



20th Annual Report 2019-20 **Pipavav Railway Corporation Limited**

CIN: U45200DL2000PLC151199

BOARD OF DIRECTORS

Sh. Anurag, Chairman (Ceased to be Chairman w.e.f. 09.03.2020)
Sh. Sushant Kumar Mishra (Appointed as Chairman w.e.f. 09.03.2020)
Sh. S.K. Mohanty (Ceased to be Director w.e.f. 28.02.2020)
Sh. Debaraj Panda (Appointed as Director on 28.02.2020)
Sh. Hari Mohan Gupta (Appointed as Director w.e.f. 04.06.2019)
Sh. Abhijit Narendra
Sh. A. K. Srivastava (Ceased to be Director w.e.f. 27.08.2019)
Smt. Anju Ranjan (Appointed as Director 27.08.2019)
Sh. Prateek Goswami (Appointed as Director w.e.f. 14.06.2019)
Sh. S.C. Mittal (Ceased to be a Director w.e.f. 14.06.2020)
Sh. Keld Pedersen (Ceased to be Director w.e.f. 28.02.2020)
Sh. Jakob Friis Sorensen (Appointed as Director w.e.f. 28.02.2020)
Sh. Santosh Breed
Capt. Padminikant Mishra
Sh. Sanjiv Garg, Managing Director

Company Secretary

Smt. Leena Narwal

Chief Financial Officer

Sh. 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 & Corporate Office:

B-1202, (B-wing), 12th Floor, Statesman House
148, Barakhmba Road
New Delhi- 110 001

Branch Office:

Behind Divisional Railway Manager Office
Western Railway, Bhavnagar Para, Bhavnagar
Gujarat- 364 003

20TH ANNUAL REPORT

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

AGENDA FOR 20TH ANNUAL GENERAL MEETING – 22.09.2020

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Tuesday, the 22nd September, 2020 at 12.00 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 Financial Statements of the Company for the year ended 31st March, 2020 containing Balance Sheet as at 31st March, 2020, Statement of Profit and Loss, Statement of Change in Equity, Statement of Cash Flow for the year ended 31st March 2020, notes thereon comprising of significant accounting policies and other explanatory information, comparative information in respect of preceding year ended 31st March 2019 together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Abhijit Narendra, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Santosh Breed, who retires by rotation, and being eligible, offers himself for reappointment.
4. To consider fixation of remuneration for the year ending 31st March, 2021 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 2020-21. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2020-21 is 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 Ms. Kapoor Tandon & Co., Chartered Accountants as the Statutory Auditors made by Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the financial year 2020-21 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:

5. To approve declaration of interim dividend to all the shareholders for the **FY 2020-21**

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 an interim dividend for the FY 2020-21 @ 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 21st September, 2020.

RESOLVED FURTHER THAT record date to ascertain the eligibility of members to receive interim dividend be fixed as 21st September, 2020.

RESOLVED FURTHER THAT a sum of Rs. 9,80,00,010/- being the total interim 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 Sh. 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.”

6. To approve Profit Linked Bonus/ Incentive for **PRCL personnel.**

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

“RESOLVED THAT consent of Shareholders of the Company be and is hereby accorded to pay a Profit Linked Bonus/ Incentive for the FY 2019-20 to all the employees including the Managing Director of the Company @ 40% of the annual basic pay and basic pay of the month of March, 2020 will be taken for calculation purpose. Pro- rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned.

RESOLVED FURTHER THAT Sh. 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/-

Place : New Delhi **Company Secretary**
Date : August 10, 2020 **Membership No.:** A20516

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. 5 to 6 is 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. Due to the present situation of COVID-19 Pandemic, a member can also attend the meeting through video conferencing by joining the webex meeting as per following details:

Meeting number (access code): 170 039 9101

Meeting password: mfJJZdgA972

Tuesday, September 22, 2020

12:00 pm

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

Item No. 5

The Board of Directors in their meeting held on 10th August, 2020 had accorded its consent to declare interim dividend for the FY 2020-21 @ 5% (Rs.0.5 per share) amounting to Rs. 9.80 crore plus dividend tax 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 interim dividend be fixed as 21st September, 2020. All the money towards dividend will be deposited in a separate bank account opened in the name of Company with State Bank of India at its Branch at Rail Bhawan.

The Board of Directors recommend passing of resolution as set out under Item no. 5.

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

Item No. 6

Board of Directors in their meeting held on 10th August, 2020 approved to pay a Profit Linked Bonus/incentive @ 40%

of the annual basic pay to all employees of the Company, including the Managing Director. Basic pay of the month of March, 2020 will be taken for calculation purpose. Pro- rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned.

The Board of Directors accordingly recommends the passing of the proposed ordinary resolution as set out under item No. 6 of the notice by the members of the Company.

Save and except the above, none of the other Directors and their relatives are concerned / interested in passing of the said ordinary resolution.

By order of the Board
For Pipavav Railway Corporation Limited
Sd/-

Company Secretary
Membership No.:- A20516

Place: New Delhi
Dated: August 10, 2020

DIRECTORS' REPORT

To

The Members,

Your Directors take pleasure in presenting the 20th Annual Report on the working of your Company, along with Audited Financial Statements of the Company for the financial year ended 31st March, 2020.

FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY:

(Amount in Rs. Lacs)

Particulars	2019-20	2018-19
Income from Operations (including Contract Revenue from Service Concession Arrangement and Other Operating Income)	37,529.38	29,109.31
Other Income	3,748.16	2,258.88
Total Income	41,277.54	31,368.19
Less: Employee benefits, Operating, CSR and Other expenses (including Contract Costs under Service Concession Arrangement)	(30,898.08)	(21,041.75)
Less: Impairment loss on Intangible assets	-	-
Profit/(Loss) before Interest and Depreciation/ amortization	10,379.46	10,326.44
Less: Interest and Financial Cost	(254.63)	(165.31)
Less: Depreciation and amortization	(1,005.81)	(925.02)
Net Profit/ (Loss) before Tax and Exceptional items	9,119.02	9,236.11
Add/(Less): Exceptional items	-	-
Profit/ (Loss) before Tax	9,119.02	9,236.11
Add/(Less): Taxes (net of credit)	(892.02)	(674.72)
Net profit after tax	8,227.00	8,561.39
Other Comprehensive Income (net of taxes)	(11.67)	0.20
Total Comprehensive Income carried to Balance Sheet	8,215.33	8,561.59

DIVIDEND

The Company had paid an interim dividend for the FY 2019-20 @ 5% (Rs. 0.5 per share), out of profit 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 2019-20, the Company has carried 8.14 MT of cargo on the PRCL line and earned revenue of ₹229.65 crore from its freight operations as compared to 8.24 MT of cargo moved and revenue earned of ₹227.65 crore during 2018-19 indicating a growth of 0.88 % in revenue and decline of 1.20% in volume.

During the financial year 2019-20:

1. There has been ever highest loading in UREA/DAP. Total 455 fertilizer trains have been loaded compared to 419 trains during 2018-19 indicating 9% YOY growth.
2. Total 4530 container trains have run on PRCL section as compared with 4455 container trains run during 2018-19 showing a YOY growth of 1.70%.
3. Total number of 326812 TEUs have been loaded from Pipavav Port compared to 326690 TEUs loaded during 2018-19 registering a marginal YOY growth of 0.04%.

RECENT DEVELOPMENTS

Electrification of adjoining areas of PRCL section is under progress being feeder route to Western Dedicated Freight Corridor. During the current year, electrification of a portion of PRCL line from Surendranagar to Botad junction has been completed. After CRS inspection, operation has been started on the electrified portion from 10th June 2020. Electrification of remaining part of PRCL line is in full swing and is likely to be completed by December, 2020. After completion of electrification work, it will provide seamless connectivity of PRCL Section with Western Dedicated Freight Corridor. Central Organization for Railway Electrification, Allahabad (CORE/ALD) has been engaged to carry out rail electrification works on PRCL section.

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, 2020 is ₹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 and sub-section 3 of Section 92 of the Companies Act 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form No. MGT-9 as at March 31, 2020 forms part of this report as **Annexure-A** and web address of the Company on which annual return is being placed is www.pipavavrailway.com.

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

During the year under review, Sh. Abhijit Narendra and Sh. Santosh Breed, Directors retire by rotation at the 20th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting of shareholders, Smt. Anju Ranjan, Sh. Hari Mohan Gupta, Sh. Debaraj Panda were appointed as Nominee Directors in place of Sh. Ajeet Kumar Srivastava, Sh. S.C. Jain and Sh. S.K.

Mohanty respectively and Sh. Sushant Kumar Mishra was appointed as Nominee Director and Chairman by Ministry of Railways in place of Sh. Anurag as per the provisions of Section 161 (3) of the Companies Act, 2013.

Sh. S.C. Mittal, Nominee Director from IL&FS has submitted his resignation w.e.f 14.06.2020.

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 31.03.2020:

1. Sh. Sanjiv Garg – Managing Director
2. Sh. 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 2019-2020, the Board met 4 (four) times on 09.05.2019, 30.08.2019, 18.12.2019 and 19.03.2020. The maximum interval between any two board meetings did not exceed 120 (one hundred and twenty) days.

Additionally, nine committee meetings were held during the year including 4 (four) meetings of Sub-Committee to review Financial Statements.

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

Board of Directors Meeting

S. no.	Name of Director	Designation	Board of Directors Meeting				Remarks
			09.05.2019	30.08.2019	18.12.2019	19.03.2020	
1.	Sh. Anurag	Chairman	Attended	Attended	Attended	Not applicable	Ceased as Chairman w.e.f. 09.03.2020
2	Sh. Sushant Kumar Mishra	Chairman	Not Applicable	Not Applicable	Not Applicable	Attended	Appointed as Chairman w.e.f. 09.03.2020
3	Sh. S.K. Mohanty	Director	Not Attended	Attended	Not Applicable	Not applicable	Ceased as Nominee Director w.e.f. 28.02.2020

4.	Sh. Debaraj Panda	Director	Not Applicable	Not Applicable	Not Applicable	Attended	Appointed as Nominee Director on 28.02.2020
5.	Sh. Hari Mohan Gupta	Director	Not Applicable	Not Attended	Not Attended	Attended	Appointed as Nominee Director w.e.f. 04.06.2019
6.	Sh. Abhijit Narendra	Director	Attended	Attended	Attended	Attended	
7.	Sh. A. K. Srivastava	Director	Attended	Not Applicable	Not Applicable	Not Applicable	Ceased to be a Nominee Director w.e.f. 27.08.2019
8.	Smt. Anju Ranjan	Director	Not Applicable	Attended	Attended	Attended	Appointed as a Nominee Director w.e.f. 27.08.2019
9.	Sh. Prateek Goswami	Director	Not Applicable	Attended	Not Attended	Attended (through video Conferencing)	Appointed as a Nominee Director w.e.f. 14.06.2019
10.	Sh. S.C. Mittal	Director	Attended	Attended	Not Attended	Not attended	Resigned as Nominee Director w.e.f. 14.06.2020
11.	Sh. Keld Pedersen	Director	Attended	Not Attended	Not Attended	Not Applicable	Ceased as Nominee Director w.e.f. 28.02.2020
12.	Sh. Jakob Friis Sorensen	Director	Not Applicable	Not Applicable	Not Applicable	Attended (through video Conferencing)	Appointed as Nominee Director w.e.f. 28.02.2020
13.	Sh. Santosh Breed	Director	Attended	Attended	Attended	Attended (through video Conferencing)	
14.	Capt. Padminikant Mishra	Director	Attended	Attended	Attended	Attended (through video Conferencing)	
15.	Sh. Sanjiv Garg	Managing Director	Attended	Attended	Attended	Attended	

Sub- Committee Meeting of BOD to review Financial Statements

S. no.	Name of Director	Designation	Audit Committee				Remarks
			9.05.2019	30.08.2019	28.11.2019	24.02.2020	
1.	Sh. S.C. Mittal	Chairman	Attended	Attended	Attended	Attended	Resigned as Nominee Director w.e.f. 14.06.2020
2.	Sh. Santosh Breed	Member	Attended	Attended	Attended	Attended	
3.	Sh. A.K. Srivastava	Member	Attended	Not Applicable	Not Applicable	Not Applicable	Ceased to be a Nominee Director w.e.f. 27.08.2019
4.	Smt. Anju Ranjan	Member	Not Applicable	Attended	Attended	Not Attended	Appointed as a Nominee Director w.e.f. 27.08.2019



Corporate Social Responsibility Committee Meeting

S. no.	Name of Director	Designation	Corporate Social Responsibility Committee		
			12.08.2019	17.12.2019	18.03.2020
1.	Sh. Sanjiv Garg	Chairman	Attended	Attended	Attended
2.	Capt. Padminikant Mishra	Member	Attended	Attended	Attended (through video Conferencing)
3.	Sh. Abhijit Narendra	Member	Attended	Attended	Attended

Share Allotment and Transfer Committee Meeting

S. no.	Name of Director	Designation	Share Allotment and Transfer Committee	
			04.06.2019	30.10.2019
1.	Sh. Abhijit Narendra	Chairman	Attended	Attended
2.	Sh. Santosh Breed	Member	Not Attended	Attended (through video Conferencing)
3.	Sh. Sanjiv Garg	Member	Attended	Attended

BOARD EVALUATION:

Based on the reviews received from all the directors individually, the Board has carried out 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 30.07.2018 has constituted a sub-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. consisting of following members (as on 31.03.2020):

- 1) Sh. S.C. Mittal* (DIN: 02607734), Nominee Director from IL&FS as the Chairman of the Committee;
- 2) Smt. Anju Ranjan (DIN: 066681154), Nominee Director from MOR as the member of the Committee;
- 3) Sh. Santosh Breed (DIN:08011070), Nominee Director from GPPL as the member of the Committee."

*Sh. S.C. Mittal has resigned as Nominee Director w.e.f. 14.06.2020.

VIGIL MECHANISM- WHISTLE BLOWER POLICY:

The Company is committed to best corporate practices based on the principle 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 13.03.2019 has constituted a Sub-Committee of the Board of Directors to consider and review Pay Scales, allowances and other HR related matters consisting of following members (as on 31.03.2020):

- 1) Sh. Abhijit Narendra, Nominee Director/ MOR (DIN: 07851224) as Chairman
- 2) Sh. Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Member
- 3) Sh. Santosh Breed, Nominee Director/GPPL (DIN: 08011070) as Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE AND POLICY:

CSR Committee comprises of following members as at 31st March, 2020:

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

2. Sh. Abhijit Narendra, Nominee Director from Ministry of Railways (DIN: 07851224) as 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 2019-20 as per the provisions of section 134(3)(o) read with Companies (CSR Policy) Rules, 2014 will be 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 reasons for not spending the amount forms part of this report as **Annexure-B and C respectively**.

SHARE ALLOTMENT AND TRANSFER COMMITTEE:

The Share Allotment and Transfer Committee comprises of following members as at 31st March, 2020:

1. Sh. Abhijit Narendra, Nominee Director from Ministry of Railways (DIN: 07851224) as Chairman of the Committee
2. Sh. Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Member of the Committee;
3. Sh. S.C. Mittal*, Nominee Director from IL&FS (DIN:02607734) as Member of the Committee

*Sh. S.C. Mittal has resigned as Nominee Director w.e.f. 14.06.2020.

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:

Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

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 2019-20. The Company has provided all assistance to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2019-20 is annexed to this report as **Annexure-D**.

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 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 Internal Complaints Committee (ICC) at its Registered & Corporate office at New Delhi. It comprises of the following members:

REGISTERED OFFICE

- | | |
|---|--|
| 1. Sh. Ashok Kumar,
Senior Vice President/
PRCL | - Member |
| 2. Sh. Vinod Kumar, Chief
Financial Officer/PRCL | - Member |
| 3. Smt. Aarti Sharma, Sr.
Executive (F&A) / PRCL | - Member |
| 4. Smt. Suman Kalra,
Company Secretary/
IRCTC | - (External Member and
Presiding Officer) |

*Smt. Suman Kalra 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.

Dated : 10.08.2020

Place : New Delhi

STATUTORY AUDITORS:

M/s. Kapoor Tandon and Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year 2019-20 by the Comptroller & Auditor General of India (C&AG). Statutory Auditors for the FY 2020-21 will be appointed by the C&AG.

Comments on Auditors' Report

Remarks on the observations of the Statutory Auditors for the year under review are enclosed as **Annexure E**.

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/-
Sushant Kumar Mishra
(DIN: 07869414)
Chairman**

Annexure - A

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2020*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U45200DL2000PLC151199
Registration Date	:	30/05/2000
Name of the Company	:	PIPAVAV RAILWAY CORPORATION LIMITED
Category / Sub-Category of the Company	:	PUBLIC LIMITED COMPANY
Address of the Registered office and contact details	:	B-1202 (B WING), 12 TH FLOOR, STATESMAN HOUSE, 148 BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI- 110001
Whether listed company	:	NO
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	KARVY COMPUTERSHARE PRIVATE LIMITED, KARVY PLAZA, 46 AVENUE 4, STREET NO.1, BANJARA HILLS, HYDERABAD 500 034

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Railway Transportation	700	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
	NIL				



I SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
1. CHAIRMAN RAILWAY BOARD	1				1				
2. FINANCIAL COMMISSIONER	1				1				
3. MEMBER TRAFFIC	1				1				
4. MEMBER ENGINEERING	1				1				
b) Central Govt.									
(1) PRESIDENT OF INDIA, (POI)	98000006				98000006				
c) State Govt.(s)									
d) Bodies Corp.									
1. GUJARAT PIPAVAV PORT LIMITED	76000010				76000010				
2. IL&FS Financial Services Ltd		12000000				12000000			
3. GENERAL INSURANCE CORPORATION OF INDIA	5000000				5000000				
4. THE NEW INDIA ASSURANCE COMPANY LIMITED	5000000				5000000				
e) Banks / FI									
f) Any other									
Sub-total(A)(1):	184000020	12000000	196000020		184000020	12000000	196000020		
(2) Foreign									
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other									
Sub-total (A)(2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									

e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B) (1):									
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total(B) (2):									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)									

ii. SHAREHOLDING OF PROMOTERS:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	President of India	98000010	50.00%		98000010	50.00%		Nil
2	Gujarat Pipavav Port Limited	76000010	38.78%		76000010	38.78%		Nil
3	IL & FS Financial Services Ltd.	12000000	6.12%		12000000	6.12%		Nil
4	General Insurance Corporation of India	5000000	2.55%		5000000	2.55%		Nil
5	The New India Assurance Company Limited	5000000	2.55%		5000000	2.55%		Nil
	Total	196000020	100%		196000020	100%		Nil



(iii) Change in Promoters' Shareholding

Sl. No.	Shareholding of Promoters	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1	NIL							

(iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	Date	Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1	NIL							

iii. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	Shareholding of Promoters	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1.	NIL							

II INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (I +ii + iii)				
Change in Indebtedness during the financial year				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (I +ii +iii)				

III REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Remuneration to Key Managerial Personnel during FY 2019-20		
Particulars		Name of MD/ WTD/ Manager
	Managing Director Sh. Sanjiv Garg	Total (in Rs.)
Period	1.4.2019 to 31.3.2020	
Gross salary (Rs.)		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,116,701	4,116,701
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	256,993	256,993
(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
Stock Option		
Sweat Equity		
Commission		-
- as % of profit		
- Employer' contribution to Provided Fund and National Pension Fund	542,612	542,612
Others, please specify (Company's Contribution towards PF and NPS)		
Total		
Total (Rs.)	4,916,306	4,916,306



B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total (in Rs.)
		CEO	Company Secretary	CFO	
1	Gross salary (Rs.)				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,920,675	2,932,807	5,853,482
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	Employer' contribution to Provided Fund and National Pension Fund	.	343,683.	346,116.	689,799.
5					
	Total (Rs.)	.	3,264,358	3,278,923	6,543,281

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure B

**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 C

CSR Statement as per Section 134 (0) of the Companies Act, 2013
CORPORATE SOCIAL RESPONSIBILITY STATEMENT REQUIRED TO BE
ANNEXED ALONG WITH THE BOARD'S REPORT FOR THE FY 2018-19
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 2020

- i. Sh. Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Chairman of the Committee;
- ii. Sh. Abhijit Narendra, Nominee Director from Ministry of Railways (DIN: 07851224) as Member of the Committee;
- iii. 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 – Rs. 8,57,489,510/-

4. Prescribed CSR Expenditure (two per cent of the amount as in the item 3 above). – Rs. 1,71,49,790/-

5. Details of CSR spent during the financial Year – 2019-20

6. (a) Total amount to be spent for the financial year – Rs. 4,81,54,800/- [i.e. Rs. 1,71,49,790/- for FY 2019-2020 plus unspent of Rs. 3,10,05,010/- brought forward from previous years.
- (b) Amount unspent, if any – Rs. 1,53,15,043/- (including previous year unspent)
- (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 (1) Local area or other (2) Specify the state and district where projects or programs was under taken	*Amount Outlay (budget) Project or Program wise (in Rs.)	Amount (in Rs.) spent on the projects or program Subhead during 2019-2020: (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure (in Rs.) up to the 31.03.2020	Amount spent: Direct or through implementing agency
1.	Construction of check dam – cause way on Dhatarvadi River	Rural development Project (Project 2019-20)	Ucchaiya Village, Amreli District, Gujarat	1,38,00,000	Direct Expenditure on projects or programs - 1,32,29,105/-	1,32,29,105/-	NGO – Vivekanand Research and Technical Institute, Bhavnagar
2.	Solar lighting at 2 villages Chhatadiya and Ningala No.1 are Beneficiary Villages.	Rural development Project (Project 2019-20)	Villages Ningala No.1 and Chhatadiya in Amreli District, Gujarat	25,65,000/-	Direct Expenditure on projects or programs - 27,65,000/-	25,65,000/-	NGO – Swadeep, Ahmedabad



3.	Solar lighting at 3 villages Rampara No. 2, Bherai and Kadiyali) are Beneficiary Villages	Rural development Project	Villages Rampara No.2, Bherai and Kadiyali in Amreli District, Gujarat	64,35,000/-	Direct Expenditure on projects or programs - 64,35,000/-	64,35,000/-	NGO – Swadeep, Ahmedabad
4.	Rural development Project – Raska	Rural development Project- “Raska village,	Limbdi, Taluka Distt Surendranagar, Gujarat	51,31,000	Direct Expenditure on projects or programs - 14,33,188/-	14,33,188/-	NGO – Community Friendly Movement, New Delhi
5.	Rural development Project – Raska	Rural development Project- “Raska village,	Limbdi, Taluka Distt Surendranagar, Gujarat	6,00,000	Direct Expenditure on projects or programs - 599,867/-	5,99,867/-	NGO – Community Friendly Movement, New Delhi
6.	Rural development Project	Sanitation School Project – Rampara	Rampara Village, Amreli District, Gujarat	5,80,000	Direct Expenditure on projects or programs - 5,77,500/-	5,77,500/-	NGO – Swadeep, Ahmedabad
7.	Promotion of Education	Smart Class Room Project - Bhavnagar School Project	Bhavnagar District Gujarat	20,00,000	Direct Expenditure on projects or programs - 18,52,659/-	18,52,659/-	NGO – Swadeep, Ahmedabad
8.	Promotion of Education	Education Support Project New Villages – Ningala No.1, Chatadiya, Bhachadar, Ucchaiya and Vad	Education Support Project New Villages – Ningala No. 1, Chatadiya, Bhachadar, Ucchaiya and Vad	50,80,000	Direct Expenditure on projects or programs - 49,70,679/- (Rs. 38,90,679 on Gyandeeep and Rs. 10,80,000 on Smart Class)	49,70,679/-	NGO – Swadeep, Ahmedabad. This is ongoing Project for five years
9.	Promotion of Education	Distribution of Jute Bags		4,64,800	Direct Expenditure on projects or programs - 4,64,800/-	4,64,800/-	
10.	5% of the total allocated fund of Rs.4,81,54,800/- during the current year 2019-20 for capacity building including expenditure on administrative overheads.			24,07,740	8,56,960/-	8,56,960/-	
11.	Unallocated balance amount of funds for the current FY 2019-20			90,94,000			
	Total			4,81,54,800/-	3,28,39,758/-	3,28,39,758/-	

* This represents fresh allocation (budget) made during the current year on various CSR activities including unspent amount of the previous year's allocation.

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.**

Initially, an amount of Rs. 90,94,000 was not allocated for identifying new project in the FY 2019-20. Accordingly, a new project regarding construction of check dam at Rampara was identified and its study report was prepared in September, 2019. Since the cost of project was very high i.e. Rs. 3.54 crore and it could not be implemented by PRCL with its own funds, and therefore, PRCL proposed to execute this project jointly with GPPL (through joint funding).

Further, since GPPL had already committed its CSR funds for other projects, in the FY 2019-20 and hence, they had decided to allocated CSR Funds in the project for construction of checkdam at Rampara out of the Funds for the FY 2020-21. Thus, to coincide with the decision of GPPL and execute the aforesaid project, PRCL decided to take up the project in the FY 2020-21. Therefore, these funds were retained in the FY 2019-20 and proposed to be carried forward to FY 2020-21, for funding the check dam project jointly with GPPL in 2020-21.

Another reason for the CSR amount remained unspent relates to construction of CC Road and culvert at Raska village which could not be completed on account of non-performance of executing agency and, therefore, the project was dropped. On this account, there was an unspent amount of Rs. 37 Lacs approximately.

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

Date : 10.08.2020

Place : New Delhi



**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020**

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

CIN: U45200DL2000PLC151199

Nominal Capital: Rs.2000,000,000/-

To,

The Members,

PIPAVAV RAILWAY CORPORATION LIMITED

B-1202 (B-Wing),

12th 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 M/s. Pipavav Railway Corporation Limited (CIN:U45200DL2000PLC151199) (hereinafter called the company). Secretarial Audit was conducted in a manner that provide 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 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder: - Not Applicable
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder: - Not Applicable
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment: - 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 1992 :- Not Applicable
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;- Not Applicable
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 :- 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 Enquiry Shares) Regulations, 2009 :- Not Applicable and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 :- Not Applicable
- (vi) Other laws as are and to the extent applicable to the Company as per the management representation made by the Company.
 - 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 subject to the following observations:

1. The provisions of Corporate Social Responsibility (CSR) are applicable to the Company. However, Company has not spent the entire amount of 2 percent of the average net profits during three immediate preceding financial years in 2019-20. The management has briefed that as required under the Act, the Board will in its report made under clause (o) of sub-section (3) of Section 134 specify the reasons for shortfall in spending towards Corporate Social Responsibility as keeping in view the CSR policy, CSR management concept and to prioritize local area development, the Board is of the view that the amount should be spent in a productive manner in sustainable projects.
2. The Company has filed all the necessary documents with the concerned Authorities for Dematerialisation of Securities of the Company in accordance with the provision of the Depositories Act, 1996 as per Rule 9 and 9A of the Companies (Prospectus and Allotment of Securities) Rules issued by the Ministry of Corporate Affairs.

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.

Place : New Delhi
Date : 29.06.2020

CS Anil Anand
ACS-10328
C P No.:11295



‘Annexure ‘A’

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my 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 Secretariat records. The verification was done on test basis to ensure that correct facts are reflected in Secretariat records. I believe that the process and practices, I followed provide a reasonable basis for my 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. We further report, that the compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examinations was limited to the verification of procedure on test basis.
7. The Secretariat 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.

Place : New Delhi
Date : 10.08.2020

CS Anil Anand
ACS: 10328
C P No.:11295

Annexure E 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 2019-20			
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	Note No. 39 - Railway freight collection is controlled by Indian Railways on daily basis through an integrated online system developed by Central Rail Information Systems (CRIS), a railway organization. The system generates freight receipt i.e. Railway Receipt (RR) for movement of container and bulk traffic from first mile to last mile destination. These transactions are initiated, recorded, processed, corrected as necessary and shared with PRCL through dedicated online portal for arriving at the share of freight, as apportionment of income to PRCL, which books the monthly share of freight as Revenue and as trade debtors (WR) in their accounts and reported in the Financial Statements. PRCL has also an access to the portal. This procedure and system are relied upon by PRCL as user entity. CRIS has provided certificate for complying with their reporting information as per SA 402.	<p>This is disclosure about the revenue recognition process.</p> <p>As required by the Operation and Maintenance (O&M) agreement, WR keeps records of the freight trains operation on PRCL section, and makes apportionment of the freight earnings to the Company under the O&M agreement as per the Indian Railways' Financial Adjustment Rules. To ensure the correct apportionment of the freight earnings by WR, the Company also maintains parallel records of the freight trains movement on its section by extracting the data from the Freight Operating Information System (FOIS) maintained by Centre for Railway Information Systems (CRIS) of Indian Railways, as per the arrangement with them. Based on the same, revenue is reconciled with WR.</p> <p>The Company has made appropriate disclosures with respect to revenue recognition & reconciliation at note no. 39.1 in the financial statements of the Company.</p>
2.	Point no. (b) of the "Emphasis of Matter" of the Auditor's Report	Note no. 27- The Corporate Social Responsibility Policy (CSR Policy) of PRCL dated 23 rd January 2015 amended to the effect that the unspent amount not to be transferred to a separate bank. The accumulated unspent amount as on 31 st March 2020 was ₹153.15 lakhs.	In view of the amended PRCL' CSR policy, there is no requirement to transfer the unspent CSR amount of the Company in a separate bank account. Further, the same is also not mandated by law at present. However, the unspent CSR amount are being spent by the Company in the subsequent financial year.
3.	Point no. (c) of the "Emphasis of Matter" of the Auditor's Report	Note no. 4 - The physical verification of the intangibles (amortizable) railway assets of PRCL is conducted by the Bhavnagar division of Western Railway who is the custodian of these assets 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. Therefore, details like location, cost etc. for these assets (except for plant and machinery items) are not maintained individually. However, details like location and the cost of the assets	The Company had constructed broad gauge rail network from Surendranagar to Pipavav in the State of Gujarat by developing the assets leased by MOR as per the terms of the Concession agreement signed between PRCL and MOR. The Company had capitalised 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 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 cost of individual items were



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

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
		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.	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 records of the individual items of the Project Railway. The Company obtains the Project assets report from WR every year.
4.	Point no. (d) of the "Emphasis of Matter" of the Auditor's Report	Note no. 39.1.3- Railways has been giving the share in the freight as apportioned on the basis of the actual carried route and not as per the booked route. Corporation had been accounting earlier the same on the basis of the booked route and then making adjustments for the differences between the revenue on booked route basis and actual carried route basis. Presently, the Corporation is accounting the apportioned revenue on the basis of actual carried route. The Sub-Committee of the Directors also in its meeting held on 30 th August 2019 agreed for the apportionment of freight based on the actual carried route. The Corporation now has a claim on railways for ₹40.33 lakhs and ₹48.61 lakhs for the financial years 2016-17 and 2017-18 respectively on account of the actual carried route being shorter than the booked route. Claim of the Corporation is under verification by the Railways and in view of uncertainty of the settlement of the claim, the same shall be accounted for in the year in which the same is confirmed/received.	<p>Operation & Maintenance agreement provides for apportionment of freight by WR to the Company as per Indian Railways' Inter-Railways Financial Adjustments Rules. These Rules provide for the apportionment of freight based on the actual carried distances.</p> <p>In view of this, Western Railway makes freight apportionment to the Company based on the carried route and the Company also recognises the apportioned freight earning as per carried route.</p> <p>Sub Committee of Directors of the Company on the financial matters in its meeting on 30th August 2019 held detailed discussions on this issue wherein, it was concluded that apportionment of freight as per actual carried route is in order.</p> <p>However, pending WR' acceptance of the Company's claim of additional apportioned freight of Rs. 40.33 Lakhs and Rs.48.61 lakhs for the financial year 2016-17 and FY 2017-18 respectively on account of running of freight trains via shorter route, the same has not been recognised in the books in line with Ind AS 115. This fact has been appropriately been disclosed at note no. 39.1.3 in the financial statements.</p>
5.	Point no. (e) of the "Emphasis of Matter" of the Auditor's Report	Note no. 36 (ii) (b)- PRCL is registered under GST Act for its registered office at New Delhi and for its office at Bhavnagar. GST Returns are filed as recipients under GST Rules for both offices. We find that GST Returns do not contain the taxable or taxed portion of freight received from Railways as turnover of the month. As per the information provided by PRCL, there is no obligation to pay GST because apportionment of freight is already taxed in the hands of Railways. The share of freight whether taxable in the hands of PRCL is a matter of incidence of GST Law and dependent upon the orders of GST authorities, which is awaited. In that event, of such levy, liability that	<p>In the service tax regime, the Company received the show cause notices from the tax department for the period 1st April 2009 to 30th June 2017 with respect to applicability of service tax on apportioned freight received by the Company. The Company did not accept the contention of service tax department and submitted the detailed replies to the show cause notices. The matter is pending with the adjudicating authorities for decision.</p> <p>On subsuming the service tax by the Goods and Service Tax (GST) effective from 1st July 2017, the Company had maintained the same stand, as was taken in the matter of service tax, with respect to applicability of the taxes on the share of the freight received by the Company from Railways and the Operation & Maintenance costs recovered by Railways from the Company. Further, Ministry of</p>

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

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
		may arise to PRCL. The Corporation has represented to the Ministry of Railways vide the representation dated 19 th March 2019 for clarification from the Finance Ministry. Ministry of Railways has also represented the same to the Ministry of Finance Government of India. However, there is no significant progress in getting the clarification on the matter. In case the exemption is denied, it will result in additional liability of GST from 1 st July 2017, which has not been quantified.	<p>Railways, Government of India has also taken up the issue with Finance Ministry, Government of India for issuing clarification/exemption. However, response from Finance Ministry, Government of India is awaited. These facts have been appropriately been disclosed at note 36 (ii) (b) of the financial statements.</p> <p>The above stand has been taken based on the opinion of the Tax Expert engaged by the Company, that apportionment of freight by Railways to PRCL is not an independent service and no tax liability is appeared on Company's part with reference to apportionment of freight by Railways. In view of the stand taken that no supply is involved in the arrangement between PRCL & Railways with respect to apportionment of revenue and costs, the point of furnishing the particulars for the same in GST returns does not arise. The stand so taken is same as was in case of furnishing of the returns of service tax under earlier law. Therefore, in view of the reasons as explained, particulars of apportionment of freight & costs by Railway are not being provided in the GST Returns. In the annual GST returns (GSTR-9 and GSTR-9C), the Company discloses the apportionment of the earning as a non-supply items in the reconciliation statement of the total turnover of the Company for year.</p> <p>The Company has also written to MOR to get the issue resolved with its conformity in the best interest of both Railways and SPVs at the earliest as sufficient time has elapsed since implementation of the Goods and Service Tax.</p>
6.	Point no. (f) of the "Emphasis of Matter" of the Auditor's Report	<p>(i) The Corporation had not been charging any interest on Railways on account of delayed payments. The Sub-Committee of the Directors in its meeting held on 30th August 2019 has decided that as the O & M Agreement with Railways does not provide for levy of any interest delayed unless "event of default" arises as per O & M Agreement. Since no such "Event of default" has arisen, no interest has been charged on Railways by the Corporation for the delayed payments.</p> <p>(ii) The charging of variable costs for operation of the section which is calculated on Gross Tone Kilometres (GTKM) basis including the operation of</p>	<p>Point wise remarks are as under:</p> <p>(i) Under the O&M agreement, interest is payable by WR to PRCL in case of event of WR's default only. The event of WR's default is defined as under as "The non-payment of dues by WR to PRCL, in accordance with the terms of this agreement for three consecutive months" {Article No 8.1(iii)}. During the period under consideration, there was no occasion of non-payment by WR for consecutively three months as WR has been making apportionment of freight every month on provisional basis. In absence thereof, the Company is unable to invoke the relevant clause(s) of the agreement to realize interest from WR. In this regard, the Company has requested WR to offer their response to the Audit observation. WR's response on the same</p>



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

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
		the empty runs of the wagons in case of Bulk cargoes results in loss of revenue to PRCL which is not quantifiable.	<p>is awaited. Therefore, no adjustment has been made in the books of accounts.</p> <p>Sub Committee of the Directors of the Company in its meeting held on 30th August 2019 held detailed discussion on this issue. After detailed discussions, the Sub Committee was of view that the O&M agreement does not provide for levy of interest on delay in payment of revenue by Western Railway and event of default clause is not applicable in the case of delay of payment of revenue by Western Railway. In view of the this, the Company has not charged any interest to WR.</p> <p>(ii) The O&M agreement/JPO provides for charging of various components of variable costs for accrual of GTKMs, wagon days, wagons hours, NTKMs etc., on PRCL section. Since movement of empty bulk on PRCL section also accrues GTKMs etc., therefore, costs incurred on account of accrual of GTKMs etc., for running of empty trains, is also charged by WR to PRCL.</p>
7.	Point no. (g) of the "Emphasis of Matter" of the Auditor's Report	Note no. 9 – Railways have not confirmed the outstanding dues of ₹1.16 Lakhs paid on account of O & M and the same remains unreconciled.	Balance of ₹1.16 lakhs for O&M costs has arisen on account of difference in costs booked/ charged and recovered pertaining to earlier years, which is under reconciliation.
8.	Point no. (h) of the "Emphasis of Matter" of the Auditor's Report	Note no. 5- We have made such enquiries as we consider necessary for the purpose of appropriately informing us about the contract procedure followed by PRCL in implementing the Railway Electrification project of Pipavav lines approved by Railway Administration. The letter of awards to M/S Kalpatharu and others were issued by CORE on behalf of PRCL. The latest cost estimate concurred by Finance Division of CORE is ₹28,947.23 Lakhs (Gross) on which the award is based. The Board of Directors in its meeting held on 30 th August, 2019 has approved that the Corporation may continue to fund the Railway Electrification project from its internal sources/earnings.	<p>The Company has decided to fund Rail electrification project from its own funds & earnings. Accordingly, the Company manages the funding of this project from its own funds & earnings. This fact has appropriately been disclosed at note no. 36 (i) of the financial statements.</p> <p>Board of Directors of the Company in its meeting on 30th August 2019 has also discussed and approved the funding of the above work through internal resources of the Company.</p>

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

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
9.	Point no. (i) of the "Emphasis of Matter" of the Auditor's Report	Note no. 38- The insurance claim for loss of project assets of PRCL section and for loss of profit of ₹493.74 Lakhs and ₹1159.07 Lakhs on account of floods on the PRCL's section in June, 2015 have now been settled by the Insurance Company for ₹128.95 Lakhs and ₹24.26 Lakhs respectively. The Corporation has accepted these claims under protest and still pursuing with the Insurance Company accepting these payments as part payment. PRCL has complied with all the required documents connected with the claims. As per the claim procedure under IRDA (Protection of Policy Holder Interest) Regulations, 2017 "If there is delay on the part of the Insurer beyond the time lines, the insurer shall pay interest at a rate which is 2% above the bank rate from the last filed documents". The interest on account of delay has not been claimed for and there is no confirmation from insurance company about final payment of claim.	During the year, the Company has received the insurance claims under protest and therefore, it is further pursuing with Insurance company. Since, now the Company has received claim amount, necessary action will be taken with respect to raising claim of interest on the insurance Company for delay in payment of claims amount.
10.	Point no. (j) of the "Emphasis of Matter" of the Auditor's Report	Note no 4- 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. The Corporation has taken up the matter with the Railways and to form a joint committee to work out a methodology to work out access charge payable to PRCL for running on additional passenger trains. However, PRCL has so far not raised any firm up claim on Railways for the additional costs being incurred by the Corporation due to running of these additional passenger trains on this section.	The Company has taken up the issue of running of additional passenger trains by Railways on PRCL line in excess to the trains that were running on meter gauge formation. The Company has proposed 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. At present, the issue stands with Western Railway for necessary action.



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

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
11	Point no. (k) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No 39.3: - PRCL had various claims on GPPL aggregating to ₹6463.38 Lakhs for non -performance of obligation to meet minimum guarantee shortfall etc.</p> <p>Out of these total claims, amount of ₹1890.20 lakhs was recognized in the accounts and the balance amount of ₹4573.18 Lakhs was not accounted for.</p> <p>As per the Conciliation proceedings, mutually agreed by the both the parties, an amount of ₹1500.00 lakhs has been agreed to be one time settlement of all disputes including amount of ₹4573.18 Lakhs which had not been accounted for and ₹1890.20 Lakhs for which a provision for doubtful debt had been made in the accounts</p>	<p>During the year, the Company has settled all pending dues with GPPL at ₹1500.00 lakhs under the conciliation process after the approval given by Board of Directors of the Company in its meeting held on 18th December 2019.</p> <p>As per settlement, PRCL has received ₹1500.00 lakhs from GPPL during the FY 2019-20. Accordingly, necessary effects have been made in the books of accounts.</p> <p>This fact has appropriately been disclosed at note no. 39.2 in the financial statements.</p>
12	Point no. (l) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No 5: - PRCL is formed as Public to Private Service Joint Sector Company 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 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.</p> <p>PRCL during the previous year has started the implementation of the project electrification of the railway lines of 289 TKM (Track Kilo Meters) as per orders of Ministry of Railways dated 28th November 2016. The work in progress completed at an estimated value of ₹20,712.31 lakhs as per the bills/advice received from the project executing authorities is accounted for under the category of Intangible asset under development.</p>	<p>This is statement of the fact.</p> <p>The Company has been accounting the cost of developing/ upgrading project as per Appendix D to Ind AS 115 (Service Concession Arrangement) which is applicable to the Company. Appendix D to Ind AS 115 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. upgradation stage. On completion of the work, same is reclassified as "Intangible asset".</p> <p>The Company has been upgrading the Project Railway by converting the diesel traction into electric traction. Since cost of electrification work will result into upgradation of the Project Railway (i.e. from diesel line to electric line), the same accounting treatment has been applied for the cost of electrification work as being applied in case of other development & upgrading activities on Project Railway. Accordingly, the Company has recognised the cost of electrification work as "Intangible assets under development". On completion the Electrification work, the cost of work will be recognised as "Intangible Asset" (as part of the project Assets)</p> <p>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.

Sr. No.	Ref. No. of Auditors' Report	Auditor's Observations	Management's Replies
13	Point no. (m) 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 Controls Over Financial Reporting (IFCS) issued by Internal Auditors for the purpose of IFCS 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 controls 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 works (Capex as well Other additional works) as carried out by Railways, accounting and control over the scrap generated on replacement of old assets.</p>	<p>The following control measures are already existing in the Company.</p> <ol style="list-style-type: none"> 1. Parallel maintenance of revenue record/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. Pursual on a continuous basis with the Railways for timely realization of the Company's dues of apportioned freight earnings from Western Railway. 2. Jointly assessment of the Fixed Cost (Material) both by Railway and PRCL. There is a process of cross checking of the bills of staff cost by obtaining details of railway staff working on PRCL section. 3. 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. As a result, billing process has been improved to a great extent over the years by continuous perusal with Railways. 4. Reconciliation of dues payable to Western Railway for O&M costs on a regular basis. A system of periodical obtaining monthly status of various deposits works from Railways and monitoring the same on a continuous basis. 5. A process has been brought in place to seek confirmation to ensure the due diligence carried by Railways for their various work proposals. <p>The control measures have been evolved with a rigorous effort 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 also started using online data for computation of the various cost components for the current year and onwards.</p> <p>As an ongoing process, the Company has been pursuing with Railway authorities at various levels for its various concerns & issues. However as suggested, necessary steps will further be taken in consultation with Railways to further strengthening the controls system.</p>



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 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), and Statement of Cash Flows and 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 31st March, 2020 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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. 39 - Railway freight collection is controlled by Indian Railways on daily basis through an integrated online system developed by Central Rail Information Systems (CRIS), a railway organization. The system generates freight receipt i.e. Railway Receipt (RR) for movement of container and bulk traffic from first

mile to last mile destination. These transactions are initiated, recorded, processed, corrected as necessary and shared with PRCL through dedicated online portal for arriving at the share of freight, as apportionment of income to PRCL, which books the monthly share of freight as Revenue and as trade debtors (WR) in their accounts and reported in the Financial Statements. PRCL has also an access to the portal. This procedure and system are relied upon by PRCL as user entity. CRIS has provided certificate for complying with their reporting information as per SA 402.

- (b) Note no. 27- The Corporate Social Responsibility Policy (CSR Policy) of PRCL dated 23rd January 2015 amended to the effect that the unspent amount not to be transferred to a separate bank. The accumulated unspent amount as on 31st March 2020 was ₹153.15 lakhs.
- (c) Note no. 4 - The physical verification of the intangibles (amortizable) railway assets of PRCL is conducted by the Bhavnagar division of Western Railway who is the custodian of these assets 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. Therefore, details like location, cost etc. for these assets (except for plant and machinery items) are not maintained individually. 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.

- (d) Note no. 39.1.3- Railways has been giving the share in the freight as apportioned on the basis of the actual carried route and not as per the booked route. Corporation had been accounting earlier the same on the basis of the booked route and then making adjustments for the differences between the revenue on booked route basis and actual carried route basis. Presently, the Corporation is accounting the apportioned revenue on the basis of actual carried route. The Sub-Committee of the Directors also in its meeting held on 30th August 2019 agreed for the apportionment of freight based on the actual carried route. The Corporation now has a claim on railways for ₹40.33 lakhs and ₹48.61 lakhs for the financial years 2016-17 and 2017-18 respectively on account of the

actual carried route being shorter than the booked route. Claim of the Corporation is under verification by the Railways and in view of uncertainty of the settlement of the claim, the same shall be accounted for in the year in which the same is confirmed/received.

- (e) Note no. 36 (ii) (b)- PRCL is registered under GST Act for its registered office at New Delhi and for its office at Bhavnagar. GST Returns are filed as recipients under GST Rules for both offices. We find that GST Returns do not contain the taxable or taxed portion of freight received from Railways as turnover of the month. As per the information provided by PRCL, there is no obligation to pay GST because apportionment of freight is already taxed in the hands of Railways. The share of freight whether taxable in the hands of PRCL is a matter of incidence of GST Law and dependent upon the orders of GST authorities, which is awaited. In that event, of such levy, liability that may arise to PRCL. The Corporation has represented to the Ministry of Railways vide the representation dated 19th March 2019 for clarification from the Finance Ministry. Ministry of Railways has also represented the same to the Ministry of Finance Government of India. However, there is no significant progress in getting the clarification on the matter. In case the exemption is denied, it will result in additional liability of GST from 1st July 2017, which has not been quantified.
- (f) (i) The Corporation had not been charging any interest on Railways on account of delayed payments. The Sub-Committee of the Directors in its meeting held on 30th August 2019 has decided that as the O & M Agreement with Railways does not provide for levy of any interest delayed unless "event of default" arises as per O & M Agreement. Since no such "Event of default" has arisen, no interest has been charged on Railways by the Corporation for the delayed payments.
- (ii) The charging of variable costs for operation of the section which is calculated on Gross Tone Kilometres (GTKM) basis including the operation of the empty runs of the wagons in case of Bulk cargoes results in loss of revenue to PRCL which is not quantifiable.
- (g) Note no. 9 – Railways have not confirmed the outstanding dues of ₹1.16 Lakhs paid on account of O & M and the same remains unreconciled.
- (h) Note no. 5- We have made such enquiries as we consider necessary for the purpose of appropriately informing us about the contract procedure followed by PRCL in implementing the Railway Electrification project of Pipavav lines approved by Railway Administration. The letter of awards to M/S Kalpatharu and others were issued by CORE on behalf of PRCL. The latest cost estimate concurred by Finance Division of CORE is ₹28,947.23 Lakhs (Gross) on

which the award is based. The Board of Directors in its meeting held on 30th August, 2019 has approved that the Corporation may continue to fund the Railway Electrification project from its internal sources/ earnings.

- (i) Note no. 38- The insurance claim for loss of project assets of PRCL section and for loss of profit of ₹493.74 Lakhs and ₹1159.07 Lakhs on account of floods on the PRCL's section in June, 2015 have now been settled by the Insurance Company for ₹128.95 Lakhs and ₹24.26 Lakhs respectively. The Corporation has accepted these claims under protest and still pursuing with the Insurance Company accepting these payments as part payment. PRCL has complied with all the required documents connected with the claims. As per the claim procedure under IRDA (Protection of Policy Holder Interest) Regulations, 2017 "If there is delay on the part of the Insurer beyond the time lines, the insurer shall pay interest at a rate which is 2% above the bank rate from the last filed documents". The interest on account of delay has not been claimed for and there is no confirmation from insurance company about final payment of claim.
- (j) Note no 4- 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. The Corporation has taken up the matter with the Railways and to form a joint committee to work out a methodology to work out access charge payable to PRCL for running on additional passenger trains. However, PRCL has so far not raised any firm up claim on Railways for the additional costs being incurred by the Corporation due to running of these additional passenger trains on this section.
- (k) Note No 39.3: - PRCL had various claims on GPPL aggregating to ₹6463.38 Lakhs for non -performance of obligation to meet minimum guarantee shortfall etc.

Out of these total claims, amount of ₹1890.20 lakhs was recognized in the accounts and the balance amount of ₹4573.18 Lakhs was not accounted for.

As per the Conciliation proceedings, mutually agreed by the both the parties, an amount of ₹1500.00 lakhs has been agreed to be one time settlement of all disputes including amount of ₹4573.18 Lakhs which had not been accounted for and ₹1890.20 Lakhs for



which a provision for doubtful debt had been made in the accounts.

- (l) Note No 5: - PRCL is formed as Public to Private Service Joint Sector Company 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 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.

PRCL during the previous year has started the implementation of the project electrification of the railway lines of 289 TKM (Track Kilo Meters) as per orders of Ministry of Railways dated 28th November 2016. The work in progress completed at an estimated value of ₹20,712.31 lakhs as per the bills/advice received from the project executing authorities is accounted for under the category of Intangible asset under development.

- (m) Our opinion is according to information and explanation given to us by the management and on the basis of Report on Internal Controls Over Financial Reporting (IFCS) issued by Internal Auditors for the purpose of IFCS 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 controls 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 works (Capex as well Other additional works) as carried out by Railways, accounting and control over the scrap generated on replacement of old assets.

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 other information. 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 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 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 statements 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.

Those 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 a 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 controls.
- 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 controls 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the 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 and with the returns received from the branches not visited by us;
- (b) In our Opinion, the aforesaid Ind AS financial statements comply with Accounting Standards including Ind AS 116 effective from 01st April 2019 and as specified under Section 133 of the Act, read with relevant rule issued thereunder and amended thereon;
- (c) On the basis of the written representations received from the Directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Corporation to its directors during the year is in accordance with the provisions of Section 197 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, in our opinion and to the best of our information and according to the explanations given to us:
- The Corporation has disclosed the impact of pending litigations as on 31st March, 2020 on its financial position in its Ind AS Financial Statements. – Refer Note no 36 (ii) (b) to the Ind AS Financial Statements;
 - The Corporation did not have any long-term contracts including derivative contracts as on 31st March, 2020 for which there were any material foreseeable losses; and
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation.

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

Sd/-
(CA Devendra Swaroop Mathur)
Partner
M. No. 082570
Place: New Delhi
Date: 10th August 2020

Annexure A to the Independent Auditor's Report referred to the members of Pipavav Railway Corporation Limited on the Ind AS financial Statements for the year ended 31st March 2020

As required by Companies (Auditor's Report) Order, 2016 ("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 Corporation is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (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, 2020, as certified by the Western Railway. No material discrepancies were noticed on such physical verification.
- (c) Immovable Property 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 by the Corporation in terms of the lease agreement dated 28th June, 2001 for a period of 33 years.
- (ii) The Corporation being an unlisted non-government Corporation dealing in Railway Cargo Traffic with Ministry of Railways do not hold any inventory; as such this clause is not applicable.
- (iii) According to the information and explanations given to us, the Corporation has not granted any loans secured or unsecured to any corporation, firms or other party covered in register-maintained u/s 189 of Companies Act, 2013. Accordingly, clause 3(iii) - (a), (b), (c) 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 this clause of the Order is not applicable.
- (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 under section 9(3) on RCM basis only 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 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	₹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	₹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	₹7418.19 lakhs (against Show Cause Notice)	Commissioner of Central Tax, Central Excise & Service Tax, Delhi-South	April 2015 to till June 2017



- viii) In our opinion and according to the information and explanations given to us, the Corporation has no loans as on 31st March 2020 and hence not defaulted in repayment of loans or borrowings to Financial Institutions, Bank and Government.
- ix) In our opinion and according to the information and explanations given to us, there are no money raised by Initial Public Offer or Further Public Offer (Including debt instruments) during the year.
- x) In our opinion and according to the information and explanations given to us, no case of any fraud by the Corporation or any fraud on the Corporation by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid to the Managing Director of the Corporation as provided in accordance with the requisite approval mandated by the provision of section 197 read with Schedule V of the Companies Act, 2013.
- xii) In our opinion and according to the information and explanations given to us, the Corporation is not a Nidhi Company; and hence Clause 3 (xii) of the Order is not applicable.
- 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) In our opinion and according to the information and explanations given to us, during the year, the Corporation has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- 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 them 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 be registered u/s 45(1A) of the Reserve Bank of India Act, 1934.

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

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

Place: New Delhi
Date: 10th August 2020

**Annexure “B” to the Independent Auditors’ Report:
PIPAVAV RAILWAY CORPORATION LIMITED**

Refer to Paragraph Report on Other Legal and Regulatory Requirements section of our report of even date to the members of Pipavav Railway Corporation Limited (“the Corporation”) on the Ind AS Financial statements of the Company for the financial year ended on 31st March, 2020

Sr. No.	Directions	Auditor’s Observation
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.	The Accounting software (Tally 9 ERP) is used for financial accounting. In addition, Freight Operating Information System (FOIS) maintained by Centre for Railway Information Systems (CRIS) is used under an agreement entered with CRIS to account for the apportioned freight earning of PRCL.
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 company’s inability to repay the loan? If yes, the financial impact may be stated.	Not applicable
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Not applicable

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

Sd/-
(CA Devendra Swaroop Mathur)
Partner
M. No.: 082570
Place: New Delhi
Date: 10th August, 2020



Annexure 'C' to the Independent Auditors' Report

(Referred to in paragraph (d) of Report on Other Legal and Regulatory Requirements section of our report of even date on the financial statements for the financial year ended March 31st, 2020 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 Limited ("the Corporation") as of March 31st, 2020 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 31st, 2020, based on the internal controls over financial reporting criteria established by the Corporation considering the essential components of internal controls 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 controls 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 controls 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 controls 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 controls 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 controls 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, 2020, based on the internal controls over financial reporting criteria established by the Corporation considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over the Financial reporting issued by the Institute of Chartered Accountants of India, read with our Independent Auditor's Report's **item no. (m) 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/-
(CA Devendra Swaroop Mathur)
Partner
M. No.: 082570

Place: New Delhi
Date: 10th August 2020



Pipavav Railway Corporation Limited
CIN : U45200DL2000PLC151199

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31st March 2020 in accordance with the direction/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 direction / 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: 10th August 2020



भारतीय लेखापरीक्षा एवं लेखा विभाग
कार्यालय प्रधान निदेशक लेखापरीक्षा
रेलवे वाणिज्यिक, नई दिल्ली
INDIAN AUDIT AND ACCOUNTS DEPARTMENT OFFICE
OF THE PRINCIPAL DIRECTOR OF AUDIT RAILWAY
COMMERCIAL, NEW DELHI



संख्या/पी.डी.ए/आर.सी./13-46/AA-PRCL/2020-21/167

दिनांक : 21.09.2020

सेवा में,

प्रबंधक निदेशक,

पीपावाव रेलवे कारपोरेशन लिमिटेड,

नई दिल्ली

विषय: 31 मार्च 2020 को समाप्त वर्ष के लिए Pipavav Railway Corporation Limited के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं Pipavav Railway Corporation Limited के 31 मार्च 2020 को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अंग्रेषित कर रहा हूँ।

कृपया इस पत्र की संलग्न को सहित प्राप्ति की पावती भेजी जाए।

भवदीय,

(के.एस. रामवालिया)

प्रधान निदेशक (रेलवे वाणिज्यिक)

संलग्न: यथोपरी



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 2020

The preparation of financial statements of PIPAVAV RAILWAY CORPORATION LIMITED for the period ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 their Audit Report dated 10.08.2020.

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 period ended 31 March 2020 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 auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Financial Position

Non-current Financial Assets (Others) – ₹19625.05 Lakh (Note 6)

The above includes Fixed Deposits valuing ₹ 17,471.92 lakh having a remaining maturity of less than 12 months as on 31 March 2020. Classifying the same as 'Non-Current Financial Assets' instead of 'Current Financial Assets' was not in accordance with requirements of Schedule-III of the Companies Act, 2013.

This has resulted into understatement of 'Current Financial Assets (other Bank Balances)' by

₹17471.92 lakh and overstatement of 'Non-current Financial Assets (Others)' by the same extent.

B. Comments on Cash Flow

Cash flow from Operating Activities – ₹ 9039.49 Lakh Cash Flow Financing Activities – ₹ (307.63) lakh

The amount of ₹ 1181.44 lakh, being the Dividend Paid (including Dividend Distribution Tax), has been deducted from 'Profit before tax' while working out the 'Cash Flow from Operating Activities'. The same should have been shown under 'Cash Flow from Financing Activities' as required under Para – 31 of Ind AS – 7 – 'Statement of Cash Flows'. This has resulted in to understatement of Cash Flow from Operating Activities and overstatement of Cash Flow from Financing Activities to tune of ₹1181.44 lakh.

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

Place: New Delhi

Dated: 21.09.2020

(K. S. Ramuwalia)
Principal Director of Audit
Railway Commercial, New Delhi

Reply on comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act, 2013 on the Financial Statements of the Company for the year ended 31 st March 2020		
Sr. No.	Observation	Management reply
A	<p>Comments on Financial Position Non-current Financial Assets (Others) – ₹19625.05 Lakh (Note 6) The above includes Fixed Deposits valuing ₹17,471.92 lakh having a remaining maturity of less than 12 months as on 31 March 2020. Classifying the same as 'Non-Current Financial Assets' instead of 'Current Financial Assets' was not in accordance with requirements of Schedule-III of the Companies Act, 2013.</p> <p>This has resulted into understatement of 'Current Financial Assets (other Bank Balances)' by ₹17471.92 lakh and overstatement of 'Non-current Financial Assets (Others)' by the same extent.</p>	<p>In the preparation of the financial statements, the Company has been considering the original maturity period of more than 12 months (i.e. period of more than 365 days) in classification of fixed deposits as "Non- Current Financial Assets". However, audit observation is noted for consideration in preparation and presentation of the financial statements of the Company in future.</p> <p>Further, the above does not have any impact on the reported profit as well as state of affairs (financial position) of the Company.</p>
B	<p>Comments on Cash Flow Cash flow from Operating Activities – ₹ 9039.49 Lakh Cash Flow Financing Activities – ₹ (307.63) lakh The amount of ₹1181.44 lakh, being the Dividend Paid (including Dividend Distribution Tax), has been deducted from 'Profit before tax' while working out the 'Cash Flow from Operating Activities'. The same should have been shown under 'Cash Flow from Financing Activities' as required under Para – 31 of Ind AS – 7 – 'Statement of Cash Flows'. This has resulted in to understatement of Cash Flow from Operating Activities and overstatement of Cash Flow from Financing Activities to tune of ₹1181.44 lakh.</p>	<p>Audit Observation is noted for necessary compliance in preparation and presentation of the financial statements in future.</p> <p>However, this does not have any impact on the reported profit as well as state of affairs (financial position) of the Company.</p>



BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in ₹ Lakhs)

Particulars	Note No.	As at 31 st March 2020	As at 31 st March 2019
I. Assets			
1. Non-current assets			
(a) Property, Plant and equipment	3	75.13	70.42
(b) Other Intangible assets	4	13,099.83	13,881.64
(c) Intangible assets under development	5	20,786.02	6,359.05
(d) Financial Assets:			
(i) Others	6	19,625.05	12,073.83
(e) Deferred Tax Assets	7	8,898.01	8,258.88
(f) Other non-current assets	8	498.40	516.76
(g) Right-of-use assets	37.1	269.18	-
2. Current assets			
(a) Financial Assets:			
(i) Trade Receivables	9	1,036.40	2,979.93
(ii) Cash and cash equivalents	10	636.98	3,607.15
(iii) Bank Balances other than (ii) above	11	7,948.43	16,290.51
(iv) Others	12	864.09	963.42
(b) Current Tax Assets (Net)	13.1	802.01	689.58
(c) Other current assets	14	422.84	766.11
TOTAL ASSETS		74,962.37	66,457.28
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	15	19,600.00	19,600.00
(b) Other Equity	16	44,552.04	37,518.15
2. Liabilities			
(i) Non-current liabilities			
(a) Long Term Provisions	17	4,417.42	3,399.76
(b) Deferred tax liabilities	13.2	2,471.36	2,187.06
(c) Financial Liabilities:			
Lease liabilities	37.1	221.81	-
(ii) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	18.1.1	0.93	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	18.1.2	3,483.53	3,684.82
(ii) Lease liabilities	37.1	62.34	-
(iii) Others	18.2	98.87	41.19
(b) Other Current liabilities	19	43.26	23.77
(c) Provisions	20	10.81	2.53
TOTAL EQUITY AND LIABILITIES		74,962.37	66,457.28

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

Place : New Delhi

Date : 10th August 2020

Sd/-

Sanjiv Garg

Managing Director

DIN: 00682084

Sd/-

Vinod Kumar

Chief Financial Officer

M. No. 508739 CA

for and on behalf of Board of Directors

Sd/-

Santosh Breed

Director

DIN: 08011070

Sd/-

Anju Ranjan

Director

DIN : 06681154

Sd/-

Leena Narwal

Company Secretary

M. No. A20516

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020(Amount in ₹ Lakhs)
(except per equity share data)

Sr. No.	Particulars	Note No.	For the year ended 31 st March 2020	For the year ended 31 st March 2019
I	Revenue from operations	21	37,529.38	29,109.31
II	Other Income	22	3,748.16	2,258.88
III	Total Revenue (I+II)		41,277.54	31,368.19
IV	Expenses:			
	Operating and Other expenses	23	30,103.35	20,529.91
	Employee benefits expenses	24	466.33	405.66
	Finance costs	25	254.63	165.31
	Depreciation and amortization expense	26	1,005.81	925.02
	Corporate Social Responsibility (CSR) Expenses	27	328.40	106.18
	Total Expenses (IV)		32,158.52	22,132.08
V	Profit/(loss) before exceptional items and tax (III - IV)		9,119.02	9,236.11
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		9,119.02	9,236.11
VIII	Tax expense:			
	(i) Current tax:			
	for the year	13.3	1,248.37	1,964.80
	for the earlier years	13.3	(1.52)	-
	(ii) Deferred tax	13.3	284.30	17.28
	(iii) MAT Credit Entitlement (net of reversal)	13.3	(639.13)	(1,307.36)
IX	Profit/(Loss) for the year from continuing operations (VII-VIII)		8,227.00	8,561.39
X	Profit/(loss) from discontinued operations		-	-
XI	Tax Expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		8,227.00	8,561.39
XIV	Other Comprehensive Income			
	A. Items that will not be reclassified to profit and loss			
	Re-measurement of defined employee benefit plans [Gain/(Loss)]	28	(14.14)	0.26
	Income Tax relating to Items that will not be reclassified to profit and loss	13.4	2.47	(0.06)
	B. Items that will be reclassified to profit and loss			
	Income Tax relating to Items that will be reclassified to profit and loss		-	-
XV	Total Comprehensive Income for the period (XIII + XIV) (Profit and Other Comprehensive Income for the period)		8,215.33	8,561.59
XVI	Earnings Per Equity Share: [face value: ₹10/-each]:			
	(For Continuing Operation)			
	(1) Basic (₹)	29	4.20	4.37
	(2) Diluted (₹)	29	4.20	4.37
XVII	Earnings Per Equity Share: [face value: ₹10/-each]:			
	(For discontinuing Operation)			
	(1) Basic (₹)			
	(2) Diluted (₹)			
XVIII	Earnings Per Equity Share: [face value: ₹10/-each]:			
	(For discontinued and continuing Operation)			
	(1) Basic (₹)	29	4.20	4.37
	(2) Diluted (₹)	29	4.20	4.37

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

Place : New Delhi

Date : 10th August 2020

Sd/-

Sanjiv Garg

Managing Director

DIN: 00682084

Sd/-

Vinod Kumar

Chief Financial Officer

M. No. 508739 CA

for and on behalf of Board of Directors

Sd/-

Santosh Breed

Director

DIN: 08011070

Sd/-

Anju Ranjan

Director

DIN : 06681154

Sd/-

Leena Narwal

Company Secretary

M. No. A20516



STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A. Cash Flow From Operating Activities		
Profit before tax	9,119.02	9,236.11
Adjustments for		
Dividend Paid (including Dividend Distribution Tax paid thereon)	(1,181.44)	(1,181.44)
Depreciation and amortization	1,005.81	925.02
Finance costs	254.63	165.31
Interest earned	(2,092.16)	(2,257.69)
Unwinding of discount on security deposits	(1.35)	(1.09)
Profit on sale of property, plant and equipment	(0.01)	(0.08)
Loss on disposed/written off of sundry asset items	-	0.08
Other Comprehensive Income (net of taxes)	(11.67)	0.21
Operating profit before changes in operating assets and liabilities	7,092.83	6,886.43
Adjustments for:		
Decrease / (Increase) in Trade Receivables / Loans and Advances	1,943.53	2,257.49
Decrease / (Increase) in Other Current Financial Assets	99.33	(162.42)
Decrease / (Increase) in Other Current Assets	343.27	(586.62)
Decrease / (Increase) in Other Non Current Assets	18.36	(2.52)
Decrease / (Increase) in Other Non Current Financial Assets	(1.30)	2.60
(Decrease) / Increase in Current Trade Payables	(200.35)	1,049.06
(Decrease) / Increase in Other Financial Liabilities	57.68	798.72
(Decrease) / Increase in Other Current Liabilities	19.49	5.39
(Decrease) / Increase in Long Term Provisions	1,017.65	904.40
(Decrease) / Increase in Short Term Provisions	8.28	0.26
	3,305.94	4,266.36
Cash generated from operation	10,398.77	11,152.79
Income Tax Paid (net of refund received)	1,359.28	2,047.70
Total Cash generated from Operating Activities	9,039.49	9,105.09
B. Cash Flow From Investing Activities:		
Purchase of Property plant and equipment, Intangible Assets and Right of use assets	(14,586.36)	(6,363.37)
(net after non cash adjustments)		
Sale of Property, Plant & Equipment	0.01	0.70
Interest earned	2,092.16	2,257.69
Changes in Other Bank Balances	792.16	(1,325.11)
Net Cash used in Investing Activities	(11,702.03)	(5,430.09)

C. Cash flow from Financing Activities:		
Lease payments (Principal Portion)	(54.35)	-
Finance costs:		
- Interest on lease liabilities	(26.20)	
- Other Finance costs (see foot note 2 below)	(228.43)	(165.31)
Unwinding of discount on security deposits	1.35	1.09
Net Cash generated from Financing Activities	(307.63)	(164.22)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(2,970.17)	3,510.78
Opening Cash & Cash Equivalents	3,607.15	96.37
Closing Cash & Cash Equivalents	636.98	3,607.15
Closing Cash & Cash Equivalents comprises of:		
(i) Balances with banks:		
– On current accounts	636.77	1,606.97
– Deposits with original maturity of three months or less	-	2,000.00
(ii) Cash in Hand	0.21	0.18
Closing Cash & Cash Equivalents	636.98	3,607.15

- 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" represents the provisioning of the interest to reflect increase in Resurfacing Obligations due to passage of time. Therefore, this is a non-cash financial item. There has been no material impact on the reporting of the Cash Flow Statement on adoption of the Amendment to Ind AS 7.
- 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

Place : New Delhi
Date : 10th August 2020

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

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

for and on behalf of Board of Directors

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
Anju Ranjan
Director
DIN : 06681154

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



STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2019

A. Equity share capital (Amount in ₹ Lakhs)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
19,600.00	—	19,600.00

B. Other Equity (Amount in ₹ Lakhs)

Particulars	Reserve & Surplus		Other Comprehensive Income	Total
	Depreciation Reserve Fund*	Retained Earnings		
Balance at the beginning of the reporting period	2,000.00	28,138.00	-	30,138.00
Cumulative Transition Impact of Ind AS 115	-	-	-	-
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	2,000.00	28,138.00	-	30,138.00
Profit for the year		8,561.39		8,561.39
Other Comprehensive Income (net of taxes)		0.20		0.20
Dividend (including Interim Dividend) paid during the year		(980.00)		(980.00)
Dividend Distribution Tax paid on Dividend		(201.44)		(201.44)
Transfer to Depreciation Reserve Fund	-	-		-
Any Other change(to be specified)	-	-		-
Balance at the end of the year	2,000.00	35,518.15		37,518.15

* Depreciation Reserve Fund represents profits allocated 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

Place : New Delhi
Date : 10th August 2020

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

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

for and on behalf of Board of Directors

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
Anju Ranjan
Director
DIN : 06681154

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

Statement of Changes in Equity for the period ended 31st March 2020

A. Equity share capital

(Amount in ₹ Lakhs)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
19,600.00	—	19,600.00

B. Other Equity

(Amount in ₹ Lakhs)

Particulars	Reserve & Surplus		Other Comprehensive Income	Total
	Depreciation Reserve Fund*	Retained Earnings		
Balance at the beginning of the reporting period	2,000.00	35,518.15	-	37,518.15
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-
Profit for the year	-	8,227.00	-	8,227.00
Other Comprehensive Income (net of taxes)	-	(11.67)	-	(11.67)
Dividend (including Interim Dividend) paid during the year		(980.00)	-	(980.00)
Dividend Distribution Tax paid on Dividend		(201.44)	-	(201.44)
Transfer to Depreciation Reserve Fund	-	-	-	-
Any Other change(to be specified)	-	-	-	-
Balance at the end of the year	2,000.00	42,552.04	-	44,552.04

* 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

Place : New Delhi
Date : 10th August 2020

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

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

for and on behalf of Board of Directors

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
Anju Ranjan
Director
DIN : 06681154

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 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) for construction of Broad Gauge railway line from Surendranagar – Pipavav (Project Railway) and use the same on BOOT basis for a period of 33 years w. e. f. 28th June 2001. It 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 operation and maintenance of Project railway, as return on the resources so deployed /invested.

The registered office of the Company is located at B-1202 (B-Wing) 12th 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 10th August 2020.

2. Significant Accounting Policies

2.1. Basis of Preparation

- 2.1.1. The financial statements for the year ended 31st March 2020 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 31st March 2020 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 year started from 1st April, 2016 and onwards.
- 2.1.2. For all periods, up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 (herein after referred to as "previous GAAP"). Accordingly, financial statements for the year 31st March 2016 and the opening Balance sheet as at 1st April, 2015 (Transition Date) had been restated in accordance with Ind AS for comparative information purpose in preparation and presentation of the Company's first Ind AS compliant financial statements.
- 2.1.3. 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.
- 2.1.4. 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.
- 2.1.5. **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 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 lakh rupees with two decimal points 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 April 1, 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 1st 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 years)
Plant & Machinery (office equipment, telephone, mobile equipment)	5
Plant & Machinery (computers)	3
Vehicles	8 -10
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' run 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 27th 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 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 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 1st 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 upgradation 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 upgradation 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 upgradation 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 1st 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 1st 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 operation on Project Railway. Share of freight earnings as accrued to the Company under terms of the Concession agreement for freight operation 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 operation 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 upgradation 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 number of 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 expenditure 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.
- 2.16.3. 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 derecognition 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 28th 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 31st March, 2018, the provision 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 31st March 2018.

With effect from 1st 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 deal 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 bringing from 1st 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 operation 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 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 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. New and Amended Standards adopted by the Company

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing from 1st April 2019:

- Ind AS 116 “leases”
- Uncertainty over Income tax treatments-Appendix C to Ind AS 12 “Income Taxes”
- Plan amendment, curtailment or settlement-Amendments to Ind AS 19 “Employee benefits”
- Amendment to Ind AS 12 “Income Taxes”



The Company has to change the accounting policies as a result of adoption of Ind AS 116. This is disclosed in note 2.8.2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.24. Transition to new Standards applicable in preparation and presentation of financial statements

Indian Accounting Standard (Ind AS) 116 “Leases”: Ministry of Corporate Affairs, Government of India vide its notification dated 30th March, 2019 has issued Indian Accounting Standard (Ind AS) 116 “Leases” and made the same mandatory for accounting of leases for the reporting period commencing on or after 1st April, 2019. Effective from 1st April 2019, Ind AS 116 has superseded Ind AS 17 “Leases” which earlier dealt with the lease accounting. Accordingly, the Company has adopted Ind AS 116 for the financial reporting for the period from 1st April 2019 and onward in respect to the leases.

The transition provisions contained in the standard provide to apply this Standard to leases either:

- I. Retrospectively to each prior reporting period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors i.e. Full Retrospective Approach or
- II. Retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application i.e. Modified Retrospective Approach without restatement of prior years’ comparative figures

The Company has opted to apply Ind AS 116 using Modified Retrospective Approach. Under this option, the Company has recognized lease liability measured at an amount equal to present value of remaining lease payments discounted by using the incremental borrowing rate as at 1st April, 2019 and corresponding Right to Use (ROU) assets is measured at an amount equal to lease liabilities. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of Ind AS 17 “Leases”. These liabilities were measured at present value of the remaining lease payments, discounted by using the lessee’s incremental borrowing rate as of 1 April 2019. The implicit lessee’s incremental borrowing rate was applied to the lease liabilities as on 1st April 2019 was 9% p.a.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1st April 2019,
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1st April 2019 as short-term leases,
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a Lease.

(ii) Measurement of Lease liabilities:

The Company does not have any finance lease. Lease liability in respect of operating lease measured at ₹317.24 lakhs as on 1st April 2019 being the present value of all lease payments during the remaining lease term by discounting the same using interest rate of 9% p.a.

Assets leased by the MOR to the Company under the Concession Agreement are out of the scope of Ind AS 116 since; Appendix D to Ind AS 115 “Service Concession Arrangement” is applicable to these leased assets. Therefore, the Company has not made any change in accounting of lease payments in respect of assets leased by MOR under the Concession Agreement. Accordingly, lease payments payable by the Company for assets leased by MOR under the Concession Agreement have been continued to be recognised as expense and charged to Statement Profit and Loss.

Note 3 : Property, Plant and equipment*(Amount in ₹ Lakhs)*

Particulars	Plant & Machinery	Furniture & Fixture	Vehicles	Electrical installation & equipments	Total
Property, Plant and equipment (1st April 2018 to 31st March 2019)					
Cost or valuation					
At 1st April 2018	23.41	9.98	94.24	4.37	132.00
Additions	1.15	-	18.24	-	19.39
Disposals/Adjustments	(2.25)	(0.08)	(0.27)	-	(2.60)
At 31st March 2019	22.31	9.90	112.21	4.37	148.79
Accumulated Depreciation and impairment					
At 1st April 2018	18.66	6.17	40.47	1.21	66.51
Depreciation charged for the year	3.08	0.59	9.37	0.44	13.48
Impairment	-	-	-	-	-
Disposals/Adjustments	(1.54)	(0.08)	-	-	(1.62)
At 31st March 2019	20.20	6.68	49.84	1.65	78.37
Net book value at 31st March 2019	2.11	3.22	62.37	2.72	70.42
Property, Plant and equipment (1st April 2019 to 31st March 2020)					
Cost					
At 1st April 2019	22.31	9.90	112.21	4.37	148.79
Additions	3.93	0.71	16.22	-	20.86
Disposals/Adjustments	(0.10)	-	-	-	(0.10)
At 31st March 2020	26.14	10.61	128.43	4.37	169.55
Accumulated Depreciation and impairment					
At 1st April 2019	20.20	6.68	49.84	1.65	78.37
Depreciation charged for the year	3.27	1.29	11.15	0.44	16.15
Impairment	-	-	-	-	-
Disposals/Adjustments	(0.10)	-	-	-	(0.10)
At 31st March 2020	23.37	7.97	60.99	2.09	94.42
Net book value at 31st March 2020	2.77	2.64	67.44	2.28	75.13

Note 3.1: The Company has adopted the Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs, Government of India 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: Property, Plant and Equipment include assets of ₹48.13 lakhs as at 31st March 2020 (₹46.28 lakhs as at 31st March 2019) which are fully depreciated but still available for use. They are recognized at nominal value of ₹ 1 each.

Note 3.3: Current Year figure of Property, Plant and Equipment includes ₹0.72 lakhs being the purchase cost of asset items used in relation to rail electrification work. Depreciation of ₹0.56 lakhs on these assets has been charged to the construction cost of rail electrification work and same is included under the head "Intangible assets under development" during the current year.



Note 4 : Other Intangible assets

(Amount in ₹ Lakhs)

Particulars	Freight sharing right	License fee	Others	Total
Other Intangible assets (1st April 2018 to 31st March 2019)				
At Cost				
At 1st April 2018	34,173.05	1,000.00	21.52	35,194.57
Additions	8.68	-	-	8.68
Disposals/Adjustments	-	-	-	-
At 31st March 2019	34,181.73	1,000.00	21.52	35,203.25
Amortization and impairment				
At 1st April 2018				
Amortization	19,399.31	261.91	10.76	19,671.98
Impairment	-	738.09	-	738.09
	19,399.31	1,000.00	10.76	20,410.07
Charged during the financial year 2018-19				
Amortization	909.42	-	2.12	911.54
Impairment	-	-	-	-
Disposals/Adjustments	-	-	-	-
	909.42	-	2.12	911.54
At 31st March 2019				
Amortization	20,308.73	261.91	12.88	20,583.52
Impairment	-	738.09	-	738.09
	20,308.73	1,000.00	12.88	21,321.61
Net book value at 31st March 2019	13,873.00	-	8.64	13,881.64
Other Intangible assets (1st April 2019 to 31st March 2020)				
At Cost				
As at 1st April 2019	34,181.73	1,000.00	21.52	35,203.25
Additions	137.89	-	-	137.89
Disposals/Adjustments	-	-	-	-
As at 31st March 2020	34,319.62	1,000.00	21.52	35,341.14
Accumulated Amortization and impairment				
At 1st April 2019				
Amortization	20,308.73	261.91	12.8758	20,583.52
Impairment	-	738.09	-	738.09
	20,308.73	1,000.00	12.876	21,321.61
Charged during the financial year 2019-20				
Amortization	917.58	-	2.12	919.70
Impairment	-	-	-	-
Disposals/Adjustments	-	-	-	-
Amortization and impairment	917.58	-	2.12	919.70
At 31st March 2020				
Amortization	21,226.31	261.91	15.00	21,503.22
Impairment	-	738.09	-	738.09
	21,226.31	1,000.00	15.00	22,241.31

Net book value 31st March 2020	13,093.31	-	6.52	13,099.83
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Note 4.1 : Amortization on other intangible assets are included in Note 26 on Depreciation and Amortization.

Note 4.2 : 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 earlier year, 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. However, in case there are the indications in the future that the impairment loss is required to be reversed considering economic performance of the Company from the use of license, the impairment loss shall be reassessed and accordingly, be reversed on the basis of re-assessment and the carrying amount of the license fee shall be increased to that extent.

Note 4.3 : The Company has adopted Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs, Government of India 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 4.4 : Additions during the current year also include expenditures of ₹38.53 lakhs (Previous Year: ₹1.77 lakhs) which have been accounted for based on latest claims received during the year for the works which had already been capitalized in the earlier year(s) on their completion. These additional expenditures are amortized prospectively over the remaining concession period.

**Note 5 : Intangible assets under development
(i.e. Project Railway under development)**

	Amount (in ₹ Lakhs)
Intangible Assets (i.e. Project Railway) under development (1st April 2018 to 31st March 2019)	
Balance as at 1st April 2018	23.48
Additions	6,335.57
Less: Transferred to Intangible Assets	-
Balance as at 31st March 2019	6,359.05
Intangible assets (i.e. Project Railway) under development (1st April 2019 to 31st March 2020)	
Balance as at 1st April 2019	6,359.05
Additions	14,427.69
Less: Transferred/ Reclassification to Intangible Assets	(0.72)
Balance as at 31st March 2020	20,786.02

Note 5.1 : "Intangible Assets under Development" include expenditure incurred by the Company on the development or upgradation 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 upgradation of Project Railway, progress of the work performed which has resulted in the Contract Assets of the Company has been recognised as "Intangible Assets under the Development". On completion of the development or upgradation work, the contract assets 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 : "Intangible Assets under Development" as on 31st March 2020 include cumulative expenditures of ₹20712.31 lakhs (last year: ₹6357.03 lakhs) incurred by the Company in connection with Electrification of the Project Railway line. Out of this, ₹20652.55 lakhs represent cost of the electrification work booked by the Company on estimation basis as per information received from the agency and balance is towards other expenses incurred by the Company directly attributable to the Electrification work. This expenditure may vary based on receipt of actual claims of the agency by the Company. Differences, if any arising on receipt of claims will be accounted for accordingly.



(Amount in ₹ Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Note : 6 Financial Assets (Non current)		
Security Deposits Considered Good	23.13	21.83
Long-term bank deposits (with original maturity period of more than 12 months)	19,601.92	12,052.00
Total	19,625.05	12,073.83
Note : 7 Deferred Tax Asset		
MAT credit entitlement (Refer to Note 13.5.2)	8,898.01	8,258.88
Total	8,898.01	8,258.88
Note : 8 Other non-current assets		
Advances		
Advance for various capital works (net)	498.34	514.24
Prepayments	0.05	2.52
Total	498.40	516.76
Note : 9 Financial Assets (Current)		
Trade Receivables		
Receivables considered good - Unsecured	1,036.40	2,979.93
Receivables which have significant increase in Credit Risk (Refer to Note 39.2)	-	1,890.20
Total Trade Receivables	1,036.40	4,870.13
Less: Provision for Receivables which have significant increase in Credit Risk (Refer to Note 39.2)	-	(1,890.20)
Total	1,036.40	2,979.93
Note 9.1: Break-up for related and other receivables		
Receivables from related parties (Refer to Note 9.2)	6.17	1,931.40
Other receivables	1,030.23	2,938.73
Total Trade Receivables	1,036.40	4,870.13

Note 9.2:

Trade receivables from related parties include ₹6.17 lakhs (Previous Year: ₹1931.40 Lakhs) receivable from GPPL. Other trade receivables include dues from WR. 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.

Particulars	As at 31 st March 2020	As at 31 st March 2019
Note : 10 Cash and Cash equivalents		
(i) Balances with banks:		
— Balances in current account with Scheduled Banks	636.77	1,606.97
— Deposits with original maturity of period of three months or less	-	2,000.00
(ii) Cash in Hand	0.21	0.18
Total Cash and Cash Equivalent	636.98	3,607.15
Note : 11 Bank balances other than cash & cash equivalents:		
Deposits with original maturity period of more than 3 months but not exceeding 12 months	6,400.00	16,290.51
Balances in escrow account with Scheduled Bank	1,548.43	-
Total	7,948.43	16,290.51
Note 11.2: Balance in escrow account with scheduled bank is for use by agency in Rail Electrification work on PRCL section.		
Note : 12 Other Current Financial Assets Unsecured, Considered good		
Interest Accrued	836.83	954.96
Advances to Employees	0.23	3.19
Recoverable from Railways	26.67	-
Other advances/ recoverable	0.36	5.27
Total	864.09	963.42
Note : 13 Income Tax		
Note 13.1: Current Tax Assets (net)		
Advance Taxes (Net of Provisions)	802.01	689.58
Total	802.01	689.58
Advance taxes (net of Provisions) as at 31st March 2020 include income tax refund claims of the Company for ₹691.10 lakhs (Previous Year: ₹608.47 lakhs).		
Note 13.2: Deferred Tax		
Deferred Tax Liabilities		
A. Deferred Tax Liabilities		
Property, Plant, Equipment and Intangibles	2,425.32	2,711.26
Provisions	46.04	
Total of Deferred Tax Liabilities	2,471.36	2,711.26
B. Deferred Tax Assets		
Provisions	-	524.20
Total of Deferred Tax Assets	-	524.20
Deferred Tax Liabilities (Net)	2,471.36	2,187.06

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 2020.

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, deferred tax in respect of temporary differences which are likely to be reversed during this period (i.e. tax holiday period) are not recognized to that extent.



Note 13.2.1: Movement in Deferred Tax Liability/(Assets)

Particulars	Deferred Tax Liability	Deferred Tax (Assets)	Net Deferred Tax Liability/ (Assets)
	A	B	C(A-B)
Opening balance as at 1st April 2018	2,663.63	(493.85)	2,169.78
Charged/(credited) during the year 2018-19			
To Profit and Loss	47.63	(30.35)	17.28
To Other Comprehensive Income	-	-	-
Closing balance as at 31st March 2019	2,711.26	(524.20)	2,187.06
Charged/(credited) during the year 2019-20			
To Profit and Loss	570.25	(285.95)	284.30
To Other Comprehensive Income	-	-	-
Closing balance as at 31st March 2020	2,425.31	46.05	2,471.36

Note 13.3 : Income Tax Expense

	As at 31st March 2020	As at 31st March 2019
a) Current Income Tax Expense		
Current Tax on profits for the years	1,248.37	1,964.80
Adjustments in respect of current income tax of previous year	(1.52)	-
Total Current Income Tax Expense	1,246.85	1,964.80
b) Deferred Income Tax Expense		
Origination and reversal of temporary differences (Liability)	284.30	17.28
MAT Credit Recognized during the year (Assets) (Net of reversal)	(639.13)	(1,307.36)
Total Deferred Tax Expenses (Benefits)	(354.83)	(1,290.08)
Income tax expense attributable to continuing operations	892.02	674.72

Particulars	As at 31 st March 2019	As at 31 st March 2018
Note 13.4 : Tax related to items recognized in OCI during the year:		
Net (loss)/gain on remeasurements of defined benefit plans	2.47	(0.06)
Income tax charged to OCI	2.47	(0.06)
Note 13.5 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2019 and 31st March 2020:		
Accounting profit before tax from continuing operations	9,119.02	9,236.11
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	9,119.02	9,236.11
Income Tax at India's statutory tax rate of 17.4720% (Refer Note: 13.5.1) (Tax rate as 31st March 2019: 21.5488%)	1,593.28	1,990.27
Tax effect due to Initial Transition to Ind-AS	(20.66)	(25.48)
Tax Effect due to non Deductible/ (Deductible) Expenses	(324.25)	-
MAT Credit Entitlement to the Company	(639.13)	(1,307.36)
At effective Income tax rate of 6.68% (at March 31st 2019: 7.12%)	609.24	657.43
Income tax reported in Statement of Profit or Loss as current Tax (Net of MAT credit entitlement)	609.24	657.43
Add/(Less): Deferred tax reported in Statement of Profit or loss	284.30	17.28
Add/(Less): Tax reported in Other Comprehensive Income	(2.47)	0.06
Add/(Less): Tax expenses for previous year recognized	(1.52)	-
Income tax expense reported in the Statement of Profit and Loss	889.55	674.77

Note 13.5.1: Presently, the Company has been paying Minimum Alternate Tax (MAT) on the book profit, calculated under section 115JB of the Income Tax Act, 1961 due to availing of 100% deduction in respect of the income derived from operation of Project Railway (rail system) from the taxable income 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 (previous year: 21.5488%) has been taken instead of regular rate of income tax of 29.120% for the current year (previous year: 34.944%).

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 operation of Project Railway developed by the Company. The benefit of deduction is available for a period of ten consecutive years i.e. up to assessment year 2023-24. Therefore, there would be no tax liability on the Company under the normal provisions of the Income Tax Act, 1961 during this tax holiday period. However, 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 ₹1245.76 lakhs on total income (including tax on other comprehensive income) during the current year (Previous Year: ₹1964.86 lakhs). The credit of MAT paid has been availed and carried forward by the Company 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 2020 is ₹8898.01 Lakhs (as at 31st March 2019 : ₹8258.88 Lakhs).

Note 13.5.3: In view of availing of MAT credits u/s 115-JAA and benefit taken under section 80-IA, the Company at present has not exercised the option of lower tax rate provided under section 115BAA of the Income Tax Act, 1961, as notified by the Government of India during the current financial year.

Note : 14 Other current assets

(Amount in ₹ Lakhs)

Prepaid Expenses	17.49	15.80
Advances for various works (net after provisions)	402.07	738.64
Advances for CSR activities	1.84	11.67
Prepayments	1.44	-
Total	422.84	766.11



(Amount in ₹ Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Note : 15 Equity Share capital		
(i) Authorized share capital		
20,00,00,000 Equity Share of ₹10/- each (as at 31st March, 2019: 20,00,00,000 Equity Share of ₹10/- each)	20,000.00	20,000.00
Total	20,000.00	20,000.00
Issued/Subscribed and Paid up Capital		
19,60,00,020 Equity Share of ₹10/- each (as at 31st March, 2019: 19,60,00,020 Equity Share of ₹10 each)	19,600.00	19,600.00
Total	19,600.00	19,600.00

(ii) **Reconciliation of the number of equity shares & share capital at the beginning and at the end of the financial year 2019-20:**

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	No. of Shares held (in Lakhs)	Amount (in ₹ lakhs)	No. of Shares held (in Lakhs)	Amount (in ₹ lakhs)
Shares outstanding at the beginning of the year	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	-	-	-	-
Shares outstanding at the end of the year	1,960.00	19,600.00	1,960.00	19,600.00

(iii) **Details of shareholders holding in the Company:**

Name of the shareholder	As at 31 st March 2020		As at 31 st March 2019	
	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%
General Insurance Corporation of India (Assignee of GPPL)	50.00	2.55%	50.00	2.55%
The New India Assurance Company Limited (Assignee of GPPL)	50.00	2.55%	50.00	2.55%
IL&FS Financial Services Limited (Assignee of GPPL)*	120.00	6.12%	120.00	6.12%
Total	1,960.00	100%	1,960.00	100%

*During the previous financial year, one of the shareholders M/s IL&FS Transportation Networks Limited had transferred all the 120 Lakhs Equity shares (of face value of ₹10 /- each) held by it in the Company to M/s IL&FS Financial Services Limited for a consideration of ₹5400 Lakhs. There is no change in the total equity shares of the Company during the current 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.

Particulars	(Amount in ₹ Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Note : 16 Other Equity		
(a) Retained Earnings		
Opening Retained Earnings	35,518.15	28,138.00
Add: Net Profit/(Net Loss) during the year	8,227.00	8,561.39
Add/(Less): Transferred from Other Comprehensive Income		
Gain/ (Loss) on remeasurement of Post-Employment benefit obligations (net of taxes)	(11.67)	0.20
Less: Interim Dividend paid during the period	(980.00)	(980.00)
Less: Dividend Distribution Tax paid on above	(201.44)	(201.44)
Total (a)	42,552.04	35,518.15
(b) Depreciation Reserve Fund		
Opening Balance	2,000.00	2,000.00
Add: Transfer from surplus in statement of profit and loss	-	-
Total (b)	2,000.00	2,000.00
Grand Total (a+b)	44,552.04	37,518.15

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.

Cash dividend on Equity shares declared and paid		
Interim Dividend Paid during the Current Year: (₹0.50 per Equity Share)	980.00	980.00
(Previous year ended on March 31st 2019: ₹0.50 per Equity Share)		
Dividend Distribution Tax paid on above	201.44	201.44
	1,181.44	1,181.44
Proposed Final Dividend on Equity Shares	Nil	Nil



(Amount in ₹ Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Note : 17 Long Term Provisions		
Provision for Resurfacing Cost	4,224.04	3,261.23
Provision for employee benefits (refer Note 41)		
– Gratuity	47.26	26.46
– Leaves	146.12	112.07
Total	4,417.42	3,399.76

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 same are shown as Provision for Resurfacing Cost [Refer to note 23(ii)].

Interest cost of ₹228.29 lakhs has been provided during the current year (Previous year : ₹165.30 lakhs) to recognize the resurfacing obligations at their present value (Refer to note 25). As on 31st March, 2020, the provision for Resurfacing Cost includes the cumulative interest of ₹551.44 lakhs (Previous year : ₹323.15 lakhs) reflecting the time value of money.

Note : 18 Financial Liability- Current

18.1: Trade Payables:

18.1.1: Total outstanding dues of micro enterprises and small enterprises	0.93	-
Total	0.93	-
18.1.2: Creditors other than micro enterprises and small enterprises		
O&M costs Payable (Refer Note 18.1.4)	1,850.33	2,873.68
Provision for Rail Electrification work	1,633.20	811.14
Total	3,483.53	3,684.82

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. Government of India has imposed lock-down effectively from 24th March 2020 due to spread of COVID-19. During the lock-down, the Company's office remained closed and there occurred some delay in payment of above dues to these enterprises. However, the Company has paid the outstanding dues to above enterprises in the subsequent period after resumption of office as per relaxation in the lock-down given by Government of India. Further, in absence of any claim of interest for delay in payment, there has been no payment of the interest by Company.

Note 18.1.4: O&M costs payable includes ₹815.77 lakhs (Previous Year: ₹2032.88 lakhs) payable towards O&M costs and ₹1034.56 lakhs (Previous Year: ₹840.80 lakhs) payable for cost of various works carried out by Western Railway on PRCL section.

Note 18.1.5: Trade payables are interest bearing and are normally settled on around 30 to 90 days terms, there are no dues payable to related parties.

(Amount in ₹ Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
18.2 : Others current financial liabilities		
Expense Payable	90.05	38.41
Security Deposits	8.82	2.78
Total	98.87	41.19
Note 18.2.1: Expense payables includes ₹0.46 lakhs (Previous Year: Nil) payable to Key Managerial Personnel of the Company.		
Note : 19 Other Current Liability		
Statutory dues	35.52	16.81
Provident Fund	4.40	4.65
NPS Payable	3.34	2.31
Total	43.26	23.77
Note : 20 Provisions		
(Short Term Provisions)		
Provision for employee benefits		
Leaves (Refer to Note 41)	10.81	2.53
Total	10.81	2.53

(Amount in ₹ Lakhs)		
Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Note : 21 Contract Revenue from operations (refer to Note 39.1)		
Operating Income from Bulk Traffic	5,641.82	5,632.91
Operating Income from Container Traffic	17,322.70	17,132.15
Total (A)	22,964.52	22,765.06
Contract Revenue under Service concession Arrangement (Refer to Note 21.2)	14,564.86	6,344.25
Total (B)	14,564.86	6,344.25
Other Contract Revenue	-	-
Total (c)	-	-
Total Revenue from operation (A+B+C)	37,529.38	29,109.31

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 to note 39.1.2).

Note 21.2: During the current year, the Company has recognized revenue under service concession arrangement amounting to ₹14564.86 lakhs (previous year: ₹6344.24 Lakhs) to the extent of expenditure 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 to Note 23(v)].



Particulars	(Amount in ₹ Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Note : 22 Other Income		
Interest on Deposits with banks	2,092.16	2,257.69
Insurance claim received [Refer to Note 38.2(ii)]	153.21	-
Reversal of Provision for doubtful debts (Refer to Note 39.2)	1,500.00	-
Unwinding of discount on security deposits	1.35	1.09
Profit on sale of assets	0.01	0.08
Miscellaneous Income	1.43	0.02
Total	3,748.16	2,258.88
Note : 23 Operating and Other Expenses		
(i) Operating and Maintenance Expense (Refer to Note 38)		
(a) Fixed Cost		
Man Power Cost	4,432.73	4,013.38
Material Cost	456.69	448.95
(b) Variable Cost		
Cost of Fuel	5,172.96	4,834.80
Crew Cost	1,408.95	1,496.93
Hiring of Rolling Stock	750.12	637.95
Others	276.33	255.13
(c) Other Cost		
Overhead Cost	1,057.19	986.21
Cost for additional works	823.65	277.20
Total (a+b+c)	14,378.62	12,950.55
(ii) Resurfacing cost under Service Concession Agreement *	734.52	734.52
(iii) Lease Rent Charges (Refer to Note 37.2)	233.07	233.07
(iv) Other Administrative expenses		
Repairs and maintenance		
– Buildings	13.92	15.10
– Vehicles [Refer to Note 37.1(v)]	10.13	21.42
– Others	10.58	11.17
Rent [Refer to Note 37.1(v)]	6.99	75.87
Insurance	40.61	31.72
Communication	4.83	6.08
Travelling & Conveyance-Directors	7.79	2.91
Travelling & Conveyance-Others	14.99	25.09
Rates, taxes & fees	0.84	0.81
Professional and consultancy fees	39.23	39.48
NSDL Custodian Charges	2.36	-
Electricity & Water Charges	4.80	3.34
Advertising, Sponsorship and Business Promotion	9.52	12.47
Loss on disposal/ written off of sundry asset items	-	0.08
Printing & Stationery	3.34	3.21
Audit fees (Refer to Note 45)	10.27	8.47
Meetings, seminars and subscriptions	6.28	3.34
Membership fees	1.50	3.54
Miscellaneous Expenses	4.30	3.42
Total	192.28	267.52
(v) Contract Cost under Service Concession Arrangement (Refer to Note 21.2)	14,564.86	6,344.25
Total (i to v)	30,103.35	20,529.91

*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 FY 2016-17. (Refer to Note 17.1).

Particulars	(Amount in ₹ Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Note : 24 Employee Benefit expenses (Refer to Note 41)		
Salaries, Wages & Benefits	402.45	346.31
Contribution to Provident and Other fund(s)	37.18	31.13
Staff Welfare	7.40	14.83
Contribution to National Pension Scheme (NPS)	19.30	13.39
Total	466.33	405.66
Note : 25 Finance costs		
Unwinding of discount on resurfacing obligations	228.29	165.30
Interest on Lease Liabilities (Refer to Note 37.1)	26.20	-
Interest on taxes & bank charges	0.14	0.01
Total	254.63	165.31
Note 25.1: Unwinding of discount on resurfacing obligations represents interest booked to present the resurfacing obligations to their present value (Refer to Note 17.1).		
Note : 26 Depreciation and amortization		
Depreciation on Right of Use assets (Refer to Note 37.1)	70.58	-
Depreciation on Property, Plant and Equipment	15.53	13.48
Amortization of Intangible Assets	919.70	911.54
Total	1,005.81	925.02
Note : 27 Corporate Social Responsibility (CSR) Expenses		
Solar light Project	88.55	-
Construction of Check-dam	132.29	-
Construction of CC Road	14.33	-
Education Projects	80.01	-
Other CSR Projects	4.65	96.49
Overhead and Other expenses	8.57	9.69
Total	328.40	106.18
Note 27.1: As per section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at-least 2% of its average net profits made during the three immediately preceding financial years on Corporate Social Responsibility (CSR) activities. Accordingly, the Company has identified CSR activities and has been spending on CSR activities, which are specified in Schedule VII of the Companies Act, 2013.		
Note : 28 Components of Other Comprehensive Income (OCI) [Refer to Note 41.5]		
(FVTOCI Reserve)		
Remeasurement of Defined benefit plans	(14.14)	0.26
Total	(14.14)	0.26



Particulars	For the year ended 31st March 2020 (₹ Per Share)	For the year ended 31st March 2019 (₹ Per Share)
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Note : 29 Earnings per share (EPS)

Basic EPS

From continuing operation	4.20	4.37
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Diluted EPS

From continuing operation	4.20	4.37
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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 year.

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)	8,227.00	8,561.39
Earnings used in calculation of Basic Earning Per Share (₹ in Lakhs)	8,227.00	8,561.39
Weighted average numbers (in Lakhs) of shares for the purpose of basic earnings per share [face value: ₹10/-each]	1,960.00	1,960.00

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)	8,227.00	8,561.39
Earnings used in calculation of diluted Earning Per Share from continuing operations (₹ in Lakhs)	8,227.00	8,561.39

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 [face value: ₹10/-each]	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 [face value: ₹10/-each]	1,960.00	1,960.00

There was no financial impact Earning per Share (both Basic and Diluted) and the operating retained earning on implementation of Ind AS 115.

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 2020 and 31st March 2019 . 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 2020.

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 2020			As at 31st March 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	1,036.40	-	-	2,979.93
(ii) Cash and Cash Equivalents	-	-	636.98	-	-	3,607.15
(iii) Bank balances (including in deposits) (other than cash & cash equivalents)	-	-	27,550.36	-	-	28,342.51
(iv) Security Deposits-Non Current	-	-	23.13	-	-	21.83
(v) Other Current Financial Assets	-	-	864.09	-	-	963.42
Total Financial Assets	-	-	30,110.96	-	-	35,914.84
Financial Liabilities						
(i) Trade payables	-	-	3,484.46	-	-	3,684.82
(ii) Expense payables	-	-	90.05	-	-	38.41
(iii) Security Deposits	-	-	8.82	-	-	2.78
(iv) Lease liabilities (current and non current)	-	-	284.15	-	-	-
Total Financial Liabilities	-	-	3,867.48	-	-	3,726.01

(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 31 st March 2020	For the Year Ended 31 st March 2019
Contract revenue recognized (in ₹ Lakhs)	14,564.86	6,344.25
Aggregate amount of costs incurred and recognized in profit/Loss (in ₹ Lakhs)	14,564.86	6,344.25

Note 34 : Contractual Commitments

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
The amount of works to be executed on capital account and not provided for (net of advances) (In ₹ Lakhs)	8,578.12	22,631.96
[Refer Note 36(i)]		
Total	8,578.12	22,631.96

Note 35: Related Parties Disclosures**35.1: Related Parties holding equity of the Company**

Name	Relationship	As at 31 st March, 2020		As at 31 st March, 2019	
		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)	Parties to joint venture agreement	76,000,000	38.78%	76,000,000	38.78%
General Insurance Corporation of India (Assignee of GPPL)	Parties to joint venture agreement	5,000,000	2.55%	5,000,000	2.55%
The New India Assurance Company Limited (Assignee of GPPL)	Parties to joint venture agreement	5,000,000	2.55%	5,000,000	2.55%
IL&FS Financial Services Limited (Assignee of GPPL)	Parties to joint venture agreement	12,000,000	6.12%	12,000,000	6.12%

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
Mr. Sanjiv Garg	Managing Director
Ms. Leena Narwal	Company Secretary
Mr. Vinod Kumar	Chief Financial Officer

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

Pipavav Railway Corporation Limited Employees' Group Gratuity Trust.

35.4: Transactions with Related Parties:

(Amount in ₹ Lakhs)

Particulars	Transactions		Outstanding Amount	
	For Year Ended March 31, 2020	For Year Ended March 31, 2019	At Year Ended March 31, 2020	At Year Ended March 31, 2019
Transactions with M/s Gujarat Pipavav Port Limited				
Manpower cost charged	41.61	41.19	-	-
Other cost charged	0.89	-	-	-
Provision written back and amount received on settlement as per Conciliation Process	1,500.00			
Amounts written off against the provision on settlement	390.20			
Equity Share Capital (760 lakhs shares of ₹10 each/-)	-	-	7,600.00	7,600.00
Trade receivables	-	-	6.17	1,931.40
Provision for trade Receivables	-	-	-	1,890.20
Total	1,932.70	41.19	7,606.17	11,421.60

Transactions with Pipavav Railway Corporation Limited Employees' Group Gratuity Trust:

Contribution made for Employees Group Gratuity Funds	6.28	19.32	-	-
Others	0.12	0.12	-	-
Total	6.40	19.44	-	-

Compensation to Key Managerial Personnel (Also refer to Note 35.5)

Mr. Amitabh Lal, Managing Director	-	29.56	-	-
Mr. Sanjiv Garg, Managing Director	49.16	6.29	-	-
Mr. Ashok Kumar, Manager	-	1.13	-	-
Ms. Leena Narwal, Company Secretary	32.64	31.39	-	-
Mr. Vinod Kumar, Chief Financial Officer	32.79	31.78	-	-
Total	114.59	100.15	-	-

Note 35.4.1: Mr. Ashok Kumar was appointed as KMP under the head “Manager” effectively from 24th January 2019 & his term as Manager ceased with effect from 6th February 2019. However, he has continued to be the employee of the Company after cessation as Manager. The amount mentioned above represents compensation paid to him during his tenure as Manager (being KMP) of the Company. Total emoluments paid to Mr. Ashok Kumar during the Current Year amount to ₹37.37 lakhs (Previous Year: ₹36.08 Lakhs) plus company’s contribution to EPF and NPS.

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

<i>(Amount in ₹ Lakhs)</i>		
Particulars	2019-20	2018-19
Short Term Employee Benefits		
Pay and allowances and other short terms benefits	114.59	92.61
Termination Benefits (given to Mr. Amitabh Lal on completion of his tenure)	-	7.54
Sub total (a)	114.59	100.15
Long Term Employee Benefits		
Post-Employment Benefits (provided for as per actuarial valuation)	61.06	49.73
Other-Long term benefits	-	-
Share-based payment	-	-
Sub total (b)	61.06	49.73
Total (a+b)	175.65	149.88

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

Note 36: Capital Commitment and Contingent Liabilities

(i) Capital commitment (net of advance, if any) by the Company as on 31st March 2020 was ₹8,578.12 lakhs (Previous year: ₹22,631.96 Lakhs). Capital commitment as on 31st March 2020 represents total estimated cost of Rail Electrification and other works being carried on PRCL section as reduced by cost of works booked by the Company up-to 31st March 2020. The total estimate cost of these works (including Rail Electrification work) is ₹29,366.31 Lakhs. The Company manages the funding of works from its own funds & earnings.

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

- 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.
- 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	Principle Commissioner of Service Tax, New Delhi
April 2014 to March 2015	₹2,800.51 lakhs plus interest & penalties	Principle 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	₹17,858.18 Lakhs plus interest & penalties	



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. Further, the issue was also referred to Ministry of Railways for taking up the case with the Finance Ministry.

With effect from 1st 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. 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. Ministry of Railways has also taken up the issue with Finance Ministry for issuing clarification/exemption.

- c. The Company received a writ petition during financial year 2011-12, filed 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 6th January 2010 and superannuated on 30th 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.

Note 37: Lease Obligations

The Company has following operating leases:

37.1 Leases of office and other buildings

- (i) The Company has taken its corporate office on leases on payments of monthly rental of ₹5.15 lakhs and car parking charges of ₹0.26 lakhs plus taxes (wherever applicable), for an initial lock-in-period of three (3) years which was up to 30th April 2018. The terms of the lease agreements provide that the leases can be renewed for another two terms of three years each at the option of the lessee with increase in the rent amounts. In terms of the lease agreements, the Company has exercised the option and renewed the leases for a period of three years from 1st May 2018 to 30th April 2021 with an increase of 12% in the rent amounts w. e. f. May 2018. However, the Company intends to opt for extension of lease term further upto the period 30th April 2024 by exercising the option available as per the lease agreements.
- (ii) During the current year, the Company has taken residential accommodation on lease for providing the same to the Managing Director of the Company for a period of two years with effect from 16th July 2020 for a monthly lease payment of ₹1.10 lakhs plus taxes, if any.
- (iii) The Company has applied Ind AS 116 in respect of above leases and has recognised lease liabilities for amounts equal to the present value of all unpaid lease payments by discounting the same at rate of 9% p.a. The Company has also recognised Right of Use Assets for the same amount. The movement of Lease liabilities and Right of use assets during the financial year 2019-20 in respect of the above assets is as under:

Amount in ₹ Lakhs				
Sr. No.	Particulars	Office lease	Residential lease	Total
	Lease liabilities			
1	Initially Lease Liabilities determined as on 1 st April 2019	317.24	-	317.24
2	Add: Lease liabilities for lease acquired during the year	-	21.26	21.26
3	Add: Finance Costs for the year	25.14	1.06	26.20
4	Less: lease payments during the year	(72.36)	(8.19)	(80.55)
5	Lease liabilities as on 31st March 2020 (1+2+3-4)	270.02	14.13	284.15

	Out of above:			
5.1	Current Lease liabilities	51.53	10.81	62.34
5.2	Non Current Lease Liabilities	218.49	3.32	221.81
	Right of use assets			
6	Right of use assets (equal to lease liabilities amount)	317.24	21.25	338.49
7	Add: Direct costs paid to obtain of Right of Use assets	-	1.27	1.27
8	Gross amount of Right of use assets (6+7)	317.24	22.52	339.76
9	Less: Depreciation provided during the year	(62.56)	(8.02)	(70.58)
10	Right of Use assets as on 31st March 2020 (8-10)	254.68	14.50	269.18

- (iv) In measurement of the lease liabilities in respect of the above leased office building mentioned at note 37.1(i) above, the extendable lease term as per the option available to the Company under the lease agreement has also been considered.
- (v) Other variable components payable by the Company on the above leases i.e. taxes amounting to ₹ 5.96 lakhs have been booked as expenses and charged to Statement of Profit and Loss [Refer to Note 23(iv)].
- (vi) In the Statement of Profit and Loss for the current year, the Finance Costs include interest of ₹26.20 lakhs recognised on the Lease Liabilities whereas Depreciation amounting to ₹70.58 lakhs has been booked on the Right of Use assets. These have been offset in the Operating Expense to the tune of ₹81.82 lakhs due to reduction on account of Lease Payments of ₹80.55 lakhs and direct cost of ₹1.27 lakhs incurred to obtain right of use assets during the year. The net impact in the Statement of Profit and Loss is therefore of ₹14.96 lakhs being reduction in the Profit before Tax for the current year.
- (vii) In the Statement of Cash Flow for the current year, there is increase in the operating cash inflow amounting to ₹81.82 lakhs and corresponding increase in total financing cash outflow of ₹80.55 lakhs on account of showing interest cost and lease payments as cash outflow from finance activities. The cash inflow from investing activities has decreased by ₹1.27 lakhs on account of showing the direct costs incurred in obtaining leased asset as addition to the right of use assets.
- (viii) In the Balance Sheet, current and non current lease liabilities as well as Right of Use assets have been separately shown.

37.2 Leased Assets from Ministry of Railways

In terms of the lease agreement dated 28th June 2001, 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 ₹2.4 crores respectively. 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 by the Company are recognised as expense and charged to Statement of Profit and Loss [Refer to Note 23(iii)].



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

Particulars	Amount in ₹ Lakhs	
	As on 31 st March 2020	As on 31 st March 2019
Payable within 1 year	197.52	197.52
Payable between 1 to 5 years	987.60	987.60
Payable beyond 5 years	1626.70	1824.22

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 to Note 23(i)(a)].

38.2 Fixed Cost (Material)

- (i) **Fixed Cost (Material)**, a component of O&M costs, was fixed as assessed by the Joint Survey Team, consisting representatives both from PRCL and Western Railway (WR), during the financial year 2015-16 for a period of five years. In assessment of the cost, the relevant data for financial year FY 2014-15 were used and the cost was fixed at ₹426.86 lakhs (previously assessed cost was ₹203.00 lakhs). WR has accordingly, charged the Fixed Cost (Material) of ₹456.69 lakhs for FY 2019-20 (Previous year: ₹448.95 lakhs) to the Company based on this assessed cost and after considering the impact of inflation index [Refer to Note 23(i)(a)].
- (ii) **Cost of additional works:** In addition to above Fixed Cost (Material), the Company also incurs the cost of certain works /activities, which Railways carry out on PRCL section on case to case basis as per operational requirement as per the consent of the Company. The Company has booked net expenditure of ₹823.65 Lakhs during the current year (Previous Year: ₹277.20 Lakhs) towards the cost of these works/ activities as per the claim/ advices/ information received from Railways. On completion of the work, necessary adjustments are made in the books of accounts as per the final cost of the works. The Company has shown the expenditure incurred on these works/activities as "Cost for additional works" [Refer to Note 23(i)(c)].

The Company had filed a revised insurance claim of ₹493.73 Lakhs (excluding transportation cost) in July 2016 and a claim for Loss of Profit of ₹1159.07 lakhs in December 2015 with the insurance company in respect of damage of a portion of the Project assets, caused by flood occurred on PRCL section in June 2015. During the current year, the Company has received ₹153.21 lakhs from the insurance company against the above claims. The same has been recognised as other income (Refer to Note No 22).

The expenditures incurred on flood restoration work have been charged to revenue as "Cost of the additional works" in the earlier years. During the current year, WR has given credit of reduced rates in respect of excess amount charged by them in the earlier year(s) to the extent of ₹165.22 lakhs for flood restoration work. Accordingly, the effect of the same has been taken in the books by reducing the cost of additional works to that extent.

38.3 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. GTKM, wagon hours etc.) and applies unit costs with the reconciled operating data in computation of various components of Variable Costs.

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 operation on the Project Railway. Under the terms of the Operation and Maintenance agreement (O&M agreement), Western Railway (WR) carries out the operation and maintenance of the Project Railway and maintains the records of freight generated from freight train operation 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 operation requirements. The Company has also booked its share of freight earnings worked out on carried route basis.
- 39.1.3 The Company has lodged claims on Western Railway on account of running of freight trains via shorter routes than the booked routes amounting to ₹40.33 Lakhs and ₹48.61 lakhs for the financial year 2016-17 and FY 2017-18 respectively. Pending WR' acceptance, the same have not been recognized in line with Ind AS 115. However, WR had started giving the credit arising on account of running of the freight trains via shorter route for the subsequent years.
- 39.1.4 In the past, the Company had raised certain issues with Railways related to freight apportionment e.g. downwards rounding off of the percentage of distance by WR in freight apportionment etc. These issues were decided and settled by Railways and wherever applicable Railways had given the benefit, arising out of settlement, to the Company. Accordingly, the Company had already recognised the revenue accrued on receipt of benefit from WR. However, WR had implemented these decisions with prospective effects and accordingly, the claims prior to the settlement/decision have not been recognized by the Company in accordance with Ind AS 115 "Revenue from Contract with Customers".

39.2 Traffic Guarantee Shortfall amount and other amounts claims on GPPL

- 39.2.1 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.
- 39.2.2 The Company had certain claims/dues from GPPL under various agreements and arrangements as detailed below:

Sr. No.	Particulars of Dues	Amount in ₹ Lakhs
A	Recognized in books	
1	Additional traffic guarantee shortfall amount (due to factor of revision in tonnage of container traffic)	1,175.64
2	Additional traffic guarantee shortfall amount (due to factor of change in variable costs)	315.78
3	Interest on traffic guarantee shortfall amount for FY 2008-09 and 2009-10	361.00
4	Other miscellaneous	37.78
	Subtotal (A)	1,890.20
B	Un-recognized in books	
5	Interest on traffic guarantee shortfall amount (calculated up-to 31 st March 2008 on traffic guarantee shortfall amount for FY 2003-04 to 2007-08)	2,933.71
6	Further Interest (updated up-to 1 st April 2010 on traffic guarantee shortfall amount for FY 2003-04 to 2007-08 as revised from earlier amount of ₹ 1,447.93 lakhs as per Committee direction)	1,129.18
7	Interest on delayed equity contribution (Revised from earlier amount of ₹ 700.93 lakhs as per committee recommendation)	484.74
8	Other miscellaneous dues	25.55
	Subtotal (B)	4,573.18
	Total dues unresolved by GPPL as on 31st March 2019	6,463.38



- 39.2.3 During the current year, the abovementioned dues had been settled for an amount of ₹ 1500.00 lakhs as per the conciliation proceedings mutually agreed by PRCL and GPPL and as approved by the Board of Directors of the Company in its meeting held on 18th December 2019. Accordingly, the Company has entered into a settlement agreement with GPPL on 7th January 2020 for full and final settlement of the dues and received ₹ 1500.00 lakhs from GPPL.
- 39.2.4 In view of above, out of the total recognized amount of ₹ 1890.20 lakhs, the Company has written off the unrealized amount of ₹ 390.20 lakhs (i.e. ₹ 1890.20 lakhs less ₹ 1500.00 lakhs) from the books by adjusting the same against the provision for doubtful debts made in the earlier years. Balance amount of provision for doubtful debt of ₹ 1500.00 lakhs has been reversed and shown as "Other Income" (Refer to Note 9 and 22).

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 receivable 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:

Particulars				Amount in ₹ Lakhs		
	2019-20			2018-19		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Present value of obligation at the beginning of the Year	93.87	80.37	34.23	79.32	70.44	30.48
Interest Cost	7.19	6.16	2.62	6.12	5.43	2.35
Current Service Cost	10.91	11.25	4.43	8.02	7.90	3.12
Benefits Paid	-	(1.63)	-	-	(6.40)	(1.78)
Re-measurements Obligations [Actuarial loss/(gain)]	14.02	14.40	5.09	0.41	3.00	0.06
Present value of obligation at the end of the Year	125.99	110.55	46.37	93.87	80.37	34.23

41.2 Change in Fair Value of Plan Assets

Particulars	Amount in ₹ Lakhs					
	2019-20			2018-19		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Fair value of Plan Assets at the beginning of the Year	67.41	-	-	44.02	-	-
Expected return on Plan Assets	5.74	-	-	4.67	-	-
Employer's contribution	6.28	-	-	19.32	-	-
Fund Management Charges	(0.70)	-	-	(0.60)	-	-
Benefit Paid	-	-	-	-	-	-
Fair value of Plan Assets at the end of Year	78.73	-	-	67.41	-	-

41.3 Amount recognized in Balance Sheet

Particulars	Amount in ₹ Lakhs					
	2019-20			2018-19		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Estimated Present Value of obligations at the end of the Year	125.99	110.55	46.37	93.87	80.37	34.23
Fair value of Plan Assets at the end of Year	78.73	-	-	67.41	-	-
Net Assets/ (Net Liability) recognized in Balance Sheet	(47.26)	(110.55)	(46.37)	(26.46)	(80.37)	(34.23)

41.4 Expenditure recognized in the Statement of Profit and Loss

Particulars	Amount in ₹ Lakhs					
	2019-20			2018-19		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Current Service Cost	10.91	11.25	4.43	8.02	7.90	3.12
Interest Cost	2.03	6.16	2.62	2.72	5.43	2.35
Net Actuarial (Gain) / Loss recognized in the year	-	14.40	5.09	-	3.00	0.06
Total expenses recognized in the Statement of Profit and Loss	12.94	31.81	12.14	10.74	16.33	5.53



41.5 Expenditure recognized in the Other Comprehensive Income

Amount in ₹ Lakhs

Particulars	2019-20			2018-19		
	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	(14.02)	-	-	(0.41)	-	-
actuarial gain/ (loss) for the year on the assets	(0.12)	-	-	0.67	-	-
Actuarial gain/ (loss) recognised during the year	(14.14)	-	-	0.26	-	-

41.6 Principal actuarial assumption at the Balance Sheet Date

Amount in ₹ Lakhs

Particulars	2019-20			2018-19		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Discount Rate	6.88%	6.88%	6.88%	7.66%	7.66%	7.66%
Rate of return on Plan Assets	7.27%	0%	0%	7.59%	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

	Effect of Gratuity obligation	Effect of Earned Leave	Effect on Sick Leave
April 2020 to March 2021	1.84	7.40	3.41
April 2021 to March 2022	6.88	4.28	1.76
April 2022 to March 2023	2.07	1.82	0.72
April 2023 to March 2024	3.35	1.75	0.72
April 2024 to March 2025	2.00	1.75	0.72
April 2025 to March 2026	2.01	1.76	0.73
April 2026 onwards	10.78	91.79	38.31

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 %	(7.89)	(5.27)	(2.00)
	-0.50%	8.60	6.34	2.08
Salary Growth	+0.50 %	8.46	5.32	1.98
	- 0.50 %	(7.84)	(6.22)	(2.05)

- 41.9 The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion 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 approval of gratuity fund by Income Tax Authority is awaited.
- 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.

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. The Company has reviewed the impairment test as on reporting date in respect of license fee and no further adjustment on account of impairment has been made in respect of license fee during the current year. However, in case there are indications in the future that the impairment loss is required to be reversed considering economic performance of the Company from the use of said license, the impairment loss shall be reassessed and, accordingly be reversed on the basis of assessment at that time and the carrying amount of the license fee will be increased to that extent.

In reviewing the assets for impairment, the Company has also taken into account effect of the COVID-19, if any. The Company has considered that the carrying amounts of the assets are not required to be impaired on account of COVID-19.

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 booked are as under:

(Amount in ₹ Lakhs)			
Sl. No.	Particulars	2019-20	2018-19
Auditors' Remuneration for:			
1	Statutory Audit	5.00	5.00
2	Review of Quarterly financial statements	0.75	-
3	Tax Audit	0.75	0.75
4	Taxes	1.17	1.04
4	Out of Pocket Expenses	-	0.05
	Total (included under "audit fee") [Refer to Note 23(vi)]	7.67	6.84

Note 47: Consideration of impact of uncertainties arising on account of global health pandemic from COVID-19

During last days of the current financial year under review, COVID-19 outbreak was declared as a world pandemic by the World Health Organization (WHO). Pursuant to this, Government of India has imposed lockdown across the country effective from 24th March 2020 to prevent the spread of the virus in the country. However, Railways continued its freight train operation on the PRCL section during the lock-down. Therefore, the Company has not faced any business stoppage/interruptions on account of the lockdown. However, continued lock down has affected the freight train operations in the next financial year substantially but no to the extent that it effects its liquidity position and ability to continue as a going concern.

Further, the Company has considered all possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, investment and other assets reported as on 31st March 2020. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the Company expects that the carrying amount of these assets will be recovered.

Note 48: The Company has only one reportable segment viz. Operation of freight traffic. Therefore, requirement for segment reporting is not applicable.

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

Firm Registration No: 000952C

Sd/-
CA Devendra Swaroop Mathur
Partner
M. No. 082570

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
Anju Ranjan
Director
DIN: 06681154

Place: New Delhi
Date: 10th August 2020

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

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), 12th 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 one (1) share 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 20th **Annual General Meeting** of the company, to be held on Tuesday, the 22nd September, 2020 at 12.00 p.m. at PRCL corporate office located at B-1202, 12th Floor, Statesman House, New Delhi-110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. 1 to _____

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.