During the year under review, your Company has not accepted any deposits from public.

### **PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

Provisions of Section 134(3)(m) of the Companies Act, 2013 are not applicable to the Company as far as conservation of Energy is concerned. Regarding Technology absorption, PRCL has introduced mechanized maintenance of assets on its line thereby reduction in manpower requirements.

### **FOREIGN EXCHANGE EARNINGS & OUTGO:**

During the year under review, your company's foreign exchange earnings and outgo are nil.

### **EXTRACTS OF ANNUAL RETURN:**

Pursuant to sub-section 3(a) of Section 134, address of the Company on which annual return will be placed is [www.pipavavrailway.com](http://www.pipavavrailway.com).

### **DETAILS OF BOARD OF DIRECTORS/ MANAGEMENT OF THE COMPANY- APPOINTMENT AND RESIGNATION:**

During the year under review, Shri Manoj Goyal, Director retire by rotation at the 23rd Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

Since the last Annual General Meeting of shareholders, Shri Priya Ranjan Parhi, Shri Girish Aggarwal and Shri Rajesh Pathak were appointed as Nominee Directors in place of

Shri Abhijit Narendra, Shri Jakob Friis Sorensen and Shri Manoj Kumar Srivastava respectively. Smt. Seema Kumar was appointed as Nominee Director & Chairperson of the Company in place of Smt. Jaya Varma Sinha as per the provisions of Section 161 (3) of the Companies Act, 2013.

Now, Shri Chhatrasal Singh has been appointed as Chairman of the Company in place of Smt. Seema Kumar w.e.f. 6th June, 2023.

### **DETAILS OF APPOINTMENT AND RESIGNATION OF KEY MANAGERIAL PERSONNEL (KMP):**

During the Year under review, all the personnel appointed/ designated under the head "Key Managerial Personnel (KMP)" as per the provisions of Companies Act, 2013 remained the same.

Presently, the following persons are the designated Key Managerial Personnel of the Company as on 31.03.2023:

1. Shri Sanjiv Garg – Managing Director
2. Shri Vinod Kumar- Chief Financial Officer
3. Smt. Leena Narwal- Company Secretary

### **NUMBER OF MEETINGS OF THE BOARD:**

Regular meetings of the Board are held to discuss and decide on various business, policies, strategies and other businesses. Due to business exigencies, certain business decisions are taken by the Board through circulation from time to time. The Board and Committee meetings are pre-scheduled.

In the Year 2022-2023, the Board met 4 (four) times on 13.05.2022, 01.09.2022, 22.12.2022 and 28.03.2023. The maximum interval between any two board meetings did not exceed 120 (one hundred and twenty) days.

Additionally, eight committee meetings were held during the year including 4 (Four) meetings of Sub-Committee to review Financial Statements, 2(Two) meetings of Corporate Social Responsibility (CSR) and 2 (Two) meetings of Sub-Committee on HR.

Attendance of each Director in all the meetings are as under:

## Board of Directors' Meeting for the FY- 2022-23

S. no.	Name of Director	Designation	Board of Directors Meeting				Remarks
			13.05.2022	01.09.2022	22.12.2022	28.03.2023	
1.	Smt. Jaya Varma Sinha	Chairperson	Attended (through video Conferencing)	Attended	Attended (through video Conferencing)	Not Applicable	Ceased to be Nominee Director and Chairperson of PRCL on 14.02.2023
2.	Smt. Seema Kumar	Chairperson	Not Applicable	Not Applicable	Not Applicable	Attended (through video Conferencing)	Appointed as Nominee Director and Chairperson of PRCL on 14.02.2023
3.	Shri Manoj Kumar Srivastava	Nominee Director	Not Attended	Attended	Attended (through video Conferencing)	Attended	
4.	Shri Dhananjaya Singh	Nominee Director	Not Attended	Not Attended	Attended (through video Conferencing)	Attended (through video Conferencing)	
5.	Shri Abhijit Narendra	Nominee Director	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Ceased to be Nominee Director of PRCL on 13.05.2022
6.	Shri Priya Ranjan Parhi	Nominee Director	Attended	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	Appointed as Nominee Director PRCL on 13.05.2022
7.	Shri Ajeet Kumar Srivastava	Nominee Director	Not Attended	Attended (through video Conferencing)	Not Attended	Not Attended	
8.	Shri Manoj Goyal	Nominee Director	Not Attended	Attended (through video Conferencing)	Attended (through video Conferencing)	Not Attended	
9.	Shri Jakob Friis Sorensen	Nominee Director	Not Attended	Attended (through video Conferencing)	Attended (through video Conferencing)	Not Applicable	Ceased to be Nominee Director of PRCL on 14.02.2023
10.	Shri Girish Aggarwal	Nominee Director	Not Applicable	Not Applicable	Not Applicable	Attended (through video Conferencing)	Appointed as Nominee Director of PRCL on 14.02.2023



11.	Shri Santosh Breed	Nominee Director	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	
12.	Capt. Padminikant Mishra	Nominee Director	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	
13.	Shri Sanjiv Garg	Managing Director	Attended	Attended	Attended	Attended	

**Sub-Committee Meeting of BOD to review Financial Statements**

S. no	Name of Director	Designation	Sub-Committee				Remarks
			09.05.2022	26.07.2022	04.11.2022	31.01.2023	
1.	Shri Santosh Breed	Chairman	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	Attended (through video Conferencing)	Re-designated as Chairman of the Committee on 13.05.2022
2.	Shri Ajeet Kumar Srivastava	Member	Attended (through video Conferencing)	Attended	Attended (through video Conferencing)	Not Attended	
3.	Shri Sanjiv Garg	Member	Not Applicable	Attended	Attended	Attended	Appointed as a member of Sub-Committee of Board on 13.05.2022

**Corporate Social Responsibility Committee**

S. no.	Name of Director	Designation	Corporate Social Responsibility Committee		Remarks
			20.12. 2022	27.03.2023	
1.	Shri Sanjiv Garg	Chairman	Attended	Attended	
2.	Capt. Padminikant Mishra	Member	Attended (through video Conferencing)	Not Attended	
3.	Shri Abhijit Narendra	Member	Not Applicable	Not Applicable	Ceased to be Nominee Director on 13.05.2022
4.	Shri Priya Ranjan Parhi	Member	Attended (through video Conferencing)	Attended (through video Conferencing)	Appointed as Nominee Director and member of the Committee on 13.05.2022

**Sub-Committee on HR**

S. no.	Name of Director	Designation	Sub-Committee on HR		
			13.04.2022	29.08.2022	
1.	Shri Priya Ranjan Parhi	Chairman	Not Applicable	Attended (through video Conferencing)	Appointed as Nominee Director and Chairman of the Committee on 13.05.2022
2.	Shri Santosh Breed	Member	Attended (through video Conferencing)	Attended (through video Conferencing)	
3.	Shri Sanjiv Garg	Member	Attended	Attended	

**BOARD EVALUATION:**

The Board has carried out and noted an Annual Performance Evaluation of its own performance and that of its committees and the Directors.

**PARTICULARS OF EMPLOYEES:**

The statement containing particulars of employees as required under section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

**SUB-COMMITTEE TO REVIEW THE FINANCIAL STATEMENTS:**

The Board of Directors in their meeting held on 13.05.2022 re-constituted the Committee by nominating Shri Santosh Breed as Chairman of the Committee and Shri Sanjiv Garg, Managing Director /PRCL as the member of the Committee to review the financial statements of the Company from time to time including auditors' report thereon, all the accounting related financial systems and procedures etc. The Committee consists of following members as on 31.03.2023:

- 1) Shri Santosh Breed (DIN:08011070), Nominee Director from GPPL as Chairman of the Committee.
- 2) Shri Ajeet Kumar Srivastava (DIN:08187918), Nominee Director from MOR as Member of the Committee;
- 3) Shri Sanjiv Garg (DIN :00682084), Managing Director from PRCL as Member of the Committee;

**VIGIL MECHANISM- WHISTLE BLOWER POLICY:**

The Company is committed to conduct best corporate practices based on the principles of transparency,

accountability, fairness and integrity to create long term sustainable value. The Company has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to reportable matters as defined in the policy.

There are no frauds reported by the auditors as per Section 143 (12) of the Companies Act, 2013.

**SUB-COMMITTEE ON HR**

Board of Directors in their meeting held on 13.05.2022 has constituted the 'Sub-Committee on HR' of the Company by nominating Shri Priya Ranjan Parhi, Nominee Director, as the Chairman of the 'Sub-Committee on HR' in place of Shri Abhijit Narendera. The Committee consists of following members as on 31.03.2023:

- 1) Shri Priya Ranjan Parhi, Nominee Director (DIN: 09499859) as Chairman of the Committee.
- 2) Shri Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Member of the Committee.
- 3) Shri Santosh Breed, Nominee Director/GPPL (DIN: 08011070) as Member of the Committee.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE AND POLICY:**

Board of Directors in their meeting held on 13.05.2022 has re-constituted the Corporate Social Responsibility (CSR) Committee of the Company by nominating Shri Priya Ranjan Parhi, Nominee Director as the Member of the CSR Committee in place of Shri Abhijit Narendra.

CSR Committee comprises of following members as on 31st March, 2023:

1. Shri Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Chairman of the Committee;



2. Shri Priya Ranjan Parhi , Nominee Director from Ministry of Railways (DIN 09499859) as a Member of the Committee;
3. Capt Padminikant Mishra, Nominee Director from Gujarat Pipavav Port Limited (DIN:07335316) as Member of the Committee;

A Corporate Social Responsibility statement is required to be annexed along with the Board's report for the FY 2022-23 as per the provisions of section 134(3)(o) read with Companies (CSR Policy) Rules, 2014 is signed and submitted to the Shareholders on behalf of the Board of Directors.

Pursuant to sub-section 3(o) of Section 134 and Section 135 of the Companies Act, 2013 read with Rule 8 (1) of the Companies (Corporate Social Responsibility Policy Rules, 2014), the details about the policy developed and implemented by the Company on Corporate and Social Responsibility initiatives taken during the year and the details of CSR spent during the year 2022-23 forms part of this report as **Annexure-A and B** respectively.

#### **LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES:**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

#### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The Framework Agreement for collaboration between PRCL and M/s Maersk Line India Private Limited is effected from 21st April, 2022 with the commitment of agreed number of Container flat rakes to be procured by PRCL in line with the proposed traffic to be offered by M/s Maersk.

#### **INTERNAL CONTROL SYSTEMS AND IMPLEMENTATION OF RISK MANAGEMENT POLICY:**

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

#### **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT:**

Pursuant to section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed CS Anil Anand, Company Secretary in Practice, New Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2022-23. The Company has provided all assistance to the

Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2022-23 is annexed to this report as **Annexure-C**.

#### **ETHICS AND COMPLIANCES - CODE OF ETHICS:**

The development of the integrity culture is a key priority for the Company. To reinforce the importance of doing business with integrity, leadership plays an important role in raising integrity awareness.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

In compliance of Section 134 (5) of the Companies Act, 2013, the Directors of your Company confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. 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 the Company and for preventing and detecting fraud and other irregularities;
4. the directors had prepared annual accounts on a going concern basis;
5. the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively - not applicable.
6. the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **REPORTING UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

As per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and Rules made thereunder, your Company has constituted an Internal Complaints Committee (ICC) at its Registered & Corporate office at New Delhi. It comprises of the following members at its registered office:

1. Smt. Leena Narwal, - Chairperson of the Company Secretary & Committee VP (CA &HR)/PRCL
2. Shri Dalbir Singh, - Member Consultant-VP (F&M) / PRCL
3. Smt. Nishi Chandwani, - Member AM/CC&HR / PRCL
4. Shri Amit Bansal, M/s - (External Member and Amit Bansal & Associates Presiding Officer)

\*Shri Amit Bansal is an outside expert having knowledge of law, civil, criminal and/or familiar with the issues relating to sexual harassment.

During the Year under review, no case is reported.

**STATUS OF CASES PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the FY 2022-2023, no case is pending under the Insolvency and Bankruptcy Code, 2016.

**DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS.**

Not Applicable on the Company.

**STATUTORY AUDITORS:**

M/s. Kapoor Tandon and Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year 2022-23 by the Comptroller & Auditor General of India (C&AG). Statutory Auditors for the FY 2023-24 will be appointed by the C&AG.

**COMMENTS ON AUDITORS' REPORT**

Remarks on the observations of the Statutory Auditors for the year under review shall be enclosed as **Annexure D.**

**APPRECIATION AND ACKNOWLEDGEMENTS**

The Board of Directors place on record their appreciation for the continued assistance, valuable support for developing the business of the Company and guidance received from

Ministry of Railways, various Government Authorities, Banks and Shareholders of the Company.

Your Directors also take the opportunity to express its sincere appreciation for the excellent support and dedicated efforts put in by all the employees who have enabled the Company to achieve the performance during the year under review.

**For and on behalf of the Board of Directors  
Pipavav Railway Corporation Limited**

Sd/-

**Chhatrasal Singh  
(DIN:10191997)  
Chairman**

**Dated : 29.08.2023**

**Place : New Delhi**



**Pipavav Railway Corporation Limited (PRCL)  
Corporate Social Responsibility (CSR) Policy  
23rd January, 2015**

## 1.0 POLICY STATEMENT

For achievement of its mission :

“To facilitate export-import of the country through railable traffic on Surendranagar – Pipavav Section and for enrichment of quality of life of rural and urban population in the locality.”

Pipavav Railway Corporation Limited (PRCL)’s Corporate Social Responsibility Policy is:

*“To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including customers, shareholders, employees, local community and society at large”.*

The policy shall come into force w.e.f. 1st April 2014.

## 2.0 PRCL’S APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The approach of PRCL towards Corporate Social Responsibility would be oriented to identify and formulate projects in response to felt societal needs in diverse areas and to implement them with full involvement and commitment in a time bound manner. In cases where other agencies/organizations are involved, approach would be to focus on collaboration and partnership. It will act as an agency to ensure delivery of services satisfying strongly felt social and community needs rather than merely financing and funding of programmes.

## 3.0 AIMS AND OBJECTIVES

As a responsible corporate entity, Pipavav Railway Corporation Limited will consistently strive for opportunities to meet the expectation of its stakeholders by pursuing the concept of sustainable development with focus on the following:-

1. Providing development support in the areas of education and health care specially in rural areas.
2. Promotion of rural enterprise and livelihood including skill development and training.
3. Supporting initiatives of vocational, technical and higher education to the most disadvantaged and marginalized section of the society.
4. Making sustained efforts for environmental preservation.
5. Promotion of sports and games.
6. To be a part of national / local initiatives to provide relief / rehabilitation in times of natural disaster / calamities
7. To encourage excellence in young Indian champion achievers and promote talent in all fields including education, sports, art and culture etc.
8. Undertaking relevant community development programmes.

## 4.0 ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

4.1 PRCL would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically, in project mode, in a focused manner to the extent possible, in line with the law:-

1. The scope of this policy will extend to activities as stated under Schedule VII of the Companies Act, 2013, as presently in force.
2. The scope of the policy is to also include all additional and allied matters as will be notified by Ministry of Corporate Affairs or such other body as appointed/ notified by Central or State Government from time to time for this purpose. The Company shall upon the recommendation of its CSR Committee and with necessary approval of the Board undertake any of the following activities as part of its corporate social responsibility initiatives which are defined in Schedule VII of the Companies Act 2013 as under:
  - i. Eradicating extreme hunger and poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;



- ii. Promotion of education; including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
  - iii. Promoting gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
  - iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintain of quality of soil, air and water.
  - v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
  - vi. Measures for the benefits of armed forces veterans, war windows and their dependents;
  - vii. Training to promote rural sports, nationally recognized sports and paraolympic sport and Olympic sports;
  - viii. Contribution to the Prime Minister's National Relief fund or any other fund set up by the Central Government or the State Government for socio- economic development and relief and welfare of the Scheduled castes, the Scheduled Tribes, other backward classes, minorities and women;
  - ix. Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government.
  - x. Rural development projects;
  - xi. Slum area development.
3. The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.
  4. The Board of Directors of the Company may on the recommendation of the CSR Committee decide to undertake CSR projects or programme or activities by the Company itself directly or through a registered trust or a registered society or a Company or an associate Company established by PRCL or other wise (implementing Agency) provided that if such trust, society or Company is not established by the Company or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects complying with the provision related to companies (Corporate Social Responsibility) Rules, 2014.
  5. While undertaking CSR projects or programme or activities preference shall be given to the local area or area of operation of the Company Such area of operation for any identified project or programme or activity shall be finalized by the Board of Directors upon recommendation of CSR Committee.
  6. In the initial years of CSR activity, Company will focus on girl child education; health care / hygiene; skill development; eradicating extreme hunger, poverty and malnutrition; protection of fauna; animal welfare; promotion of employment enhancing vocational skills; livelihood enhancement projects and rural development projects. The focus and coverage of area will be decided on year after year basis and approved by the Managing Director/PRCL.

## 5.0 PROHIBITED ACTIVITIES UNDER CSR

The Corporation will abstain from carrying out following activities under CSR which may create dissatisfaction among any section of the Society:-

- I. Activities concerned with religion like construction of temple/mosque etc.
- II. Activities disturbing social harmony in any manner.

## 6.0 CSR COMMITTEE

- 6.1 The Board of Directors of the Company shall constitute a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three or more Directors, out of which at least one shall be an Independent Director. The Committee shall:



- a) Formulate and recommend to the Board, the CSR Policy and any amendments thereof;
  - b) Recommend the amount of expenditure to be incurred on the activities as per CSR Policy;
  - c) Be responsible for implementation and monitoring of CSR projects or programmes or activities of the Company.
- 6.2 The CSR Committee shall meet as and when deemed necessary and quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.
- 6.3 The CSR Committee may invite Specialists, Executives, Advisors, representatives of Social Organizations, Auditors of the Company and such other person(s) as it may deem consider necessary to attend the meeting.
- 6.4 The CSR Committee may by resolution delegate or entrust any of the function, acts, deeds or things, etc. as may be required to performed or complied by it, whether under Companies Act, 2013 or rules made there under or otherwise to any person, whether in employment of the Company or otherwise, and any such functions, acts, deeds or things etc., performed by such person pursuant to such resolution shall have effect, as if the same has been performed by the Committee itself.

## **7.0 QUANTUM OF INVESTMENT**

- 7.1 The Company shall spend, in every financial year, at least 2% of the average net profits of the Company made during the immediately 3 preceeding financial years. Net profit in such case will have the meaning as stated under Rule 2 (f) of the Companies ( Corporate Social Responsibility) Rules, 2014.
- 7.2 CSR Expenditure shall include all expenditure including corpus for project or programme relating to CSR activities approved by the Board on recommendation of CSR committee However, the same will not include expenditure on any item not in conformity or in line with the activities stated under Schedule VII of the Companies Act, 2013.
- 7.3 CSR project or programme or activities undertaken in India only shall be considered as CSR Expenditure .
- 7.4 Projects or programme or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.
- 7.5 Contribution of any amount directly or indirectly to any political party shall not be regarded as a CSR activity .
- 7.6 Any expenditure incurred for building CSR capacity, whether own or that of eligible Implementing Agency, shall not exceed five percent of total CSR Expenditure, in one particular financial year.
- 7.7 Surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of the Company.
- 7.8 If the Company fails to spend, the amount stated hereinabove, then reason for not spending shall be stated in the Directors Report.

## **8.0 MONITORING AND EVALUATION**

PRCL may institutionalize the process of assessing the CSR initiative in terms of the initiatives to integrate the business and social responsibilities of the Corporation. Further, the impact of the CSR activities may be quantified to the extent possible. The CSR activities undertaken by the PRCL will be reviewed on half yearly basis and progress review report will be submitted to the PRCL Board of Directors.

## **9.0 POST IMPLEMENTATION IMPACT ASSESSMENT**

If considered necessary and as decided by the Committee, the effectiveness of various programmes / activity undertaken under the CSR may be got evaluated through external agencies for providing the required feed back and inputs to formulate and improve the programmes in future.

## **10.0 ALLOCATION OF FUNDS**

- 10.1 A total allocation of amount as prescribed and approved by the Board will be earmarked every year for implementation of CSR programmes.
- 10.2 Subject to 7.1 above, the said amount shall be transferred to the account of PRCL CSR Fund.

- 10.3 The un-utilized amount if any, will not lapse, if not spent that year and will be carried over to the next year which may accumulate.
- 10.4 The allocation of funds may vary depending on the need and requirement and provision for the national calamity in the respective year and will be decided on year to year basis.

#### **11.0 AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR policy would be subject to revision / amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

Sd/-

Amitabh Lal

(Director/PRCL & Chairman of  
Committee)

Sd/-

Prakash Tulsiani

(Director/PRCL & Member of  
Committee)

Sd/-

Manoj Kumar Srivastava

(Director/PRCL & Member of  
Committee)

#### **Extracts of 87th Board of Directors meeting held on 27th November, 2018**

*“... the Board approved the recommendations of the Sub-Committee of the Company for amending the CSR Policy of the Company by deleting clause 10.2 from the CSR Policy and re-numbering other clauses accordingly.*”



**Annexure B**

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT REQUIRED TO BE ANNEXED  
ALONG WITH THE BOARD'S REPORT FOR THE FY 2022-23  
AS PER THE PROVISIONS OF SECTION 134(3)(O) READ WITH COMPANIES  
(CSR POLICY) RULES, 2014**

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Pipavav Railway Corporation Limited (PRCL)'s Corporate Social Responsibility Policy is:

"To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including customers, shareholders, employees, local community and society at large".

The policy shall come into force w.e.f. 1st April 2014.

2. The composition of the CSR committee as on 31st March 2023
- Sh. Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Chairman of the Committee;
  - Sh. Priya Ranjan Parhi, Nominee Director from Ministry of Railways (DIN: 09499859) as Member of the Committee;
  - Capt. P.K. Mishra, Nominee Director from Gujarat Pipavav Port Limited (DIN:07335316) as Member of the Committee;
3. Average net profit of the Company for last three financial years – ₹49,74,49,187/-
4. Prescribed CSR Expenditure (two per cent of the amount as in the item 3 above). – ₹99,48,984/-
5. Details of CSR spent during the financial Year – 2022-23
6. (a) Total amount to be spent for the financial year – ₹99,48,984/-  
(b) Amount unspent, if any – Nil  
(c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs Local area or other Specify the state and district where projects or programs was under taken	*Amount Outlay (budget ) Project or Program wise (in ₹)	Amount (in ₹) spent on the projects or program Subhead during 2022-2023: Direct Expenditure on projects or programs Overheads	Cumulative expenditure (in ₹) up to the 31.03.2023	Amount spent: Direct or through implementing agency
1.	Promotion of Education	Education Support Project New Villages – Ningala No.1, Chatadiya, Bhachadar, Uchchaya and Vad	Education Support Project New Villages – Ningala No. 1, Chatadiya, Bhachadar, Uchchaya and Vad	₹30,00,024	₹ 30,00,024 Direct Expenditure on projects or programs - ₹ 30,00,024	₹30,00,024	Through NGO – Swadeep, Ahmedabad.  This is ongoing Project for five years

2.	Contribution in PM CARES FUND			₹65,95,438	₹68,78,024 Direct Expenditure on projects or programs – ₹65,95,438 plus unspent of Admin overhead ₹2,82,586/-	₹68,78,024	Contribution was made directly by the Company. (See note below)
3.	Administrative overheads			₹3,53,522	Overhead - ₹70,936	₹70,936	unspent overhead amount of ₹2,82,586/- has been set off against the balance of PM Cares fund
	<b>Total</b>			<b>₹99,48,984</b>	<b>₹ 99,48,984</b>	<b>₹99,48,984</b>	

Note: out of this contribution of ₹5.00 Crores, the Company has set off its CSR obligation, as under:

- a) ₹2,88,82,004/- for the FY 2020-21
- b) ₹1,13,52,240/- for the FY 2021-22
- c) ₹68,78,024/- for the FY 2022-23

Balance contribution of ₹28,87,732/- has been carried forward for the next Financial Year 2023-2024.

1. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

During the FY 2022-23, PRCL has been able to spend full amount as allocated for various projects and approved by its Board of Directors.

2. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The Board takes the responsibility that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

**for and on behalf of the Board of Directors  
Pipavav Railway Corporation Limited**

Sd/-  
**Sanjiv Garg**  
(DIN: 00682084)  
**Chairman/CSR COMMITTEE**



**FORM NO. MR-3**

SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2023**

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

To,  
**The Members,**  
**PIPAVAV RAILWAY CORPORATION LIMITED**  
B-1202 (B-Wing),  
12<sup>th</sup> Floor, Statesman House,  
148, Barakhamba Road  
Connaught Place, New Delhi-110001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pipavav Railway Corporation Limited (CIN: U45200DL2000PLC151199) (hereinafter called the company). Secretarial Audit was conducted in a manner that provides us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's 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 and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Pipavav Railway Corporation Limited ("The Company") for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under: - **Not Applicable**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: - **Not Applicable**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"): -
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - **Not Applicable**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015; - **Not Applicable**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018; - **Not Applicable**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 2014; - **Not Applicable**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not Applicable**
  - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not Applicable**

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not Applicable** and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **Not Applicable**
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015: - **Not Applicable**
- (vi) Other laws as are and to the extent applicable to the Company as per the management representation made by the Company including –
  - a) The Employee Provident Funds and Miscellaneous Provision Act, 1952
  - b) Applicable Local/Municipal Laws
- (vii) We have also examined compliance with the applicable clauses of the following:
  - i. Secretarial Standard issued by Institute of Company Secretaries of India.
  - ii. The Listing Agreements entered into by the Company with... Stock Exchange(s): - **Not Applicable**;

During the period under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Directors as per Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**We further report that**

- i. 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, and
- ii. during the Audit period, there are no such specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

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

**For A. ANAND & CO.**  
**Company Secretaries**

Sd/-

**CS Anil Anand**  
**(Proprietor)**  
**FCS: 12153, COP No: 11295**  
**Peer Review No: 2719/2022**  
**UDIN: F012153E000899281 dated 31-Aug-23**

**Date: 29-August-2023**  
**Place: New Delhi**



**Annexure "A"**

To,  
**The Members,**  
**PIPAVAV RAILWAY CORPORATION LIMITED**  
B-1202 (B-Wing),  
12<sup>th</sup> Floor, Statesman House,  
148, Barakhamba Road  
Connaught Place, New Delhi-110001.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For A. ANAND & CO.**  
**Company Secretaries**

Sd/-

**CS Anil Anand**  
**(Proprietor)**  
**FCS: 12153, COP No: 11295**  
**Peer Review No: 2719/2022**  
**UDIN: F012153E000899281 dated 31-Aug-23**

**Date: 29-August-2023**  
**Place: New Delhi**



## Annexure D of the Director's Report

## Management Replies on the observations contained in the Statutory Auditors' reports on the financial statements of the Company for the financial year 2022-23

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
1	Point no. (a) of the "Emphasis of Matter" of the Auditor's Report	<p>GST Council in its 48th Meeting held on 17th December, 2022 has clarified that Indian Railways (IR) and the SPVs are distinct persons and supply of services by SPVs to Railways by way of allowing IR to use the infrastructure build and owned by the SPVs during the concession period against consideration in form of pro-rata apportioned share of revenue is a taxable supply. Similarly, the services of maintenance provided by the Railways to SPVs are also taxable services.</p> <p>The Company has obtained a legal opinion on the matter where it has been opined that the apportioned freight earning as well as the O &amp; M services provided to the Company by the Indian Railways are "Exempt" under the GST laws.</p> <p>The Company, relying on the legal opinion, has not provided for any liability on account of GST and the Company and is maintaining status quo in the matter.</p> <p>The liability arising out on account of GST on apportioned freight earnings as well as on the maintenance &amp; operational charges charged by the Railways on RCM basis, if any, has not been quantified.</p>	<p>In this context, it is submitted that:</p> <ol style="list-style-type: none"> <li>1. Earlier, the GST matter was referred to Ministry of Railways for taking up the case with the Ministry of Finance, Government of India for issuance of necessary clarifications/ confirmation and resolution of issue in the best interest both for Railways and SPVs. Ministry of Railways, Government of India had also represented the issue of GST in sharing arrangement with its SPVs, with Ministry of Finance, Government of India.</li> <li>2. During the Current Financial Year, clarification was conveyed to MOR by Tax Research Unit (TRU) of the Ministry of Finance, Government of India. On perusal of the same, it is noticed that clarification given by TRU is based on the incomplete facts and without considering the holistic view of the Indian Railways' Arrangement with its SPV companies and therefore, it requires further consideration before coming up with conclusion. Accordingly, Ministry of Railways, Government of India vide D.O. letter no. 2014/AC-II/1/3 dated 6th April 2023 has again represented the issue with the Ministry of Finance, Government of India requesting that apportioned freight earning and O&amp;M costs under the Indian Railways' arrangement with its SPV companies are made exempted from payment of GST effectively from 1st July 2017.</li> <li>3. Ministry of Railways, Government of India has actively been pursuing with the Ministry of Finance, Government of India in the matter and has also made further detailed representation to Ministry of Finance, Government of India vide its letter dated 5th June 2023 on behalf of all its SPV companies (including PRCL) primly requesting that Indian Railways' Arrangement with its SPVs may be treated as Revenue Sharing Arrangement and not a service arrangement, citing various legal pronouncements in support thereto, and requested to consider the same out of the purview of the GST.</li> <li>4. Further, Ministry of Finance, Government of India, vide Office Memorandum dated 15th May 2023 has also referred the issue to Department of Revenue for necessary action. The issue at presently is under consideration of Ministry of Finance, Government of India.</li> <li>5. Furthermore, in reference to the clarification given by the GST Council, the Company has obtained a legal opinion in the matter. As per the legal opinion, the apportioned freight earning as well as the O&amp;M services provided by the Railways are eligible for being exempt under the GST Act.</li> </ol> <p>Since, the issue is still under consideration of Ministry of Finance, Government of India, GST liability is not yet crystallized/ arisen and is not certain at present.</p>



**Management Replies on the observations contained in the Statutory Auditors' reports...Contd.**

			In view of the above, the Company has maintained the position as "Status Quo" and not provided for any liability for GST on the apportioned freight earning as well as on the O&M costs to Railways under "Reverse Mechanism Charge" as per GST Laws. Appropriate disclosures have also been made by the Company in the financial Statements [at Note no. 36(ii)(b)] with respect to the above issue.
2	Point no. (b) of the "Emphasis of Matter" of the Auditor's Report	Note no. 4 - The physical verification of the intangibles (amortizable) Project assets of PRCL is conducted by the Bhavnagar division of Western Railway, who is the custodian of these assets under the Operation and Maintenance Agreement, as per railway rules and regulations. The capital costs incurred on development of the assets taken over from the Railways at the beginning of the concessionaire agreement had been grouped into mainly in four categories i.e. Permanent Ways, Formation, Bridge & Buildings and Plant & Machinery. Individual details with regard to the location/cost were not maintained of asset wise for these assets except for Plant & Machinery items. However, details like location and the cost of the assets acquired thereafter had been maintained individually. The quantitative details of these assets are maintained in the computerized system of accounting for fixed assets and it is relied upon. PRCL maintains the book value of these assets in its accounts.	The Company had capitalized the initial cost of construction as Project Assets of the Company. Since, cost wise break up of individual items of the Project Assets was not quantifiable and therefore, the Company had grouped and accounted for the initial cost of construction under four major heads (i.e. Formation, Plant & Machinery, Permanent ways and Bridges & Buildings). The Company has also been appropriately showing the Project Assets (under above four heads) in the Fixed Assets Register. Fixed Assets Register has also contained the cost wise breakup of the individual items of Plant & Machinery procured on Project Railway to the extent costs of individual items were available/ quantifiable. In the Fixed Assets Register, subsequent additions made on the Project Assets have also been shown separately. WR, as a custodian of Project assets, maintains the detailed quantitative and location records of the individual items of the Project Railway. The Company obtains the Project assets report from WR every year.
3	Point no. (c) of the "Emphasis of Matter" of the Auditor's Report	Note no. 4.2: The Electric train operations on the PRCL section had commenced from 3rd March, 2021 on the complete section of PRCL. In absence of the availability of the final bills and relevant details as well as certain work still remaining incomplete, the amount billed and accounted for to the tune of Rs. 7.77 Crores had been capitalised during the year and being amortized. Once the final bills are received for the work done as well as for the work under completion by the Corporation from CORE and other parties, the final cost shall be worked out and necessary adjustment in the amount capitalised shall be made accordingly. The additional cost of the project on this account, if any, shall be amortized prospectively during the remaining period of the concession.	During the last year, the Company had initially capitalized the cost of rail electrification works in the books on a provisional basis on the commencement of electric train operations on PRCL line. The final cost of rail electrification work is still not ascertainable at present as the some left over work is still going on. Further, the Company has been requesting the executing agency i.e. Rail Electrification, Ahmedabad (RE/ADI) [a unit of Central Organization for Railway Electrification (CORE)] to provide the cost wise break up of completed work and ongoing leftover work. However, the same is yet to be prepared and provided by RE/ADI to PRCL. In absence of the same, additional cost incurred by RE/ADI are added to the initial capitalised cost of electrification works as per details received by the Company from RE/ADI. The initial capitalized cost is being amortised over the remaining period of concession from the date of commencement of electric train operations. The additional cost added to initial capitalised cost is also amortised over the remaining period of concession considering the same a part of entire electrification project as a whole. The necessary adjustment(s) will be made in the books at the time of receipt of the final cost of rail electrification work. Appropriate disclosures have been made in the financial statements by the Company in this regard (at note no. 4.2).
4	Point no. (d) of the "Emphasis of Matter" of the Auditor's Report	In absence of details, the whole cost of the Electrification work has been capitalised under one head although it consists of assets of various nature.	Asset item wise cost data has been sought for from RE/ADI which is yet to be prepared/compiled and provided by them to the Company. On receipt of such information, the item wise cost break up shall be maintained appropriately.

**Management Replies on the observations contained in the Statutory Auditors' reports...Contd.**

5	Point no. (e) of the "Emphasis of Matter" of the Auditor's Report	<p>Note no 2.22 Re: Service Concession Arrangement: Western Railway is running additional passenger trains on the PRCL Section to the number of passenger trains running at the time of handing over the line to PRCL. As per the Concession Agreement, Railways has to obtain written consent of the Corporation for running any additional passenger trains on PRCL section. However, Railways has neither sought such consent of the Corporation for running additional passenger trains on the PRCL section nor given any compensation by way of sharing revenue or sharing of additional costs for running of these additional trains.</p> <p>As per the Railway Board decision, the PRCL shall be informed henceforth if any new passenger train is operated on the PRCL Section. No decision regarding the sharing of additional cost due to running of additional passenger trains on PRCL Section has so far been taken by the Railway Board.</p>	<p>The Company has already taken up the issue of running of additional passenger trains on PRCL line in excess to the trains that were running on meter gauge formation. Although, the Company has proposed to Western Railway for formation of a Joint Committee of PRCL and WR officials to have a mechanism to resolve the issue arising out of running of the passenger trains on PRCL section in excess of the sanctioned limit, but WR has not formed any Committee so far in this regard. However, the Company has been pursuing the issue with Railways. In view of this, no firm up claim has been raised in this regard.</p> <p>During the recent meeting between WR and PRCL held on 12th April 2023, WR advised that Railway Board existing instructions will prevail.</p>
6	Point no. (f) of the "Emphasis of Matter" of the Auditor's Report	<p>PRCL is formed as Public to Private Service Joint Sector Corporation of MOR and conferred with the rights of "Railway Administration" under the Railways Act and is bound under the service concession Agreement with the MOR for broad gauge Railway line from Surendranagar to Pipavav Project Railway. Upon expiry of the concession agreement in June 2034, all the assets created in the project area shall be returned back to MOR as per the terms &amp; conditions of the Agreement at the Depreciated Replacement Value (DRV) at that time. These assets are considered as intangible assets and the assets to be maintained at serviceable level during the operation by providing for replacements. MOR controls the residual interest of the assets of the project Railway at the end of the concession Agreement. <b>In absence of any estimate of DRV, the total cost being amortized during the concession period.</b></p>	<p>As applicable, the Company has been accounting the cost of developing/ upgrading project as per Appendix D to Ind AS 115 (Service Concession Arrangement) which provides that infrastructure within the scope of this Appendix shall not be recognised as Property, Plant and Equipment of the operator because the contractual service arrangement does not convey the right to control the public service infrastructure to the operator. The operator has access to operate the infrastructure to provide the public service on behalf of the grantor in accordance with the terms specified in the contract. Therefore, the cost incurred by the Company on the development / upgradation of the Project Railway is recognised as "Intangible Assets under Development" during the development/ upgrading stage. On completion of the work, the same has been reclassified as "Intangible asset". Since Depreciated Replacement Value (DRV) of project assets is not determinable at present, total cost of Project Assets is amortized without considering DRV. The above accounting treatment is in conformity with provisions of Indian Accounting Standards (Ind AS).</p>



**Management Replies on the observations contained in the Statutory Auditors' reports...Contd.**

7	Point no. (g) of the "Emphasis of Matter" of the Auditor's Report	Note No. 38.2(ii) – Fixed Material Cost: During the current year, the Corporation has made an ad-hoc arrangement with WR, pending the finalization of Joint Procedure Order, for charging the cost of TRD assets. Accordingly, WR has billed maintenance cost of TRD assets for amounting to ₹159.64 Lakhs for the period April 2022 to March, 2023 on a provisional basis. The same has been charged to the Statement of Profit and Loss and included under the head "Fixed Cost (Material)". Further, against the amount of ₹231.58 lakhs provisionally accounted for in the year 2021-22, final bill of ₹93.76 lakhs has been received from Western Railway. The excess amount of ₹137.82 lakhs has been adjusted against the current year's cost ₹159.64 Lakhs.	WR had provisionally charged ₹231.58 lakhs to the Company for the FY 2021-22 taking the maximum agreed amount of ₹397.02 lakhs under the agreed upon interim arrangement. However the same is subject to adjustment as per actual spent. Since, WR has advised ₹93.76 lakhs actually incurred on maintenance of TRD assets for the period upto FY 2021-22, the Company has reversed the excess cost of ₹137.82 lakhs during the Current Year. The fact has appropriately been disclosed at Note no. 38.2(ii) in the financial statements of the Company.
8	Point no. (h) of the "Emphasis of Matter" of the Auditor's Report	Note no. 38.2. (i): The Corporation has booked total expenditure of ₹359.20 lakhs for Permanent Way Material (Store) Imprest for the years 2020- 2021 & 2021-22 respectively, based on the advice received from Western Railway as finalized with the Railways.	The Company had already recognised the cost of Permanent Way (P-Way) Material during the previous year(s) as per the cost advised by WR. During the Current Year, WR has advised further cost of ₹359.20 lakhs of P-Way Material used on PRCL section pertaining to past years. Accordingly, the same has also been provided by the Company during the Current Year. This fact has appropriately been disclosed at Note no. 38.3 (i) in the financial statements of the Company.
9	Point no. (i) of the "Emphasis of Matter" of the Auditor's Report	Note No. 38.2.(iv) The Corporation has disputed certain costs like Reimbursement of Medical costs to the Railway staff deputed on the PRCL's section etc., although the same have been accounted for by the Corporation based on the claims raised by the Railways. The Corporation has claimed ₹11.02 Crores from Railways for the earlier years on account of the excess Medical Reimbursement claimed and charged by them during the earlier years. Western Railway has principally agreed to the Company's claims. The same shall be accounted for as and when the final amount is worked out mutually after verification of Company's claims	The Company has already taken up the issue of irregularity in the billing of medical costs by WR to PRCL. Since, claim raised by the Company is yet to be examined and accepted by WR, the same is not recognised in the books. This is in line with the extant accounting norms. In view of this, the same shall be recognised as and when the Company's claim is accepted and paid by WR.

**Management Replies on the observations contained in the Statutory Auditors' reports...Contd.**

10	Point no. (j) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No. 38.4 Variable Costs: The Corporation has raised issue of steep rise in the cost of crew with the Railways which the Corporation has claimed that the same had not been calculated properly. In absence of availability of the requisite data, the excess amount charged by the Railways is not ascertainable. However, the Corporation has accounted the cost of crew as claimed by the Railways. The difference if any in the costs shall also be accounted for as and when the cost on account of crew cost is revised.</p> <p>Although a Joint Procedure Order for charging costs for Operations and Maintenance with regard to the Electrified Operations has yet to be signed with Railways, Western Railway has given a refund on account of excess fuel charges charged for the period November, 2021 to March, 2022 amounting to ₹1.35 Crores. The fuel cost for the year has been shown net of this refund for the previous financial year.</p> <p>The Note No 38.5 regarding booking of certain costs/adjustments related to the previous years during the year under review.</p>	<p>Point wise submission is as under:</p> <ol style="list-style-type: none"> <li>1. In absence of availability of requisite data, the excess amount charged by WR on this account is not determinable. In view of this, the Company has accounted for the costs as per bills received from WR. The difference in cost will be accounted for as and when the cost is revised by WR. Appropriate disclosure has also been made at note no. 38.4 in the financial statements of the Company in respect adjustments taken place in the cost for earlier year(s).</li> <li>2. Refund of Rs. 1.35 Crores on account of excess fuel charges was due to Company from WR, which WR has given to the Company during the current year, as per the extant agreed terms, and therefore, the same has accordingly been recognised in the books.</li> <li>3. Disclosure contained at Note no. 38.5 of the financial statements is towards certain costs adjustments/ updates, which are carried out by the Company, being necessary on receipt of advices/ information from WR.</li> </ol>
11	Point no. (k) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No. 38.6 Regarding no insurance cover of the Project Assets of the Corporation since 20th June 2020. The last insurance cover for the Project Assets under Standard Fire and Special Peril Risk Policy was for ₹825.36 Crores.</p>	<p>Considering various aspects such as past trends of claim settlement ratio, steep increase in the cost of insurance during the year etc., the Board of Directors in their meeting held on 24th March, 2022 decided that the Company will set aside an amount of ₹5.00 Crores as a Reserve Fund on account of restoration of PRCL section in the event of heavy rainfall or any other similar cause of which PRCL is disrupted and there is a material damage of assets. This arrangement was to be effective from the FY 2022-23 for 2 years and to be reviewed after two years. Accordingly, the Company has set aside an amount of ₹5.00 Crores towards Insurance Reserve Fund out of the total Retained Earnings of the Company, as disclosed at note no. 16(c) of the financial statements of the Company. The Company has also earmarked fixed deposit of equal amount, as disclosed at note no. 6.1 of the financial statements of the Company.</p>



**Management Replies on the observations contained in the Statutory Auditors' reports...Contd.**

12	Point no. (l) of the "Emphasis of Matter" of the Auditor's Report	<p>Our opinion is according to information and explanation given to us by the management and on the basis of Report on Internal Control Over Financial Reporting (IFCS) issued by Internal Auditors appointed for the purpose of reporting on the Ind AS financial statements.</p> <p>Internal controls are generally commensurate with the size of the Corporation and nature of its business. However, in certain areas of transactions with Western Railway, according to our opinion, internal control as a continuous process needs further strengthening and improvement particularly with regard to monitoring and reconciliation of traffic and its diversion, the rationalization of O &amp; M costs, determining the unpaid dues beyond the due dates; the technical verification of estimates; the timely settlement of the advances made to Railways for various works and physical verification of the work (Capex as well Other additional works) as carried out by Railways, accounting and control over the scrap generated on replacement of old assets, reconciliation of Container Revenues viz a viz the cost thereof.</p>	<p>The following control measures are already in place in the Company:</p> <ol style="list-style-type: none"> <li>1. Parallel maintenance of revenue records/data and reconciliation of revenue to put a check on revenue leakage and to ensure that there is no short payment by Western Railway to the Company. Reconciliation of dues and perusal for the same on a continuous basis with the Railways for timely realization of the Company's dues of apportioned freight earnings from Western Railway.</li> <li>2. Preparation and reconciliation of operating data used in billing of operating costs by Western Railway to the Company on monthly basis to ensure that there is no excess billing by Western Railway to the Company. This has resulted into improvement of billing process by continuous perusal with Railways.</li> <li>3. Reconciliation of dues payable to Western Railway for O&amp;M costs on a regular basis. There exists a system of obtaining periodical status of various deposit works from Railways and monitoring the same on a continuous basis.</li> <li>4. A process has been brought in place to seek confirmation to ensure the due diligence carried by Railways for their various work proposals.</li> <li>5. A process of Joint assessment of the Fixed Cost (Material) by the Survey Team consisting of the representatives of both Railways and PRCL. Process is in place for cross checking of the bills of staff cost by obtaining details of railway staff working on PRCL section.</li> </ol> <p>As a result of the controls system existing in the Company, PRCL has been able to reveal discrepancies in various Railways' claims and also got the same, inter-alia other, resolved. Examples of such cases include:</p> <ol style="list-style-type: none"> <li>a. Receipt/ realization of credit from WR in respect of overpayments recovered by WR from their staff,</li> <li>b. Stopping the charging of cost of staff by WR in excess of sanctioned cadre (diesel traction),</li> <li>c. Correction in freight apportionment etc.,</li> <li>d. Finalization of the cost of various works by extensive examination of bills/ details,</li> <li>e. Receipt/ realization of credit of scrap sale from undertaken by WR etc.</li> <li>f. Receipt/ realization of credit of traction benefit (cost saving) from WR.</li> </ol> <p>The control measures have been evolved with rigorous efforts made by the Company. Besides this, close examination is carried out by the Company before sanctioning work proposals received from Railways. The Company has also been able to get the long pending works closed/settled on receipt of the completion reports from Western Railway by rigorous and continuous efforts over the year. Further, the Company has been using online data for computation</p>
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**Management Replies on the observations contained in the Statutory Auditors' reports...Contd.**

			of the various cost components. A system of cross checking of train movement at various levels is already in place ensuring no loss of revenue to the Company. A system is also in place whereby there has been a close coordination for exchange of the financial and related information within organization and also with WR for the purpose of generation of timely accurate financial reports. Furthermore, as an ongoing process, the Company has been in perusal with Railway authorities at different levels for its various concerns & issues. However, necessary steps will further be taken in consultation with Railways to further strengthening the controls system.																				
(vii)(b) of Annexure A of the Auditors Report	There are no cases of dues of Income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the dispute in respect of service tax / Income-tax Act as under:	<table border="1"> <thead> <tr> <th>Name of Statute</th> <th>Nature of dues</th> <th>Disputed Amount</th> <th>Forum where Dispute is pending</th> <th>Period to which amount relates to</th> </tr> </thead> <tbody> <tr> <td>Service tax</td> <td>Service-tax on apportioned freight earning</td> <td>Rs 7639.48 lakhs</td> <td>Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)</td> <td>FY 2009-10 to FY2013-14</td> </tr> <tr> <td>Service tax</td> <td>Service-tax on apportioned freight earning</td> <td>Rs 2800.51 lakhs</td> <td>Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)</td> <td>FY 2014-15</td> </tr> <tr> <td>Service tax</td> <td>Service-tax on apportioned freight earning</td> <td>Rs 7418.19 lakhs (against Show Cause Notice)</td> <td>Commissioner of Central Tax, Central Excise &amp; Service Tax, Delhi-South</td> <td>April 2015 till June 2017</td> </tr> </tbody> </table>	Name of Statute	Nature of dues	Disputed Amount	Forum where Dispute is pending	Period to which amount relates to	Service tax	Service-tax on apportioned freight earning	Rs 7639.48 lakhs	Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2009-10 to FY2013-14	Service tax	Service-tax on apportioned freight earning	Rs 2800.51 lakhs	Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2014-15	Service tax	Service-tax on apportioned freight earning	Rs 7418.19 lakhs (against Show Cause Notice)	Commissioner of Central Tax, Central Excise & Service Tax, Delhi-South	April 2015 till June 2017	It is submitted that, in the matter of SCNs received by the company in case of service tax issue, the Company has not agreed with the department's contention and submitted detailed replies to these SCNs requesting the adjudicating authorities to withdraw said SCNs. The Company has not received any adjudication order in the matter till date. This fact has been disclosed at note no. 36(ii)(b) in the financial statements of the Company.
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## INDEPENDENT AUDITOR'S REPORT

To  
The Members of Pipavav Railway Corporation Limited  
Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Pipavav Railway Corporation Limited ("the Corporation"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of cash flows, the Statement of Change in Equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2023 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Emphasis of Matters

We draw attention to the following matters in the notes to the Financial Statements:

- (a) **Note no. 36 (ii) (b)**- GST Council in its 48th Meeting held on 17th December, 2022 has clarified that Indian Railways (IR) and the SPVs are distinct persons and supply of services by SPVs to Railways by way of allowing IR to use the infrastructure built and owned by the SPVs during the concession period against consideration in form of pro-rata apportioned share of revenue is a taxable supply. Similarly, the services of maintenance provided by the Railways to SPVs are also taxable services.

The Company has obtained a legal opinion on the matter where it has been opined that the apportioned freight earning as well as the O & M services provided to the Company by the Indian Railways are "Exempt" under the GST laws.

The Company, relying on the legal opinion, has not provided for any liability on account of GST and the Company and is maintaining status quo in the matter.

The liability arising out on account of GST on apportioned freight earnings as well as on the maintenance & operational charges charged by the Railways on RCM basis, if any, has not been quantified.

- (b) **Note no. 4** - The physical verification of the intangibles (amortizable) **Project assets** of PRCL is conducted by the Bhavnagar division of Western Railway, who is the custodian of these assets under the Operation and Maintenance Agreement, as per railway rules and regulations.

The capital costs incurred on development of the assets taken over from the Railways at the beginning of the concessionaire agreement had been grouped into mainly in four categories i.e. Permanent Ways, Formation, Bridge & Buildings and Plant & Machinery. Individual details with regard to the location/cost were not maintained of asset wise for these assets except for Plant & Machinery items. However, details like location and the cost of the assets acquired thereafter had been maintained individually. The quantitative details of these assets are maintained in the computerized system of accounting for fixed assets and it is relied upon. PRCL maintains the book value of these assets in its accounts.



- (c) **Note no.4.2:** The Electric train operations on the PRCL section had commenced from 3rd March, 2021 on the complete section of PRCL. In absence of the availability of the final bills and relevant details as well as certain work still remaining incomplete, the amount billed and accounted for to the tune of Rs. 7.77 Crores had been capitalised during the year and being amortized. Once the final bills are received for the work done as well as for the work under completion by the Corporation from CORE and other parties, the final cost shall be worked out and necessary adjustment in the amount capitalised shall be made accordingly. The additional cost of the project on this account, if any, shall be amortized prospectively during the remaining period of the concession.
- (d) In absence of details, the whole cost of the Electrification work has been capitalised under one head although it consists of assets of various nature.
- (e) **Note no 2.22** Re: Service Concession Arrangement: Western Railway is running additional passenger trains on the PRCL Section to the number of passenger trains running at the time of handing over the line to PRCL. As per the Concession Agreement, Railways has to obtain written consent of the Corporation for running any additional passenger trains on PRCL section. However, Railways has neither sought such consent of the Corporation for running additional passenger trains on the PRCL section nor given any compensation by way of sharing revenue or sharing of additional costs for running of these additional trains

As per the Railway Board decision, the PRCL shall be informed henceforth if any new passenger train is operated on the PRCL Section. Regarding the sharing of additional cost, it has been decided by Railways that the extant instructions or Railway Board shall be followed in this regard.

- (f) PRCL is formed as Public to Private Service Joint Sector Corporation of MOR and conferred with the rights of "Railway Administration" under the Railways Act and is bound under the service concession Agreement with the MOR for broad gauge Railway line from Surendranagar to Pipavav Project Railway. Upon expiry of the concession agreement in June 2034, all the assets created in the project area shall be returned back to MOR as per the terms & conditions of the Agreement at the Depreciated Replacement Value (DRV) at that time. These assets are considered as intangible assets and the assets to be maintained at serviceable level during the operation by providing for replacements. MOR controls the residual interest of the assets of the project Railway at the end of the concession Agreement. **In absence of any estimate of DRV, the total cost being amortized during the concession period.**
- (g) **Note No. 38.2(ii) – Fixed Material Cost:**  
During the current year, the Corporation has made an ad-hoc arrangement with WR, pending the finalization of Joint Procedure Order, for charging the cost of TRD assets. According, WR has billed maintenance cost of TRD assets for amounting to ₹159.64 Lakhs for the period April 2022 to March, 2023 on a provisional basis. The same has been charged to the Statement of Profit and Loss and included under the head "Fixed Cost (Material)". Further, against the amount of ₹231.58 lakhs provisionally accounted for in the year 2021-22, final bill of ₹93.76 lakhs has been received from Western Railway. The excess amount of ₹137.82 lakhs has been adjusted against the current year's cost ₹159.64 Lakhs.
- (h) **Note no. 38.3. (i):** The Corporation has booked total expenditure of ₹359.20 lakhs for Permanent Way Material (Store) Imprest for the years 2020- 2021 & 2021-22 respectively, based on the advice received from Western Railway as finalized with the Railways.
- (i) **Note No. 38.3. (iv)** The Corporation has disputed certain costs like Reimbursement of Medical costs to the Railway staff deputed on the PRCL's section etc., although the same have been accounted for by the Corporation based on the claims raised by the Railways. The Corporation has claimed ₹11.02 Crores from Railways for the earlier years on account of the excess Medical Reimbursement claimed and charged by them during the earlier years. Western Railway has principally agreed to the Company's claims. The same shall be accounted for as and when the final amount is worked out mutually after verification of Company's claims
- (j) **Note No. 38.4 Variable Costs:** The Corporation has raised issue of steep rise in the cost of crew with the Railways which the Corporation has claimed that the same had not been calculated properly. In absence of availability of the requisite data, the excess amount charged by the Railways is not ascertainable. However, the Corporation has accounted the cost of crew as claimed by the Railways. The difference if any in the costs shall also be accounted for as and when the cost on account of crew cost is revised.

Although a Joint Procedure Order for charging costs for Operations and Maintenance with regard to the Electrified Operations has yet to be signed with Railways, Western Railway has given a refund on account of excess fuel charges charged for the period November, 2021 to March, 2022 amounting to Rs. 1.35 Crores. The fuel cost for the year has been shown net of this refund for the previous financial year.



The Note No 38.5 regarding booking of certain costs/adjustments related to the previous years during the year under review.

- (k) **Note No. 38.6** Regarding no insurance cover of the Project Assets of the Corporation since 20th June 2020. The last insurance cover for the Project Assets under Standard Fire and Special Peril Risk Policy was for Rs. 825.36 Crores.
- (l) Our opinion is according to information and explanation given to us by the management and on the basis of Report on Internal Control Over Financial Reporting (IFCS) issued by Internal Auditors appointed for the purpose of reporting on the Ind AS financial statements.

Internal controls are generally commensurate with the size of the Corporation and nature of its business. However, in certain areas of transactions with Western Railway, according to our opinion, internal control as a continuous process needs further strengthening and improvement particularly with regard to monitoring and reconciliation of traffic and its diversion, the rationalization of O & M costs, determining the unpaid dues beyond the due dates; the technical verification of estimates; the timely settlement of the advances made to Railways for various works and physical verification of the work (Capex as well Other additional works) as carried out by Railways, accounting and control over the scrap generated on replacement of old assets, reconciliation of Container Revenues viz a viz the cost thereof.

Our opinion is not modified in respect of these above matters.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Corporation's Board of Directors is responsible for the preparation of other information and preparation of its reports. The other information comprises the Director's Report and Annexures thereto, (but does not include the financial statements and our auditor's report thereon). The Director's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and appropriate action, if required.

### **Responsibility of Management and Those Charged with governance for Financial Statements**

The Corporation's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, change in equity and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Corporation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, (2013) hereinafter referred as "Act" we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Corporation as we considered appropriate and according to the information and explanations given to us, in the "**Annexure B**" on the directions and sub-directions issued by the Comptroller and Auditor General of India.

Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books.



- (a) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and Statement of Change in equity dealt with by this Report are in agreement with the books of account;
- (b) In our opinion, the aforesaid Ind AS financial statements comply with Indian Accounting Standards and as specified under Section 133 of the Act, read with relevant rule issued thereunder and amended there on.
- (c) On the basis of the written representations received from the Directors as on 31st March, 2023, taken on records by the Board of Directors none of the directors is disqualified as on 31st March, 2023 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (d) With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- (e) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Corporation to its directors during the year is in accordance with the provisions of Section 197 of the Act read with schedule V of the Act.
- (f) 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 as amended from time to time, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Corporation has disclosed the impact of pending litigations as on 31st March 2023 on its financial position in its Ind AS compliant Financial Statements. Refer Note no. 36 (ii) (b) to the Ind AS Financial Statements;
- ii) The Corporation did not have any long-term contracts including derivative contracts as on 31st March 2023 for which there were any material foreseeable losses and
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation.
- iv) The Management has represented that other than those disclosed in the notes to the account:
- a) No funds have been advanced or loaned or invested by the Corporation to or in any other person(s) or entities, including foreign entities with the understanding that the intermediary shall whether directly or indirectly lend or invest in other persons or entities identified in any manner by or on behalf of the Corporation or provide any guarantee, security or the like on behalf of ultimate beneficiaries.
- b) No funds have been received by the Corporation from any person or entities including foreign entities with the understanding that such Corporation shall whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party or provide guarantee, security or the like on behalf of the ultimate beneficiaries.
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under subclause (i) and (ii) of Rule 11 (e), as provided under (a) and (b) above, contain any material misstatement.
- v) As stated in Note no. 16.3.2 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members of at the Annual General Meeting. The amount of dividend proposed is in accordance with provisions of Section 123 of the Act, as applicable
- vi) As the proviso to the Rule 3 (i) of the Companies (Accounts) Rules, 2014 is applicable only with effect from 1st of April, 2023, reporting under Rule 11 (g) of the Companies (Audit and Accounts) Rule 2014 is not applicable.

For **KAPOOR TANDON & CO.,**  
Chartered Accountants  
Firm Registration No. 000952C

Sd/-  
(Devendra S. Mathur))  
**PARTNER**  
M. No. 082570

Place: New Delhi  
Date: 29th August, 2023

UDIN: 23082570BGXEYV1694

**Annexure A to the Independent Auditor's Report referred to the members of Pipavav Railway Limited Corporation on the Ind AS financial Statements for the year ended 31st March 2023**

As required by Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we report that:

As per Clause 3:

- (i)
  - (a) The project assets created by the Company are under the physical custody of Railways and informed and explained to us the records of these assets are maintained by the Railways.
  - (b) The Fixed Assets (Other than the Project Assets) of the Corporation have been physically verified by the management and the fixed assets being part of the Project Assets have been verified by the Western Railway as on 31st March, 2023. As certified by the Western Railway. No material discrepancies were reported on such physical verification as informed by the Management.
  - (c) Immovable Property (existing assets at the time of gauge conversion leased by Railways to PRCL) being part of the Project Assets held under "Build, Own, Operate and Transfer" arrangement in terms of the Service Concession Agreement with the Ministry of Railways are held on lease basis by the Corporation in terms of the lease deed 28th June, 2001 for a period of 33 years.  
The Corporation does not own any immovable property.
  - (d) The Corporation has not revalued any of its assets during the year.
  - (e) As per the information and explanations given to us, no proceedings have been initiated or are pending against the Corporation for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- (ii)
  - (a) The Corporation being an unlisted non-government Corporation dealing in Railway Cargo Traffic with Ministry of Railways do not hold any inventory; as such clause 3 (ii) of the order is not applicable to the Corporation.
  - (b) The Corporation has not been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, at any point of time during the year, from any Bank or Financial Institution on the basis of security of current assets and hence reporting under clauses 3 (ii)(b) of the order is not applicable.
- (iii) According to the information and explanations given to us, the Corporation has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loan, secured or unsecured, Corporation, firms, Limited Liability partnership or any other party during the year. Accordingly, sub clauses - (a), (b), (c) (d), (e), (f) of clause 3 (iii) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Corporation has no loans, guarantees and securities, secured or unsecured to any corporation, firms, any other party covered in the register maintained under the provision of Section 185, 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Corporation has not accepted deposits and not contravened the directives issued by the RBI covered under the provision of Section 73 to 76 or any other provisions of the Companies Act, 2013.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products/services of the Corporation, accordingly clause (vi) of the order is not applicable to the Corporation.
- (vii)
  - (a) The Corporation is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues like payment of GST to the appropriate authorities. There are no undisputed amounts outstanding for a period of more than six months from the date they became payable.
  - (b) There are no cases of dues of Income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the dispute in respect of service tax /Income-tax Act as under:



Name of Statute	Nature of dues	Disputed Amount	Forum where Dispute is pending	Period to which amount relates to
Service tax	Service-tax on apportioned freight earning	Rs 7639.48 lakhs	Principle Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2009-10 to FY2013-14
Service tax	Service-tax on apportioned freight earning	Rs 2800.51 lakhs	Principle Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2014-15
Service tax	Service-tax on apportioned freight earning	Rs 7418.19 lakhs (against Show Cause Notice)	Commissioner of Central Tax, Central Excise & Service Tax, Delhi-South	April 2015 to till June 2017

- viii) According to the information and explanation given to us, there was no transaction found unrecorded in the books of accounts of the Corporation which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
- ix) In our opinion and according to the information and explanations given to us, the Corporation has no loans as on 31st March 2023 and hence not defaulted in repayment of loans or borrowings to Financial Institutions, Bank and Government. Subsequently, the Corporation has not been declared as "wilful defaulter by any of the banks or financial institutions.
- x) In our opinion and according to the information and explanations given to us, the Corporation has not raised any moneys by way of initial public offer or further public offer (including debt) instrument, or through preferential allotment or private placement of shares or debentures during the year, therefore para 3(x)(a) and (b) are not applicable to the Corporation.
- xi) (a) During the course of our examination of the books of accounts and records of the Corporation carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations give not us, we have not come across any instance of fraud on or by the Corporation, noticed or reported during the year, nor we have informed of such case by the management.
- (b) No report under sub section (12) of section 143 of the Companies Act 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.
- (c) As per the information and explanation given by the Management, there was no whistle blower complaint received by the Corporation during the year.
- xii) In our opinion and according to the information and explanations given to us, the Corporation is not a Nidhi Corporation; and hence Clause 3 (xii) of the order is not applicable to the Corporation
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, wherever applicable and the details have been disclosed in the Ind AS financial statements as required by the Indian Accounting Standards.
- xiv) The Corporation has an internal audit system to commensurate with its size and operations. We have considered the internal audit reports for the year under audit issued to the Corporation during the year and till date, in determining the nature, timing and extend of our audit procedures.
- xv) In our opinion and according to the information and explanations given to us, the Corporation has not entered into any non-cash transaction with directors or persons connected with him as required u/s 192 of the Companies Act, 2013.
- xvi) In our opinion and according to the information and explanations given to us, the Corporation is not required to register u/s 45(1A) of the Reserve Bank of India Act, 1934.
- xvii) The Corporation has not incurred any cash losses during the year on in the immediately preceding financial year.
- xviii) There has been no resignation of statutory auditors during the year, hence this clause is not applicable to the Corporation.
- xix) Based on the information made available, with regard to the ageing report, financial ratios, expected date of realisation of assets, payment of financial liabilities, other information accompanying the financial statements, the Board of

Directors and Management plans, we are of the opinion that the Corporation can fulfil its liabilities existing on the balance sheet date when such liabilities are due in future.

- xx) The Corporation has no unspent amount to be transferred to a fund specified in Schedule VII in accordance to the provisions of Section 135 of the Companies Act , 2013 as on 31.03.2023. Accordingly, reporting under sub-clause (a) and (b) of Clause (xx) of the order are not applicable for the year to the Corporation
- xxi) The Corporation is not required to prepare any Consolidated Financials and therefore the clause regarding auditors' adverse remarks in the audit report of any of the group companies is not applicable to the Corporation.

**For Kapoor Tandon & Co.,**  
Chartered Accountants  
(Firm's Registration No.: 00952C)

Sd/-  
**CA Devendra Swaroop Mathur**  
Partner  
Membership No.: 082570

Place: New Delhi  
Date: 29th August, 2023

UDIN: 23082570BGXEYV1694



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

**PIPAVAV RAILWAY CORPORATION LIMITED**

Refer to Paragraph on other Legal and Regulatory Requirements section of our Report of even date to the Members of Pipavav Railway Corporation Limited ("Corporation") on the Ind AS Financial Statements of the Corporation for the financial year ended on 31st March 2023.

<b>Sr. No.</b>	<b>Directions</b>	<b>Auditors' observations</b>
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	All the Accounting Transactions are processed through the Accounting Software Tally-Prime during the year. However, some of the calculations considered for the final financial statements like Depreciation on fixed assets are calculated on excel sheet and the accounting voucher for the amount so calculated is passed through the accounting software. During the course of verification of these calculations on excel sheet were observed as in order. We have not come across any major calculation mistakes or mistakes identified were rectified.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	The Company has not availed a loan/borrowing facility and therefore there is no restructuring of any loan or cases of waiver/write off of debts/loans/Interest/Interest etc by a lender to the company due to Company's inability to repay the loan.
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No fund by way of Grans/Subsidy etc. had been received by the Company during the year 2022-23 for any specific scheme of the Central/Statement Government or any of its agencies.

**For Kapoor Tandon & Co.,**  
Chartered Accountants  
Firm's Registration No. 000952C

Sd/-  
**(CA Devendra Swaroop Mathur)**  
Partner  
Membership No. 082570  
UDIN: 23082570BGXEYV1694

Place: New Delhi  
Date: 29th August, 2023



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

(Referred to in paragraph 3(g) of our report of even date on the financial statements for the financial year ended March 31, 2023 of Pipavav Railway Corporation Limited Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Pipavav Railway Corporation ("the Corporation") as of March 31, 2023 in conjunction with our audit of the financial statements of the Corporation for the year ended on that date.

In our opinion, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023,, based on the internal control over financial reporting criteria established by the Corporation 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.

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

The Corporation's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation 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 Corporation'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 Act.

### **Auditors' Responsibility**

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

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

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

A Corporation'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 Corporation'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 Corporation; (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 Corporation are being made only in accordance with authorisations



of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Corporation has, in all material respects, an adequate internal financial controls systems with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at 31st March, 2023, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over the Financial reporting issue by the Institute of Chartered Accountants of India, read with our Independent Auditor's Report's item no (I) of "Emphasis of Matters" of the report of even date on the financial statements.

**For KAPOOR TANDON & CO.,**  
Chartered Accountants  
Firm Registration No. 000952C

Sd/-  
**(Devendra S Mathur)**  
PARTNER  
M. No. 082570

Place: New Delhi  
Date: 29th August, 2023

**COMPLIANCE CERTIFICATE**

We have conducted the audit of accounts of PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31st March 2023 in accordance with the directions/sub directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all directions / sub directions issued to us.

**For Kapoor Tandon & Co.,**  
Chartered Accountants  
Firm Registration No. 000952C

Sd/-  
**(CA Devendra Swaroop Mathur)**  
Partner  
M. No.: 082570

Place: New Delhi  
Date: 29th August, 2023



Pipavav Railway Corporation Limited  
CIN : U45200DL2000PLC151199



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

महानिदेशक लेखापरीक्षा का कार्यालय  
रेलवे वाणिज्यक, नई दिल्ली  
C/o भारत के नियंत्रक और महालेखा परीक्षक  
Office of the Director General of Audit  
Railway Commercial, New Delhi  
C/o Comptroller and Auditor General of India

4, दीनदयाल उपाध्याय मार्ग, नई दिल्ली 4, Deen Dayal Upadhyaya Marg, New Delhi-110002



सत्यमेव जयते

संख्या/पी.डी.ए/आर.सी/AA-PRCL/78-33/2023-24/445

दिनांक: 21.09.2023

सेवा में,

**प्रबंध निदेशक,**

पिपावाव रेलवे कॉर्पोरेशन लिमिटेड,  
बी1202-, बी-विंग, 12वीं मंजिल,  
स्टेट्समैन हाउस, बाराखंबा रोड,  
नई दिल्ली 110001 - .

महोदय,

विषय: **31 मार्च 2023** को समाप्त वर्ष के लिए **पिपावाव रेलवे कॉर्पोरेशन लिमिटेड** के वित्तीय विवरणों पर कंपनी अधिनियम **2013** की धारा **143 (6)(b)** के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ ।

मैं **पिपावाव रेलवे कॉर्पोरेशन लिमिटेड** के **31 मार्च 2023** को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम **2013** की धारा **143 (6) (b)** के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ ।

कृपया इस पत्र की संलग्नको सहित प्राप्ति की पावती भेजी जाए ।

संलग्न: यथोपरी

भवदीय,

(डॉ. नीलोत्पल गोस्वामी)  
महानिदेशक (रेलवे वाणिज्यक)

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF PIPAVAV RAILWAY CORPORATION LIMITED  
FOR THE YEAR ENDED 31 MARCH 2023**

The preparation of financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED** for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 August 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED** for the year ended 31 March 2023 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 143(6) (b) of the Act.

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

Place: New Delhi  
Dated: 21.09.2023

  
Dr. Nilotpall Goswami  
Director General of Audit  
Railway Commercial, New Delhi



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2023

(Amount in ₹ Lakhs)

Particulars	Note No.	As at 31st March 2023	As at 31st March 2022
<b>I Assets</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and equipment	3	37.91	51.64
(b) Right-of-use assets	37.1	1,455.17	348.36
(c) Other Intangible assets	4	35,926.28	37,839.88
(d) Intangible assets under development	5	-	459.80
(e) Financial Assets:			
(i) Others	6	10,467.09	1,703.81
(f) Deferred Tax Assets	7	9,045.51	8,953.42
(g) Other non-current assets	8	0.08	48.16
<b>2 Current assets</b>			
(a) Financial Assets:			
(i) Trade Receivables	9	3,804.04	2,789.00
(ii) Cash and cash equivalents	10	120.99	607.11
(iii) Bank Balances other than (ii) above	11	24,951.08	26,648.09
(iv) Others	12	1,173.59	744.29
(b) Current Tax Assets (Net)	13.1.1	136.50	84.02
(c) Other current assets	14	333.68	228.10
<b>TOTAL ASSETS</b>		<b>87,451.92</b>	<b>80,505.68</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	15	19,600.00	19,600.00
(b) Other Equity	16	52,740.31	47,231.24
<b>2 Liabilities</b>			
<b>(i) Non-current liabilities</b>			
a) Financial Liabilities:			
(i) Borrowings			
(ii) Lease liabilities	37.1	1,163.11	175.10
b) Long Term Provisions	17	7,664.82	6,560.38
(c) Deferred tax liabilities		1,680.08	3,680.80
<b>(ii) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings			
(ii) Lease liabilities	37.1	304.92	207.11
(iii) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	18.1.1	1.44	0.31
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	18.1.2	4,158.02	2,922.55
(iii) Others	18.2	27.48	24.24
(b) Other Current liabilities	19	33.78	31.08
(c) Provisions	20	77.96	72.87
(d) Current Tax Liabilities (Net)	13.1.2	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>87,451.92</b>	<b>80,505.68</b>

The accompanying notes 1 to 49 form an integral part of the financial statements.

As per our Report of even date attached.

for Kapoor Tandon & Co.

Chartered Accountants

Firm Registration No. : 000952C

Sd/-

CA Devendra Swaroop Mathur

Partner

M. No. 082570

UDIN: 23082570BGXEYV1694

Place : New Delhi

Date : 29<sup>th</sup> August, 2023

Sd/-

Sanjiv Garg

Managing Director

DIN: 00682084

Sd/-

Vinod Kumar

Chief Financial Officer

M. No. 508739

for and on behalf of Board of Directors

Sd/-

Santosh Breed

Director

DIN: 08011070

Sd/-

Priya Ranjan Parhi

Director

DIN: 09499859

Sd/-

Leena Narwal

Company Secretary

M. No. A20516

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023****(Amount in ₹ Lakhs)**  
(except per equity share data)

Sr. No.	Particulars	Note No.	For the year ended 31st March 2023	For the year ended 31st March 2022
I	Revenue from operations	21	29,412.05	21,967.47
II	Other Income	22	1,910.60	1,478.86
III	<b>Total Income (I+II)</b>		<b>31,322.65</b>	<b>23,446.33</b>
IV	<b>Expenses:</b>			
	Operating and Other expenses	23	22,788.48	17,539.19
	Employee benefits expenses	24	445.76	507.55
	Finance costs	25	478.87	392.83
	Depreciation and amortization expense	26	3,440.09	3,191.03
	Corporate Social Responsibility (CSR) Expenses	27	30.71	35.67
	<b>Total Expenses (IV)</b>		<b>27,183.91</b>	<b>21,666.27</b>
V	<b>Profit/(loss) before exceptional items and tax (III - IV)</b>		<b>4,138.74</b>	<b>1,780.06</b>
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		4,138.74	1,780.06
VIII	Tax expense:			
	(i) Current tax:			
	for the year	13.3	723.12	482.48
	for the earlier years	13.3	-	0.10
	(ii) Deferred tax	13.3	(2,000.73)	242.39
	(iii) MAT Credit Entitlement (net of reversal)	13.3	(92.08)	-
IX	<b>Profit/(Loss) for the year from continuing operations (VII-VIII)</b>		<b>5,508.43</b>	<b>1,055.09</b>
X	Profit/(loss) from discontinued operations		-	-
XI	Tax Expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>5,508.43</b>	<b>1,055.09</b>
XIV	<b>Other Comprehensive Income</b>			
	<b>A. Items that will not be reclassified to profit and loss</b>			
	Re-measurement of defined employee benefit plans [ Gain/(Loss)]	28	0.91	(1.37)
	Income Tax relating to Items that will not be reclassified to profit and loss	13.4	(0.27)	0.40
	<b>B. Items that will be reclassified to profit and loss</b>			
	Income Tax relating to Items that will be reclassified to profit and loss		-	-
XV	<b>Total Comprehensive Income for the period (XIII + XIV) (Profit and Other Comprehensive Income for the period)</b>		<b>5,509.07</b>	<b>1,054.12</b>
XVI	<b>Earnings Per Equity Share [Face Value : ₹10/- each]:</b>			
	(For Continuing Operation)			
	(1) Basic (₹)	29	2.81	0.54
	(2) Diluted (₹)	29	2.81	0.54
XVII	<b>Earnings Per Equity Share:</b>			
	(For discontinuing Operation)			
	(1) Basic (₹)		-	-
	(2) Diluted (₹)		-	-
XVIII	<b>Earnings Per Equity Share [Face Value of Share: ₹10/- each]:</b>			
	(For discontinued and continuing Operation)			
	(1) Basic (₹)	29	2.81	0.54
	(2) Diluted (₹)	29	2.81	0.54

The accompanying notes 1 to 49 form an integral part of financial statements.  
As per our Report of even date attached.

for Kapoor Tandon & Co.  
Chartered Accountants  
Firm Registration No. : 000952C  
Sd/-

CA Devendra Swaroop Mathur  
Partner

M. No. 082570  
UDIN: 23082570BGXEYV1694  
Place : New Delhi  
Date : 29<sup>th</sup> August, 2023

Sd/-  
Sanjiv Garg  
Managing Director  
DIN: 00682084

Sd/-  
Vinod Kumar  
Chief Financial Officer  
M. No. 508739

for and on behalf of Board of Directors

Sd/-  
Santosh Breed  
Director  
DIN: 08011070

Sd/-  
Priya Ranjan Parhi  
Director  
DIN: 09499859

Sd/-  
Leena Narwal  
Company Secretary  
M. No. A20516



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023

(Amount in ₹ Lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>A. Cash Flow From Operating Activities</b>		
<b>Profit before tax</b>	<b>4,138.74</b>	<b>1,780.06</b>
<b>Adjustments for:</b>		
Depreciation and amortization	3,440.09	3,191.03
Finance costs	478.87	392.83
Interest earned	(1,895.65)	(1,427.85)
Modification Gain on Lease Liability	(2.52)	-
Unwinding of discount on security deposits	(1.65)	(1.27)
Profit on sale of property, plant and equipment	(4.26)	(0.57)
Loss on disposed/written off of sundry asset items	15.07	0.03
Other Comprehensive Income (net of taxes)	0.64	(0.97)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>6,169.33</b>	<b>3,933.29</b>
<b>Adjustments for:</b>		
Decrease / (Increase) in Trade Receivables / Loans and Advances	(1,015.04)	(323.27)
Decrease / (Increase) in Other Current Financial Assets	(17.16)	(1.26)
Decrease / (Increase) in Other Current Assets	(105.58)	72.93
Decrease / (Increase) in Other Non Current Assets	48.08	26.09
Decrease / (Increase) in Other Non Current Financial Assets	11.51	(11.26)
(Decrease) / Increase in Current Trade Payables	1,236.60	(781.44)
(Decrease) / Increase in Other Financial Liabilities	3.24	7.78
(Decrease) / Increase in Other Current Liabilities	2.70	13.61
(Decrease) / Increase in Long Term Provisions	659.48	757.63
(Decrease) / Increase in Short Term Provisions	5.09	54.01
	<b>828.92</b>	<b>(185.18)</b>
<b>Cash generated from operation</b>	<b>6,998.25</b>	<b>3,748.11</b>
<b>(Less)/Add: Income Tax Paid/received (net)</b>	<b>(775.60)</b>	<b>(421.95)</b>
<b>Total Cash generated from Operating Activities</b>	<b>6,222.65</b>	<b>3,326.16</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase of Property plant and equipment, Intangible Assets and Right of use assets (net after non cash adjustments)	(830.55)	(1,610.73)
Sale of Property, Plant & Equipment	9.37	0.59
Interest received	1,483.51	1,298.73
Changes in Other Bank Balances	(7,077.78)	(3,835.42)
<b>Net Cash used in Investing Activities</b>	<b>(6,415.45)</b>	<b>(4,146.83)</b>
<b>C. Cash flow from Financing Activities:</b>		
Lease payments (Principal Portion)	(261.06)	(71.37)
Finance costs:		
-Interest on lease liabilities	(30.22)	(15.94)
-Other Finance costs (see foot note 2 below)	(3.69)	(9.09)
Unwinding of discount on security deposits	1.65	1.27
<b>Net Cash generated from Financing Activities</b>	<b>(293.32)</b>	<b>(95.13)</b>



Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(486.12)	(915.80)
Opening Cash & Cash Equivalents	607.11	1,522.91
<b>Closing Cash &amp; Cash Equivalents</b>	<b>120.99</b>	<b>607.11</b>

**Closing Cash & Cash Equivalents comprises of:**

(i) Balances with banks:		
-On current accounts	91.88	234.83
-Deposits with original maturity of three months or less	-	-
-Balance in Flexi Deposit Accounts	29.11	372.22
(ii) Cash in Hand	-	0.06
<b>Closing Cash &amp; Cash Equivalents</b>	<b>120.99</b>	<b>607.11</b>

Reconciliation of Liabilities arising from financing activities as on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 are as follows:

(Amount in ₹ Lakhs)

Cash flows:-	Resurfacing Obligations		Lease liabilities	
	For the year ended 31st March 2023	For the year ended 31st March 2022	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Balance at beginning of the Year</b>	<b>6,356.57</b>	<b>5,254.25</b>	<b>382.21</b>	<b>221.81</b>
<b>Cash flows:-</b>				
- Payments	(85.37)	-	(291.28)	(87.31)
- Adjustments	-	-	(119.64)	-
- Proceeds	-	-	-	-
<b>Non-Cash:-</b>				
- Fair Value	444.96	367.80	30.22	15.94
- Additions to right of use assets in exchange for increased lease liabilities	-	-	1,466.52	231.77
-Resurfacing cost provided during the year	734.52	734.52	-	-
<b>Balance at the end of Year</b>	<b>7,450.68</b>	<b>6,356.57</b>	<b>1,468.03</b>	<b>382.21</b>

- The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS-7 on Cash Flow Statement notified by the Ministry of Corporate Affairs, Government of India under the Companies Act, 2013.
- Other Finance Costs under the head "Cash flow from financing activities" is presented after excluding the impact of non-cash financial item of ₹444.96 lakhs being provision made for the interest on Resurfacing Obligations for the current year (Last Year: ₹367.80 Lakhs) to reflect the same at its present value due to passage of time.
- Previous year's figures are reclassified/regrouped to confirm and make them comparable with those of the current year.

The accompanying notes 1 to 49 form an integral part of financial statements.

As per our Report of even date attached.

for **Kapoor Tandon & Co.**  
Chartered Accountants  
Firm Registration No. : 000952C  
Sd/-

**CA Devendra Swaroop Mathur**  
Partner  
M. No. 082570  
UDIN: 23082570BGXEYV1694  
Place : New Delhi  
Date : 29<sup>th</sup> August, 2023

Sd/-  
**Sanjiv Garg**  
Managing Director  
DIN: 00682084

Sd/-  
**Vinod Kumar**  
Chief Financial Officer  
M. No. 508739

for and on behalf of Board of Directors

Sd/-  
**Santosh Breed**  
Director  
DIN: 08011070

Sd/-  
**Priya Ranjan Parhi**  
Director  
DIN: 09499859

Sd/-  
**Leena Narwal**  
Company Secretary  
M. No. A20516



## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2023

### A. Equity share capital

(Amount in ₹ Lakhs)

Balance at the beginning of the reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
19,600.00	-	19,600.00	-	19,600.00

### B. Other Equity

(Amount in ₹ Lakhs)

Particulars	Reserve & Surplus			Other Comprehensive Income	Total
	Depreciation Reserve Fund*	Retained Earnings	Insurance Reserve Fund++		
Balance at the beginning of the reporting period	2,000.00	45,231.24	-	-	47,231.24
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	2,000.00	45,231.24	-	-	47,231.24
Profit for the year	-	5,508.43	-	-	5,508.43
Other Comprehensive Income ( net of taxes)	-	0.64	-	-	0.64
Dividend (including Interim Dividend) paid during the year	-	-	-	-	-
Dividend Distribution Tax paid on Dividend	-	-	-	-	-
Transfer to Insurance Reserve Fund	-	(500.00)	500.00	-	-
Any Other change(to be specified)	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>2,000.00</b>	<b>50,240.31</b>	<b>500.00</b>	<b>-</b>	<b>52,740.31</b>

\*Depreciation Reserve Fund represents profits allocated in the years 2013-14 and 2014-15 for replacement of project assets at the end of codal life.

\*\*Insurance Reserve Fund represents amount allocated to meet the restoration costs in the event of damage to Project Assets due to unforeseen events such as floods, storms etc.

The accompanying notes 1 to 49 form an integral part of financial statements.

As per our Report of even date attached.

for Kapoor Tandon & Co.  
Chartered Accountants  
Firm Registration No. : 000952C  
Sd/-

CA Devendra Swaroop Mathur  
Partner

M. No. 082570  
UDIN: 23082570BGXEYV1694  
Place : New Delhi  
Date : 29<sup>th</sup> August, 2023

Sd/-  
Sanjiv Garg  
Managing Director  
DIN: 00682084

Sd/-  
Vinod Kumar  
Chief Financial Officer  
M. No. 508739

for and on behalf of Board of Directors

Sd/-  
Santosh Breed  
Director  
DIN: 08011070

Sd/-  
Priya Ranjan Parhi  
Director  
DIN: 09499859

Sd/-  
Leena Narwal  
Company Secretary  
M. No. A20516

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2022****A. Equity share capital***(Amount in ₹ Lakhs)*

Balance at the beginning of the reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
19,600.00		19,600.00	-	19,600.00

**B. Other Equity***(Amount in ₹ Lakhs)*

Particulars	Reserve & Surplus		Other Comprehensive Income	Total
	Depreciation Reserve Fund*	Retained Earnings		
<b>Balance at the beginning of the reporting period</b>	<b>2,000.00</b>	<b>44,177.12</b>	-	<b>46,177.12</b>
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	<b>2,000.00</b>	<b>44,177.12</b>	-	<b>46,177.12</b>
Profit for the year	-	1,055.09	-	<b>1,055.09</b>
Other Comprehensive Income ( net of taxes)	-	(0.97)	-	<b>(0.97)</b>
Dividend (including Interim Dividend) paid during the year	-	-	-	-
Dividend Distribution Tax paid on Dividend	-	-	-	-
Transfer to Depreciation Reserve Fund	-	-	-	-
Any Other change(to be specified)	-	-	-	-
<b>Balance at the end of the year</b>	<b>2,000.00</b>	<b>45,231.24</b>	-	<b>47,231.24</b>

\* Depreciation Reserve Fund represents profits allocated in the years 2013-14 and 2014-15 for replacement of project assets at the end of codal life.

The accompanying notes 1 to 49 form an integral part of financial statements.

As per our Report of even date attached.

for Kapoor Tandon & Co.  
Chartered Accountants  
Firm Registration No. : 000952C  
Sd/-

CA Devendra Swaroop Mathur  
Partner

M. No. 082570  
UDIN: 23082570BGXEYV1694  
Place : New Delhi  
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Sd/-  
Sanjiv Garg  
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Sd/-  
Vinod Kumar  
Chief Financial Officer  
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for and on behalf of Board of Directors

Sd/-  
Santosh Breed  
Director  
DIN: 08011070

Sd/-  
Priya Ranjan Parhi  
Director  
DIN: 09499859

Sd/-  
Leena Narwal  
Company Secretary  
M. No. A20516



## PIPAVAV RAILWAY CORPORATION LIMITED

All the notes from 1 to 49 form an integral part of financial statements.

### 1. Company Information

Pipavav Railway Corporation Limited (“the Company” also referred to as “PRCL” hereinafter) is the first joint sector Company of the Ministry of Railways, Government of India, domiciled and incorporated in India, with participation of M/s Gujarat Pipavav Port Limited (GPPL), registered under the Companies Act, 1956 (now the Companies Act, 2013). It has a special approval of the Cabinet Committee on Economic Affairs to undertake construction, own, operation and maintenance of the Broad-Gauge Railway line and, has entered into a Concession Agreement with Ministry of Railways (MOR), Government of India for construction of Broad-Gauge railway line from Surendranagar - Pipavav (Project Railway) and to use the same on BOOT basis for a period of 33 (thirty-three) years with effect from 28<sup>th</sup> June 2001. PRCL has been conferred with the rights of a “Railway Administration” under the Railways Act, 1989 in respect of Project Railway. Upon expiry of the Concession Agreement, all the assets created by PRCL within the Project Area shall revert back to MOR for a consideration in accordance with the terms of the Concession Agreement. The Surendranagar - Pipavav rail link project has been successfully commissioned in a record time of eighteen months. The operation and maintenance of the Project Railway, with all operational and commercial activities, is carried out by Western Railway (WR) under the terms of the Operation and Maintenance Agreement.

The Company has constructed the Project Railway by deploying/investing its resources in the project and in turn, has been getting share of freight (net after costs) from operations and maintenance of Project railway, as return on the resources so deployed /invested.

The Company has also been in “Container train” operations under the license which the Company is holding for container train operations granted by the Ministry of Railways, Government of India.

The registered office of the Company is located at B-1202 (B-Wing) 12<sup>th</sup> floor, Statesman House, 148 Barakhamba Road, Connaught Place, New Delhi- 110001.

The financial statements are authorized for issue in accordance with a resolution of the Board of Directors of the Company on **29<sup>th</sup> August 2023**.

### 2. Significant Accounting Policies

#### 2.1. Basis of Preparation

- 2.1.1. The financial statements for the year ended 31<sup>st</sup> March 2023 have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as “Ind AS”) as notified by the Ministry of Corporate Affairs, Government of India, pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter. These financial statements for the year ended 31<sup>st</sup> March 2023 are the Ind AS compliant financial statements of the Company in all material aspects. The Company has adopted Ind-AS for preparation of the financial statements for the financial year started from 2016-2017 and onwards.
- 2.1.2. The financial statements have been prepared ongoing concern basis and under the historical cost convention on accrual basis. However, following items are measured at fair value as required by relevant Ind-AS.
  - I. Defined benefit Plan and other long-term employee benefits as per Ind AS-19.
  - II. Certain financial assets and liabilities measured at fair value.
- 2.1.3. Accounting policies have consistently been applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy, herein-after in use.
- 2.1.4. **Operating Cycle:** In preparation of the financial statements of the Company, a period of twelve (12) months has been considered as normal operating cycle. Based thereon, the Company has classified assets and liabilities as current/ non-current. The assets and liabilities which are expected to be realized or settled within the operating cycle are classified as current. In case the assets/ liabilities are expected to be realized/ settled beyond the normal operating cycle, the same are classified as non-current.

## 2.2. Use of Estimates

- 2.2.1. The preparation of financial statements in conformity with Ind AS requires management to make estimates judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the period. Such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of property, plant and equipment, provisions, contingent liabilities and assets etc. Actual results could differ from these estimates.
- 2.2.2. Estimates and underlying assumptions are reviewed on an ongoing basis. Future and actual results could differ due to changes in these estimates. Appropriate revision is made in these estimates considering the change in the surrounding circumstances known to management. Any revision to accounting estimates is recognized in the period in which such revision takes place.
- 2.2.3. All financial information are presented in Indian Rupees (₹) and all values are rounded to the nearest lakhs Rupees with two decimal points appropriately, except where otherwise stated.

## 2.3. Statement of Cash Flow

- 2.3.1. Cash flows are reported using the Indirect Method, whereby profit / (loss) before tax 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 as per Ind AS-7.
- 2.3.2. For the purpose of presentation in the Statement of Cash Flow, cash and cash equivalents include cash on hand, deposits held at call with banks and financial institutions, other short term, highly liquid investment with original maturity of three months or less that are readily convertible to the known amount of cash and which are subject to insignificant risk of change in value.
- 2.3.3. The Company adopted the amendments to Ind AS 7 which have been effective from 1<sup>st</sup> April 2017. The amendments require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

## 2.4. Foreign Currency

### 2.4.1. Functional and presentation currency

Items included in financial statements are measured using the currency of primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Indian Rupees (₹), which is functional and presentation currency of the Company.

### 2.4.2. Transactions and translations

- I. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the time the transactions are effected. Exchange differences arising on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.
- II. Monetary items denominated in the foreign currency are stated and converted into Indian Rupees using the exchange rate prevailing at the date of Balance Sheet and resulting exchange difference is recognized in Statement of Profit and Loss.

## 2.5. Property, Plant & Equipment and Depreciation

### 2.5.1 Property Plant & Equipment

- I. Property, plant & equipment are stated at cost of acquisition/construction less accumulated depreciation and impairment (if any). The historical cost of assets comprises its purchase price and directly attributable cost of bringing the assets to working condition for its intended use i.e. cost of acquisition of assets including inter-alia interest on borrowing and incidental expenditure incurred to bring the assets in working condition.



- II. Subsequent costs are included in the assets' carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when such component is replaced. All other expenses in the nature of repair and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred as per Ind AS 16.
- III. Gains or losses are recognized in the Statement of Profit and Loss on sale or disposal of assets.

#### 2.5.2. Transition to Ind AS

On transition to Ind-AS, the Company had elected to continue with the carrying value of all its property, plant & equipment recognized as on 1<sup>st</sup> April, 2015 (transition date) measured as per the previous GAAP and had used that carrying value as its deemed cost as on the transition date.

#### 2.5.3. Depreciation methods, estimated useful lives and residual value

- I. Depreciation on property, plant & equipment is provided using Straight Line Method (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013. In case of addition to/ transfer of asset, depreciation is charged on pro-rata basis from the date of addition/transfer.
- II. Each part of an item of Property, Plant & Equipment is depreciated separately if the cost of that part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of asset.
- III. Depreciation method, useful life and residual value are reviewed at each reporting date. In case of revision, the un-amortized depreciable amount is depreciated on a prospective basis.
- IV. The estimated useful life of assets for current and comparative period of significant items of property plant & equipment are as follows:

Particulars	Useful Life (in number of years)
Plant & Machinery (office equipment, telephone, mobile equipment)	5
Plant & Machinery (computers)	3
Motor cycles	10
Other Vehicles	8
Furniture & fixtures	10
Electrical Installation and equipment	10

- V. Assets costing individually upto ₹10,000/- (Rupees Ten Thousand Only) are fully depreciated in the year of purchase and are shown at nominal value of ₹1/- each.

### 2.6. Intangible Assets

#### 2.6.1. Freight Sharing Right (Railway Line under the Concession Agreement)

- I. The Company has constructed Project Railway (i.e. Broad-Gauge railway line from Surendranagar to Pipavav in the State of Gujarat) under the Concession Agreement which gives right to the Company to receive a proportionate share of freight earnings from Railways for the freight trains running on the Project Railway. This right is recognized as intangible asset in accordance with Ind AS 38, as per the requirement of Appendix D to Ind AS 115.
- II. These intangible assets are initially recognized at cost incurred by the Company (i.e. construction cost) which is reckoned as the fair value of the service provided including costs directly attributable to the commissioning of the project.
- III. Subsequent to initial recognition, the intangible asset is stated at cost less accumulated amortization and accumulated impairment losses (if any).
- IV. These assets are equally amortized prospectively over the remaining useful life using the Straight-Line Method. The useful life is the concession period of thirty-three years. The assets acquired/ developed during the concession period are to be handed over to MOR or its nominated agencies on expiry of the term of the Concession Agreement i.e. on 27<sup>th</sup> June 2034 at the Depreciated Replacement Value (DRV)

as per the terms of the Concession agreement. However, as the DRV of the assets to be handed over the MOR or its nominated agencies are not ascertainable as of now, the same has not been considered for arriving at the amortization cost.

- V. Subsequent expenditures incurred on the project assets, including cost of replacement works, incurred to maintain and to restore the project assets at its serviceable level, which do not result in capacity enhancement over assessed capacity are recognized in accordance with Ind AS-37 as per the requirement of Appendix D to Ind AS 115 and the same are charged to the Statement of Profit and Loss. Expenditures incurred to upgrade the project railway or to enhance the capacity or to create additional facilities thereon which give rise to future economic benefits are capitalized as intangible asset as per Ind AS 38.

#### **2.6.2. Other intangible assets**

- I. Other intangible assets are recognized when it is probable that future economic benefits that are attributable to asset will flow to the Company and cost of asset can be measured reliably.
- II. Subsequent expenditures incurred on the asset to maintain and to restore it at its serviceable level, which do not result in capacity enhancement over assessed capacity, are recognized as expense and charged to the Statement of Profit and Loss. Expenditures incurred to upgrade the asset which give rise to future economic benefits are capitalized as intangible asset in accordance with Ind AS 38.
- III. These assets are stated at cost less accumulated amortization and impairment loss (if any). These assets are equally amortized prospectively (from transition date) over the remaining useful life using the Straight Line Method.
- IV. The assets which are having definite/determinable life are amortized over the said definite/determinable life. Assets which are having indefinite life or whose life is not determinable are amortized over the maximum period of ten years.
- V. Assets costing individually upto ₹10,000/- (Rupees Ten Thousand Only) are fully amortized in the year of acquisition and are shown at nominal value of ₹1/- each.
- VI. Non-revenue generating expenses such as website cost are charged to Statement of Profit and Loss in the year in which such expenses are incurred in accordance with Ind AS 38.

#### **2.6.3. Transition to Ind AS**

On initial transition to Ind-AS, the Company had elected to continue with the carrying value of all its intangible assets recognized as on 1<sup>st</sup> April, 2015 (transition date) measured as per the previous GAAP and had used that carrying value as its deemed cost as on the transition date.

Amortization method, useful life and residual value are reviewed at each reporting date. In case of revision, the un-amortized amount is amortized on a prospective basis. The carrying value of each intangible asset is reviewed for impairment annually or more often, if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **2.7. Intangible Assets under Development**

Expenditures incurred by the Company on the ongoing development or up-gradation of the Project Railway or to enhance the capacity which give rise to future economic benefit to the Company are recognised as "Intangible Assets under Development". During the ongoing development or up-gradation of Project Railway, the progress of work performed results into the Contract Assets of the Company which are shown as "Intangible Assets under the development" at cost incurred by the Company. On completion of the development or up-gradation work, these Contract Assets (shown as "Intangible Assets under Development") are re-classified as the "Intangible Assets" in accordance with the Appendix - D to the Ind AS 115.

Expenditures incurred on the development of other existing intangible assets are recognized as "Intangible Assets under development" at cost incurred by the Company which is reckoned as the fair value of the service provided including costs directly attributable in accordance with Ind AS 38.

#### **2.8. Leases**

##### **2.8.1. For all the periods prior to 1<sup>st</sup> April 2019:**

- I. Finance Lease: Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present



value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the interest rate implicit in the lease. Finance charges are recognized as borrowing costs in the Statement of Profit and Loss.

- II. Operating Lease: Leases where the lessor effectively retains substantially all the risks and benefits of ownership of leased assets are classified as operating leases. Operating lease payments are recognized as expense in the Statement of Profit and Loss on a Straight Line Method basis over the lease term except where lease payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

## 2.8.2 With effect from 1<sup>st</sup> April 2019, the Company has applied Ind AS 116 using “Modified Retrospective Approach”

### As Lessee:

- I. The Company assesses whether a contract at its inception contains a lease component within the purview of Ind AS 116. A contract contains a lease if it conveys to the Company the right to control the use of identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset and the Company has substantially all the economic benefits from use of assets throughout lease period and the Company has right to direct use of asset. A contract may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.
- II. At the commencement of the lease, the Company recognises right-of-use assets and corresponding lease liabilities for all the leases within the purview of the Ind AS 116, except for leases with a term of twelve (12) months or less (short term leases) and low value leases.
- III. **Measurement of Right of Use assets:** Right-of-Use assets (ROU assets) are initially measured at cost which comprises of the amount of the initial measurement of lease liability, lease payments, if any made at or before the commencement date less any lease incentives or other amounts received, initial direct costs and restoration costs. ROU assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. ROU assets are subsequently measured at cost less accumulated depreciation and impairment loss.
- IV. **Measurement of lease liabilities:** Lease liabilities are initially measured at amortised cost which is equal to present value of all future lease payments discounted at interest rate implicit in the lease. The lease liabilities include the net present value of all fixed payments (including in-substance fixed payments) less lease incentives or any other amount receivable and variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date. However, it does not include the tax component on the lease payments payable by the Company. In the measurement of lease liabilities, lease payments to be made under reasonably certain extension options are also included.
- V. In the measurement of lease liabilities, in case interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate is used at which the individual lessee would have to borrow the funds necessary to obtain the asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Company:
  - Whereas possible, uses recent third-party financing received by individual lessee as a starting point, adjusted to reflect changes in financing conditions, if recent third party financing is readily available,
  - Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for the lease, where recent third party financing is not available and
  - Make adjustments specific to the lease, e.g. term, country, currency and security.
- VI. Lease payments are allocated between principal and finance cost. The finance cost is charged to Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease payments for leases with a term of twelve (12) months



or less (short term leases) and low value leases are recognised as expense in Statement of Profit and Loss on a straight-line basis. Tax component payable by the Company on the lease payments payable by the Company is directly recognised as expense and charged to profit or loss.

VII. **Impairment of ROU assets:** ROU assets are tested for impairment wherever there are indications that their carrying amounts (i.e. higher of the fair value less cost to sell and the value in use) may not be recoverable. Impairment test is carried on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

VIII. Lease charges payable by the Company on assets acquired on lease under Service Concession Arrangement, which are within the purview of Appendix D to Ind AS 115 and therefore are outside the scope of Ind 116, are recognised as expenses and charged to Statement of Profit and Loss in the period in which lease liability is incurred.

**As lessor:**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

**2.9. Impairment of Non-Financial Assets**

In accordance with Ind AS-36 on Impairment of Assets, the carrying amounts of Company's all non financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as the higher of the Fair Value less cost to sell and the value in use. An impairment loss is recognized in Statement of Profit and Loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount and such losses either no longer exists or has decreased. Reversal of impaired loss is recognized in the Statement of Profit and Loss.

**2.10. Borrowing Cost**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of such assets till such time the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowings costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

**2.11. Revenue Recognition**

**I. Revenue from Contracts with Customers**

The Company recognises the revenue from the contracts with customers in accordance with Ind AS 115–“Revenue from Contracts with Customers”. In recognition of the Contract Revenue, five-step approach is followed as under:

- Step 1: Identify the contract(s) with a customer(s),
- Step 2: Identify the performance obligation in contract,
- Step 3: Determine the transaction price,
- Step 4: Allocate the transaction price to the performance obligations in the contract and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company recognises the following revenues from the contract with customer(s) as per Ind AS 115:

**2.11.1. Contract Revenue from Operations:** - Under the Concession agreement with MOR, the Company receives share of freight earnings from Railways generated from the freight train operations on Project Railway. Share of freight earnings as accrued to the Company under terms of the Concession agreement for freight operations on the Project Railway is recognised by the Company as Contract Revenue from operation in accordance with Ind AS 115. The Company recognises Contract revenue on satisfaction of performance obligations related to freight operations on Project Railway i.e. on completion of mile to mile movement of the freight train on Project Railway. Contract revenue is measured at transaction price i.e. actual freight



collected by Railways as per tariff notified by MOR, and apportioned to the Company under the terms of the Concession Agreement.

**2.11.2. Contract Revenue from Construction or upgrading Project Railway line:** - The Company recognises contract revenue from Construction or upgrading of Project Railway line in accordance with Ind AS 115 in respect of development activities carried out or new facilities created resulting in capacity enhancement or up-gradation of the Project Railway, which results in the income to the Company. The Company recognises the revenue on satisfaction of the performance obligation as and when the control over asset is obtained by MOR over the time. The revenue is recognized over the time to the extent of the performance obligations are satisfied. The Company measures revenue from construction or upgrading of Project Railway line and recognises the same at cost of work reckoning as transaction price which the Company expects to be entitled.

**2.11.3. Other Contract Revenue:** The other contract revenue (such as wharfage charges), which the Company is entitled to receive from MOR in terms of Concession Agreement is recognised as per Ind AS 115.

**II. Other Revenue Recognition-** Interest income on deposits with banks is recognized on a time proportion basis at applicable rate of interest.

## 2.12. Employee Benefits

### 2.12.1. Short Term Employee Benefits

The undiscounted amounts of short-term employee benefits expected to be paid for the services rendered are recognized as an expense during the period when the employees render the services. Defined Contribution Plans such as Group Medi-claim & Group Personal Accident policy are recognized as expense and charged to the Statement of Profit and Loss.

### 2.12.2. Post Employment Benefits

#### I. Defined Contribution Plan:

Defined Contribution Plans such as Provident Fund, Employee State Insurance and National Pension Scheme are recognized as an expense and charged to the Statement of Profit and Loss for the year when contributions are due.

#### II. Defined Benefit Plans:

##### a) Gratuity:

(i) The employees' Gratuity Fund Scheme is funded by the Company and managed by Life Insurance Corporation of India through a separate Trust created by the Company. The present value of the Company's obligation under Gratuity is recognized on the basis of an actuarial valuation as at the end of the year and the fair value of the Plan assets is reduced from the gross obligation to recognize the obligation on net basis.

(ii) Actuarial gain or loss is recognized in Other Comprehensive Income for long term benefits including gratuity benefits.

##### b) Other Long Term Benefits:

Other Long Term Benefits such as Earned Leave and Sick Leave are recognized on the basis of actuarial valuation made as at the end of the year.

## 2.13. Taxes

Income tax expenses for the year comprise of current tax and deferred tax. Income tax expense is charged to Profit and Loss, except to the extent it relates to the items recognized directly in equity, in which case, it is recognized in Other Comprehensive Income (OCI) items in accordance with Ind AS 12.

### 2.13.1. Current Income Tax

I. Current tax for the current and prior period(s) is recognized which is expected to be paid or to be recovered by tax authorities, as determined in accordance with the provisions of Income Tax Act, 1961. Tax rates used to compute the current tax are those that have been enacted or substantially enacted by the Balance Sheet date (reporting date).

- II. The Company offsets the current tax assets and the current tax liabilities where it is legally enforceable right to set off the recognized amount and where it intends either to set off the recognized amounts and where it intends either to settle on net basis.
- III. Current tax related to Other Comprehensive Income (OCI) items is recognized in Other Comprehensive Income (OCI).

**2.13.2. Deferred Tax**

- I. Deferred tax assets and liabilities are recognized for all temporary differences between tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax is computed using the tax rates and tax laws that have been enacted or substantively as applicable at the Balance Sheet date (reporting date).
- II. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
- III. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.
- IV. Deferred tax related to Other Comprehensive Income (OCI) items is recognized in Other Comprehensive Income (OCI).

**2.13.3. Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid under the provisions of Income Tax Act, 1961 which gives rise to future economic benefits to the Company in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as deferred tax asset in the financial statements. In case, there is a probability that the Company would not be able to utilize MAT credit in future within the time permitted under the tax laws, balances of MAT credit to that extent are reversed in the year in which the probability so arises.

**2.14. Earnings per Share**

- 2.14.1 Basic earnings per equity share are computed by dividing net profit/ (loss) after tax for the year attributable to equity shareholders of the Company by the number of weighted average equity shares outstanding during the year.
- 2.14.2 Diluted earnings per equity share is computed by dividing the net profit/ (loss) after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year adjusted for all potential equity shares.

**2.15. Provisions**

- 2.15.1. Provisions are recognized when there is a present obligation, legal or constructive, as a result of a past event, that can be reliably estimated, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in accordance with Ind AS 37.
- 2.15.2. Contractual obligations to restore and maintain the Project Railway at its serviceability level, except for any upgrade element, is recognized and measured in accordance with Ind AS 37 (read with Appendix D to Ind AS 115).
- 2.15.3. Provisions are measured at the best estimate of the expenditures required to settle the present obligation at the end of each reporting date. Where the time value of the money is material, the amount of provision is recognized at its present value; that would be required to settle the present obligation, using pre-tax discount rate that reflects the current market assessment of the time value of the money and risks specific to the liability. Time value of money for the obligations which are expected to be settled within a period of twelve months are considered immaterial.
- 2.15.4. Provisions are reviewed at each Balance Sheet date. The increase in the provision due to the passage of time is recognized as interest expense.



## 2.16. Government Grants

- 2.16.1. Grants from the government are recognized at their fair value where there is a reasonable assurance that grants will be received and the Company will comply with all attached conditions.
- 2.16.2. Grants in aid of the nature of promoter's contribution are treated as contribution from equity holder(s) and accordingly, are recognized as part of equity.
- 2.15.3. Government grants relating to purchase, acquisition or development of property, plant & equipment and intangibles assets are included in the non-current liability as deferred income and credited to Profit and Loss over the expected life of related assets and presented in other income.
- 2.16.4. Government grants relating to revenue expenditure are recognized as deferred income. The same are subsequently recognized in Profit and Loss over the period necessary to match them with the cost they are intended to compensate the expenditure and presented in other income.
- 2.16.5. Government grants in the form of non-monetary asset, if any are recognized at fair value and presented in Balance Sheet by setting up the grant as deferred income.

## 2.17. Contingent Liabilities and contingent Assets

- 2.17.1. Contingent Liabilities are disclosed in either of the following cases:
  - I. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
  - II. A reliable estimate of the present obligation cannot be made; or
  - III. A possible obligation, unless the probability of outflow of resource is remote.
- 2.17.2. Contingent Liabilities and Provisions needed against Contingent Liabilities and Contingent Assets are reviewed at each Reporting date. Contingent Liabilities are net of estimated provisions considering possible outflow on settlement.
- 2.17.3. Contingent assets are disclosed where an inflow of economic benefits is probable.

## 2.18. Dividend to equity holders

Dividend (including interim dividend) is recognized in the year in which such dividend is approved by shareholders on the recommendation of Board of Directors of the Company.

## 2.19. Financial Instruments

### 2.19.1. Initial recognition and measurement

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities; that are not at fair value through profit or loss, are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### 2.19.2. Subsequent measurement

#### I. Financial Assets

Financial assets are classified in following categories:

#### a) At Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Following financial assets are measured at amortised cost:

- (i) Trade receivables,
- (ii) Security Deposits,
- (iii) Loans & Advances,

- (iv) Cash & Cash equivalents and
- (v) Other Current Financial Assets.

**b) Fair Value through Other Comprehensive Income**

Financial assets are subsequently measured at fair value through other comprehensive income, if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Fair Value through Profit and Loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless there is a change in the business model to manage these financial assets.

**II. Financial liabilities**

**a) Financial liabilities at Amortised Cost**

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within twelve months from the balance sheet date, the carrying amounts are reckoned as fair value due to short term maturity of these instruments.

**b) Financial liabilities at fair value through Profit and Loss**

The Company has not designated any financial liabilities at FVTPL.

**2.19.3. Derecognition**

**I. Financial Asset**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all risks and rewards of the ownership of the asset.

**II. Financial Liability**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**2.19.4. Impairment of financial assets:**

The Company reviews and assesses impairment loss allowances on forward looking basis, for expected credit risk associated with its assets carried at amortised cost. The impairment methodology is applied as per Ind AS 109. Expected credit losses is recognized or derecognized as income/expense in the Statement of Profit and Loss based on the review.

**2.19.5. Financial instruments measured at Fair Value**

- I. Company measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
  - (a) In the principal market for the asset or liability, or
  - (b) In the absence of a principal market, in the most advantageous market for the asset or liability.
- II. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when



pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## 2.20. Events occurring after Balance Sheet Date

Events occurring after Balance Sheet date are considered in the preparation of financial statements in accordance with Ind AS 10 (Contingencies and Events Occurring after Balance Sheet Date).

## 2.21. Non-current Assets (or disposal groups) held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sale. Property, plant & equipment and intangible assets and other depreciable assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

If the criteria stated by Ind AS 105 “Non-current Assets Held for Sale and Discontinued Operations” are no longer met, the disposal group ceases to be classified as held for sale, and the same is adjusted for depreciation/ amortization that would have been recognized had that asset not been classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

## 2.22. Service Concession Arrangement

The Company has been granted concession rights by the Ministry of Railways (MOR), Government of India, under the terms of the Concession agreement entered into by the Company with MOR on 28<sup>th</sup> June, 2001 to design, engineering, financing, procurement, construction and completion, operation and marketing of freight services for the Project Railway. The Company also enjoys the rights, powers, benefits, privileges, authorizations and entitlements under the Concession agreement.

Pursuant to the Concession agreement, the Company has constructed Project Railway i.e. broad-gauge railway line from Surendranagar to Pipavav in the State of Gujarat. The Company also operates and maintains the Project Railway, through Western Railway, and keeps the Project Railway in proper working condition and also carries out the replacement of the asset items of the Project Railway on expiry of codal life of such items as per terms of the Concession Agreement.

The Company has treated this arrangement as Public-to-Private Service Concession Arrangement. Up-to 31<sup>st</sup> March, 2018, the provisions related to Service Concession Arrangement were dealt with by the Appendix A and B to Ind AS 11 “Construction Contracts”. Accordingly, the Company had applied Appendix A and B to Ind AS 11 (Service Concession Arrangement) in respect of the Project Railway so developed, in preparation and presentation of its financial statements for the period up-to 31<sup>st</sup> March 2018.

With effect from 1<sup>st</sup> April 2018, the Ministry of Corporate Affairs, Government of India has withdrawn Ind AS 11- “Construction Contracts” and Ind AS 18- “Revenue” and notified Ind AS 115- “Revenue from Contracts with the Customers”. Appendix D and E to Ind AS 115 deals with “Service Concession Arrangement”. Accordingly, the Company has applied the Appendix D and E to Ind AS 115 in respect of the Project Railway in the preparation and presentation of its financial statements for financial year starting from 1<sup>st</sup> April 2018 and onwards.

The arrangement between the Company and MOR meets all the conditions of Appendix D to Ind AS 115 such as”

- (i) The MOR (the grantor) controls/ regulates what services the Company (operator) should provide with the Project Railway (i.e. infrastructure) and to whom it must be provided,
- (ii) MOR controls the price to be charged to the customers and
- (iii) Also, MOR controls residual interest in the infrastructure at the end of the term of the arrangement.

Under the Concession agreement, the Company has freight sharing right in respect of freight earnings generated from freight operations on the Project Railway. This right is recognized as intangible asset and is amortised. The term of the Concession agreement is 33 (Thirty-Three) years. In case of material breach in terms of the agreement, MOR and PRCL both have the right to terminate the agreement, if they are not able to cure the event of default in

accordance with such agreement. The Concession agreement also provides that, after the expiry of the concession period, if MOR opts to grant a fresh concession in respect of Project Railway, PRCL shall, all other things being comparable, have the first right to be awarded new concession.

**Depreciated Replacement Value (DRV):** At the end of concession period, the project assets created by the Company within project area shall revert back to MOR for a consideration equivalent to Depreciated Replacement Value (DRV) of these assets. DRV is defined as cost of replacing assets on date of expiry of agreement after deducting depreciation on straight line basis. Replacement cost and life of assets shall be computed in accordance with provisions of the Concession agreement. However, amount of DRV has not been specified in the Concession agreement.

Para 16 of Appendix D to Ind AS 115 requires the Company to recognise a financial asset in respect of unconditional right to receive cash from grantor (i.e. MOR), if same is specified or determinable. The amount of DRV has not been specified in the Concession agreement, nor it is presently determinable as determination of DRV depends on the facts and circumstances that would be available at the end of the concession period only, and therefore condition to recognize the right to receive DRV as financial asset is not fulfilled as required by said Appendix. In view of this fact, DRV has not been recognized as financial asset which is in compliance with the requirement of the Ind AS.

The assets which were existing at the time of entering into the Concession agreement, i.e. meter gauge railway line (including land) were leased by MOR to the Company. Railways charge annual lease rental to the Company for leased assets. Assets so leased to the Company shall revert back to MOR without any financial consideration at the end of concession period. Since, these assets are within the purview of Appendix D to Ind AS 115, the same are out of the scope of Ind AS 116. Therefore, the Company has not applied Ind AS 116 in respect of these assets leased by MOR under the Concession Agreement. Accordingly, lease charges payable by the Company on assets leased by MOR is recognised as expense and charged to Profit or Loss.

Concession agreement provides that, upon expiry of 33 (Thirty-Three) years of operation in case of material disruption of operation and maintenance occurred during the concession period, the Concession period shall be extended by an equal period of time which corresponds to the period for which material disruption of operation and maintenance occurred during the concession period. In case of material breach in terms of the agreement, MOR and PRCL both have the right to terminate the agreement, if they are not able to cure the event of default in accordance with such agreement.

**Resurfacing Cost:** In terms of the Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per standards laid down by MOR, of all project assets whose codal life expires during the concession period. Accordingly, the Company has been providing the liability for Resurfacing Obligations in respect of such obligations in accordance with Ind AS 37 as per the requirement of Para 21 of Annexure D to Ind AS 115. The Company measures the obligation in accordance with Ind AS 37 i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

### 2.23. Standard/Amendments issued but not yet effective:

Ministry of Corporate Affairs (MCA), Government of India had issued the Indian Accounting Standards Amendments Rules, 2023 vide notification dated 31<sup>st</sup> March 2023. In the Indian Accounting Standards Amendments Rules, 2023, amendments have been made in the following standards:-

- First-time Adoption of Indian Accounting Standards (Ind AS-101)
- Share Based Payment (Ind AS-102)
- Business Combinations (Ind AS-103)
- Financial Instruments: Disclosures (Ind AS-107)
- Financial Instruments (Ind AS-109)
- Revenue from Contracts with Customers (Ind AS-115)
- Presentation of Financial Statements (Ind AS-1)
- Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS-8)
- Income Taxes (Ind AS-12)
- Interim Financial Reporting (Ind AS-34)

The effective date of these amendments is in respect of the accounting periods beginning on or after 1<sup>st</sup> April 2023. The Company is currently evaluating the impact of these amendments and has not yet determined the impact on the financial statements.



**Note 3 : Property, Plant and equipment**

(Amount in ₹ Lakhs)

Particulars	Plant & Machinery	Furniture & Fixture	Vehicles	Electrical installation & equipments	Total
<b>Property, Plant and equipment (1st April 2021 to 31st March 2022)</b>					
<b>Cost</b>					
At 1st April 2021	25.70	9.42	102.41	4.37	141.90
Additions	3.59	0.39	-	-	3.98
Disposals/Adjustments	(1.02)	-	-	-	(1.02)
<b>At 31st March 2022</b>	<b>28.27</b>	<b>9.81</b>	<b>102.41</b>	<b>4.37</b>	<b>144.86</b>
<b>Accumulated Depreciation and impairment</b>					
At 1st April 2021	20.31	7.10	47.77	2.52	77.70
Depreciation charged for the year	2.59	0.67	12.79	0.44	16.49
Impairment	-	-	-	-	-
Disposals/Adjustments	(0.97)	-	-	-	(0.97)
<b>At 31st March 2022</b>	<b>21.93</b>	<b>7.77</b>	<b>60.56</b>	<b>2.96</b>	<b>93.22</b>
<b>Net book value at 31st March 2022</b>	<b>6.34</b>	<b>2.04</b>	<b>41.85</b>	<b>1.41</b>	<b>51.64</b>
<b>Property, Plant and Equipment (1st April 2022 to 31st March 2023)</b>					
<b>Cost</b>					
At 1st April 2022	28.27	9.81	102.41	4.37	144.86
Additions	3.29	-	-	-	3.29
Disposals/Adjustments	(1.70)	-	-	-	(1.70)
<b>At 31st March 2023</b>	<b>29.86</b>	<b>9.81</b>	<b>102.41</b>	<b>4.37</b>	<b>146.45</b>
<b>Accumulated Depreciation and impairment</b>					
At 1st April 2022	21.93	7.77	60.56	2.96	93.22
Depreciation charged for the year	3.08	0.62	12.78	0.44	16.92
Impairment	-	-	-	-	-
Disposals/Adjustments	(1.60)	-	-	-	(1.60)
<b>At 31st March 2023</b>	<b>23.41</b>	<b>8.39</b>	<b>73.34</b>	<b>3.40</b>	<b>108.54</b>
<b>Net book value at 31st March 2023</b>	<b>6.45</b>	<b>1.42</b>	<b>29.07</b>	<b>0.97</b>	<b>37.91</b>

**Note 3.1:** The Company has adopted the Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs, Government of India vide Notification Reference No. GSR:111(E) dated 16/02/2015 for reporting period (year) ended 31st March 2017 and onwards. On adoption of Ind AS, the Company had adopted to continue with carrying value in accordance with Ind AS 101 in respect of Property, Plant and Equipment as recognized in the financial statements as at the date of transition to Ind AS measured as per previous GAAP. As per management estimates, there is no decommissioning, restoration or similar liabilities on its property, plant and equipment hence, no adjustment has been made in this regard..

**Note 3.2** In compliance with Ind AS 101, the Company has restated the gross block of Property, Plant and Equipment by reducing accumulated depreciation by ₹86.12 Lakhs at the time of transition to Ind AS, details of same are as follow:



(Amount in ₹ Lakhs)

Particulars	Plant & Machinery	Furniture & Fixture	Vehicles	Electrical installation & equipments	Total
<b>Cost as on 1st April 2015</b>	<b>23.60</b>	<b>3.73</b>	<b>67.10</b>	-	<b>94.43</b>
Accumulated Depreciation and impairment as on 1st April 2015	17.05	2.06	67.01	-	<b>86.12</b>
Carrying amount as on 1st April 2015 considered as "Deemed Cost"	<b>6.55</b>	<b>1.67</b>	<b>0.09</b>	-	<b>8.31</b>

Due to the above, gross block of Property, Plant and Equipment for the subsequent periods also stands adjusted/restated. There is no change in the net carrying value of Property, Plant and Equipment as on 31st March 2022 and 31st March 2023 due to the restatement of the gross value so carried out.

**Note 3.3:** Property, Plant and Equipment include assets of ₹27.89 lakhs as at 31st March 2023 (₹44.80 lakhs as at 31st March 2022) which are fully depreciated but still available for use. They are recognized at nominal value of ₹ 1/- each.



**Note 4 : Other Intangible assets**

(Amount in ₹ Lakhs)

Particulars	Freight sharing right	License fee	Others	Total
<b>Other Intangible assets ( 1st April 2021 to 31st March 2022)</b>				
<b>At Cost</b>				
As at 1st April 2021	45,627.95	-	15.39	45,643.34
Additions	1,376.21	-	-	1,376.21
Disposals/Adjustments	-	-	-	-
<b>As at 31st March 2022</b>	<b>47,004.16</b>	<b>-</b>	<b>15.39</b>	<b>47,019.55</b>
<b>Accumulated Amortization and impairment</b>				
<b>At 1st April 2021</b>				
Amortization	6,077.63	-	10.97	6,088.60
Impairment	-	-	-	-
	<b>6,077.63</b>	<b>-</b>	<b>10.97</b>	<b>6,088.60</b>
<b>Charged during the financial year 2021-22</b>				
Amortization	3,088.95	-	2.12	3,091.07
Impairment	-	-	-	-
Disposals/Adjustments	-	-	-	-
	<b>3,088.95</b>	<b>-</b>	<b>2.12</b>	<b>3,091.07</b>
<b>Accumulated Amortization and impairment</b>				
<b>At 31st March 2022</b>				
Amortization	9,166.58	-	13.09	9,179.67
Impairment	-	-	-	-
<b>Amortization and impairment</b>	<b>9,166.58</b>	<b>-</b>	<b>13.09</b>	<b>9,179.67</b>
<b>Net book value as at 31st March 2022</b>	<b>37,837.58</b>	<b>-</b>	<b>2.30</b>	<b>37,839.88</b>
<b>Other Intangible assets ( 1st April 2022 to 31st March 2023)</b>				
<b>At Cost</b>				
As at 1st April 2022	47,004.16	-	15.39	47,019.55
Additions	1,277.71	-	-	1,277.71
Disposals/Adjustments	(33.62)	-	-	(33.62)
<b>As at 31st March 2023</b>	<b>48,248.25</b>	<b>-</b>	<b>15.39</b>	<b>48,263.64</b>
<b>Accumulated Amortization and impairment</b>				
<b>At 1st April 2022</b>				
Amortization	9,166.58	-	13.09	9,179.67
Impairment	-	-	-	-
	<b>9,166.58</b>	<b>-</b>	<b>13.09</b>	<b>9,179.67</b>
<b>Charged during the financial year 2022-23</b>				
Amortization	3,169.52	-	1.71	3,171.23
Impairment	-	-	-	-
Disposals/Adjustments	(13.54)	-	-	(13.54)
<b>Amortization and impairment</b>	<b>3,155.98</b>	<b>-</b>	<b>1.71</b>	<b>3,157.69</b>
<b>Accumulated Amortization and impairment</b>				
<b>As at 31st March 2023</b>				
Amortization	12,322.56	-	14.80	12,337.36
Impairment	-	-	-	-
	<b>12,322.56</b>	<b>-</b>	<b>14.80</b>	<b>12,337.36</b>
<b>Net book value as at 31st March 2023</b>	<b>35,925.69</b>	<b>-</b>	<b>0.59</b>	<b>35,926.28</b>

**Note 4.1:** Amortization on other intangible assets are included in Note 26 on Depreciation and Amortization.

**Note 4.2: Cost of Rail Electrification Work:** The Company had initially capitalized the cost of rail electrification work at ₹27451.71 lakhs during the year 2020-21 on commencement of the electric rail operations on PRCL line. The capitalized cost is classified as 'Intangible asset' and the same is amortised over the remaining concession period effectively from the date of commencement of the electrified rail operations on the PRCL line. The cost has been capitalized based on the expenditures booked by the Company, as per advices / information received from the agency. However, there are certain leftover works which are still in progress. During the current period, the cost of works amounting to ₹776.58 lakhs (Previous Year: ₹1376.21 Lakhs) has further been added to initial capitalized cost, as per the advice received agency and the same is amortised prospectively over the remaining useful life.

Final cost of the work is yet to be ascertained by the agency therefore, capitalized cost is subject to adjustments on receipt of the final cost of the electrification work from the agency. Accordingly, capitalized cost will be adjusted as per final bill and be amortized prospectively over the remaining concession period.

Value of new assets created on Project assets of the Company on electrification of PRCL line has been added to the book value of the Project Assets as a part thereof irrespective of the nature of individual assets so created, and the same have been shown as single Intangible asset (i.e. Freight Sharing Rights)

**Note 4.3:** The Company obtained permission to undertake container operations from MOR by paying the license fee of ₹1,000.00 lakhs on 20th January 2006. The Company signed the Concession Agreement on 4th January 2007 in this regard. Date of commencement of actual operation was 20th August 2009. License Fee of ₹1,000.00 lakhs paid to MOR has been shown as Intangible asset. The carrying amount (net after the impact of impairment) is equally amortized over the term of license in accordance with Concession Agreement with MOR for container train operation. The provision for impairment loss equal to net carrying amount of license fee (I.e. ₹738.09 lakhs) was already made in respect of the license fee in the year 2013-14, as a result of which, the carrying amount of the license had become nil in that year. Accordingly, net carrying amount of license fee is being shown at nil amount. This net carrying value was continued as deemed cost as on transition date to Ind AS i.e. 1st April 2015.

**Note 4.4:** The Company has adopted Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs, Government of India, vide Notification Reference No:GSR:111(E) dated 16/02/2015, for reporting period (year) ended 31st March 2017 and onwards. On adoption of Ind AS, the Company has adopted to continue with carrying value of its intangible assets as recognized in the financial statements as at the date of transition to Ind AS measured as per previous GAAP in accordance with Ind-AS 101.

**Note 4.5:** In compliance with Ind AS 101, the Company has restated the gross block of Intangible Assets by reducing accumulated depreciation by ₹17,709.51 Lakhs at the time of transition to Ind AS, details of same are as follow:

Particulars	Freight sharing right	License fee	Others	Total
Cost as on 1st April 2015	33,333.70	1,000.00	17.97	34,351.67
Accumulated Depreciation and impairment as on 1st April 2015	16,703.37	1,000.00	6.14	17,709.51
Carrying amount as on 1st April 2015 considered as "Deemed Cost"	<b>16,630.33</b>	<b>-</b>	<b>11.83</b>	<b>16,642.16</b>

Due to the above, gross block of Intangible Assets for the subsequent periods also stands adjusted/restated. However, there is no change in the net carrying value of Intangible Assets as on 31st March 2022 and 31st March 2023 due to the restatement of the gross value so carried out.



**Note 5 : Intangible assets under development**

(Amount in ₹ Lakhs)

**Intangible assets (i.e. Project Railway) under development  
(1st April 2021 to 31st March 2022)**

Balance as at 1st April 2021	233.79
Additions during the year	226.01
Less: Cost of works capitalized during the year as Intangible Assets	-
<b>Balance as at 31st March 2022</b>	<b>459.80</b>

**Intangible assets (i.e. Project Railway) under development  
(1st April 2022 to 31st March 2023)**

Balance as at 1st April 2022	459.80
Additions during the year	24.46
Less: Cost of works capitalized during the year as Intangible Assets	484.26
<b>Balance as at 31st March 2023</b>	<b>-</b>

**Ageing schedule of Intangible Assets under development**

(Amount in ₹ Lakhs)

As At 31st March 2022					
Particulars	Amount in Intangibles under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	226.01	160.08	71.70	2.01	459.80
Projects temporarily suspended	-	-	-	-	-

(Amount in ₹ Lakhs)

As At 31st March 2023					
Particulars	Amount in Intangibles under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

**Note 5.1:** "Intangible Assets under Development" include expenditure incurred by the Company on the development or up-gradation of the Project Railway or to create additional facility thereon which give rise to future economic benefits to the Company.

**Note 5.2:** During ongoing development or up-gradation of Project Railway, progress of the work performed which has resulted in the Contract Asset of the Company has been recognised as "Intangible Assets under the Development". On completion of the development or upgradation work, the contract asset shown as "Intangible Assets under Development" has been re-classified as the "Intangible Assets" in accordance with the Appendix - D to Ind AS 115.

**Note 5.3:** Projects in the above edging refer to various development activities carried out on the PRCL rail line (Project Railway).

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Note: - 6</b>		
<b>Unsecured, Considered good</b>		
<b>Financial Assets (Non current)</b>		
Security Deposits:	21.96	33.47
Long-term bank deposits -marked against LC issued by bank	-	22.63
Long-term bank deposits -marked against BG issued by bank	15.00	-
Other Long-term bank deposits (with remaining maturity period of more than 12 months)	<b>10,430.13</b>	<b>1,647.71</b>
<b>Total</b>	<b>10,467.09</b>	<b>1,703.81</b>
<b>Note 6.1:</b> Other Long-term bank deposits include ₹500.00 Lakhs (Previous Year: Nil) earmarked against the Insurance Reserve Fund created to meet the restoration costs in the event of damage to Project Assets due to unforeseen events such as floods, storms etc.		
<b>Note: - 7</b>		
<b>Deferred Tax Asset</b>		
MAT credit entitlement (Refer Note 13.5.2)	9,045.51	8,953.42
<b>Total</b>	<b>9,045.51</b>	<b>8,953.42</b>
<b>Note: - 8</b>		
<b>Other non-current assets</b>		
<b>Advances</b>		
Advance for various capital works (net of advances)	-	46.65
Prepayments	0.08	1.51
<b>Total</b>	<b>0.08</b>	<b>48.16</b>
<b>Financial Assets (Current)</b>		
<b>Note: - 9</b>		
<b>Trade receivables</b>		
Receivables considered good -Unsecured	3,804.04	2,789.00
Receivables which have significant increase in Credit Risk	-	-
<b>Total</b>	<b>3,804.04</b>	<b>2,789.00</b>
Less: Provision for Receivables which have significant increase in Credit Risk	-	-
<b>Total Trade Receivables</b>	<b>3,804.04</b>	<b>2,789.00</b>
<b>Note 9.1: Break-up for related and other receivables</b>		
Receivables from related parties (Refer Note 35.5)	693.91	312.79
Other receivables	3,110.13	2,476.21
<b>Total Trade Receivables</b>	<b>3,804.04</b>	<b>2,789.00</b>
<b>Note 9.2:</b> Other trade receivables include dues from Western Railway. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Also, no trade or other receivables are due from firm or private companies respectively in which any director is a partner, a director or member other than stated above.		
<b>Note 9.3:</b> No provision for "Expected credit loss" has been made in respect of Trade Receivables considering that there has been no case of loss of credit in respect of trade receivables from Railways or others during the last 5 years.		



**Trade receivables ageing schedule for the year ended as on March 31, 2023 : (Amount in ₹ Lakhs)**

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment					Total
			Less 6 than months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	2,011.12	59.90	1,710.38	-	-	-	-	3,781.40
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	5.77	4.56	11.81	0.50	-	22.64
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,011.12</b>	<b>59.90</b>	<b>1,716.15</b>	<b>4.56</b>	<b>11.81</b>	<b>0.50</b>	<b>-</b>	<b>3,804.04</b>
Less: allowance for Credit loss	-	-	-	-	-	-	-	-
<b>Net</b>	<b>2,011.12</b>	<b>59.90</b>	<b>1,716.15</b>	<b>4.56</b>	<b>11.81</b>	<b>0.50</b>	<b>-</b>	<b>3,804.04</b>

**Trade receivables ageing schedule for the year ended as on March 31, 2022: (Amount in ₹ Lakhs)**

Particulars	Not due	Unbilled dues	Outstanding for following periods from due date of payment					Total
			Less 6 than months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	1,956.68	83.09	736.95	11.78	-	-	-	2,788.50
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	-	-	-	0.50	-	0.50
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,956.68</b>	<b>83.09</b>	<b>736.95</b>	<b>11.78</b>	<b>-</b>	<b>0.50</b>	<b>-</b>	<b>2,789.00</b>
Less: allowance for Credit loss	-	-	-	-	-	-	-	-
<b>Net</b>	<b>1,956.68</b>	<b>83.09</b>	<b>736.95</b>	<b>11.78</b>	<b>-</b>	<b>0.50</b>	<b>-</b>	<b>2,789.00</b>

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Note: - 10</b>		
<b>Cash and Cash equivalents</b>		
(i) Balances with banks:		
-Balances in current account with Scheduled Banks	91.88	234.83
-Deposits with original maturity of period of three months or less	-	-
-Balance in Flexi Deposit Accounts	29.11	372.22
(ii) Cash in Hand	-	0.06
<b>Total Cash and Cash Equivalent</b>	<b>120.99</b>	<b>607.11</b>

**Note 10.1:** Balance in Current account with banks includes ₹88.88 Lakhs (Previous Year: ₹37.56 Lakhs) for e-payment of Rail Freight charges to Indian Railways for CTO operations.

**Note: - 11****Bank balances other than cash & cash equivalents:**

Deposits with original maturity period of more than 3 months but not exceeding 12 months	10,607.00	-
Long-term bank deposits -marked against LC issued by bank	22.63	-
Deposits marked against bank guarantee issued by Bank	-	394.00
Deposits with original maturity period of more than 12 months but remaining maturity period of less than 12 months	14,313.69	26,246.99
Balances in Escrow Account with Scheduled Bank	<b>7.76</b>	<b>7.10</b>
<b>Total</b>	<b>24,951.08</b>	<b>26,648.09</b>

**Note 11.1:** Balance in Escrow Account with scheduled bank is for use by agency in Rail Electrification work on PRCL section. This also includes balance in flexi deposits.

**Note: - 12****Other Current Financial Assets****Unsecured, Considered good**

Security Deposits:	6.73	-
Interest Accrued	1,150.81	738.67
Advances to Employees (Refer Note 12.1)	1.59	4.71
Recoverable from Railways	2.29	0.86
Other advances / recoverable	10.63	0.05
<b>Sub-total</b>	<b>1,172.05</b>	<b>744.29</b>
Add: advances for CSR activities	1.95	0.41
Less: Provision for doubtful advances	(0.41)	(0.41)
<b>Total</b>	<b>1,173.59</b>	<b>744.29</b>

**Note 12.1:** Advance to Employees includes ₹0.13 Lakhs (Previous Year: ₹ 2.15 lakhs) recoverable from Key Managerial Personnel of the Company.



(Amount in ₹ Lakhs)

Particulars	As At 31st March 2023	As at 31st March 2022
<b>Note:- 13</b>		
<b>Income Tax</b>		
<b>Note 13.1.1: Current Tax Assets (net)</b>		
Income tax refund claims	11.93	11.93
Advance Taxes (Net of Provisions for taxes)	124.57	72.09
<b>Total</b>	<b>136.50</b>	<b>84.02</b>
<b>Note 13.1.2: Current Tax Liabilities (net)</b>		
Provision for Income Tax (Net of taxes paid)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 13.2: Deferred Tax</b>		
<b>Deferred Tax Liabilities</b>		
<b>A. Deferred Tax Liabilities</b>		
Property, Plant, Equipment and Intangibles	3,934.78	3,743.76
Provisions	-	-
<b>Total of Deferred Tax Liabilities</b>	<b>3,934.78</b>	<b>3,743.76</b>
<b>B. Deferred Tax Assets</b>		
Provisions	2,254.70	62.96
<b>Total of Deferred Tax Assets</b>	<b>2,254.70</b>	<b>62.96</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>1,680.08</b>	<b>3,680.80</b>

In accordance with Ind AS 12 "Income Taxes" notified by Ministry of Corporate Affairs (MCA), Government of India, the Company has reassessed the deferred tax taking into consideration all the items, due to which there is temporary difference between the carrying amount of the assets and liabilities and their tax base as on 31st March 2023.

The Company has been availing the deduction u/s 80-IA of the Income Tax Act, 1961 w. e. f. the assessment year 2014-15 and onwards in respect of Project Railway developed. The deduction u/s 80-IA is available to the Company for ten consecutive assessment years i.e. upto the assessment year 2023-24. Therefore, current financial year 2022-23 is the last year for which, deduction u/s 80-IA is available to the Company.

"The Company has been making provision for resurfacing obligations in respect of major replacement works on Project Railway (Refer Note 17.1). However, no deferred tax asset was recognised in the books during the earlier years in respect of provision made for such obligations, assuming that deferred tax would be reversed/ adjusted during the tax holiday period on utilization of provision for resurfacing obligation against the actual amount to be spent on major replacement work during the tax holiday period. Since the tax holiday period has ended on 31st March 2023 and provision for resurfacing obligation could not be fully utilized/ adjusted therefore, deferred tax asset of ₹2169.64 Lakhs has been recognised on the unadjusted / unutilized balance of the Provision for resurfacing obligations as on 31st March 2023.

Note 13.2.1: Movement in Deferred Tax Liability/(Assets)	Deferred Tax Liability	Deferred Tax (Assets)	Net Deferred Tax Liability/ (Assets)
	A	B	C(A-B)
<b>Opening balance as at 1st April 2021</b>	<b>4,248.57</b>	<b>(810.15)</b>	<b>3,438.42</b>
Charged/(credited) during the year 2021-22			
To Profit and Loss	360.54	(118.16)	242.38
To Other Comprehensive Income	-	-	-
<b>Closing balance as at 31st March 2022</b>	<b>4,609.11</b>	<b>(928.31)</b>	<b>3,680.80</b>



Charged/(credited) during the year 2022-23			
To Profit and Loss :			
-Towards Resurfacing obligation	-	(2,169.64)	(2,169.64)
-Others	191.02	(22.10)	168.92
	<b>191.02</b>	<b>(2,191.74)</b>	<b>(2,000.72)</b>
To Other Comprehensive Income	-	-	-
<b>Closing balance as at 31st March 2023</b>	<b>4,800.13</b>	<b>(3,120.05)</b>	<b>1,680.08</b>

	As At 31st March 2022	As at 31st March 2021
<b>Note 13.3: Income Tax Expense</b>		
<b>a) Current Income Tax Expense</b>		
Current Tax on profits for the year	723.12	482.48
Adjustments in respect of current income tax of previous year	-	0.10
<b>Total Current Income Tax Expense</b>	<b>723.12</b>	<b>482.58</b>
<b>b) Deferred Income Tax Expense</b>		
Origination and reversal of temporary differences [(assets)/ Liability]	(2,000.73)	242.39
MAT Credit Recognized during the year (Assets) (Net of reversal)	(92.08)	-
<b>Total Deferred Tax Expenses (Benefits)</b>	<b>(2,092.81)</b>	<b>242.39</b>
<b>Income tax expense attributable to continuing operations</b>	<b>(1,369.69)</b>	<b>724.97</b>

**Note 13.4: Tax related to items recognized in OCI during the year:**

Net (loss)/gain on remeasurements of defined benefit plans	(0.27)	0.40
<b>Income tax charged to OCI</b>	<b>(0.27)</b>	<b>0.40</b>

**Note 13.5: Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2023 and 31st March 2022:**

Accounting profit before tax from continuing operations	4,138.74	1,780.06
Profit/(loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>4,138.74</b>	<b>1,780.06</b>
<b>Income Tax at India's statutory tax rate of 17.472% (Refer Note 13.5.1)</b> (Tax rate as 31st March 2022: 29.12% )	<b>723.12</b>	<b>518.35</b>
Tax Effect due to non Deductible/ (Deductible) items of Expenses and Income	-	(35.87)
MAT Credit Reversal/ (Entitlement) to the Company	(92.08)	-
<b>At effective Income tax rate of 15.25% (at 31st March 2022: 27.01%)</b>	<b>631.04</b>	<b>482.48</b>

Current Income Tax reported in Statement of Profit or Loss (Net of MAT credit entitlement)	631.04	482.48
Add/(Less): Deferred tax reported in Statement of Profit and Loss	(2,000.73)	242.39
Add/(Less): Tax reported in Other Comprehensive Income	0.27	(0.40)
Add/(Less): Tax expenses for previous year recognized	-	0.10
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>(1,369.42)</b>	<b>724.57</b>

**Note 13.5.1 :** During the Current Year, the Company has paid Minimum Alternate Tax (MAT) on the book profit, as per provisions of section 115JB of the Income Tax Act, 1961 due to availing of 100% deduction from the taxable income in respect of the income derived from the operations of Project Railway (Rail System) under section 80-IA of the Income Tax Act, 1961. Therefore, tax rate of 17.4720% applicable for payment of MAT for the Current Year has been taken instead of regular rate of income tax of 29.120%.



**Note 13.5.2:** The Company has been claiming 100% deduction u/s 80-IA of the Income Act, 1961 in respect of income derived from rail freight operations on Project Railway developed by the Company which is available for a period of ten consecutive years i.e. up to assessment year 2023-24. Therefore, tax liability computed under normal provisions of Income Tax is lower than liability computed under MAT provisions of Income Tax Act 1961. In view of this, the Company is liable to pay Minimum Alternate Tax (MAT) u/s 115-JB of the Income Tax Act, 1961 and the tax has been provided for ₹729.39 lakhs on total income (including tax on other comprehensive income) during the current year (Previous Year: ₹482.08 lakhs). The Company has availed the credit in respect of MAT paid and carried forward the same in accordance to the provisions of section 115-JAA of the Income Tax Act, 1961. The cumulative balance of MAT credit as per books as on 31st March 2023 is ₹9,045.51 Lakhs (Previous Year ₹8,953.42 Lakhs)

**Note:- 14**

**Other current assets**

Prepaid Expenses	33.46	22.15
Advances for various works (net after provisions)	299.20	204.22
<b>Total</b>	<b>1.02</b>	<b>1.73</b>
	<b>333.68</b>	<b>228.10</b>

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022		
<b>Note:- 15</b>				
<b>Equity Share capital</b>				
<b>(i) Authorized share capital</b>				
20,00,00,000 Equity Share of ₹10/- each (as at 31st March, 2022: 20,00,00,000 Equity Share of Face Value of ₹10/- each)	20,000.00	20,000.00		
<b>Total</b>	<b>20,000.00</b>	<b>20,000.00</b>		
Issued/Subscribed and Paid up Capital 19,60,00,020/- Equity Share of ₹10/- each (as at 31st March, 2022: 19,60,00,020/- Equity Share of Face Value of ₹10/- each)	19,600.00	19,600.00		
<b>Total</b>	<b>19,600.00</b>	<b>19,600.00</b>		
<b>(ii) Reconciliation of the number of equity shares &amp; share capital at the beginning and at the end of Period:</b>				
Particulars	As at 31st March 2023		As at 31st March 2022	
	No. of Shares held in Lakhs	Amount in lakhs	No. of Shares held in Lakhs	Amount in lakhs
<b>Shares outstanding at the beginning of the year</b>	1,960.00	19,600.00	1,960.00	19,600.00
Add: Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	1,960.00	19,600.00	1,960.00	19,600.00
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,960.00</b>	<b>19,600.00</b>	<b>1,960.00</b>	<b>19,600.00</b>
<b>(iii) Details of shareholders holding more than 5% shares in the Company:</b>				
Name of the shareholder	As at 31st March 2022		As at 31st March 2021	
	No. of Shares held in Lakhs	% holding	No. of Shares held in Lakhs	% holding
President of India (through Ministry of Railways, Government of India)	980.00	50.00%	980.00	50.00%
Gujarat Pipavav Port Limited (GPPL)	760.00	38.78%	760.00	38.78%
IL&FS Financial Services Limited (Assignee of GPPL)	120.00	6.12%	120.00	6.12%

There is no change in the total equity shares of the Company during the current year and previous year.

**(iv) Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having par value of ₹10/- each ranking pari-pasu in all respects voting rights and dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(v) Details of Share Allotted for consideration other than cash during last five years are Nil.**

**(vi) Detail of Promoters Shareholding**

Particulars	As at 31st March 2023			As at 31st March 2022		
	No. of shares	% of Total shares	% change during the year	No. of shares	% of Total shares	% change during the year
President of India (Ministry of Railways)	98,000,010	50.00%	Nil	98,000,010	50.00%	Nil
Gujarat Pipavav Port Limited	76,000,010	38.78%	Nil	76,000,010	38.78%	Nil
IL&FS Financial Services Limited (Assignee of GPPL)	12,000,000	6.12%	Nil	12,000,000	6.12%	Nil
General Insurance Corporation of India (Assignee of GPPL)	5,000,000	2.55%	Nil	5,000,000	2.55%	Nil
The New India Assurance Company Limited (Assignee of GPPL)	5,000,000	2.55%	Nil	5,000,000	2.55%	Nil
	<b>196,000,020</b>			<b>196,000,020</b>		

(vii) No bonus shares have been issued by the Company during the last 5 (five) years.

(viii) There is no buy back of shares by the Company during the last 5 (five) years.

(ix) During the immediately preceding five years, no share has been issued as fully paid up, pursuant to contract(s)/ commitment without payment being received in cash.



(Amount in ₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Note:- 16</b>		
<b>Other Equity</b>		
<b>(a) Retained Earnings</b>		
<b>Opening Retained Earnings</b>	45,231.24	44177.12
Add: Net Profit/(Net Loss) during the year	5,508.43	1055.09
Add/(Less): Transferred from Other Comprehensive Income	-	-
Gain/ (Loss) on remeasurement of Post-Employment benefit obligations (net of taxes)	0.64	(0.97)
Less: Transfer to Insurance Reserve Fund	(500.00)	-
<b>Total (a)</b>	<b>50,240.31</b>	<b>45,231.24</b>
<b>(b) Depreciation Reserve Fund</b>		
Opening Balance	2,000.00	2,000.00
Add: Transfer from surplus in statement of profit and loss	-	-
<b>Total (b)</b>	<b>2,000.00</b>	<b>2,000.00</b>
<b>(c) Insurance Reserve Fund</b>		
Opening Balance	-	-
Add: Transfer from surplus in statement of profit and loss	500.00	-
<b>Total (c)</b>	<b>500.00</b>	<b>-</b>
<b>Grand Total (a+b+c)</b>	<b>52,740.31</b>	<b>47,231.24</b>

**Note 16.1:** Depreciation Reserve Fund represents profits allocated during the years 2014-15 and 2015-16 for replacement of project assets at the end of codal life.

**Note 16.2:** Insurance Reserve Fund represents amount allocated to meet the restoration costs in the event of damage to Project Assets due to unforeseen events such as floods, storms etc.

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Note 16.3: Dividend Distribution made and Proposed:</b>		
16.3.1: Dividend on Equity shares declared and paid during the year ended 31st March 2023 (nil per Equity Share): (Previous Year ended 31st March 2022: Nil per Equity Share)	-	-
	-	-
Note 16.3.2: Final Dividend proposed for the year ended 31st March 2023 (₹0.50 per Equity Share) (Previous Year ended 31st March 2022: Nil per Equity Share)	980.00	-
	<b>980.00</b>	<b>-</b>

**Note 16.4:** Board of Directors of the Company in their 106th meeting held on 27th June 2023 has recommended the divided @ 5% (i.e. ₹0.50 per equity share) out of the profits of the Company, to all the equity shareholders for the current year 2022-23. However, the divided so recommended is subject to approval of the shareholders of the Company in the ensuing 23rd Annual General Meeting of the Company. The same has not been recognised as liability as on 31st March 2023.

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Note: - 17</b>		
<b>Long Term Provisions</b>		
Provision for Resurfacing Cost	7,450.68	6,356.56
Provision for employee benefits (refer Note 41):		
- Gratuity	41.60	44.10
- Leaves	172.54	159.72
<b>Total</b>	<b>7,664.82</b>	<b>6,560.38</b>

**Note 17.1:** Provision for Resurfacing Cost represents accumulated balance of provision made by the Company for obligations in respect of major replacement works on Project Railway. In terms of the Concession agreement, the Company is to keep the project assets in working condition, including making replacement, as per standards laid down by MOR, of all project assets whose life expires during the concession period. On first time adoption of Ind AS in preparation of financial statements for financial year 2016-17, the Company had estimated a liability of ₹14,141.05 lakhs for replacement obligations in respect of major items of Project Railway which are likely to become due for replacement during the remaining concession period as per their codal lives. Based on the estimated liability, the Company has been making provision for an annual equalized amount of ₹734.52 lakhs every year for major replacement obligation in accordance with the requirement of Appendix D to Ind AS 115 (earlier Appendix B to Ind AS 11) and the same are shown as Provision for Resurfacing Cost [Refer Note 23(ii)].

Interest cost of ₹444.96 lakhs (Previous period: ₹367.80 lakhs) has been provided during the current period to recognize the resurfacing obligations at their present value (Refer Note 25). As on 31st March, 2023, the provision for Resurfacing Cost includes the cumulative interest of ₹1,659.88 Lakhs (Previous Year ₹1,214.92 Lakhs) reflecting the time value of money.

**Note:- 18****Financial Liability- Current****18.1: Trade Payables:****18.1.1: Creditors- Micro Enterprises and Small Enterprises**

Total outstanding dues	1.44	0.31
<b>Total</b>	<b>1.44</b>	<b>0.31</b>

**18.1.2: Creditors other than micro enterprises and small enterprises**

O&M costs Payable (Refer Note 18.1.4)	3821.06	2,875.42
Provision for Rail Electrification work (net after advance)	4.64	28.25
Others	332.32	18.88
<b>Total</b>	<b>4,158.02</b>	<b>2,922.55</b>

**Note 18.1.3:** The above outstanding dues payable to micro enterprises and small enterprises are the principal amounts for the goods or services received by the Company.

**Note 18.1.4:** O&M costs payable includes ₹3225.79 lakhs (Previous Year: ₹1973.04 lakhs) payable towards O&M costs and ₹595.27 lakhs (Previous Year: ₹902.38 lakhs) payable for cost of various works carried out by Western Railway on PRCL section.

**Aging Schedule of the Trade Payables outstanding as on 31st March 2023**

(Amount in ₹ Lakhs)

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	-	0.48	0.96	-	-	-	1.44
(ii) Others	-	1,595.54	1,849.21	-	234.45	-	3,679.20
(iii) Disputed dues-MSME	-	-	-	-	-	-	-
(iv) Disputed dues-Others	-	218.12	260.70	-	-	-	478.82
<b>Total</b>	-	<b>1,814.14</b>	<b>2,110.87</b>	-	<b>234.45</b>	-	<b>4,159.46</b>



Aging Schedule of the Trade Payables outstanding as on 31st March 2022

(Amount in ₹ Lakhs)

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	-	0.22	0.09	-	-	-	0.31
(ii) Others	-	892.55	1,407.45	480.58	138.25	3.72	2,922.55
(iii) Disputed dues-MSME	-	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>892.77</b>	<b>1,407.54</b>	<b>480.58</b>	<b>138.25</b>	<b>3.72</b>	<b>2,922.86</b>

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>18.2: Others current financial liabilities</b>		
Expense Payable	17.48	24.24
Security Deposits	10.00	-
<b>Total</b>	<b>27.48</b>	<b>24.24</b>

**Note:-19**

**Other Current Liability**

Statutory dues (Duties & Taxes)	41.47	32.10
Less: Tax credits	(16.00)	(8.70)
<b>Net</b>	<b>25.47</b>	<b>23.40</b>
Provident Fund	4.82	4.42
NPS Payable	3.49	3.26
<b>Total</b>	<b>33.78</b>	<b>31.08</b>

**Note:- 20**

**Provisions**

(Short Term Provisions)

Provision for employee benefits		
Leaves (Refer to Note 41)	17.11	12.38
Other benefits	60.85	60.49
<b>Total</b>	<b>77.96</b>	<b>72.87</b>

(Amount in ₹ Lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Note:- 21</b>		
<b>Contract Revenue from operations (Refer Note 39.1)</b>		
Operating Income from Bulk Traffic	10,247.12	5,746.62
Operating Income from Container Traffic	15,474.02	13,838.93
Terminal Charges	2.97	-
<b>Sub total</b>	<b>25,724.11</b>	<b>19,585.55</b>
Add/(Less): Arrears of revenue	-	(98.56)
<b>Total (A)</b>	<b>25,724.11</b>	<b>19,486.99</b>
Contract Revenue under Service concession Arrangement (Refer Note 21.2)	817.91	1,602.21
Income from Container Train Operations	2,870.03	878.27
<b>Total (B)</b>	<b>3,687.94</b>	<b>2,480.48</b>
<b>Total Revenue from operation (A+B)</b>	<b>29,412.05</b>	<b>21,967.47</b>

**Note 21.1:** Revenue from operations has been calculated by the Company as per the carried route after taking the impact of route diversion based on the details collected from Western Railway (Refer Note 39.1.2).

**Note 21.2:** During the current year, the Company has recognized revenue under service concession arrangement amounting to Rupee Foradian 817.91 lakhs (Previous Year: ₹1602.21 Lakhs) to the extent of expenditures incurred during the year on the construction activities carried for development, upgrading or creation of new assets on Project Railway (including cost incurred on electrification of rail line) as per the requirements of Ind AS 115. The Company has also recognized contract cost under service concession arrangement for the same amount [Refer Note 23(vi)].

**Note 21.3:** During the Previous Year, Western Railway had made recoveries from the Company on account of finalization of diverted route recovery pertaining to the financial year 2009-10 and 2010-11 for amounting to Rupee Foradian 98.56 lakhs. Accordingly, the Company has shown the same by way of reduction from the operating income earned during the Previous Year.

**Note 21.4:** Income generated from CTO operations has been separately recognised as "Income from Container Train Operations". Income from CTO operations is under reconciliation and is subject to vary based on the reconciliation. Adjustment on account of difference in revenue from CTO operations and related expenses, receivables and payables shall be made in the period of reconciliation is completed.

**Note:- 22****Other Income**

Interest on Deposits with banks	1,895.65	1,427.85
Interest on income tax refund(s)	3.41	46.49
Unwinding of discount on security deposits	1.65	1.27
Profit on sale of assets	4.26	0.57
Gain on lease modification	2.52	-
<b>Other Income</b>	<b>3.11</b>	<b>2.68</b>
<b>Total</b>	<b>1,910.60</b>	<b>1,478.86</b>

**Note:- 23****Operating and Other Expenses****(i) Operating and Maintenance Expense (Refer to Note 38)**

<b>(a) Fixed Cost</b>		
Man Power Cost	5,316.06	4,986.57
Material Cost	950.80	1,368.16
<b>(b) Variable Cost</b>		
Cost of Fuel and Energy	6,576.40	3,864.70
Crew Cost	2,156.94	1,715.73
Hiring of Rolling Stock	1,065.39	678.04
Others	321.65	220.50
<b>(c) Other Cost</b>		
Overhead Cost	1,310.09	1,049.63
Cost for additional works	849.75	209.41
<b>Total (a+b+c)</b>	<b>18,547.08</b>	<b>14,092.74</b>
(ii) Resurfacing cost under Service Concession Agreement (Refer Note 23.1)	734.52	734.52
(iii) Lease Rent Charges (Refer Note 37.7)	233.07	233.07
(iv) Expenses on Container Train Operations	2,272.92	717.15

**Note 23.1:** Resurfacing cost represents the provision made for cost of replacing major items of Project assets of the Company. This has been booked on the basis of the annualized cost estimated at the time of preparation of first Ind AS financial Statements of the Company for the financial year 2016-17.



**(v) Other Administrative expenses**

Repairs and maintenance		
- Buildings	22.82	16.33
- Vehicles [Refer to Note 37.1(vi)]	8.88	9.60
- Others	15.21	15.01
Rent [Refer Note 37.6(iii)]	5.11	3.77
Insurance	0.60	0.78
Communication	3.67	3.62
Travelling & Conveyance-Directors	9.04	1.71
Travelling & Conveyance-Others	10.65	7.95
Rates, taxes & fees	0.48	1.29
Professional and consultancy fees (Refer Note 23.2)	57.76	67.74
NSDL Custodian Charges	0.89	0.89
Electricity & Water Charges	3.10	2.82
Advertising, Sponsorship and Business Promotion	7.55	3.07
Loss on disposal/ written off of sundry asset items	15.07	0.03
Printing & Stationery	3.01	2.75
Audit fees (Refer Note 23.2 and 45)	10.81	9.56
Meetings, seminars and subscriptions	2.34	0.38
Membership fees	1.00	1.00
Provision for doubtful debts/ advances	-	0.41
Miscellaneous Expenses	4.99	10.79
<b>Total</b>	<b>182.98</b>	<b>159.50</b>

**Note 23.2:** Previous Period' figures are regrouped to make them comparable with the Current Period' figures. This has resulted into increase of ₹17.34 Lakhs in "Professional and consultancy fees" and decrease in "Audit fees" by same extent.

<b>(vi) Contract Cost under Service Concession Arrangement (Refer Note 21.2)</b>	817.91	1,602.21
<b>Total (i to vi)</b>	<b>22,788.48</b>	<b>17,539.19</b>

**Note:-24**

**Employee Benefit expenses (Refer Note 41)**

Salaries, Wages & Benefits	378.75	443.22
Contribution to Provident and Other fund(s)	39.55	37.81
Staff Welfare	7.01	6.65
Contribution to National Pension Scheme (NPS)	20.45	19.87
<b>Total</b>	<b>445.76</b>	<b>507.55</b>

**Note:-25**

**Finance costs**

Unwinding of discount on resurfacing obligations	444.96	367.80
Interest on Lease Liabilities (Refer Note 37.2)	30.22	15.94
Interest on taxes	-	7.42
Bank and other charges	3.69	1.67
<b>Total</b>	<b>478.87</b>	<b>392.83</b>

**Note 25.1:** Unwinding of discount on resurfacing obligations represents interest booked to present the resurfacing obligations to their present value (Refer Note 17.1).

**Note:-26**

**Depreciation and amortization**

Depreciation on Right of Use assets (Refer Note 37.4)	251.94	83.47
Depreciation on Property, Plant and Equipment	16.92	16.49
Amortization of Intangible Assets	3,171.23	3,091.07
<b>Total</b>	<b>3,440.09</b>	<b>3,191.03</b>



(Amount in ₹ Lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Note:-27</b>		
<b>Corporate Social Responsibility (CSR) Expenses</b>		
Education Projects	30.00	34.99
Overhead and Other expenses	0.71	0.68
<b>Total</b>	<b>30.71</b>	<b>35.67</b>
<b>Other CSR disclosures</b>		
Amount required to be spent by the company during the year (Refer Note 27.1)	99.49	149.19
Amount of expenditure incurred	30.71	35.67
Shortfall/ (excess) at the end of the year (Refer Note 27.2 and 27.3)	(28.88)	(97.66)
Total of previous years shortfall/ (excess) (Refer Note 27.2 and 27.3)	(97.66)	(211.18)
<b>Note 27.1: Amount required to be spent by the Company during the year</b>		
(i) Amount required to be spent for the year	99.49	149.19
(ii) Add: Shortfall of earlier years (if any)	-	-
<b>Total (i+ii)</b>	<b>99.49</b>	<b>149.19</b>
<b>Note 27.2: Shortfall/Excess CSR spent</b>		
(i) Shortfall/ (Excess Spent) at the beginning of the year	(97.66)	(211.18)
(ii) Add: Amount required to be spent for the year	99.49	149.19
(iii) Less: Amount Spent during the Year	(30.71)	(35.67)
(iv) Shortfall/ (Excess) at the end of the year (i+ii-iii)	<b>(28.88)</b>	<b>(97.66)</b>
<b>Note 27.3: Shortfall amounts wherever shown within the bracket represent excess amount to CSR spent.</b>		
<b>Reason for shortfall:</b> As per section 135 of the Companies Act, 2013, the Company, meeting the applicability threshold, was required to spend ₹99.49 lakhs for the FY 2022-23 (Previous Year: ₹149.19 lakhs) being equal to 2% of its average net profits made during three immediately preceding financial years on Corporate Social Responsibility (CSR) activities. During the financial year 2020-21, the Company had made a contribution of ₹500.00 Lakhs to PM Cares Fund, out of which contribution amounting to ₹288.82 Lakhs and ₹113.52 Lakhs were utilized against the CSR obligations during the FY 2020-21 and FY 2021-22 respectively and balance unutilized contribution of ₹97.66 Lakhs was carried forwarded for the current financial year 2022-23. Out of this carried forward balance amount, ₹68.78 Lakhs has been utilized against the CSR obligation of the current financial year 2022-23. Therefore, balance unutilized amount of ₹28.88 Lakhs has been carried forwarded for the next year(s). There is no shortfall at the end of current year as well as previous year.		
<b>Nature of CSR activities:</b> CSR activities carried out by the Company include providing of the education support to the children of the five villages which are adjoining to the area of operations of the Company in the state of Gujarat. The Company has adopted these projects under the project mode for extending the educational support, through the CSR agency namely Gyandeeep, to village children. In addition, available amount of contribution to PM Cares Fund is being used to set off the CSR obligations.		
Details of related party transactions	Nil	Nil
Provision made with respect to a liability incurred by entering a contractual obligation	1.96	4.26
Movements in the provision during the year:		
<b>Balance of Provision as on 1st day of Year</b>	<b>4.26</b>	<b>2.32</b>
Add: Provision provided during the year	1.96	4.26
Less: Provision settled/ adjusted during the year	(4.26)	(2.32)
<b>Balance of Provision as on Last day of Year</b>	<b>1.96</b>	<b>4.26</b>
<b>Note:-28</b>		
<b>Components of Other Comprehensive Income (OCI)</b>		
(FVTOCI Reserve)		
Remeasurement of Defined benefit plans	0.91	(1.37)
Less: Income Tax relating to OCI	(0.27)	0.40
<b>Total</b>	<b>0.64</b>	<b>(0.97)</b>



Particulars	For the year ended 31st March 2023 (₹ Per Share)	For the year ended 31st March 2022 (₹ Per Share)
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**Note:-29**

**Earnings per share (EPS)**

**Basic EPS**

From continuing operation	2.81	0.54
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**Diluted EPS**

From continuing operation	2.81	0.54
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**29.1 Basic Earning per Share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the period.

The earnings and weighted average number of equity shares used in calculation of basic earning per share are as under:-

Profit attributable to equity holders of the Company (₹ in Lakhs)	5,508.43	1,055.09
Earnings used in calculation of Basic Earning Per Share (₹ in Lakhs)	<b>5,508.43</b>	<b>1,055.09</b>
Weighted average numbers (in Lakhs) of shares for the purpose of basic earnings per share	<b>1,960.00</b>	<b>1,960.00</b>

[Face Value : ₹10/- each]

**29.2 Diluted Earning per Share**

The earnings and weighted average number of equity shares used in calculation of diluted earning per share are as under:-

Profit attributable to equity holders of the company (₹ in Lakhs)	5,508.43	1,055.09
Earnings used in calculation of diluted Earning Per Share from continuing operations (₹ in Lakhs)	<b>5,508.43</b>	<b>1,055.09</b>

The weighted number of equity shares for the purpose of diluted earning per share reconciles to the weighted average number of equity shares used in calculation of basic earning per share as follows:

Weighted average number (no. in Lakhs) of Equity shares used in calculation of basic earnings per share	1,960.00	1,960.00
Effect of dilution	-	-
Share Options	-	-
Weighted average number (no. in Lakhs) of Equity shares used in calculation of diluted earnings per share	<b>1,960.00</b>	<b>1,960.00</b>

[Face Value : ₹10/- each]

**Notes 30: Capital management**

The Company's objective is to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that the Company can continue to provide maximum returns to shareholders and benefit to other stakeholders.

Further, the Company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company does not have any liability towards borrowings as at 31st March 2023 and 31st March 2022 . The Company manages its working capital requirement through internal accruals.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2023.

**Note 31: Fair Value measurements**

(i) The Carrying values of Financial Instruments by categories are as follow:

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2023			As at 31st March 2022		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
(i) Trade Receivables	-	-	3,804.04	-	-	2,789.00
(ii) Cash and Cash Equivalents	-	-	120.99	-	-	607.11
(iii) Bank balances (including in deposits) (other than cash & cash equivalents)	-	-	35,396.21	-	-	28,318.43
(iv) Security Deposits-Non Current	-	-	21.96	-	-	33.47
(v) Other Current Financial Assets	-	-	1,173.59	-	-	744.29
<b>Total Financial Assets</b>	-	-	<b>40,516.79</b>	-	-	<b>32,492.30</b>
<b>Financial Liabilities</b>						
(i) Trade payables	-	-	4,159.46	-	-	2,922.86
(ii) Expense payables	-	-	17.48	-	-	24.24
(iii) Security Deposits	-	-	10.00	-	-	-
(iv) Lease liabilities (current and non current)	-	-	1,468.03	-	-	382.21
<b>Total Financial Liabilities</b>	-	-	<b>5,654.97</b>	-	-	<b>3,329.31</b>

(ii) Comparison by class of the carrying amounts and fair value of the Company's financial instruments other than those with carrying amounts that are reasonable approximation of fair values are not presented since fair value of all financial instruments as on reporting date approximates their carrying value.

**(iii) Financial risk management**

"The Company's principal financial liabilities comprise of lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operation. The Company's principal financial assets include trade and other receivables, deposits with banks and cash & cash equivalents that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk activities are governed by appropriate policies and procedures and those financial risks are identified, measured and managed in accordance with the companies policies and risk objectives. The Board of directors reviews and agrees on policies for managing each of these risk, which are summarized below:"

**a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises of Interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include advance deposits and other non derivative financial instruments.



#### **b) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market interest rate. The Company is not exposed to interest rate risk.

#### **c) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and other financial instruments.

#### **Trade Receivable**

Customer credit risk is managed by the Company's established policy, procedure and control relating to customer credit risk management. Outstanding customer receivable are regularly monitored and an impairment analysis is performed at each reporting date on individual basis for major customers. The Company does not hold any collateral as security.

#### **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investment of surplus are made only with approved counterparty on the basis of the financial quotes received from the counterparty.

#### **d) Liquidity risk**

The ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturities of financial liabilities.

#### **Note 32: Key sources of estimation uncertainty**

The followings are the key assumptions concerning the future and the key sources of estimation & uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities with next financial year.

#### **a) useful lives of Intangibles**

As described in note 2.6.1, the Company has estimated the useful life of intangible assets (i.e. Freight sharing right under Service Concession Arrangement) as 33 years (term of Concession Agreement) for amortization of intangible assets. The change in term of concession arrangement may have financial impact on the amortization expenses in subsequent financial years.

#### **b) Fair valuation measurement and valuation process**

The fair values of financial assets and financial liabilities are measured using the valuation techniques including the Discounted Cash Flow model. The inputs to these methods are taken from observable markets, where it is possible. In case, where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility etc. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### **c) Taxes**

Deferred tax assets such as Minimum Alternate Tax (MAT) credits are recognized to the extent that it is probable that taxable profit will be available against which tax assets (credits) can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

#### **d) Post-retirement benefits**

Employee benefit obligations including gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to change in these assumptions. All assumptions are reviewed at each reporting date.

**e) Useful life of property, plant and equipment**

Useful life of property plant & equipment is based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors and level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant & equipment at each reporting date.

**f) Provision for Resurfacing obligation**

In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per laid down standards of MOR, of all project assets whose codal lives expire during the concession period. Accordingly, the Company has estimated liability in respect of replacement obligations that would be arising during the remaining concession period as per requirement of Appendix D to the Ind AS 115. The Company has provided the estimated resurfacing obligations which could vary depending upon various factors including the effects of usage, price, obsolescence, demand, internal assessment of user experience and other economic factors and level of maintenance expenditure required to obtain the expected future cash flows from the asset etc. The Company estimates and reviews the value of provision as on each reporting date based on available information on each reporting date.

**Note 33: Construction Contracts**

In terms of the disclosure required in Ind AS 115 as notified under the Companies Act, 2013 by Ministry of Corporate Affairs, Government of India, the amounts considered in the financial statements up to the balance sheet date are as follows:-

Particulars	For the Year Ended 31st March 2023	For the Year Ended 31st March 2022
Contract revenue recognized (in ₹ Lakhs)	817.91	1,602.21
Aggregate amount of costs incurred and recognized in profit/Loss (in ₹ Lakhs)	817.91	1,602.21

**Note 34: Contractual Commitments**

The amount of contractual commitments in relation to project assets recognized as intangible assets.

Particulars	As at 31st March 2023	As at 31st March 2022
The amount of works to be executed on capital account and not provided for (net of advances) (In ₹ Lakhs)	-	806.63
The amount towards purchase of Capital Assets and not provided for (net of advances) (In ₹ Lakhs)	8,279.92	-
<b>[Refer to Note 36(i)]</b>		
<b>Total</b>	<b>8,279.92</b>	<b>806.63</b>
<b>Total Capital/ Contractual Commitments</b>		



**Note 35: Related Parties Disclosures**

**35.1: Related Parties holding equity of the Company**

Name	Relationship	As at 31 March, 2023		As at 31 March, 2022	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Gujarat Pipavav Port Limited (GPPL)	Associates	76,000,000	38.78%	76,000,000	38.78%

**Note :** Ministry of Railways being part of Government of India, is not a related party to the Company as per Ind AS 24.

**35.2: Key Managerial personnel of the entity (Company)**

Name	Position
Shri Sanjiv Garg	Managing Director
Smt. Leena Narwal	Company Secretary
Shri Vinod Kumar	Chief Financial Officer

**35.3: Enterprises over which Key Managerial Personnel are able to exercise significant influence:**

M/s Pipavav Railway Corporation Limited Employees' Group Gratuity Trust.

**35.4: Other related Parties:**

M/s Maersk A/S

**35.5: Transactions with Related Parties:**

(Amount in ₹ Lakhs)

Particulars	Transactions		Outstanding Amount	
	For Year Ended	For Year Ended	At Year Ended	At Year Ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Transactions with M/s Gujarat Pipavav Port Limited</b>				
Manpower cost charged by the Company	39.33	40.45	-	-
Other costs charged to GPPL	2.66	2.90	-	-
Other costs charged by GPPL	0.09	0.01	-	-
Cost recoverable from GPPL	3.19	3.18	3.19	3.18
Dividend Paid	-	-	-	-
Equity Share Capital (760 lakhs shares of ₹10 each/-)	-	-	7,600.00	7,600.00
Security Deposit (Non current)	0.25	-	0.25	-
Trade receivables	-	-	4.53	5.01
<b>Total</b>	<b>45.52</b>	<b>46.54</b>	<b>7,607.97</b>	<b>7,608.19</b>
<b>Transactions with M/s Maersk A/S</b>				
Income from Container Train Operations charged	2,053.89	853.96	-	-
<b>Trade receivables</b>	-	-	636.59	260.37
<b>Unbilled accrued dues</b>	49.60	44.22	49.60	44.22
<b>Total</b>	<b>2,103.49</b>	<b>898.18</b>	<b>686.19</b>	<b>304.59</b>
<b>Transactions with Pipavav Railway Corporation Limited Employees' Group Gratuity Trust:</b>				
Contribution made for Employees Group Gratuity Fund	15.53	9.23	-	-
Others	0.12	0.12	-	-
<b>Total</b>	<b>15.65</b>	<b>9.35</b>	-	-

**Compensation to Key Managerial Personnel**

(Also refer to Note 35.6 )

**Short Term Employee Benefits**

Shri Sanjiv Garg, Managing Director	66.28	60.68	0.13	-
Smt. Leena Narwal, Company Secretary	43.86	37.28	-	2.15
Shri Vinod Kumar, Chief Financial Officer	40.21	37.23	-	-
<b>Total (a)</b>	<b>150.35</b>	<b>135.19</b>	<b>0.13</b>	<b>2.15</b>

**Long Term Employee Benefits**

Shri Sanjiv Garg, Managing Director	20.18	13.70	-	-
Smt. Leena Narwal, Company Secretary	39.72	34.49	-	-
Shri Vinod Kumar, Chief Financial Officer	42.03	38.77	-	-
<b>Total (b)</b>	<b>101.93</b>	<b>86.96</b>	<b>-</b>	<b>-</b>
<b>Grand Total(c)</b>	<b>252.28</b>	<b>222.15</b>	<b>0.13</b>	<b>2.15</b>

**35.6 Break up of compensation to Key Managerial Personnel Comprises (including the Post Employees Benefit):**

(Amount in ₹ Lakhs)

Particulars	2022-23	2021-22
<b>Short Term Employee Benefits</b>		
Pay and allowances and other short terms benefits	150.35	135.19
Termination Benefits	-	-
<b>Sub total (a)</b>	<b>150.35</b>	<b>135.19</b>
<b>Long Term Employee Benefits</b>		
Post-Employment Benefits (provided for as per actuarial valuation)	101.93	86.96
Other-Long term benefits	-	-
Share-based payment	-	-
<b>Sub total (b)</b>	<b>101.93</b>	<b>86.96</b>
<b>Total (a+b)</b>	<b>252.28</b>	<b>222.15</b>



**All the notes from 1 to 49 form an integral part of financial statements**

**Note 36: Capital Commitment and Contingent Liabilities**

**(i) Capital commitment**

- a) Capital commitment (net of advance, if any) by the Company as on 31<sup>st</sup> March 2023 was ₹8279.92 lakhs (Previous year: ₹806.63 lakhs). Capital Commitment as on 31<sup>st</sup> March 2023 represents commitment given by the Company towards purchase of containers rakes in connection with Container Train Operations of the Company.
- b) The capital commitment with regard to Rail Electrification Project is not ascertainable as the total amount remaining to be paid over the sanctioned cost of ₹28947.23 lakhs has still not been finally informed to the Company by the executing agency i.e. Rail Electrification, Ahmedabad [a unit of Central Organization for Railway Electrification (CORE)]. However, so far demand of additional funds of ₹2241.46 Lakhs has been claimed by the executing agency from the Company over and above the sanctioned cost.

**(ii) Claims against the Company not acknowledged as debts:**

- a) The Company received a Show Cause Notice during financial year 2011-12 from the office of Director General of Foreign Trade under section 14 read with section 11(2) of the Foreign Trade (Development and Regulation) Act, 1992, for non-fulfillment of export obligations in respect of EPCG license issued to the Company under the Category "RAIL TRANSPORT SERVICE". The Company has filed an application for redemption of EPCG License before DGFT. In view of the pending the decision in the matter, the liability (if any) is not ascertainable and hence, not been provided for.
- b) The Company has received following Show Cause Notices (SCNs) from service tax authorities in the matter of applicability of service tax on the Company in respect of apportioned freight earning received by the Company from Railway:

Period of the Show Cause Notices	Amount of tax involved	Forum where Dispute is pending
April 2009 to March 2014	₹7,639.48 lakhs plus interest & penalties	Principal Commissioner of Service Tax, New Delhi.
April 2014 to March 2015	₹2,800.51 lakhs plus interest & penalties	Principal Commissioner of Service Tax, New Delhi.
April 2015 to June 2017 (received in April 2018)	₹7,418.19 lakhs plus interest & penalties	Commissioner of Central Tax, Central Excise & Service Tax, Delhi-South.
Total	<b>₹17,858.18 Lakhs plus interest &amp; penalties</b>	

The Company has not agreed with the department's contention and submitted detailed replies to the above SCNs requesting the adjudicating authorities to withdraw said SCNs. The Company has not received any adjudication order in the matter till date.

With effect from 1<sup>st</sup> July 2017, service tax had been subsumed by the Goods and Service Tax (GST). The Company has maintained the same stand, as was taken in the matter of service tax, with respect to applicability of the GST on the share of the freight earning received by the Company from Railways and the Operation & Maintenance Costs recovered by Railways from the Company. Operation and maintenance being done by Railways is interlinked and incidental to its core activity of transportation of cargo provided by Indian Railways to its customers on which tax obligations are fulfilled by Indian Railways. The Company is of the view that no supply is involved by the Company to Railways and visa-versa in sharing of freight revenue & costs by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & costs by Railways with the Company including furnishing of the particulars & details for the same.

Furthermore, Indian Railways charges and collects GST on freight amount and deposits the same with the concerned tax authorities. Thereafter, the Company gets its share out of net freight amount from Railways. Therefore, in view of this, the Company has also contended that tax cannot be levied twice on the same amount (i.e. once on the Railways and again on the Company)



Further, the matter had also been referred to the Ministry of Railways for taking up the case with the Finance Ministry, Government of India for issuance of necessary clarifications/ confirmation and resolution of issue in the best interest both for Railways and SPVs in this regard. During the current year, Tax Research Unit (TRU) of the Ministry of Finance, Government of India, has conveyed the recommendations of the GST council in its 48<sup>th</sup> Meeting held on 17<sup>th</sup> December, 2022 to MOR that Indian Railways (IR) and SPV are distinct persons and supply of services by SPV to IR by way of allowing IR to use the infrastructure built and owned by them during the concession period against consideration in form of pro rata share of revenue is a taxable supply. Similarly, service of maintenance supplied by IR to SPV is also a taxable service. Pursuant to this, MOR has made further representation on 6<sup>th</sup> April 2023 to Ministry of Finance, Government of India requesting them that apportioned freight earning and O&M costs under the Indian Railways' arrangement with its SPV companies are made exempted from payment of GST effectively from 1<sup>st</sup> July 2017. The issue at present is under perusal of the Ministry of Finance, Government of India.

Further, in reference to the clarification given by the GST Council, the Company has obtained a legal opinion on the matter. As per the legal opinion, the apportioned freight earning as well as the O&M services provided by the Railways are eligible for being exempt under the GST Act.

In view of the above, the Company has maintained the position as "Status Quo" and not provided for any liability for GST on the apportioned freight earning as well as on the O&M costs to Railways under "Reverse Mechanism Charge" as per GST Laws.

- c) The Company received a writ petition during financial year 2011-12, filed with Delhi High Court by an employee named Shri S. S. Negi demanding the arrears of differential Pay + DA (i.e. ₹15,017/- per month) and the corresponding increase in allowances/other benefits resulting out of re-fixation of the Pay of the petitioner from the date of his joining after giving him protection along-with interest @18% p.a. and to award ₹55,000/- towards cost of litigation. The said employee joined the Company on absorption basis from MOR on 6<sup>th</sup> January 2010 and superannuated on 30<sup>th</sup> April, 2012. The case was also listed for regular hearing by Delhi High Court. The Company has not received any Court Order in the matter, pending the decision thereon, the liability on this account if any, has not been provided for.
- d) The following collateral securities have been issued by or on behalf of the Company upto 31<sup>st</sup> March, 2023:

Nature of Collateral Security	Beneficiary Name	Bond Value	Purpose	Date of Expiry
Customs Import Carrier Bond	Office of the Deputy Commissioner of Customs, Custom House, Mundra Port (Gujarat)	₹2,000.00 Lakhs	For Transshipment of the containers by rail from Mundra Port to various ICDs.	31-05-2023
Customs Import Carrier/ Continuity Bond	Office of the Deputy Commissioner of Customs, Pipavav Port (Gujarat)	₹3,000.00 Lakhs	For Transshipment of the containers by rail from Pipavav Port to various ICDs.	06-09-2023
Customs Import Carrier/ Continuity Bond	Office of the Commissioner of Customs, ICD, Sonipat (Haryana)	₹3,000.00 Lakhs*	Permission of movement of EXIM containers by Rail/Road from ICD-DICT Bhodwal Majri, Sonipat, Haryana to the Gateway Ports of India.	31-12-2023
Letter of Acceptance (LC)	FA&CAO, Northern Railway, (under the Ministry of Railways, Government of India)	₹21.33 Lakhs#	To obtain the facility of e-payment & Rail freight & other dues to Indian Railways.	07-12-2023
Performance Bank Guarantee (BG)	J M Baxi Ports & Logistics Limited	₹14.50 Lakhs#	Towards Security Deposit for taking container Rake on lease.	31-12-2024 (Last date of lodging claim is 31-03-2025)



\* In the Previous Year, bond value was of ₹2000 lakhs (with Bank Guarantee of ₹300 lakhs) which is now renewed to ₹3000 lakhs (without Bank Guarantee) in the Current Year.  
# The Company has earmarked fixed deposit(s) against LC/BG (Refer Note 6 and 11).

### Note 37: Lease Obligations

#### 37.1 Summary of the assets under the operating leases during the year ended 31st March 2023, is as follows:

Sr. No.	Particulars of Lease Assets	Lessor Name	Lease Period	Other information
1.	One Container rake containing 45 BLCS wagons plus one break van	M/s Sical Multimodal and Rail Transport Limited	24th November 2021 to 23rd November 2023	Rake was taken on lease effectively from 15th January 2022. However, the lease was pre-closed and terminated on 18th February 2023. Accordingly, carried amount of the lease liabilities and Right of Use assets in respect of the lease rake have been squared off.
2.	One Container rake containing 45 BLCS wagons plus one break van	M/s JM Baxi Ports & Logistics Limited	7th November 2022 to 31st December 2024	Lease commencement date was 7th November 2022.
3.	One Container rake containing 48 BLSS wagons plus one break van	GATX India Private Limited	120 months from the start of full calendar month following lease rent commencement date.	Lease commencement date is 26th March 2023. As per the agreement with the lessor, one more container rake (comprising of 48 BLSS wagons and one break van) is yet to be provided by GATX India Private Limited.
4.	Office Building at Unit No.: 1202 and 1204 to 1211, 12th Statesman House, B-Wing, 12th Floor, 148 Barakhamba Road, New Delhi-110001	1. Mrs. Bhavna Kapur 2. Mr. R.M. Kapur 3. Mrs. Malika Kapur 4. Mr. Pankaj Sood 5. Mrs. Shobha Sood 6. Mr. Arjun Anand 7. Mrs. Neerja Baijal 8. Mr. Nalin Talwar 9. Mr. R. S. Bajaj 10. Mr. T. R. Kathuria 11. Mrs. Rina Gill 12. Mr. Raman Mann 13. Mr. Dipan Mann 14. Mrs. Gurcharan Kaur 15. Mrs. Kiranjit Kaur 16. Mr. Hardev Singh Bhatyal	1st May 2021 to 30th April 2024	Leases were renewed as per the option exercised by the Company under the lease agreement(s). Carried amounts of Lease liabilities and Right of Use assets were adjusted as per the revised terms with the lessor(s).

5.	Residential Accommodation for Managing Director of the Company	Mr. Kant Mani Sharma	16th July 2021 to 15th July 2023	Lease was renewed. Carried amounts of Lease liabilities and Right of Use assets were adjusted as per the revised terms with the lessor(s).
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**37.2 Movement in Lease Liabilities is given as under (Amount in ₹ Lakhs):**

Particulars	As on 31st March 2023				As on 31st March 2022			
	Office lease	Residential lease	Leased Rake	Total	Office lease	Residential lease	Leased Rake	Total
Opening Balance at the beginning of the year	103.88	13.44	264.89	382.21	218.49	3.32	-	221.81
Addition during the year	-	-	1466.52	1466.52	-	19.90	281.86	301.76
Add/ (Less): Adjustment(s) on account of revision/ termination of leases terms with Lessor(s)	-	-	(119.64)	(119.64)	(69.99)	-	-	(69.99)
Interest recognised during the year	6.74	0.57	22.91	30.22	11.16	0.84	3.94	15.94
Payments made during the year/total cash outflow for the leases	(54.28)	(10.22)	(226.78)	291.28	(55.78)	(10.62)	(20.91)	(87.31)
Closing Balance at the end of the year	<b>56.34</b>	<b>3.79</b>	<b>1407.90</b>	<b>1,468.03</b>	<b>103.88</b>	<b>13.44</b>	<b>264.89</b>	<b>382.21</b>
Discounting rate applied (p.a.)	9.00%	7.20%	7.20% 8.25% & 8.70%		9.00%	7.20%	7.20% 8.25% & 8.70%	

**37.3 Lease Liabilities presented in the Balance sheet are as follows (Amount in ₹ Lakhs) :**

Particulars	As on 31st March 2023				As on 31st March 2022			
	Office lease	Residential lease	Leased Rake	Total	Office lease	Residential lease	Leased Rake	Total
Current Lease liabilities	56.34	3.79	244.79	304.92	48.30	9.65	149.16	207.11
Non Current Lease Liabilities	-	-	1163.11	1,163.11	55.58	3.79	115.73	175.10
<b>Total</b>	<b>56.34</b>	<b>3.79</b>	<b>1407.90</b>	<b>1,468.03</b>	<b>103.88</b>	<b>13.44</b>	<b>264.89</b>	<b>382.21</b>

**37.4 The carrying amounts of right-of-use assets recognised and the movements during the year is as under:**

Particulars	As on 31 <sup>st</sup> March 2023				As on 31 <sup>st</sup> March 2022			
	Office lease	Residential lease	Leased Rake	Total	Office lease	Residential lease	Leased Rake	Total
Gross Amount at the beginning of year	247.25	20.05	286.24	553.54	317.24	22.52	-	339.76
Addition during the year on obtaining new lease	-	-	1475.87	1475.87	-	20.05	286.24	306.29
Add/ (Less): Adjustments on account of revision/ termination of leases terms with Lessor	-	-	(286.24)	(286.24)	(69.99)	(22.52)	-	(92.51)
Gross Amount at the end of year	247.25	20.05	1475.87	1743.17	247.25	20.05	286.24	553.54
Accumulated Depreciation at beginning of year	165.93	7.12	32.13	205.18	124.95	19.28	-	144.23
Depreciation provided during the year	39.06	10.04	202.84	251.94	40.98	10.36	32.13	83.47
Depreciation reversed on revision/ termination of leases	-	-	(169.12)	(169.12)	-	(22.52)	-	(22.52)
Accumulated Depreciation at end of year	204.99	17.16	65.85	288.00	165.93	7.12	32.13	205.18
Net Carrying Amount at the end of year	42.26	2.89	1410.02	1455.17	81.32	12.93	254.11	348.36

**37.5 The details of the Contractual Maturities of the Lease Liabilities on undiscounted basis are as follows**

Particulars	Amount in ₹ Lakhs	
	As on 31 <sup>st</sup> March 2023	As on 31 <sup>st</sup> March 2022
Payable within 1 year	402.82	226.50
Payable between 1 to 2 years	276.92	180.98
Payable beyond 2 years	1344.00	Nil

**37.6 Other information**

- (i) Effective 1st April, 2019 the Company has adopted Ind AS-116 "Leases" and applied this Ind AS to all lease contracts existing on 1st April, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of the initial application. The Company has selected the option of recording the right of use assets and corresponding lease liability by the present value of the remaining lease payments as on the date of the initial application and therefore impact on the retained earnings due to adoption of the Ind AS-116 is Nil.
- (ii) Summary of the practical expedients elected on initial application.
  - (a) Applied the exemption not to recognize right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
  - (b) Included the initial direct costs from the measurement of the right of use asset at the date of initial application.
  - (c) Ind AS-116 is applied to only those contracts that were previously classified leases under Ind AS-17.
  - (d) Applied the discount rate(s) as applicable at the time of commencement of respective lease.
  - (e) Use hindsight, in determining the lease term if the contract contains options to extend or terminate the lease



- (iii) Other variable components, wherever applicable, payable by the Company on the above leases, have been booked as expenses and charged to Statement of Profit and Loss [Refer Note 23(v)].
- (iv) In the Statement of Profit and Loss for the current year, the Finance Costs include interest of ₹30.22 lakhs (Previous Year: ₹15.94 lakhs) recognised on the Lease Liabilities (Refer Note 25), whereas Depreciation amounting to ₹251.94 lakhs (Previous Year: ₹83.47 lakhs) has been booked on the Right of Use assets (Refer Note 26).

### 37.7 Leased Assets from Ministry of Railways

In terms of the lease agreement dated 28<sup>th</sup> June 2001 between PRCL and MOR, which is an annexure to the Concession Agreement, Ministry of Railways (lessor) had leased unto the Company (Lessee) all the assets existing in Project area at the time of the grant of concession and land newly acquired at that time for the purpose of construction of Broad-Gauge railway line from Surendranagar to Pipavav in the State of Gujarat. The term of lease is co-terminus with the term of the Concession (i.e. 33 years). Under the lease agreement, annual lease rent amount was fixed at ₹197.52 lakhs which was based on the percentage of the book value of the leased assets and Provisional cost of additional land acquired as determined at the time of the lease agreement by the Indian Railways. The percentage was taken equal to the State Bank of India's Prime Lending Rate at the time of entering into lease agreement. The book value of the existing assets and additional land was assessed at ₹14.06 crores and ₹2.40 crores respectively at that time. On this value, annual lease rent was fixed as ₹197.52 lakhs taking State Bank of India's Prime Lending Rate (12%). Railways recover the lease rent on quarterly basis from the Company's share of freight earnings.

Under the terms of the Concession agreement, the Company had developed the above assets into broad gauge rail network and the same are accounted for as per Appendix D to Ind AS 115 "Service Concession Arrangement". Since, Ind AS 116 (Leases) is not applicable to the Service Concession Arrangements which are covered by Appendix D to the Ind AS 115; therefore, the Company has not applied Ind AS 116 (Leases) in respect of assets leased by MOR. Lease rent charges paid to MOR, including the taxes thereon borne, by the Company are therefore, recognised as expense and charged to Statement of Profit and Loss [Refer Note 23(iii)].

37.8 The obligation in respect of the assets leased by MOR (excluding taxes) are as under:

Particulars	Amount in ₹ Lakhs	
	As on 31 <sup>st</sup> March 2023	As on 31 <sup>st</sup> March 2022
Payable within 1 year	197.52	197.52
Payable between 1 to 5 years	987.60	987.60
Payable beyond 5 years	1,034.14	1231.66

### Note 38: Operating and Maintenance Costs (O&M Costs)

#### 38.1 Fixed Cost (Staff)

The Company has booked the Fixed Cost (Staff) as per bills received from WR. The bills contain the category wise details of manpower deployed by WR on PRCL section [Refer Note 23(i)(a)].

On electrification of PRCL line, WR has deployed additional staff to maintain Traction Distribution (TRD) assets created on PRCL line, and started to charge and recover the cost of these staff from the Company. A Joint Procedure Order (JPO) to decide the methodology for calculation & charging the O&M costs of TRD assets on electrified line is in the process of finalization between PRCL and WR. However, pending the finalization of JPO, the Company has booked the cost of these staff as per bills received from WR, and the same is included in the Fixed Cost (Staff). Adjustments, if any in this regard, shall be made in the books, as per the jointly agreed cost methodology.

WR has given a credit of ₹4.15 lakhs during the current year (Previous Year: ₹106.49 Lakhs) pertaining to past years towards the amounts recovered by Western Railway from their employees on account of festival and other advances. The same has been shown by way of reduction from the Fixed Cost (Staff) for the current year [Refer Note 23(i)(a)]

#### 38.2 Fixed Cost (Material)

- (i) **Fixed Cost (Material):** As per the agreement, Joint Survey Team, comprising the officials of WR and PRCL, had jointly assessed annualized base FMC at ₹743.23 Lakhs for charging by WR to the Company for a period of five years (effectively from April 2020) subject to applying annual inflation rate using WPI. Current Year' cost includes FMC of ₹928.99 lakhs which WR has charged to the Company by inflating the jointly assessed cost,

using WPI. During the previous year, FMC of ₹1136.58 Lakhs was booked which also included arrears of FMC of ₹289.39 Lakhs (pertaining to FY 2020-21) [Refer Note 23(i)(a)].

- (ii) **Maintenance Cost of TRD assets:** The Company has an interim arrangement with WR for charging the cost of maintenance of TRD assets, pending the finalization of Joint Procedure Order for the same. As per the arrangement, WR had charged an ad-hoc amount of ₹231.58 lakhs for FY 2021-22 which the Company recognised during said year and against the same, the actual cost has been advised at ₹93.76 Lakhs during the current year. The excess amount of ₹137.82 lakhs provided for in the previous year has been adjusted against the current year cost of ₹159.64 lakhs. Accordingly, the cost of maintenance of TRD assets has been shown at ₹21.82 lakhs for the current year and the same is included under the head "Fixed Cost (Material)" [Refer Note 23(i)(a)]. Cost for the current year is on a provisional basis and subject to vary on account of revision of the same by the Railway or on finalization of Joint Procedure Order, and therefore, differential amount, if any based on the finalized cost shall be recognised at the time cost is finalized.

### 38.3 Cost of additional works:

- (i) In addition to above Fixed Cost (Material), the Company also incurs the cost of certain works/ activities, which Railways carries out on PRCL section on case-to-case basis, as per operational requirements as per the consent of the Company. During the current year, the Company has booked net expenditure of ₹849.75 Lakhs (net after credit of ₹127.14 lakhs towards the credit of scrap sale) (Previous Year: ₹209.41 Lakhs) towards the cost of these works/ activities as per the claims/ advices/ information/confirmation received from Railways. This also includes ₹718.80 lakhs (including arrears of ₹359.20 lakhs pertaining to period from April 2020 to February 2022) towards the cost of Permanent Way (P-way) Material (Store Imprest), as per the advice received from WR. The Company has shown the expenditure incurred on these works/activities as "Cost for additional works" [Refer Note. 23(i)(c)].
- (ii) In case of non receipt of bills/advices of cost of work from WR, the Company has booked the expenses on the basis of percentage of completion of work to the total estimated costs, as per work progress reports received from WR. After completion of the work, necessary adjustments are made in the books on receipt of the final cost of the works.
- (iii) During the current year, the Company has provided ₹43.00 lakhs (Previous Year: Nil) towards the cost of "Track Machine Operations" on a proportionate based on the latest advice of Railways received in this regard. Cost on "Track Machine Operations" during the current year includes ₹173.89 Lakhs towards the cost of Track Machine Operations for the period July 2019 to June 2022, as per advice received from WR. Based on the same, proportionate cost of Track Machine operations for the prior period is worked out to be ₹159.85 lakhs. Cost of "Track Machine Operations" is also included under the head "Cost for additional works" [Refer Note 23(i)(c)].
- (iv) In one of the issues i.e. medical reimbursement to the Railway staff deputed on the PRCL's section, WR has corrected the billing methodology effectively from 1<sup>st</sup> April 2021. However, WR did not revised bills for medical reimbursement for the earlier periods which might have resulted in a refund amounting to ₹1102 lakhs (approx.) to the Company. The Company has contested the same with the Railways. Western Railway has principally agreed for the refund of the excess cost on account of medical reimbursement charged by them during the earlier years. However, the Company's claims for the same is subject to verification by Western Railway and accordingly, the same shall be accounted for as and when the amount of refund of the excess cost of medical reimbursement is finalized by the Railways and agreed by the Company.
- (v) Effectively from January 2023, Western Railway has unilaterally started to charge pension cost and other components of the "Overhead Cost" to the Company based on unilaterally revised methodology. This has resulted into additional cost of ₹194.55 Lakhs (approx.) on account of the overhead costs. The same is being contested with WR.

### 38.4 Variable Costs

The Company has booked the Variable Costs as per bills received from WR. In preparation of the bills of Variable Costs, WR uses the reconciled operating data (e.g. GTKMs, NTKMs, loco hours etc.) and applies unit costs with the reconciled operating data in computation of various components of Variable Costs. The cost has been recognised based on the available data/ information in case bill(s) are not received.

However, effectively from February 2023, WR has started to use operating data (e.g. GTKMs, NTKMs, loco hours etc.), as per advice of WR' Traffic Accounts office, which has resulted in higher charges to the tune of ₹284.27 lakhs under the various sub-heads of Variable Costs. The Company has contested the same as operating data as advised by WR' Traffic Accounts office, based on which WR has raised their claims, are not supported with details for



verification.

Further, the Company has certain issues with WR with respect of unilateral changes made in the billing methodology by WR which has been causing charging of the inflated costs to the Company. One of such issues relates to calculation of unit costs whereby, effectively from July-2020, units costs are calculated after dividing the combined WR' costs of crew (i.e. combined cost of both Passenger and Goods traffic) by GTKMs of WR' for Goods Traffic only. The Company had raised this issue for necessary resolution which is pending with WR. In absence of availability of requisite data, the excess amount charged if any, by the Railways on this account is not determinable. Therefore, the differential amount shall also be accounted for as and when the cost is revised by Western Railway.

**Cost of Energy Consumption:** PRCL section has been electrified and the electric goods trains operations have started on the PRCL line. However, a Joint Procedure Order (JPO) for billing the costs of operation and maintenance of new (TRD) assets emerged from electrification of PRCL line is yet to be finalized with WR. Pending the finalization of JPO, the Company has made an interim arrangement with WR. Effectively from April 2022, WR has started billing the cost of energy consumptions to the Company for the electric goods train operations using the methodology, as agreed upon under the interim arrangement.

Further, as per the interim agreement, WR has also revised the bills of fuel costs pertaining to period prior to April 2022 in which it had charged the cost of energy consumption using calculation methodology applicable to fuel cost. On revision, WR has given the traction benefit of ₹1066.70 lakhs to the Company in respect of electric goods train operations pertaining to period upto March, 2022. Out of this, the Company had already recognised traction benefit of ₹932.11 lakhs during the FY 2021-22 and the balance amount of ₹134.59 lakhs has been recognized during the current year reducing the cost under the head "Cost of Fuel and Energy" [Refer Note 23(i)(b)]. However, the cost of energy is subject to vary based on the finalized Joint Procedure Order for billing the O&M costs of TRD assets.

- 38.5** During the current year, expenses relating to earlier period(s) recognised/(reversed) by the Company on receipt of the bills/ advices from WR are as under:

(Amount in ₹ in Lakhs)

Sr. No.	Particulars	FY 2022-23		FY 2021-22		Accounting Head (Note reference)
		Amount	Period to which expense relates	Amount	Period to which expense relates	
1.	Cost of Track Maintenance Items procured Imprest	359.20	2020-21 to 2021-22	40.76	2020-21	Cost of additional works [Note No.: 23(i)(c)]
2.	Cost of track maintenance Items procured Imprest	-	-	(175.33)	2015-16 to 2019-20	
3.	Cost of Track Machine Operations	173.89	July 2019 to June 2022	-	-	
4.	Flood Restoration and Protection works	-	-	(100.43)	2015-16	
5.	Flooring Drop Repairs works	-	-	(9.51)	2020-21	
6.	Replacement of SEJs between SRGT/PPVS Section	-	-	(20.86)	2020-21	
7.	Refund by of the overpayments to Railway Staff	(4.15)	April 2016 to March 2018	(106.49)	January 2006 to March 2016	Man Power Cost [Note No: 23(i)(a)]
8.	Traction Benefit	(134.59)	December 2022 to March 2023	(251.39)	June 2020 to March 2021	Cost of Fuel & Energy [Note No: 23(i)(b)]
9.	Maintenance of TRD Assets	(137.82)	Upto March 2022	-	-	Material Cost [Note No: 23(i)(a)]

- 38.6** The Insurance cover for the Project Assets primarily comprising of Formations, Building, Plant & Machinery, Permanent ways including Rail and Sleepers expired on 19<sup>th</sup> June 2020. The Board of Directors of the Company in their meeting held on 24<sup>th</sup> March, 2022 decided that the Company will set aside an amount of ₹500.00 Lakhs as a reserve fund on



account of restoration of PRCL section in the event of heavy rainfall or any other similar cause of which PRCL are disrupted and there is a material damage of assets. In view of the Board decision, the company has set aside ₹500.00 Lakhs in "Insurance Reserve Fund" out of the Retained Earnings of the Company [Refer Note 16.2]. The Company has earmarked fixed deposit of the same amount for this purpose in line with the decision in this regard [Refer Note 6.1].

### Note 39: Revenue Recognition and Reconciliation

#### 39.1 Apportioned Freight earnings from Indian Railways:

- 39.1.1 Indian Railways collect freight in respect of freight train operations on the Project Railway. Under the terms of the Operation and Maintenance agreement (O&M agreement), Western Railway (WR) carries out the operations and maintenance of the Project Railway and maintains the records of freight generated from freight train operations on the Project Railway. Based on these records, WR makes apportionment of the freight earning on monthly basis and pays to the Company its share of freight earning in proportion of the distance traversed on Project Railway to the total distance traversed by the freight trains using Indian Railways' rules of Financial Adjustments. The Company also maintains records of freight trains movement on the basis of railway receipts extracted from Freight Operating Information System (FOIS) maintained by Centre for Railway Information Systems (CRIS) of Indian Railways. The Company recognises its share of freight earning as Contract Revenue from Operation on the basis of records maintained by it. These records are reconciled by the Company with WR and the differences observed on reconciliation are adjusted in the books of accounts in the period of completion of reconciliation process.
- 39.1.2 Western Railway makes apportionment of freight to the Company using actual distance carried by freight trains and not on the basis of booked route distance (i.e. distance for which freight is charged by Indian Railways). The actual distance carried by freight train differs from the booked route distance where Railways run the freight trains through diverted route due to its operational requirements. The Company has also booked its share of freight earnings worked out on carried route basis.
- 39.1.3 Apportioned freight earning for the current year is under reconciliation with WR. Adjustment, if any required based on the reconciled figures shall be made on completion of reconciliation.

#### 39.1.4 Other disclosures

(Amount ₹ in Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Disaggregation of Revenue (under Service Concession Arrangement with Railways)</b>		
Income From Rail Operations (including adjustment on account of arrears)	25,721.14	19,486.99
Construction Contract Revenue (under Service Concession Arrangement)	817.91	1,602.21
Other contract revenue	2.97	-
<b>Total</b>	<b>26,542.02</b>	<b>21,089.20</b>
<b>Contract balances (under Service Concession arrangement)</b>		
Trade receivables	2,640.19	2,414.58
Contract assets		
Contract liabilities		
<b>Trade Receivables</b>		
Trade Receivables at the beginning of the year	2,414.58	2,458.89
Total Revenue during the year (including adjustment on account of arrears)	25,721.14	19,486.99
Adjustments towards cost	-	(6.97)
Less: Recovery of O&M costs and other recoveries	(17,258.62)	(14,520.27)
Less: Net Payment received (after the above recoveries) during the year	(8,236.91)	(5,004.06)
<b>Closing Balance of the Trade Receivables</b>	<b>2,640.19</b>	<b>2,414.58</b>



### 39.2 Traffic Guarantee Shortfall amount and other amounts claims on GPPL

The revenue on account of shortfall in guaranteed traffic as per 'Transportation and Traffic Guarantee Agreement' entered into amongst GPPL, PRCL and WR is accounted for based on traffic handled by the Company. During the current year, there is no shortfall in traffic guarantee and therefore, no revenue on account of traffic guarantee shortfall has accrued to the Company for the year.

#### Note 40: Settlement of dues with WR

WR has been billing and recovering the O&M costs on a monthly basis by adjusting the same from the Company's monthly share of freight earning under the terms of the O&M agreement entered into between PRCL and WR. The lease rental charge on the assets leased by MOR is recovered by WR from the Company on a quarterly basis from the Company's share of freight earning of first month of the relevant quarter. The Company has shown the receivables from WR on a net basis after adjusting recovery of O&M costs and lease rental made by WR as per the advice(s) received from WR.

#### Note 41: Employee's Benefits

The Company has accounted for the employee's benefit expenses in accordance with Ind AS 19 "Employee Benefits" notified by the Ministry of Corporate Affairs, Government of India. The summarised position of post-employment benefits and long-term employee benefits recognised in the Statement of Profit and Loss and Balance Sheet as per Ind AS 19 are as under:

#### 41.1 Change in the present value of the obligations (Amount in ₹ Lakhs):

Particulars	2022-23			2021-22		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Present value of obligation at the beginning of the Year	139.73	129.75	42.35	126.46	119.94	40.61
Interest Cost	10.09	9.37	3.06	8.61	8.17	2.76
Current Service Cost	10.76	11.28	3.24	10.28	10.90	3.17
Benefits Paid	-	(7.39)	-	(8.04)	(10.74)	(3.95)
Re-measurements Obligations [Actuarial loss/(gain)]	(0.56)	0.47	(2.48)	2.42	1.48	(0.24)
Present value of obligation at the end of the Year	160.02	143.48	46.17	139.73	129.75	42.35

#### 41.2 Change in Fair Value of Plan Assets (Amount in ₹ Lakhs)

Particulars	2022-23			2021-22		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Fair value of Plan Assets at the beginning of the Year	95.63	-	-	87.44	-	-
Actual return on Plan Assets	7.59	-	-	7.11	-	-
Employer's contribution	15.53	-	-	9.23	-	-
Fund Management Charges	(0.33)	-	-	(0.11)	-	-
Benefit Paid	-	-	-	(8.04)	-	-
Fair value of Plan Assets at the end of Year	118.42	-	-	95.63	-	-

**41.3 Amount recognized in Balance Sheet (Amount in ₹ Lakhs):**

Particulars	2022-23			2021-22		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Estimated Present Value of obligations at the end of the Year	160.02	143.48	46.17	139.73	129.75	42.35
Fair value of Plan Assets at the end of Year	118.42	-	-	95.63	-	-
Net Assets/ (Net Liability) recognized in Balance Sheet	(41.60)	143.48	46.17	(44.10)	129.75	42.35

**41.4 Expenditure recognized in the Statement of Profit and Loss (Amount in ₹ Lakhs):**

Particulars	2022-23			2021-22		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Current Service Cost	10.76	11.28	3.24	10.28	10.90	3.17
Interest Cost	3.18	9.37	3.06	2.66	8.17	2.76
Net Actuarial (Gain) / Loss recognized in the year	-	0.47	(2.48)	-	1.48	(0.24)
Total expenses recognized in the Statement of Profit and Loss	13.94	21.12	3.82	12.94	20.55	5.69

**41.5 Expenditure recognized in the Other Comprehensive Income (Amount in ₹ Lakhs):**

Particulars	2022-23			2021-22		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Net cumulative unrecognized actuarial gain/ (loss) at the beginning of year	-	-	-	-	-	-
actuarial gain/ (loss) for the year on PBO	0.56	-	-	(2.42)	-	-
actuarial gain/ (loss) for the year on the assets	0.35	-	-	1.05	-	-
Actuarial gain/ (loss) recognised during the year	0.91	-	-	(1.37)	-	-

**41.6 Principal actuarial assumption at the Balance Sheet Date**

Particulars	2022-23			2021-22		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Discount Rate	7.34%	7.34%	7.34%	7.22%	7.22%	7.22%
Rate of return on Plan Assets	0%	0%	0%	6.75%	0%	0%
Expected rate of Salary Increase	8%	8%	8%	8%	8%	8%
Method used	Projected unit credit					

**41.7 Maturity profile of defined benefit obligation is as follow (Amount in ₹ Lakhs):**

Period	Effect on Gratuity obligation	Effect on Earned Leave	Effect on Sick Leave
April 2023 to March 2024	5.57	13.91	3.20
April 2024 to March 2025	9.32	2.41	0.78
April 2025 to March 2026	2.68	2.41	0.78
April 2026 to March 2027	2.58	2.31	0.74
April 2027 to March 2028	2.51	2.25	0.72
April 2028 to March 2029	2.39	2.08	0.66
April 2029 onwards	131.78	118.10	38.51



**41.8 Sensitivity analysis of defined benefit obligations (Amount in ₹ Lakhs):**

Particulars	Change in assumptions	Effect on Gratuity obligation	Effect on Earned Leave obligations	Effect on Sick Leave Obligations
Discount Rate	+0.50 %	(11.85)	(8.19)	(3.33)
	-0.50%	6.18	8.95	1.99
Salary Growth	+0.50 %	6.08	8.80	1.95
	- 0.50 %	(11.84)	(8.19)	(3.33)

41.9 The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors, such as supply and demand in employee market.

41.10 The Company provides for Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five (5) years are eligible for gratuity. The amount of gratuity payable on retirement/termination of the employees is based on last drawn Basic Salary (including dearness allowance) per month computed proportionately for 15 days' salary multiplied for the number of years of service.

41.11 The Company has created a PRCL employees' Group Gratuity Trust which has taken a Group Gratuity Policy with Life Insurance Corporation of India for payment of gratuities. The Gratuity Fund has been approved by Income Tax Authorities.

41.12 The amount of liabilities is as per the report of a qualified Actuary and assets and return of planned assets are as per the details provided by the fund manager i.e. Life Insurance Corporation of India.

41.13 Actuary has carried out the actuarial valuation in respect of Gratuity obligation for the current year and previous year considering the Maximum Gratuity Limit of ₹20 lakhs (revised from ₹10 lakhs), as prescribed under The Payment of Gratuity Act, 1972. No other change in benefits has been made.

**Note 42:** In the opinion of management, sufficient provisions have been made for all direct/indirect costs payable in terms of the Operation and Maintenance Agreement and for other expenses.

**Note 43: Impairment of Assets**

The management has carried out a review on impairment of all the assets of the Company including intangible assets in accordance with Ind AS-36 'Impairment of Assets'. On the basis of review, the management is of the opinion that the economic performance of property, plant & equipment and intangibles and other assets, is not worse than expected and therefore, no impairment of any assets has been made as on the Balance Sheet date. PRCL Section has been electrified. As per technical review by the Management, due to electrification of PRCL line, there is no impairment to the existing Project Assets including the equipment.

However, in case of license fee of ₹1,000.00 lakhs paid to MOR for obtaining license to run the container trains, the impairment loss equivalent to the net carrying amount of the license fee was already booked as expense and charged to Profit and Loss in the earlier year. As such, the carrying amount of license (net after impairment loss) was already fully amortised and hence the same is being shown as "Nil".

**Note 44:** In the opinion of Board of Directors, value on realization of current assets including other instruments in ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

**Note 45: Auditors Remuneration:** Details of auditors' remuneration are as under (Amount in ₹ Lakhs):

Sl. No.	Particulars	2022-23	2021-22
<b>Auditors' Remuneration (including applicable taxes) for:</b>			
1.	Statutory Audit	6.49	5.90
2.	Quarterly review	2.66	2.66
3.	Tax Audit (including certification charges)	1.35	1.00
4.	Out of Pocket Expenses	0.31	-
	<b>Total [Refer Note 23(v)]</b>	<b>10.81</b>	<b>9.56</b>

**Note 46: Segment Reporting:**

The Company has since restarted container train operations (CTO) effective from 21<sup>st</sup> September 2021 by exercising rights conferred by MOR by way of granting license to the Company to run container trains. The Company has considered the CTO business as a separate business segment and accordingly, the Company has made segment reporting in the financial statements.

For management purposes, the Company is organized into business units based on its services and has two reportable segments, as follows:

**46.1 Service Concession Arrangement with Indian Railways:** In this segment, the Company has entered into a Service Concession Agreement with Ministry of Railways, Government of India for construction of Broad-Gauge railway line from Surendranagar to Pipavav (Project Railway) and uses the same on a BOOT basis for a period of 33 (thirty-three) years with effect from 28<sup>th</sup> June 2001. The Company has been reaping return on investment made by it on development of the above rail link in form of share of freight earning (net after cost of operations and maintenance) from Railways on a pro-rata basis i.e. in the proportion to the distance for running of freight trains on the above rail link.

**46.2 Container Train Operations:** The Company obtained permission from Ministry of Railways to undertake container train operations on certain specified routes of Indian Railways. Accordingly, the Company has been carrying out activities of Container Train operations and reaping earning out of the same.



Board of Directors of the Company, through the Managing Director, is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's income taxes and other common income and expenditures are managed on a Group basis and are not allocated to operating segments.

Amount (₹ in Lakhs)

Particulars	Service Concession Arrangement with Railways		Container Train operation		Total	
	Year ended March 2023	Year ended March 2022	Year ended March 2023	Year ended March 2022	Year ended March 2023	Year ended March 2022
<b>Revenue</b>						
Revenue from operations	26,542.02	21,089.20	2,870.03	878.27	29,412.05	21,967.47
Other Operating Income		-				-
Inter-Segment Sales		-		-		-
Other income		-	2.93		2.93	-
<b>Total Revenue</b>	<b>26,542.02</b>	<b>21,089.20</b>	<b>2,872.96</b>	<b>878.27</b>	<b>29,414.98</b>	<b>21,967.47</b>
<b>Expenditure</b>						
Operating and Other Expenses	20,332.59	16,662.54	2,304.19	726.52	22,636.78	17,389.06
Finance Cost	444.96	367.80	26.59	5.58	471.55	373.38
Depreciation and Amortization	3,170.93	3,090.36	203.02	32.14	3,373.95	3,122.50
<b>Total Expenditure</b>	<b>23,948.48</b>	<b>20,120.70</b>	<b>2,533.80</b>	<b>764.24</b>	<b>26,482.28</b>	<b>20,884.94</b>
<b>Segment Results</b>	<b>2,593.54</b>	<b>968.50</b>	<b>339.16</b>	<b>114.03</b>	<b>2,932.70</b>	<b>1,082.53</b>
<b>Reconciliation of Profit</b>						
Segment Results	2,593.54	968.50	339.16	114.03	2,932.70	1,082.53
Unallocated Corporate Income	-	-	-	-	1,907.68	1,478.86
Unallocated Corporate Expenses	-	-	-	-	(701.64)	(781.33)
<b>Profit / (loss) before exceptional items and tax</b>	<b>2,593.54</b>	<b>968.50</b>	<b>339.16</b>	<b>114.03</b>	<b>4,138.74</b>	<b>1,780.06</b>
Exceptional Items	-	-	-	-	-	-
<b>Profit Before Tax</b>	<b>2,593.54</b>	<b>968.50</b>	<b>339.16</b>	<b>114.03</b>	<b>4,138.74</b>	<b>1,780.06</b>
Income Taxes	-	-	-	-	(1,369.69)	724.97
<b>Net Profit</b>	<b>2,593.54</b>	<b>968.50</b>	<b>339.16</b>	<b>114.03</b>	<b>5,508.43</b>	<b>1,055.09</b>
<b>Other Comprehensive Income</b>						
Re-measurement of defined employee benefit plans [ Gain/(Loss)]	-	-	-	-	0.91	(1.37)
Income Tax on above	-	-	-	-	(0.27)	0.40
<b>Total Comprehensive Income for the period</b>	<b>2,593.54</b>	<b>968.50</b>	<b>339.16</b>	<b>114.03</b>	<b>5,509.07</b>	<b>1,054.12</b>
<b>Other Disclosures</b>						
Total Segment Assets	38,880.57	40,978.13	2,701.80	646.25	41,582.37	41,624.38
Total Segment liabilities	11,277.95	9,260.55	1,767.42	300.77	13,045.36	9,561.32
<b>Reconciliation of Assets</b>						
Segment Assets	38,880.57	40,978.13	2,701.80	646.25	41,582.37	41,624.38
<b>Common Assets</b>						
Property Plant and Equipment	-	-	-	-	36.90	50.45
Right of Use Assets	-	-	-	-	45.16	94.25
Other Intangible Assets	-	-	-	-	0.58	2.29
Financial Assets	-	-	-	-	36,591.86	29,682.64
Deferred Tax Assets	-	-	-	-	9,045.51	8,953.42
Current Tax Assets	-	-	-	-	136.50	84.02
Other Current and Non Current Assets	-	-	-	-	13.04	14.23
Financial Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>38,880.57</b>	<b>40,978.13</b>	<b>2,701.80</b>	<b>646.25</b>	<b>87,451.92</b>	<b>80,505.68</b>
<b>Reconciliation of Liabilities</b>						
Segment Liabilities	11,277.95	9,260.55	1,767.42	300.77	13,045.36	9,561.32
<b>Common Liabilities</b>						
Lease Liabilities	-	-	-	-	60.13	117.31
Deferred Tax Liabilities	-	-	-	-	1,680.08	3,680.80
Provisions	-	-	-	-	292.10	276.69
Other Financial Liabilities	-	-	-	-	17.48	24.24
Other Current Liabilities	-	-	-	-	16.46	14.08
Current Tax Liabilities	-	-	-	-	-	-
	<b>11,277.95</b>	<b>9,260.55</b>	<b>1,767.42</b>	<b>300.77</b>	<b>15,111.61</b>	<b>13,674.44</b>

**Note 46.3:** Fixed deposits and Interest income are not allocated to Segments since these items are managed at Corporate Level.

**Note 46.4:** Various Employee benefit and other administrative expenses are not allocated to Segments since these items are managed at corporate level.

**Note 47: Disclosure of Ratios**

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	6.63	9.55	-31%	Decrease is due to decrease in the liquid/ current assets over the period.
Debt-equity Ratio	Total Debt	Shareholder's Equity	Not Applicable	Not Applicable	-	
Debt service coverage ratio	Earnings available for debt service	Debt Service	Not Applicable	Not Applicable	-	
Return on equity ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	7.62%	1.58%	383%	Increase is due to increase in operating revenue and profit over the period.
Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	Not Applicable	Not Applicable	-	
Trade receivables turnover ratio	Net Credit Sales	Avg. Accounts Receivable	8.67	7.75	12%	Increase is due to increase in the turnover/ operating income over the Period.
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	6.15	4.76	29%	Increase is due to increase in the operating expenses over the Period.
Net capital turnover ratio	Net Sales	Working Capital	1.13	0.79	44%	Increase is due to increase in operating revenue and decline in working capital over the period.
Net profit ratio	Net Profit	Net Sales	19.27%	5.18%	272%	Increase is due to increase in operating revenue and profit margin over the period.
Return on capital employed	Earning before interest and taxes	Capital Employed	5.6%	2.5%	122%	Increase is due to increase in the earning/ profit before tax and interest over the period.
Return on capital employed in accordance with Guidance note issued by ICAI	Earning before interest and taxes	Capital Employed	3.8%	1.6%	130%	Increase is due to increase in the earning/ profit before tax and interest over the period.
Return on investment	Increase in Equity Shareholders fund at the end of year	Equity Shareholder fund at the start of year	8.2%	1.6%	414%	Increase is due to increase in the earning/ profit over the period.

**Note 47.1:** Net sales used in calculation of net profit ratio is excluding the contract income recognised from Service Concession Arrangement



**Note 48: Other Disclosures:**

- (i) The Company has no transactions with companies which have been struck off under section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year as required to be reported as per Schedule III of Companies Act 2013.
- (ii) The Company has not traded or invested in Crypto Currency or Virtual Currency during the year.
- (iii) The Company does not have any Benami property and further no proceeding has been initiated or pending against the company for holding any Benami property.
- (iv) The Company does not have any charges or satisfaction which is to be registered with the Registrar of Companies (ROC).
- (v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has no loans and advances which are either repayable on demand or are without specifying any terms or period of repayment.
- (vii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (viii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - b. Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (ix) Property, Plant and Equipments including ROU Assets have not been revalued during the year, therefore subsequent disclosures as required by Schedule III of the Companies Act, 2013 are not applicable.
- (x) Intangible Assets have not been revalued during the year, therefore subsequent disclosures as required by Schedule III of the Companies Act, 2013 are not applicable
- (xi) The Company does not have any borrowings from banks and financial institutions, therefore additional disclosures as required by Schedule III of the Companies Act, 2013 are not applicable.
- (xii) The Company does not have Investment Property, therefore additional disclosure as required by Schedule III of the Companies Act, 2013 are not applicable.
- (xiii) The Company is not required to submit quarterly stock statements to Banks or Financial Institutions since there are no borrowings by the company from the banks therefore, additional disclosures as required by Schedule III of the Companies Act, 2013 are not applicable.
- (xiv) The Company is not classified as willful defaulter by the Banks or Financial Institutions therefore, additional disclosures as required by Schedule III of the Companies Act, 2013 are not applicable.
- (xv) The Company does not have further investment in any company therefore, there is no requirement for compliance under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017. Therefore, additional disclosures as required by Companies Act 2013 are not applicable.
- (xvi) The Company does not have any immovable properties (other than leased assets) whose title deed is not in its name. Therefore, applicability of reporting under format does not arise.
- (xvii) The Company does not have any borrowed fund or share premium, therefore, disclosure of the information in the financial statements does not arise.



**Note 49:** Previous period' figures reported in the financial statements have been regrouped wherever appropriate to make them comparable with that of the current year figures.

**As per our Report of even date attached  
for Kapoor Tandon & Co.  
Chartered Accountants**

**for and on behalf of Board of Directors**

Sd/-  
CA Devendra Swaroop Mathur  
Partner  
M. No. 082570  
UDIN: 23082570BGXEYV1694

Sd/-  
Sanjiv Garg  
Managing Director  
DIN: 00682084

Sd/-  
Santosh Breed  
Director  
DIN: 08011070

Sd/-  
Priya Ranjan Parhi  
Director  
DIN: 09499859

Place : New Delhi  
Date: 29th August 2023

Sd/-  
Vinod Kumar  
Chief Financial Officer  
M. No.: 508739

Sd/-  
Leena Narwal  
Company Secretary  
M. No.: A20516



## 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]

**CIN** : U45200DL2000PLC151199  
**Name of the company** : Pipavav Railway Corporation Limited  
**Registered office** : B-1202 (B-Wing), 12<sup>th</sup> Floor, Statesman House, 148 Barakhamba Road, Connaught Place, New Delhi – 110 001  
**Name of the member(s)** :  
**Registered address** :  
**E- mail Id** :  
**Folio No./ Client Id** :  
**DP ID** :

I, being the member of \_\_\_\_\_ share(s) 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 ....., or failing him

as my proxy to attend and vote (on a poll) for me and on my behalf at the 23rd **Annual General Meeting** of the company, to be held on **Thursday, the 21st of September, 2022 at 3:30 PM at Corporate office of the Company located at B-1202, 12th Floor Statesman House, New Delhi through video conferencing** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. **1 to 4** \_\_\_\_\_

Signed this..... day of..... 20.....

**Signature of shareholder** \_\_\_\_\_

**Signature of Proxy holder(s)** \_\_\_\_\_

**Affix  
Revenue  
Stamp**

**Note:**

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.

