



14th Annual Report 2013-14 **Pipavav Railway Corporation Limited**

CIN : U45200DL2000PLC151199

BOARD OF DIRECTORS

Mr. D. P. Pande
Mr. Manoj Kumar Srivastava
Mr. K. Vinayak Rao
Mr. A. S. Upadhyay
Mr. Ved Parkash Dudeja
Mr. Sonvir Singh
Mr. Dinesh Kumar Lal
Mr. Prakash Tulsiani
Mr. Hariharan Iyer
Mr. Pradeep Puri
Mr. Amitabh Lal — *Managing Director*

Company Secretary

Ms. Leena Narwal

Sr. AVP (Finance & Accounts)

Mr. Vinod Kumar

Statutory Auditor

M/s. Bhudladia & Co.
Chartered Accountants

C & AG Auditor

Principal Director of Audit
Railway Commercial, New Delhi

Bankers

Punjab National Bank
HDFC Bank Limited

Registered & Corporate Office :

1st Floor, Jeevan Tara Building, Gate No. 4
5, Parliament Street
New Delhi - 110 001

Branch Office :

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



CONTENTS

Notice	3
Directors' Report.....	6
Annexure I to the Directors' Report	9
Auditors' Report	10
Annexure to the Auditors' Report.....	11
C & AG Report	13
Balance Sheet	15
Statement of Profit & Loss.....	16
Notes forming part of Financial Statements	17-34
Cash Flow Statement	35
Proxy Form.....	37

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Wednesday, the 24th September, 2014 at 4.00 p.m. at Committee Room No. 237, 2nd Floor, Railway Board, Rail Bhavan, Ministry of Railways, New Delhi-110001** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2014 together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Dinesh Kumar Lal, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Pradeep Puri, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sh. A.S. Upadhyay, who retires by rotation, and being eligible, offers himself for reappointment.
5. To consider fixation of remuneration for the year ending 31st March, 2015 payable to M/s Bhudladia & Company, Chartered Accountants, Statutory Auditors appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2014-15. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2014-15 was 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 the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to M/s Bhudladia & Company, Chartered Accountants, Statutory Auditors of the Company appointed by Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the financial year 2014-15.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Sh. Manoj Kumar Srivastava who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation.”

7. 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 Section 196,197,198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the limits prescribed under the Act and also subject to requisite approvals of the Central Government and /or other authorities as may be required, consent of Shareholders of the Company be and is hereby accorded to appoint Sh. Amitabh Lal as Managing Director of the Company for a period of four years which can be extended by another one year with effect from 31st July, 2014 to 30th July, 2018 and remuneration will be paid on the terms and conditions detailed below:

1. Gross emoluments of ₹ 2,25,000/- (Rupees two lac and twenty five thousand) per month;
2. Provident Fund contribution of 12% on the basic pay;
3. Company car with driver;
4. Telephone, with fax and internet, at residence;
5. Gratuity payable at a rate not exceeding half a month salary for each completed year of service;
6. Annual Leave (30 days Earned Leave 8 days Casual Leave, 10 days Half Pay Leave), including leave encashment, as per Company Rules;
7. Membership of two clubs / Hotels with combined membership fee limited to ₹ 25,000/- per annum;



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

8. Leave Travel Concession / Medical Insurance, etc., as per Company rules; and
9. One Company appointed Helper.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits of the Company during the tenure of Sh. Amitabh Lal, Managing Director, the above mentioned remuneration will be regarded as minimum remuneration in accordance with Section 197 and other applicable provisions of the said Act and that the Company be and is hereby authorized to take such approvals as may be required, for payment of such remuneration, in case of such eventuality.

RESOLVED FURTHER THAT Sh. Amitabh Lal shall continue to hold the office of Director, without being subjected to retire by rotation, so far as he continues to be the Managing Director.

RESOLVED FURTHER THAT the Chairman or the Board or any Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual or expedient to give effect to the above resolution.”

8. 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 126 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 2014-15 @ 20% (i.e. ₹ 2 per share) amounting to ₹ 39,20,00,040/- out of profits of the Company to those shareholders whose names appeared on the register of members of the Company on September 18, 2014.

RESOLVED FURTHER THAT record date to ascertain the eligibility of members to receive interim dividend be fixed as September 18, 2014.

RESOLVED FURTHER THAT a bank account be opened in the name of the Company with Punjab National Bank at its Branch at Parliament Street (the bank) and a sum of ₹ 39,20,00,040/- being the total interim dividend amount, be deposited in the said account within five days of the approval of shareholders.

RESOLVED FURTHER THAT Sh. Amitabh Lal, Managing Director jointly with Sh. Y.K. Tripathi,

Executive Vice President or Ms Leena Narwal, Company Secretary or Sh. Vinod Kumar, Sr AVP(F&A) of the Company be and are hereby authorized to open the bank account by signing the account opening form and by furnishing to the said bank the required papers, documents, information etc. and completing all other required formalities for the purpose of opening the bank account and to make arrangements with the said bank for payment at par, of the interim dividend within thirty days from the date of declaration.

RESOLVED FURTHER THAT Sh. Amitabh Lal, Managing Director jointly with Sh. Y. K. Tripathi, Executive Vice President or Ms Leena Narwal, Company Secretary or Sh. Vinod Kumar, Sr AVP(F&A) of the Company be and are hereby authorised to sign the cheque/ dividend warrants to be issued to the members and the bank be and is hereby authorised to honour the cheques/ interim dividend warrants jointly signed by the said authorised signatories, as and when presented for encashment.

RESOLVED FURTHER THAT Sh. Amitabh Lal, Managing Director 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.”

By order of the Board

for **PIPAVAV RAILWAY CORPORATION LIMITED**

Sd/-

Leena Narwal

Company Secretary

Place : New Delhi

Dated : August 8, 2014

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. 6 to 8 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.

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

Item No. 6

Sh. Manoj Kumar Srivastava was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 161 of the Companies Act, 2013 and Article 38 of the Articles of Association of the Company w.e.f. 13th June, 2014. Sh. Manoj Kumar Srivastava holds office as a Director up to the date of this Annual General Meeting.

Sh. Manoj Kumar Srivastava, an Indian Railway Traffic Service (IRTS) officer with varied experience in rail operations. Before assuming the charge of Executive Director (Perspective Planning) Railway Board, he was Chief Freight Transportation Manager (CFTM), Northern Railway. Sh. Srivastava has held various important positions in Indian Railways such as Director (Co-ordination) in Railway Board, Dy.COM/Northern Railway etc. He was part of the team which conceptualized and implemented Freight Operating Information System on Indian Railways. He has attended Advanced Management Programme at INSEAD, Singapore. He has rich experience of working in different departments of Indian Railways and his specialization includes Planning, Operations and IT.

The Board of Directors recommend passing of resolution as set out under Item No. 6.

None of the Directors, Key Managerial Personnel and their relatives except Sh. Manoj Kumar Srivastava is concerned /interested in the said resolution.

Item No. 7

The Board of Directors and Shareholders approved the appointment of Sh. Amitabh Lal as Managing Director of the Company w.e.f. 28th January, 2014 to 27th January, 2018 which can be extended by another one year. However, based on the letters received from the office of Member Traffic, Railway Board and Chairman of the Company stating that Sh. Amitabh Lal could not be spared from the post of Additional Member (Commercial), Railway Board in view of the budget exercise on account of the early General Elections, Board of Directors passed a resolution on 27th January, 2014 that Sh. A.S. Upadhyay will look after the charge of the post of Managing Director/ PRCL, until Sh. Amitabh Lal joins the Company.

Thereafter, Sh. Amitabh Lal had informed that he will join as Managing Director of the Company on 31st July,

2014. Accordingly, Board of Directors in supersession of the earlier resolution passed in this regard, approved the appointment of Sh. Amitabh Lal as Managing Director of the Company w.e.f. 31st July, 2014 to 30th July, 2018 which can be extended by another one year on gross emoluments of ₹ 2,25,000/- per month along with other benefits for a period of four years.

Sh. Amitabh Lal is an Indian Railways Traffic Service Officer with vast experience in Freight and Multi-Modal Operations, Commercial, Planning, HRD and Policy matters. He has held various senior positions in Indian Railways and has worked in different Railways Zones.

Being the Managing Director of the Company, he is overall in-charge of the affairs of the Company subject to superintendence, control and direction of the Board of Directors.

The Board of Directors recommend passing of resolution as set out under item No. 7.

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

Item No. 8

The Board of Directors accorded its consent to declare interim dividend for the FY 2014-15 @ 20% (₹ 2 per share) amounting to ₹ 39,20,00,040/- plus dividend tax i.e. ₹ 2 per share 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 the members. Accordingly, approval of shareholders is being taken. Record date to ascertain the eligibility of members to receive interim dividend be fixed as September 18, 2014. All the money towards dividend will be deposited in a separate bank account opened in the name of the Company with Punjab National Bank at its Branch at Parliament Street.

The Board of Directors recommend passing of resolution as set out under item No. 8.

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

By order of the Board

for PIPAVAV RAILWAY CORPORATION LIMITED

Sd/-

Leena Narwal

Company Secretary

Place : New Delhi

Dated : August 8, 2014



DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 14th Annual Report on the working of your Company, along with Audited Annual Accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

Amount in ₹ Crore

	FY 2013-14	FY 2012-13
Income from Operations	221.74	178.98
Other Income	2.66	6.76
Total Income	224.40	185.74
Less: Employee benefits, Operating and Other expenses	(112.66)	98.91
Less: Impairment loss on Intangible assets	(7.38)	—
Profit/(Loss) before Interest & Depreciation	104.36	86.83
Less: Interest	—	(4.08)
Less: Depreciation	(14.96)	(15.31)
Net Profit/(Loss) before Taxation & Exceptional & prior Period Items	89.40	67.44
Add/(Less): Exceptional & Prior Period Items	7.19	(0.08)
Profit/(Loss) before Taxation	96.59	67.36
Add/(Less): Taxes (net of MAT Credit)	(15.69)	—
Add/Less: Deferred Tax Provisions	(0.12)	(20.95)
Balance Profit/(Loss) carried to Balance Sheet	80.78	46.41

DIVIDEND

The Directors propose to recommend payment of an interim dividend for the FY 2014-15 @ 20% (₹ 2.0 per share) out of profits of the Company subject to approval of shareholders.

OPERATIONS OF THE COMPANY

During the financial year 2013-14, the Company has carried 8.71 MT of cargo on the Pipavav line and earned revenue of ₹ 232.21 Crore from its freight operations as compared to 6.86 MT of cargo moved and revenue of ₹ 178.98 Crore earned during 2012-13, indicating a growth of 30% in revenue.

In the current financial year (2014-15) upto June, 2014, the Company has carried 2.41 MT of cargo on the Pipavav line and earned revenue of ₹ 58.06 crore from its freight operations as compared to 1.88 MT of cargo moved and revenue of ₹ 50.91 crore earned during the corresponding period of last year. There has been a growth of 28% in the volume and 14% in revenue earned during the first 3 months of the current financial year as compared to the corresponding period of previous financial year.

RECENT DEVELOPMENTS

- In the first phase of undertaking track capacity work on PRCL section, construction of one loop each at Kundli and Lathidad has been taken up by Western Railway Construction Branch and PRCL had deposited the estimated amount of ₹ 8,72,01,379/-. The work is likely to be completed by November, 2014.
- In accordance with the approval given by Board of Directors regarding share of rail differential from Pipavav and other ports handling coal in their traffic, your Company has entered into agreements with various Parties in order to attract coal traffic.
- Your Company is in the process of depositing the amount towards Baldana Road as per the detailed estimate received from CPM/Ahmedabad.

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, 2014 is ₹ 1,96,00,00,200/-.

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 217(1)(e) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 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.

PARTICULARS OF EMPLOYEES:

Particulars of employee as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are not applicable to the Company.

DIRECTORS:

During the year under review, Sh. Dinesh Kumar Lal, Sh. Pradeep Puri and Sh. A.S. Upadhyay, Directors retire by rotation at the 14th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting of shareholders, Sh. Manoj Kumar Srivastava was appointed as Additional Director of the Company under Section 161 of the Companies Act, 2013 by Ministry of Railways in place of Sh. Niraj Kumar. He hold office upto the date of ensuing Annual General Meeting and is eligible for re-appointment. The Company has received notice under Section 160 of the Companies Act, 2013 proposing the appointment of Sh. Manoj Kumar Srivastava as Director of the Company, subject to retirement by rotation.

Further, the Board of Directors approved the appointment of Sh. Amitabh Lal as new Managing Director of the Company on a gross emoluments of ₹ 2,25,000 per month along with other benefits for a period of four years which can be extended by another one year w.e.f. 31st July, 2014.

Sh. Pankaj Malviya, the then Managing Director had completed his tenure on 27th January, 2014 and relinquished his office. The Board place on record their appreciation of the significant contribution made by Sh. Pankaj Malviya during his tenure as Managing Director of the Company.

Appropriate proposals are placed for your consideration in the Notice accompanied this Report. The Board recommends these appointments for your approval.

AUDIT COMMITTEE:

Audit Committee of the Company is constituted in accordance with the provisions of Section 292A of the Companies Act, 1956. It comprises of the following Directors:

- | | | |
|-----------------------------------|---|----------|
| 1. Sh. Pradeep Puri
(Chairman) | - | Director |
| 2. Sh. K. Vinayak Rao | - | Director |
| 3. Sh. Manoj Kumar Srivastava | - | Director |
| 4. Sh. Hariharan Iyer | - | Director |

INTERNAL COMPLAINTS COMMITTEE

Central Government has notified the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same has come into effect from 9th December, 2013. Accordingly, in compliance of the Act, your Company has constituted an Internal Complaints Committee (ICC) both at its Registered & Corporate office at New Delhi and Branch Office at Bhavnagar. It comprises of the following members at both the offices as under:

REGISTERED OFFICE

- | | | |
|--|---|-------------------|
| 1. Ms. Leena Narwal
Company Secretary/ PRCL | - | Presiding Officer |
| 2. Sh. V.S. Siva Subramanian
Sr. Manager/PRCL | - | Member |
| 3. Ms. Nishi Chandwani
Executive (M&O)/ PRCL | - | Member |
| 4. Sh. S. Kumar* | - | Member |

*Sh. S. Kumar is an outside expert having knowledge of law; civil, criminal and/or working for the upliftment and welfare of women.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

BRANCH OFFICE:

1. Ms. Leena Narwal - Presiding Officer
Company Secretary/ PRCL
2. Sh. Arvind Pathak - Member
Executive Assistant/PRCL
3. Sh. Harshad C. Jadav - Member
Executive Assistant/ PRCL
4. Mrs. Pushpaben N. Makwana* - Member

*Mrs. Pushpaben N. Makwana is an outside expert having knowledge of law; civil, criminal and/or working for the upliftment and welfare of women.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the period under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting

records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. That the Directors have prepared the annual accounts on a 'going concern' basis.

AUDITORS:

M/s. Bhudladia and Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year 2014-15 by the Comptroller & Auditor General of India (C&AG).

COMMENTS ON AUDITORS' REPORT:

Remarks on the observations of the Statutory Auditors for the year under review are enclosed as "**Annexure I**" and appropriate disclosure in regard thereof are contained in the Accounting Policies and Notes on Accounts forming integral part of the Accounts.

ACKNOWLEDGEMENT:

The Board of Directors place on record their appreciation for the continued assistance, active support and guidance received from Ministry of Railways, various Government Authorities, Banks and Shareholders of the Company.

Your Directors express their deep appreciation for the hard work and dedication put in by the small team of officers and staff which has enabled the Company to achieve the performance during the year under review.

For and on behalf of the Board of Directors

Sd/-

D. P. Pande
Chairman

Place : New Delhi
Dated : August 8, 2014

ANNEXURE I TO THE DIRECTORS' REPORT

COMPANY'S REMARKS ON THE OBSERVATIONS OF THE STATUTORY AUDITORS

S. No.	Ref.No. of Audit Report	Auditors' Observations	Management's Replies
1.	Point no. (a) of the "Emphasis of Matter" of the Auditor's Report	(a) Note no. 18 'Contingent Liabilities' to the financial statements, regarding enquiry initiated for applicability of service tax on the company. We are unable to comment on the same.	<p>There was an enquiry on Company regarding applicability of service tax on various transactions of the Company. However no Show Cause Notice was received by the Company.</p> <p>Appropriate disclosure has been made in the financial statements.</p>
2.	Point no. (b) of the "Emphasis of Matter" of the Auditor's Report	Note no. 20 'Operating and Maintenance cost' to the financial statements, regarding excess bills charged for Fixed Cost (Material), Fixed Cost (Staff) and method of billing of variable cost.	<p>Company has booked O&M cost as per the bills received from WR following prudent accounting policy, though Company has certain disputes in the bills and has addressed the same to Railways.</p> <p>Appropriate disclosure has been made in the financial statements.</p>
3.	Point no. (c) of the "Emphasis of Matter" of the Auditor's Report	Note no. 22 'Revenue Recognition and Reconciliation' to the financial statements, regarding proposed modification of calculation of freight due to the company because of diverted route, disputes with Western Railway related to apportionment of revenue and non-recognition of interest receivable from M/s Gujarat Pipavav Port Limited on account of delayed payment of amount due for shortfall in traffic guarantee and on equity contribution.	<p>Company has certain disputes with WR related to apportionment of revenue. WR has not accepted the views of Company on disputed items; therefore, the amount has not been recognized by the Company, in accordance with Accounting Standard 9- "Revenue Recognition".</p> <p>The matter of settlement of disputed dues between the Company and GPPL is under consideration of the Committee constituted by the Board of Directors to facilitate one time settlement of dues between the Company and GPPL. Therefore, pending the decision, the Company has not recognized interest etc. in accordance with Accounting Standard-9 (Revenue Recognition). Further, provisions have been made in respect of amount which had already been recognized.</p> <p>Appropriate disclosure has been made in the financial statements.</p>



AUDITORS' REPORT

**TO
THE MEMBERS OF
PIPAVAV RAILWAY CORPORATION LTD.
NEW DELHI**

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Pipavav Railway Corporation Limited ("the Company"), New Delhi which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Emphasis of Matter

Attention is drawn to:

- (a) Note no. 18 'Contingent Liabilities' to the financial statements, regarding enquiry initiated for applicability of service tax on the company. We are unable to comment on the same.
- (b) Note no. 20 "Operating and Maintenance Cost" to the financial statements, regarding excess bills charged for Fixed Cost (Material), Fixed Cost (Staff) and method of billing of variable cost.
- (c) Note no. 22 "Revenue Recognition and Reconciliation" to the financial statements, regarding proposed modification of calculation of freight due to the company because of diverted route, disputes with Western Railway related to apportionment of revenue and non-recognition of interest receivable from M/s Gujarat Pipavav Port Limited on account of delayed payment of amount due for shortfall in traffic guarantee and on equity contribution.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a Statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from directors, as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For BHUDLADIA & COMPANY
Chartered Accountants
Firm's Registration No. 002511N
Sd/-
CA PUNEET SINGLA

Dated: August 8, 2014
Place: New Delhi

Partner
M.No.506277

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements of M/s Pipavav Railway Corporation Ltd.)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been verified by the management during the year. Fixed assets are verified annually, which in our opinion is considered reasonable having regard to the size and nature of its assets.
 - (c) During the year, fixed assets disposed off are not substantial having regard to the size of the Company.
- (ii) The Company does not have any inventory. Consequently, clauses (ii)(a) to (ii)(c) of paragraph 4 of the Order are not applicable to the Company;
- (iii) According to information and explanations given to us, the Company has not granted or taken any secured or unsecured loans, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (g) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that contracts or arrangement of the Company, referred to in Section 301 of the Companies Act, 1956, which requires to be entered in the register required to be maintained under that section have been entered.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- (b) In our opinion, and according to the information and explanations given to us, transactions made in pursuance in contracts or arrangements entered in the register maintained under section 301 of the Act are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any public deposits during the year under consideration.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to the Company.
- (ix) (a) According to information and explanations given to us and on the basis of examination of the records, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service tax and other statutory dues applicable to the Company. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2014.
- (b) According to the information and explanations given to us, there are no disputed statutory dues, which have not been deposited as on 31st March, 2014.
- (x) There are no accumulated losses of the Company at the end of the financial year. Also the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) According to the information and explanations given to us, and as per books of records examined by us, the Company has no dues to a financial institution or bank or debenture holder, consequently clause (xi) of paragraph 4 of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any fresh term loans during the year.
- (xvii) According to the information and explanations given to us, the Company has not raised any short term or long-term funds.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised money through a public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For BHUDLADIA & COMPANY
Chartered Accountants
Firm's Registration No. 002511N

Sd/-
CA PUNEET SINGLA
Partner

Dated: August 8, 2014

M.No.506277

Place: New Delhi

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF PIPAVAV RAILWAY CORPORATION LIMITED
FOR THE YEAR ENDED 31st MARCH, 2014**

The preparation of financial statements of Pipavav Railway Corporation Limited for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 8 August, 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Pipavav Railway Corporation Limited New Delhi for the year ended 31st March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries on the statutory auditors and company personnel and a selective examination of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 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.

Comments on Disclosure

Balance Sheet

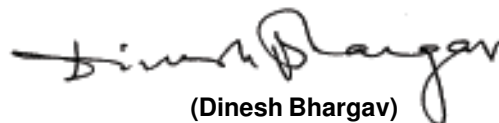
Current Assets

Cash and Cash equivalents - ₹ 290,613,147

The above includes an amount of ₹ 2769 lakh towards Term Deposits with maturity of more than three months but less than twelve months, not being Cash equivalent as per Accounting Standard-3. The same should have been shown under the head- 'Other Bank Balances'. This has resulted in overstatement of 'Cash and Cash equivalent' and understatement of 'Other Bank Balances' by ₹ 2769 lakh.

Place: New Delhi

Dated: 22.09.2014



(Dinesh Bhargava)

**Principal Director of Audit (Railway Commercial)
New Delhi**



REPLY ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PIPAVAV RAILWAY CORPORATION LIMITED FOR THE YEAR ENDED 31st MARCH 2014

CAG Comments	Management Reply
<p><u>Comments on Disclosure</u></p> <p>Balance Sheet</p> <p>Current Assets</p> <p>Cash and Cash equivalents - ₹ 290,613,147/-</p> <p>The above includes an amount of ₹ 2769 lakh towards Term Deposits with maturity of more than three months but less than twelve months, not being Cash equivalent as per Accounting Standard-3. The same should have been shown under the head- 'Other Bank Balances'. This has resulted in overstatement of 'Cash and Cash Equivalent' and understatement of 'Other Bank Balances' by ₹ 2769 lakh.</p>	<p>As per definition given by the Accounting Standard-3 on 'Cash Flow Statements', <i>the Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.</i></p> <p>All the bank deposits are falling within the meaning of Cash equivalents in the sense that these are short term deposits (i.e. not more than 12 months maturity period) and also are readily convertible into known amount of cash without any risk of change in value.</p> <p>Accordingly, the term deposits had been disclosed under the head 'Cash and Cash equivalent'.</p> <p>However, as per suggestion of CAG, suitable modifications will be done in the future.</p>

PIPAVAV RAILWAY CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	1,96,00,00,200	1,96,00,00,200
(b) Reserves and Surplus	4	75,98,62,960	10,99,46,503
(2) Non-Current Liabilities			
(a) Long term provisions	5	29,89,341	21,18,433
(b) Deferred tax liabilities (Net)	26	9,43,62,147	9,31,17,528
(3) Current Liabilities			
(a) Trade payables	6	10,69,76,986	84,87,49,753
(b) Other current liabilities	7	1,24,89,360	14,63,183
(c) Short term provisions	8	50,18,492	7,78,871
Total		2,94,16,99,486	3,01,61,74,471
II. Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>	9		
(i) Tangible assets		1,76,69,43,854	1,91,13,47,207
(ii) Intangible assets		13,23,539	7,88,06,134
(b) Long term loans and advances	10	32,52,09,728	15,95,25,432
(2) Current assets			
(a) Trade receivables	11	52,33,47,404	24,49,85,413
(b) Cash and cash equivalents		29,06,13,147	50,22,65,788
(c) Short-term loans and advances		2,96,47,892	11,70,87,009
(d) Other current assets		46,13,922	21,57,488
Total		2,94,16,99,486	3,01,61,74,471

Notes 1 to 37 form an integral Part of the financial Statements

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
CA Puneet Singla
Partner

For & on behalf of the Board

Sd/-
Amitabh Lal
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
K. Vinayak Rao
Director

Place: New Delhi
Dated: 08.08.2014

Sd/-
Vinod Kumar
Sr. AVP (Finance & Accounts)

Sd/-
Leena Narwal
Company Secretary



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

PIPAVAV RAILWAY CORPORATION LIMITED
STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
INCOME			
I. Revenue from operations	12	2,21,74,14,143	1,78,97,72,099
II. Other Income	13	2,65,77,506	6,76,26,170
III. Total Revenue (I +II)		2,24,39,91,649	1,85,73,98,269
IV. Expenses:			
Employee benefits expense	14	1,94,66,616	1,78,47,718
Finance costs	15	5,966	4,08,28,327
Depreciation and amortization expense	9	14,95,63,476	15,31,17,502
Operating and Other expenses	16	1,10,71,74,886	97,13,00,292
Impairment loss	9	7,38,08,872	
Total Expenses		1,35,00,19,816	1,18,30,93,839
V. Profit before exceptional and extraordinary items and tax (III - IV)		89,39,71,833	67,43,04,430
VI. Exceptional & Prior Period Items	17	(7,19,13,397)	8,30,621
VII. Profit before tax (V - VI)		96,58,85,230	67,34,73,809
VIII. Tax expense:			
(1) Current tax	25	20,18,98,921	13,46,96,443
(3) Earlier Year		2,77,425	—
(2) Deferred tax	26	12,44,619	20,94,07,385
(4) MAT Credit Entitlement (net of reversal)	25	(4,53,08,296)	(13,46,96,443)
IX. Profit(Loss) for the year from continuing operations (VII-VIII)		80,77,72,561	46,40,66,424
X. Earning per equity share (Basic & Diluted):	36	4.12	2.37

Notes 1 to 37 form an integral Part of the financial Statements

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
CA Puneet Singla
Partner

For & on behalf of the Board

Sd/-
Amitabh Lal
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
K. Vinayak Rao
Director

Place: New Delhi
Dated: 08.08.2014

Sd/-
Vinod Kumar
Sr. AVP (Finance & Accounts)

Sd/-
Leena Narwal
Company Secretary

PIPAVAV RAILWAY CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. BACKGROUND

Pipavav Railway Corporation Limited (PRCL) is the first joint sector Company of the Ministry of Railways, with participation of Gujarat Pipavav Port Limited (GPPL), registered under the Companies Act, 1956. It has a special approval of the Cabinet Committee on Economic Affairs to undertake construction, operation and maintenance of the Broad Gauge Railway and has entered into a Concession Agreement with Ministry of Railways for use of Surendranagar - Pipavav railway line on BOOT basis for 33 years w.e.f. 28th June 2001. It has been conferred with the rights of a "Railway Administration" under the Railway Act, 1989. Entire assets existing in the Project Area shall revert back to Ministry of Railways for a consideration upon expiry of such 'Concession Agreement' in accordance with the terms of such Agreement. The Surendranagar- Pipavav Port rail link project has been successfully commissioned in a record time of eighteen months. The entire 269 km rail line of this railway line, with all operational and commercial activities is being managed by the Company through Western Railways.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

- a) The financial statements are prepared under the historical cost convention, on a going concern basis, and in accordance with the generally accepted accounting principles except where otherwise stated.
- b) Accrual method of accounting is generally followed for recognizing income and expenses except as under:
 - i. Income on account of insurance claims is accounted for on settlement.
 - ii. Penal interest on delayed payment on loans is accounted on the basis of claim made by respective parties.
 - iii. Interest receivable/ payable on tax refunds/delayed payment of taxes and other Statutory Dues is accounted on cash basis.
- c) The preparation of financial statements require the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amount of revenues and expenses during the reported period. Management believes that these estimates and assumptions are reasonable and prudent. However, actual result could differ from estimates which are recognized in the period in which the results are known/materialized.

B. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition/construction less accumulated depreciation. The 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 during construction incurred up to the date of commissioning.
- b) Capitalization of the expenditure is done only in such cases where such expenses are expected to result in resources in control of the Company and from where continuing economic benefits are expected. In other cases, expenditures are recognized as revenue expenditures.
- c) Depreciation on fixed assets is provided on straight line method as per the provisions of section 205(2) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 and in case of addition to/transfer of fixed assets, depreciation is charged on pro-rata basis from the date of addition/transfer. Where the historical cost of a depreciable asset has undergone a change due to increase or decrease in liability to Western Railway (WR) or other suppliers, the depreciation on revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset. Depreciation on assets whose actual cost does not exceed ₹ 10,000/- each is provided at 100% in the year of addition. Further, fully depreciated assets are shown at a nominal value of ₹ 1 (Rupees One) each until the same are disposed off.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- d) Intangible Assets:- Intangible assets are stated at cost of acquisition less accumulated amortization/ depreciation. Intangible assets are amortized as per Accounting Standard- 26 (Intangible Assets) issued by the Instituted of Chartered Accountants of India.
- e) In accordance with Accounting Standard-28 Impairment of Assets (AS-28), the carrying amounts of Company's 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 net selling price and the value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

C. Capital Work in Progress

Capital work in progress includes cost of assets at sites, construction expenditure, interest on funds deployed on capital work in progress and other indirect pre-operative expenditure incidental and related to acquisition/construction of assets.

D. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized, till the date on which the asset is put to use, as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

E. Revenue Recognition

Revenue from rail freight is recognized proportionately as attributable to PRCL line, out of the revenue collected by WR in accordance with Operation and Maintenance Agreement with WR.

F. Employee Benefits

a) Short Term Employee Benefits

Defined Contribution Plan such as Group Medclaim & Group Personal Accident policy are recognized as an expense and charged to the statement of Profit & Loss.

b) Post Employment Benefits

i. Defined Contribution Plans:

Defined Contribution Plans such as Provident Fund are recognized as an expense and charged to the statement of Profit & Loss.

ii. Defined Benefit Plans:

a) *Gratuity:*

The employees Gratuity Fund Scheme is funded by the Company and managed by Life Insurance Corporation of India through a separate Trust. 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 obligations to recognize the obligation on net basis.

b) *Other Long Term Benefits:*

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

G. Contingent Liabilities and Provisions

Contingent liabilities are disclosed separately in the Notes to Accounts. Provisions are made on all present obligations on which reliable estimates are possible and for which is probability of outflow of cash.

H. Prior period/Extra Ordinary items

All expenses or income exceeding ₹ 50,000/- relating to the prior period are disclosed in the accounts. Any income/expenditure less than ₹ 50,000/- is appropriately considered as current year's income/expenditure.

I. Income Tax

Income tax expense for the year comprises of current tax and deferred tax. Provision for current tax is determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits 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 recognised as an asset in the financial statements when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. 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.

The Company provides for deferred tax in accordance with the Accounting Standard 22, "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India. Deferred tax is recognized for all timing differences between the taxable income and accounting income, subject to consideration of prudence, applying the tax rates that have been substantively enacted by the balance sheet date. 'Deferred tax assets' in respect of unabsorbed losses/depreciation are recognized when there is a virtual certainty supported by convincing evidence that all such assets will be realized and are reassessed annually.

J. Earnings per Share

Basic earning per share is computed by dividing the profit/loss after tax by the number of weighted average shares outstanding during the year. Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholder by the weighted average number of equity shares outstanding during the year adjusted for all potential equity shares.

K. Government Grants

Government grants received are adjusted against the respective cost of assets acquired, constructed or expenditures incurred, for which grants are received, in the year in which assets are acquired or construction is completed or expenditure incurred. Till the time acquisition or construction of assets is not completed, grants are recognised as Capital Reserve. Other grants for revenue expenditures are credited to statement of profit and loss.

L. Events occurring after Balance Sheet Date

Events occurring after Balance Sheet date are considered in the preparation of financial statements in terms of Accounting Standard-4 (Contingencies and Events Occurring After Balance Sheet Date) issued by the Institute of Chartered Accountants of India.

3. SHARE CAPITAL

(i) Share Capital	As at 31 st March 2014		As at 31 st March 2013	
	Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
Authorised Equity Shares of ₹ 10/- each	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
Issued Equity Shares of ₹ 10/- each	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Subscribed and paid up Equity Shares of ₹ 10/- each fully paid	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Total	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of financial year 2013-14

Particulars	Number of Shares (Equity)	(Amount in ₹)	Number of Shares (Equity)	(Amount in ₹)
Shares outstanding at the beginning of the year	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Shares Issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200

(iii) Shareholding Pattern

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held (Equity)	% of Holding	No. of Shares held (Equity)	% of Holding
President of India (Ministry of Railways)	9,80,00,010	50.00%	9,80,00,010	50.00%
Gujarat Pipavav Port Limited (GPPL)	7,60,00,010	38.78%	7,60,00,010	38.78%
General Insurance Corporation of India (Assignee of GPPL)	50,00,000	2.55%	50,00,000	2.55%
The New India Assurance Company Limited (Assignee of GPPL)	50,00,000	2.55%	50,00,000	2.55%
IL&FS Transportation Networks Limited (Assignee of GPPL)	1,20,00,000	6.12%	1,20,00,000	6.12%
	19,60,00,020	100%	19,60,00,020	100%

(iv) Rights, Preferences and Restrictions to Shares:

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

(v) Details of Share Allotted for consideration other than cash during last five years are as under:-

Name of Share Holder	Year of Allotment	No. of Equity Share Allotted	Amount in ₹
President of India (Ministry of Railways)	2008-09	23,36,951	2,33,69,510

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2014	As at 31 st March, 2013
4. Reserves & Surplus			
(i) Surplus as per Statement of Profit and Loss			
	Opening Balance	6,67,45,511	(39,73,20,913)
	Add: Net Profit/(Net Loss) for the year	80,77,72,561	46,40,66,424
	Less: Interim Dividend distributed during the year	(9,80,00,010)	—
	Less: Dividend Distribution Tax paid on above	(1,66,55,102)	—
	Closing Balance	75,98,62,960	6,67,45,511

(ii) Capital Reserve		
Opening Balance	4,32,00,992	4,40,38,294
Add/(Less): Government Grants received/ (utilized) during the year	(4,32,00,992)	(8,37,302)
Closing Balance	<u>—</u>	<u>4,32,00,992</u>
Grand Total (i+ii)	<u>75,98,62,960</u>	<u>10,99,46,503</u>

During the current financial year balance amount of grants received in earlier years, for incurring expenditure on various works of removal of infringements for running of Double Stack Container trains (high cube) on PRCL section has been adjusted against the expenditure incurred on these works. The unutilized balance amount of grant is shown under Note no. 7 "Other current Liabilities".

Note	Particulars	<i>(Amount in ₹)</i>	
		As at 31 st March, 2014	As at 31 st March, 2013
5. Long Term Provisions			
	Provision for employee benefits		
	Gratuity	5,69,019	3,45,935
	Leaves	24,20,322	17,72,498
	Total	<u>29,89,341</u>	<u>21,18,433</u>
6. Trade Payable		<u>10,69,76,986</u>	<u>84,87,49,753</u>
	Total	<u>10,69,76,986</u>	<u>84,87,49,753</u>
	Trade payables include:		
	1. An amount of ₹ 81.32 lakhs is outstanding for more than 12 months on account of dispute with the party. Anticipating that the amount can be paid any time after the settlement of the dispute, same has been classified as "Trade Payables".		
7. Other Current Liabilities			
	Duties & Taxes	22,93,872	3,90,387
	Provident Fund	2,36,252	—
	Government Grants	99,51,361	—
	Security Deposits	—	10,49,746
	Others	7,875	23,050
	Total	<u>1,24,89,360</u>	<u>14,63,183</u>
8. Short Term Provisions			
	Provision for employee benefits (Leaves)	1,04,727	7,78,871
	Provision for Taxes	49,13,765	—
	Total	<u>50,18,492</u>	<u>7,78,871</u>



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

(Amount in ₹)

9. FIXED ASSETS

Sl. No.	Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			IMPAIRMENT (Refer Note No. 31)			NET BLOCK	
		Balance as at 1 st April 2013	Additions	Disposals Adjustments	Balance as at 1 st April 2013	Depr- ciation charge for the year	Adjustment due to disposal/ writing off	Balance as at 1 st April 2013	Loss Provided/ Reversed during the Year	Balance as at 31 st March 2014	Balance as at 31 st March 2013	
a	Tangible Assets											
1.	Bridges & Buildings	45,79,55,471	—	—	6,95,34,292	74,64,675	—	—	—	—	38,09,56,504	38,84,21,179
2.	Formations	18,29,06,155	—	—	7,53,53,055	86,88,042	—	—	—	—	9,88,65,058	10,75,53,100
3.	Plant & Machinery (Project)	36,32,79,717	—	—	17,24,61,144	1,72,55,789	—	—	—	—	17,35,62,784	19,08,18,573
4.	P-Way	2,32,92,28,720	—	—	1,10,66,01,381	11,06,38,366	—	—	—	—	1,11,19,88,973	1,22,26,27,339
5.	Plant & Machinery	22,53,101	94,690	(43,275)	16,02,268	1,25,553	(33,500)	—	—	—	6,10,195	6,50,833
6.	Vehicles	67,10,136	—	—	56,92,182	2,88,708	—	—	—	—	7,29,246	10,17,954
7.	Furniture & Fixtures	3,85,658	—	(18,510)	1,27,429	23,875	(15,250)	—	—	—	2,31,094	2,58,229
	Total	3,34,27,18,958	94,690	(61,785)	1,43,13,71,751	14,44,85,008	(48,750)	1,57,58,08,009	—	—	1,76,69,43,854	1,91,13,47,207
	Previous Year	3,31,96,28,528	2,31,56,430	(66,000)	1,28,32,85,431	14,81,06,549	(20,229)	1,43,13,71,751	—	—	1,91,13,47,207	
b.	Intangible Assets											
(i)	Licenses	10,00,00,000	—	—	2,11,93,866	49,97,262	—	—	—	—	—	7,88,06,134
(ii)	Software	5,36,070	14,04,745	—	5,36,070	81,206	—	—	—	—	13,23,539	—
	Total	10,05,36,070	14,04,745	—	2,17,29,936	50,78,468	—	2,68,08,404	—	—	13,23,539	7,88,06,134
	Previous Year	10,05,36,070	—	—	1,67,18,983	50,10,953	—	2,17,29,936	—	—	7,88,06,134	
	Grand Total	3,44,32,55,028	14,99,435	(61,785)	1,45,31,01,687	14,95,63,476	(48,750)	1,60,26,16,413	—	—	1,76,82,67,393	1,99,01,53,341
	Previous Year	3,42,01,64,598	2,31,56,430	(66,000)	1,30,00,04,414	15,31,17,502	(20,229)	1,45,31,01,687	—	—	1,99,01,53,341	

Note : I) The "Bridges & Buildings", "P-Way" and 'Formations' have been constructed on the land held by the Company under a lease for 33 years. (Refer 'Background' in Note -1) commencing from 28.06.2001.
 II) Intangible assets Include the License Fee for Container Operations of ₹ 1000.00 Lakhs.
 III) Capital Work in Progress shown in earlier years have been reclassified under Short & Long Terms Loan and Advances.

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2014	As at 31 st March, 2013
10. Long Term Loans and Advances			
	Considered good		
	Advances for Capital works	12,73,73,278	18,39,000
	Security Deposits	18,98,448	6,49,348
	Advance Taxes (Including TDS) (Net of Provisions)	—	64,07,378
	MAT Credit Entitlement	19,59,38,002	15,06,29,706
	Total	32,52,09,728	15,95,25,432
11. Current Assets			
(i)	Trade receivables		
	(Unsecured)		
	-Outstanding for a period more than six months		
	<i>Considered good</i>	30,65,40,050	7,47,92,796
	<i>Considered doubtful</i>	18,99,01,430	19,25,51,430
	-Other		
	<i>Considered good</i>	21,68,07,354	17,01,92,617
		71,32,48,834	43,75,36,843
	Less: Provision for Doubtful trade receivables	(18,99,01,430)	(19,25,51,430)
	Total	52,33,47,404	24,49,85,413
(ii)	Cash and cash equivalents		
	-Cash on Hand	15,049	11,428
	-Balance with Scheduled Banks	8,44,765	40,92,153
	-Term Deposits	28,97,53,333	49,81,62,207
	Total	29,06,13,147	50,22,65,788
(iii)	Short-term loans and advances		
	(Unsecured)		
	<i>Considered good</i>		
	-Advances for various works	—	11,67,06,481
	-Advances recoverable in cash or kind	2,90,91,083	—
	-Employees	5,56,809	1,72,568
	-Other Advances	—	2,07,960
	Total	2,96,47,892	11,70,87,009
(iv)	Other current assets		
	-Prepaid Expenses	12,36,954	15,14,580
	-Interest Accrued	33,76,968	6,42,908
	Total	46,13,922	21,57,488

(a) Current year figure of trade receivables considered good (unsecured) under sub head "others" includes ₹ 18,97,951/- (Previous Year Nil) debt due from related party.

(b) Doubtful debts under sub head " Outstanding for a period more than six months" include ₹ 18,90,20,151/- (Previous Year ₹ 18,90,20,151/-) debt dues from related party.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

Note	Particulars	(Amount in ₹)	
		Year ended 31 st March, 2014	Year ended 31 st March, 2013
12. Revenue from Operations			
	<i>(Refer Note No. 22 also)</i>		
	Operating Income from Bulk Traffic	81,70,07,501	61,90,95,944
	Operating Income from Container Traffic	1,50,51,19,082	1,17,06,76,155
	Less Rebate*	<u>(10,47,12,440)</u>	—
	Total	<u>2,21,74,14,143</u>	<u>1,78,97,72,099</u>
<i>*During the year, in order to promote coal traffic on PRCL section, the Company has compensated a customer, by way of refunding additional rail freight paid by the customer due to carrying of coal traffic through PRCL section. The additional rail freight has been borne equally by the Company, GPPL and the customer.</i>			
13. Other Income			
	Interest on Deposits	2,62,82,536	5,62,42,062
	Other Interest	—	36,394
	Profit on sale of assets	1,599	2,396
	Provisions/liabilities written off	2,91,509	1,13,25,088
	Others Income	1,862	20,230
	Total	<u>2,65,77,506</u>	<u>6,76,26,170</u>
14. Employee benefits expense			
	<i>(Disclosure as required by AS-15 on Employees Benefits are at Note No 24)</i>		
	Salaries, Wages & Benefits	1,62,95,991	1,54,08,419
	Contribution to PF and other funds	16,88,497	16,02,851
	Staff Welfare	14,82,128	8,36,448
	Total	<u>1,94,66,616</u>	<u>1,78,47,718</u>
15. Finance costs			
	Interest on Deferred O&M Costs	—	4,08,26,000
	Other financial costs	5,966	2,327
	Total	<u>5,966</u>	<u>4,08,28,327</u>
16. Operating and Other expenses			
(i) Operating & Maintenance Expenses			
	<i>(Refer Note No. 20 also)</i>		
(a) Fixed Cost			
	Man Power Cost	23,89,03,857	22,51,47,816
	Material Cost	2,78,99,507	2,76,96,986
(b) Variable Cost			
	Cost of fuel	56,96,99,146	40,82,03,096
	Crew Cost	9,97,22,427	6,91,02,916
	Hiring of Rolling Stock	4,86,15,668	4,20,41,409
	Others	2,47,10,662	1,45,82,371
(c) Other Cost			
	Overhead Cost	5,84,82,167	6,64,06,399
	Cost for additional work	21,17,242	8,54,44,699
	Total (a+b+c)	<u>1,07,01,50,676</u>	<u>93,86,25,692</u>

Note	Particulars	(Amount in ₹)	
		Year ended 31 st March, 2014	Year ended 31 st March, 2013
(ii)	Lease Rent Charges (Refer Note No. 19 also)	1,97,52,000	1,97,52,000
(iii)	Other Administrative expenses		
	Repairs and maintenance		
	Buildings	49,955	42,902
	Vehicles	10,61,820	12,19,639
	Others	3,71,294	2,18,370
	Rent (Refer Note No. 19 also)	52,42,261	25,59,228
	Insurance	17,69,150	6,12,985
	Communication	3,18,713	2,96,800
	Travelling & Conveyance-Directors	18,74,792	18,46,542
	Travelling & Conveyance-Others	24,66,525	23,61,065
	Rates, taxes & fee	31,092	54,858
	Professional and consultancy fees	17,42,946	17,88,991
	Electricity & Water	4,66,250	4,43,063
	Advertising and Business Promotion	6,99,965	4,39,998
	Loss on Sundry Assets disposed/written off	6,590	31,367
	Printing & Stationery	2,22,872	2,02,118
	Audit fee	4,37,080	3,93,260
	Meetings and seminar	2,78,881	1,51,427
	Miscellaneous Expenses	2,32,024	2,59,987
	Total	1,72,72,210	1,29,22,600
	Grand-total (i to iii)	1,10,71,74,886	97,13,00,292
17.	Exceptional & Prior Period Items		
	Provisions/liabilities written off	(11,84,85,972)	—
	Expenditure for various works	4,65,72,575	—
	Operating and Other Expenses	—	8,30,621
	Total	(7,19,13,397)	8,30,621

Exceptional & Prior period Items for the current year include the following:

- (i) During the current financial year provision amounting to ₹ 1184.86 lakhs made in earlier years on account of interest on deferred O&M cost has been reversed on recovery of all the dues pertaining to deferred cost by WR.
- (ii) During the current financial year, the Company has incurred various expenditures for removal of infringements for running of Double Stack Container (high cube) trains on the Company's section. Since these expenditures do not give any control over the assets on which these expenditures have been incurred, therefore the same have been charged to revenue to the extent amount ascertainable on the basis of advice received from the executing agencies. The expenditures charged are net of the government grant received.
- Accounting, the Company has charged ₹ 465.73 lakhs to Profits for the expenditures which result in the resources not in control of the Company (previously expenditures incurred were shown under "Capital Works in Progress"). This has no material impact on the profits related to past year(s) on adoption of the accounting policy.
- (iii) During previous financial year, bills of variable cost for FY 2009-10 were revised by Western Railway after rectifying the error made in the bill, which resulted in reduction of cost by ₹ 239.96 lakhs. Further WR also advised and recovered ₹ 248.26 lakhs on account of error in recovery of maintenance charge on container traffic pertaining to earlier periods. The net impact of ₹ 8.30 lakhs is shown as Prior Period item in that year.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

18. Contingent Liabilities

(i) Capital Commitment

The amount of works to be executed on capital account and not provided for (net of advances) as at 31.03.2014 is Nil (Previous year- ₹ 1233.34 lakhs).

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

- ♦ A party had claimed liquidated damages to the tune of USD 2,822,206 {(₹ 1691.56 Lakhs approx.) (Previous year ₹ 1532.57 Lakhs)}. The Company has not acknowledged the claim and instead filed a counter claim of ₹ 2814.66 Lakhs. The Hon'ble Supreme Court has referred the matter to a sole Arbitrator and the proceedings are in progress.
- ♦ There are claims amounting to ₹ 41.01 Lakhs (Previous year ₹ 33.29 Lakhs) from four parties. The Management is of opinion that the same are not payable.
- ♦ During financial year 2011-12, the Company had received a Show Cause Notice 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 Licence before DGFT. Pending the decision thereon by DGFT, the liability on this account if any, is not ascertainable and hence not been provided for.
- ♦ During financial year 2011-12, the Company had received a writ petition filed by an employee 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. Pending the decision thereon, the liability on this account if any, has not been provided for.
- ♦ The Commercial Operations Date (COD) was fixed as 01.04.2003 in respect of Surendranagar - Pipavav Port rail link project of the Company and the cost of work completed was capitalized on provisional basis subject to receipt of final bills from WR, adjustment for materials supplied in excess to WR and verification thereof by the Company. However, the Company has reconciled the construction expenditure with WR except for ₹ 220 Lakhs (Approx.) on account of D&G charges of WR Headquarters. The Company has referred the matter to WR Headquarter for waiver and, accordingly has not accounted the same. The adjustments for the same will be made after final reconciliation with WR. The historical value of fixed assets and respective depreciation charged during the year are subject to change pending finalization of the above. The Company has not received any bill in this regard since after completion of the project. The management is of the view that no additional liability may arise in this respect.
- ♦ During the current financial year, Excise authorities have initiated the enquiry for applicability of service tax on various transactions of the Company. However, no Show Cause Notice has been received by the Company.

19. Obligations under Operating lease

The amount of future lease rent payable on account of leased properties as at 31.3.2014 are as under: -

- (i) Due within one year ₹ 259.95 lakhs (Previous year- ₹ 220.30 lakhs)
- (ii) Due later than one year and not later than 5 years ₹ 1,219.46 lakhs (Previous year- ₹ 825.89 lakhs)
- (iii) Later than 5 years ₹ 3,000.06 lakhs (Previous year - ₹ 3,209.70 lakhs)

During the year, the Company has taken an office from LIC of India, due to which future lease rent liability has shown upward increase.

20. Operating and Maintenance cost (O&M COST)

♦ **Fixed Cost (Material)**

- (i) The Joint Survey Team had assessed the Fixed Cost (Material), a component of O&M cost, based on actual expenditure incurred on PRCL section for financial year 2009-10. This cost is being used for billing of Fixed Cost (Material) for FY 2010-11 and onwards by suitably inflating by using Wholesale Price Index. However for the financial year 2009-10 and earlier years, the matter is still unresolved.

During the current financial year, the Bhavnagar division of WR has contended that the Fixed Cost (Material) charged to PRCL using WPI is provisional amount and fresh cost is to be worked out by Railways for each year separately. However, the Company has not agreed with objected that Fixed Cost (Material) has already been assessed by the Joint Survey Team on actual basis for FY 2009-10 and should be used for 5 years applying WPI indices. The matter has been referred to WR headquarter and is still under consideration. The financial impact of the same is unascertainable.

- (ii) **Bills for additional works:** During financial year 2012-13, bills of ₹ 854.45 lakhs were levied by WR on the Company on account in various maintenance works which have been issued in addition to the bills of Fixed Cost (Material). There is no provision in the O&M agreement for issuing additional bills on account of maintenance etc., as cost on this account is chargeable/leviable under Fixed Cost (Material) only which has already been fixed by Joint Survey Team for five years and currently being charged. The Company has disputed these bills, including the bills issued in past years of similar nature. However, the Company had provided for ₹ 854.45 lakhs during FY 2012-13 following principles of prudence. Since some of bills have been withdrawn by WR, therefore, credit for the same of ₹ 158.91 lakhs has been given to the Company by WR during current financial year which has appropriately been accounted for and adjusted in books of accounts in the current year.

♦ **Fixed Cost (Staff)**

During FY 2012-13, in addition to normal bills of staff cost, WR charged ₹ 163.30 lakhs on account of additional staff cost with effect from August, 2012 onwards. The cost was imposed by WR on the ground that additional staff had been deployed on the section. However, relevant details substantiating the deployment of the additional staff were not made available to PRCL by WR. In the absence of actual records for verification of this deployment, the additional charge of ₹ 163.30 lakhs cannot be confirmed by the Company. However, following the principle of prudence, the Company has already provided for this amount of ₹ 163.30 lakhs during FY 2012-13.

Similarly, additional bills towards Pension etc. under Overhead Cost were levied on the Company by WR on notional basis and which were disputed by the Company. However, the Company had already provided for same during FY 2012-13 following principle of prudence.

♦ **Variable Cost**

As regard to the variable cost, in the O&M bills, a process of reconciliation has been initiated and mutually agreed reconciled operating data (e.g. GTKM, wagon hours etc.) are being taken in preparation of bills of variable cost from FY 2010-11 onwards. However, for the financial year 2009-10 and earlier years, the reconciliation of operating data is pending at the end of WR and the matter of overcharging of the cost by WR is unresolved. Amount involved in disputes is not quantifiable accurately pending reconciliation of operating data on the part of WR for past years.

The method of billing adopted by WR for variable cost is not strictly in accordance with the O&M agreement, and has been disputed/ objected by the Company. As per O&M agreement, the variable cost should be levied on the basis of the actual expenditure incurred on PRCL section, however, WR is of view that assessment of the actual variable cost of PRCL section is not possible and therefore, unit cost is used by WR in calculation of variable cost, along with the reconciled operating data, which is based on WR BG cost. Accordingly, Variable cost is being levied on the Company by WR by apportioning entire Western



Railway's Broad Gauge cost to the Company in proportion to operating data i.e. GTKM, NTKM etc. The cost so apportioned/levied also includes the cost of passenger services and therefore, cost of passenger services is also levied on the Company, which is contrary to the provision of the O&M agreement. The issue of charging/levying of cost of passenger services was taken up by the Company with Railways and is pending with WR headquarter. The amounts charged/levied on account of passenger services could not be ascertained due to non provision of records to the Company by WR and the matter is pending with WR headquarter.

The requisite details in support of bills of O&M cost are not being provided to the Company by WR inspite of the continuous requests made by the Company. As a matter of prudent accounting policy, the Company has booked entire O&M cost on the basis of bills received from WR, although disputed. Further, the Company has also taken up issues of O&M cost at various levels with Railway authorities.

21. Settlement of dues with WR

Ministry of Railways vide letter no. 2000/PL/88/15 pt. III dated 15.12.2010 had approved the deferment of the payment for O&M cost for FY 2010-11 & 2011-12. Accordingly, the revenue for these two financial years was paid by WR without recovering the O&M cost for these years. From FY 2012-13 onwards, WR has started to recover dues of O&M cost for FY 2010-11 and 2011-12 along-with dues of current financial year, by withholding 97% of revenue accrued to the Company.

During current financial year, the dues of deferred O&M cost have fully been recovered by WR.

22. Revenue Recognition and Reconciliation

- ♦ The Company is maintaining the revenue records on the basis of railway receipts received from WR. These records are reconciled with WR and the differences observed on reconciliation are adjusted in the books of accounts.
- ♦ MOR vide its letter no. 2013/infra/18/5 dated 17.1.2014 decided that no rounding off of the proportion of distance traversed in railway/SPV should be done for apportionment of the earnings to SPVs, instead it should be done on the basis of actual ratio of distance traversed on SPV to the total distance between the originating and the destination points. The said decision was implemented by MOR w.e.f. 1st April 2013. In view of the said decision, the Company has recognized the revenue for the current year on the basis of actual ratio.
- ♦ According to the available information, WR proposes to modify the method of calculation of share of freight due to PRCL by changing it to diverted/carried route basis instead of the booked route basis; Consequently, PRCL percentage of share of revenue is likely to get reduced causing significant financial losses. The Company has requested WR not to carry the traffic via diverted route. It is too early for the Company to ascertain probability of any likely losses on account of the proposed changes in calculation and therefore, no accounting effect has been made in current financial year.
- ♦ On account of above, revenue for the current financial year is still under reconciliation at the end of WR.
- ♦ The Company has certain disputes with WR related to apportionment of revenue e.g. rounding off of percentage share of the Company in revenue at lower side for earlier years, nonpayment of terminal charge on traffic originated from Pipavav station for earlier years, recovery of maintenance charges on higher side, etc. WR has not accepted the views of the Company on disputed items; therefore, the amount has not been recognized by the Company, in accordance with Accounting Standard 9 - "Revenue Recognition".
- ♦ 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 on the basis of traffic handled by the Company. There is no shortfall in guaranteed traffic during financial year 2013-14. Details of various disputed dues, recoverable from GPPL, pertaining to prior years, on account of traffic guarantee shortfall

amount, interest etc. under different agreements are as under:

Sr. No.	Particulars of Dues	₹ in lakhs
Recognized		
1.	Traffic guarantee shortfall amount	1,491.43
2.	Interest on traffic guarantee shortfall amount	361.00
3.	Other miscellaneous	37.77
Un-recognized		
4.	Interest on traffic guarantee shortfall amount (calculated up-to 31.3.2008)	2,933.71
5.	Further interest on 4 above (updated upto 31.3.2011)	1,447.93
6.	Interest on delayed equity contribution	700.93
7.	Other miscellaneous dues	25.55
Total		6,998.32

These disputed dues are under consideration of the Committee constituted by the Board of Directors in their meeting held on 2nd February 2011, for one time settlement with GPPL. The decision on one time settlement is yet to be taken by said Committee. Therefore, pending the decision, the Company has made provisions for doubtful debts in respect of the amount mentioned at Sr. no 1, 2 and 3 above and has not recognized items referred at Sr. No. 4, 5, 6 and 7 in accordance with Accounting Standard 9 -Revenue Recognition. No further interest/charges have been recognized pending the final decision of the Committee.

23. In the opinion of management, sufficient provision has been made for all direct/indirect costs payable in terms of the Operation and Maintenance Agreement and for other expenses.

24. EMPLOYEE'S BENEFITS

- (i) The Company has adopted Accounting Standard 15 (Revised) "Employees Benefits" issued by the Institute of Chartered Accountants of India, with effect from 1st April 2007.
- (ii) The summarized position of Post-employment benefits and long term employee benefits recognized in the Statement of Profit & Loss and Balance Sheet as required in accordance with Accounting Standard -15 (Revised) are as under:

(iii) **Change in the present value of the obligations** (Amount in ₹)

	2013-14			2012-13		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Present value of obligation as at the beginning of the Year	19,37,017	17,37,008	8,14,361	13,76,716	13,00,468	5,90,682
Interest Cost	1,54,961	1,38,961	65,149	1,10,137	1,04,037	47,255
Current Service Cost	2,93,652	2,56,176	1,02,310	3,03,341	3,01,138	1,33,518
Benefits Paid	(2,92,067)	(4,82,437)	(1,70,197)	—	(1,36,800)	—
Actuarial loss/(gain) on Obligations	1,53,433	96,994	(33,276)	1,46,823	1,68,165	42,906
Present value of obligation at year end	22,46,996	17,46,702	7,78,347	19,37,017	17,37,008	8,14,361



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

(iv) Change in Fair Value of Plan Assets

(Amount in ₹)

	2013-14			2012-13		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Fair value of Plan Assets at the beginning of the year	15,91,082	—	—	11,24,681	—	—
Adjustment of Previous Year	—	—	—	—	—	—
Expected return on Plan Assets	1,39,220	—	—	1,01,221	—	—
Employer's contribution	2,25,730	—	—	2,27,085	—	—
Benefit Paid	(2,92,067)	—	—	—	—	—
Actuarial (loss)/ gain on Obligations	14,012	—	—	1,38,095	—	—
Fair value of Plan Assets at the end of the year	16,77,977	—	—	15,91,082	—	—

(v) Amount recognized in Balance Sheet

(Amount in ₹)

	2013-14			2012-13		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Estimated Present Value of obligations as at the end of the year	22,46,996	17,46,702	7,78,347	19,37,017	17,37,008	8,14,361
Fair value of Plan Assets as at the end of the Year	16,77,977	—	—	15,91,082	—	—
Net Assets/(Net Liability) recognized in Balance Sheet	(5,69,019)	(17,46,702)	(7,78,347)	(3,45,935)	(17,37,008)	(8,14,361)

(vi) Expenditure recognized in the Statement of Profit & Loss

(Amount in ₹)

	2013-14			2012-13		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Current Service Cost	2,93,652	2,56,176	1,02,310	3,03,341	3,01,138	1,33,518
Interest Cost	1,54,961	1,38,961	65,149	1,10,137	1,04,037	47,255
Expected return on Plan Asset	(1,39,220)	—	—	(1,01,221)	—	—

Net Actuarial (Gain) / Loss recognized in the year	1,39,421	96,994	(33,276)	8,728	1,68,165	42,906
Adjustment of previous year	—	—	—	1,39,436	—	—
Total expenses recognized in the Statement of Profit and Loss	4,48,814	4,92,131	1,34,183	4,60,421	5,73,340	2,23,679

(vii) Principal actuarial assumption at the Balance Sheet Date

	2013-14			2012-13		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Discount Rate	8.50%	8.50%	8.50%	8.00%	8.00%	8.00%
Expected rate of return on Plan Assets	8.75%	—	—	9.00%	—	—
Expected rate of Salary Increase	6.00%	6.00%	6.00%	5.50%	5.50%	5.50%
Method used	Projected unit credit					

- ♦ The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.
- ♦ The Company has created a 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.
- ♦ The amount of liabilities are as per report of a qualified Actuary and assets and return of planned assets are as per details provided by the fund manager i.e. Life Insurance Corporation of India Ltd.

25. Provision for Income Tax/ Minimum Alternate Tax (MAT)

During the current financial year, the Company has started claiming the deduction u/s 80-IA of the Income Act, 1961. The said tax holiday is available for a period of ten consecutive years i.e. upto financial year 2023-24. Therefore, there would be no tax liability under the normal provisions of the Income Tax Act, 1961 during the said period. However, the Company is liable to pay Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 and the same has been provided for.

The credit of MAT paid is availed and carried forwarded by the Company in accordance to the provisions of section 115JAA of the Income Tax Act, 1961. Further, brought forwarded balances of MAT credit which is likely to be lapsed within the tax holiday period have been reversed and adjusted against the MAT credit availed during the current year.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

26. **Deferred Tax assets/ Liabilities**

(Amount in ₹)

Deferred Tax Assets/(Liabilities)	Income Tax Impact		
	As on 1 st April 2013	As on 31 st March 2014	Amount reversed/ (provided) during current financial Year
	A	B	C (B-A)
Accumulated losses and unabsorbed depreciation as per Income Tax Act	26,81,73,665	—	(26,81,73,665)
Depreciation and Impairment	(42,46,98,030)	(40,08,20,862)	2,38,77,168
Provision for Doubtful debts & Advances	6,24,73,311	—	(6,24,73,311)
Provision for Employees Benefits	9,33,526	—	(9,33,526)
Total	(9,31,17,528)	(40,08,20,862)	(30,77,03,334)
Less: Timing Difference expected to be reversed during tax holiday period	—	(30,64,58,715)	(30,64,58,715)
Net Deferred Tax Assets/(Liabilities)	(9,31,17,528)	(9,43,62,147)	(12,44,619)

- ♦ In accordance with Accounting Standard-22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reassessed the deferred tax taking into consideration all the items, due to which there is timing difference between the taxable income and accounting income as on 31.3.2014.
- ♦ The Company has started availing the deduction u/s 80IA of the Income Tax Act, 1961 from the Assessment Year 2014-15, due to which there will be a tax holiday period of 10 years i.e. upto Assessment Year 2023-24. Therefore in accordance to para 13 of AS-22 the deferred tax in respect of timing differences which are likely to be reversed during the tax holiday period is not recognized to that extent.

27. The amount payable to Small Scale Industrial undertakings' to whom the Company owns any sum outstanding for more than 30 days is ₹ Nil (previous year ₹ Nil)

This information has been compiled, to the extent, to which they could be identified as small scale undertaking on the basis of information available with the Company. Payment against supplies from small scale industries are in accordance with the agreed terms. Besides, there are no claims from the parties for interest on overdue payments, if any.

28. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small and medium enterprises. Consequently, the amount paid/ payable to these parties during the year is ₹ Nil (previous year ₹ Nil).

29. The Company had applied for patents of certain designs in the joint names of the Company and one of the ex-staff of the Company pending approval of the Board of Directors. Further, the agreement specifying the terms & conditions between the aforesaid parties are yet to be executed. Accordingly, any financial obligation, not anticipated by the Company, has not been provided and will be accounted on the execution of the aforesaid agreement.

30. The Company obtained permission to undertake container operations from MOR by paying the license fee of ₹ 1000.00 Lakhs on 20.01.2006 The Company signed the Concession Agreement on 4.01.2007, according to which, Commercial Operation Date (COD) will be the date of commencement of actual operation or 2nd anniversary of signing of agreement, whichever is earlier The Ministry of Railways vide its letter No 2009/TT-III/73/1 dt. 13/03/2009 has extended COD by one year. The period of concession is for 20 years which is further

extendable for 10 years. During the FY 2009-10, the Company entered into an Agreement for commencing container train operation and run the train. The Company has terminated said agreement on 29.12.2011. The license fee is amortized equally over the period to use from the commercial date of operation as per concession agreement.

31. In accordance with AS-28 issued by the Institute of Chartered Accountants of India on 'Impairment of Assets', the management has carried out a review on impairment of all the assets of the Company including intangible assets.

On the basis of review, the management is of the opinion that the economic performance of Fixed Assets is not worse than expected and therefore there is no impairment of any assets as on the Balance Sheet date and therefore, in the subsequent years, the 'Value in Use' will be sufficient to recover the carrying amount. However in case of intangible asset namely license fees for container operation, which is a separate cash generating unit, the Company is not carrying on any business operations due to the poor market conditions and scarcity of funds. Therefore, the Company has performed the impairment test for the license fee which indicates that there is need of impairment of the license fee. The recoverable value of the asset is not ascertainable as on the Balance Sheet date. In view thereof, impairment loss equivalent to the net carrying amount of the license fee has been booked as expense and charged to profit in the current financial 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 license, the impairment loss shall be reassessed and accordingly reversed on the basis of assessment and the carrying amount of the license fee shall be increased by to that extent.

32. In the opinion of Board of Directors, value on realization of current assets, loans and advances in ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

33. **Additional information**

(Amount in ₹)

Sl. No.	Particulars	2013-14	2012-13
1.	C.I. F value of imports	Nil	Nil
2.	Expenditure in Foreign currency (On cash basis) Foreign tour expenses	Nil	Nil
3.	Earnings in foreign currency	Nil	Nil
4.	Remuneration provided/paid to Managing Director :		
	Gross Salary*	22,20,968	27,00,000
	Perquisites (Approx money value)	Nil	Nil
	Provident Fund Contributions (employer's share)	99,944	1,21,500
	Leave encashment/Availed	5,49,844	Nil
	Gratuity	2,92,067	Nil

*Excluding Contribution to Gratuity fund

5.	Auditors' Remuneration :		
	Statutory Audit Fee	2,50,000	2,50,000
	Tax Audit	50,000	50,000
	Service Tax	37,080	37,080
	Out of Pocket Expenses	Nil	Nil

34. **Related Party disclosure:-**

Related party disclosures are given below:

- (i) Name of related Parties and relationship : -

(a) Key Management Personnel - Mr. Pankaj Malviya, Managing Director
(Left the Company on 27.1.2014)



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

(b) Associates

- M/s Gujarat Pipavav Port Ltd.

(ii) Transactions with related parties:

(Amount in ₹)

	2013-14		2012-13	
	Key Managerial Personnel	Associates	Key Managerial Personnel	Associates
(a) Following transactions were carried out with related parties in ordinary course of business:				
-Salary and allowance#	31,62,823	—	28,21,500	—
-Manpower cost	—	18,97,951	—	15,16,860
-Other charges	—	—	—	8,40,314
(b) Accumulated balances with related parties				
-Trade Receivables	—	19,09,18,102	—	18,90,20,151
-Provisions for doubtful debts in respect of above	—	18,90,20,151	—	18,90,20,151

#Includes Salary, Contribution made by the Company, leaves encashment and Gratuity.

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

36. Earning per share is as under:

	2013-14	2012-13
A) Numerator:		
(i) Net Profit/loss as disclosed in the Statement of Profit and Loss (in ₹)	80,77,72,561	46,40,66,424
B) Denominator:		
(i) Weighted average number of Equity Shares outstanding (In Numbers)	19,60,00,020	19,60,00,020
C) Basic and Diluted earning per share (in ₹)	4.12	2.37

37. Comparative figures

These financial statements have been prepared in the format prescribed by the revised Schedule VI of the Companies Act, 1956. Previous year figures have been regrouped/reclassified to confirm and to make them comparable with those of the current year.

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
CA Puneet Singla
Partner

For & on behalf of the Board

Sd/-
Amitabh Lal
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
K. Vinayak Rao
Director

Place: New Delhi
Dated: 08.08.2014

Sd/-
Vinod Kumar
Sr. AVP (Finance & Accounts)

Sd/-
Leena Narwal
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	Year ended 31st March 2014	Year ended 31st March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit(Loss) before tax	96,58,85,230	67,34,73,809
Adjustments for		
Dividend Paid (Including Dividend Distribution Tax)	(11,46,55,112)	—
Provision for taxation (Net of MAT credit)	(15,68,68,050)	—
Impairment loss	7,38,08,872	—
Depreciation	14,95,63,476	15,31,17,502
Interest Paid	5,966	4,08,28,327
Interest earned	(2,62,82,536)	(5,62,78,456)
Profit on sale of Fixed Assets	(1,599)	(2,396)
Loss on assets disposed/ Written off	6,590	31,367
Operating profit before working capital changes	89,14,62,837	81,11,70,153
Adjustments for:		
Trade and other receivables/assets	(28,08,18,425)	(7,85,83,732)
Loans & Advances	(7,82,45,179)	(13,51,94,022)
Non Current Liabilities	8,70,908	6,29,260
Trade payables and other liabilities	(72,65,06,969)	(61,81,89,758)
Total Cash generated from Operating Activities	(19,32,36,828)	(2,01,68,099)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition/construction of Fixed Assets	(14,99,435)	(2,31,56,430)
Sale/disposed off of Assets	8,044	16,800
Interest Received	2,62,82,536	5,62,78,456
Net Cash used in Investing Activities	2,47,91,145	3,31,38,826
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(5,966)	(4,08,28,327)
Government Grants	(4,32,00,992)	(8,37,302)
Net Cash generated from Financing Activities	(4,32,06,958)	(4,16,65,629)



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(21,16,52,641)	(2,86,94,902)
Opening Cash & Cash Equivalents	50,22,65,788	53,09,60,690
Closing Cash & Cash Equivalents	29,06,13,147	50,22,65,788

Notes:-

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Cash and Cash Equivalents consist of:
 - (a) Cash on hand ₹ 15,049/- (31st March 2013 – ₹ 11,428/-)
 - (b) Bank Balance in current accounts ₹ 8,44,765/- (31st March 2013 - ₹ 40,92,153/-) and
 - (c) In deposit accounts ₹ 28,97,53,333/- (31st March 2013 - ₹ 49,81,62,207/-).
3. Previous year's figures are reclassified/regrouped to confirm and make them comparable with those of the current year.

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
CA Puneet Singla
Partner

For & on behalf of the Board

Sd/-
Amitabh Lal
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
K. Vinayak Rao
Director

Place: New Delhi
Dated: 08.08.2014

Sd/-
Vinod Kumar
Sr. AVP (Finance & Accounts)

Sd/-
Leena Narwal
Company Secretary